萊蒙國際
TOPSPRING

Top Spring International Holdings Limited 萊蒙國際集團有限公司

(Incorporated in the Cayman Islands with limited liability) (於開曼群島註冊成立的有限公司)

Stock Code 股份代號 : 03688

ANNUAL REPORT 2015 年報

Our Vision
願景

Service provider engages in
property + international healthcare sector
地產+國際化的健康生活服務商

We Believe
使命

Quality property is a gateway
to quality living
品質地產，品位生活

Brand Commitment
品牌承諾

Value proven with time
時間見證價值

We Value
企業價值

Duty • Simplicity
• Innovation • Sharing
擔當 • 簡單 • 創新 • 共享

Contents

Group Introduction

Top Spring International Holdings Limited ("**Top Spring**" or the "**Company**", together with its subsidiaries, collectively the "**Group**", "**we**" or "**us**") is a real estate property developer in the People's Republic of China ("**PRC**") specialised in the development and operation of urban mixed-use communities and the development and sale of residential properties in the Pearl River Delta, the Yangtze River Delta, the Central China, the Beijing-Tianjin and the Chengdu-Chongqing regions in the PRC. As at 31 December 2015, we had a total of 24 property projects over 12 cities at various stages of development in Shenzhen, Shanghai, Nanjing, Nanchang, Sanhe, Chengdu, Huizhou, Hangzhou, Dongguan, Tianjin, Changzhou and Hong Kong of the PRC with a total estimated net saleable and leasable gross floor area ("**GFA**") of approximately 4,717,976 square metres ("**sq.m.**"). Besides, the Group is actively exploring the international healthcare sector in the PRC which will be an integral part of our principal business in the future.

On 23 March 2011, Top Spring listed its shares (the "**Shares**") on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"). The listing on the Stock Exchange not only represents a successful establishment of a global financing platform that forms a solid foundation for our long-term development, but also allows the Company to further improve its corporate governance standards, to recruit and retain competent employees in the PRC property industry as well as to improve the Company's brand awareness and raise its profile among its customers.

We intend to continue to leverage our experience in identifying land with investment potential at advantageous times and acquiring land reserves which are or will be well connected with transportation and infrastructure developments. Moreover, we intend to continue to acquire new land or project in locations with vibrant economies and strong growth potential, in particular, Shenzhen, Shanghai, Nanjing and Nanchang of the PRC.

Overview of Our Property Developments

Most of our property projects are developed in multiple phases and each phase may be at a different stage of development. We classify our property projects, for which we have obtained some or all of the land use rights certificates, into the following three categories: completed projects, projects under development and projects held for future development. Other projects, for which we have yet to obtain any land use rights certificate but have rights and/or obligations to acquire and/or develop, are classified as projects contracted to be acquired or under application for change in land use.

In 2015, the Group acquired a new project in Hong Kong with the total estimated net saleable/leasable GFA of approximately 10,378 sq.m. at a total consideration of HK$99.0 million.

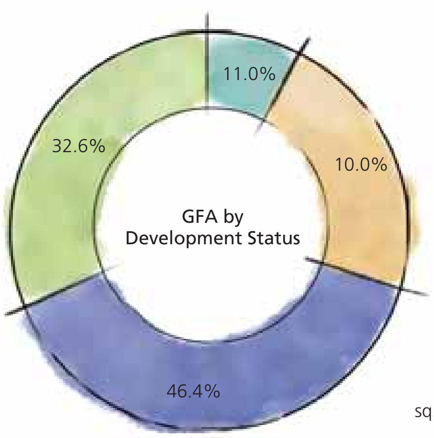
As at 31 December 2015, the Group had a total of 24 projects over 12 cities in various stages of development, including an estimated net saleable/leasable GFA of completed projects of approximately 520,403 sq.m., an estimated net saleable/leasable GFA of projects under development of approximately 469,817 sq.m., an estimated net saleable/leasable GFA of projects held for future development of approximately 2,187,463 sq.m. and an estimated net saleable/leasable GFA of projects contracted to be acquired or under application for change in land use of approximately 1,540,293 sq.m., totalling an estimated net saleable/leasable GFA of approximately 4,717,976 sq.m. Excluding Shanghai Shama Century Park (an operational serviced apartments project), Shenzhen Fashion Mark, Shenzhen Buji Market Project, Shenzhen Smart Venture Valley and Shenzhen Junan Project (all are redevelopment projects) and Hong Kong Yuen Long Project (agricultural lots), the remaining estimated land bank of the Group of approximately 3,096,302 sq.m. has an average land cost of approximately RMB2,321.2 per sq.m. (equivalent to approximately HK$2,771.3 per sq.m.).

The table below sets forth the estimated net saleable/leasable GFA information of our 24 property projects in terms of planned use of the properties as at 31 December 2015.

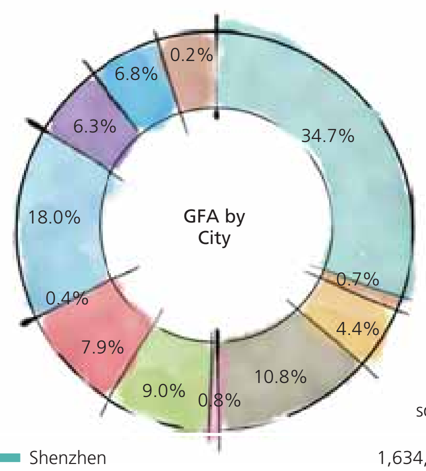
	Completed GFA sq.m.	Under Development GFA sq.m.	Held for Future Development GFA sq.m.	Contracted to be Acquired or under Application For change In land use GFA sq.m.
Properties held for sale				
Residential	135,833	291,213	863,064	850,558
Hotel/Serviced apartments	33,858	–	99,375	–
Retail	61,359	103,227	976,824	485,898
Office	16,862	75,377	72,200	35,700
Others	–	–	–	168,137
Sub-total	247,912	469,817	2,011,463	1,540,293
Properties held for investment				
Serviced apartments/office	35,032	–	20,000	–
Retail	237,459	–	156,000	–
Sub-total	272,491	–	176,000	–
Net saleable and leasable GFA	520,403	469,817	2,187,463	1,540,293

Estimated net saleable and leasable GFA by development status and city

as at 31 December 2015



	sq.m.
Completed projects	520,403
Projects under development	469,817
Projects held for future development	2,187,463
Projects contracted to be acquired or under application for change in land use	1,540,293
Total GFA	4,717,976



	sq.m.
Shenzhen	1,634,824
Shanghai	35,032
Nanjing	204,416
Nanchang	510,808
Chengdu	38,285
Huizhou	424,617
Hangzhou	370,492
Dongguan	20,172
Tianjin	849,585
Changzhou	297,616
Sanhe	321,751
Hong Kong	10,378
Total GFA	4,717,976

Land Bank as at 31 December 2015

PRC

24 property projects as at 31 December 2015

- Completed projects
- Projects under development
- Projects held for future development or contracted to be acquired or under application for change in land use
- Major city with high speed railway
- High speed railway

Shenzhen Water Flower Garden
Shenzhen Hidden Valley
The Spring Land – Shenzhen
Shenzhen Fashion Mark
Shenzhen Blue Bay
Shenzhen Buji Market Project
Shenzhen Smart Venture Valley (previously named as "Shenzhen Xulian Project")
Shenzhen Junan Project

The Group is specialised in the development and operation of urban mixed-use communities and the development and sale of residential properties in the Pearl River Delta, the Yangtze River Delta, the Central China, the Beijing-Tianjin and the Chengdu-Chongqing regions in the PRC.

As at 31 December 2015, the Group had a total of 24 projects over 12 cities in various stages of development, including an estimated net saleable/leasable GFA of completed projects of approximately 520,403 sq.m., an estimated net saleable/leasable GFA of projects under development of approximately 469,817 sq.m., an estimated net saleable/leasable GFA of projects held for future development of approximately 2,187,463 sq.m. and an estimated net saleable/leasable GFA of projects contracted to be acquired or under application for change in land use of approximately 1,540,293 sq.m., totalling an estimated net saleable/leasable GFA of approximately 4,717,976 sq.m.

Excluding Shanghai Shama Century Park (an operational serviced apartments project), Shenzhen Fashion Mark, Shenzhen Buji Market Project, Shenzhen Smart Venture Valley and Shenzhen Junan Project (all are redevelopment projects) and Hong Kong Yuen Long Project (agricultural lots), the remaining estimated land bank of the Group of approximately 3,096,302 sq.m. has an average land cost of approximately RMB2,321.2 per sq.m. (equivalent to approximately HK$2,771.3 per sq.m.).

Project no.	City	Project	Type of Property/ Land Use	Estimated Net Saleable/ Leasable GFA sq.m.	Interest Attributable to the Group %
Completed Projects					
1	Shenzhen	Shenzhen Hidden Valley	Residential	4,976	100
2	Shenzhen	The Spring Land – Shenzhen	Residential/ Commercial	33,592	100
3	Shenzhen	Shenzhen Water Flower Garden	Commercial	4,992	100
4	Changzhou	Changzhou Fashion Mark	Residential/ Commercial	84,931	100
5	Changzhou	Changzhou Le Leman City	Residential/ Commercial	97,168	100
6	Dongguan	Dongguan Landmark	Commercial	20,172	100
7	Hangzhou	Hangzhou Landmark	Commercial	26,264	100
8	Hangzhou	Hangzhou Hidden Valley	Residential	30,573	100
9	Chengdu	Chengdu Fashion Mark	Commercial	38,285	100
10	Shanghai	Shanghai Shama Century Park	Serviced apartments	35,032	70
11	Tianjin	Tianjin Le Leman City	Residential/ Commercial	15,281	58
12	Huizhou	Huizhou Hidden Bay	Residential/ Commercial	49,974	100
13	Nanchang	Nanchang Fashion Mark	Residential/ Commercial	43,391	70
14	Nanjing	The Spring Land – Nanjing	Residential/ Commercial	1,020	100
15	Hangzhou	The Spring Land – Hangzhou	Residential/ Commercial/ Office	34,752	100
Sub-total				**520,403**	

Project no.	City	Project	Type of Property/ Land Use	Estimated Net Saleable/ Leasable GFA sq.m.	Interest Attributable to the Group %
Projects Under Development					
5	Changzhou	Changzhou Le Leman City	Residential	54,583	100
11	Tianjin	Tianjin Le Leman City	Commercial	33,839	58
12	Huizhou	Huizhou Hidden Bay	Residential	56,541	100
13	Nanchang	Nanchang Fashion Mark	Residential/ Commercial	121,458	70
16	Nanjing	The Sunny Land – Nanjing	Residential/ Commercial	160,501	100
17	Nanjing	Nanjing Fashion Mark	Residential/ Commercial	42,895	100
Sub-total				**469,817**	
Projects Held For Future Development					
5	Changzhou	Changzhou Le Leman City	Residential/ Commercial	60,934	100
8	Hangzhou	Hangzhou Hidden Valley	Residential	278,903	100
11	Tianjin	Tianjin Le Leman City	Commercial	800,465	58
12	Huizhou	Huizhou Hidden Bay	Residential	318,102	100
13	Nanchang	Nanchang Fashion Mark	Commercial/ Office	345,959	70
18	Shenzhen	Shenzhen Blue Bay	Residential	15,000	92
19	Shenzhen	Shenzhen Buji Market Project	Commercial	46,349	55
20	Sanhe	Beijing Top Spring Shunze Flower Garden	Residential/ Commercial	321,751	51
Sub-total				**2,187,463**	

Project no.	City	Project	Type of Property/ Land Use	Estimated Net Saleable/ Leasable GFA sq.m.	Interest Attributable to the Group %
Projects Contracted To Be Acquired or Under Application For Change in Land Use					
19	Shenzhen	Shenzhen Buji Market Project	Commercial	202,828	55
21	Shenzhen	Shenzhen Fashion Mark	Residential/ Commercial/ Office	1,139,280	100
22	Shenzhen	Shenzhen Smart Venture Valley	Industrial/ Commercial	104,507	100
23	Shenzhen	Shenzhen Junan Project	Industrial	83,300	40
24	Hong Kong	Hong Kong Yuen Long Project	Agricultural	10,378	100
Subtotal				**1,540,293**	
Total				**4,717,976**	

Details of land bank in major cities are set out below:

Region	Estimated Net Saleable/ Leasable GFA sq.m.	Average land cost[(1)] HK$/sq.m.
Shenzhen and surrounding regions (including Dongguan and Huizhou)	2,079,613	1,208.5
Shanghai	35,032	N/A[(2)]
Nanchang	510,808	2,906.6
Nanjing	204,416	9,633.3
Sanhe	321,751	2,659.5
Hangzhou	370,492	7,245.3
Changzhou	297,616	699.9
Tianjin	849,585	829.6
Chengdu	38,285	1,703.0
Hong Kong	10,378	N/A[(2)]
Total	**4,717,976**	**2,771.3[(1)]**

Notes:

(1) The average land cost excludes Shanghai Shama Century Park, Shenzhen Fashion Mark, Shenzhen Buji Market Project, Shenzhen Smart Venture Valley, Shenzhen Junan Project and Hong Kong Yuen Long Project and is based on the remaining estimated land bank of the Group of approximately 3,096,302 sq.m.

(2) N/A means not applicable.

Details of the new projects acquired and interest agreed to be disposed of in existing projects from 1 January 2015 to the date of this report are set out below:

New projects acquired from 1 January 2015 to the date of this report
New projects acquired:

City, Country	Project	Total Consideration	Estimated Net Saleable/ Leasable GFA	Estimated Number of Car Park Units	Interest Attributable to the Group %
Hong Kong, PRC	Hong Kong Yuen Long Project (1)	HK$99,000,000	10,378 sq.m.	TBC(4)	100
Shanghai, PRC	Shanghai Puxing Project (2)	RMB752,751,900.76	57,353 sq.m.	315	85
Shanghai, PRC	Shanghai Grand Pujian Residence (3)	US$88,086,976.14	25,961 sq.m.	43	100

Notes:

(1) On 9 October 2015, the Group entered into a sale and purchase agreement with an independent third party, pursuant to which the Group conditionally agreed to purchase the respective entire issued share capital of Wealth Channel Holdings Limited and Great Billion Corporation Limited which directly own Hong Kong Yuen Long Project at a consideration of HK$99,000,000. The completion of the transaction took place on 31 December 2015.

(2) On 4 March 2016, the Group entered into a sale and purchase agreement pursuant to which the Group agreed to purchase 85% of the equity interest in 上海環建投資有限公司 (Shanghai Huanjian Investment Company Limited*) from an independent third party and 0.85% of the equity interest in 上海環唐文化傳播有限公司 (Shanghai Huantang Cultural Communication Company Limited*) from another independent third party which owns Shanghai Puxing Project, at a total consideration of RMB752,751,900.76 (equivalent to approximately HK$893,591,781.39). The completion of the transaction took place on 16 March 2016. For details, please refer to the Company's announcement dated 7 March 2016.

(3) On 15 March 2016, the Group entered into a share purchase agreement with an independent third party, pursuant to which the Group agreed to purchase and assume the entire issued share capital of Unique Prosper International Limited (宇興國際有限公司) which indirectly owns Shanghai Grand Pujian Residence, and the shareholder loan, respectively. The aggregate value of the consideration is US$88,086,976.14 (equivalent to approximately HK$683,554,935) which comprises (i) the share consideration in the amount of US$33,036,976.14 (equivalent to approximately HK$256,366,935) which is inclusive of the working capital in the amount of US$825,465.37 (equivalent to approximately HK$6,405,611); and (ii) the shareholder loan consideration in the amount of US$55,050,000 (equivalent to approximately HK$427,188,000). The completion of the transaction took place on 30 March 2016. For details, please refer to the Company's announcement dated 15 March 2016.

(4) TBC means to be confirmed.

The Group intends to continue to leverage its experience in identifying land with investment potential at advantageous times and acquiring land reserves which are or will be well connected with transportation and infrastructure developments. Moreover, the Group intends to continue to acquire new land or project in locations with vibrant economies and strong growth potential, in particular, Shenzhen, Shanghai, Nanjing and Nanchang of the PRC.

Land reserves disposed of from 1 January 2015 to the date of this report
Pursuant to a share transfer agreement dated 18 November 2015, the Group conditionally agreed to (i) sell the entire issued share capital in Top Spring International (UK) Limited ("**TSIUK**") which directly owned 25% of the issued share capital of Fairbrair Real Estate Limited which indirectly owned the freehold property known as Middlewood Locks, Salford, the United Kingdom, and the freehold property known as Milliner's Wharf, Manchester, the United Kingdom, and (ii) sell or assign, or procure the sale or assignment of the loans outstanding owed by TSIUK to the Group as at the date of completion of the transaction at an aggregate consideration of approximately £15,069,987 (equivalent to approximately HK$176,318,848) to an independent third party. The completion of the transaction took place on 10 December 2015 and this resulted in a net gain on disposal of interest in a subsidiary of approximately HK$15,132,000. For details, please refer to the Company's announcement dated 18 November 2015.

Land reserves agreed to be disposed of:

On 12 January 2016, the Group entered into a supplemental cooperation agreement with the People's Government of Jinghai District, Tianjin Municipal ("**Jinghai Government**"), pursuant to which the Group shall surrender three parcels of land of the Group's Tianjin Le Leman City (the "**Land**") to Jinghai Government and Jinghai Government shall compensate the Group for an aggregate compensation amount of RMB316,047,700 (equivalent to approximately HK$376,096,763) for the surrender of the Land in accordance with the land surrender agreements entered into between the Group, the Bureau of Land Resources of Jinghai District, and Tianjin Jinghai District Land Centre. As at 12 January 2016, the total site area of the Land was approximately 369,057 sq.m. For details, please refer to the Company's announcement dated 12 January 2016.

Expected Project Commencement and Completion in 2016

In 2016, the Group intends to commence construction of five projects with a total estimated net saleable/leasable GFA of approximately 618,218 sq.m.

Details of the projects expected to commence construction in 2016 are set out below:

City	Project	Estimated Net Saleable/ Leasable GFA sq.m.
Shenzhen	Shenzhen Junan Project	83,300
Nanchang	Nanchang Fashion Mark	343,435
Sanhe	Beijing Top Spring Shunze Flower Garden	111,212
Huizhou	Huizhou Hidden Bay	56,349
Tianjin	Tianjin Le Leman City	23,922
Total		**618,218**

The Group also intends to complete the construction of five projects with a total estimated net saleable/leasable GFA of approximately 414,199 sq.m. in 2016.

Details of the projects with expected completion in 2016 are set out below:

City	Project	Estimated Net Saleable/ Leasable GFA sq.m.
Nanchang	Nanchang Fashion Mark	118,709
Nanjing	The Sunny Land – Nanjing	160,501
Huizhou	Huizhou Hidden Bay	56,541
Changzhou	Changzhou Le Leman City	54,583
Tianjin	Tianjin Le Leman City	23,865
Total		**414,199**

Corporate Information

BOARD OF DIRECTORS

Executive Directors

Mr WONG Chun Hong *(Chairman and Co-chief Executive Officer)*
Ms LI Yan Jie
Mr CHEN Feng Yang *(Co-chief Executive Officer)*
Mr WANG Tian Ye

Non-executive Directors

Mr XU Lei *(Vice-Chairman)*
Mr CHIANG Kok Sung Lawrence
Mr LEE Sai Kai David

Independent Non-executive Directors

Mr BROOKE Charles Nicholas
Mr CHENG Yuk Wo
Professor WU Si Zong
Mr LEUNG Kwong Choi

JOINT COMPANY SECRETARIES

Ms LUK Po Chun, CPA, ACCA
Mr HO Hang Man, CPA

AUTHORISED REPRESENTATIVES

Mr WANG Tian Ye
Mr HO Hang Man

AUDIT COMMITTEE

Mr CHENG Yuk Wo *(Chairman)*
Mr BROOKE Charles Nicholas
Professor WU Si Zong

REMUNERATION COMMITTEE

Mr CHENG Yuk Wo *(Chairman)*
Mr WONG Chun Hong
Professor WU Si Zong

NOMINATION COMMITTEE

Professor WU Si Zong *(Chairman)*
Mr WONG Chun Hong
Mr CHENG Yuk Wo

CORPORATE GOVERNANCE COMMITTEE

Ms LI Yan Jie *(Chairman)*
Mr CHIANG Kok Sung Lawrence
Mr CHENG Yuk Wo
Mr LEUNG Kwong Choi

AUDITORS

KPMG

HONG KONG LEGAL ADVISERS

Norton Rose Fulbright Hong Kong

REGISTERED OFFICE

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

HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Rooms 04-08, 26th Floor
Shui On Centre
6-8 Harbour Road
Wanchai
Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

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

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Investor Services Limited
Level 22, Hopewell Centre
183 Queen's Road East
Hong Kong

PRINCIPAL BANKS

Ping An Bank Co., Ltd
Agricultural Bank of China
China Minsheng Banking Corp., Ltd.
Bank of Nanchang
Bank of Communications
DBS Bank
Industrial and Commercial Bank of China (Macau) Limited
Hang Seng Bank Limited
Industrial and Commercial Bank of China (Asia) Limited
China Guangfa Bank

INVESTOR RELATIONS

Mr CHAN King Tak

STOCK CODE

03688

BOARD LOT

500 Shares

COMPANY WEBSITE

www.topspring.com

Honours and Awards

GROUP AWARDS

2015 Most Valuable Listed Real Estate Enterprise in China
Boao Real Estate Forum Committee

2015 Most Influential Listed Real Estate Enterprise in China
Boao Real Estate Forum Committee

12th Listed Developer (Bluechip) with Greatest Investment Value in China
The Economic Observer

2015 Most Valuable Listed Real Estate Company in China
National Business Daily

2015 Most Stable Real Estate Company in China
The Time Weekly

Best Corporate Governance Award
China Financial Market

PROJECT AWARDS

Shenzhen Smart Venture Valley
2016 China Most Anticipating Industry Complex (Shenzhen) on fzg360.com
fzg360.com

Huizhou Hidden Bay
China Top Ten Properties in terms of Investment Value (Shenzhen) on fzg360.com
fzg360.com

The Sunny Land – Nanjing
2015 Best Selling Projects in the Property Market of Nanjing
www.js.chinanews.com
（中國新聞網江蘇房產）

PROJECT AWARDS

The Sunny Land – Nanjing
2015 Champion in Gross Floor Area Sold in Southern Nanjing City
app.house365.com(365淘房)

The Sunny Land – Nanjing
2015 Top Three Project (Sales Amount) in Southern Nanjing City
app.house365.com(365淘房)

The Sunny Land – Nanjing
2015 Most Beloved Property for Internet Users of Sohu
www.focus.cn

The Sunny Land – Nanjing
2015 Most Creative Marketing Projects in the Property Market of Nanjing
www.js.chinanews.com
(中國新聞網江蘇房產)

The Sunny Land – Nanjing
2015 School District Property
www.focus.cn

Nanjing Fashion Mark
2015 Project with Greatest Investment Value
app.house365.com(365淘房)

Nanjing Fashion Mark
2015 Creative Project in the Property Market of Nanjing
house.163.com(網易房產)

Hangzhou Hidden Valley
2015 Best Livable Value in Townhouse Projects Award
Loushi Magazine(《樓市》雜誌)

Fashion Walk
2015 Star Property
www.focus.cn

Corporate Social Responsibility

As an evolving listed company living up its corporate value of "joint efforts in creating and celebrating success", Top Spring is always conscious of its responsibilities as a corporate citizen to the community at large and spares no effort in fulfilling its social responsibility and has always been proactive in promoting the development of corporate social responsibility.

In 2015, the Group, under the leadership of our Chairman, Mr WONG Chun Hong, gained a lot of recognitions from society for a variety of charitable works including the provision of aids to minority society, improving the living standard of the community, making contributions in education and cultural affairs.

Top Spring put forward with continued efforts to support students from poor families for further education. Since 2010, Top Spring has participated in the China Foundation for Poverty Alleviation-New Great Wall Scholarship Project-Top Spring Scholarships, providing financial supports to college students from poor families in Guangdong, Jiangsu, Jiangxi, Yangzhou and Sichuan. This year Top Spring donated more than HK$15.4 million in total to the institutions and activities such as China Star Light Charity Fund Association, the City University of Hong Kong, International Women's Foundation, The Hong Kong Philharmonic Society, The Community Chest Wheelock Swim for Millions and the 8th Teacher's Sports Festival of Hong Kong Federation of Education Workers in 2015 in order to assist economic development in China's border and poor regions for both elderly and youngsters, conduct charity activities in Hong Kong and support education, sports, and cultural activities for improving society, culture, arts and environment. The Group also sponsored the publication of "Kerr's Diary" by East River Column History Research Committee (東江縱隊歷史研究會) to commemorate the 70th anniversary of victory of China's War of Resistance Against Japan. In addition, the Group participated in the Zhong Lun Charity Foundation Top Spring University Students Support Program in Tongjiang County and designated representatives to the Tongjiang County of Bazhong district in Sichuan province for this event to visit the local teachers and students.

8th Teacher's Sports Festival of Hong Kong Federation of Education Workers in 2015

Zhong Lun Charity Foundation Top Spring University Students Support Program in Tongjiang

Book bazaar to raise funds for charity

T-shirt bazaar to raise funds for charity

Top Spring's Shanghai branch organised public welfare activities such as book and T-shirt bazaars as well as charity donations to raise funds for two children to undergo eyes surgery which successfully recovered their eyesight. Top Spring's Chengdu branch cooperated with Sichuan People's Radio Broadcasting Station to proactively undertake a care for children activity, "A Little Orange Lamp For Love, A Bright Light For Hope"("愛的小桔燈 點亮新希望") so as to offer help to children of Zhangmu Primary School (樟木小學) in Mianning County, Xichang. Top Spring's Changzhou Branch cooperated with Yangzhou City First Secondary School (揚州市第一中學) to provide social practical opportunity for students and sponsored Jinxiu Primary School (錦繡小學) to organise "Top Spring Cup"("萊蒙杯"), a school character selection for loving hearts and awards ceremony.

In the future, Top Spring will continually endeavour to be a well-respected company and is always committed to promote a series of corporate social responsibility activities based on our overall strategic development to cope with the developments and needs of society.

Care for Children activity – "A little Orange Lamp For Love, A Bright Light for Hope" (愛的小桔燈點亮新希望)

Donations to the needy students

Social Practice Forum for the students of Yangzhou City First Secondary School

"Top Spring Cup" – a school character selection for loving hearts and awards ceremony

BUSINESS REVIEW

"Integrity, Innovation, Quality and Efficiency" was the Group's development guiding principle in 2015. Looking back in 2015, it was a year full of difficulties and challenges for the Group. From the aspects of property sales, operation, expansion and financing, the Group had finally gone through all the barriers and achieved decent results despite encountering various difficulties in the progress. First of all, from the microscopic view of the real estate market in the PRC in 2015, according to the information from the National Bureau of Statistics of the PRC, the saleable GFA of commodity properties sold in the PRC amounted to approximately 1.29 billion sq.m. while the sales revenue amounted to approximately RMB8.7 trillion, representing an increase of approximately 6.5% and approximately 14.4%, respectively, as compared with 2014. The sales revenue of the commodity properties in the PRC grew faster than the saleable GFA primarily due to the increase in sales proportion of first- and second-tier cities, which proved that certain property developers cease to centralise or expand their development focus and investment in cities other than first- and second-tier cities. In addition, the newly constructed property GFA in the PRC was approximately 1.54 billion sq.m. in 2015, representing a decrease of 14.0% as compared with 2014. This showed a year-on-year decrease in respect of the new property construction GFA in the market of the PRC for the second consecutive year with a larger decrease as in 2014. This proves that it would be difficult for the future property construction GFA to grow on an ongoing basis and the developers are getting pressure to clear inventory. From the macroscopic view of the PRC's real economy in 2015, the expected GDP growth rate decreased from high-single-digit to mid-single-digit and high-land premium transactions in certain first- and second-tier cities which represents that there could be no more high growth and high gross profit investment projects in the PRC property market. As a result, the PRC government is required to continue a moderate loose monetary and regulatory policies on the PRC property market in order to maintain market competitiveness. However, the currency circulation was extremely high throughout 2015 as the People's Bank of China conducted interest rate cuts for five times and deposit base interest rate cuts for five times with an aggregate decrease of 1.25 percentage points and an aggregate decrease of 2.75 percentage points, respectively. Undoubtedly, these would enhance the desire and demand for domestic consumers to purchase property, resulting in a steady development for domestic property market.

As the value of saleable resources dropped as compared with last year and the proportion of residential properties to the total saleable resources decreased substantially, the Group faced more difficulties in sales of properties in 2015. During 2015, the Group carried out property sales across nine cities in the PRC with 13 projects in total. The annual contracted sales from the sale of properties and car park units amounted to approximately HK$8.02 billion (excluding the subscribed pre-sales amounted to approximately HK$505 million), representing a decrease of approximately 22.3% as compared with 2014. Fortunately, the average selling price ("**ASP**") of the Group's overall contracted sales in 2015 increased as compared with last year. The ASP amounted to approximately HK$19,736.0 per sq.m., representing an increase of approximately 10.5% as compared with last year. Benefited from the initial launch of pre-sale of Shanghai Shama Century Park, which is located in Lujiazhui, Pudong New District, Shanghai in April 2015, which received positive feedback from the market, the serviced apartments available for sale for this project in 2015 generated approximately HK$1.8 billion of contracted sales, with ASP of approximately HK$70,968.3 per sq.m., which is higher than that of the other second-hand properties in the same district. Other than the domestic real estate property sales, the Group achieved favourable investment returns through two batches of equity transfer of companies. For instance, in February 2015, the Group disposed of its 3.0558% equity interest in 上海楓丹麗舍房地產開發有限公司 (Shanghai Fengdan Lishe Real Estate Development Co., Ltd.*), a domestic company which owns a parcel of land located at the eastern suburb, Unit 5, Tangzhen New Town, the Pudong New District, Shanghai, the PRC, to an indirect wholly-owned subsidiary of Sunac China Holdings Limited and recognised other net income of approximately HK$108.0 million. Furthermore, in November 2015, the Group successfully sold 25% interest in two real estate projects in Manchester, United Kingdom, to an independent third party, at an aggregate consideration of approximately HK$176 million. This disposal of equity interest also resulted in favourable investment return to the Group (rate of investment return of which amounted up to approximately 30%).

In 2015, the Group's rental income from investment properties slightly decreased from approximately HK$340.9 million in 2014 to approximately HK$323.7 million in 2015, representing a decrease of approximately 5.0%. This was mainly due to the decrease of total leasable GFA from approximately 262,711 sq.m. as at 31 December 2014 to approximately 251,041 sq.m. as at 31 December 2015. Due to the Group's disposal of Shanghai Shama Century Park and The Spring Land – Shenzhen Phase 6A – Fashion Walk (retail assets) in 2015 which resulted in a decrease of the total leasable GFA, the total rental income decreased accordingly. It is noted that the overall average monthly rental income of the Group's operating investment property portfolio for the year ended 31 December 2015 increased substantially as compared with 2014, from approximately HK$115.0 per sq.m. per month in 2014 to approximately HK$131.2 per sq.m. per month in 2015. It proves that the fixed rental income of the Group is rising. As at 31 December 2015, the Group's operating investment property portfolio of 251,041 sq.m., together with the investment properties that are completed but yet to operate or to be developed in the next two years, the future total leasable GFA of the Group's investment property portfolio will reach up to approximately 448,491 sq.m. Its fair value as at 31 December 2015 was approximately HK$8.33 billion, representing approximately 24.5% of the Group's total asset value.

As at 31 December 2015, the land bank (that is, the estimated net saleable/leasable GFA) of the Group was approximately 4,717,976 sq.m. In terms of land bank strategy, the Group will focus on the first- and second-tier cities in China, such as Shenzhen, Shanghai and Nanjing and the core cities in Jiangxi Province such as Nanchang, where working population is increasing, the transportation network is effective, high speed rail, metro network and expressway are in operation or under construction, and economic growth potential is strong. As usual, the Group continues to maintain a prudent land bank strategy to look for new land and new project acquisition opportunities. The Group expects its current land bank will be sufficient for its development and operation for the next five to eight years. In 2015, the Group acquired a total of three projects in Shenzhen, one of which the Group indirectly acquired a parcel of land that will be demolished and reconstructed under the urban renewal project in Longgang, Shenzhen, through acquiring 60% equity interest in a company in Shenzhen during the first half of 2015. The site area of such project was approximately 88,763.79 sq.m. Furthermore, in the second half of 2015, the Group also acquired two projects in Shenzhen for redevelopment of old villages located in Jianshang Village, Longhua New District and Nanyue Village, Longgang Town, Longgang District, Shenzhen, where the development and construction site area of both projects are approximately 26,900 sq.m. and approximately 3,382 sq.m., respectively. As at 31 December 2015, the expected saleable GFA of such projects was not included in the land bank of the Group as the relevant project companies are applying to become the principal redeveloper of such project. Further, the project plan of Shenzhen Fashion Mark of the Group achieved a great breakthrough and was approved by the Urban Planning Land and Resources Commission of Shenzhen Municipality in August 2015. Its plot ratio GFA is approximately 1,172,500 sq.m. The approval of the project plan of Shenzhen Fashion Mark facilitated the Group to implement its strategy to develop Shenzhen as its primary base in the future. In addition, as at 31 December 2015, the Group acquired a total of three parcels of land in Yuen Long, Hong Kong (which is currently for agricultural use and located next to Tai Tong Road and Shap Pat Heung Road) through a transfer of the respective entire share capital of two companies and the land premium will be paid in the future to change the usage of land to residential. It is expected that its total GFA will be approximately 10,378 sq.m.

In 2015, the Group commenced the construction on five projects with an estimated net saleable/leasable GFA of approximately 577,000 sq.m., representing an increase of approximately 49.8% as compared with 2014. In particular, Shenzhen Smart Venture Valley, the first "Industrial land modification" project of the Group (that is, it will require demolition of the existing industrial buildings and the redevelopment of new buildings for upgrading and reformation in the industrial zone), formally commenced its construction in the first half of 2015 and it is planned to be launched for sale in the second half of 2016. As at 31 December 2015, the Group completed five projects with an estimated net saleable/leasable GFA of approximately 499,797 sq.m., representing a decrease of approximately 1.8% as compared with 2014.

In the new strategic planning of the Group, new business sector will be an integral part of our principal business in the future, same as the property development business. Based on the new structure, new business had remarkable performance in six major aspects during 2015. First, the Group facilitated the establishment of 深圳市綠膳谷農業創新發展有限公司 (Shenzhen Green Port Agricultural Development Co., Ltd*) with 深圳市農產品股份有限公司 (Shenzhen Agricultural Products Co., Ltd*). Such company is located in 深圳海吉星國際農產品物流園片區 (Shenzhen Haijixing International Agricultural Logistics Zone*) with a site area of approximately 87,000 sq.m. It targets at household consumption of urban high-end consumers with high regards in food safety and health. It creates and combines innovative agriculture, healthy food experience, trendy catering, global high-end food and creative venture on the basis of internet online transaction and offline real experience. It is also the first creative complex in Shenzhen, the first creative agriculture complex in the PRC and a major project proposed by Shenzhen Municipal Government in respect of the industry transformation and upgrade. Currently, it has facilitated the construction of Taiwan Stadium, New Zealand Stadium, Korea Stadium, Yunnan Stadium and Heilongjiang Stadium with successful attraction of investment. It is expected to officially open in the second half of 2016. Secondly, the Group entered into contracts with several renowned branding manufacturers in Taiwan, aiming at introducing the mode of experience, remarkable experience and excellent brands of the Taiwan Tourism Factory to the PRC and replicating them in the first- and second-tier cities in the PRC. The first project, 綠膳谷台灣館 (Green Port Taiwan Stadium*) is planned to be opened in the second half of 2016. Thirdly, as for the healthcare sector, the Group and 愛康國賓集團公司 (iKang Guobin Healthcare Group, Inc.*) (NASDAQ:KANG, the second largest health check corporation in the PRC) jointly completed the capital increase in New China Life Excellent Health Investment Management Co., Ltd., a wholly-owned health check chain corporation established by New China Life Insurance Company Ltd. (Stock Code: 601336.SH) in 2011. The Group acquired 10% of its equity interest after the capital injection. In the future, the Group will deepen the industry synergies with its other health and medical business in this regard. Fourthly, 深圳市中央大廚房物流配送有限公司 (Shenzhen Green Port Co., Ltd*) ("**Green Port**"), an associate of the Group, formally started fresh food e-commerce and central kitchen business in 2015. As at the end of 2015, fresh food e-commerce business recorded over 1,000 orders while central kitchen was making profit for two consecutive years. Fifthly, we organised marine-based strategy for Huizhou Hidden Bay in Huidong. Located at the coastal area of our Huizhou Hidden Bay and with support of famous fishing experts, coaches and college professors in the PRC, we built a fishing service base in Huidong. This project was recognised as "廣東省海洋漁業休閒與垂釣協會副會長單位" ("Leisure and Fishing Association Vice-President Unit of Guangdong Marine Fishery"*), "廣東省休閒漁業示範基地" ("Demonstration Base of Guangdong Leisure Fishing"*), and "廣東省休閒海釣基地" ("Guangdong Leisure Fishing Base"*). Due to this fishing project, the sales amount of the property of Huizhou Hidden Bay in 2015 increased by around 100% as compared with 2014. Sixthly, the Group regarded leisure tourism as one of the important aspects of the new business. The Group will attempt to establish itself as a leading tourism platform operator in the PRC with the help of extensive tourism resources of 雲南省城市建設投資集團有限公司 (Yunnan Metropolitan Construction Investment Group Co., Ltd.*) ("**YMCI**"), in Yunnan Province. Currently, the Group is preparing the plan assisted by professional institutions.

To conclude, in 2015, other than the decrease in property contracted sales, the overall business performance of the Group including revenue from sale of properties, efficiency of leasing (the efficiency of leasing was assessed by the rental income generated per sq.m. of the property leased) and consolidated financial results were improved as compared with 2014. The Group made much effort in improving the management execution abilities (particularly in staff rightsizing, optimising operation structure, raising work quality, increasing customer satisfactory level and various cost control measures), product innovations and design as well as sales strategy and model. All these create better values for the Group's products. At last, the Group, by virtue of its good creditworthiness, issued a three-year Renminbi ("**RMB**") note in principal amount of RMB990 million (with 10.595% interest rate per annum) and entered into an agreement for subscription of three-year convertible bonds in the aggregate principal amount of US$200 million (with 6.00% interest rate per annum) on 29 May 2015 and 28 December 2015, respectively. The successful issue of these two tranches of bonds implies an increase in the flexibility on the Group's fund utilisation, which is able to optimise the long-term and short-term corporate debt structure and provides the Group with sufficient funding for its quality land acquisitions and projects in the future.

FUTURE OUTLOOK

2016: Chinese economy is expected to develop steadily while sound and flexible currency policy would benefit property market. The key mission of developers for this year is still inventory clearance

The Group expects that the PRC property market (particularly in the first- and second-tier cities) will continue to develop steadily in 2016. On 5 March 2016, Premier Mr Li Keqiang, at the 4th meeting of the 12th National People's Congress, stated in the government work report that the target of economic growth for this year is expected to be 6.5% to 7%. Taking into account of fulfilling the target to establish a fully well-off society, the purpose of steady growth is primarily for safeguarding employment and benefiting livelihood. Premier Mr Li Keqiang also stated that a sound currency policy requires flexibility and moderation. The Group believes the PRC government will continue to support the key industry – the property sector. On the basis of relaxing currency policy for several times recently by the Central Government and easing pressure on property market, the main focus of property policy has been tuned from "suppressing" to "activating". Chinese citizens will be benefited from continual interest rate cuts policy which leads to a gradual decrease in the cost of property mortgages; hence they will be able to purchase houses for self-occupation or investment. Certain property developers may even enhance and accelerate investments due to the decrease in finance costs. On 2 February 2016, the Central Bank and China Banking Regulatory Commission jointly announced to reduce the down payment proportion of individual property mortgage in response to the requirement of inventory clearance proposed by the Central Economic Work Conference by the end of 2015. This is the first favourable policy announced in 2016, which facilitates inventory clearance for property developers. However, the Group is of the view that under the tough operating environment experienced by some property developers, including increasing inventories, continual slowing down of the real economy, lower profit margin for project development and high gearing ratio, some domestic property enterprises are urged to exercise caution in their future development plans, and to consider appropriate adjustments on their operating models.

Profit maximisation: The Group will regard property value enhancement and cost control as the top priority and will not adopt price-cut strategy to boost its property sales while the future development will focus on first- and second-tier cities (with Shenzhen, Shanghai, Nanjing and Nanchang as the key focuses)

The Group formulates a principle of "profit maximisation" to conduct sales of its existing and potential projects based on profit maximisation for shareholders. Unless there is an issue on capital sufficiency or high inventory level, the Group will not apply price-cut strategy to its property sales. The Group's sales target for 2016 is RMB7.0 billion (equivalent to approximately HK$8.3 billion) while its saleable resources will be approximately RMB12.9 billion (equivalent to approximately HK$15.4 billion) with a total saleable GFA of approximately 670,000 sq.m., of which the value of saleable resources of the newly launched project will be approximately RMB7.2 billion (equivalent to approximately HK$8.6 billion) with a total saleable GFA of approximately 350,000 sq.m. These saleable resources, which comprise residential and retail properties, offices and car park units, are expected to be launched for sale in the market in 2016 and will be a great challenge to the Group in achieving its annual sales target.

In light of the volatility of the PRC stock market in the first half of 2015, the Group believes that some investors may take this opportunity to change their investment portfolio and invest in the real estate market in first- and second-tier cities with higher stability and transparency. The Group predicts that the demand of properties in those cities, in particular, Shenzhen (a city full of energy with a large number of urban immigrant population with financial capability), Shanghai, Nanjing and the core cities in Jiangxi Province such as Nanchang, will increase in the coming years and the increase in demand will have a positive impact on the property price. Leveraging on the Group's ongoing effort on property development in Shenzhen, its sound brand image for years, good financing relationship with financial institutions and the excellent and experienced team, the Group expects to increase its land reserves in Shenzhen so as to achieve its business goal in the future. In addition, from 1 January 2016 to the date of this report, the Group has enhanced its investment in Shanghai through transfer of equity interests and acquired two sizeable projects in respect of commercial offices and serviced apartments in Pudong New District, Shanghai, which are expected to be launched for sale in the market in 2016 in batches.

To be a "service provider engages in property + international healthcare sector"

The Group will continue to grow in line with the concept of a "service provider engages in property + international healthcare sector". As for the property development, in 2016, the Group aims to acquire more high-quality projects in the core cities which it operates. Meanwhile, in order to achieve mid-to-long term sustainable development of the Group, the Group intends to co-operate with other third-party enterprises for resources integration (such as joint participation in land auctions and projects acquisitions, joint developments of land or acquisitions of non-controlling equity interest in project companies) to increase its quality of land reserves and projects.

To become international healthcare service provider, the Group will take advantage of the opportunities created by transformation of Chinese society and its economy, and the huge market demands. An emphasis is placed on the development of healthcare business to explore possible diversification for the Group in the future. We will focus on three tasks in respect of new business. First, the Group targets at successfully implementing projects including 綠膳谷國際農業創意文化綜合體 (Green Port International Agricultural Creative Culture Complex*) and 台灣觀光工廠集合館 (Taiwan Tourism Factory Complex*). Secondly, the Group will initiate operation of tourism platform, including establishment of tourism industry investment fund, construction and operation of tourism complex with features of tourism distribution centre, investment in online tourism platform and acquisition of quality tourism attraction. Thirdly, as for fresh food, healthcare industry and leisure tourism, the Group will build comprehensive strategic and business partnership with large-scale domestic property developers and leading enterprises in relation to new business. These new businesses are collectively for establishing the Group as an "international healthcare and leisure service provider" and providing extensive leisure activities. The above new business projects aim to offer comprehensive ancillary facilities, to add value to the Group's property development business and to create new channels for the Group's profit growth so as to achieve the ultimate target of capital appreciation in the future.

Corporate values in respect of "Duty • Simplicity • Innovation • Sharing", talent development and management

The existing values of the Group are "Duty • Simplicity • Innovation • Sharing". Duty represents parity of authority and responsibility, and to take responsibility without hesitation. Simplicity represents simple process and relationship without complication. Innovation represents innovative business and management. Sharing represents sharing of both achievement and benefits. The Group will provide training for employees to enhance their knowledge in corporate values and culture and to implement them thoroughly. Meanwhile, the Group accelerates development of young leaders and adopts them early in establishing study-oriented teams and keeps them abreast of updated knowledge and timely development.

To conclude, the Group will continue to adopt prudent financial and operating policies and to make full use of the strengths combined with resources and existing financing channels of YMCI, one of our substantial shareholders and a state-owned enterprise in the PRC, to provide the Group with larger scale and more competitive financing facilities in the future. In light of the impacts on the financial market created by the recent depreciation and volatility of RMB, the Group will actively seek domestic financing to minimise the exchange rate risk and the overall finance costs. Furthermore, the Group will continue to strengthen its competitiveness in existing real estate market and to explore new business models for maximising interests of its shareholders. The Group expects to enhance its corporate values and investment returns through its new business sectors in the future.

REVIEW OF BUSINESS IN 2015

(1) Contracted Sales

In 2015, the Group recorded an aggregate of contracted sales of properties and contracted sales of car park units of approximately HK$8,015.3 million (of which approximately HK$7,824.4 million was from contracted sales of properties), representing a decrease of approximately 22.3% over 2014. The contracted saleable GFA was approximately 396,453 sq.m., representing a decrease of approximately 27.8% over 2014. The ASP of the Group's contracted sales of properties in 2015 was approximately HK$19,736.0 per sq.m. (2014: approximately HK$17,856.8 per sq.m.), representing an increase of approximately 10.5% as compared with 2014. The increase in the Group's overall ASP was mainly due to large proportions of contracted sales of properties generated from contracted sales of serviced apartments and residential units in various projects situated in Shanghai, Nanchang and Nanjing, which generally yielded a higher overall ASP. In addition, the Group's contracted sales of car park units in 2015 was approximately HK$190.9 million from the sale of 1,435 car park units. The Group has set a target of HK$8.3 billion for the total contracted sales in 2016 with reference to its saleable resources with value estimated at approximately HK$12.9 billion.

A breakdown of the total contracted sales of the Group during the year ended 31 December 2015 is set out as follows:

City	Project and Type of Project	Contracted Saleable GFA		Contracted Sales		Contracted ASP
		sq.m.	%	HK$ million	%	HK$/sq.m.
Shenzhen	The Spring Land – Shenzhen					
	– residential	793	0.2	25.3	0.3	31,904.2
	– retail	238	0.1	31.6	0.4	132,773.1
Sub-total		**1,031**	**0.3**	**56.9**	**0.7**	**55,189.1**
Shanghai	Shanghai Shama Century Park					
	– serviced apartments	25,293	6.4	1,795.0	22.9	70,968.3
Nanchang	Nanchang Fashion Mark					
	– residential	26,859	6.8	465.2	6.0	17,320.1
	– retail	47,613	12.0	875.0	11.2	18,377.3
	– office	7,585	1.9	159.0	2.0	20,962.4
Sub-total		**82,057**	**20.7**	**1,499.2**	**19.2**	**18,270.2**
Nanjing	The Spring Land – Nanjing					
	– residential	1,375	0.3	37.1	0.5	26,981.8
	– retail	398	0.1	24.3	0.3	61,055.3
Sub-total		**1,773**	**0.4**	**61.4**	**0.8**	**34,630.6**
Nanjing	The Sunny Land – Nanjing					
	– residential	85,024	21.5	1,509.4	19.3	17,752.6
	– retail	3,351	0.8	98.1	1.2	29,274.8
Sub-total		**88,375**	**22.3**	**1,607.5**	**20.5**	**18,189.5**

City	Project and Type of Project	Contracted Saleable GFA sq.m.	%	Contracted Sales HK$ million	%	Contracted ASP HK$/sq.m.
Nanjing	Nanjing Fashion Mark					
	– retail	3,278	0.8	99.9	1.3	30,475.9
Sanhe	Beijing Top Spring Shunze Flower Garden					
	– residential	76,704	19.3	1,150.6	14.7	15,000.5
Hangzhou	The Spring Land – Hangzhou					
	– residential	12,264	3.1	331.9	4.3	27,062.9
	– retail	5,312	1.3	158.6	2.0	29,856.9
Sub-total		**17,576**	**4.4**	**490.5**	**6.3**	**27,907.4**
Hangzhou	Hangzhou Hidden Valley					
	– residential	7,030	1.8	119.2	1.5	16,955.9
Huizhou	Huizhou Hidden Bay					
	– residential	47,494	12.0	518.4	6.6	10,915.1
Changzhou	Changzhou Fashion Mark					
	– residential	3,372	0.9	31.0	0.4	9,193.4
	– retail	1,046	0.3	28.0	0.4	26,768.6
Sub-total		**4,418**	**1.2**	**59.0**	**0.8**	**13,354.5**
Changzhou	Changzhou Le Leman City					
	– residential	19,885	5.0	139.2	1.8	7,000.3
	– retail	5,996	1.5	94.4	1.2	15,743.8
Sub-total		**25,881**	**6.5**	**233.6**	**3.0**	**9,025.9**
Tianjin	Tianjin Le Leman City					
	– residential	15,189	3.8	129.4	1.7	8,519.3
	– retail	354	0.1	3.8	0.0	10,734.5
Sub-total		**15,543**	**3.9**	**133.2**	**1.7**	**8,569.8**
Total		**396,453**	**100.0**	**7,824.4**	**100.0**	**19,736.0**

City	Project	Number of Contracted Sales of Car Parks		Contracted Sales		Contracted ASP
		unit	%	HK$ million	%	HK$/unit
Shenzhen	The Spring Land – Shenzhen	3	0.2	0.4	0.2	133,333.3
Shanghai	Shanghai Shama Century Park	129	9.0	37.9	19.8	293,798.4
Nanchang	Nanchang Fashion Mark	396	27.6	77.1	40.4	194,697.0
Nanjing	The Spring Land – Nanjing	27	1.9	4.9	2.6	181,481.5
Hangzhou	The Spring Land – Hangzhou	123	8.6	28.0	14.7	227,642.3
Changzhou	Changzhou Fashion Mark	9	0.6	1.0	0.5	111,111.1
Changzhou	Changzhou Le Leman City	748	52.1	41.6	21.8	55,615.0
Total		**1,435**	**100.0**	**190.9**	**100.0**	**133,031.4**

(2) Projects Completed, Delivered and Booked in 2015

For the year ended 31 December 2015, the Group completed constructions of Nanchang Fashion Mark (high rise residential in Lot North and Lot South), The Spring Land – Nanjing (remaining portion), The Spring Land – Hangzhou and Changzhou Le Leman City Phase 8 (5-B) with a total saleable and leasable GFA of approximately 499,797 sq.m.

For the year ended 31 December 2015, the Group's property development business in Shenzhen, Nanchang, Nanjing, Hangzhou, Huizhou, Changzhou and Tianjin achieved a turnover from sale of properties (excluding sale of car park units), after deduction of sales return, of approximately HK$9,449.5 million with a saleable GFA of approximately 568,920 sq.m. being recognised, increased by approximately 48.6% and 77.2%, respectively, over the year ended 31 December 2014. The recognised ASP for the sale of properties was approximately HK$16,609.5 per sq.m. for the year ended 31 December 2015, representing a decrease of approximately 16.2% compared with approximately HK$19,811.9 per sq.m. for the year ended 31 December 2014.

For the year ended 31 December 2015, the Group delivered and recognised the sale of car park units, after deduction of sales return, with a total recognised sales amount and ASP of approximately HK$538.7 million and HK$153,826.4 per unit, respectively, from the sale of 3,502 car park units.

Details of the projects' completion, and sale of properties and car park units of the Group recognised in 2015 are listed below:

City	Project and Type of Project	Saleable/ leasable GFA of Properties Completed sq.m.	Saleable GFA Booked sq.m.	Sale of Properties Recognised HK$ million	Recognised ASP HK$/sq.m.
Shenzhen	The Spring Land – Shenzhen				
	– residential	–	881	25.3	28,717.4
Nanchang	Nanchang Fashion Mark				
	– residential	259,319	235,380	3,379.2	14,356.4
	– retail and office	25,501	6,536	227.3	34,776.6
Sub-total		**284,820**	**241,916**	**3,606.5**	**14,908.1**
Nanjing	The Spring Land – Nanjing				
	– residential	47,480	62,534	1,876.0	29,999.7
	– retail	3,973	5,772	263.0	45,564.8
Sub-total		**51,453**	**68,306**	**2,139.0**	**31,315.0**
Hangzhou	The Spring Land – Hangzhou				
	– residential	114,544	79,792	1,966.2	24,641.6
Hangzhou	Hangzhou Hidden Valley				
	– residential	–	13,151	241.4	18,356.0
Huizhou	Huizhou Hidden Bay				
	– residential	–	85,055	864.2	10,160.5
Changzhou	Changzhou Fashion Mark				
	– residential	–	3,066	30.3	9,882.6
	– retail	–	737	19.7	26,730.0
Sub-total		**–**	**3,803**	**50.0**	**13,147.5**
Changzhou	Changzhou Le Leman City				
	– residential	48,980	65,098	450.9	6,926.5
	– retail	–	6,641	72.4	10,902.0
Sub-total		**48,980**	**71,739**	**523.3**	**7,294.5**

City	Project and Type of Project	Saleable/ leasable GFA of Properties Completed sq.m.	Saleable GFA Booked sq.m.	Sale of Properties Recognised HK$ million	Recognised ASP HK$/sq.m.
Tianjin	Tianjin Le Leman City – residential	–	4,613	37.2	8,064.2
Less: Sales return					
Changzhou	Changzhou Le Leman City – residential	–	(336)	(3.6)	10,714.3
Total		**499,797**	**568,920**	**9,449.5**	**16,609.5**

City	Project	Number of Car Park Units Booked unit	Sale of Car Park Units Recognised HK$ million	Recognised ASP HK$/unit
Shenzhen	The Spring Land – Shenzhen	2	0.4	200,000.0
Nanchang	Nanchang Fashion Mark	1,726	304.0	176,129.8
Nanjing	The Spring Land – Nanjing	735	129.4	176,054.4
Hangzhou	The Spring Land – Hangzhou	318	66.6	209,434.0
Changzhou	Changzhou Le Leman City	724	38.8	53,591.2
Sub-total		**3,505**	**539.2**	**153,837.4**
Less: Sales return				
Shenzhen	The Spring Land – Shenzhen	(3)	(0.5)	166,666.7
Total		**3,502**	**538.7**	**153,826.4**

(3) Investment Properties (inclusive of investment properties classified as held for sale)

In addition to the sale of properties developed by the Group, the Group has also leased out or expects to lease out its investment property portfolio comprising mainly shopping malls, community commercial centres, retail shops, serviced apartments and car park units in The Spring Land – Shenzhen, Changzhou Fashion Mark, Changzhou Le Leman City, Dongguan Landmark, Hangzhou Landmark, Shenzhen Water Flower Garden, Chengdu Fashion Mark, Nanchang Fashion Mark and Shanghai Shama Century Park in the PRC. As at 31 December 2015, the total fair value of the investment properties of the Group was approximately HK$8,332.9 million, representing approximately 24.5% of the Group's total asset value. The Group's investment property portfolio had a total leasable GFA of approximately 448,491 sq.m. of which investment properties under operation with a leasable GFA of approximately 251,041 sq.m. had a fair value of approximately HK$7,109.1 million. A supermarket at Changzhou Le Leman City Phase 9 (2-B) – Fashion Walk, which was completed but yet to operate as at 31 December 2015, had leasable GFA of approximately 21,450 sq.m. and a fair value of approximately HK$185.1 million. The investment property comprising a shopping mall, retail shops and serviced apartments of Nanchang Fashion Mark, which was under development as at 31 December 2015, had a leasable GFA of approximately 176,000 sq.m., and a fair value of approximately HK$1,038.7 million. The Group recorded approximately HK$215.9 million (net of deferred tax) (for the year ended 31 December 2014: approximately HK$337.7 million) as gain in fair value of its investment properties for the year ended 31 December 2015.

The Group carefully plans and selects tenants based on factors such as a project's overall positioning, market demand in surrounding areas, market levels of rent and development needs of tenants. The Group attracts large-scale anchor tenants which assist in enhancing the value of its projects. The Group enters into longer-term and more favourable lease contracts with such anchor and reputable tenants which include well-known brands, chain cinema operators, reputable restaurants and top operators of catering businesses. As at 31 December 2015, the GFA taken up by these anchor and reputable tenants, whose leased GFA was over 10.0% of the total leasable GFA of a single investment property, made up approximately 35.8% (as at 31 December 2014: approximately 45.4%) of the Group's total leasable area in its investment properties under operation.

For the year ended 31 December 2015, despite the fact that the occupancy rate decreased from approximately 94.0% as at 31 December 2014 to 81.9% as at 31 December 2015 mainly due to the launch of pre-sale of Shanghai Shama Century Park since April 2015, the Group still managed to generate steady recurring rental income of approximately HK$323.7 million, representing a decrease of approximately 5.0% from approximately HK$340.9 million for the year ended 31 December 2014. The average monthly rental income of the Group's investment properties under operation for the year ended 31 December 2015 was approximately HK$131.2 per sq.m. (for the year ended 31 December 2014: approximately HK$115.0 per sq.m.). The increase in the average monthly rental income was partly attributable to the increased rental rates of the Group's existing investment properties under operation, especially The Spring Land – Shenzhen – Fashion Walk.

The Group's investment property under development as at 31 December 2015, Nanchang Fashion Mark, is expected to complete construction and shall commence operation in 2018.

Details of the Group's investment properties as at 31 December 2015 and the Group's rental income for the year ended 31 December 2015 are set out as follows:

Investment Properties (inclusive of investment properties classified as held for sale)	Leasable GFA as at 31 December 2015 (Note 7) sq.m.	Fair Value as at 31 December 2015 HK$ million	Rental Income for the year ended 31 December 2015 HK$ million	Average Monthly Rental Income per sq.m. for the year ended 31 December 2015 HK$/sq.m.	Occupancy Rate as at 31 December 2015 %
Investment properties under operation					
Changzhou Fashion Mark Phases 1 and 2 (Shopping mall and car park units)	77,581	1,478.0	65.7	72.0	98.0
Dongguan Landmark (Shopping mall and car park units)	20,172	538.4	33.2	138.8	98.8
Hangzhou Landmark (Shopping mall)	24,667	389.2	31.6	107.6	99.2
Shenzhen Water Flower Garden (Retail assets)	4,992	255.5	20.0	333.9	100.0
The Spring Land – Shenzhen Phase 1 – Fashion Walk (Retail assets) (Note 1)	3,356	187.4	9.2	298.9	76.4
The Spring Land – Shenzhen Phase 3 – Fashion Walk (Retail assets and car park units)	22,393	662.6	22.2	83.1	99.4
The Spring Land – Shenzhen Phase 5 – Fashion Walk (Retail assets)	3,521	199.4	11.2	322.6	82.2
The Spring Land – Shenzhen Phase 6A – Fashion Walk (Retail assets) (Note 2)	1,291	68.1	7.4	477.7	100.0
The Spring Land – Shenzhen Phase 6B – Fashion Walk (Retail assets) (Note 3)	2,893	150.4	1.8	63.4	81.8
Changzhou Le Leman City Phase 11 (Retail asset) (Note 4)	16,858	127.8	0.9	16.9	26.2
Chengdu Fashion Mark (Shopping mall and car park units)	38,285	802.3	28.4	133.2	46.4
Shanghai Shama Century Park (Serviced apartments and car park units) (Note 5)	35,032	2,250.0	92.1	288.9	75.8
Sub-total	**251,041**	**7,109.1**	**323.7**	**131.2**	**81.9**

Investment Properties (inclusive of investment properties classified as held for sale)	Leasable GFA as at 31 December 2015 (Note 7) sq.m.	Fair Value as at 31 December 2015 HK$ million	Rental Income for the year ended 31 December 2015 HK$ million	Average Monthly Rental Income per sq.m. for the year ended 31 December 2015 HK$/sq.m.	Occupancy Rate as at 31 December 2015 %
Investment property completed but yet to operate					
Changzhou Le Leman City Phase 9 (2-B) – Fashion Walk (Retail asset)	21,450	185.1	–		
Investment property under development					
Nanchang Fashion Mark (Shopping mall, retail shops and serviced apartments) (Note 6)	176,000	1,038.7	–		
Total	**448,491**	**8,332.9**	**323.7**		

Note 1: The unoccupied areas of the retail assets in The Spring Land – Shenzhen Phase 1 – Fashion Walk mainly represent the sales centre of The Spring Land – Shenzhen with leasable GFA of approximately 791 sq.m. which the Group intends to lease out in the future.

Note 2: As at 31 December 2015, leasable GFA of approximately 238 sq.m. of the retail assets of The Spring Land – Shenzhen Phase 6A – Fashion Walk was sold and delivered.

Note 3: The retail assets of The Spring Land – Shenzhen Phase 6B – Fashion Walk commenced operation in the first half of 2015.

Note 4: The retail asset represents a habilitation and recreation centre of Changzhou Le Leman City Phase 11 for leasing purpose.

Note 5: As at 31 December 2015, leasable GFA of approximately 25,293 sq.m. of Shanghai Shama Century Park was sold through pre-sale and approximately 14,325 sq.m was delivered.

Note 6: The land use rights certificates of the investment property of Nanchang Fashion Mark were obtained in June 2013. The investment property is expected to complete construction and shall commence operation in 2018. This investment property is planned to comprise a shopping mall, retail shops and serviced apartments for leasing purpose with a leasable GFA of approximately 118,000 sq.m., 38,000 sq.m. and 20,000 sq.m., respectively.

Note 7: The leasable GFA as at 31 December 2015 excluded car park units.

FINANCIAL REVIEW

In 2015, the Group's consolidated revenue and profit attributable to equity shareholders of the Company reached approximately HK$10,519.7 million and HK$773.4 million, respectively, increased by approximately 50.9% and decreased by approximately 16.1%, respectively, as compared with 2014. For the year ended 31 December 2015, the Group's basic earnings per Share decreased by approximately 15.4% as compared with 2014 to approximately HK$0.55. Net assets per Share attributable to equity shareholders of the Company and the holders of PCSs increased by approximately 2.3% as compared with approximately HK$4.3 as at 31 December 2014 to approximately HK$4.4 as at 31 December 2015.

In order to maintain a stable dividend policy, the Board has recommended the payment of a final dividend of HK22 cents per Share attributable to equity shareholders of the Company and the holders of PCSs for the year ended 31 December 2015 (for the year ended 31 December 2014: HK11 cents per Share), subject to the approval by shareholders of the Company (the "**Shareholders**") at the forthcoming annual general meeting of the Company. The dividend payout ratio for the year ended 31 December 2015 was approximately 40.4% (for the year ended 31 December 2014: approximately 33.6%).

Revenue

Revenue represents income from sale of properties, rental income, income from hotel operations, and income from provision of property management and related services earned during the period, net of business tax and other sales related taxes and discounts allowed.

Revenue for the year ended 31 December 2015 increased by approximately 50.9% to approximately HK$10,519.7 million from approximately HK$6,971.0 million for the year ended 31 December 2014. This increase was primarily due to an increase in the Group's income from sale of properties. The Group recognised property sales of approximately HK$9,988.2 million, represented approximately 94.9% of the revenue. The remaining approximately 5.1% represented rental income, income from hotel operations, and property management and related services income.

Revenue from the Group's sale of properties increased by approximately 55.5% in 2015 as compared with 2014 primarily due to an increase of approximately 77.2% in the Group's total saleable GFA sold and delivered (excluding sale of car park units), after deduction of sales return, from approximately 321,029 sq.m. in 2014, to approximately 568,920 sq.m. in 2015. The Group's rental income decreased primarily due to certain investment properties under operation were sold and delivered leading to a decrease in the leasable GFA of the Group's investment properties under operation for the year ended 31 December 2015. Income from the Group's hotel operations and property management and related services remained stable as compared with 2014.

Direct costs

The principal component of direct costs is the cost of completed properties sold, which consists of land premium, construction and other development costs, capitalised borrowing costs during the construction period, the cost of rental income, the cost of hotel operations and the cost of property management and related services. The Group recognises the cost of completed properties sold for a given period to the extent that revenue from such properties has been recognised in such period.

The Group's direct costs increased to approximately HK$7,324.9 million for the year ended 31 December 2015 from approximately HK$4,050.8 million for the year ended 31 December 2014. This increase was primarily attributable to the increase in saleable GFA of the Group's properties completed and delivered for the year ended 31 December 2015.

Gross profit

The Group's gross profit increased by approximately 9.4% to approximately HK$3,194.8 million for the year ended 31 December 2015 from approximately HK$2,920.3 million for the year ended 31 December 2014. The Group reported a gross profit margin of approximately 30.4% for the year ended 31 December 2015 as compared with approximately 41.9% for the year ended 31 December 2014. The decrease in gross profit margin was primarily due to a higher proportion of properties sold and delivered from The Spring Land – Hangzhou, Huizhou Hidden Bay and Changzhou Le Leman City in 2015 which offered relatively lower gross profit margin.

Other revenue

Other revenue decreased by approximately HK$18.5 million, or approximately 7.4%, to approximately HK$233.4 million in 2015 from approximately HK$251.9 million in 2014. The decrease was primarily attributable to the construction management service income of approximately HK$16.0 million recognised, offset by the decrease in bank and other interest income of approximately HK$32.6 million due to a decrease in overall bank balances.

Other net loss

Other net loss increased from approximately HK$39.5 million in 2014 to approximately HK$121.3 million in 2015. The increase was primarily attributable to the provision on inventories of approximately HK$315.0 million, offset by the recognition of a net gain on the disposal of half of the Group's interest in an available-for-sale investment and investment properties of approximately HK$108.0 million and HK$41.5 million, respectively, in 2015.

Selling and marketing expenses

Selling and marketing expenses decreased by approximately 21.1% to approximately HK$244.0 million for the year ended 31 December 2015 from approximately HK$309.4 million for the year ended 31 December 2014. The decrease was primarily attributable to the reductions in advertising expenses and show flat set up cost incurred in 2015 as compared with 2014. Selling and marketing expenses accounted for approximately 3.0% of contracted sales in 2015 (2014: approximately 3.0%).

Administrative expenses

Administrative expenses increased by approximately 17.3% to approximately HK$659.0 million for the year ended 31 December 2015 from approximately HK$561.8 million for the year ended 31 December 2014. The increase was due to the recognition of other taxes arising from delivering the investment properties classified as held for sale of approximately HK$56.4 million for the year ended 31 December 2015.

Valuation gains on investment properties and investment properties classified as held for sale

Valuation gains on investment properties and investment properties classified as held for sale increased by approximately 10.3% to approximately HK$459.0 million for the year ended 31 December 2015 from approximately HK$416.3 million for the year ended 31 December 2014. During the year ended 31 December 2015, the Group launched the sale of Shanghai Shama Century Park, which is an operational serviced apartments with a fair value gain of approximately HK$323.8 million recognised during the year as driven by the high contracted ASP achieved which was one of the key factors adopted in the valuation of Shanghai Shama Century Park.

Finance costs

Finance costs decreased by approximately 22.0% to approximately HK$509.3 million for the year ended 31 December 2015 from approximately HK$652.6 million for the year ended 31 December 2014. The decrease was primarily attributable to the decrease in total borrowings.

Income tax

Income tax expenses increased by approximately 20.6% to approximately HK$1,243.1 million for the year ended 31 December 2015 from approximately HK$1,030.5 million for the year ended 31 December 2014. The increase was mainly attributable to the increase in taxable profit generated for the year ended 31 December 2015. Consequently, there was an increase in the provision for CIT and LAT by approximately HK$377.9 million and HK$345.8 million, respectively.

Net profit margin and core net profit

The net profit margin of the Group (profit for the year to revenue) decreased from approximately 14.4% in 2014 to approximately 10.0% in 2015. The core net profit[note], however, increased by approximately 11.2% from approximately HK$699.6 million for the year ended 31 December 2014 to approximately HK$777.8 million for the year ended 31 December 2015.

Note: The core net profit is defined as profit for the year excluding the valuation gains on investment properties, investment properties classified as held for sale (net of deferred tax) and net exchange gain or loss recognised in the consolidated income statement of the Group.

Non-controlling interests

The profit attributable to non-controlling interests was approximately HK$280.3 million for the year ended 31 December 2015 (for the year ended 31 December 2014: approximately HK$84.3 million). The change was primarily due to a net profit of approximately HK$876.6 million and approximately HK$253.2 million which was mainly generated from sale of properties and valuation gain of Nanchang Fashion Mark and Shanghai Shama Century Park, respectively, in which 30% of their respective equity interests, is attributable to the non-controlling interest, offset by the losses incurred by other non-wholly owned subsidiaries for the year ended 31 December 2015.

LIQUIDITY, FINANCIAL AND CAPITAL RESOURCES

Cash position

As at 31 December 2015, the carrying amount of the Group's cash and bank deposits was approximately HK$5,649.7 million (as at 31 December 2014: approximately HK$9,703.0 million), representing a decrease of approximately 41.8% as compared with that as at 31 December 2014.

Borrowings and charges on the Group's assets

The Group had an aggregate borrowings (including bank and other borrowings, note payable and amounts due to non-controlling shareholders) as at 31 December 2015 of approximately HK$10,941.2 million, of which approximately HK$6,835.1 million is repayable within 1 year, approximately HK$3,696.6 million is repayable after 1 year but within 5 years and approximately HK$409.5 million is repayable after 5 years. As at 31 December 2015, the Group's bank loans of approximately HK$7,620.4 million (as at 31 December 2014: approximately HK$12,214.0 million) were secured by certain investment properties (inclusive of investment properties classified as held for sale), hotel properties, other land and buildings, leasehold land held for development for sale, properties under development for sale, completed properties for sale, pledged deposits and rental receivables of the Group with a total carrying value of approximately HK$18,145.5 million (as at 31 December 2014: approximately HK$21,213.1 million). As at 31 December 2015, the Group's other borrowings of approximately HK$823.9 million (as at 31 December 2014: approximately HK$2,522.5 million) and note payable of approximately HK$1,167.4 million were secured by certain investment properties, properties under development for sale and equity interest in a subsidiary within the Group. The carrying amounts of all the Group's bank and other borrowings were denominated in RMB except for certain borrowings with an aggregate amount of approximately HK$2,254.5 million (as at 31 December 2014: approximately HK$1,330.0 million) and HK$932.1 million (as at 31 December 2014: approximately HK$2,969.4 million) as at 31 December 2015 which were denominated in Hong Kong dollars and US dollars, respectively.

As at 31 December 2015, the Group's interest in a joint venture with a carrying amount of HK$50.8 million was pledged as a security for a bank loan granted to the joint venture.

RMB990,000,000 unlisted note due 2018 (the "Note")

On 29 May 2015, the Company entered into the subscription agreement with Hwabao Trust Co., Ltd as the subscriber, pursuant to which the Company conditionally agreed to issue, and the subscriber conditionally agreed to subscribe for, the Note in the principal amount of RMB990,000,000 (equivalent to approximately HK$1,247,400,000). The Note bears interest from and including 15 June 2015, being the date of issue of the Note, at the rate of 10.595% per annum, payable quarterly in arrears, up to the date of redemption of the Note. The Company intended to use the net proceeds from the subscription of the Note as general working capital of the Group and to settle the indebtedness of the Group. For details, please refer to the Company's announcement dated 29 May 2015.

Bank borrowings and other borrowings

As at 31 December 2015, the Group had bank borrowings of approximately HK$1,285.4 million and other borrowings of approximately HK$1,873.9 million which bore fixed interest rates ranging from 1.55% to 12.0% per annum.

Cost of borrowings

The Group's average cost of borrowings (calculated by dividing total interest expenses expensed and capitalised by average borrowings during the year) was approximately 7.4% in 2015 (2014: approximately 8.2%).

Net gearing ratio

The net gearing ratio is calculated by dividing the Group's net borrowings (total borrowings net of cash and cash equivalents, and restricted and pledged deposits) by the total equity. The Group's net gearing ratio decreased from approximately 81.6% as at 31 December 2014 to approximately 72.5% as at 31 December 2015. The net gearing ratio decreased as a result of the increase in the total equity due to the increase in the Group's retained earnings.

Foreign exchange risk

As at 31 December 2015, the Group had cash balances denominated in RMB of approximately RMB4,317.9 million (equivalent to approximately HK$5,155.1 million), and in US dollars of approximately US$1.7 million (equivalent to approximately HK$13.0 million).

Almost all of the Group's operating activities are carried out in the PRC with most of the transactions denominated in RMB. The Group is exposed to foreign currency risk arising from the exposure of RMB against Hong Kong dollars as a result of its investment in the PRC and the settlement of certain general and administrative expenses and other borrowings in Hong Kong dollars or US dollars. In addition, RMB is not freely convertible into foreign currencies and the conversion of RMB into foreign currencies is subject to rules and regulations of the foreign exchange control promulgated by the PRC government. The Group does not have a foreign currency hedging policy. However, the Directors monitor the Group's foreign exchange exposure closely and may, depending on the circumstances and trend of foreign currency, consider adopting significant foreign currency hedging policy in the future.

NET ASSETS PER SHARE

Net assets per Share of the Company as at 31 December 2015 and 31 December 2014 are calculated as follows:

	As at 31 December 2015	As at 31 December 2014
Net assets attributable to equity shareholders of the Company *(HK$'000)*	**6,225,851**	6,116,535
Number of issued ordinary Shares *('000)*	**1,181,433**	1,160,734
Number of outstanding PCSs *('000)*	**238,553**	248,201
Number of Shares for the calculation of net assets per Share *('000)*	**1,419,986**	1,408,935
Net assets per Share attributable to equity shareholders of the Company and the holders of PCSs *(HK$)* (Note)	**4.4**	4.3

Note: The net assets per Share attributable to equity shareholders of the Company and the holders of PCSs is calculated as if the holders of PCSs have converted the PCSs into Shares as at 31 December 2015 and 31 December 2014.

CONTINGENT LIABILITIES

As at 31 December 2015, save for the guarantees of approximately HK$3,876.5 million (as at 31 December 2014: approximately HK$4,101.2 million) given to financial institutions for mortgage loan facilities granted to purchasers of the Group's properties, and guarantee in the amount of RMB500 million (equivalent to approximately HK$596.9 million) provided to a bank for a loan granted by the bank to a joint venture of the Group, the Group had no other material contingent liabilities as at 31 December 2015.

Pursuant to the mortgage contracts, banks require the Group to guarantee its purchasers' mortgage loans until it completes the relevant properties and the property ownership certificates and certificates of other interests with respect to the relevant properties are delivered to its purchasers. If a purchaser defaults on a mortgage loan, the Group may have to repurchase the underlying property by paying off the mortgage. If the Group fails to do so, the mortgagee bank may auction the underlying property and recover any shortfall from the Group as the guarantor of the mortgage loan.

MATERIAL ACQUISITIONS AND DISPOSALS OF ASSETS

During the year ended 31 December 2015, the Group did not have any material acquisitions or disposals of assets save as disclosed in this report.

EMPLOYEES AND REMUNERATION POLICY

As at 31 December 2015, the Group employed a total of approximately 1,711 employees (as at 31 December 2014: 1,800 employees) in the PRC and Hong Kong. Of which, approximately 106 were under the headquarters team, approximately 426 were under the property development division and approximately 1,179 were under the retail operation and property management division. For the year ended 31 December 2015, the total staff costs incurred were approximately HK$268.9 million (for the year ended 31 December 2014: approximately HK$266.8 million). The remuneration of the employees was based on their performance, work experience, skills, knowledge and the prevailing market wage level. The Group remunerated the employees by means of basic salaries, fringe benefits, cash bonus and equity settled share-based payment.

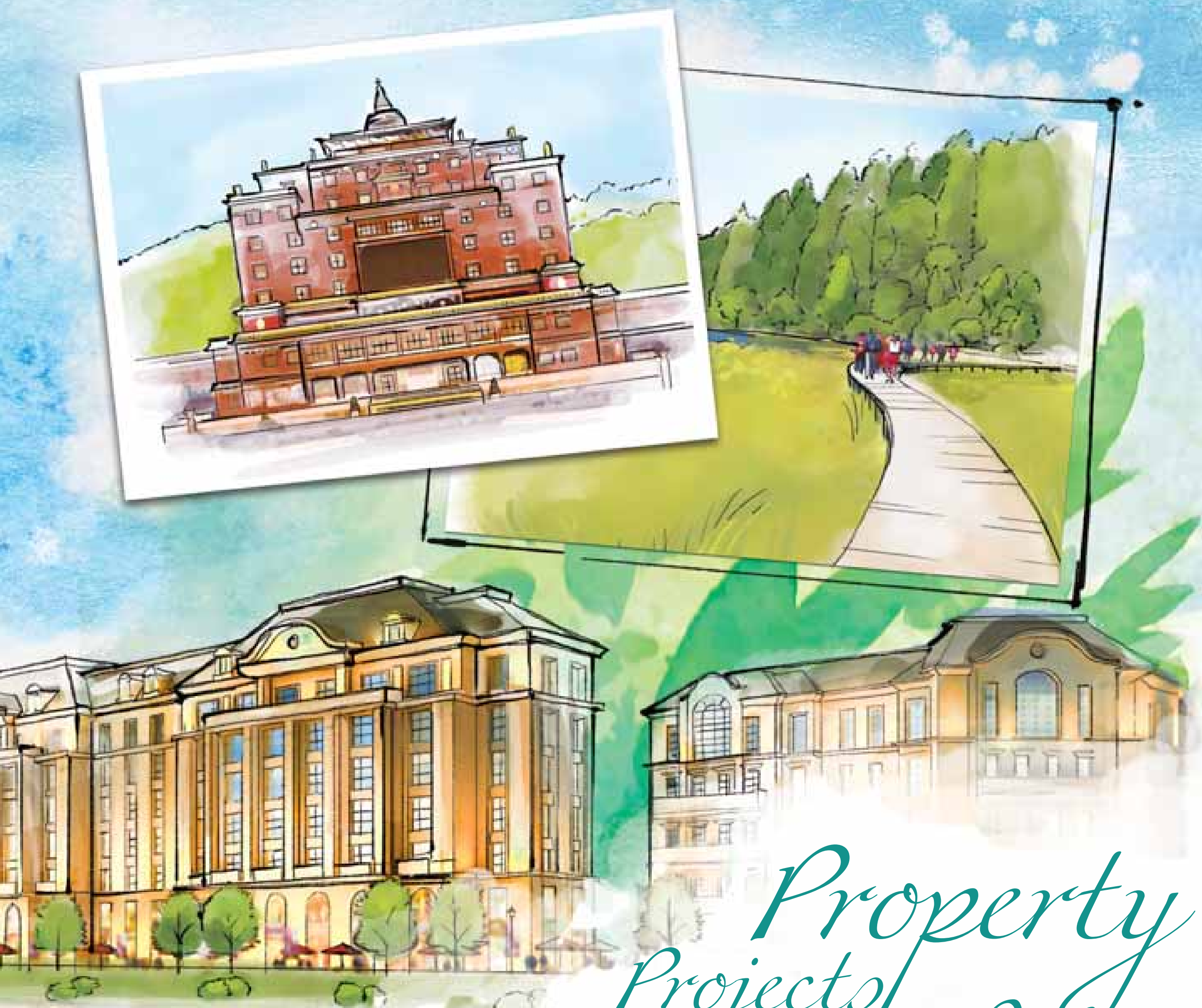
The Company adopted a pre-IPO share option scheme and a share award scheme on 2 December 2010 under which the Company granted share options and awarded Shares to certain eligible employees. During the year ended 31 December 2015, 7,572,499 (for the year ended 31 December 2014: 2,186,000) share options had been exercised by the grantees and a total number of 432 (for the year ended 31 December 2014: 7,690,664) share options had been lapsed upon the resignation of certain grantees. As a result, 13,011,594 (as at 31 December 2014: 20,584,525) share options were outstanding as at 31 December 2015 under the pre-IPO share option scheme. The weighted average closing price of the Shares immediately before the dates of exercise during the year was HK$3.57 (2014: HK$2.56).

The Company has also adopted a post-IPO share option scheme on 28 February 2011 for the purpose of recognising and acknowledging the contribution that eligible employees have made or may make to the Group. On 26 June 2012, 20 June 2013, 28 April 2015, 8 September 2015 and 23 October 2015, the Group granted 15,720,000 share options (Lot 1), 14,000,000 share options (Lot 2), 82,650,000 share options (Lot 3), 3,000,000 share options (Lot 4) and 10,000,000 share options (Lot 5), respectively, under the post-IPO share option scheme at the exercise prices of HK$2.264 per Share (adjusted), HK$4.14 per Share, HK$3.3 per Share, HK$3.65 per Share and HK$3.45 per Share, respectively, to certain Directors, senior management and selected employees of the Group.

Movement of the outstanding share options under the post-IPO share option scheme for the year ended 31 December 2015 is as follows:

	As at 1 January 2015	Share options granted	Share options exercised	Share options cancelled	Share options lapsed	As at 31 December 2015
Lot 1	16,310,000	–	(3,478,500)	–	(728,000)	12,103,500
Lot 2	10,600,000	–	–	–	(2,450,000)	8,150,000
Lot 3	–	82,650,000	–	(10,000,000)	(3,000,000)	69,650,000
Lot 4	–	3,000,000	–	–	(300,000)	2,700,000
Lot 5	–	10,000,000	–	–	–	10,000,000
	26,910,000	95,650,000	(3,478,500)	(10,000,000)	(6,478,000)	102,603,500

The weighted average closing price of the Shares immediately before the dates of exercise during the year was HK$3.70 (2014: HK$2.62).



Property Projects Portfolio

SHENZHEN WATER FLOWER GARDEN

Key Statistics	
No. of phases	3
Site area (sq.m.)	164,764
Construction start date	March 2002
Completion date	October 2006
Total estimated GFA (sq.m.)	294,638
Estimated net saleable / leasable GFA (sq.m.) as at 31 December 2015	4,992

Project Overview

Location Xiangmei Road, Futian District, Shenzhen, Guangdong Province

Lease term of investment portion Long lease

Property type Residential, retail and clubhouse

Highlights Situates prominently in the exclusive region of the city centre and offers unique view of the Honey Lake

It was awarded 'Classical Chinese Model Residential Property' in 2003 and 'Real Estate of the Year' in both 2002 and 2003

Shenzhen Water Flower Garden

SHENZHEN HIDDEN VALLEY

Key Statistics	
No. of phases	4
Site area (sq.m.)	143,047
Construction start date	July 2007
Completion date	June 2011
Total estimated GFA (sq.m.)	131,736
Estimated net saleable / leasable GFA (sq.m.) as at 31 December 2015	4,976

Project Overview

Location Yulong Road, Bao'an District, Shenzhen, Guangdong Province

Property type Residential

Highlights One of the best villa projects in Shenzhen and was awarded "Global International Garden Community Nominations Award" and "China International Garden Community Award"

Offers close proximity to central business district ("**CBD**") (10 minutes drive from Futian CBD) and is surrounded by suburb parks with natural living environment

Phase 1 was launched in May 2008 and became the best selling project in the luxury residential market in Shenzhen in 2009. Phase 2 was launched in September 2008 and was sold out within a short period of time despite the global financial crisis

Shenzhen Hidden Valley

THE SPRING LAND – SHENZHEN

Key Statistics	
No. of phases	6
Site area (sq.m.)	166,979
Construction start date	May 2009
Completion date	August 2014
Total estimated GFA (sq.m.)	774,371
Estimated net saleable / leasable GFA (sq.m.) as at 31 December 2015	33,592

Project Overview

Location Renmin South Road, Longhua Town, Bao'an District, Shenzhen, Guangdong Province

Lease term of investment portion Long lease

Property type Residential and retail

Highlights Locates at the Hongshan Station of Subway Line No. 4

The Spring Land – Shenzhen (Phases 1 and 2) and (Phase 3) were ranked the best and the second best-selling projects in Shenzhen for 2010 and 2011, respectively

The Spring Land – Shenzhen (Phase 5) was ranked the best selling residential project in Shenzhen in the third quarter of 2012

The Spring Land – Shenzhen

SHENZHEN BLUE BAY

Key Statistics	
No. of phases	N/A
Site area (sq.m.)	11,200
Expected construction start date	January 2016
Expected completion date	December 2017
Total estimated GFA (sq.m.)	23,000
Estimated net saleable / leasable GFA (sq.m.) as at 31 December 2015	15,000

Project Overview

Location Guanhu Road, Kuichong Town, Longgang District, Shenzhen, Guangdong Province

Property type Low-density residential

Highlights Expected to comprise a residential development located in Yantian district

The project offers an excellent sea view which is adjacent to a beach facing the South China Sea

Shenzhen Blue Bay

SHANGHAI SHAMA CENTURY PARK

Key Statistics	
No. of phases	N/A
Acquisition date	27 September 2013
Total estimated GFA (sq.m.)	49,357
Total number of underground car park units	240
Estimated net saleable / leasable GFA (sq.m.) as at 31 December 2015	35,032
Number of underground car park units as at 31 December 2015	79

Project Overview

Location Dongxiu Road, Pudong New District, Shanghai

Lease term of investment portion Long lease

Property type Serviced apartment

Highlights Shanghai Shama Century Park is a serviced apartment located in Pudong New District

Shanghai Shama Century Park

HANGZHOU HIDDEN VALLEY

Key Statistics	
No. of phases	9
Site area (sq.m.)	287,192
Construction start date	September 2011
Expected completion date	September 2017
Total estimated GFA (sq.m.)	519,561
Estimated net saleable / leasable GFA (sq.m.) as at 31 December 2015	309,476

Project Overview

Location	Dongzhou Avenue, Fuyang, Hangzhou, Zhejiang Province
Property type	Low density residential
Highlights	Irreplaceable location with scarce resources
	19 kilometres ("**km**") and 17 km away from the Hangzhou CBD and "Riverside" Centre, respectively
	Hangzhou Hidden Valley ranked the best selling terraced house project in terms of the number of units sold in Hangzhou in 2012

Hangzhou Hidden Valley

THE SPRING LAND – HANGZHOU

Key Statistics	
No. of phases	N/A
Site area (sq.m.)	28,704
Construction start date	November 2013
Expected completion date	November 2015
Total estimated GFA (sq.m.)	151,616
Estimated net saleable / leasable GFA (sq.m.) as at 31 December 2015	34,752

Project Overview

Location Junction of Binsheng Road and Yangfan Road, right next to the Hangzhou Olympic Centre, Binjiang District, Hangzhou, Zhejiang Province

Property type Residential, retail and office

Highlights The project is just right next to the Hangzhou Olympic and International EXPO Centre and it is only 500 metres away from the Qiantang River

The Spring Land – Hangzhou

THE SPRING LAND – NANJING

Key Statistics	
No. of phases	N/A
Site area (sq.m.)	60,825
Construction start date	January 2013
Completion date	August 2015
Total estimated GFA (sq.m.)	188,125
Estimated net saleable / leasable GFA (sq.m.) as at 31 December 2015	1,020

Project Overview

Location Hexi CBD, Jianye District, Nanjing, Jiangsu Province

Property type Residential and retail

Highlights Located in the central area of Hexi CBD

Hexi CBD has been planned to be a modern area integrating trade, business, culture and sports in the city which is connected with Shanghai in the Yangtze River Delta

The Spring Land – Nanjing

THE SUNNY LAND – NANJING

Key Statistics	
No. of phases	N/A
Site area (sq.m.)	63,328
Construction start date	April 2014
Completion date	November 2015
Total estimated GFA (sq.m.)	215,224
Estimated net saleable / leasable GFA (sq.m.) as at 31 December 2015	160,501

Project Overview

Location Software Park, Yuhuatai District, Nanjing, Jiangsu Province

Property type Residential and retail

Highlights The plot is located in Nanjing Chengnan district, close to the downtown area. It is eastbound to Ningdan Road, southbound to Cuiling Road, westbound to Xianzhuangdao Road and northbound to Fuyuan Road

The Sunny Land – Nanjing

HUIZHOU HIDDEN BAY

Key Statistics	
No. of phases	5
Site area (sq.m.)	254,655
Construction start date	November 2012
Expected completion date	July 2018
Total estimated GFA (sq.m.)	627,749
Estimated net saleable / leasable GFA (sq.m.) as at 31 December 2015	424,617

Project Overview

Location Huidong, Huizhou

Property type Residential, retail and hotel

Highlights The Cross-Harbour Bridge, which is an extension of the Guangzhou-Huizhou Highway, started service in early 2015

The bridge is 85 km only away from Shenzhen Luohu (Huangbeiling) with 1.5 hours by drive

Another national bay district besides Hainan

All residential units will offer spectacular seaview

Huizhou Hidden Bay

CHANGZHOU LE LEMAN CITY

Key Statistics	
No. of phases	11
Site area (sq.m.)	478,448
Construction start date	May 2006
Expected completion date	January 2017
Total estimated GFA (sq.m.)	1,295,977
Estimated net saleable / leasable GFA (sq.m.) as at 31 December 2015	212,685

Project Overview

Location Yanzheng Middle Road, Wujin District, Changzhou, Jiangsu Province (Opposite of Wujin District Government Building)

Lease term of investment portion Medium – term lease

Property type Residential, retail and hotel

Highlights Situates in the centre of Wujin District and is adjacent to the Wujin District Government Building

Includes numerous amenities including a 4-star hotel, a large-scale commercial centre, an arts and culture centre, a youth and children's centre and a bilingual international kindergarten

Changzhou Le Leman City was ranked third in terms of residential sales amount in Changzhou in 2012

Changzhou Le Leman City

CHANGZHOU FASHION MARK

Key Statistics	
No. of phases	4
Site area (sq.m.)	120,296
Construction start date	August 2005
Completion date	June 2013
Total estimated GFA (sq.m.)	513,404
Estimated net saleable / leasable GFA (sq.m.) as at 31 December 2015	84,931

Project Overview

Location Xiyingli, Zhonglou District, Changzhou, Jiangsu Province

Lease term of investment portion Medium – term lease

Property type Residential, retail and office

Highlights Locates at the commercial centre of the city

Ranked in "China Top 10 Mainstream Real Estate Projects" in 2005 and Twin Stars (serviced apartments) of the project was awarded "2006 Best International Apartment in China"

Phases 1-3 comprise mainly of retail or apartments while Phase 4 is a large-scale residential project with height over 150 metres

Secured well-known anchor tenants

Changzhou Fashion Mark

CHENGDU FASHION MARK

Key Statistics	
No. of phases	N/A
Site area (sq.m.)	20,727
Construction start date	June 2011
Completion date	December 2012
Total estimated GFA (sq.m.)	139,265
Estimated net saleable / leaseable GFA (sq.m.) as at 31 December 2015	38,285

Project Overview

Location Hongpailou, Fourth Section of Second Ring Road, Wuhou District, Chengdu, Sichuan Province

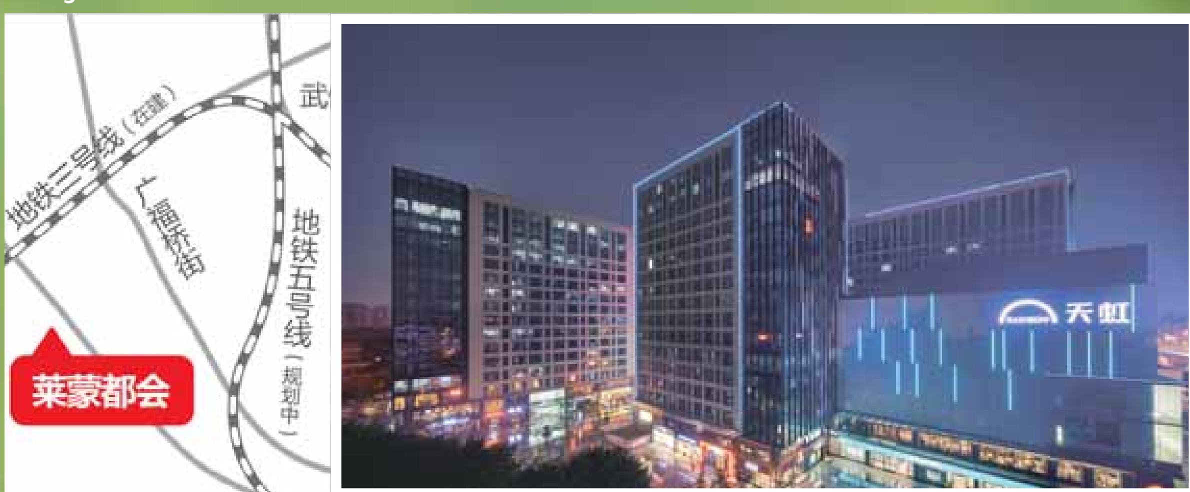
Property type Retail and office

Highlights Close proximity to Jialing Road Station of Metro line no. 3

Site was secured at approximately RMB1,426.5 per sq.m., significantly lower than the average land cost for comparable projects

In November 2010, the Group entered into a tenancy agreement with Rainbow Department Store Co., Ltd. The GFA of the leased premises is approximately 30,500 sq.m. for a term of 20 years

Chengdu Fashion Mark



NANCHANG FASHION MARK

Key Statistics	
No. of phases	N/A
Site area (sq.m.)	269,455
Construction start date	May 2013
Expected completion date	August 2018
Total estimated GFA (sq.m.)	1,030,475
Estimated net saleable / leaseable GFA (sq.m.) as at 31 December 2015	510,808

Project Overview

Location Honggutan CBD, Nanchang, Jiangxi Province

Lease term of investment portion Medium – term lease

Property type Residential, office, serviced apartment and shopping mall

Highlights A joint-venture project with a Singapore-listed company Metro Holdings Limited which indirectly holds 30% stake

Honggutan's CBD was initially established about ten years ago

Lots of domestic financial institutions have established presences in the area

Vast catchment area in the Central China region

Nanchang Fashion Mark

SHENZHEN FASHION MARK

Key Statistics	
No. of phases	N/A
Site area (sq.m.)	183,962
Expected construction start date	December 2015
Expected completion date	December 2018
Total estimated GFA (sq.m.)	1,532,696
Estimated net saleable / leasable GFA (sq.m.) as at 31 December 2015	1,139,280

Project Overview

Location Nanlian Community, Shenhui Road, Longgang District, Shenzhen, Guangdong Province

Property type Residential, retail and office

Highlights Shenzhen Fashion Mark is located in the centre of Shenzhen Longgang District, connecting the Nanlian Station and Longcheng Plaza of Subway Line #3

Shenzhen Fashion Mark

TIANJIN LE LEMAN CITY

Key Statistics	
No. of phases	N/A
Site area (sq.m.)	333,666
Construction start date	June 2012
Expected completion date	July 2017
Total estimated GFA (sq.m.)	1,120,162
Estimated net saleable / leaseable GFA (sq.m.) as at 31 December 2015	849,585

Project Overview

Location Junction of Beihua Road and Jincang Expressway, Jinhai County, Tianjin

Property type Residential and retail

Highlights Located 20 km away from Tianjin city centre (Nankai District)

Approximately 12 km away from the south station of Beijing-Tianjin high-speed railway and 5 km away from Beijing-Tianjin Expressway

Tianjin Le Leman City

SHENZHEN BUJI MARKET PROJECT

Key Statistics	
No. of phases	2
Acquisition date	15 November 2013
Total estimated GFA (sq.m.)	358,000
Estimated net saleable / leasable GFA (sq.m.) as at 31 December 2015	249,177

Project Overview

Location Buji Road, Luohu District, Shenzhen, Guangdong Province

Property type Retail and others

Highlights The project is facing Weiling Park on the east side and Honghu Park on the south side. The north side is connected to the Shenzhen Buji transit hub

The project is nearby the Shuibei Station and Caopu Station

Shenzhen Buji Market Project

NANJING FASHION MARK

Key Statistics	
No. of phases	N/A
Acquisition date	31 December 2013
Construction start date	December 2014
Expected completion date	July 2017
Total estimated GFA (sq.m.)	44,256
Estimated net saleable / leasable GFA (sq.m.) as at 31 December 2015	42,895

Project Overview

Location Adjacent land to the west of North Square of Huangjiaxu Road Railway Station in Xiaguan District, Nanjing, Jiangsu Province

Property type Residential and retail

Highlights The project is located at the northwest side of the Nanjing train station

Nanjing Fashion Mark

HANGZHOU LANDMARK

Key Statistics	
No. of phases	1
Site area (sq.m.)	14,780
Construction start date	January 2006
Completion date	July 2007
Total estimated GFA (sq.m.)	49,989
Estimated net saleable / leasable GFA (sq.m.) as at 31 December 2015	26,264

Project Overview

Location Ouhuazhou Avenue, Linping, Yuhang District, Hangzhou, Zhejiang Province

Lease term of investment portion Medium – term lease

Property type Retail

Highlights Close proximity to metro station

Leveraging on high growth city attributes, Linping is set to be one of the three high growth satellite cities of Hangzhou

Secured well-known anchor tenants attracted not only other retailers, but also significant pedestrian traffic

Hangzhou Landmark

DONGGUAN LANDMARK

Key Statistics	
No. of phases	1
Site area (sq.m.)	18,738
Construction start date	June 2006
Completion date	July 2008
Total estimated GFA (sq.m.)	79,679
Estimated net saleable / leasable GFA (sq.m.) as at 31 December 2015	20,172

Project Overview

Location No. 88 Hongfu Road, Nancheng District, Dongguan, Guangdong Province

Lease term of investment portion Long lease

Property type Residential and retail

Highlights Locates in the CBD of Dongguan and the dramatic setting and accessibility of the mall substantially upgrade the local amenities

Dongguan Landmark

BEIJING TOP SPRING SHUNZE FLOWER GARDEN

Key Statistics	
No. of phases	3
Acquisition date	23 January 2014
Site area (sq.m.)	224,926
Expected construction start date	April 2015
Expected completion date	June 2018
Total estimated GFA (sq.m.)	405,870
Estimated net saleable / leasable GFA (sq.m.) as at 31 December 2015	321,751

Project Overview

Location

Located on the east side of Han Wang North Road and the east and west side of Wu Liu West Road in Yanjiao Gaoxin District, Sanhe City, Hebei Province

Property type

Residential and retail

Highlights

The project is located in the north of Yanjiao, close to the Beijing Shunyi district. The total site area is approximately 224,926 sq.m., of which approximately 150,000 sq.m. of the site area will be residential area. The project lines on the Jingping Expressway make travelling to and from this area very convenient. It takes 30 minutes by car to go to Shunyi, the airport, Konggang district, Wangjing, Sanyuan Qiao and Pinggu; and 40 minutes to the CBD area and the Asia Olympic village. Yanjiao is the closest district to Beijing and is well received by first time home buyer and home upgraders

Beijing Top Spring Shunze Flower Garden

SHENZHEN SMART VENTURE VALLEY

Key Statistics	
No. of phases	N/A
Acquisition date	November 2014
Site area (sq.m.)	17,727
Expected construction start date	September 2015
Expected completion date	March 2017
Total estimated GFA (sq.m.)	133,583
Estimated net saleable / leasable GFA (sq.m.) as at 31 December 2015	104,507

Project Overview

Location Located at the southeast side of the conjunction of Jianshe Road and Longsheng Road in Longhua area

Property type Industrial and retail

Highlights The project is located at the conjunction of Jianshe Road and Longsheng Road in the Longhua area. It is only 800 metres away from the Longsheng station of Metro Line number 4. The project has a total estimated net saleable/leasable GFA of approximately 104,507 sq.m., with boutique offices, unique retail stores and upscale apartments. Upon completion, it will be the first industrial land use re-modification project in the Longhua new area, leading the trend of enhancing the industrial area in the district

Shenzhen Smart Venture Valley

SHENZHEN JUNAN PROJECT

Key Statistics	
No. of phases	N/A
Acquisition date	October 2014
Expected construction start date	May 2015
Expected completion date	N/A
Total estimated GFA (sq.m.)	87,090
Estimated net saleable / leasable GFA (sq.m.) as at 31 December 2015	83,300

Project Overview

Location Located at the southeast side of the intersection of Shenyun Road and Qiaoxiang Road, besides Fantasia Xiangnian Square

Property type Industrial

Highlights The project is located at the intersection of Shenyun Road and Qiaoxiang Road at the northern part of Oversea Chinese Town. The estimated total saleable/leasable GFA is approximately 83,300 sq.m. with A grade office buildings, apartments with city view, business centre with eco-art theme and the BOX headquarters. It will be the role model of innovative new industries with city space integrating with industrial area

Shenzhen Junan Project

HONG KONG YUEN LONG PROJECT

Key Statistics	
No. of phases	N/A
Acquisition date	31 December 2015
Total estimated GFA (sq.m.)	10,378
Estimated net saleable / leasable GFA (sq.m.) as at 31 December 2015	10,378

Project Overview

Location Junction of Shap Pat Heung Road and Tai Tong Road, Yuen Long District, NT, Hong Kong

Property type Residential

Highlights 5-minute drive from Yuen Long Station of West Rail Line, to reach downtown within half an hour

Hong Kong Yuen Long Project

Corporate Governance Principles and Practices

In the opinion of the Directors, the Company has complied with the provisions set out in the Corporate Governance Code (the "**CG Code**") contained in Appendix 14 to the Rules Governing the Listing of Securities (the "**Listing Rules**") on the Stock Exchange during the year under review and, where appropriate, adopted the Recommended Best Practices set out in the CG code, other than the Code Provision A.2.1, as explained in the paragraph headed "Chairman and Co-chief Executive Officer" below and the Code Provision E.1.2, as explained in the paragraph headed "Directors' attendance at general meeting". The reasons for deviations are explained below in this report.

The Directors are committed to upholding the corporate governance of the Company to ensure that formal and transparent procedures are in place to protect and maximise interests of the Shareholders.

The Board of Directors

The Board is responsible for supervising and overseeing all major matters of the Company, including the formulation and approval of overall management and operation strategies, reviewing the internal control and risk management systems, reviewing financial performance, considering dividend policies and monitoring the performance of the senior management, while the management is responsible for the daily management and operations of the Group.

The Board comprises four executive Directors, namely Mr WONG Chun Hong, Ms LI Yan Jie, Mr CHEN Feng Yang and Mr WANG Tian Ye, three non-executive Directors, namely Mr XU Lei, Mr CHIANG Kok Sung Lawrence and Mr LEE Sai Kai David, and four independent non-executive Directors, namely Mr BROOKE Charles Nicholas, Mr CHENG Yuk Wo, Professor WU Si Zong and Mr LEUNG Kwong Choi.

There is no relationship, including financial, business, family or other material/relevant relationships, (i) among the members of the Board, and (ii) between Mr WONG Chun Hong, the Chairman and Co-chief Executive Officer and Mr CHEN Feng Yang, the Co-chief Executive Officer.

During the year under review, the Board held four Board meetings (exclusive of meetings of Board committee constituted by the Board held during the year under review). The attendance of each Director is set out in the table below:

	Number of attendance/Total
Executive Directors	
Mr WONG Chun Hong (Chairman and Co-chief Executive Officer) (Note 1)	4/4
Ms LI Yan Jie (Note 2)	3/4
Mr CHEN Feng Yang (Co-chief Executive Officer) (Note 3)	4/4
Mr WANG Tian Ye (Note 4)	1/1
Non-executive Directors	
Mr XU Lei (Vice-Chairman) (Note 5)	1/1
Mr CHIANG Kok Sung Lawrence	4/4
Mr LEE Sai Kai David (Note 6)	4/4
Independent non-executive Directors	
Mr BROOKE Charles Nicholas	4/4
Mr CHENG Yuk Wo	4/4
Professor WU Si Zong	4/4
Mr LEUNG Kwong Choi (Note 7)	1/1

Notes:

(1) Mr WONG Chun Hong was re-designated as a Co-chief Executive Officer and was appointed as an authorised representative of the Company with effect from 1 October 2015. Mr WONG Chun Hong ceased to act as an authorised representative of the Company with effect from 18 January 2016.

(2) Ms LI Yan Jie was appointed as the chairman and a member of the corporate governance committee with effect from 1 October 2015.

(3) Mr CHEN Feng Yang was re-designated as a Co-chief Executive Officer with effect from 1 October 2015.

(4) Mr WANG Tian Ye was appointed as an executive Director with effect from 1 October 2015.

(5) Mr XU Lei was appointed as the Vice Chairman and a non-executive Director with effect from 1 October 2015.

(6) Mr LEE Sai Kai David was re-designated as a non-executive Director with effect from 1 September 2015, and resigned as the chairman and a member of the corporate governance committee and an authorised representative of the Company with effect from 1 October 2015.

(7) Mr LEUNG Kwong Choi was appointed as an independent non-executive Director and a member of the corporate governance committee with effect from 1 October 2015.

Training and Commitment

To ensure that a newly appointed Director will have a proper understanding of the operations and business of the Company and is fully aware of his/her responsibilities under all applicable laws and regulations (including the Listing Rules), he/she will be provided with a comprehensive, tailored made and formal induction on the first occasion of his/her appointment.

The Company provides continuous professional development ("**CPD**") training and relevant reading materials to the Directors to help and ensure that they are apprised of the latest changes in the commercial, legal and regulatory environment in which the Group conducts its businesses and to refresh their knowledge and skills on the roles, functions and duties of a listed company director. In addition, attendance at external forums or briefing sessions (including delivery of speeches) on the relevant topics also counts toward CPD training.

The Directors are required to provide the Company with details of the CPD training undertaken by them from time to time. Based on the details so provided, the CPD training undertaken by the Directors in 2015 is summarised as follows.

	Areas		
Name of Director	**Legal, regulatory and corporate governance**	**Businesses of the Group**	**Directors' roles, functions and duties**
Executive Directors			
Mr WONG Chun Hong (Chairman and Co-chief Executive Officer)	✓	✓	✓
Ms LI Yan Jie	✓	✓	✓
Mr CHEN Feng Yang (Co-chief Executive Officer)	✓	✓	✓
Mr WANG Tian Ye	✓	✓	✓
Non-executive Directors			
Mr XU Lei (Vice-Chairman)	✓	✓	✓
Mr CHIANG Kok Sung Lawrence	✓	✓	✓
Mr LEE Sai Kai David	✓	✓	✓
Independent non-executive Directors			
Mr BROOKE Charles Nicholas	✓	✓	✓
Mr CHENG Yuk Wo	✓	✓	✓
Professor WU Si Zong	✓	✓	✓
Mr LEUNG Kwong Choi	✓	✓	✓

Remarks:
✓ represents compliance

Confirmations were received from the Directors that they have provided sufficient time and attention to the affairs of the Group. Besides, the Directors disclose to the Company their interests as director and other office in other public companies and organisations in a timely manner and update the Company on any subsequent changes. Each of the Directors has complied with Code Provision A.6.5 of the CG Code.

Chairman and Co-chief Executive Officer

Under Code Provision A.2.1 of the CG Code, the roles of the chairman and the chief executive officer should be separated and should not be performed by the same individual. During the year under review, Mr WONG Chun Hong performed his duties as the Chairman and the Chief Executive Officer of the Company during the period between 1 January 2015 and 30 September 2015, and as the Chairman and the Co-chief Executive Officer of the Company during the period between 1 October 2015 and 31 December 2015. The Board believes that the serving by the same individual as the Chairman and the Chief Executive Officer, and the Chairman and the Co-chief Executive Officer for the relevant periods during the rapid development of the business is beneficial to the consistency of business plans and decision-making of the Company. Since the appointment of Mr CHEN Feng Yang as the Co-chief Executive Officer with effect from 1 October 2015, the powers and authorities of the Co-chief Executive Officer have not been concentrated as the responsibilities have been shared between the Co-chief Executive Officers. The Board will continue to review the current management structure from time to time and shall make changes where appropriate and inform the investors of the Company accordingly.

Directors' attendance at general meeting

During the year under review, the Company held an annual general meeting on 22 May 2015 ("**AGM**"). The attendance of each Director is set out in the table below.

	AGM
Executive Directors	
Mr WONG Chun Hong (Chairman and Co-chief Executive Officer)	✗
Ms LI Yan Jie	✗
Mr CHEN Feng Yang (Co-chief Executive Officer)	✓
Mr WANG Tian Ye (Note 1)	N/A
Non-executive Directors	
Mr XU Lei (Vice-Chairman) (Note 2)	N/A
Mr CHIANG Kok Sung Lawrence	✓
Mr LEE Sai Kai David (Note 3)	✓
Independent non-executive Directors	
Mr BROOKE Charles Nicholas	✓
Mr CHENG Yuk Wo	✓
Professor WU Si Zong	✓
Mr LEUNG Kwong Choi (Note 4)	N/A

Notes:

(1) Mr WANG Tian Ye was appointed as an executive Director with effect from 1 October 2015.

(2) Mr XU Lei was appointed as the Vice Chairman and a non-executive Director with effect from 1 October 2015.

(3) Mr LEE Sai Kai David was re-designated as a non-executive Director with effect from 1 September 2015.

(4) Mr LEUNG Kwong Choi was appointed as an independent non-executive Director and a member of the corporate governance committee with effect from 1 October 2015.

Remarks:
✓ represents attendance ✗ represents absence N/A represents not applicable

In respect of Code Provision E.1.2 of the CG Code, the Chairman of the Board should attend the annual general meeting. The Chairman of the Board, Mr WONG Chun Hong, was unable to attend the annual general meeting of the Company held on 22 May 2015 due to other business engagement. However, another executive Director, Mr LEE Sai Kai David, attended the annual general meeting and took the chair of that meeting in accordance with Article 63 of the Company. Mr LEE Sai Kai David, the then chairman of the Corporate Governance Committee, Mr CHENG Yuk Wo, the Chairman of the Audit Committee, the Remuneration Committee and Professor WU Si Zong, the Chairman of the Nomination Committee attended the AGM.

Non-Executive Directors and Independent Non-Executive Directors

Mr XU Lei, a non-executive Director, was appointed by the Company for a term of three years commencing from 1 October 2015 unless terminated by either party by giving to the other party not less than three months' notice in writing.

Mr CHIANG Kok Sung Lawrence, a non-executive Director, was appointed by the Company for a term of three years commencing from 1 July 2014 unless terminated by either party by giving to the other party not less than three months' notice in writing.

Mr LEE Sai Kai David was re-designated as a non-executive Director with effect from 1 September 2015. Mr LEE entered into a service contract with the Company for a term of two years. The service contract may be terminated in accordance with the provisions in the service contract by either party by giving to the other party not less than three months' prior written notice.

Mr LEUNG Kwong Choi, an independent non-executive Director, was appointed by the Company for a term of three years commencing form 1 October 2015 unless terminated by either party by giving to the other party not less than three months' notice in writing.

Each of the independent non-executive Directors has confirmed by written confirmation that he has complied with the independence requirements set out in Rule 3.13 of the Listing Rules. The Company considers that all independent non-executive Directors are independent under these independence requirements.

Independent non-executive Directors possess appropriate professional qualifications and experience or appropriate accounting or relevant financial management expertise. Independent non-executive Directors are able to provide their independent judgement in respect of matters such as the Group's strategy, policy and performance at Board and Board committee meetings, and to make significant contributions to the affairs of the Group.

Remuneration Committee

The chairman of the remuneration committee of the Company (the "**Remuneration Committee**") is Mr CHENG Yuk Wo. As at the date of this report, the Remuneration Committee consists of one executive Director, Mr WONG Chun Hong and two independent non-executive Directors, Mr CHENG Yuk Wo and Professor WU Si Zong.

The primary duties of the Remuneration Committee are to make recommendations to the Board on the Company's policy and structure for remuneration of Directors and senior management and on the establishment of formal and transparent procedures for developing such remuneration policy.

In determining the remuneration of the Directors and the senior management, the Remuneration Committee would consider factors such as salaries paid by comparable companies, time commitment and responsibilities of the Directors and the senior management, performance and contributions of the Directors and the senior management and the change in market conditions.

The Remuneration Committee held four meetings during the year under review. The attendance of each member of the Remuneration Committee is set out in the table below:

	Number of attendance/Total
Mr CHENG Yuk Wo (Chairman)	4/4
Mr WONG Chun Hong	4/4
Professor WU Si Zong	4/4

For the year under review, the Remuneration Committee agreed the terms (in particular, the remuneration package) of the appointment letter of Mr XU Lei and Mr LEUNG Kwong Choi, the service contracts of Mr WANG Tian Ye and Mr LEE Sai Kai David and recommended to the Board on the year-end bonus of executive Directors and the senior management of the Company for the year ended 31 December 2015 and the granting of Share options to the executive Directors and the senior management of the Company for the year ended 31 December 2015. No Director was involved in deciding his own remuneration or options granted.

Details of the remuneration of each of the Directors and senior management of the Company for the year ended 31 December 2015 are set out in notes 8 and 9 to the consolidated financial statements of the Group.

Nomination Committee

The chairman of the nomination committee of the Company (the "**Nomination Committee**") is Professor WU Si Zong. As at the date of this report, the Nomination Committee consists of one executive Director, Mr WONG Chun Hong and two independent non-executive Directors, Mr CHENG Yuk Wo and Professor WU Si Zong.

The primary duties of the Nomination Committee are to review the structure, size and composition of the Board on a regular basis, to identify individuals suitably qualified to become board members, to make recommendations to the Board on matters related to the appointment or re-appointment of Directors and succession planning for Directors, and to assess the independence of the independent non-executive Directors. In considering the nomination of new Directors, the Nomination Committee will take into account the qualification, ability, work experience, leadership and professional ethics of the candidates and the independence requirement in the case of an independent non-executive Director as well as the objective of the board diversity policy adopted by the Company. Elements of the board diversity policy of the Company include gender, age, cultural and educational background, professional experience, skills and knowledge of Directors. The above elements have substantially been included in the current Board composition.

The Company has adopted procedures for nomination of a new Director, pursuant to which (i) an interview will be conducted with the prospective candidates; and (ii) the Board will consider and, if thought fit, approve the appointment of a new Director by way of Board meeting or written resolution. To ensure that a newly appointed Director will have a proper understanding of the operations and business of the Company and is fully aware of his/her responsibilities under all applicable laws and regulations (including the Listing Rules), he/she will be provided with a comprehensive, tailored made and formal induction on the first occasion of his/her appointment.

The Nomination Committee held three meetings during the year under review. The attendance of each member of the Nomination Committee is set out in the table below:

	Number of attendance/Total
Professor WU Si Zong (Chairman)	3/3
Mr WONG Chun Hong	3/3
Mr CHENG Yuk Wo	3/3

During the year under review, the Nomination Committee nominated three new Directors, namely Mr XU Lei, Mr WANG Tian Ye and Mr LEUNG Kwong Choi and considered the re-designation of Mr LEE Sai Kai David as a non-executive Director. The Nomination Committee also reviewed the structure, size and composition of the Board in accordance with Rule 3.10A of the Listing Rules, and recommended the re-election of the retiring Directors.

Audit Committee

The chairman of the audit committee of the Company (the "**Audit Committee**") is Mr CHENG Yuk Wo. As at the date of this report, the Audit Committee consists of three independent non-executive Directors, Mr CHENG Yuk Wo, Mr BROOKE Charles Nicholas and Professor WU Si Zong.

The Audit Committee reports to the Board and is authorised by the Board to assess, review and monitor the integrity of the financial statements of the Company. The Audit Committee oversees all financial reporting procedures and the effectiveness of the Company's internal control system, advises the Board on the appointment and re-appointment of external auditors, and reviews and monitors the independence and objectivity of external auditors and the effectiveness of the audit process in accordance with the applicable standard.

The Audit Committee is responsible for recommending to the Board on matters related to the appointment, re-appointment and removal of the external auditors, which is subject to the approval of the Board and the Shareholders at general meeting of the Company. For the year under review, the Board has not taken a different view from that of the Audit Committee regarding the selection, appointment, resignation or dismissal of the external auditors.

The Audit Committee held four meetings during the year under review. The attendance of each member of the Audit Committee is set out in the table below:

	Number of attendance/Total
Mr CHENG Yuk Wo (Chairman)	4/4
Mr BROOKE Charles Nicholas	4/4
Professor WU Si Zong	4/4

At the above meetings, the Audit Committee has considered, reviewed and discussed the accounting principles and practice adopted by the Company, the annual results of the Group for the year ended 31 December 2014, the interim results of the Group for the six months ended 30 June 2015 and the effectiveness of financial reporting, internal control, consultancy services and risk management systems.

Corporate Governance Committee

Ms LI Yan Jie was appointed as the chairman of the corporate governance committee of the Company (the "**Corporate Governance Committee**") with effect from 1 October 2015. Mr LEE Sai Kai David resigned as the chairman and a member of the corporate governance committee with effect from 1 October 2015. As at the date of this report, the Corporate Governance Committee consists of one executive Director, Ms LI Yan Jie, one non-executive Director, Mr CHIANG Kok Sung Lawrence and two independent non-executive Directors, Mr CHENG Yuk Wo and Mr LEUNG Kwong Choi.

Following the terms of reference, the Corporate Governance Committee reviewed and monitored the Company's policies and practices on corporate governance and on compliance with legal and regulatory requirements and made recommendations to the Board. The Corporate Governance Committee also reviewed and monitored the training and CPD of the Directors and the senior management, developed, reviewed and monitored the code of conduct applicable to employees and Directors, and reviewed the compliance with the CG Code and disclosure in this report.

The Corporate Governance Committee held one meeting during the year under review. The attendance of each member of the Corporate Governance Committee is set out in the table below:

	Number of attendance/Total
Ms LI Yan Jie (Chairman) (Note 1)	1/1
Mr LEE Sai Kai David (Note 2)	N/A
Mr CHIANG Kok Sung Lawrence	1/1
Mr CHENG Yuk Wo	1/1
Mr LEUNG Kwong Choi	1/1

Notes:

(1) Ms Li Yan Jie was appointed as the Chairman and a member of the Corporate Governance Committee with effect form 1 October 2015.

(2) Mr LEE Sai Kai David resigned as the Chairman and a member of the Corporate Governance Committee with effect from 1 October 2015.

Advisory Committee

The Company established an Advisory Committee (the "**Advisory Committee**") on 2 December 2010. As at the date of this report, the Advisory Committee consists of one executive Director, namely Mr WONG Chun Hong and one non-executive Director, namely Mr LEE Sai Kai David.

The primary duties of the Advisory Committee are to make all determinations and provide directions to the trustees of the Pre-IPO Share Option Scheme, the Share Award Scheme and the Post-IPO Share Option Scheme adopted by the Company.

The Advisory Committee did not hold any meeting during the year under review.

Auditors' Remuneration

For the year ended 31 December 2015, the total fees paid/payable to the external auditors of the Company, KPMG, in respect of audit and non-audit services are set out below:

	For the year ended 31 December 2015 HK$'000
Audit services	6,213
Non-audit services (Note)	2,665
Total	8,878

Note: Apart from the provision of annual audit services, KPMG, the Group's external auditors, also provided review services on the interim financial report of the Group for the six months ended 30 June 2015 and quarterly unaudited results for the nine months ended 30 September 2015, and other non-audit services including provision of agreed-upon procedures, financial reporting and tax advice during the year.

Directors' Responsibility on the Financial Statements

The Directors acknowledge their responsibility for preparing the financial statements for the year ended 31 December 2015, and confirm that the financial statements give a true and fair view for the year under review, and are prepared in accordance with the applicable statutory requirements and accounting standards. The statement of the external auditors of the Company, KPMG, in relation to their reporting responsibilities on the financial statements of the Group is set out in the Independent Auditor's Report on page 104 of this report.

Internal Control

The Board is fully responsible for maintaining proper and effective internal control system and for regularly reviewing the operational efficiency of the financial, operational, compliance controls, risk management and other aspects of the system in order to safeguard the investment of Shareholders and the assets of the Company. During the year under review, the Board has conducted a review of the effectiveness of the internal control system of the Group covering the above aspects. The Board has also considered the adequacy of resources, qualifications and experience of staff of the Company's accounting and financial reporting function, and their training programmes and budget during the year under review. The Board is not aware of any significant internal control and risk management weaknesses nor significant breach or limits of risk management policies, and considers the existing internal control system and risk management systems effective and adequate.

The internal audit department of the Company is responsible for regular review and audit of the Group's major finance and operating activities. The purpose of such work is to ensure the normal operation of internal control and the playing of its due role.

Principal Risks and Uncertainties

The principal risks and uncertainties that may cause the Group's financial conditions or results materially different from the expected or historical results are described below:

Risks with regard to the property market in the PRC

Most of the Group's property projects are located in the PRC and most of the Group's revenue is derived in the PRC. As at 31 December 2015, the Group had a total of 24 projects over 12 cities at various stages of development. As such, the Group is therefore subject to the risks associated with the PRC property market. The Group's operations in the PRC may also be exposed to the risks of policy change, interest rate change, demand-supply imbalance and the overall economic conditions, which may pose an adverse impact on the Group's business, financial condition or results of operations.

Risks with regard to the funding of property development

The property development business is capital intensive. The Group funded its land acquisitions and property developments primarily through bank loans, internally generated cash flows (including proceeds from the pre-sale and sale of the Group's projects), note payable, convertible bonds and loans from substantial shareholders. The Group's ability to obtain adequate funding depends on a number of factors, some of which are beyond the Group's control, such as general economic conditions in the PRC, the performance and outlook of the property development industry in the PRC, the Group's financial strength and performance, the availability of credit from financial institutions, and regulatory measures instituted by the PRC government. There is no assurance that the Group will be able to obtain adequate financing for land acquisitions or property developments at all and/or on terms that will allow the Group to earn reasonable returns.

Risks with regards to the redevelopment projects

Redevelopment projects in the PRC involve many uncertainties and are capital intensive. The Group is required to obtain numerous government approvals in relation to the Group's urban redevelopment projects and to obtain consents to relocate all of the existing residents. There is no assurance that the Group will be able to obtain all of the necessary consents to relocate the existing residents or that the Group will be able to obtain all necessary government approvals.

Risks with regard to the property leasing

The rental rates and the occupancy rates depend on various factors, including but not limited to, prevailing supply and demand conditions, economic conditions as well as the quality of the properties. There is no assurance that the Group will be able to look for new tenants within a short period of time or procure new leases or renew existing leases at the prevailing market rates.

Operational risks

The Group's operation is subject to a number of risk factors distinctive to property development and property related businesses. Default on the part of the Group's contractors, buyers, tenants, and strategic business partners, and inadequacies or failures of internal processes, people and systems or other external factors may have various levels of negative impact on the results of the Group's operation. In addition, accidents may happen despite systems and policies set up for their prevention, which may lead to the Group's financial loss, litigation, or damage in reputation.

Interest rate risks

Most of the Group's borrowings are floating-rate bank loans, which expose the Group to rising interest rates. We will closely monitor the interest rate risk and when appropriate adopt measures to manage the associated risk, including but not limited to, the issuance of fixed rate bonds, and use of derivatives such as interest rate swaps and management of the ratio of fixed or floating loan portfolio. As at 31 December 2015, the Group had not carried out any hedging activities to manage its interest rate exposure.

Currency risks

Almost all of the Group's operating activities are carried out in the PRC with most of the transactions denominated in RMB. The Group is exposed to foreign currency risk arising from the exposure of RMB against Hong Kong dollars as a result of its investment in the PRC and the settlement of certain general and administrative expenses and other borrowings in Hong Kong dollars or United States dollars. We will closely monitor the fluctuations of the RMB exchange rate and give prudent consideration as to entering into any currency swap arrangement as and when appropriate for hedging corresponding risks. As at 31 December 2015, the Group had not carried out any hedging activities to manage its foreign exchange rate risk.

Model Code for Securities Transactions by Directors

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 to the Listing Rules (the "**Model Code**") as its code of conduct for securities transactions by the Directors. After having made specific enquiries with all Directors, all Directors have confirmed that they have complied with the required standards set out in the Model Code during the year ended 31 December 2015. To ensure compliance, all Directors were requested to send a notice of intention to deal with the securities of the Company to the chairman of the Corporate Governance Committee and should obtain an approval from the chairman of the Corporate Governance Committee or the designed person by the Board during the year under review to deal with securities of the Company.

Relevant employees who are likely to be in possession of inside information of the Company are also subject to compliance with guidelines on no less exacting terms than the Model Code for the year ended 31 December 2015.

Joint Company Secretaries

Ms LUK Po Chun was re-designated as a joint company secretary with effect from 1 December 2015. Mr HO Hang Man was appointed as a joint company secretary of the Company with effect from 1 December 2015. Both Mr HO Hang Man and Ms LUK Po Chun are the joint company secretaries of the Company (the "**Joint Company Secretaries**") and are responsible to the Board for ensuring that Board procedures are followed and Board activities are efficiently and effectively conducted. These objectives are achieved through adherence to proper Board processes and the timely preparation and dissemination to the Directors of comprehensive meeting agendas and papers. Minutes of all Board meetings and Board committees are prepared and maintained by the Joint Company Secretaries to record in sufficient details of the matters considered and decisions reached by the Board or Board committees, including any concerns raised or dissenting views voiced by any Director. All draft and final minutes of Board meetings and meetings of Board committees are sent to Directors and committee members respectively for comments and records and are available for inspection by any Director upon request.

The Joint Company Secretaries are responsible for ensuring that the Board is fully apprised of all legislative, regulatory and corporate governance developments relating to the Group and that it takes these into consideration when making decisions for the Group. From time to time, they organise seminars on specific topics of significance and interest and disseminates reference materials to the Directors for their information.

The Joint Company Secretaries are also directly responsible for the compliance of the Group with all obligations of the Listing Rules and the Codes on Takeovers and Mergers and Share Buy-backs, including the preparation, publication and despatch of annual reports and interim reports within the time limits laid down in the Listing Rules, the timely dissemination to Shareholders and the market of information relating to the Group.

Furthermore, the Joint Company Secretaries advise the Directors on their obligations for disclosure of interests and dealings in securities of the Company, connected transactions and inside information and ensures that the standards and disclosures required by the Listing Rules are observed and, where required, reflected in the annual report of the Company.

During the year under review, each of the Joint Company Secretaries attended no less than 15 hours of relevant professional training in compliance with Rule 3.29 of the Listing Rules.

Investor Relations and Shareholders' Rights

The Company ensures that fair and transparent disclosure is made for its business and financial performance through a variety of formal communication channels. Information regarding the Company is published in its website: www.topspring.com. Interim and annual reports, circulars and notices of the Company are despatched to Shareholders. The website of the Company provides information such as e-mail address, correspondence address, telephone numbers for enquiries, and provides information on the business activities of the Group. Shareholders may at any time send their enquires and concerns to the Board in writing either by email to IR@topspring.com or direct mailing to the principal place of business of the Company in Hong Kong for the attention of the Joint Company Secretaries.

The Company's annual general meeting of Shareholders is a good opportunity for communication between the Board and Shareholders. Notice of annual general meeting and related documents will be sent to Shareholders pursuant to the requirements of the Listing Rules and the articles of association of the Company (the "**Articles of Association**"), and are published on the websites of the Company and the Stock Exchange.

Shareholders are encouraged to attend all general meetings of the Company. Pursuant to Article 58 of the Articles of Association, shareholders holding 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, by written requisition to the Board or the Joint Company Secretaries, to require an extraordinary general meeting to be called by the Board for the transaction of any business specified in the requisition; and the Company shall hold general meeting within two months after receiving the requisition. If a Shareholder wishes to propose a person other than a retiring Director for election as a Director at a general meeting, pursuant to Article 85 of the Articles of Association, the Shareholder (other than the person to be proposed) duly qualified to attend and vote at the general meeting shall send a written notice, duly signed by the Shareholder, of his/her intention to propose such person for election and also a notice signed by the person to be proposed of his/her willingness to be elected. These notices should be lodged at the Company's head office or the office of the Hong Kong Share Registrar of the Company. The period for lodgement of such notices shall commence on the day after the despatch of the notice of such general meeting and end no later than seven days prior to the date of such general meeting. All substantive resolutions at general meetings are decided on a poll which is conducted by the Joint Company Secretaries and scrutinised by the Hong Kong Share Registrar of the Company. The results of the poll are published on the websites of the Company and the Stock Exchange. Regularly updated financial, business and other information on the Group is made available on the website of the Company for Shareholders and investors.

The Company also meets the investment community and responds to their enquiries about the status of the Company from time to time, so as to strengthen the contacts and communication between the Company and its investors.

Directors

Executive Directors

Mr WONG Chun Hong (黃俊康), aged 61

Executive Director, Chairman and Co-chief Executive Officer

Mr WONG is the Founder of the Group and was appointed as an executive Director and the Chairman, and the Chief Executive Officer of the Company on 25 August 2009 and was designated as a Co-chief Executive Officer of the Company with effect from 1 October 2015. He is also a director of various subsidiaries within the Group. In addition, he is also the second largest shareholder and vice chairman of the board of directors of Rainbow Department Store Co., Ltd. ("**Rainbow**"), a company listed on the Shenzhen Stock Exchange. He has over two decades of experience in the real estate business in the PRC and Hong Kong.

From 1993 to 1996, Mr WONG was the deputy managing director and the second largest shareholder of Top Glory International Holdings Limited ("**TGI**") (formerly known as World Trade Center Group Limited), a company which was listed on the Stock Exchange and is now privatised and was the vice chairman of China Foods Limited (formerly known as China Foods Holdings Limited), a company listed on the Stock Exchange ("**China Foods**"). From 1996 to 2001, Mr WONG was a major shareholder, chairman and chief executive officer of ITC Properties Group Limited (formerly known as Cheung Tai Hong Holdings Limited), a company listed on the Stock Exchange ("**ITC**"). Mr WONG was awarded 2010 年度風雲人物 (2010 Person of the Year) by China Real Estate Information Corporation (中國房產信息集團), 新浪樂居 (Sina House), 2011 the Most Influential Person in China and 2012 the Most Influential Person in real estate sector in China in the 11th and 12th Boao Real Estate Forum respectively and 2011 CEIBS Alumni Award Programme by China Europe International Business School. Mr WONG also attended the Global CEO Programme for China in 2007 which was co-organised by China Europe International Business School, IESE Business School and Harvard Business School. He is the chairman of Hong Kong Federation of Guangzhou Associates Limited, the Vice-President of Hong Kong Real Property Federation and a member of Guangzhou Chinese People's Political Consultative Conference (廣州市政協常委).

Chance Again Limited ("**Chance Again**"), which is a substantial shareholder (as defined in the Listing Rules) of the Company, is wholly-owned by Cheung Yuet (B.V.I.) Limited ("**BVI Co**"). The entire issued share capital of BVI Co is wholly-owned by HSBC International Trustee Limited ("**HSBC International Trustee**") as the trustee of The Cheung Yuet Memorial Trust, a discretionary family trust established by Mr WONG (the "**Wong Family Trust**"), the beneficiaries of which include Mr WONG's family members. Mr WONG is the settlor and the protector of the Wong Family Trust. Mr WONG is also a director of Chance Again. Save as mentioned above, Mr WONG does not have any relationships with any Directors, senior management, substantial shareholders or controlling shareholders of the Company.

The discloseable interest of Mr WONG in the Shares and underlying Shares under the provisions of Part XV of the Securities and Futures Ordinance (the "**SFO**") is set out in the section headed "Directors' and Chief Executive's Interests and Short Positions in Shares, Underlying Shares and Debentures of the Company and its Associated Corporations" under the Directors' Report of this report.

Ms LI Yan Jie (李艷洁), aged 45

Executive Director

Ms LI joined the Group in December 2000 and was appointed as an executive Director on 25 August 2009 and the chairman and a member of the corporate governance committee on 1 October 2015. She also serves as a director of various subsidiaries within the Group. She was formerly the chief operating officer of the Company. Ms LI has extensive experience in sales and marketing, property projects development and has a well-established client base. In 2004, Ms LI was a director of Rainbow, a company which is now listed on the Shenzhen Stock Exchange. From 1994 to 2000, she was the general manager of 深圳市土地房產交易中心 (Shenzhen Land & Real Estate Exchange Center) (formerly known as 深圳市房地產交易中心 (Shenzhen Real Estate Exchange Center)). Ms LI studied an executive training course on real estate development and finance at 清華大學 (Tsinghua University) in 2006. Ms LI does not have any relationships with any Directors, senior management, substantial shareholders or controlling shareholders of the Company.

The discloseable interest of Ms LI in the Shares and underlying Shares under the provisions of Part XV of the SFO is set out in the section headed "Directors' and Chief Executive's Interests and Short Positions in Shares, Underlying Shares and Debentures of the Company and its Associated Corporations" under the Directors' Report of this report.

Mr CHEN Feng Yang (陳風楊), aged 52
Executive Director and Co-chief Executive Officer

Mr CHEN was appointed as an executive Director on 1 June 2013 and the Co-chief Executive Officer on 1 October 2015. He joined the Group in February 2006 and was promoted to the position of senior vice president in October 2010 and later appointed as the chief operating officer of the Company in June 2011. He is the director of several subsidiaries of the Group. During the period between 2002 to 2006, he worked as the vice president of 中國寶安集團股份有限公司 (China Bao'an Group Co. Ltd.) and the chairman of 深圳恒安房地產開發有限公司 (Hengan Property Development (Shenzhen) Ltd.). Mr CHEN graduated from 武漢工業大學 (Wuhan Institute of Technology) in 1989 with a master degree in Structural Engineering. Mr CHEN does not have any relationships with any Directors, senior management, substantial shareholders or controlling shareholders of the Company.

The discloseable interest of Mr CHEN in the Shares and underlying Shares under the provisions of Part XV of the SFO is set out in the section headed "Directors' and Chief Executive's Interests and Short Positions in Shares, Underlying Shares and Debentures of the Company and its Associated Corporations" under the Directors' Report of this report.

Mr WANG Tian Ye (王天也), aged 57
Executive Director

Mr WANG was appointed as an executive Director on 1 October 2015. He is the managing director of Super Joy International Limited (卓愉國際有限公司) and an independent director of Henan Pinggao Electric Co., Ltd. (河南平高電氣股份有限公司), a company listed on the Shanghai Stock Exchange. Mr WANG joined the Company in August 2012, was appointed as an executive director of the Company on 1 September 2012 and he resigned on 1 November 2013 due to the personal reason that he was required to take care of an overseas family member with a serious health condition. During his tenure with the Group, Mr WANG was the chairman and general manager of New Top Spring Fund Management Co., Ltd. (深圳新萊源投資基金管理有限公司), formerly known as Shenzhen Prosperity Top Spring Investment Fund Management Company Limited (深圳華盛萊蒙投資基金管理有限公司), an associate of the Company, and he was also the chairman of Shenzhen Top Spring Commercial Investment Management Co., Ltd. (深圳市萊蒙商業投資管理有限公司), a subsidiary of the Company. Prior to joining the Group, Mr WANG was an executive director and the chief executive officer of Central China Real Estate Limited, a company listed on the Stock Exchange, from 2004 to 2012. He worked in various positions in the Bank of China Group from 1980 to 1997 and was the deputy general manager of the Bank of China, Sydney Branch from 1993 to 1997 and a senior associate of the Australian Institute of Banking and Finance. From 1998 to 2004, Mr WANG was the representative of Guangdong Development Bank, Hong Kong representative office and the general manager of an investment company established by the bank. Besides, he was an independent non-executive director of CNPV Solar Power SA, a company listed on New York Stock Exchange Euronext, and was an independent non-executive director of each of National Investments Fund Limited, China Investment Development Limited and Aurum Pacific (China) Group Limited, all of which are companies listed on the Stock Exchange. Mr WANG has over 30 years of experience in finance and investment and approximately 15 years of experience in the real estate sector. He has obtained a Diploma in International Finance from the People's University of China in 1985 and a Master's degree in Applied Finance from Macquarie University in Australia in 1996. He completed the Global CEO Program for China in China Europe International Business School in June 2007. Mr WANG does not have any relationships with any Directors, senior management, substantial shareholders or controlling shareholders of the Company.

The discloseable interest of Mr WANG in the Shares and underlying Shares under the provisions of Part XV of the SFO is set out in the section headed "Directors' and Chief Executive's Interests and Short Positions in Shares, Underlying Shares and Debentures of the Company and its Associated Corporations" under the Directors' Report of this report.

Non-executive Directors

Mr XU Lei (許雷), aged 49

Non-executive Director and Vice-chairman

Mr XU was appointed as a non-executive Director and the Vice-chairman of the Company on 1 October 2015. He is the chairman of Yunnan Metropolitan Construction Investment Co., Ltd.* (雲南省城市建設投資集團有限公司) ("**YMCI**"). He is also the chairman of Yunnan Metropolitan Real Estate Development Co., Ltd (雲南城投置業股份有限公司) ("**Yunnan Metropolitan**"), a company listed on the Shanghai Stock Exchange, and the chairman of Champion Property & Casualty Insurance Company Limited (誠泰財產保險股份有限公司), a limited liability company which is 20% owned by YMCI. In May 2015, Mr XU was appointed as the chairman and a non-executive director of Yunnan Water Investment Co., Limited* (雲南水務投資股份有限公司) ("**Yunnan Water**"), a company listed on the Stock Exchange and YMCI is its controlling shareholder. Besides, he is also the chairman of Caiyun International Investment Limited (彩雲國際投資有限公司) ("**Caiyun**"), a wholly-owned subsidiary of YMCI and a substantial shareholder of the Company. Mr XU has extensive experience as senior management in urban developments, urban water supply, cultural and tourism, medical services, bio-pharmaceutical, financial education and hotel businesses. Mr XU obtained an executive master of business administration degree from Peking University in July 2007 and a doctor of philosophy in study of industrial economics from Wuhan University of Technology in Wuhan in June 2012.

In November 2014, Mr XU received a disciplinary warning (the "**Disciplinary Warning**") from the PRC Communist Party for YMCI's failure to comply with the "Working Regulations for the Selection and Appointment of Party and Government Cadres" (黨政領導幹部選拔任用工作條例), which was implemented in July 2002 and subsequently replaced by a revised version promulgated in January 2014, in the promotion of Ms LEI Rui, who is independent from Mr XU, as its board secretary in January 2006 which was approved by the board of directors and the communist party committee of YMCI (the "**Incident**"). For details of the Disciplinary Warning and the Incident, please refer to page 306 to page 307 of the prospectus of Yunnan Water dated 13 May 2015.

Mr XU does not have any relationships with any Directors, senior management, substantial shareholders or controlling shareholders of the Company.

Mr XU did not have any interests in the Shares and underlying Shares under the provisions of Part XV of the SFO.

Mr CHIANG Kok Sung Lawrence (鄭國杉), aged 64

Non-executive Director

Mr CHIANG was appointed as a non-executive Director and a member of the Corporate Governance Committee on 1 July 2014. Mr CHIANG was the group chief operating officer and was re-designated as an acting group chief executive officer of Metro, a company listed on The Singapore Exchange Securities Trading Limited. Mr CHIANG is a director of certain subsidiaries of the Company, namely Nanchang Top Spring Real Estate Co., Ltd., Shine Rise International Limited, SSCP Limited and MSREF Century Palace (Residential) Limited (not a member of the Morgan Stanley Group of companies or any fund they manage). Mr CHIANG joined Metro in 1989. He now assumes overall responsibility for the operations of both the property and retail divisions whilst being directly involved in the management of its property business. He has extensive experience in a range of business activities such as property development, leasing and management, construction, the retail industry and department stores, the leisure industry (hotels and cruise ships), marketing and distribution of established international brand name luxury products and trading. Mr CHIANG was a member of the Institute of Chartered Accountants of New Zealand, the Institute of Singapore Chartered Accountants, the Association of Chartered Certified Accountants and the Institute of Chartered Secretaries and Administrators. Mr CHIANG does not have any relationships with any Directors, senior management, substantial shareholders or controlling shareholders of the Company.

The discloseable interest of Mr CHIANG in the Shares and underlying Shares under the provisions of Part XV of the SFO is set out in the section headed "Directors' and Chief Executive's Interests and Short Positions in Shares, Underlying Shares and Debentures of the Company and its Associated Corporations" under the Directors' Report of this report.

Mr LEE Sai Kai David (李世佳), aged 50
Non-executive Director

Mr LEE joined the Group in September 2002 and was appointed as an executive Director on 25 August 2009. Mr LEE was re-designated as a non-executive Director on 1 September 2015. He is also a director of various subsidiaries within the Group. Previously, he acted as the deputy financial controller of TGI, a company which was listed on the Stock Exchange and is now privatised and the financial controller of China Foods, a company listed on the Stock Exchange. In 1996, he took up executive directorship at ITC, a company listed on the Stock Exchange. He now serves as a director of Rainbow, a company listed on the Shenzhen Stock Exchange. Mr LEE received his Bachelor of Arts (Hons.) degree in Accountancy from The Hong Kong Polytechnic University. He is an associate of the Hong Kong Institute of Certified Public Accountants and the Chartered Institute of Management Accountants, respectively, a fellow of the Association of Chartered Certified Accountants and a Chartered Global Management Accountant. Mr LEE does not have any relationships with any Directors, senior management, substantial shareholders or controlling shareholders of the Company.

The discloseable interest of Mr LEE in the Shares and underlying Shares under the provisions of Part XV of the SFO is set out in the section headed "Directors' and Chief Executive's Interests and Short Positions in Shares, Underlying Shares and Debentures of the Company and its Associated Corporations" under the Directors' Report of this report.

Independent Non-executive Directors

Mr BROOKE Charles Nicholas, aged 74
Independent Non-executive Director

Mr BROOKE was appointed as an independent non-executive Director on 30 November 2010. He is also an independent non-executive Director of VinaLand Limited which is listed on the London Stock Exchange. Mr BROOKE is the chairman of Professional Property Services Limited which specialises in real estate consultancy and is based in Hong Kong, providing clients with a selected range of advisory services across the Asia Pacific region. He is a Justice of the Peace. He is also the Chairman of the Hong Kong Harbourfront Commission and the immediate past Chairman of the Hong Kong Science and Technology Parks Corporation. He is also a member of Commission on Strategic Development and the Working Group on Manufacturing Industries, Innovative Technology, and Cultural and Creative Industries for Economic Development Commission. Mr BROOKE was awarded Silver Bauhinia Star (SBS) in 2012. He is a Trustee of the International Valuation Standards Council (IVSC) and is an honorary member of the American Institute of Architects, an honorary professor at the University of Hong Kong and Chongqing University and an honorary fellow of the College of Estate Management in UK. He is also an honorary fellow of Hong Kong University of Science and Technology and honorary member of the Hong Kong Institute of Architects.

He is the former President of the Royal Institution of Chartered Surveyors, a former member of the Hong Kong Town Planning Board and a former vice-chairman of the Metro Planning Committee as well as a former member of the Hong Kong Housing Authority. In 2004, Mr BROOKE was admitted as a Freeman of the City of London. He is a Past President and Fellow of the Royal Institution of Chartered Surveyors and a Fellow of the Hong Kong Institute of Surveyors. In 1963, Mr BROOKE graduated from the University of London with a Bachelor of Science degree in Estate Management. Mr BROOKE does not have any relationships with any Directors, senior management, substantial shareholders or controlling shareholders of the Company.

The discloseable interest of Mr BROOKE in the Shares and underlying Shares under the provisions of Part XV of the SFO is set out in the section headed "Directors' and Chief Executive's Interests and Short Positions in Shares, Underlying Shares and Debentures of the Company and its Associated Corporations" under the Directors' Report of this report.

Mr CHENG Yuk Wo (鄭毓和), aged 55
Independent Non-executive Director

Mr CHENG was appointed as an independent non-executive Director on 30 November 2010. Mr CHENG worked at PricewaterhouseCoopers (formerly known as Coopers and Lybrand) in London in 1984 and at UBS AG (formerly known as Swiss Bank Corporation) in Toronto in 1989. He is also the co-founder of Centurion Corporate Finance Limited. In 1999, he became the sole proprietor of Erik CHENG & Co., Certified Public Accountants. Mr CHENG received his Master of Sciences (Econ) in Accounting and Finance from the London School of Economics and Political Science in 1984, and his Bachelor of Arts (Hons.) in Accounting from the University of Kent in 1983. Mr CHENG is currently a member of the Institute of Chartered Professional Accountants of Canada. He is also a fellow of the Institute of Chartered Accountants in England and Wales and a Certified Public Accountant practising in Hong Kong. Mr CHENG does not have any relationships with any Directors, senior management, substantial shareholders or controlling shareholders of the Company.

The table below sets out Mr CHENG's directorships in a number of companies listed in Hong Kong as at the year ended 31 December 2015:

Name of the listed company	Position
Chong Hing Bank Limited	Independent non-executive director
C.P. Lotus Corporation (formerly known as Chia Tai Enterprises International Limited)	Independent non-executive director
CPMC Holdings Limited	Independent non-executive director
CSI Properties Limited (formerly known as Capital Strategic Investment Limited)	Independent non-executive director
DTXS Silk Road Investment Holdings Company Limited	Independent non-executive director
Goldbond Group Holdings Limited	Independent non-executive director
HKC (Holdings) Limited	Independent non-executive director
Imagi International Holdings Limited (Note)	Independent non-executive director
Liu Chong Hing Investment Limited	Independent non-executive director

Note: Mr CHENG Yuk Wo resigned as an independent non-executive director of Imagi International Holdings Limited on 28 January 2016.

The discloseable interest of Mr CHENG in the Shares and underlying Shares under the provisions of Part XV of the SFO is set out in the section headed "Directors' and Chief Executive's Interests and Short Positions in Shares, Underlying Shares and Debentures of the Company and its Associated Corporations" under the Directors' Report of this report.

Professor WU Si Zong (吳泗宗), aged 64
Independent Non-executive Director

Professor WU was appointed as an independent non-executive Director on 30 November 2010. Since 1997 and until now, he has been a professor, a doctoral tutor, the secretary of the Party Committee and the vice dean of the Economic and Management School at 同濟大學 (Tongji University). Professor WU is the vice-chairman of 上海市市場學會 (Shanghai Marketing Society) and the standing director of 中國市場學會 (China Marketing Society). Professor WU lectures in economics and international trade. His main research fields are business management, marketing and international trade. From 1994 to 1997, he was the Head of Affairs Committee of the International Trade Faculty at 江西財經大學 (Jiangxi University of Finance and Economics). From 2001 to 2008, Professor WU published several theses and was involved in various research projects in his fields of expertise. He also published many books in marketing, commerce and trade from 2000 to 2007. Professor WU received his Bachelor's degree in Economics from 江西財經大學 (Jianxi University of Finance and Economics) in 1982. In 1995, he received his Master's degree in Economics at 上海財經大學 (Shanghai University of Finance and Economics). Professor WU does not have any relationships with any Directors, senior management, substantial shareholders or controlling shareholders of the Company.

The discloseable interest of Professor WU in the Shares and underlying Shares under the provisions of Part XV of the SFO is set out in the section headed "Directors' and Chief Executive's Interests and Short Positions in Shares, Underlying Shares and Debentures of the Company and its Associated Corporations" under the Directors' Report of this report.

Mr LEUNG Kwong Choi (梁廣才), aged 60
Independent Non-executive Director

Mr LEUNG was appointed as a non-executive Director and a member of the corporate governance committee on 1 October 2015. He is an executive director of China Environmental Resources Group Limited, a company listed on the Stock Exchange. He had been working in Hang Lung Development Ltd. for ten years and was primarily responsible for real estate development and marketing in 1980s. From 1991 to 1995, Mr LEUNG was an executive director of Top Glory International Holdings Ltd. (formerly known as World Trade Centre Group Limited), a company which was listed on the Stock Exchange and is now privatised and was an executive director of China Foods Limited (formerly known as China Foods Holdings Limited), a company listed on the Stock Exchange. From 1996 to 2001, he was an executive director of ITC Properties Group Limited (formerly known as Cheung Tai Hong Holdings Limited), a company listed on the Stock Exchange. Mr LEUNG has started his private investment and private equity consultancy since 2002, which involves investment or evaluation of various projects and sectors throughout the Greater China, Asia, Europe and America. Mr LEUNG has over 29 years in real estate and business experience in Hong Kong and the PRC focusing on property investment, project evaluation, merger and acquisition, corporate finance and management. Mr LEUNG holds a Bachelor of Social Science Degree from the Chinese University of Hong Kong. Mr LEUNG does not have any relationships with any Directors, senior management, substantial shareholders or controlling shareholders of the Company.

Mr LEUNG did not have any interests in the Shares and underlying Shares under the provisions of Part XV of the SFO.

Senior Management

Mr ZHONG Hui Hong (鍾輝紅), aged 45

Vice President

Mr ZHONG joined the Group in February 2014 and was appointed as the chief operating officer of the Company with effect from 1 October 2015. He is in charge of the Group's investment development and urban redevelopment affairs. Prior to joining the Group, he took up various positions including the vice president of Shenzhen Agricultural Products Co., Ltd (深圳市農產品股份有限公司) and served as the chairman of Shenzhen Southern Agricultural Logistics Company (深圳市南方農產品物流公司), Shenzhen Higreen Logistics Company (深圳市海吉星物流園), Shenzhen Buji Agricultural Products Centre Wholesale Market (深圳市布吉農產品中心批發市場), Shenzhen Higreen Environmental Co., Ltd (深圳市海吉星環保公司), Wuhan Higreen Company (武漢城市圈海吉星公司), the officer of the old town redevelopment office and the general manager of the planning and development department. Mr ZHONG holds a Bachelor's degree in Environmental Engineering and a Master's degree in Architectural and Civil Engineering. He also holds a professional title of senior engineer – construction. Mr ZHONG does not have any relationships with any Directors, senior management, substantial shareholders or controlling shareholders of the Company.

Mr LUO Wen Jun (羅文俊), aged 59

Vice President

Mr LUO joined the Group in May 2006 and was appointed as a vice president of the Company in June 2009. Mr LUO is in charge of the retail and property management division of the Group. Prior to joining the Group, Mr LUO possessed extensive experience in property development and business administration. During the period between 1983 and 2001, he worked as the deputy sector chief and assistant to the manager of 上海市閘北區人民政府財貿辦公室 (Shanghai Zhabei District People's Government Finance and Trade Office), the general manager of 上海市新新百貨公司 (Shanghai Xin Xin Department Store), the general manager of Shanghai Mingpin Building, the chairman of 上海心族百貨 (Shanghai Xin Zu Department Store), the managing director of 上海明天廣場有限公司 (Shanghai Tomorrow Square Company Limited) and the deputy general director of business construction of Shanghai Train Station (上海鐵路新客站商業設施建設副總指揮). From 2002 to 2006, he was the director and executive deputy general manager of 上海不夜城股份有限公司 (Shanghai Everbright Company Limited). In addition, Mr LUO was elected as the vice chairman of the Federation of Industry and Commerce of Zhonglou District of Changzhou and the representative to the National People's Congress of Zhonglou District of Changzhou respectively in 2011 and 2012. In August 2012, he was appointed as the standing director of Jiangsu Hong Kong-Invested Company Service Association (江蘇省港商投資企業服務協會). Mr LUO completed a Business Management course at 上海電視大學 (Shanghai TV University) in 1986. Mr LUO does not have any relationships with any Directors, senior management, substantial shareholders or controlling shareholders of the Company.

Mr DING Xiang Hua (丁向華), aged 43

Vice President

Mr DING joined the Group in April 2014 and was appointed as a vice president of the Company. He is in charge of the Group's new business development department. Prior to joining the Group, he took up various positions in China Resources National Corp. (中國華潤總公司), China Resources Enterprises Limited (華潤創業有限公司), China Resources Logic Limited (華潤勵致有限公司) as an executive human resources manager, project manager and business manager etc. In 2002, Mr DING was appointed as the senior manager of enterprise and development department of China Resources (Holdings) Company Limited ("**China Resources Group**"), the general manager of information center of China Resources Group (華潤集團信息中心), the director and assistant general manager of China Resources Investment Enterprise Ltd. (華潤投資控股有限公司), the managing director of China CONIC Import & Export Co. Ltd. (中國康力克進出口有限公司), the general manager of China Resources SZITIC investment Ltd. (華潤深國投投資有限公司), and the director of the joint venture company between China Resources Group and Wal-Mart China. Mr DING has extensive working experience in company restructuring, mergers and acquisitions, strategic planning and business management. Mr DING received his Bachelor's degree in Law from China University of Political Science and Law and a Master's degree in Business Administration from the University of Hong Kong. He is also a qualified solicitor in the PRC. Mr DING does not have any relationships with any Directors, senior management, substantial shareholders or controlling shareholders of the Company.

Mr CHEUNG Koon Wan Johnson (張冠寰), aged 57
Chief Architect

Mr CHEUNG joined the Group as the chief architect in February 2012 and is in charge of the design and management department. Prior to joining the Group, he gained his land development experience in Henderson Land Development Company Limited, Chun Wo (China) Limited, Pacific Concord Holding Limited and 康帕斯專業顧問有限公司, a wholly-owned subsidiary of Sun Hung Kai Properties Limited and has extensive experience in project management. He has obtained extensive experience in asset and facility management as well as hospitality and gaming expertise through working as property operation and project manager at the Hong Kong Jockey Club which operates two world class racecourses and four clubhouses (three in HK and one in Beijing) as well as hundreds of off-course betting centres. He also worked for China Light and Power Limited (one of the two electrical utilities in Hong Kong). Mr CHEUNG received his professional training in architecture through obtaining his B.Sc. (Arch) and B.Arch. from McGill University in Canada and further pursued professional surveying training through obtaining the Postgraduate Diploma in General Practice Surveying and Master Degree in Real Estate from the University of Hong Kong. Mr CHEUNG is a member of Royal Institute of British Architects, Royal Institution of Chartered Surveyors, the Hong Kong Institute of Architects and the Hong Kong Institute of Surveyors. Mr CHEUNG does not have any relationships with any Directors, senior management, substantial shareholders or controlling shareholders of the Company.

Ms LIU Qing (劉青), aged 46
Vice President

Ms LIU joined the Group in 2004 and was appointed as a vice president of the Company in August 2014. In addition, she serves as a managing director of Shenzhen New Top Spring Investment Fund Management Company Limited (深圳新萊源投資基金管理有限公司). Ms LIU is also the general manager of the finance department of the Group and the director of several subsidiaries. Ms LIU is in charge of the financial management, investment and fund management in China. Prior to joining the Group, she took up positions in Shenzhen International Trust and Investment Co., Ltd. (深圳國際信託投資有限公司), being the chief financial officer of Shenzhen SZITIC Property Development Co., Ltd. (深圳深國投房地產開發有限公司) and Shenzhen Water Flower Property Co., Ltd. (深圳水榭花都房地產有限公司). Ms LIU has extensive working experience in real estate project developments and operations, group control and financial investment and financing market. Ms LIU completed her bachelor education in Accounting at Jinan University. Ms LIU does not have any relationships with any Directors, senior management, substantial shareholders or controlling shareholders of the Company.

Mr CHAN King Tak (陳競德), aged 35
Chief Financial Officer

Mr CHAN joined the Group in April 2010 and was appointed as the chief financial officer of the Company in August 2014. Prior to joining the Group, he worked for KPMG from April 2004 to November 2009 and served as an audit manager providing audit and consulting services to clients listed in Hong Kong, China and Singapore. He has extensive experience in accounting, auditing, financial management and corporate governance matters. Mr CHAN received his Bachelor of Arts (Hons.) degree in Accountancy from The Hong Kong Polytechnic University in 2002. Besides, he is a member of the Hong Kong Institute of Certified Public Accountants and a fellow of the Association of Chartered Certified Accountants. Mr CHAN does not have any relationships with any Directors, senior management, substantial shareholders or controlling shareholders of the Company.

Ms LUK Po Chun (陸寶珍), aged 46
Joint Company Secretary

Ms LUK joined the Group in 2007 and was appointed as the Company Secretary in August 2009. Ms LUK was re-designated as a joint company secretary with effect from 1 December 2015. Having worked for various listed companies in Hong Kong and overseas, Ms LUK has extensive experience in company secretarial matters, accounting and financial management. Prior to joining the Group, Ms LUK was the chief accountant of China Water Affairs Group Limited, which is listed on the Stock Exchange. She was also the chief accountant of S.A. Cimenteries CBR, a subsidiary of Heidelberg Cement Group, a listed company in Germany. Ms LUK holds a master degree in Corporate Finance of The Hong Kong Polytechnic University. She is also an associate of the Hong Kong Institute of Certified Public Accountants and a member of the Association of Chartered Certified Accountants. Ms LUK does not have any relationships with any Directors, senior management, substantial shareholders or controlling shareholders of the Company.

Mr HO Hang Man (何鏗文), aged 32
Joint Company Secretary

Mr HO joined the Group in January 2011 and is the deputy financial controller. Mr HO was appointed as a joint company secretary of the Company with effect from 1 December 2015. Prior to jointing the Group, Mr HO worked at KPMG from July 2006 to December 2010 and has extensive experience in accounting, auditing, financial management and corporate governance matters. Mr HO received his Bachelor of Business Administration degree in Finance and Management Organisation from The Hong Kong University of Science and Technology in 2006. Besides, he is a member of Hong Kong Institute of Certified Public Accountants. Mr Ho does not have any relationships with any Directors, senior management, substantial shareholders or controlling shareholders of the Company.

The Directors are pleased to present their annual report and the audited consolidated financial statements of the Company for the year ended 31 December 2015.

PRINCIPAL ACTIVITIES

The principal activity of the Company is investment holding. The Group is a real estate property developer in the PRC and is specialised in the development and operation of urban mixed-use communities, and the development and sale of residential properties in the Pearl River Delta, the Yangtze River Delta, the Central China, the Beijing-Tianjin and the Chengdu-Chongqing regions in the PRC. Details of the principal activities of the subsidiaries are set out in note 13 to the financial statements. There were no significant changes in the nature of the Group's principal activities during the year.

BUSINESS REVIEW AND PERFORMANCE

A fair review of the business of the Group and a discussion and analysis of the Group's performance during the year and the material factors underlying its results and financial position as required by schedule 5 to the Hong Kong Companies Ordinance (Chapter 622 of the Laws of Hong Kong) are included in the Chairman's Statement and Management Discussion and Analysis sections from pages 16 to 21 and pages 22 to 35 of this report, respectively. The future development of the Group's business is discussed in the Chairman's Statement from pages 16 to 21 of this report. In addition, further details regarding the Group's principal risks and uncertainties are included in the Corporate Governance Report section of this report. The Chairman's Statement, the Management Discussion and Analysis and the Corporate Governance Report section form part of this Directors' Report.

RESULTS AND DIVIDENDS

The Group's profit for the year ended 31 December 2015 and the financial position of the Group at that date are set out in the consolidated financial statements on pages 105 to 111 of this report. The Board has recommended the payment of final dividend of HK22 cents per Share attributable to equity shareholders of the Company and the holders of PCSs for the year ended 31 December 2015 (for the year ended 31 December 2014: HK11 cents) to Shareholders and holders of PCSs whose names appear on the register of members of the Company on Friday, 10 June 2016. Upon approval by the Shareholders at the forthcoming annual general meeting of the Company to be held on Monday, 23 May 2016 ("**AGM**"), it is expected that the final dividend will be payable on or around Friday, 17 June 2016.

CLOSURE OF REGISTER OF MEMBERS AND REGISTER OF HOLDERS OF THE PCSs

For the purposes of determining the eligibility of the Shareholders to attend and vote at the AGM and their entitlements to the proposed final dividend, the register of members and the register of holders of the PCSs of the Company will be closed as set out below:

(i) For determining the eligibility of the Shareholders to attend and vote at the AGM or any adjournment of such meeting:

The register of members and the register of holders of the PCSs of the Company will be closed from Thursday, 19 May 2016 to Monday, 23 May 2016 (both days inclusive), during which period no transfer of the Shares and PCSs will be effected.

In order to qualify for attending and voting at the AGM or any adjournment of such meeting, (a) in the case of the Shares, all transfers of Shares accompanied by the relevant share certificates must be lodged with the Company's branch share registrar ("**Hong Kong Share Registrar**"), Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong by no later than 4:30 p.m. on Wednesday, 18 May 2016; and (b) in the case of the PCSs, the notice of conversion in prescribed form, together with the relevant certificate of the PCSs and confirmation that any amounts required to be paid by the holder of the PCSs have been so paid, must be duly completed, executed and deposited with the Company at Rooms 04–08, 26th Floor, Shui On Centre, 6–8 Harbour Road, Wanchai, Hong Kong not later than 4:30 p.m. on Wednesday, 11 May 2016.

The record date for such purposes is Monday, 23 May 2016.

(ii) For determining the entitlement of the Shareholders and the holders of PCSs to the proposed final dividend:

The register of members and the register of holders of the PCSs of the Company will be closed from Tuesday, 7 June 2016 to Friday, 10 June 2016 (both days inclusive), during which period no transfer of the Shares and PCSs will be effected.

In order to qualify for the proposed final dividend, (a) in the case of the Shares, all transfers of Shares accompanied by the relevant share certificates must be lodged with the Hong Kong Share Registrar at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong by no later than 4:30 p.m. on Monday, 6 June 2016; and (b) in the case of the PCSs, all transfers of the PCSs accompanied by the relevant certificate of the PCSs must be lodged with the Company at Rooms 04–08, 26th Floor, Shui On Centre, 6–8 Harbour Road, Wanchai, Hong Kong not later than 4:30 p.m. on Monday, 30 May 2016.

The record date for such purposes is Friday, 10 June 2016.

SUMMARY FINANCIAL INFORMATION

A summary of the published results and assets and liabilities of the Group for the last five financial years is set out on pages 182 to 184 of this report. This summary does not form part of the audited consolidated financial statements.

PROPERTY AND EQUIPMENT AND INVESTMENT PROPERTIES

Details of movements in the property and equipment and investment properties of the Group during the year are set out in note 12 to the financial statements, respectively. Further details of the Group's major investment properties are set out on pages 27 to 29 of this report.

PROPERTIES UNDER DEVELOPMENT FOR SALE

Details of the properties under development for sale of the Group during the year are set out in note 17 to the financial statements. Further details of the Group's major properties under development are set out on page 7.

COMPLETED PROPERTIES FOR SALE

Details of the completed properties for sale of the Group during the year are set out in note 17 to the financial statements. Further details of the Group's major completed properties held for sale are set out on page 6.

LEASEHOLD LAND HELD FOR DEVELOPMENT FOR SALE

Details of the leasehold land held for development for sale of the Group during the year are set out in note 17 to the financial statements. Further details of the Group's major leasehold properties held for development for sale are set out on pages 7 to 8.

SHARE CAPITAL

Details of movements in the Company's share capital during the year are set out in note 26 to the financial statements.

PRE-EMPTIVE RIGHTS

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

TAX RELIEF AND EXEMPTION

The Company is not aware of any tax relief and exemption available to the Shareholders by reason of their holding of the Company's securities.

PURCHASE, REDEMPTION OR SALE OF LISTED SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the period from 23 March 2011 up to and including 31 December 2015.

RESERVES

Details of movements in the reserves of the Company and the Group during the year are set out in note 26 to the financial statements and in the consolidated statement of changes in equity.

DISTRIBUTABLE RESERVES

As at 31 December 2015, the aggregate amount of the Company's reserves available for distribution to equity shareholders and the holders of PCSs of the Company, as calculated in accordance with the Companies Law of the Cayman Islands and the Company's memorandum and articles of association, was HK$2,264,226,000 (2014: HK$2,497,752,000). Under the Companies Law, Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands, the share premium of the Company is available for paying distributions or dividends to Shareholders and holders of PCSs subject to the provisions of its memorandum and articles of association and provided that immediately following the distribution of dividend the Company is able to pay its debts as they fall due in the ordinary course of business. In accordance with the Articles of Association, dividends shall be distributed out of the retained profits or other reserves, including share premium and contributed surplus, of the Company.

BANK AND OTHER BORROWINGS

Particulars of bank and other borrowings of the Group as at 31 December 2015 are set out in note 23 to the financial statements.

KEY PERFORMANCE INDICATORS ("KPI")

(a) Contracted sales

- Definition and calculation: Contracted sales measures the sale performance of the Group's properties and car park units by multiplying the contracted saleable GFA with the contracted ASP.

- Purpose: The Group monitors its product mix to be launched for sale on the basis of the contracted saleable GFA and the contracted ASP. The contracted saleable GFA and the contracted ASP provide direction for the Group to determine its sale strategies in the forthcoming year. The extent to which this objective has been achieved is assessed by comparing the Group's actual contracted sales to the contracted sales target, as it is an indicator showing the Group's achievement in its sales planning.

- Quantified KPI data: The contracted sales, contracted saleable GFA and contracted ASP was approximately HK$8,015.3 million, 396,453 sq.m. and HK$19,736.0 per sq.m., respectively, for the year ended 31 December 2015 (2014: approximately HK$9,801.1 million, 548,872 sq.m. and HK$17,856.8 per sq.m.).

(b) Gross profit margin

- Definition and calculation: Gross profit margin measures the profitability that the Group generates from its revenue by comparing the revenue net of direct costs as a percentage of the revenue. It indicates the financial success and viability of the Group's principal business.

- Purpose: The Group aims to enhance its gross profit margin. The extent to which this objective has been achieved is assessed by comparing the Group's gross profit margin from one year to the next, as it is an indicator showing the Group's profitability.

- Quantified KPI data: The gross profit margin was approximately 30.4% for the year ended 31 December 2015 (2014: approximately 41.9%).

(c) Profit for the year

- Definition and calculation: Net profit measures the revenue derived from the Group's business, less all expenses and taxes. It indicates the Group's earnings from its business operations and other related activities.

- Purpose: The Group emphasises cost control. The net profit provides direction for a better control and utilisation of expenses. The extent to which this objective has been achieved is assessed by comparing the Group's net profit from one year to the next, as it is an indicator showing the Group's earnings from its business operations and other related activities.

- Quantified KPI data: The net profit was approximately HK$1,053.8 million for the year ended 31 December 2015 (2014: approximately HK$1,005.9 million).

(d) Net gearing ratio

- Definition and calculation: Net gearing ratio measures the financial leverage of the Group by comparing the total borrowings net of cash and cash equivalents, and restricted and pledged deposits as a percentage of total equity. It indicates the proportion of equity and debt the Group has been using to finance its assets.

- Purpose: The Group monitors its capital structure on the basis of a net gearing ratio. The net gearing ratio provides direction for the Group to optimise its financing and business development activities. The extent to which this objective has been achieved is assessed by comparing the Group's net gearing ratio from one year to the next, as it is an indicator showing the Group's level of leverage.

- Quantified KPI data: The net gearing ratio was approximately 72.5% as at 31 December 2015 (2014: 81.6%).

CHARITABLE DONATIONS

The charitable donations made by the Group during the year amounted to HK$15,425,000 (2014: HK$2,606,000).

CONNECTED TRANSACTIONS

(1) Amendment to a term of the shareholder agreement

Reference is made to the announcement of the Company dated 2 July 2014 in relation to the formation of joint venture in respect of Fairbriar Real Estate Limited ("**Fairbriar**"), and the entering into of the shareholder agreement (the "**Shareholder Agreement**") between, among others, Fairbriar and TSIUK, an indirect wholly-owned subsidiary of the Company.

On 13 April 2015, TSIUK, the Company, Fairbriar, Scarborough Group International Limited, Fairbriar Residential Developments Limited, Metro Holdings Limited ("**Metro**") and Sun Capital Assets Pte. Limited ("**Sun Capital**") entered into a supplemental agreement to the Shareholder Agreement (the "**Supplemental Agreement**"), pursuant to which in relation to TSIUK (i) the maximum amount of shareholder's loans to be provided by the TSIUK on a pro-rata basis to its shareholding in Fairbriar has been amended from an amount of not more than £4,300,000 (equivalent to approximately HK$48,805,000) to an amount of not more than £5,500,000 (equivalent to approximately HK$62,425,000), both of which include the amount of shareholder's loans advanced at completion of the acquisition of the shares of Fairbriar; and (ii) all the other terms of the Shareholder Agreement remain unchanged, and in full force and effect.

Sun Capital, being one of the purchasers and an indirectly wholly-owned subsidiary of Metro which indirectly holds 30% equity interest in Nanchang Top Spring, is a connected person of the Company within the meaning of the Listing Rules. The entering into of the Shareholder Agreement constituted a connected transaction for the Company under the Listing Rules. As one of the applicable percentage ratios exceeds 0.1% but is less than 5%, the entering into of the Shareholder Agreement was subject to the reporting and announcement requirements only but was exempt from the independent Shareholders' approval requirement under the Listing Rules. The Board considers that the Supplemental Agreement is a material variation to the terms of the Shareholder Agreement. Further details of the Shareholder Agreement and the Supplemental Agreement were disclosed in the announcements of the Company dated 2 July 2014 and 13 April 2015, respectively.

(2) Issue of convertible bonds

On 28 December 2015, the Company entered into the second tranche subscription agreement ("**Second Tranche Agreement**") with the second tranche investors, pursuant to which, on the terms and subject to the conditions of the Second Tranche Agreement, the Company has agreed to issue, and the second tranche investors have agreed to subscribe and pay for, the second tranche bonds in the aggregate principal amount of US$100 million. The second tranche bonds will be consolidated and form a single series with the first tranche bonds. The new shares to be allotted and issued upon conversion of the second tranche bonds will be allotted and issued by the Company pursuant to a specific mandate granted to the Directors. The ordinary resolutions proposed at the extraordinary general meeting of the Company held on 14 March 2016 were duly passed by way of poll.

Caiyun, being one of the second tranche investors, by virtue of it being a wholly-owned subsidiary of YMCI and becoming an associate of YMCI, a substantial shareholder of the Company, is a connected person of the Company. The entering into of the Second Tranche Agreement by Caiyun constituted a connected transaction for the Company, and is subject to the announcement, reporting and independent shareholders' approval requirements under Chapter 14A of the Listing Rules. Further details of the issue of convertible bonds were disclosed in the announcement of the Company dated 29 December 2015.

CONTINUING CONNECTED TRANSACTIONS

Framework loan agreement and framework property management service agreement

On 10 September 2014, Nanchang Top Spring entered into (i) a framework loan agreement with 深圳市萊蒙鼎盛投資發展有限公司 (Shenzhen Top Spring Ding Sheng Investment Development Co. Ltd.*) ("**Shenzhen Top Spring**"), Top Spring Insite Commercial Property Holdings Limited ("**Top Spring Insite**") and Metro Shanghai, pursuant to which Nanchang Top Spring, agreed to provide, at its sole discretion, the respective loans to Shenzhen Top Spring, Top Spring Insite and Metro Shanghai or their respective designated company based on the same terms and conditions and in proportion to their respective equity interests in Nanchang Top Spring (the "**Framework Loan Agreement**"); and (ii) a property management service framework agreement with 常州市萊蒙物業服務有限公司 (Changzhou Top Spring Property Services Co. Ltd.*) ("**Changzhou Top Spring**"), an indirect wholly-owned subsidiary of the Company, pursuant to which Changzhou Top Spring agreed to provide property management services to Nanchang Top Spring in relation to the property development projects of Nanchang Top Spring in Nanchang of the PRC (the "**Framework Property Management Service Agreement**").

As Nanchang Top Spring is an indirect non wholly-owned subsidiary of the Company, in which the Company indirectly owns 70% of the equity interests and Metro, a substantial shareholder of the Company, indirectly owns 30% of the equity interest through Metro Shanghai, and is a connected person of the Company within the meaning of the Listing Rules. The provision of the loans by Nanchang Top Spring to Metro Shanghai (or its designated company) under the Framework Loan Agreement and the provision of property management services by Changzhou Top Spring to Nanchang Top Spring under the Framework Property Management Service Framework Agreement constituted continuing connected transactions of the Company ("**CCTs**") under the Listing Rules.

The maximum aggregate annual caps (the "**Annual Caps**") approved by the independent Shareholders or set by the Company (as the case may be) and the aggregate annual transaction value of the CCTs actually recorded for the year ended 31 December 2015 are set out below:

Transaction Agreement	Actual Transaction Amount (RMB'000)	Annual Caps (RMB'000) From 1 January 2015 to 31 December 2015
Framework Loan Agreement	330,000	450,000
Property Management Service Framework Agreement	9,196	10,000

As the highest applicable percentage ratio is more than 5%, the provision of the loans by Nanchang Top Spring to Metro Shanghai (or its designated company) under the Framework Loan Agreement is subject to the reporting, announcement, annual review and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules. As the highest applicable percentage ratio is more than 0.1% but less than 5%, the provision of property management services by Changzhou Top Spring to Nanchang Top Spring under the Framework Property Management Service Agreement is subject to the reporting, announcement and annual review requirements but is exempt from the independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

Further details of the Framework Loan Agreement and Framework Property Management Service Agreement were disclosed in the announcement of the Company dated 10 September 2014 and circular dated 3 October 2014.

Upon reviewing the CCTs and the report of the auditor of the Company, each of the independent non-executive Directors has confirmed in accordance with the Listing Rules 14A.55 that the CCTs have been entered into:

(i) in the ordinary and usual course of business of the Group;

(ii) on normal commercial terms or better; and

(iii) in accordance with the relevant agreement governing the relevant CCTs and on terms that were fair and reasonable and in the interests of the Group and the Shareholders as a whole.

The Company's auditors were engaged to report on the CCTs in accordance with Hong Kong Standard on Assurance Engagements 3000 (Revised) "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 auditors have issued their unqualified letter containing their findings and conclusions in respect of the CCTs in accordance with the Listing Rule 14A.56. The auditors of the Company have confirmed that regarding the CCTs, nothing has come to their attention that causes them to believe that:

(i) the CCTs have not been approved by the Board;

(ii) for transactions involving the provision of goods or services by the Group, such transactions were not, in all material respects, in accordance with the pricing policies of the Group;

(iii) the transactions were not entered into, in all material respects, in accordance with the relevant agreements governing respective CCTs; and

(iv) the aggregate amount of each of the CCTs has exceeded the Annual Caps.

MAJOR CUSTOMERS AND SUPPLIERS

For the year ended 31 December 2015, sales to the Group's five largest customers accounted for approximately 0.5% of the Group's revenue for the year and sales to the largest customer amounted to approximately 0.1% of the Group's revenue for the year.

For the year ended 31 December 2015, purchases from the Group's five largest suppliers accounted for approximately 52.0% of the Group's purchases for the year and purchases from the largest supplier amounted to approximately 14.7% of the Group's purchases for the year.

None of the Directors or any of their close associates or any Shareholders (which, to the best knowledge of the Directors, own more than 5% of the Company's issued share capital) had any interest in any of the five largest customers and suppliers of the Group.

DIRECTORS

The Directors during the year and up to the date of this report were:

	Date of appointment
Executive Directors	
Mr WONG Chun Hong (Chairman and Co-chief Executive Officer) (Note 1)	25 August 2009
Ms LI Yan Jie (Note 2)	25 August 2009
Mr CHEN Feng Yang (Co-chief Executive Officer) (Note 3)	1 June 2013
Mr WANG Tian Ye (Note 4)	1 October 2015
Non-executive Directors	
Mr XU Lei (Vice-Chairman) (Note 5)	1 October 2015
Mr CHIANG Kok Sung Lawrence	1 July 2014
Mr LEE Sai Kai David (Note 6)	25 August 2009
Independent non-executive Directors	
Mr BROOKE Charles Nicholas	30 November 2010
Mr CHENG Yuk Wo	30 November 2010
Professor WU Si Zong	30 November 2010
Mr LEUNG Kwong Choi (Note 7)	1 October 2015

Notes:

(1) Mr WONG Chun Hong was re-designated as the Co-chief Executive Officer and was appointed as an authorised representative of the Company with effect from 1 October 2015. Mr WONG Chun Hong ceased to act as an authorised representative of the Company with effect from 18 January 2016.

(2) Ms LI Yan Jie was appointed as the chairman and a member of the corporate governance committee with effect from 1 October 2015.

(3) Mr CHEN Feng Yang was re-designated as a Co-chief Executive Officer with effect from 1 October 2015.

(4) Mr WANG Tian Ye was appointed as an executive Director with effect from 1 October 2015.

(5) Mr XU Lei was appointed as the vice chairman and a non-executive Director with effect from 1 October 2015.

(6) Mr LEE Sai Kai David was re-designated as a non-executive Director with effect from 1 September 2015, and resigned as the chairman and a member of the corporate governance committee and an authorised representative of the company with effect from 1 October 2015.

(7) Mr LEUNG Kwong Choi was appointed as an independent non-executive Director and a member of the corporate governance committee with effect from 1 October 2015.

In accordance with Article 84(1) of the Articles of Association, at each annual general meeting, one-third of the Directors for the time being (or, if their number is not a multiple of three, the number nearest to but not less than one-third) shall retire from office by rotation provided that every Director shall be subject to retirement at an annual general meeting at least once every three years. The Directors to retire in every year will be those who have been longest in office since their last re-election or appointment but as between persons who became or were last re-elected Directors on the same day those to retire will (unless they otherwise agree among themselves) be determined by lot.

In accordance with Article 83(3) of the Articles of Association, any Director appointed by the Board as an addition to the existing Board shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election. Mr WANG Tian Ye appointed as an executive Director, Mr XU Lei appointed as a non-executive Director and Mr LEUNG Kwong Choi appointed as an independent non-executive Director by the Board with effect from 1 October 2015.

By virtue of Article 83(3) of the Articles of Association, Mr WANG Tian Ye, Mr XU Lei and Mr LEUNG Kwong Choi will retire from office and, being eligible, will offer themselves for re-election at the AGM.

By virtue of Article 84(1) of the Articles of Association, Mr WONG Chun Hong, Ms LI Yan Jie and Mr BROOKE Charles Nicholas will retire from office and, being eligible, will offer himself/herself for re-election at the AGM.

The Company has received from each of the independent non-executive Directors an annual confirmation of his independence pursuant to Rule 3.13 of the Listing Rules. The Company considers that, as at the date of this report, all of the independent non-executive Directors are independent.

DIRECTORS' AND SENIOR MANAGEMENT'S BIOGRAPHIES

Biographical details of the Directors and the senior management of the Group are set out on pages 72 to 80 of this report.

CHANGES IN DIRECTORS' BIOGRAPHICAL DETAILS

Upon specific enquiry by the Company and based on the confirmations from the Directors, save as disclosed below, there has been no change in the information of the Directors required to be disclosed pursuant to Rule 13.51B of the Listing Rules since the Company's last published annual report:

Mr CHENG Yuk Wo resigned as an independent non-executive director of Imagi International Holdings Limited, a company listed on the Stock Exchange, on 28 January 2016.

DIRECTORS' SERVICE CONTRACTS

Mr XU Lei has entered into an appointment letter with the Company for a term of three years from 1 October 2015. The appointment letter may be terminated in accordance with the provisions in the appointment letter by either party giving to the other not less than three months' prior written notice.

Mr WANG Tian Ye has entered into a service contract with the Company for a term of two years from 1 October 2015. The service contract may be terminated in accordance with the provisions in the service contract by either party giving to the other party not less than three months' written notice.

Mr LEUNG Kwong Choi has entered into a letter of appointment with the Company for a term of three years form 1 October 2015. The letter of appointment may be terminated in accordance with the provisions in the letter of appointment by either party giving to the other party not less than three months' written notice.

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

DIRECTORS' REMUNERATION

The Directors' fees are subject to shareholders' approval at general meetings. Other emoluments are determined by the Company's Chief Executive Officer and reviewed by the Remuneration Committee with reference to salaries paid by comparable companies, time commitment and responsibilities of the Directors, performance and contributions of the Directors and also the change in market conditions.

DIRECTORS' INTERESTS IN TRANSACTION, ARRANGEMENT OR CONTRACT

Save as disclosed in note 30 to the financial statements, there is no transaction, arrangement or contract of significance subsisting during or at the end of the financial year under review in which a Director or an entity connected with a Director is or was materially interested, either directly or indirectly.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

As at 31 December 2015, the interests and short positions of the Directors and the Chief Executive Officer of the Company in the Shares, underlying Shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the SFO (i) which were required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or (ii) which were required, pursuant to section 352 of the SFO to be entered in the register referred to therein; or (iii) which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code contained in the Listing Rules, were as follows:

(i) Long positions in Shares and underlying Shares of the Company

Name of Director	Type of interest	Number of Shares held (Shares) (a)	Number of Share options held (Shares) (b)	Number of PCSs held (Shares) (c)	Total number of Shares and underlying Shares held (Note 1) (a)+(b)+(c)	Approximate percentage of issued Shares (%)
Mr WONG Chun Hong ("**Mr WONG**") (Note 2)	Interest in a controlled corporation	148,500	–	–	148,500 Shares (L)	0.01
	Settlor of a trust	295,593,500	–	238,552,800	534,146,300 Shares (L)	45.21
	Beneficial owner	–	1,400,000	–	1,400,000 Shares (L)	0.12
Ms LI Yan Jie ("**Ms LI**") (Note 3)	Beneficial owner	–	13,120,000	–	13,120,000 Shares (L)	1.11
Mr CHEN Feng Yang ("**Mr CHEN**") (Note 4)	Beneficial owner	2,805,600	15,634,000	–	18,439,600 Shares (L)	1.56
Mr WANG Tian Ye ("**Mr WANG**") (Note 5)	Beneficial owner	110,000	10,000,000	–	10,110,000 Shares (L)	0.86
Mr CHIANG Kok Sung Lawrence ("**Mr CHIANG**") (Note 6)	Beneficial owner	1,890,000	1,000,000	–	2,890,000 Shares (L)	0.24
Mr LEE Sai Kai David ("**Mr LEE**") (Note 7)	Beneficial owner	20,331,900	420,000	–	20,751,900 Shares (L)	1.76
Mr CHENG Yuk Wo ("**Mr CHENG**") (Note 8)	Beneficial owner	–	1,420,000	–	1,420,000 Shares (L)	0.12
Mr BROOKE Charles Nicholas ("**Mr BROOKE**") (Note 9)	Beneficial owner	–	1,420,000	–	1,420,000 Shares (L)	0.12
Professor WU Si Zong ("**Professor WU**") (Note 10)	Beneficial owner	–	1,420,000	–	1,420,000 Shares (L)	0.12

Notes:

(1) The letter "L" denotes the Director's long position in the Shares or underlying Shares.

(2) Kang Jun Limited ("**Kang Jun**") is wholly-owned by Mr WONG. By virtue of the SFO, Mr WONG is deemed to be interested in 148,500 Shares held by Kang Jun. Chance Again is wholly-owned by BVI Co. The entire issued share capital of BVI Co is wholly-owned by HSBC International Trustee as the trustee of the Wong Family Trust and the beneficiaries of which include Mr WONG's family members. Mr WONG is the settlor and the protector of the WONG Family Trust. By virtue of the SFO, Mr WONG is deemed to be interested in 295,593,500 Shares held by Chance Again and 238,552,800 underlying Shares in relation to the PCSs held by Chance Again, and Mr WONG's long position of 1,400,000 options granted to him by the Company under the Post-IPO Share Option Scheme (Lot 1). These share options, all of which remained exercisable as at 31 December 2015, were exercisable at the subscription price of HK$2.264 per Share during the period from 26 June 2013 to 25 June 2022.

(3) Ms LI's long position in the underlying Shares comprises (i) 420,000 options granted to her by the Company under the Post-IPO Share Option Scheme (Lot 1), (ii) 2,700,000 options granted to her by the Company under the Post-IPO Share Option Scheme (Lot 2) and (iii) 10,000,000 options granted to her by the Company under the Post-IPO Share Option Scheme (Lot 3). These share options, all of which remained exercisable as at 31 December 2015, were exercisable as to (i) 420,000 share options (Lot 1) at the subscription price of HK$2.264 per Share during the period from 26 June 2013 to 25 June 2022, (ii) 2,700,000 share options (Lot 2) at the subscription price of HK$4.140 per Share during the period from 20 June 2014 to 19 June 2023, and (iii) 10,000,000 share options (Lot 3) at the subscription price of HK$3,300 per Share during the period from 28 April 2016 to 27 April 2025.

(4) Mr CHEN's long position in the Shares and underlying Shares comprises (i) 1,512,000 Shares beneficially owned by himself, (ii) 1,293,600 Shares granted to him by the Company under the Share Award Scheme, (iii) 3,234,000 options granted to him by the Company under the Pre-IPO Share Option Scheme, (iv) 12,400,000 options granted to him by the Company under the Post-IPO Share Option Schemes which comprises (a) 1,400,000 options granted under the Post-IPO Share Option Scheme (Lot 1), and (b) 1,000,000 options granted under the Post-IPO Share Option Scheme (Lot 2) and (c) 10,000,000 options granted under the Post-IPO Share Option Scheme (Lot 3). These share options, all of which remained exercisable as at 31 December 2015, were exercisable as to (i) 3,234,000 share options (Pre-IPO) at the subscription price of HK$1.780 per Share during the period from 23 March 2012 to 2 December 2020, (ii) 1,400,000 share options (Lot 1) at the subscriptions price of HK$2.264 per Share during the period from 26 June 2013 to 25 June 2022, (iii) 1,000,000 share options (Lot 2) at the subscription price of HK$4.140 per Share during the period from 20 June 2014 to 19 June 2023 and (iv) 10,000,000 share options (Lot 3) at the subscription price of HK$3.300 per Share during the period from 28 April 2016 to 27 April 2025.

(5) Mr WANG's long position in the Shares and underlying Shares comprises (i) 110,000 Shares beneficially owned by himself, and (ii) 10,000,000 options granted to him by the Company under the Post-IPO Share Option Scheme (Lot 5). These share options, all of which remained exercisable as at 31 December 2015, were exercisable at the subscription price of HK$3.45 per Share during the period from 23 October 2016 to 22 October 2025.

(6) Mr CHIANG's long position in the Shares and underlying shares comprises (i) 1,890,000 Shares beneficially owned by himself, and (ii) 1,000,000 options granted to him by the Company under the Post-IPO Share Option Scheme (Lot 3). These share options, all of which remained exercisable as at 31 December 2015, were exercisable at the subscription price of HK$3.300 per Share during the period from 28 April 2016 to 27 April 2025.

(7) Mr LEE's long position in the Shares and underlying Shares comprises (i) 20,331,900 Shares beneficially owned by himself, and (ii) 420,000 options granted to him by the Company under the Post-IPO Share Option Scheme (Lot 1). These share options, all of which remained exercisable as at 31 December 2015, were exercisable at the subscription price of HK$2.264 per Share during the period from 26 June 2013 to 25 June 2022.

(8) Mr CHENG's long position in the underlying Shares comprises (i) 420,000 options granted to him by the Company under the Post-IPO Share Option Scheme (Lot 1) and (ii) 1,000,000 options granted to him by the Company under the Post-IPO Share Option Scheme (Lot 3). These share options, all of which remained exercisable as at 31 December 2015, were exercisable as to (i) 420,000 share options (Lot 1) at the subscription price of HK$2.264 per Share during the period from 26 June 2013 to 25 June 2022 and (ii) 1,000,000 Share options (Lot 3) at the subscription price of HK$3.300 per Share during the period from 28 April 2016 to 27 April 2025.

(9) Mr BROOKE's long position in the underlying Shares comprises (i) 420,000 options granted to him by the Company under the Post-IPO Share Option Scheme (Lot 1) and (ii) 1,000,000 options granted to him by the Company under the Post-IPO Share Option Scheme (Lot 3). These share options, all of which remained exercisable as at 31 December 2015, were exercisable as to (i) 420,000 share options (Lot 1) at the subscription price of HK$2.264 per Share during the period from 26 June 2013 to 25 June 2022 and (ii) 1,000,000 Share options (Lot 3) at the subscription price of HK$3.300 per Share during the period from 28 April 2016 to 27 April 2025.

(10) Professor WU's long position in the underlying Shares comprises (i) 420,000 options granted to him by the Company under the Post-IPO Share Option Scheme (Lot 1) and (ii) 1,000,000 options granted to him by the Company under the Post-IPO Share Option Scheme (Lot 3). These share options, all of which remained exercisable as at 31 December 2015, were exercisable as to (i) 420,000 share options (Lot 1) at the subscription price of HK$2.264 per Share during the period from 26 June 2013 to 25 June 2022 and (ii) 1,000,000 Share options (Lot 3) at the subscription price of HK$3.300 per Share during the period from 28 April 2016 to 27 April 2025.

(ii) Long positions in the Shares of associated corporations

Name of Director	Name of associated corporation	Capacity	Number and class of securities in associated corporation (Note 1)	Percentage of interest in associated corporation (%)
Mr Wong (Note 2)	Chance Again	Settlor of a trust	100 ordinary shares (L)	100

Notes:

(1) The letter "L" denotes the Director's long position in the shares of the relevant associated corporation of the Company.

(2) Chance Again is wholly-owned by BVI Co. The entire issued share capital of BVI Co is wholly-owned by HSBC International Trustee as the trustee of the WONG Family Trust. Mr WONG is the settlor and the protector of the WONG Family Trust. By virtue of the SFO, Mr WONG is deemed to be interested in the 100 shares in Chance Again.

Save as disclosed above, as at 31 December 2015, none of the Directors or the Chief Executive Officer of the Company had or was deemed to have any interests or short positions in the Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required (i) to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO), or (ii) which were required, pursuant to section 352 of the SFO to be entered in the register referred to therein; or (iii) which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code contained in the Listing Rules.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as disclosed in this report, at no time during the year were rights to acquire benefits by means of the acquisition of Shares in or debentures of the Company granted to any of the Directors or their respective spouses or minor children, or were any such rights exercised by them; nor was the Company, its holding company, or any of its subsidiaries or fellow subsidiaries a party to any arrangement to enable the Directors or their respective spouses or minor children to acquire such rights in any other body corporate.

DIRECTORS' INTERESTS IN A COMPETING BUSINESS

For the year ended 31 December 2015, the interests of the Directors in the business which is considered to compete or are likely to compete, either directly or indirectly, with the business of the Group as required to be disclosed pursuant to Rule 8.10 of the Listing Rules were as follows:

Mr XU Lei, a non-executive Director, is the chairman of the board of Yunnan Metropolitan, a company listed on the Shanghai Stock Exchange and engaged in real estate development in the PRC, and is therefore considered to have interest in a business which competes or is likely to compete, either directly or indirectly, with the business of the Group. To the best knowledge of the Directors, Yunnan Metropolitan mainly operates in the Central-Western China region including Yunnan province, Sichuan province, and Shanxi province in the PRC.

The Board considered that the business of Yunnan Metropolitan does not pose material competitive threat to the Group due to the following reasons:

1. As the Group's business focuses in the Pearl River Delta, the Yangtze River Delta, the Central China, Beijing-Tianjin and Chengdu-Chongqing regions in the PRC, the Directors consider that Yunnan Metropolitan an the Group target at different regions of the PRC for their businesses.

2. The Board is independent from the board of directors of Yunnan Metropolitan and Mr XU Lei does not control the Board. The Group is capable of carrying on its businesses independently from, and at arm's length from, the businesses of Yunnan Metropolitan.

Each of the Directors is aware of his/her fiduciary duties as a Director which require, among other things, that he/she acts for the benefit and in the best interests of the Company and avoids any conflicts between his/her duties as a Director and his/her personal interest.

Save as disclosed above, none of the Directors are considered to have interests in a business which competes or is likely to compete, either directly or indirectly, with the businesses of the Group, as defined in the Listing Rules.

PERMITTED INDEMNITY PROVISION

The Articles of Association provide that the Directors are entitled to be indemnified and secured harmless out of the assets and profits of the Company against all actions, costs, charges, losses, damages and expenses which they shall or may incur or sustain in or about the execution of the duties of their office or otherwise in relation thereto, provided that this indemnity shall not extend to any matter in respect of any fraud or dishonesty which may attach to any of the Directors.

The Company has purchased and maintained Directors' liability insurance during the year under review and as at the date of this report, which provides appropriate cover for the Directors.

EQUITY-LINKED AGREEMENTS

Details of the equity-linked agreements entered into during the year or subsisting at the end of the year are set out below:

SHARE OPTION SCHEMES

The Company adopted the Pre-IPO Share Option Scheme and the Share Award Scheme on 2 December 2010 under which the Company granted share options and awarded Shares to certain eligible employees. During the year ended 31 December 2015, 7,572,499 Pre-IPO share options had been exercised by the grantees and a total number of 432 share options had been lapsed upon the resignation of certain grantees. Upon completion of the Bonus Issue on 20 June 2013, adjustment was made to the number of the share options under the Pre-IPO Share Option Scheme in which 9,478,516 share options were additionally granted to the holders of the share options under the Pre-IPO Share Option Scheme. As a result, 13,011,594 share options (representing approximately 1.10% of the issued share capital of the Company as at the date of this report) were outstanding as at 31 December 2015 under the Pre-IPO Share Option Scheme. The Company has also adopted the Post-IPO Share Option Scheme on 28 February 2011 for the purpose of recognising and acknowledging the contribution that eligible employees have made or may make to the Group. On 26 June 2012, 20 June 2013, 28 April 2015, 8 September 2015 and 23 October 2015, the Group granted 15,720,000 share options under the Post-IPO Share Option Scheme (Lot 1), 14,000,000 share options under the Post-IPO Share Option Scheme (Lot 2), 82,650,000 share options under the Post-IPO Share Option Scheme (Lot 3), 3,000,000 share options under the Post-IPO Share Option Scheme (Lot 4) and 10,000,000 share options under the Post-IPO Share Option Scheme (Lot 5), respectively, at the exercise price of HK$2.264 per Share (adjusted), HK$4.14 per Share, HK$3.3 per Share, HK$3.65 per Share and HK$3.45 per Share, respectively, to certain Directors, senior management and selected employees of the Group. Upon completion of the Bonus Issue on 20 June 2013, adjustment was made to the number of the share options under the Post-IPO Share Option Scheme (Lot 1) in which 5,808,000 share options were additionally granted to the holders of Lot 1 under the Post-IPO Share Option Scheme. During the year ended 31 December 2015, a total number of 3,478,500 Post-IPO share options had been exercised by the grantees, a total number of 10,000,000 share options had been cancelled and 6,478,000 Post-IPO shares options had been lapsed upon resignation of grantees. As a result, 102,603,500 share options (representing approximately 8.68% of the issued share capital of the Company as at the date of this report) were outstanding as at 31 December 2015 under the Post-IPO Share Option Scheme.

(a) Pre-IPO Share Option Scheme

(i) Purpose and Participants of the Pre-IPO Share Option Scheme

The Company has adopted the Pre-IPO Share Option Scheme on 2 December 2010 to recognise and acknowledge the contributions that certain of its employees or employees of companies in which the Group holds an interests (excluding the subsidiaries of the Group) ("**Invested Entities**") have made or may make to the Group.

(ii) Implementation

On 3 December 2010, options to subscribe for a total of 34,371,667 Shares were granted to 98 employees of the Group and an Invested Entity ("**Selected Grantees**") under the Pre-IPO Share Option Scheme. During the year ended 31 December 2015, 7,572,499 Shares options had been exercised by the grantees and a total of 432 Shares options had been lapsed upon the resignation of certain grantees. As at 31 December 2015, there were options to subscribe for a total of 13,011,594 Shares (representing approximately 1.10% of the issued share capital of the Company as at the date of this report) granted to 50 Selected Grantees under the Pre-IPO Share Option Scheme and remained outstanding ("**Pre-IPO Options**"). Further details of the options granted under the Pre-IPO Share Option Scheme and remained outstanding at the end of the year under review are set out in note 25(a) to the financial statements.

The Pre-IPO Options were transferred to Great Canyon Investment Limited, a special purpose vehicle incorporated in the British Virgin Islands under the share option trust ("**Share Option Trust**") which holds the Pre-IPO Options on trust for the benefit of the Selected Grantees prior to the vesting of the Pre-IPO Options in accordance with the terms and conditions of the Pre-IPO Share Option Scheme and instrument constituting the Share Option Trust. For the implementation of the Pre-IPO Share Option Scheme, the Share Option Trust was established on 3 December 2010 for the benefit of the Selected Grantees and HSBC Trustee (Hong Kong) Limited ("**HSBC Trustee**") acts as the trustee thereof.

All the Pre-IPO Options were granted at a consideration of HK$1.00 paid by each Selected Grantee and no further options will be granted under the Pre-IPO Share Option Scheme on or after the Listing Date.

(iii) Vesting of the Pre-IPO Options

- Subject to applicable laws and regulations and the paragraphs below, the Pre-IPO Options are to be exercised on or after the Listing Date and are subject to a vesting period of three years commencing from the Listing Date during which 30% of the total Pre-IPO Options granted to a Selected Grantee will vest on each of the first and second anniversary dates of the Listing Date and 40% of the total Pre-IPO Options granted to such Selected Grantee will vest on the third anniversary date of the Listing Date.

- Notwithstanding the paragraph above, unless it is provided for in the employment contract with the relevant Selected Grantee and/or written documents for granting an offer, any Pre-IPO Option granted to a Selected Grantee whose employment with the Group or an Invested Entity is less than one year as at the Listing Date shall be subject to the vesting period of three years from the first anniversary date of the employment commencement date of such Selected Grantee, during which 30% of the total Pre-IPO Options granted to such Selected Grantee will vest on each of the second and third anniversary dates of the employment commencement date and 40% of the total Pre-IPO Options granted to such Selected Grantee will vest on the fourth anniversary date of the employment commencement date.

- Any vesting date of a Selected Grantee is subject to postponement of one year in the event that the performance appraisal of such Selected Grantee is rated at the lowest range for two consecutive years. Notwithstanding the postponement of the vesting date, the vesting period shall remain as a period of three years from the Listing Date or, as the case may be, the first anniversary date of the employment commencement date, and any Pre-IPO Option granted to a Selected Grantee but not vested at the end of the vesting period shall be deemed to have been surrendered by such Selected Grantee forthwith.

- The Pre-IPO Options will become exercisable for a period to be notified by the Advisory Committee to each Selected Grantee and will not be more than 10 years from the date on which the Pre-IPO Option is deemed to have been granted in the manner as stipulated in the Pre-IPO Share Option Scheme.

(iv) Exercise price of the Pre-IPO Options

The exercise price payable upon the exercise of any Pre-IPO Options is at HK$2.492 per Share, subject to any adjustment made in the manner as contemplated under the Pre-IPO Share Option Scheme. Upon completion of the Bonus Issue on 20 June 2013, the exercise price of Pre-IPO Options was adjusted to HK$1.780 per Share.

(v) Other material terms of the Pre-IPO Share Option Scheme

The terms of the Pre-IPO Share Option Scheme are similar to those of the Post-IPO Share Option Scheme except in respect of the following material terms:

- the Pre-IPO Share Option Scheme is not conditional upon listing of Shares of the Company on the Main Board of the Stock Exchange and is not subject to any other conditions;

- the provisions on the granting of options to connected persons (as defined in the Listing Rules) were not included; and

- the Advisory Committee may only grant options under the Pre-IPO Share Option Scheme at any time on a business day (as defined in the Listing Rules) during a period commencing on 2 December 2010 and before the Listing Date. No further options (other than options to subscribe for a total of 34,371,667 Shares already granted under the Pre-IPO Share Option Scheme, of which 30,461,189 options remained outstanding as at 31 December 2013) will be offered under the Pre-IPO Share Option Scheme and accordingly, the Pre-IPO Share Option Scheme does not contain provision relating to the "refreshing" of the 10% limit or the seeking of separate approval for granting options beyond the 10% limit as anticipated in Note 1 of Rule 17.03(3) of the Listing Rules, or the restrictions on the number of shares issued or to be issued under options in any 12-month period to any participant of the Pre-IPO Share Option Scheme not exceeding 1% of the Shares in issue as anticipated in the Note to Rule 17.03(4) of the Listing Rules.

(b) Post-IPO Share Option Scheme

(i) Purpose of the Post-IPO Share Option Scheme

The Company has adopted the Post-IPO Share Option Scheme on 28 February 2011 to recognise and acknowledge the contributions that Eligible Persons (as defined in paragraph (ii) below) have made or may make to the Group.

(ii) Participants of the Post-IPO Share Option Scheme

The Board may at its discretion grant options to: (i) any director, employee, consultant, professional, customer, supplier, agent, partner or adviser of or contractor to the Group or a company in which the Group holds an interest or a subsidiary of such company ("**Affiliate**"); or (ii) the trustee of any trust the beneficiary of which or any discretionary trust the discretionary objects of which include any director, employee, consultant, professional, customer, supplier, agent, partner or adviser of or contractor to the Group or an Affiliate; or (iii) a company beneficially and wholly-owned by any director, employee, consultant, professional, customer, supplier, agent, partner, adviser of or contractor to the Group or an Affiliate ("**Eligible Persons**").

(iii) Subscription price of Shares

The subscription price for any Share under the Post-IPO Share Option Scheme will be a price determined by the Board and notified to each grantee and will be not less than the highest of (i) the closing price of a Share as stated in the Stock Exchange's daily quotations sheet on the date of grant of the relevant option, which must be a business day as defined in the Listing Rules; (ii) an amount equivalent to the average closing price of a Share as stated in the Stock Exchange's daily quotations sheets for the five business days (as defined in the Listing Rules) immediately preceding the date of grant of the relevant option; and (iii) the nominal value of a Share. The subscription price shall also be subject to any adjustments made in a situation contemplated under the Post-IPO Share Option Scheme.

(iv) Maximum number of Shares

The maximum number of Shares in respect of which options may be granted under the Post-IPO Share Option Scheme and any other schemes involving the issue or grant of options or similar rights over Shares or other securities by the Company shall not, in aggregate, exceed 100,000,000 Shares, being 10% of the issued share capital of the Company as at the Listing Date (subject to adjustment under the Post-IPO Share Option Scheme) unless Shareholders' approval has been obtained.

The maximum number of Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Post-IPO Share Option Scheme and any other schemes involving the issue or grant of options or similar rights over Shares or other securities by the Company must not, in aggregate, exceed 30% of the Shares in issue from time to time.

(v) Maximum entitlement of each Eligible Person

No option may be granted to any Eligible Person which, if exercised in full, would result in the total number of Shares issued and to be issued upon exercise of the share options already granted or to be granted to such Eligible Person under the Post-IPO Share Option Scheme (including exercised, cancelled and outstanding share options) in the 12-month period up to and including the date of such new grant exceeding 1% of the issued share capital of the Company as at the date of such new grant. Any grant of further share options above this limit shall be subject to certain requirements provided under the Listing Rules.

Any grant of options to any Director, chief executive (as defined in the Listing Rules) or substantial Shareholder (as defined in the Listing Rules) or any their respective associates (as defined in the Listing Rules) must be approved by the independent non-executive Directors (but excluding, for all purposes, any independent non-executive Director who is a proposed grantee).

Where any grant of options to a substantial Shareholder or an independent non-executive Director or their respective associates would result in the total number of the Shares issued and to be issued upon exercise of the options granted and to be granted (including options exercised, cancelled and outstanding) to such person in any 12-month period up to and including the date of the grant:

(a) representing in aggregate over 0.1% of the Shares in issue; and

(b) having an aggregate value, based on the closing price of the Shares at the date of each grant, in excess of HK$5.0 million,

such further grant of options must be approved by the Shareholders.

(vi) Time of exercise of the Options

Subject to certain restrictions contained in the Post-IPO Share Option Scheme, an option may be exercised in accordance with the terms of the Post-IPO Share Option Scheme and the terms of grant thereof at any time during the applicable option period, which is not more than 10 years from the date of grant of option.

(vii) Payment on acceptance of Option offer

HK$1.00 is payable by the Eligible Person to the Company on acceptance of the option offered as consideration for the grant. The offer of a grant of share options may be accepted within 21 business days from the date of offer.

(viii) Remaining life of the Post-IPO Share Option Scheme

The Post-IPO Share Option Scheme will remain valid for a period of 10 years commencing on the effective date of the Post-IPO Share Option Scheme, that is 22 March 2011, after which no further options will be issued but the provisions of the Scheme shall remain in full force and effect to the extent necessary to give effect to the exercise of any options granted prior thereto or otherwise as may be required in accordance with the provisions of the Scheme.

(ix) Present status of the Post-IPO Share Option Scheme

On 26 June 2012, 20 June 2013, 28 April 2015, 8 September 2015 and 23 October 2015, the Group granted 15,720,000 share options under the Post-IPO Share Option Scheme (Lot 1), 14,000,000 share options under the Post-IPO Share Option Scheme (Lot 2), 82,650,000 share options under the Post-IPO Share Option Scheme (Lot 3), 3,000,000 share options under the Post-IPO Share Option Scheme (Lot 4) and 10,000,000 share options under the Post-IPO Share Option Scheme (Lot 5), respectively, at the exercise price of HK$2.264 per Share (adjusted), HK$4.14 per Share, HK$3.3 per Share, HK$3.65 per Share and HK$3.45 per Share, respectively, to certain Directors, senior management and selected employees of the Group. Upon completion of the Bonus Issue on 20 June 2013, adjustment was made to the number of the share options under the Post-IPO Share Option Scheme (Lot 1) in which 5,808,000 share options were additionally granted to the holders of Lot 1 under the Post-IPO Share Option Scheme and the exercise price was adjusted to HK$2.264. During the year ended 31 December 2015, a total number of 3,478,500 Post-IPO share options had been exercised by the grantees, a total number of 10,000,000 share options had been cancelled and 6,478,000 Post-IPO shares options had been lapsed upon resignation of grantees. As a result, 102,603,500 share options (representing approximately 8.68% of the issued share capital of the Company as at the date of this report) were outstanding as at 31 December 2015 under the Post-IPO Share Option Scheme.

CONVERTIBLE BONDS

Details of the convertible bonds agreements entered into during the year ended 31 December 2015 are set out below:

On 28 December 2015, the Company entered into the First Tranche Subscription Agreement (the "**First Tranche Agreement**") with the first tranche investors pursuant to which, the Company has agreed to issue, and the first tranche investors have agreed to subscribe and pay for, the first tranche bonds in the aggregate principal amount of US$100 million. Assuming full conversion of the first tranche bonds at the initial conversion price of HK$3.8298 per Share, the first tranche bonds will be convertible into 202,478,518 Shares (subject to adjustment). Details of the conditions precedent under the First Tranche Agreement are set out from pages 4 to 6 of the announcement of the Company dated 29 December 2015. All conditions precedent had been satisfied and the completion of the First Tranche Agreement took place on 6 January 2016. The Company received from the first tranche investors the aggregate principal amount of US$100 million and the first tranche bonds in the aggregate principal amount of US$100 million were issued to the first tranche investors on 6 January 2016. As at the latest practicable date prior to the issue of this report, no conversion rights in respect of the first tranche bonds had been exercised. For details, please refer to the Company's announcement dated 29 December 2015.

On 28 December 2015, the Company entered into the Second Tranche Agreement with the second tranche investors pursuant to which, the Company has agreed to issue, and the second tranche investors have agreed to subscribe and pay for, the second tranche bonds in the aggregate principal amount of US$100 million. Assuming full conversion of the second tranche bonds at the initial conversion price of HK$3.8298 per Share, the second tranche bonds will be convertible into 202,478,518 Shares (subject to adjustment). Details of the conditions precedent under the Second Tranche Agreement are set out from pages 6 to 8 of the announcement of the Company dated 29 December 2015. All conditions precedent had been satisfied and the completion of the Second Tranche Agreement took place on 21 March 2016. The Company received from the second tranche investors the aggregate principal amount of US$100 million and the second tranche bonds in the aggregate principal amount of US$100 million were issued to the second tranche investors on 21 March 2016. As at the latest practicable date prior to the issue of this report, no conversion rights in respect of the second tranche bonds had been exercised. For details, please refer to the Company's announcement and circular dated 29 December 2015 and 26 February 2016, respectively.

The Directors considered that the issue of the first tranche bonds and the second tranche bonds represented an opportunity to broaden the capital base of the Company and to gain immediate access to funding on attractive terms.

PERPETUAL SUBORDINATED CONVERTIBLE SECURITIES ("PCSs")

Details of the deed poll in relation to the bonus issue of the PCSs subsisting at the financial year ended 31 December 2015 are set out below:

On 20 June 2013, the Company executed the deed poll in relation to the bonus issue of HK$25,092,080 PCSs. The bonus PCSs will be irredeemable but will have conversion rights entitling the bonus PCS holders to convert into an aggregate of 250,920,800 Shares (subject to adjustment). The conditions precedent of the bonus issue of the PCSs are set out on page 9 of the Company's announcement dated 27 March 2013. All the conditions precedent of the issue of the PCSs had been fulfilled on 20 June 2013. As at the latest practicable date prior to the issue of this report, HK$1,236,800 PCSs had been converted into 12,368,000 Shares, and there were HK$23,855,280 outstanding PCSs which will be convertible into 238,552,800 Shares (subject to adjustment). For details, please refer to the Company's announcement dated 27 March 2013.

The Directors considered that the bonus issue of the PCSs was a feasible and practical solution to restore the minimum public float of the Shares.

SHARE AWARD SCHEME

(i) Purpose and Participants of the Share Award Scheme

The Company has adopted the Share Award Scheme on 2 December 2010 to recognise and acknowledge the contributions of certain of its employees or employees of the Invested Entities, especially those whom the Company considers have contributed to the early development and growth of the Group and to align their interests with those of the Shareholders.

(ii) Implementation

Pursuant to the Share Award Scheme, a total of 35 employees of the Group and the Invested Entity ("**Selected Employees**") were awarded 6,452,000 Shares (after the Capitalisation Issue (as defined in the Prospectus)) ("**Awarded Shares**"). None of the Awarded Shares was awarded to the Directors. On 3 December 2010, 2,024 Shares were contributed and transferred by Chance Again to the Selected Employees which were immediately transferred to Marble World Holdings Limited ("**Marble World**"), a special purpose vehicle incorporated in the British Virgin Islands under the Share Award Trust which holds such Shares and will hold further Shares to be issued to it pursuant to the Capitalisation Issue on trust for the benefit of the Selected Employees prior to the vesting of the Awarded Shares in accordance with the terms and conditions of the Share Award Scheme and instrument constituting a trust of which HSBC Trustee acts as the trustee and the beneficiary objects include employees of the Group and the Invested Entities as grantees under the Share Award Scheme ("**Share Award Trust**"). For the implementation of the Share Award Scheme, the Share Award Trust was established on 3 December 2010 for the benefit of the Selected Employees and HSBC Trustee acts as the trustee thereof.

As at 31 December 2015, the Company has granted all Awarded Shares to certain eligible employees under the share award scheme. As a result, based on the Directors' knowledge, no Awarded Shares was outstanding as at 31 December 2015 under the Share Award Scheme.

(iii) Vesting of the Awarded Shares

- Prior to the vesting of the Awarded Shares, the Selected Employees are not entitled to any rights attaching to the unvested Awarded Shares, including but not limited to voting rights, rights to dividends or other distributions.

- Subject to the following paragraphs and the terms of the Share Award Scheme, the grant of the Awarded Shares to a Selected Employee is subject to a vesting period of three years commencing from the relevant date on which the Awarded Share(s) was/were awarded ("**Date of Award**"), during which 30% of the total Awarded Shares granted to such Selected Employee will vest on each of the first and second anniversary dates of the Date of Award and 40% of the total Awarded Shares granted to such Selected Employee will vest on the third anniversary date of the Date of Award.

- Unless it is provided for in the employment contract with the relevant Selected Employee, any Awarded Shares granted to a Selected Employee whose employment with the Group or an Invested Entity is less than one year at the Date of Award shall be subject to the vesting period of three years from the first anniversary date of the employment commencement date of such Selected Employee, during which 30% of the total Awarded Shares granted to such Selected Employee will vest on each of the second and third anniversary dates of the employment commencement date and 40% of the total Awarded Shares granted to such Selected Employee will vest on the fourth anniversary date of the employment commencement date.

- The vesting date is subject to postponement of one year in the event that the performance appraisal of such Selected Employee is rated at the lowest range for two consecutive years.

- Notwithstanding the postponement of the vesting date, the vesting period shall remain as a period of three years from the Date of Award or, as the case may be, the first anniversary date of the employment commencement date, and any Awarded Shares granted to a Selected Employee but not vested at the end of the vesting period shall be deemed to have been surrendered by such Selected Employee forthwith.

- The Awarded Shares will be vested to each Selected Employee at nil consideration.

- As at the vesting of the Awarded Shares, the Awarded Shares together with all the dividends and other distributions accrued thereon from the Date of Award to the vesting date of the relevant Awarded Shares (both dates inclusive), and all rights and benefits deriving from such Awarded Shares on or after such vesting will be vested in the relevant Selected Employees.

Further details of the Share Award Scheme are disclosed in note 25(b) to the financial statements.

CONTRACT OF SIGNIFICANCE

No contract of significance had been entered into between the Company or any of its subsidiaries and the controlling shareholder of the Company or any of its subsidiaries during the year under review.

There is no contract of significance for the provision of services to the Company or any of its subsidiaries by the controlling shareholder of the Company or any of its subsidiaries.

MANAGEMENT CONTRACTS

No contracts, other than employment contracts, concerning the management and administration of the whole or any substantial part of the business of the Company or any of its subsidiaries were entered into or existed during the year under review.

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SHARES OR UNDERLYING SHARES OF THE COMPANY

As at 31 December 2015, so far as is known to any Director or the chief executive officer of the Company, the following persons (other than a Director or the chief executive officer of the Company) 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 or which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, who was, directly or indirectly, interested in 5% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at the general meetings of any other members of the Group:

Name	Capacity	Number of Shares held (Shares) (a)	Number of Share options held (Shares) (b)	Number of PCSs held (Shares) (c)	Number of convertible bonds held (Shares) (d)	Total number of Shares and underlying Shares held (Note 1) (a)+(b)+(c)+(d)	Approximate percentage of issued Shares (%)
Chance Again (Note 2)	Beneficial owner	295,593,500	–	238,552,800	–	534,146,300 Shares (L)	45.21
BVI Co (Note 2)	Interest in a controlled corporation	295,593,500	–	238,552,800	–	534,146,300 Shares (L)	45.21
HSBC International Trustee (Note 2)	Trustee of a trust	295,593,500	–	238,552,800	–	534,146,300 Shares (L)	45.21
Ms LIU Choi Lin ("**Ms LIU**") (Notes 2 & 3)	Interest of spouse	295,742,000	1,400,000	238,552,800	–	535,694,800 Shares (L)	45.34
Caiyun (Note 4)	Beneficial owner	325,000,000	–	–	–	325,000,000 Shares (L)	27.51
YMCI (Note 4)	Interest in a controlled corporation	325,000,000	–	–	–	325,000,000 Shares (L)	27.51
APG Algemene Pensioen Groep NV	Investment manager	80,856,500	–	–	–	80,856,500 Shares (L)	6.84
Metro Holdings Limited (Note 5)	Interest in a controlled corporation	228,390,110	–	–	–	228,390,110 Shares (L)	19.33
Lord Business Holding IV Limited (Note 6)	Interest in a controlled corporation	–	–	–	141,734,963	141,734,963 Shares (L)	11.99
Pacific Alliance Asia Opportunity Fund L.P. (Note 6)	Interest in a controlled corporation	–	–	–	141,734,963	141,734,963 Shares (L)	11.99
Pacific Alliance Group Asset Management Limited (Note 6)	Interest in a controlled corporation	–	–	–	141,734,963	141,734,963 Shares (L)	11.99
Pacific Alliance Group Limited (Note 6)	Interest in a controlled corporation	–	–	–	141,734,963	141,734,963 Shares (L)	11.99
Pacific Alliance Investment Management Limited (Note 6)	Interest in a controlled corporation	–	–	–	141,734,963	141,734,963 Shares (L)	11.99
PAG Holdings Limited (Note 6)	Beneficial owner	–	–	–	141,734,963	141,734,963 Shares (L)	11.99

Name	Capacity	Number of Shares held (Shares) (a)	Number of Share options held (Shares) (b)	Number of PCSs held (Shares) (c)	Number of convertible bonds held (Shares) (d)	Total number of Shares and underlying Shares held (Note 1) (a)+(b)+(c)+(d)	Approximate percentage of issued Shares (%)
China Great Wall Asset Management Corporation (Note 7)	Beneficial owner	–	–	–	101,239,259	101,239,259 Shares (L)	8.57
Great Wall Pan Asia International Investment Co., Limited (Note 7)	Interest in a controlled corporation	–	–	–	101,239,259	101,239,259 Shares (L)	8.57
China Orient Asset Management Corporation (Note 8)	Beneficial owner	–	–	–	60,743,555	60,743,555 Shares (L)	5.14

Notes:

(1) The letter "L" denotes the person's long position in the Shares or underlying Shares of the Company.

(2) Chance Again is wholly-owned by BVI Co. The entire issued share capital of BVI Co is wholly-owned by HSBC International Trustee as the trustee of the WONG Family Trust. Mr WONG is the settlor and the protector of the WONG Family Trust. By virtue of the SFO, Mr WONG is deemed to be interested in the 295,593,500 Shares held by Chance Again and 238,552,800 underlying Shares in relation to the PCSs held by Chance Again.

(3) Ms LIU is the spouse of Mr WONG. By virtue of the SFO, Ms LIU is deemed to be interested in all the Shares and underlying Shares in which Mr WONG is interested.

(4) 325,000,000 Shares were held by Caiyun, which is wholly-owned by YMCI. Accordingly, YMCI is deemed to be interested in all the Shares held by Caiyun.

(5) 227,970,810 Shares were held by Crown Investments Limited which was in turn wholly-owned by Metro China Holdings Pte Ltd which was in turn wholly-owned by Metro Holdings Limited. 419,300 Shares were held by Meren Pte Ltd which was in turn wholly-owned by Metro Holdings Limited. By virtue of the SFO, Metro Holdings Limited is deemed to be interested in the 227,970,810 Shares and 419,300 Shares held by Crown Investments Limited and Meren Pte Ltd, respectively.

(6) 141,734,963 underlying Shares in relation to the first tranche bonds were held by PAG Holdings Limited. PAG Holdings Limited owned 99.17% of Pacific Alliance Group Limited. Pacific Alliance Group Limited owned 90% of Pacific Alliance Investment Management Limited. Pacific Alliance Investment Management Limited owned 100% of Pacific Alliance Group Asset Management Limited. Pacific Alliance Group Asset Management Limited was the general partner of Pacific Alliance Asia Opportunity Fund L.P. Pacific Alliance Asia Opportunity Fund L.P. owned 100% of Lord Business Holding IV Limited. Accordingly, Lord Business Holding IV Limited is deemed to be interested in all the underlying Shares in which PAG Holdings Limited is interested.

(7) 101,239,259 underlying Shares in relation to the first tranche bonds were held by China Great Wall Asset Management Corporation, which was 99.99% owned by Great Wall Pan Asia International Investment Co. Ltd. Great Wall Pan Asia International Investment Co. Ltd. is deemed to be interested in 99.99% underlying Shares in which China Great Wall Asset Management Corporation is interested.

(8) 60,743,555 underlying Shares in relation to the first tranche bonds were held by China Orient Asset Management Corporation.

Save as disclosed above, as at 31 December 2015, no person (other than a Director or the Chief Executive Officer of the Company) had any 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 or which would fall to be disclosed to the Company and the Stock Exchange pursuant to Divisions 2 and 3 of Part XV of the SFO.

COMPLIANCE OF NON-COMPETITION UNDERTAKINGS

To protect the Group from potential competition, Mr WONG entered into a deed of non-competition ("**Deed of Non-Competition**") with the Company pursuant to which he represents, warrants and undertakes to the Company (for itself and for the benefit of the other members of the Group), among other things, that other than through the Group, neither he nor any of his associates is currently interested, involved or engaged, or is likely to be interested, involved or engaged, directly or indirectly, in any business which is or is about to be engaged in any business which competes or is likely to compete directly or indirectly with the Group's business. Details of the Deed of Non-Competition have been set out in the paragraph headed "Non-Competition Undertakings from Mr WONG" in the section headed "Relationship with our Controlling Shareholders and the Scarborough Group" of the Prospectus.

The Company has received the annual confirmation from Mr WONG in respect of his compliance with the terms of the Deed of Non-Competition.

In order to ensure compliance by Mr WONG of the Deed of Non-Competition and to manage any potential conflict of interests arising from the business of the Controlling Shareholders and to safeguard the interests of the Shareholders, the Company has adopted the following corporate governance measures (the "**Corporate Governance Measures**"):

(a) the independent non-executive Directors have reviewed, on an annual basis, the compliance with the undertakings by Mr WONG under the Deed of Non-Competition;

(b) Mr WONG provided all information requested by the Company which is necessary for the annual review by the independent non-executive Directors of his compliance with the Deed of Non-Competition such as: (i) information on business opportunities including project names, amount of investment and the geographical location which may be identified by him or any of his associate(s); and (ii) information on any property developments conducted by him or any of his associate(s) during the year or a negative confirmation, as appropriate;

(c) the Company disclosed decisions on matters reviewed by the independent non-executive Directors relating to (where applicable) (i) compliance and enforcement of Mr WONG's non-competition undertakings; (ii) the exercise of the pre-emption rights where a business opportunity is referred to the Group; and/or (iii) any decision on the enforcement of breaches of his non-competition undertakings either through the annual reports of the Company, or by way of announcement to the public;

(d) Mr WONG made an annual declaration on compliance with his non-competition undertakings in the annual report of the Company and ensure that the disclosure of details of his compliance with and the enforcement of his non-competition undertakings is consistent with the principles of disclosure in the Corporate Governance Report contained in Appendix 14 to the Listing Rules;

(e) Mr WONG abstained from voting in all meetings of the Shareholders and/or the Board where there is any actual or potential conflicting interest;

(f) the Board has a balanced composition of executive Directors, non-executive Directors and independent non-executive Directors so that there is a strong element on the Board that can effectively exercise independent judgement. With expertise in different professional fields, the Company believes that the independent non-executive Directors have the necessary caliber and expertise to form and exercise independent judgement in the event that conflicts of interest between the Group and the controlling shareholders arise;

(g) in the event that potential conflicts of interest materialise, i.e. where a Director has an interest in a company that would enter into an agreement with the Group, the Director(s) with an interest in the relevant transaction(s) would not be allowed to attend the relevant Board meeting, and would be excluded from the Board deliberation and abstained from voting and would not be counted towards quorum in respect of the relevant resolution(s) at such Board meeting;

(h) in the event that potential conflicts of interest materialise, the controlling shareholders would be required to abstain from voting in the Shareholders' meeting of the Company with respect to the relevant resolution(s); and

(i) the Group is administratively independent from the controlling shareholders as it has its own company secretary, authorised representatives and administrative personnel.

The Directors consider that the above Corporate Governance Measures are sufficient to manage any potential conflict of interests between the Controlling Shareholders and their respective associates and the Group and to protect the interests of the Shareholders, in particular, the minority Shareholders.

The Directors confirm that each of the Corporate Governance Measures has been performed satisfactorily during the financial year ended 31 December 2015.

COMPLIANCE WITH THE RELEVANT LAWS AND REGULATIONS

The Group has compliance policies and procedures in place to ensure adherence to applicable laws, rules and regulations, in particular, those have a significant impact on the Group. The Group would seek professional legal advice from its legal advisers to ensure transactions and business to be performed by the Group are in compliance with the applicable laws and regulations. During the year under review, the Group was not aware of any non-compliance with any relevant laws and regulations that had a significant impact on it.

ENVIRONMENTAL POLICIES AND PERFORMANCE

Acting in an environmentally responsible manner, the Group endeavours to comply with laws and regulations regarding environmental protection and to adopt effective measures to achieve efficient use of resources, energy saving and waste reduction. The Group has implemented internal recycling programme for office consumables such as toner cartridges and paper to minimise the operational impact on the environment and natural resources.

The Group will review its environmental practices from time to time and will implement further eco-friendly measures and practices closely enhancing environmental sustainability.

RELATIONSHIPS WITH THE GROUP'S EMPLOYEES

The Group believes that employees are important and valuable assets. The Group will provide trainings for employees to enhance their knowledge in corporate values and culture and to implement them thoroughly. Meanwhile, the Group accelerates development of young leaders and nurtures them in establishing study-oriented teams and keeps them abreast of updated knowledge and timely development.

The Group also aims to provide competitive and attractive remuneration packages to retain the employees. Management reviews annually the remuneration package offered to employees of the Group. Meanwhile, for the purpose of providing incentives and rewards to eligible participants who contributed to the success of the Group's operations, the Group adopted the Pre-IPO Share Option Scheme, the Share Award Scheme and the Post-IPO Share Option Scheme. Information about these scheme is set out in the paragraph headed "Share Option Schemes" in the Directors' Report.

RELATIONSHIPS WITH THE GROUP'S CUSTOMERS AND SUPPLIERS

The Group values long standing relationships with its suppliers and customers. The Group aims at delivering high quality properties and services to its customers and developing mutual trust and enhancing communication and commitment between the Group and its suppliers, especially the commercial banks and financial institutions as the Group's businesses are capital intensive which require on-going funding to maintain sustainable growth.

SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

(a) On 28 December 2015, the Group entered into the First Tranche Agreement with the first tranche investors for issuance of convertible bonds. The Group agreed to issue and the first tranche investors agreed to subscribe and pay for the first tranche bonds in the aggregate principal amount of US$100 million. All conditions precedent under the First Tranche Agreement had been satisfied and the completion of the First Tranche Agreement took place on 6 January 2016. The first tranche bonds in the aggregate principal amount of US$100 million were issued to the first tranche investors on 6 January 2016.

(b) On 28 December 2015, the Group entered into the Second Tranche Agreement with the second tranche investors for issuance of convertible bonds. The Group agreed to issue and the second tranche investors agreed to subscribe and pay for the second tranche bonds in the aggregate principal amount of US$100 million. All conditions precedent under the Second Tranche Agreement had been satisfied and the completion of the Second Tranche Agreement took place on 21 March 2016. The second tranche bonds in the aggregate principal amount of US$100 million were issued to the second tranche investors on 21 March 2016.

(c) On 12 January 2016, the Group entered into a supplemental cooperation agreement with Jinghai Government, pursuant to which the Group shall surrender the Land to Jinghai Government and Jinghai Government shall compensate the Group for an aggregate compensation amount of RMB316,047,700 (equivalent to approximately HK$376,096,763) for the surrender of the Land in accordance with the land surrender agreements entered into between the Group, the Bureau of Land Resources of Jinghai District, and Tianjin Jinghai District Land Centre. As at 12 January 2016, the total site area of the Land was approximately 369,057 sq.m. For details, please refer to the Company's announcement dated 12 January 2016.

(d) On 15 January 2016, the Group entered into an equity transfer agreement with an independent third party, pursuant to which the Group agreed to sell 3.0558% of the equity interest of 上海楓丹麗舍房地產開發有限公司 (Shanghai Fengdan Lishe Real Estate Development Co., Ltd.*), including the shareholder's loan at the consideration of RMB106,953,000 (equivalent to approximately HK$127,274,070). It is estimated that the Group will record an unaudited gain (before tax) of approximately HK$105,705,000 from the disposal. For details, please refer to the Company's announcement dated 15 January 2016.

(e) On 4 March 2016, the Group entered into a sale and purchase agreement pursuant to which the Group agreed to purchase 85% of the equity interest in 上海環建投資有限公司 (Shanghai Huanjian Investment Company Limited*) from an independent third party and 0.85% of the equity interest in 上海環唐文化傳播有限公司 (Shanghai Huantang Cultural Communication Company Limited*) from another independent third party which owns Shanghai Puxing Project, at a total consideration of RMB752,751,900.76 (equivalent to approximately HK$893,591,781.39). For details, please refer to the Company's announcement dated 7 March 2016.

(f) On 15 March 2016, the Group entered into a share purchase agreement with an independent third party, pursuant to which the Group agreed to purchase and assume the entire issued share capital of Unique Prosper International Limited (宇興國際有限公司) which indirectly owns Shanghai Grand Pujian Residence, and the shareholder loan, respectively. The aggregate value of the consideration is US$88,086,976.14 (equivalent to approximately HK$683,554,935) which comprises (i) the share consideration in the amount of US$33,036,976.14 (equivalent to approximately HK$256,366,935) which is inclusive of the working capital in the amount of US$825,465.37 (equivalent to approximately HK$6,405,611); and (ii) the shareholder loan consideration in the amount of US$55,050,000 (equivalent to approximately HK$427,188,000). The completion of the transaction took place on 30 March 2016. For details, please refer to the Company's announcement dated 15 March 2016.

SUFFICIENCY OF PUBLIC FLOAT

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

AUDITORS

KPMG will retire and a resolution for their re-appointment as auditors of the Company will be proposed at the forthcoming annual general meeting of the Company.

* *For identification purposes only*

ON BEHALF OF THE BOARD
TOP SPRING INTERNATIONAL HOLDINGS LIMITED

WONG Chun Hong
Chairman

Hong Kong
22 March 2016

KPMG

Independent auditor's report to the shareholders of
Top Spring International Holdings Limited
(Incorporated in the Cayman Islands with limited liability)

We have audited the consolidated financial statements of Top Spring International Holdings Limited ("the Company") and its subsidiaries (together "the Group") set out on pages 105 to 181, which comprise the consolidated statement of financial position as at 31 December 2015, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended and a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

AUDITOR'S RESPONSIBILITY

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

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

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

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

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 the Group's financial performance and cash flows for the year then ended in accordance with Hong Kong Financial Reporting Standards and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

KPMG
Certified Public Accountants

8th Floor, Prince's Building
10 Chater Road
Central, Hong Kong

22 March 2016

Consolidated Income Statement

For the year ended 31 December 2015 (Expressed in Hong Kong dollars)

	Note	2015 $'000	2014 $'000
Revenue	3	**10,519,689**	6,971,024
Direct costs		**(7,324,878)**	(4,050,764)
Gross profit		**3,194,811**	2,920,260
Valuation gains on investment properties and investment properties classified as held for sale	12 & 21	**458,981**	416,301
Other revenue	4	**233,361**	251,898
Other net loss	5	**(121,260)**	(39,517)
Selling and marketing expenses		**(243,960)**	(309,355)
Administrative expenses		**(658,953)**	(561,777)
Profit from operations		**2,862,980**	2,677,810
Finance costs	6(a)	**(509,340)**	(652,594)
Share of profits less losses of associates		**(49,820)**	11,892
Share of losses of joint ventures		**(6,997)**	(779)
Profit before taxation	6	**2,296,823**	2,036,329
Income tax	7(a)	**(1,243,072)**	(1,030,472)
Profit for the year		**1,053,751**	1,005,857
Attributable to:			
Equity shareholders of the Company		**773,443**	921,603
Non-controlling interests		**280,308**	84,254
Profit for the year		**1,053,751**	1,005,857
Earnings per share			
Basic	10	**$0.55**	$0.65
Diluted	10	**$0.54**	$0.65

The notes on pages 112 to 181 form part of these financial statements. Details of dividends payable to equity shareholders of the Company and holders of bonus perpetual subordinated convertible securities ("PCSs") attributable to the profit for the year are set out in note 26(b).

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2015 (Expressed in Hong Kong dollars)

	2015 $'000	2014 $'000
Profit for the year	**1,053,751**	1,005,857
Other comprehensive income for the year (after tax and reclassification adjustments)		
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of financial statements of foreign subsidiaries	**(577,436)**	(168,486)
Share of other comprehensive income of associates and joint ventures	**(20,125)**	(17,044)
	(597,561)	(185,530)
Total comprehensive income for the year	**456,190**	820,327
Attributable to:		
Equity shareholders of the Company	**249,150**	760,025
Non-controlling interests	**207,040**	60,302
Total comprehensive income for the year	**456,190**	820,327

The notes on pages 112 to 181 form part of these financial statements.

Consolidated Statement of Financial Position

At 31 December 2015 (Expressed in Hong Kong dollars)

	Note	**2015** $'000	**2015** $'000	2014 $'000	2014 $'000
Non-current assets					
Investment properties	12		**7,116,034**		9,298,671
Other property, plant and equipment	12		**362,090**		425,138
Interests in leasehold land held for own use under operating leases	12		**3,881**		4,330
			7,482,005		9,728,139
Interest in associates	14		**21,095**		163,030
Interest in joint ventures	15		**230,580**		350,067
Other financial assets	16		**24,143**		194,246
Restricted and pledged deposits	19		**11,939**		194,955
Deferred tax assets	7(c)		**545,727**		501,953
			8,315,489		11,132,390
Current assets					
Inventories	17	**15,752,308**		20,336,578	
Other financial assets	16	**253,701**		125,047	
Trade and other receivables	18	**2,496,253**		1,720,448	
Prepaid tax		**283,132**		48,951	
Restricted and pledged deposits	19	**1,847,879**		3,133,318	
Cash and cash equivalents	20(a)	**3,789,854**		6,374,760	
		24,423,127		31,739,102	
Investment properties classified as held for sale	21	**1,216,821**		–	
		25,639,948		31,739,102	
Current liabilities					
Trade and other payables	22	**10,042,749**		15,106,242	
Bank and other borrowings	23	**6,615,267**		8,487,467	
Tax payable		**4,830,203**		4,288,902	
		21,488,219		27,882,611	
Net current assets			**4,151,729**		3,856,491
Total assets less current liabilities			**12,467,218**		14,988,881
Non-current liabilities					
Bank and other borrowings	23	**2,938,677**		6,653,577	
Note payable	24	**1,167,406**		–	
Deferred tax liabilities	7(c)	**1,058,260**		1,377,701	
			5,164,343		8,031,278
NET ASSETS			**7,302,875**		6,957,603

	Note	2015 $'000	2015 $'000	2014 $'000	2014 $'000
CAPITAL AND RESERVES					
Share capital	26(c)		**118,143**		116,073
Reserves			**6,107,708**		6,000,462
Total equity attributable to equity shareholders of the Company			**6,225,851**		6,116,535
Non-controlling interests			**1,077,024**		841,068
TOTAL EQUITY			**7,302,875**		6,957,603

Approved and authorised for issue by the board of directors on 22 March 2016.

WONG Chun Hong
Director

WANG Tian Ye
Director

The notes on pages 112 to 181 form part of these financial statements.

Consolidated Statement of Changes in Equity

For the year ended 31 December 2015 (Expressed in Hong Kong dollars)

		Attributable to equity shareholders of the Company											
	Note	Share capital $'000	Share premium $'000	Reserve arising from issuance of PCSs $'000	Capital reserve $'000	Exchange reserve $'000	PRC statutory reserves $'000	Property revaluation reserve $'000	Other reserve $'000	Retained profits $'000	Total $'000	Non-controlling interests $'000	Total equity $'000
Balance at 1 January 2014		115,530	1,386,897	25,092	147,836	555,399	593,044	49,843	(471,321)	3,243,676	5,645,996	629,088	6,275,084
Changes in equity for 2014:													
Profit for the year		–	–	–	–	–	–	–	–	921,603	921,603	84,254	1,005,857
Other comprehensive income		–	–	–	–	(161,578)	–	–	–	–	(161,578)	(23,952)	(185,530)
Total comprehensive income		–	–	–	–	(161,578)	–	–	–	921,603	760,025	60,302	820,327
Issuance of new shares under Pre-IPO and Post-IPO Share Option Schemes	26(c)(i)	271	13,997	–	(9,189)	–	–	–	–	–	5,079	–	5,079
Issuance of new shares upon conversion of PCSs	26(c)(ii)	272	–	(272)	–	–	–	–	–	–	–	–	–
Equity settled share-based transactions		–	–	–	14,948	–	–	–	–	–	14,948	–	14,948
Share options and awarded shares forfeited		–	–	–	(33,584)	–	–	–	–	33,584	–	–	–
Awarded shares vested		–	40,434	–	(40,434)	–	–	–	–	–	–	–	–
Transfer to PRC statutory reserves		–	–	–	–	–	73,160	–	–	(73,160)	–	–	–
Acquisition of subsidiaries		–	–	–	–	–	–	–	–	–	–	177,658	177,658
Disposal of partial interest in a subsidiary		–	–	–	–	–	–	–	(9,325)	9,325	–	7,225	7,225
Acquisition of additional interest in a subsidiary from a non-controlling shareholder		–	–	–	–	–	–	–	194	–	194	(33,205)	(33,011)
Dividend approved in respect of the previous year	26(b)	–	–	–	–	–	–	–	–	(154,756)	(154,756)	–	(154,756)
Dividend declared in respect of the current year	26(b)	–	–	–	–	–	–	–	–	(154,951)	(154,951)	–	(154,951)
Balance at 31 December 2014		116,073	1,441,328	24,820	79,577	393,821	666,204	49,843	(480,452)	3,825,321	6,116,535	841,068	6,957,603

	Note	Attributable to equity shareholders of the Company											
		Share capital $'000	Share premium $'000	Reserve arising from issuance of PCSs $'000	Capital reserve $'000	Exchange reserve $'000	PRC statutory reserves $'000	Property revaluation reserve $'000	Other reserve $'000	Retained profits $'000	Total $'000	Non-controlling interests $'000	Total equity $'000
Balance at 1 January 2015		116,073	1,441,328	24,820	79,577	393,821	666,204	49,843	(480,452)	3,825,321	6,116,535	841,068	6,957,603
Changes in equity for 2015:													
Profit for the year		–	–	–	–	–	–	–	–	773,443	773,443	280,308	1,053,751
Other comprehensive income		–	–	–	–	(524,293)	–	–	–	–	(524,293)	(73,268)	(597,561)
Total comprehensive income		–	–	–	–	(524,293)	–	–	–	773,443	249,150	207,040	456,190
Issuance of new shares under Pre-IPO and Post-IPO Share Option Schemes	26(c)(i)	1,105	53,290	–	(33,041)	–	–	–	–	–	21,354	–	21,354
Issuance of new shares upon conversion of PCSs	26(c)(ii)	965	–	(965)	–	–	–	–	–	–	–	–	–
Equity settled share-based transactions		–	–	–	23,455	–	–	–	–	–	23,455	–	23,455
Share options and awarded shares forfeited		–	–	–	(5,367)	–	–	–	–	5,367	–	–	–
Transfer to PRC statutory reserves		–	–	–	–	–	109,788	–	–	(109,788)	–	–	–
Acquisition of subsidiaries		–	–	–	–	–	–	–	–	–	–	24,826	24,826
Contributions from a non-controlling shareholder		–	–	–	–	–	–	–	–	–	–	12,950	12,950
Acquisition of additional interest in subsidiaries from non-controlling shareholders		–	–	–	26,060	–	–	–	(55,079)	–	(29,019)	(8,860)	(37,879)
Dividend approved in respect of the previous year	26(b)	–	–	–	–	–	–	–	–	(155,624)	(155,624)	–	(155,624)
Balance at 31 December 2015		118,143	1,494,618	23,855	90,684	(130,472)	775,992	49,843	(535,531)	4,338,719	6,225,851	1,077,024	7,302,875

The notes on pages 112 to 181 form part of these financial statements.

Consolidated Cash Flow Statement

For the year ended 31 December 2015 (Expressed in Hong Kong dollars)

	Note	2015 $'000	2014 $'000
Operating activities			
Cash generated from operations	20(b)	**1,126,659**	4,421,974
Tax paid:			
– PRC tax paid		**(1,122,200)**	(1,305,639)
Net cash generated from operating activities		**4,459**	3,116,335
Investing activities			
Payment for purchase of property, plant and equipment		**(12,586)**	(23,133)
Expenditure on development projects		**(40,056)**	(33,736)
Proceeds from sale of other property, plant and equipment		**753**	891
Proceeds from sale of investment properties and investment properties classified as held for sale		**1,103,637**	171,079
Deposits received from sale of investment properties and investment properties classified as held for sale		**489,767**	–
Net cash outflow from acquisition of subsidiaries	20(c)	**(185,054)**	(419,278)
Net cash inflow/(outflow) from disposal of subsidiaries	20(d)	**176,999**	(60,088)
Proceeds from disposal of partial interests in an associate		**2,220**	–
Proceeds from winding up of associates		**–**	48,876
Payment for acquisition of associates		**(42,664)**	(74,727)
Payment for acquisition of a joint venture		**(6,253)**	(25,249)
Capital contribution to associates and a joint venture		**(21,872)**	(53,024)
Advances to associates		**(1,223)**	(56,140)
Advances to a joint venture		**(49,334)**	(277,743)
Advances to non-controlling shareholders		**(203,498)**	(377,596)
Dividends received from an associate		**472**	–
Proceeds from repayment of advances to a joint venture		**86,334**	–
Payment for purchase of wealth management products		**(266,527)**	(138,452)
Proceeds from disposal of wealth management products		**132,949**	–
Proceeds from disposal of available-for-sale investments		**227,714**	–
Interest received		**195,481**	208,157
(Increase)/decrease in restricted and pledged deposits		**(53,379)**	35,327
Net cash generated from/(used in) investing activities		**1,533,880**	(1,074,836)
Financing activities			
Proceeds from issuance of note		**1,217,264**	–
Proceeds from new bank and other borrowings		**3,635,473**	6,782,902
Repayment of bank and other borrowings		**(8,943,884)**	(7,671,106)
Decrease in restricted and pledged deposits		**1,414,795**	1,119,663
Interest and other borrowing costs paid		**(958,248)**	(1,295,262)
Payment for acquisition of additional interests in subsidiaries	20(e)	**(37,879)**	(33,011)
(Repayment to)/advances from non-controlling shareholders		**(134,919)**	248,904
Contributions from a non-controlling shareholder		**12,950**	–
Proceeds from issuance of new shares		**21,354**	5,079
Dividends paid to equity shareholders of the Company and holders of PCSs	26(b)	**(155,624)**	(309,707)
Net cash used in financing activities		**(3,928,718)**	(1,152,538)
Net (decrease)/increase in cash and cash equivalents		**(2,390,379)**	888,961
Cash and cash equivalents at 1 January	20(a)	**6,374,760**	5,606,262
Effect of foreign exchange rate changes		**(194,527)**	(120,463)
Cash and cash equivalents at 31 December	20(a)	**3,789,854**	6,374,760

The notes on pages 112 to 181 form part of these financial statements.

1 GENERAL INFORMATION

Top Spring International Holdings Limited ("the Company") was incorporated in the Cayman Islands as an exempted company with limited liability on 25 August 2009 under the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The Company's shares were listed on the Main Board of The Stock Exchange of Hong Kong Limited ("Stock Exchange") on 23 March 2011 ("Listing Date").

The principal activity of the Company is investment holding and the principal activities of its subsidiaries are property development, property investment, hotel operations and provision of property management and related services in the People's Republic of China (the "PRC").

2 SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of compliance

These financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs"), which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange ("the Listing Rules"). A summary of the significant accounting policies adopted by the Company and its subsidiaries (collectively referred to as "the Group") is set out below.

The HKICPA has issued certain new and revised HKFRSs that are first effective or available for early adoption for the current accounting period of the Group and the Company. Note 2(c) provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current and prior accounting periods reflected in these financial statements.

(b) Basis of preparation of the financial statements

The consolidated financial statements for the year ended 31 December 2015 comprise the Group and the Group's interest in associates and joint ventures.

The measurement basis used in the preparation of the financial statements is the historical cost basis except that the following assets are stated at their fair value as explained in the accounting policies set out below:

– investment properties (see note 2(i));

– financial instruments classified as available-for-sale securities (see note 2(g)); and

Non-current assets held for sale are stated at the lower of carrying amount and fair value less costs to sell (see note 2(y)).

The preparation of financial statements in conformity with HKFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

2 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(b) Basis of preparation of the financial statements (Continued)

The estimates and underlying assumptions are reviewed on an ongoing 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.

Judgements made by management in the application of HKFRSs that have significant effect on the financial statements and major sources of estimation uncertainty are discussed in note 34.

(c) Changes in accounting policies

The HKICPA has issued the following amendments to HKFRSs that are first effective for the current accounting period of the Group:

– *Annual Improvements to HKFRSs 2010–2012 Cycle*

– *Annual Improvements to HKFRSs 2011–2013 Cycle*

None of these developments has had a material effect on how the Group's results and financial position for the current or prior periods have been prepared or presented.

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

(d) Subsidiaries and non-controlling interests

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. When assessing whether the Group has power, only substantive rights (held by the Group and other parties) are considered.

An investment in a subsidiary is consolidated into the consolidated financial statements from the date that control commences until the date that control ceases. Intra-group balances, transactions and cash flows and any unrealised profits arising from intra-group transactions are eliminated in full in preparing the consolidated financial statements. Unrealised losses resulting from intra-group transactions are eliminated in the same way as unrealised gains but only to the extent that there is no evidence of impairment.

Non-controlling interests represent the equity in a subsidiary not attributable directly or indirectly to the Company, and in respect of which the Group has not agreed any additional terms with the holders of those interests which would result in the Group as a whole having a contractual obligation in respect of those interests that meets the definition of a financial liability. For each business combination, the Group can elect to measure any non-controlling interests either at fair value or at the non-controlling interests' proportionate share of the subsidiary's net identifiable assets.

Non-controlling interests are presented in the consolidated statement of financial position within equity, separately from equity attributable to the equity shareholders of the Company. Non-controlling interests in the results of the Group are presented on the face of the consolidated income statement and the consolidated statement of comprehensive income as an allocation of the total profit or loss and total comprehensive income for the year between non-controlling interests and the equity shareholders of the Company. Loans from holders of non-controlling interests and other contractual obligations towards these holders are presented as financial liabilities in accordance with notes 2(p) or (q) depending on the nature of the liability.

2 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(d) Subsidiaries and non-controlling interests (Continued)

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions, whereby adjustments are made to the amounts of controlling and non-controlling interests within consolidated equity to reflect the change in relative interests, but no adjustments are made to goodwill and no gain or loss is recognised.

When the Group loses control of a subsidiary, it is accounted for as a disposal of the entire interest in that subsidiary, with a resulting gain or loss being recognised in profit or loss. Any interest retained in that former subsidiary at the date when control is lost is recognised at fair value and this amount is regarded as the fair value on initial recognition of a financial asset (see note 2(g)) or, when appropriate, the cost on initial recognition of an investment in an associate or a joint venture (see note 2(e)).

In the Company's statement of financial position, an investment in a subsidiary is stated at cost less impairment losses (see note 2(m)), unless the investment is classified as held for sale (or included in a disposal group that is classified as held for sale).

(e) Associates and joint ventures

An associate is an entity in which the Group or Company has significant influence, but not control or joint control, over its management, including participation in the financial and operating policy decisions.

A joint venture is an arrangement whereby the Group or Company and other parties contractually agree to share control of the arrangement, and have rights to the net assets of the arrangement.

An investment in an associate or a joint venture is accounted for in the consolidated financial statements under the equity method, unless it is classified as held for sale (or included in a disposal group that is classified as held for sale). Under the equity method, the investment is initially recorded at cost, adjusted for any excess of the Group's share of the acquisition-date fair values of the investee's identifiable net assets over the cost of the investment (if any). Thereafter, the investment is adjusted for the post acquisition change in the Group's share of the investee's net assets and any impairment loss relating to the investment (see note 2(f) and (m)). Any acquisition-date excess over cost, the Group's share of the post-acquisition, post-tax results of the investees and any impairment losses for the year are recognised in the consolidated income statement, whereas the Group's share of the post-acquisition post-tax items of the investees' other comprehensive income is recognised in the consolidated statement of comprehensive income.

When the Group's share of losses exceeds its interest in the associate or the joint venture, the Group's interest is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the investee. For this purpose, the Group's interest is the carrying amount of the investment under the equity method together with the Group's long-term interests that in substance form part of the Group's net investment in the associate or the joint venture.

Unrealised profits and losses resulting from transactions between the Group and its associates and joint ventures are eliminated to the extent of the Group's interest in the investee, except where unrealised losses provide evidence of an impairment of the asset transferred, in which case they are recognised immediately in profit or loss.

If an investment in an associate becomes an investment in a joint venture or vice versa, retained interest is not remeasured. Instead, the investment continues to be accounted for under the equity method.

2 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(e) Associates and joint ventures (Continued)

In all other cases, when the Group ceases to have significant influence over an associate or joint control over a joint venture, it is accounted for as a disposal of the entire interest in that investee, with a resulting gain or loss being recognised in profit or loss. Any interest retained in that former investee at the date when significant influence or joint control is lost is recognised at fair value and this amount is regarded as the fair value on initial recognition of a financial asset (see note 2(g)).

(f) Goodwill

Goodwill represents the excess of

(i) the aggregate of the fair value of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the Group's previously held equity interest in the acquiree; over

(ii) the net fair value of the acquiree's identifiable assets and liabilities measured as at the acquisition date.

When (ii) is greater than (i), then this excess is recognised immediately in profit or loss as a gain on a bargain purchase.

Goodwill is stated at cost less accumulated impairment losses. Goodwill arising on a business combination is allocated to each cash-generating unit, or groups of cash-generating units, that is expected to benefit from the synergies of the combination and is tested annually for impairment (see note 2(m)).

On disposal of a cash-generating unit during the year, any attributable amount of purchased goodwill is included in the calculation of the profit or loss on disposal.

(g) Other investments in debt and equity securities

The Group's policies for investments in debt and equity securities, other than investments in subsidiaries, associates and joint ventures, are as follows:

Investments in debt and equity securities are initially stated at fair value, which is their transaction price unless it is determined that the fair value at initial recognition differs from the transaction price and that fair value is evidenced by a quoted price in an active market for an identical asset or liability or based on a valuation technique that uses only data from observable markets. Cost includes attributable transaction costs, except where indicated otherwise below. These investments are subsequently accounted for as follows:

Investments in securities are classified as available-for-sale securities. At the end of each reporting period the fair value is remeasured, with any resultant gain or loss being recognised in other comprehensive income and accumulated separately in equity in the fair value reserve. As an exception to this, investments in equity securities that do not have a quoted price in an active market for an identical instrument and whose fair value cannot otherwise be reliably measured are recognised in the statement of financial position at cost less impairment losses (see note 2(m)). Dividend income from equity securities and interest income from debt securities calculated using the effective interest method are recognised in profit or loss in accordance with the policies set out in notes 2(v)(v) and 2(v)(vi), respectively. Foreign exchange gains and losses resulting from changes in the amortised cost of debt securities are also recognised in profit or loss.

When the investments are derecognised or impaired (see note 2(m)), the cumulative gain or loss recognised in equity is reclassified to profit or loss. Investments are recognised/derecognised on the date the Group commits to purchase/sell the investments or they expire.

2 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(h) Derivative financial instruments

Derivative financial instruments are recognised initially at fair value. At the end of each reporting period the fair value is remeasured. The gain or loss on remeasurement to fair value is recognised immediately in profit or loss.

(i) Investment properties

Investment properties are land and/or buildings which are owned or held under a leasehold interest (see note 2(l)) to earn rental income and/or for capital appreciation. These include land held for a currently undetermined future use and property that is being constructed or developed for future use as investment property.

Investment properties are stated at fair value, unless they are still in the course of construction or development at the end of the reporting period and their fair value cannot be reliably measured at that time. Any gain or loss arising from a change in fair value or from the retirement or disposal of an investment property is recognised in profit or loss. Rental income from investment properties is accounted for as described in note 2(v)(ii).

When the Group holds a property interest under an operating lease to earn rental income and/or for capital appreciation, the interest is classified and accounted for as an investment property on a property-by-property basis. Any such property interest which has been classified as an investment property is accounted for as if it were held under a finance lease (see note 2(l)), and the same accounting policies are applied to that interest as are applied to other investment properties leased under finance leases. Lease payments are accounted for as described in note 2(l).

(j) Other property, plant and equipment

The following items of property, plant and equipment are stated at cost less accumulated depreciation (see note 2(k)) and impairment losses (see note 2(m)):

– hotel properties;

– other land and buildings; and

– furniture, fixtures and other equipment.

The cost of self-constructed items of property, plant and equipment includes the cost of materials, direct labour, the initial estimate, where relevant, of the costs of dismantling and removing the items and restoring the site on which they are located, and an appropriate proportion of production overheads and borrowing costs (see note 2(x)).

Gains or losses arising from the retirement or disposal of an item of property, plant and equipment are determined as the difference between the net disposal proceeds and the carrying amount of the item and are recognised in profit or loss on the date of retirement or disposal. Any related revaluation surplus is transferred from the property revaluation reserve to retained profits and is not reclassified to profit or loss.

2 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(k) Depreciation of investment properties and other property, plant and equipment

(i) Investment properties and investment properties under development

No depreciation is provided on investment properties and investment properties under development.

(ii) Properties under development for own use

No depreciation is provided until such time as the relevant assets are complete and put into use.

(iii) Hotel properties

Depreciation is calculated to write off the cost of hotel properties using the straight-line method over their estimated useful lives of 3 to 30 years.

(iv) Other land and buildings

Depreciation is provided on the cost of the leasehold land of properties over the unexpired terms of the leases. Costs of buildings thereon are depreciation on a straight-line basis over the unexpired terms of the respective leases or 25 years if shorter.

(v) Furniture, fixtures and other equipment

Depreciation is calculated to write off the cost of furniture, fixtures and other equipment, less their estimated residual value, if any, using the straight-line method over their estimated useful lives of 4 to 8 years.

Where parts of an item of other property, plant and equipment have different useful lives, the cost of the item is allocated on a reasonable basis between the parts and each part is depreciated separately. Both the useful life of an asset and its residual value, if any, are reviewed annually.

(l) Leased assets

An arrangement, comprising a transaction or a series of transactions, is or contains a lease if the Group determines that the arrangement conveys a right to use a specific asset or assets for an agreed period of time in return for a payment or a series of payments. Such a determination is made based on an evaluation of the substance of the arrangement and is regardless of whether the arrangement takes the legal form of a lease.

(i) Classification of assets leased to the Group

Assets that are held by the Group under leases which transfer to the Group substantially all the risks and rewards of ownership are classified as being held under finance leases. Leases which do not transfer substantially all the risks and rewards of ownership to the Group are classified as operating leases, with the following exceptions:

– property held under operating leases that would otherwise meet the definition of an investment property is classified as investment property on a property-by-property basis and, if classified as investment property, is accounted for as if held under a finance lease (see note 2(i)); and

– land held for own use under an operating lease, the fair value of which cannot be measured separately from the fair value of a building situated thereon at the inception of the lease, is accounted for as being held under a finance lease, unless the building is also clearly held under an operating lease. For these purposes, the inception of the lease is the time that the lease was first entered into by the Group, or taken over from the previous lessee.

2 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(l) Leased assets (Continued)

(ii) Operating lease charges

Where the Group has the use of assets held under operating leases, payments made under the leases are charged to profit or loss in equal instalments over the accounting periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased asset. Lease incentives received are recognised in profit or loss as an integral part of the aggregate net lease payments made. Contingent rentals are charged to profit or loss in the accounting period in which they are incurred.

The cost of acquiring land held under an operating lease is amortised on a straight-line basis over the period of the lease term except where the property is classified as an investment property (see note 2(i)) or is held for development for sale (see note 2(n)).

(m) Impairment of assets

(i) Impairment of investments in debt and equity securities and other receivables

Investments in debt and equity securities and other current and non-current receivables that are stated at cost or amortised cost or are classified as available-for-sale securities are reviewed at the end of each reporting period to determine whether there is objective evidence of impairment. Objective evidence of impairment includes observable data that comes to the attention of the Group about one or more of the following loss events:

– significant financial difficulty of the debtor;

– a breach of contract, such as a default or delinquency in interest or principal payments;

– it becoming probable that the debtor will enter bankruptcy or other financial reorganisation;

– significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor; and

– a significant or prolonged decline in the fair value of an investment in an equity instrument below its cost.

If any such evidence exists, any impairment loss is determined and recognised as follows:

– For investments in associates and joint ventures accounted for under the equity method in the consolidated financial statements (see note 2(e)), the impairment loss is measured by comparing the recoverable amount of the investment with its carrying amount in accordance with note 2(m)(ii). The impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount in accordance with note 2(m)(ii).

– For unquoted equity securities carried at cost, the impairment loss is measured as the difference between the carrying amount of the financial asset and the estimated future cash flows, discounted at the current market rate of return for a similar financial asset where the effect of discounting is material. Impairment losses for equity securities carried at cost are not reversed.

2 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(m) Impairment of assets (Continued)

(i) Impairment of investments in debt and equity securities and other receivables (Continued)

– For trade and other current receivables and other financial assets carried at amortised cost, the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition of these assets), where the effect of discounting is material. This assessment is made collectively where these financial assets share similar risk characteristics, such as similar past due status, and have not been individually assessed as impaired. Future cash flows for financial assets which are assessed for impairment collectively are based on historical loss experience for assets with credit risk characteristics similar to the collective group.

  If in a subsequent period the amount of an impairment loss decreases and the decrease can be linked objectively to an event occurring after the impairment loss was recognised, the impairment loss is reversed through profit or loss. A reversal of an impairment loss shall not result in the asset's carrying amount exceeding that which would have been determined had no impairment loss been recognised in prior years.

Impairment losses are written off against the corresponding assets directly, except for impairment losses recognised in respect of trade debtors included within trade and other receivables, whose recovery is considered doubtful but not remote. In this case, the impairment losses for doubtful debts are recorded using an allowance account. When the Group is satisfied that recovery is remote, the amount considered irrecoverable is written off against trade debtors directly and any amounts held in the allowance account relating to that debt are reversed. Subsequent recoveries of amounts previously charged to the allowance account are reversed against the allowance account. Other changes in the allowance account and subsequent recoveries of amounts previously written off directly are recognised in profit or loss.

(ii) Impairment of other assets

Internal and external sources of information are reviewed at the end of each reporting period to identify indications that the following assets may be impaired or, except in the case of goodwill, an impairment loss previously recognised no longer exists or may have decreased:

– property, plant and equipment (other than properties carried at revalued amounts);

– pre-paid interests in leasehold land classified as being held under an operating lease;

– goodwill; and

– investments in subsidiaries in the Company's statement of financial position.

If any such indication exists, the asset's recoverable amount is estimated. In addition, for goodwill, the recoverable amount is estimated annually whether or not there is any indication of impairment.

2 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(m) Impairment of assets (Continued)

(ii) Impairment of other assets (Continued)

– Calculation of recoverable amount

The recoverable amount of an asset is the greater of its 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. Where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generates cash inflows independently (i.e. a cash-generating unit).

– Recognition of impairment losses

An impairment loss is recognised in profit or loss if the carrying amount of an asset, or the cash-generating unit to which it belongs, exceeds its recoverable amount. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (or group of units) and then, to reduce the carrying amount of the assets in the unit (or group of units) on a pro rata basis, except that the carrying value of an asset will not be reduced below its individual fair value less costs of disposal (if measurable) or value in use (if determinable).

– Reversals of impairment losses

In respect of assets other than goodwill, an impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount. An impairment loss in respect of goodwill is not reversed.

A reversal of an impairment loss is limited to the asset's carrying amount that would have been determined had no impairment loss been recognised in prior years. Reversals of impairment losses are credited to profit or loss in the year in which the reversals are recognised.

(iii) Interim financial reporting and impairment

Under the Listing Rules, the Group is required to prepare an interim financial report in compliance with HKAS 34, *Interim financial reporting*, in respect of the first six months of the financial year. At the end of the interim period, the Group applies the same impairment testing, recognition, and reversal criteria as it would at the end of the financial year (see notes 2(m)(i) and (ii)).

Impairment losses recognised in an interim period in respect of goodwill, available-for-sale equity securities and unquoted equity securities carried at cost are not reversed in a subsequent period. This is the case even if no loss, or a smaller loss, would have been recognised had the impairment been assessed only at the end of the financial year to which the interim period relates. Consequently, if the fair value of an available-for-sale equity security increases in the remainder of the annual period, or in any other period subsequently, the increase is recognised in other comprehensive income and not profit or loss.

2 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(n) Inventories

Inventories are carried at the lower of cost and net realisable value. Cost and net realisable value are determined as follows:

(i) Leasehold land held for development for sale

The cost of leasehold land, which is held for development for sale, represents the cost of acquisition and the premium, if any, payable to the relevant government authorities. Net realisable value is determined by reference to management estimates based on prevailing market conditions.

(ii) Properties held for/under development for sale

The cost of properties held for/under development for sale comprises specifically identified cost, including the acquisition cost of land, aggregate cost of development, materials and supplies, wages and other direct expenses, an appropriate portion of overheads and borrowing costs capitalised (see note 2(x)). Net realisable value represents the estimated selling price, based on prevailing market conditions, less estimated costs of completion and costs to be incurred in selling the property.

(iii) Completed properties for sale

Cost is determined by apportionment of the total land and development costs for that development project, attributable to the unsold properties. Net realisable value represents the estimated selling price, based on prevailing market conditions, less estimated costs to be incurred in selling the property.

(iv) Low value consumables and supplies

Cost is determined using the first in, first out (FIFO) method. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale.

When inventories are sold, the carrying amount of those inventories is recognised as an expense in the period in which the related revenue is recognised. The amount of any write-down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

(o) Trade and other receivables

Trade and other receivables are initially recognised at fair value and thereafter stated at amortised cost using the effective interest method, less allowance for impairment of doubtful debts (see note 2(m)), except where the receivables are interest-free loans made to related parties without any fixed repayment terms or the effect of discounting would be immaterial. In such cases, the receivables are stated at cost less allowance for impairment of doubtful debts.

(p) Interest-bearing borrowings

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost with any difference between the amount initially recognised and redemption value being recognised in profit or loss over the period of the borrowings, together with any interest and fees payable, using the effective interest method.

2 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(q) Trade and other payables

Trade and other payables are initially recognised at fair value. Except for financial guarantee liabilities measured in accordance with note 2(u)(i), trade and other payables are subsequently stated at amortised cost unless the effect of discounting would be immaterial, in which case they are stated at cost.

(r) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition.

(s) Employee benefits

(i) Short term employee benefits and contributions to defined contribution retirement plans

Salaries, annual bonuses, paid annual leave, contributions to defined contribution retirement plans and the cost of non-monetary benefits are accrued in the year in which the associated services are rendered by employees. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

The employees of the Group participate in retirement plans (defined contribution retirement plans) managed by respective local governments of the municipalities in which the Group operates in the PRC. The contribution to the retirement plan is calculated based on fixed rates of the employees' salaries cost and charged to profit or loss as and when incurred, except to the extent that they are included in the cost of inventories not yet recognised as an expense. The Group has no other obligation for the payment of retirement and other post-retirement benefits of staff other than the contributions described above.

(ii) Share-based payments

The fair values of share options and awarded shares granted to employees are recognised as employee costs with a corresponding increase in a capital reserve within equity. The fair value is measured at grant date using valuation techniques, taking into account the terms and conditions upon which the options and awarded shares were granted. Where the employees have to meet vesting conditions before becoming unconditionally entitled to the options, the total estimated fair values of the options and awarded shares are spread over the vesting period, taking into account the probability that the options will vest.

During the vesting period, the number of share options and awarded shares that is expected to vest is reviewed. Any resulting adjustment to the cumulative fair value recognised in prior years is charged/credited to the profit or loss for the year of the review, unless the original employee expenses qualify for recognition as an asset, with a corresponding adjustment to the capital reserve. On vesting date, the amount recognised as an expense is adjusted to reflect the actual number of options and awarded shares that vest (with a corresponding adjustment to the capital reserve) except where forfeiture is only due to not achieving vesting conditions that relate to the market price of the Company's shares. The equity amount is recognised in the capital reserve until either the option/awarded share is exercised (when it is transferred to the share premium account) or the option/awarded share expires (when it is released directly to retained profits).

2 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(t) Income tax

Income tax for the year comprises current tax and movements in deferred tax assets and liabilities. Current tax and movements in deferred tax assets and liabilities are recognised in profit or loss except to the extent that they relate to items recognised in other comprehensive income or directly in equity, in which case the relevant amounts of tax are recognised in other comprehensive income or directly in equity, respectively.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the end of the reporting period, and any adjustment to tax payable in respect of previous years.

Deferred tax assets and liabilities arise from deductible and taxable temporary differences respectively, being the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases. Deferred tax assets also arise from unused tax losses and unused tax credits.

Apart from certain limited exceptions, all deferred tax liabilities, and all deferred tax assets to the extent that it is probable that future taxable profits will be available against which the asset can be utilised, are recognised. Future taxable profits that may support the recognition of deferred tax assets arising from deductible temporary differences include those that will arise from the reversal of existing taxable temporary differences, provided those differences relate to the same taxation authority and the same taxable entity, and are expected to reverse either in the same period as the expected reversal of the deductible temporary difference or in periods into which a tax loss arising from the deferred tax asset can be carried back or forward. The same criteria are adopted when determining whether existing taxable temporary differences support the recognition of deferred tax assets arising from unused tax losses and credits, that is, those differences are taken into account if they relate to the same taxation authority and the same taxable entity, and are expected to reverse in a period, or periods, in which the tax loss or credit can be utilised.

The limited exceptions to recognition of deferred tax assets and liabilities are those temporary differences arising from goodwill not deductible for tax purposes, the initial recognition of assets or liabilities that affect neither accounting nor taxable profit (provided they are not part of a business combination), and temporary differences relating to investments in subsidiaries to the extent that, in the case of taxable differences, the Group controls the timing of the reversal and it is probable that the differences will not reverse in the foreseeable future, or in the case of deductible differences, unless it is probable that they will reverse in the future.

Where investment properties are carried at their fair value in accordance with the accounting policy set out in note 2(i), the amount of deferred tax recognised is measured using the tax rates that would apply on sale of those assets at their carrying value at the end of the reporting period unless the property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the property over time, rather than through sale. In all other cases, the amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the end of the reporting period. Deferred tax assets and liabilities are not discounted.

The carrying amount of a deferred tax asset is reviewed at the end of each reporting period and is reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow the related tax benefit to be utilised. Any such reduction is reversed to the extent that it becomes probable that sufficient taxable profits will be available.

2 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(t) Income tax (Continued)

Additional income tax that arise from the distribution of dividends are recognised when the liability to pay the related dividends is recognised.

Current tax balances and deferred tax balances, and movements therein, are presented separately from each other and are not offset. Current tax assets are offset against current tax liabilities, and deferred tax assets against deferred tax liabilities, if the Group or the Company has the legally enforceable right to set off current tax assets against current tax liabilities and the following additional conditions are met:

– in the case of current tax assets and liabilities, the Group or the Company intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously; or

– in the case of deferred tax assets and liabilities, if they relate to income taxes levied by the same taxation authority on either:

  – the same taxable entity; or

  – different taxable entities, which, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered, intend to realise the current tax assets and settle the current tax liabilities on a net basis or realise and settle simultaneously.

(u) Financial guarantees issued, provisions and contingent liabilities

(i) Financial guarantee issued

Financial guarantees are contracts that require the issuer (i.e. the guarantor) to make specified payments to reimburse the beneficiary of the guarantee (the "holder") for a loss the holder incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument.

Where the Group issues a financial guarantee, the fair value of the guarantee is initially recognised as deferred income within trade and other payables. The fair value of financial guarantees issued at the time of issuance is determined by reference to fees charged in an arm's length transaction for similar services, when such information is obtainable, or is otherwise estimated by reference to interest rate differentials, by comparing the actual rates charged by lenders when the guarantee is made available with the estimated rates that lenders would have charged, had the guarantees not been available, where reliable estimates of such information can be made. Where consideration is received or receivable for the issuance of the guarantee, the consideration is recognised in accordance with the Group's policies applicable to that category of asset. Where no such consideration is received or receivable, an immediate expense is recognised in profit or loss on initial recognition of any deferred income.

The amount of the guarantee initially recognised as deferred income is amortised in profit or loss over the term of the guarantee as income from financial guarantees issued. In addition, provisions are recognised in accordance with note 2(u)(ii) if and when (i) it becomes probable that the holder of the guarantee will call upon the Group under the guarantee, and (ii) the amount of that claim on the Group is expected to exceed the amount currently carried in trade and other payables in respect of that guarantee i.e. the amount initially recognised, less accumulated amortisation.

2 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(u) Financial guarantees issued, provisions and contingent liabilities (Continued)

(ii) Other provisions and contingent liabilities

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

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

(v) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Provided it is probable that the economic benefits will flow to the Group and the revenue and costs, if applicable, can be measured reliably, revenue is recognised in profit or loss as follows:

(i) Sale of properties

Revenue arising from the sale of properties is recognised in profit or loss when the significant risks and rewards of ownership have been transferred to the buyers. The Group considers that the significant risks and rewards of ownership are transferred when the properties are completed and delivered to the buyers. Revenue from the sale of properties is net of business tax and other sales related taxes and is after deduction of any trade discounts. Deposits and instalments received on properties and prior to the date of revenue recognition are included in the statement of financial position as receipts in advance.

(ii) Rental income from operating leases

Rental income receivable under operating leases is recognised in profit or loss in equal instalments over the accounting periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the use of the leased asset. Lease incentives granted are recognised in profit or loss as an integral part of the aggregate net lease payments receivable. Contingent rentals are recognised as income in the accounting period in which they are earned.

(iii) Hotel operations

Income from hotel operations is recognised when services are provided.

(iv) Property management and related services income

Property management and related services income is recognised when services are provided.

(v) Dividends

Dividend income from unlisted investments is recognised when the shareholder's right to receive payment is established.

2 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(v) Revenue recognition (Continued)

(vi) Interest income

Interest income is recognised as it accrues using the effective interest method.

(vii) Government grants

Government grants are recognised in the statement of financial position initially when there is reasonable assurance that they will be received and that the Group will comply with the conditions attaching to them. Grants that compensate the Group for expenses incurred are recognised as income in profit or loss on a systematic basis in the same periods in which the expenses are incurred.

(w) Translation of foreign currencies

Foreign currency transactions during the year are translated at the foreign exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rates ruling at the end of the reporting period. Exchange gains and losses are recognised in profit or loss.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the foreign exchange rates ruling at the transaction dates. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated using the foreign exchange rates ruling at the dates the fair value was measured.

The results of foreign operations are translated into Hong Kong dollars at the exchange rates approximating the foreign exchange rates ruling at the dates of the transactions. Statement of financial position items are translated into Hong Kong dollars at the closing foreign exchange rates at the end of the reporting period. The resulting exchange differences are recognised in other comprehensive income and accumulated separately in equity in the exchange reserve.

On disposal of a foreign operation, the cumulative amount of the exchange differences relating to that foreign operation is reclassified from equity to profit or loss when the profit or loss on disposal is recognised.

(x) Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of that asset. Other borrowing costs are expensed in the period in which they are incurred.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or complete.

(y) Non-current assets held for sale

A non-current asset (or disposal group) is classified as held for sale if it is highly probable that its carrying amount will be recovered through a sale transaction rather than through continuing use and the asset (or disposal group) is available for sale in its present condition. A disposal group is a group of assets to be disposed of together as a group in a single transaction, and liabilities directly associated with those assets that will be transferred in the transaction.

2 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(y) Non-current assets held for sale (Continued)

Immediately before classification as held for sale, the measurement of the non-current assets (and all individual assets and liabilities in a disposal group) is brought up-to-date in accordance with the accounting policies before the classification. Then, on initial classification as held for sale and until disposal, the non-current assets (except for investment properties which are measured at fair value), or disposal groups, are recognised at the lower of their carrying amount and fair value less costs to sell.

Impairment losses on initial classification as held for sale, and on subsequent remeasurement while held for sale, are recognised in profit or loss. As long as a non-current asset is classified as held for sale, or is included in a disposal group that is classified as held for sale, the non-current asset is not depreciated or amortised.

(z) Related parties

(a) A person, or a close member of that person's family, is related to the Group if that person:

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

(ii) has significant influence over the Group; or

(iii) is a member of the key management personnel of the Group or the Group's parent.

(b) An entity is related to the Group if any of the following conditions applies:

(i) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(iii) Both entities are joint ventures of the same third party.

(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

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

(vi) The entity is controlled or jointly controlled by a person identified in (z)(a).

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

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

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

2 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(aa) Segment reporting

Operating segments, and the amounts of each segment item reported in the financial statements, are identified from the financial information provided regularly to the Group's most senior executive management for the purposes of allocating resources to, and assessing the performance of, the Group's various lines of business and geographical locations.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

3 REVENUE

Revenue represents income from sale of properties, rental income, income from hotel operations and income from provision of property management and related services earned during the year, net of business tax and other sales related taxes and discounts allowed, and is analysed as follows:

	2015 **$'000**	2014 $'000
Sale of properties	**9,988,246**	6,422,060
Rental income	**323,686**	340,851
Hotel operations	**55,671**	56,025
Property management and related services income	**152,086**	152,088
	10,519,689	6,971,024

4 OTHER REVENUE

	2015 **$'000**	2014 $'000
Bank interest income	**108,067**	183,840
Other interest income	**67,505**	24,317
Construction management service income	**16,038**	10,594
Rental income from operating leases, other than those relating to investment properties	**15,219**	9,867
Government grant (Note)	**–**	2,476
Other service income	**4,361**	–
Others	**22,171**	20,804
	233,361	251,898

Note: During the year ended 31 December 2014, the Group received government subsidies from local government authorities as recognition of the Group's investments in the relevant districts in the PRC.

5 OTHER NET LOSS

	2015 $'000	2014 $'000
Net gain on disposal of subsidiaries (note 20(d))	**15,353**	12,710
Net loss on disposal of partial interest in an associate	**(35)**	–
Net gain on disposal of available-for-sale investments and wealth management products (note (i))	**113,905**	–
Net exchange gain/(loss)	**60,115**	(31,389)
Net loss on sale of property, plant and equipment	**(456)**	(1,513)
Net gain on sale of investment properties and investment properties classified as held for sale	**41,518**	54,204
Provision on inventories	**(314,994)**	(70,690)
Impairment loss on available-for-sale investments	**(36,428)**	–
Impairment loss on hotel properties	**–**	(10,906)
Others	**(238)**	8,067
	(121,260)	(39,517)

Note:

(i) During the year ended 31 December 2015, the Group completed the disposal of its 3.0558% beneficial equity interest in Shanghai Fengdan Lishe Real Estate Development Co., Ltd. (上海楓丹麗舍房地產開發有限公司), an unlisted available-for-sale investment of the Group, to an independent third party for a total consideration of RMB106,953,000 (equivalent to $133,691,000). This result in a net gain on disposal of available-for-sale investments of $108,006,000.

6 PROFIT BEFORE TAXATION

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

	2015 $'000	2014 $'000
(a) Finance costs		
Interest on bank and other borrowings	**829,165**	1,179,898
Interest on loans from joint ventures	**–**	15,340
Interest on amounts due to non-controlling shareholders	**14,211**	13,584
Interest on note payable	**70,149**	–
Other borrowing costs	**61,557**	96,602
	975,082	1,305,424
Less: Amount capitalised (Note)	**(465,742)**	(652,830)
	509,340	652,594

Note: The borrowing costs have been capitalised at rates ranging from 4.57% to 12.00% (2014: 6.40% to 12.00%) per annum for the year ended 31 December 2015.

6 PROFIT BEFORE TAXATION (Continued)

	2015 $'000	2014 $'000
(b) Staff costs		
Salaries, wages and other benefits	**216,967**	226,972
Contributions to defined contribution retirement plans	**28,455**	24,865
Equity settled share-based payment expenses	**23,455**	14,948
	268,877	266,785

	2015 $'000	2014 $'000
(c) Other items		
Depreciation and amortisation	**57,332**	48,863
Less: Amount capitalised	**(1,051)**	(1,205)
	56,281	47,658
Cost of properties sold	**7,066,683**	3,810,337
Rental income from investment properties (Note)	**(323,686)**	(340,851)
Less: Direct outgoings	**30,285**	24,297
	(293,401)	(316,554)
Auditors' remuneration		
– audit services	**6,213**	6,117
– other services	**2,665**	1,512
Operating lease charges:		
– minimum lease payments for land and buildings	**35,712**	37,605

Note: Included contingent rental income of $15,567,000 (2014: $13,749,000) for the year ended 31 December 2015.

7 INCOME TAX

(a) Income tax in the consolidated income statement represents:

	2015 $'000	2014 $'000
Current tax		
Provision for PRC Corporate Income Tax ("CIT")	**675,239**	297,317
Provision for Land Appreciation Tax ("LAT")	**817,738**	471,906
Withholding tax	**84,380**	49,368
	1,577,357	818,591
Deferred tax		
Origination and reversal of temporary differences	**(334,285)**	211,881
	1,243,072	1,030,472

Pursuant to the rules and regulations of the British Virgin Islands (the "BVI") and the Cayman Islands, the Group is not subject to any income tax in the BVI and the Cayman Islands.

No provision was made for Hong Kong Profits Tax as the Group's Hong Kong subsidiaries did not earn any assessable profits subject to Hong Kong Profits Tax for the years ended 31 December 2014 and 2015.

The provision for CIT is based on the respective applicable CIT rates on the estimated assessable profits of the PRC subsidiaries within the Group as determined in accordance with the relevant income tax rules and regulations of the PRC. The applicable CIT rate was 25% for the year ended 31 December 2015 (2014: 25%).

LAT is levied on properties developed by the Group and investment properties held by the Group in the PRC for sale, at progressive rates ranging from 30% to 60% on the appreciation of land value, which under the applicable regulations is calculated based on the proceeds of sale of properties less deductible expenditures including lease charges of land use right, borrowing costs and all qualified property development expenditures.

Withholding taxes are levied on dividend distributions arising from profit of the PRC subsidiaries within the Group earned after 1 January 2008, rental income earned and proceeds from the sale of investment properties in the PRC by a Hong Kong subsidiary at the applicable tax rates.

7 INCOME TAX (Continued)

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

	2015 $'000	2014 $'000
Profit before taxation	**2,296,823**	2,036,329
Notional tax on profit before taxation, calculated at the rates applicable to the jurisdictions concerned	**570,558**	523,742
Effect of non-taxable income	**(17,779)**	(34,787)
Effect of non-deductible expenses	**53,149**	15,519
Effect of prior years' unrecognised tax losses utilised	**(50,584)**	(11,307)
Effect of unrecognised temporary differences now utilised	**(7,542)**	(55,469)
Effect of unused tax losses and temporary differences not recognised	**148,959**	72,780
Effect of unused tax losses and temporary differences recognised in prior years now derecognised	**(165,782)**	27,197
Withholding tax	**6,714**	49,368
Deferred tax effect on LAT provision	**(112,359)**	(28,477)
LAT	**817,738**	471,906
Actual income tax expense	**1,243,072**	1,030,472

(c) Deferred tax assets and liabilities recognised

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

	Depreciation allowances in excess of related depreciation $'000	Unrealised gain on intra-group transactions $'000	Revaluation of properties $'000	Temporary differences on LAT provision $'000	Accruals and provision on inventories $'000	Unused tax losses $'000	Fair value adjustment on business combination $'000	Others $'000	Total $'000
Deferred tax arising from:									
At 1 January 2014	66,949	(5,628)	782,451	(838,003)	(61,751)	(89,632)	830,082	(4,078)	680,390
Charged/(credited) to profit or loss	22,753	(11,719)	78,648	109,299	(27,655)	47,784	–	(7,229)	211,881
Exchange adjustments	(1,638)	201	(18,015)	17,942	1,554	1,685	(18,389)	137	(16,523)
At 31 December 2014 and 1 January 2015	88,064	(17,146)	843,084	(710,762)	(87,852)	(40,163)	811,693	(11,170)	875,748
Charged/(credited) to profit or loss	7,670	14,393	145,526	(112,359)	(40,105)	7,426	(360,927)	4,091	(334,285)
Exchange adjustments	(4,230)	315	(42,806)	35,755	5,260	1,580	(25,178)	374	(28,930)
At 31 December 2015	91,504	(2,438)	945,804	(787,366)	(122,697)	(31,157)	425,588	(6,705)	512,533

7 INCOME TAX (Continued)

(c) Deferred tax assets and liabilities recognised (Continued)

	2015 $'000	2014 $'000
Net deferred tax assets recognised in the consolidated statement of financial position	**(545,727)**	(501,953)
Net deferred tax liabilities recognised in the consolidated statement of financial position	**1,058,260**	1,377,701
	512,533	875,748

(d) Deferred tax assets not recognised:

Deferred tax assets have not been recognised in respect of the following items:

	The Group 2015 $'000	2014 $'000
Deductible temporary differences	**439,656**	352,358
Unused tax losses		
– Hong Kong (Note (i))	**8,400**	3,008
– PRC (Note (ii))	**697,152**	429,517
	1,145,208	784,883

Notes:

(i) The unused tax losses do not expire under the current tax legislation.

(ii) The unused tax losses can be carried forward to offset against taxable profits of subsequent years for up to five years from the year in which they arose. The unused tax losses expired between 2016 and 2020.

The Group has not recognised deferred tax assets in respect of deductible temporary differences and unused tax losses of certain subsidiaries as it is not probable that sufficient future taxable profits will be available against which the deductible temporary differences and unused tax losses can be utilised.

(e) Deferred tax liabilities not recognised:

The Corporate Income Tax Law and its implementation rules impose a withholding tax at 10%, unless reduced by a treaty or agreement, for dividends, distributed by a PRC-resident enterprise to its immediate holding company outside the PRC for profits generated beginning on 1 January 2008 and undistributed profits generated prior to 1 January 2008 are exempt from such withholding tax. According to the China-Hong Kong tax arrangement and its relevant regulations, a qualified Hong Kong tax resident which is the "beneficial owner" and holds 25% or more of a PRC enterprise is entitled to a reduced withholding tax rate of 5%. The Group did not provide for deferred tax liabilities on profits generated by certain of its PRC subsidiaries after 1 January 2008 amounting to $257,752,000 (2014: $187,009,000) since the Group controls the dividend policy of these subsidiaries and it has been determined that it is probable that these profits will not be distributed in the foreseeable future.

8 DIRECTORS' EMOLUMENTS

Directors' emoluments disclosed pursuant to section 383(1) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation are as follows:

	Directors' fees	Salaries, allowances and benefits in kind (Note (ii))	Discretionary bonuses	Retirement scheme contributions	Sub-Total	Share-based payments (Note (i))	2015 Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Executive directors							
Wong Chun Hong	–	6,578	2,676	18	9,272	66	9,338
Li Yan Jie	–	3,818	1,626	–	5,444	3,716	9,160
Chen Feng Yang	–	3,424	3,960	–	7,384	3,320	10,704
Wang Tian Ye (appointed on 1 October 2015)	–	977	600	3	1,580	973	2,553
Lee Sai Kai David (re-designated on 1 September 2015)	–	2,164	1,416	12	3,592	20	3,612
Non-executive directors							
Xu Lei (appointed on 1 October 2015)	–	–	–	–	–	–	–
Chiang Kok Sung Lawrence	276	–	–	–	276	300	576
Lee Sai Kai David (re-designated on 1 September 2015)	391	–	–	6	397	–	397
Independent non-executive directors							
Brooke Charles Nicholas	494	–	–	–	494	319	813
Cheng Yuk Wo	260	–	–	–	260	319	579
Wu Si Zong	269	–	–	–	269	319	588
Leung Kwong Choi (appointed on 1 October 2015)	65	–	–	–	65	–	65
	1,755	16,961	10,278	39	29,033	9,352	38,385

8 DIRECTORS' EMOLUMENTS (Continued)

	Directors' fees $'000	Salaries, allowances and benefits in kind (Note (ii)) $'000	Discretionary bonuses $'000	Retirement scheme contributions $'000	Sub-Total $'000	Share-based payments (Note (i)) $'000	2014 Total $'000
Executive directors							
Wong Chun Hong	–	7,418	2,657	17	10,092	210	10,302
Li Yan Jie	–	2,610	1,911	101	4,622	1,525	6,147
Lee Sai Kai David	–	2,790	2,986	17	5,793	63	5,856
Lam Jim (resigned on 26 July 2014)	–	1,729	–	9	1,738	153	1,891
Chen Feng Yang	–	2,392	965	102	3,459	751	4,210
Non-executive director							
Chiang Kok Sung Lawrence (appointed on 1 July 2014)	138	–	–	–	138	–	138
Independent non-executive directors							
Brooke Charles Nicholas	494	–	–	–	494	63	557
Cheng Yuk Wo	260	–	–	–	260	63	323
Wu Si Zong	273	–	–	–	273	63	336
	1,165	16,939	8,519	246	26,869	2,891	29,760

Notes:

(i) These represent the estimated value of share options granted to the directors under the Company's share option schemes. The value of these share options is measured according to the Group's accounting policies for share-based payment transactions as set out in note 2(s)(ii) and, in accordance with that policy, includes adjustments to reverse amounts accrued in previous years where grants of equity instruments are forfeited prior to vesting. The details of the share option schemes, including the principal terms and number of options granted, are disclosed in note 25.

(ii) The benefits in kind mainly represent non-cash benefits for the provision of residential property to a director.

9 INDIVIDUALS WITH HIGHEST EMOLUMENTS

(a) Five highest paid individuals

Of the five individuals with the highest emoluments, three (2014: three) are directors whose emoluments are disclosed in note 8. The aggregate of the emoluments in respect of the remaining individuals are as follows:

	2015 $'000	2014 $'000
Salaries, allowances and benefits in kind	**3,219**	2,912
Discretionary bonuses	**5,908**	4,648
Share-based payments	**3,909**	1,064
Retirement scheme contributions	**–**	113
	13,036	8,737

The emoluments of the above individuals with the highest emoluments are within the following bands:

	2015 Number of individuals	2014 Number of individuals
$4,000,001 – $4,500,000	**–**	2
$6,000,001 – $6,500,000	**1**	–
$7,000,001 – $7,500,000	**1**	–

(b) Emoluments of senior management

Other than the emoluments of directors and five highest paid individuals disclosed in notes 8 and 9(a), the emoluments of the remaining senior management fell within the following bands:

	2015 Number of individuals	2014 Number of individuals
$1 – $500,000	**2**	–
$1,000,001 – $1,500,000	**1**	1
$1,500,001 – $2,000,000	**–**	2
$2,500,001 – $3,000,000	**1**	2
$3,000,001 – $3,500,000	**3**	–
$3,500,001 – $4,000,000	**–**	2
$4,000,001 – $4,500,000	**–**	–
$4,500,001 – $5,000,000	**1**	1

10 EARNINGS PER SHARE

(a) Basic earnings per share

The calculation of basic earnings per share is based on the profit attributable to equity shareholders of the Company of $773,443,000 (2014: $921,603,000) and the weighted average number of 1,414,035,000 shares (2014: 1,407,573,000 shares) in issue during the year, calculated as follows:

	2015 '000	2014 '000
Weighted average number of shares		
Issued ordinary shares	**1,160,734**	1,155,303
Effect of share options exercised and PCSs converted (notes 26(c)(i) and (ii))	**9,964**	3,175
Effect of bonus issue of shares (with PCSs as an alternative)	**243,337**	249,095
Weighted average number of shares	**1,414,035**	1,407,573

(b) Diluted earnings per share

The calculation of diluted earnings per share is based on the profit attributable to equity shareholders of the Company of $773,443,000 (2014: $921,603,000) and the weighted average number of 1,424,994,000 shares (2014: 1,418,222,000 shares) in issue during the year, calculated as follows:

	2015 '000	2014 '000
Weighted average number of shares (diluted)		
Weighted average number of shares	**1,414,035**	1,407,573
Effect of deemed issue of shares under the Company's share options schemes for nil consideration (note 25)	**10,959**	10,649
Weighted average number of shares (diluted)	**1,424,994**	1,418,222

11 SEGMENT REPORTING

The Group manages its businesses by divisions, which are organised by business lines (product and services). In a manner consistent with the way in which information is reported internally to the Group's most senior executive management for the purposes of resource allocation and performance assessment, the Group has presented the following four reportable segments. No operating segments have been aggregated to form the following reportable segments.

– Property development: this segment develops and sells residential and retail properties.

– Property investment: this segment leases shopping arcades, club houses, serviced apartments and car park units to generate rental income and to gain from the appreciation in the properties' values in the long term. Currently the Group's investment property portfolio is located entirely in the PRC.

– Hotel operations: this segment operates hotels to provide hotel services to general public.

– Property management and related services: this segment mainly provides property management and related services to purchasers and tenants of the Group's self-developed residential properties and retail properties, and decoration services to group companies.

(a) Segment results, assets and liabilities

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

Segments assets include all tangible, non-current and current assets with the exception of interest in associates and joint ventures, investments in financial assets, prepaid tax, deferred tax assets and other corporate assets. Segment liabilities include trade and other payables attributable to the operating activities of the individual segments and bank and other borrowings managed directly by the segments.

Revenue and expenses are allocated to the reportable segments with reference to revenues generated by those segments and the expenses incurred by those segments.

The measure used for reporting segment profit is "adjusted EBITDA" i.e. "adjusted earnings before interests, taxes, depreciation and amortisation" where "depreciation and amortisation" is regarded as including impairment losses on non-current assets. To arrive at "adjusted EBITDA", the Group's earnings are further adjusted for items which are non-recurring or not specifically attributed to individual segments, such as share of profits less losses of associates and joint ventures, directors' and auditors' remuneration and other head office or corporate administration costs.

In addition to receiving segment information concerning adjusted EBITDA, management is provided with segment information concerning revenue (including inter-segment sales), interest income and expense from cash balances and borrowings managed directly by the segments, depreciation and amortisation, provision on inventories, impairment losses on non-current assets, valuation changes on investment properties and investment properties classified as held for sale and additions to non-current segment assets used by the segments in their operations.

11 SEGMENT REPORTING (Continued)

(a) Segment results, assets and liabilities (Continued)

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

2014

	Property development $'000	Property investment $'000	Hotel operations $'000	Property management and related services $'000	Total $'000
Revenue from external customers	6,422,060	340,851	56,025	152,088	6,971,024
Inter-segment revenue	–	29,047	–	277,573	306,620
Reportable segment revenue	6,422,060	369,898	56,025	429,661	7,277,644
Reportable segment profit/(loss) (adjusted EBITDA)	2,058,193	228,475	12,769	(69,921)	2,229,516
Interest income from bank deposits	115,716	2,200	–	1,563	119,479
Interest expenses	(526,388)	(38,565)	–	(87,641)	(652,594)
Depreciation and amortisation for the year	(18,459)	(810)	(21,935)	(1,707)	(42,911)
Provision on inventories	(70,690)	–	–	–	(70,690)
Impairment loss on hotel properties	–	–	(10,906)	–	(10,906)
Valuation gains on investment properties	–	416,301	–	–	416,301
Reportable segment assets	31,322,529	9,613,984	290,984	166,958	41,394,455
Additions to non-current segment assets during the year	1,055	44,094	13,641	4,242	63,032
Reportable segment liabilities	(28,377,850)	(1,570,338)	(14,267)	(91,313)	(30,053,768)

11 SEGMENT REPORTING (Continued)

(a) Segment results, assets and liabilities (Continued)

2015

	Property development $'000	Property investment $'000	Hotel operations $'000	Property management and related services $'000	Total $'000
Revenue from external customers	9,988,246	323,686	55,671	152,086	10,519,689
Inter-segment revenue	–	41,261	–	146,858	188,119
Reportable segment revenue	9,988,246	364,947	55,671	298,944	10,707,808
Reportable segment profit/(loss) (adjusted EBITDA)	2,393,351	140,267	1,457	(61,925)	2,473,150
Interest income from bank deposits	80,352	2,190	–	1,245	83,787
Interest expenses	(470,386)	(38,618)	–	(336)	(509,340)
Depreciation and amortisation for the year	(25,622)	(2,529)	(24,115)	(1,576)	(53,842)
Provision on inventories	(314,994)	–	–	–	(314,994)
Valuation gains on investment properties and investment properties classified as held for sale	–	458,981	–	–	458,981
Reportable segment assets	22,995,148	9,003,574	274,697	145,847	32,419,266
Additions to non-current segment assets during the year	9,657	40,236	121	2,022	52,036
Reportable segment liabilities	(18,850,627)	(1,528,923)	(12,778)	(95,539)	(20,487,867)

11 SEGMENT REPORTING (Continued)

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

	2015 $'000	2014 $'000
Revenue		
Reportable segment revenue	**10,707,808**	7,277,644
Elimination of inter-segment revenue	**(188,119)**	(306,620)
Consolidated revenue (note 3)	**10,519,689**	6,971,024
Profit		
Reportable segment profit derived from Group's external customers	**2,473,150**	2,229,516
Share of profits less losses of associates	**(49,820)**	11,892
Share of losses of joint ventures	**(6,997)**	(779)
Other revenue and net loss	**112,101**	212,381
Depreciation and amortisation	**(56,281)**	(47,658)
Finance costs	**(509,340)**	(652,594)
Valuation gains on investment properties and investment properties classified as held for sale	**458,981**	416,301
Unallocated head office and corporate expenses	**(124,971)**	(132,730)
Consolidated profit before taxation	**2,296,823**	2,036,329
Assets		
Reportable segment assets	**32,419,266**	41,394,455
Interest in associates	**21,095**	163,030
Interest in joint ventures	**230,580**	350,067
Other financial assets	**277,844**	319,293
Prepaid tax	**283,132**	48,951
Deferred tax assets	**545,727**	501,953
Unallocated head office and corporate assets	**177,793**	93,743
Consolidated total assets	**33,955,437**	42,871,492
Liabilities		
Reportable segment liabilities	**(20,487,867)**	(30,053,768)
Tax payable	**(4,830,203)**	(4,288,902)
Deferred tax liabilities	**(1,058,260)**	(1,377,701)
Unallocated head office and corporate liabilities	**(276,232)**	(193,518)
Consolidated total liabilities	**(26,652,562)**	(35,913,889)

(c) Geographic information

No geographic information has been presented as the Group's operating activities are largely carried out in the PRC.

12 INVESTMENT PROPERTIES, OTHER PROPERTY, PLANT AND EQUIPMENT AND INTEREST IN LEASEHOLD LAND

	Investment properties $'000	Investment properties under development $'000	Sub-total $'000	Hotel properties $'000	Other land and buildings $'000	Furniture, fixtures and other fixed assets $'000	Sub-total $'000	Interests in leasehold land held for own use under operating leases $'000	Total $'000
Cost or valuation:									
At 1 January 2014	8,080,317	1,214,989	9,295,306	445,203	85,077	193,519	723,799	7,015	10,026,120
Exchange adjustments	(181,885)	(26,388)	(208,273)	(10,001)	(1,917)	(4,385)	(16,303)	(157)	(224,733)
Additions	12,335	21,401	33,736	9,868	2,007	11,258	23,133	–	56,869
Acquisition of subsidiaries	–	–	–	–	–	1,296	1,296	–	1,296
Reclassification	171,616	(167,285)	4,331	4,279	(4,571)	(4,039)	(4,331)	–	–
Transfer from/(to) inventories	5,425	(129,455)	(124,030)	–	–	–	–	–	(124,030)
Disposals	(118,700)	–	(118,700)	–	–	(1,709)	(1,709)	–	(120,409)
Reduction through disposal of a subsidiary	–	–	–	–	–	(802)	(802)	–	(802)
Surplus on revaluation	241,655	174,646	416,301	–	–	–	–	–	416,301
At 31 December 2014	8,210,763	1,087,908	9,298,671	449,349	80,596	195,138	725,083	6,858	10,030,612
Representing:									
Cost	–	–	–	449,349	80,596	195,138	725,083	6,858	731,941
Valuation	8,210,763	1,087,908	9,298,671	–	–	–	–	–	9,298,671
	8,210,763	1,087,908	9,298,671	449,349	80,596	195,138	725,083	6,858	10,030,612
Accumulated amortisation, depreciation and impairment losses:									
At 1 January 2014	–	–	–	121,966	21,145	106,333	249,444	2,314	251,758
Exchange adjustments	–	–	–	(3,450)	(948)	(3,143)	(7,541)	(53)	(7,594)
Charge for the year	–	–	–	21,935	3,747	22,914	48,596	267	48,863
Reclassification	–	–	–	3,191	(3,191)	–	–	–	–
Written back on disposals	–	–	–	–	–	(1,130)	(1,130)	–	(1,130)
Written back on disposal of a subsidiary	–	–	–	–	–	(330)	(330)	–	(330)
Impairment loss (note)	–	–	–	10,906	–	–	10,906	–	10,906
At 31 December 2014	–	–	–	154,548	20,753	124,644	299,945	2,528	302,473
Net book value:									
At 31 December 2014	8,210,763	1,087,908	9,298,671	294,801	59,843	70,494	425,138	4,330	9,728,139

Note: As the Group's hotel operations segment sustained losses in recent years, the Group assessed the recoverable amounts of the hotel properties and as a result the carrying amounts of the hotel properties were written down to their recoverable amounts of $294,801,000. An impairment loss of $10,906,000 was recognised in profit or loss during the year ended 31 December 2014. The estimates of recoverable amounts were based on the hotel properties' fair values less costs of disposal, with reference to the valuation carried out by an independent firm of surveyors, DTZ Debenham Tie Leung Limited (renamed as DTZ Cushman & Wakefield since September 2015), being the present values of future cash flows discounted at 10%. The fair value on which the recoverable amount was based on is categorised as a Level 3 measurement.

12 INVESTMENT PROPERTIES, OTHER PROPERTY, PLANT AND EQUIPMENT AND INTEREST IN LEASEHOLD LAND (Continued)

	Investment properties $'000	Investment properties under development $'000	Sub-total $'000	Hotel properties $'000	Other land and buildings $'000	Furniture, fixtures and other fixed assets $'000	Sub-total $'000	Interests in leasehold land held for own use under operating leases $'000	Total $'000
Cost or valuation:									
At 1 January 2015	8,210,763	1,087,908	9,298,671	449,349	80,596	195,138	725,083	6,858	10,030,612
Exchange adjustments	(313,286)	(49,226)	(362,512)	(19,846)	(3,591)	(8,737)	(32,174)	(310)	(394,996)
Additions	6,675	33,381	40,056	121	555	11,910	12,586	–	52,642
Acquisition of subsidiaries	–	–	–	–	–	377	377	–	377
Reclassification	–	–	–	–	(2,265)	2,265	–	–	–
Transfer to investment properties classified as held for sale	(2,166,475)	–	(2,166,475)	–	–	–	–	–	(2,166,475)
Disposals	(35,632)	–	(35,632)	–	(19)	(4,505)	(4,524)	–	(40,156)
Surplus on revaluation	375,307	(33,381)	341,926	–	–	–	–	–	341,926
At 31 December 2015	6,077,352	1,038,682	7,116,034	429,624	75,276	196,448	701,348	6,548	7,823,930
Representing:									
Cost	–	–	–	429,624	75,276	196,448	701,348	6,548	707,896
Valuation	6,077,352	1,038,682	7,116,034	–	–	–	–	–	7,116,034
	6,077,352	1,038,682	7,116,034	429,624	75,276	196,448	701,348	6,548	7,823,930
Accumulated amortisation, depreciation and impairment losses:									
At 1 January 2015	–	–	–	154,548	20,753	124,644	299,945	2,528	302,473
Exchange adjustments	–	–	–	(7,274)	(1,051)	(6,118)	(14,443)	(122)	(14,565)
Charge for the year	–	–	–	24,115	3,457	29,499	57,071	261	57,332
Written back on disposals	–	–	–	–	–	(3,315)	(3,315)	–	(3,315)
At 31 December 2015	–	–	–	171,389	23,159	144,710	339,258	2,667	341,925
Net book value:									
At 31 December 2015	6,077,352	1,038,682	7,116,034	258,235	52,117	51,738	362,090	3,881	7,482,005

12 INVESTMENT PROPERTIES, OTHER PROPERTY, PLANT AND EQUIPMENT AND INTEREST IN LEASEHOLD LAND (Continued)

(a) Fair value measurement of investment properties, investment properties under development and investment properties classified as held for sale

(i) Fair value hierarchy

The following table presents the fair value of the Group's investment properties, investment properties under development and investment properties classified as held for sale measured at the end of the reporting period on a recurring basis, categorised into the three-level fair value hierarchy as defined in HKFRS 13, *Fair value measurement*. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

– Level 1 valuations: Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date

– Level 2 valuations: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available

– Level 3 valuations: Fair value measured using significant unobservable inputs

	Fair value at 31 December 2014	Fair value measurements as at 31 December 2014 categorised into		
		Level 1	Level 2	Level 3
	$'000	$'000	$'000	$'000
Recurring fair value measurement				
Investment properties and investment properties under development	9,298,671	–	–	9,298,671

	Fair value at 31 December 2015	**Fair value measurements as at 31 December 2015 categorised into**		
		Level 1	**Level 2**	**Level 3**
	$'000	**$'000**	**$'000**	**$'000**
Recurring fair value measurement				
Investment properties and investment properties under development	**7,116,034**	**–**	**–**	**7,116,034**
Investment properties classified as held for sale (Note 21)	**1,216,821**	**–**	**–**	**1,216,821**

(Expressed in Hong Kong dollars unless otherwise indicated)

12 INVESTMENT PROPERTIES, OTHER PROPERTY, PLANT AND EQUIPMENT AND INTEREST IN LEASEHOLD LAND (Continued)

(a) Fair value measurement of investment properties, investment properties under development and investment properties classified as held for sale (Continued)

(i) Fair value hierarchy (Continued)

During the year ended 31 December 2015, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3 (2014: Nil). The Group's policy is to recognise transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

All of the Group's investment properties, investment properties under development and investment properties classified as held for sale were revalued as at 31 December 2015. The valuations were carried out by an independent firm of surveyors, DTZ Cushman & Wakefield (formerly known as DTZ Debenham Tie Leung Limited), who have among their staff Members of the Hong Kong Institute of Surveyors with recent experience in the location and category of property being valued, on a market value basis. Management of the Group has discussion with the surveyors on the valuation assumptions and valuation results when the valuation is performed at each interim and annual reporting date.

(ii) Information about Level 3 fair value measurements

	Valuation techniques	Unobservable input	Range	Weighted average
Investment properties and investment properties classified as held for sale	Income capitalisation method	Expected market rental (RMB/sq.m./month)	RMB30 to RMB640 (2014: RMB30 to RMB605)	RMB156 (2014: RMB153)
		Capitalisation rate	3.8% to 8.5% (2014: 4.0% to 8.5%)	5.7% (2014: 5.6%)
	Direct comparison method	Average market price (RMB/sq.m.)	–	RMB51,700 (2014: –)
Investment properties under development	Direct comparison method	Average market price (RMB/sq.m.)	–	RMB4,950 (2014: RMB4,950)

The fair value of investment properties, investment properties under development and investment properties classified as held for sale is determined using income capitalisation method or direct comparison method by capitalising the net rental income allowing for the reversionary income potential of the properties, or by reference to recent sales price of comparable properties on a price per square meter basis, adjusted for a premium or a discount specific to the quality of the Group's properties compared to the recent sales. The valuation takes into account expected market rental of the properties. The capitalisation rates used have been adjusted for the quality and location of the buildings and the tenant quality. The fair value measurement is positively correlated to the expected market rental and average market price, and negatively correlated to the capitalisation rate.

12 INVESTMENT PROPERTIES, OTHER PROPERTY, PLANT AND EQUIPMENT AND INTEREST IN LEASEHOLD LAND (Continued)

(a) Fair value measurement of investment properties, investment properties under development and investment properties classified as held for sale (Continued)

(ii) Information about Level 3 fair value measurements (Continued)

The movements during the year ended 31 December 2015 in the balances of these Level 3 fair value measurements are as follows:

	2015 **$'000**	2014 $'000
Investment properties and investment properties under development		
At 1 January	**9,298,671**	9,295,306
Exchange adjustments	**(362,512)**	(208,273)
Additions	**40,056**	33,736
Disposals	**(35,632)**	(118,700)
Transfer to inventories	**–**	(124,030)
Transfer to investment properties classified as held for sale	**(2,166,475)**	–
Reclassification	**–**	4,331
Valuation gains recognised in profit or loss	**341,926**	416,301
At 31 December	**7,116,034**	9,298,671

	2015 **$'000**
Investment properties classified as held for sale	
At 1 January	**–**
Exchange adjustments	**(40,222)**
Additions	**162**
Disposals	**(1,026,649)**
Transfer from investment properties	**2,166,475**
Valuation gains recognised in profit or loss	**117,055**
At 31 December	**1,216,821**

Fair value adjustment of investment properties, investment properties under development and investment properties classified as held for sale is recognised in the line item "valuation gains on investment properties and investment properties classified as held for sale" on the face of the consolidated income statement.

12 INVESTMENT PROPERTIES, OTHER PROPERTY, PLANT AND EQUIPMENT AND INTEREST IN LEASEHOLD LAND (Continued)

(b) The analysis of net book value of the properties is as follows:

	2015 $'000	2014 $'000
In the PRC		
– under long leases	**3,095,021**	5,155,868
– under medium-term leases	**4,335,246**	4,501,777
	7,430,267	9,657,645

(c) Assets leased out under operating leases

The Group leases out a number of building facilities under operating leases. The leases typically run for an initial period of 1 to 15 years, with an option to renew the lease after that date at which time all terms are renegotiated.

All properties held under operating leases that would otherwise meet the definition of investment property are classified as investment property.

The Group's total future minimum lease payments under non-cancellable operating leases are receivable as follows:

	2015 $'000	2014 $'000
Within 1 year	**278,366**	296,914
After 1 year but within 5 years	**614,113**	629,985
After 5 years	**266,471**	697,480
	1,158,950	1,624,379

(d) The Group's certain investment properties, hotel properties and other land and buildings were pledged to secure bank loans, details of which are set out in note 23.

(Expressed in Hong Kong dollars unless otherwise indicated)

13 INVESTMENTS IN SUBSIDIARIES

The following list contains only the particulars of subsidiaries which principally affected the results, assets or liabilities of the Group. The class of shares held is ordinary unless otherwise stated.

			Proportion of ownership interest			
Name of subsidiary	Place of incorporation/ establishment and operation and type of legal entity	Particulars of issued and paid-up capital/ registered capital	Group's effective interest	Held by the Company	Held by a subsidiary	Principal activity
Top Spring Real Estate (Shenzhen) Co., Ltd. (萊蒙房地產(深圳)有限公司)	PRC[Δ]	$653,060,000	100%	–	100%	Property development and investment
Shenzhen SZITIC Property Development Co., Ltd. (深圳深國投房地產開發有限公司)	PRC[□]	RMB3,500,000,000	100%	–	100%	Investment holding, property development and investment
Changzhou Top Spring Water Flower Property Development Co., Ltd. (常州萊蒙水榭花都房地產開發有限公司)	PRC[Δ]	US$90,000,000	100%	–	100%	Property development and investment
Shenzhen City Hua Long Property Development Co., Ltd. (深圳市華龍房地產開發有限公司)	PRC[□]	RMB50,000,000	100%	–	100%	Property development and investment
Dongguan SZITIC Property Development Co., Ltd. (東莞市深國投房地產開發有限公司)	PRC[□]	RMB20,000,000	100%	–	100%	Property development and investment
Shenzhen Water Flower Property Co., Ltd. (深圳市水榭花都房地產有限公司)	PRC[□]	RMB331,384,021	100%	–	100%	Property development and investment
Changzhou Top Spring Landmark Real Estate Co., Ltd. (常州萊蒙都會置業有限公司)	PRC[#]	US$60,000,000	100%	–	100%	Property development and investment
Top Spring Realty (Chengdu) Co., Ltd. (萊蒙置業(成都)有限公司)	PRC[#]	US$18,750,000	100%	–	100%	Property development and investment
Top Spring International (Yuhang) Landmark Co., Ltd. (萊蒙國際(余杭)置業有限公司)	PRC[#]	US$10,000,000	100%	–	100%	Property development and investment
Top Spring Landmark (Fuyang) Co., Ltd. (萊蒙置業(富陽)有限公司)	PRC[Δ]	US$221,480,000	100%	–	100%	Property development and investment
Tianjin Hyperion Construction Co., Ltd. (天津海吉星建設有限公司)	PRC[□]	RMB50,000,000	58%	–	58%	Property development and investment
Tianjin Hyperion Investment Development Co., Ltd. (天津海吉星投資發展有限公司)	PRC[□]	RMB100,000,000	58%	–	58%	Property development and investment

(Expressed in Hong Kong dollars unless otherwise indicated)

13 INVESTMENTS IN SUBSIDIARIES (Continued)

Name of subsidiary	Place of incorporation/ establishment and operation and type of legal entity	Particulars of issued and paid-up capital/ registered capital	Proportion of ownership interest: Group's effective interest	Held by the Company	Held by a subsidiary	Principal activity
Tianjin Jin Jun Investment Development Co., Ltd. (天津津俊投資發展有限公司)	PRC□	RMB75,000,000	58%	–	58%	Property development and investment
Nanjing Top Spring Real Estate Co., Ltd. (南京萊蒙置業有限公司)	PRC□	RMB300,000,000	100%	–	100%	Property development and investment
Nanchang Top Spring Real Estate Co., Ltd. (南昌萊蒙置業有限公司)	PRCΔ	RMB800,000,000	70%	–	70%	Property development and investment
Huidong Laiyiangtian Property Co., Ltd. (惠東縣萊洋天置業有限公司)	PRC□	RMB62,500,000	100%	–	100%	Property development and investment
Huidong Laihaitian Property Co., Ltd. (惠東縣萊海天置業有限公司)	PRC□	RMB125,000,000	100%	–	100%	Property development and investment
Nanjing Top Spring Water Flower Property Development Co., Ltd. (南京萊蒙水榭花都房地產開發有限公司)	PRC□	RMB50,000,000	100%	–	100%	Property development and investment
Hangzhou Lai Shui Property Development Co., Ltd. (杭州萊水房地產開發有限公司)	PRC□	RMB50,000,000	100%	–	100%	Property development and investment
Shenzhen Pan Ye Technology Development Ltd. (深圳市磐業科技開發有限公司)	PRC□	RMB222,200,000	100%	–	100%	Property development and investment
Sanhe City Shunze Property Development Ltd. (三河市順澤房地產開發有限公司)	PRC□	RMB10,000,000	51%	–	51%	Property development and investment
Shenzhen Hong Sheng Chang Investment Ltd. (深圳鴻盛昌投資有限公司)	PRC□	RMB10,000,000	60%	–	60%	Property development and investment
Shenzhen Zhong Yi Ming Hao Real Estate Development Ltd. (深圳市中益名浩房地產開發有限公司)	PRC□	RMB50,000,000	70%	–	70%	Property development and investment
MSREF Century Palace (Residential) Limited (摩根士丹利房地產基金世紀華庭(公寓)有限公司) (Note)	Hong Kong/PRC	1 share	70%	–	70%	Property investment

Note: An indirect subsidiary of the Company and not a member of the Morgan Stanley group of companies or any fund they manage.

Wholly foreign-owned enterprise
Δ Sino-foreign equity joint venture
□ Limited liability company

13 INVESTMENTS IN SUBSIDIARIES (Continued)

The following table lists out the information relating to Nanchang Top Spring Real Estate Co., Ltd. (南昌萊蒙置業有限公司) and Shine Rise International Limited, subsidiaries of the Group which have material non-controlling interest (NCI). The summarised financial information presented below represents the amounts before any inter-company elimination.

	Shine Rise International Limited		Nanchang Top Spring Real Estate Co., Ltd.	
	2015	2014	**2015**	2014
	$'000	$'000	**$'000**	$'000
NCI percentage	**30%**	30%	**30%**	30%
Current assets	**1,957,403**	98,729	**3,154,653**	6,290,513
Non-current assets	**1,033,714**	3,044,313	**2,301,795**	1,118,143
Current liabilities	**(2,149,250)**	(1,034,008)	**(2,569,379)**	(5,180,267)
Non-current liabilities	**(538,725)**	(1,961,688)	**(404,944)**	(517,362)
Net assets	**303,142**	147,346	**2,482,125**	1,711,027
Carrying amount of NCI	**90,943**	44,204	**744,638**	513,308
Revenue	**93,127**	109,904	**3,910,515**	869,069
Profit for the year	**253,186**	51,230	**876,566**	418,181
Total comprehensive income	**155,796**	(2,721)	**771,100**	385,967
Profit allocated to NCI	**75,956**	15,369	**262,970**	125,454
Dividend paid to NCI	**–**	–	**–**	–
Cash flows from operating activities	**(479,043)**	42,972	**666,180**	(127,541)
Cash flows from investing activities	**1,138,159**	(2,767)	**(171,657)**	3,670
Cash flows from financing activities	**(546,306)**	(21,743)	**(1,207,786)**	332,547

14 INTEREST IN ASSOCIATES

	The Group	
	2015	2014
	$'000	$'000
Share of net assets	**21,095**	110,815
Amount due from an associate	**–**	52,215
	21,095	163,030

All of the associates are unlisted corporate entities whose quoted market prices are not available.

14 INTEREST IN ASSOCIATES (Continued)

Aggregate information of associates that are not individually material:

	2015 $'000	2014 $'000
Aggregate carrying amount of individually immaterial associates in the consolidated financial statements	**21,095**	110,815
Aggregate amounts of the Group's share of those associates'		
(Loss)/profit for the year	**(49,820)**	11,892
Other comprehensive income	**(6,046)**	(9,897)
Total comprehensive income	**(55,866)**	1,995

15 INTEREST IN JOINT VENTURES

	2015 $'000	2014 $'000
Share of net assets	**51,497**	74,964
Amount due from a joint venture	**179,083**	275,103
	230,580	350,067

The amounts due from a joint venture is unsecured, interest-bearing at 16.5% per annum (2014: 16.5%) and has no fixed terms of repayment. The balance is not expected to be recovered within one year and is neither past due nor impaired.

All of the joint ventures are unlisted corporate entities whose quoted market prices are not available.

Aggregate information of joint ventures that are not individually material:

	2015 $'000	2014 $'000
Aggregate carrying amount of individually immaterial joint ventures in the consolidated financial statements	**51,497**	74,964
Aggregate amounts of the Group's share of those joint ventures'		
Loss for the year	**(6,997)**	(779)
Other comprehensive income	**(14,079)**	(7,147)
Total comprehensive income	**(21,076)**	(7,926)

16 OTHER FINANCIAL ASSETS

	2015 $'000	2014 $'000
Non-current portion		
Available-for-sale investments, unlisted	**24,143**	194,246
Current portion		
Wealth management products, unlisted	**253,701**	125,047

At 31 December 2014, the Group's wealth management products were pledged to secure bank loans, details of which are set out in note 23.

17 INVENTORIES

	2015 $'000	2014 $'000
Property development		
Leasehold land held for development for sale	**549,041**	668,562
Properties held for/under development for sale	**12,098,115**	16,329,105
Completed properties for sale	**3,104,278**	3,337,882
	15,751,434	20,335,549
Other operations		
Low value consumables and supplies	**874**	1,029
	15,752,308	20,336,578

(a) The analysis of carrying value of properties is as follows:

	2015 $'000	2014 $'000
In the PRC		
– under long leases	**10,093,710**	15,388,415
– under medium-term leases	**5,657,724**	4,947,134
	15,751,434	20,335,549
Including:		
– Properties expected to be completed after more than one year	**8,001,001**	6,249,549

(b) The Group's certain leasehold land held for development for sale, properties under development for sale and completed properties for sale were pledged to secure bank loans and other borrowings, details of which are set out in notes 23 and 24.

18 TRADE AND OTHER RECEIVABLES

	2015 $'000	2014 $'000
Debtors, prepayments and deposits (Notes (ii), (iii) and (vii))	**1,887,497**	1,331,169
Amount due from an associate (Note (iv))	**5,842**	14,133
Amount due from a joint venture (Note (v))	**47,756**	–
Amounts due from non-controlling shareholders (Note (vi))	**555,158**	375,146
	2,496,253	1,720,448

Notes:

(i) The Group's credit policy is set out in note 27(a).

(ii) The balances at 31 December 2015 included deposits and prepayments for acquisition of land use rights of $1,005,673,000 (2014: $241,487,000).

(iii) The balances at 31 December 2015 included deposits for acquisition of a subsidiary from a related party of $81,184,000 (2014: $Nil).

(iv) The balance is unsecured, interest-free and recoverable on demand. The balance is neither past due nor impaired.

(v) The balance is unsecured, interest-bearing at 12.5% per annum and recoverable within one year. The balance is neither past due nor impaired.

(vi) Apart from the amount due from a non-controlling shareholder of $2,388,000 (2014: $5,000) which is interest-free, all of the balances are unsecured, interest-bearing at 3% or 12.5% (2014: 3%) per annum and recoverable on demand or within one year. The balances are neither past due nor impaired.

(vii) All of the Group's trade debtors were not impaired, of which 96% and 93% at 31 December 2014 and 2015 respectively was not past due or less than 1 year past due.

Receivables which were neither past due nor impaired relate to a wide range of customers for whom there was no recent history of default.

Receivables which were past due but not impaired relate to independent customers, for which have a good track record of trading with the Group or sufficient rental deposits are held to cover potential exposure to credit risk. Based on past experience, management considers that no impairment allowance is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered to be fully recoverable.

(viii) Ageing analysis

Included in trade and other receivables are trade debtors (net of allowance for doubtful debts) with the following ageing analysis based on due date at the end of the reporting period:

	2015 $'000	2014 $'000
Current or under 1 month overdue	**41,299**	66,378
More than 1 month overdue and up to 3 months overdue	**617**	16
More than 3 months overdue and up to 6 months overdue	**212**	7,519
More than 6 months overdue and up to 1 year overdue	**2,111**	129
More than 1 year overdue	**3,258**	3,126
	47,497	77,168

(ix) The Group's certain rental receivables were pledged to secure bank loans, details of which are set out in note 23.

19 RESTRICTED AND PLEDGED DEPOSITS

	2015 $'000	2014 $'000
Restricted deposits (Note (i))	**65,110**	14,076
Pledged deposits (Note (ii))	**1,794,708**	3,314,197
	1,859,818	3,328,273
Less: Non-current portion (Note (ii))	**(11,939)**	(194,955)
Current portion	**1,847,879**	3,133,318

Notes:

(i) In accordance with relevant construction contracts, certain of the Group's PRC subsidiaries with property development projects are required to place at designated bank accounts certain amount of deposits for potential default in payment of construction costs payables. Such guarantee deposits will be released after the settlement of the construction costs payables.

(ii) Pledged deposits represent deposits pledged to banks to secure banking facilities granted to the Group. Deposits amounting to $1,680,143,000 (2014: $3,060,707,000) have been pledged to secure short-term borrowings and are therefore classified as current assets. The remaining deposits amounting to $11,939,000 (2014: $194,955,000) have been pledged to secure long-term borrowings and banking facilities and are therefore classified as non-current assets.

The Group's certain bank deposits which were pledged as securities in respect of:

	2015 $'000	2014 $'000
Bank loan facilities	**1,692,082**	3,255,662
Mortgage loan facilities granted by the banks to purchasers of the Group's properties	**102,626**	58,535
	1,794,708	3,314,197

20 CASH AND CASH EQUIVALENTS

(a) Cash and cash equivalents comprise:

	2015 $'000	2014 $'000
Cash at banks and in hand	**3,789,854**	6,374,760

At 31 December 2015, cash at banks and in hand included proceeds from the pre-sale of properties totalling RMB500,624,000 (equivalent to approximately $597,689,000) (2014: RMB635,302,000 (equivalent to approximately $794,425,000)) placed in designated bank accounts by certain of the Group's PRC subsidiaries in accordance with relevant documents issued by local government authorities. Such deposits can only be used for purchases of construction materials and the payments of construction fees of the relevant property development projects when approval from the designated bank is obtained. Such deposits will be released after the completion of the pre-sale of the relevant properties.

(b) Reconciliation of profit before taxation to cash generated from operations:

	Note	2015 $'000	2014 $'000
Profit before taxation		**2,296,823**	2,036,329
Adjustments for:			
Interest income	4	**(175,572)**	(208,157)
Finance costs	6(a)	**509,340**	652,594
Depreciation and amortisation	6(c)	**56,281**	47,658
Valuation gains on investment properties and investment properties classified as held for sale	12&21	**(458,981)**	(416,301)
Provision on inventories	5	**314,994**	70,690
Impairment loss on hotel properties	5	**–**	10,906
Net loss on sale of property, plant and equipment	5	**456**	1,513
Impairment loss on available-for-sale investments	5	**36,428**	–
Net gain on sale of investment properties and investment properties classified as held for sale	5	**(41,518)**	(54,204)
Net gain on disposal of subsidiaries	5	**(15,353)**	(12,710)
Net loss on disposal of partial interest in an associate	5	**35**	–
Net gain on disposal of available-for-sale investments and wealth management products	5	**(113,905)**	–
Equity settled share-based payment expenses	6(b)	**23,455**	14,948
Share of profits less losses of associates		**49,820**	(11,892)
Share of losses of joint ventures		**6,997**	779
Net foreign exchange (gain)/loss		**(58,175)**	52,518
Changes in working capital:			
Decrease/(increase) in inventories		**4,035,985**	(2,288,444)
(Increase)/decrease in trade and other receivables		**(436,008)**	725,130
(Decrease)/increase in trade and other payables		**(4,904,443)**	3,800,617
Cash generated from operations		**1,126,659**	4,421,974

20 CASH AND CASH EQUIVALENTS (Continued)

(c) Acquisition of subsidiaries

(i) On 23 March 2015, the Group, through a wholly-owned subsidiary, entered into share transfer agreement with independent third parties to purchase the 49% issued share capital of Shenzhen Le Da Cultural Technology Limited (深圳市樂達文化科技有限公司) ("Le Da") for a consideration of RMB4,900,000 (equivalent to approximately $6,117,000). After the completion of acquistion, the Groups holds 100% equity interest in Le Da and Le Da became a subsidiary of the Group.

(ii) On 18 April 2015, the Group, through a partly-owned subsidiary, entered into a share transfer agreement with an independent third party for the acquisition of Sanhe City Shunze Property Ltd. (三河市順澤物業服務有限公司) ("Shunze Property"), for a consideration of RMB3,000,000 (equivalent to approximately $3,728,000). After the completion of the transaction, the Group holds 51% equity interest in Shunze Property and Shenze Property became a subsidiary of the Group.

(iii) On 27 May 2015, the Group, through a wholly-owned subsidiary, entered into a share transfer agreement with an independent third party for the acquisition of Shenzhen Hong Sheng Chang Investment Limited (深圳鴻盛昌投資有限公司) ("Hong Sheng Chang"), which is the sole principal of an urban redevelopment project in Shenzhen, for an aggregate consideration of RMB30,000,000 (equivalent to approximately $37,515,000). The completion of such acquisition took place on 9 June 2015 and Hong Sheng Chang became a subsidiary of the Group accordingly.

(iv) On 14 September 2015, the Group, through a wholly-owned subsidiary, entered into share agreement with independent third parties to purchase the entire issue capital of Shenzhen Zhong Yi Ming Hao Real Estate Development Ltd. (深圳市中益名浩房地產開發有限公司) ("Zhong Yi Ming Hao"), which is the sole principal of urban redevelopment projects in Shenzhen, for a consideration of RMB42,000,000 (equivalent to approximately $51,801,000). The completion of such acquisition took place on 16 September 2015 and Zhong Yi Ming Hao became a subsidiary of the Group accordingly.

(v) On 9 October 2015, the Group, through a wholly-owned subsidiary, entered into a share transfer agreement with an independent third party to purchase the entire issued share capital of Great Billion Corporation Limited ("Great Billion") and Wealth Channel Holdings Limited ("Wealth Channel"), which each holds a piece of land located in Yuen Long, Hong Kong, for an aggregate consideration of $99,000,000. The completion of such acquisition took place on 31 December 2015 and Great Billion and Wealth Channel became subsidiaries of the Group accordingly.

(vi) On 31 December 2013, the Group, through a wholly-owned subsidiary, entered into a share and shareholder's loan transfer agreement with an independent third party for the acquisition of the entire issued share capital in Urban Transportation Infrastructure Development Limited (城市交通設施發展有限公司) ("UTIDL") (which in turn holds 90% indirect interest in a land located in Nanjing, the PRC) and the shareholder's loan owing to the former shareholder, for a consideration of $304,033,000. The completion of such acquisition took place on 2 January 2014 and UTIDL became a subsidiary of the Group accordingly.

(vii) On 23 January 2014, the Group, through a wholly-owned subsidiary, entered into a capital injection agreement with an independent third party to inject capital in Sanhe City Xue Zhe Zhi Jia Investment Limited (三河市學者之家投資有限公司) ("Sanhe") in the total amount of RMB228,140,000 (equivalent to approximately $284,890,000) and to provide a shareholder's loan in an amount of RMB137,388,000 (equivalent to approximately $171,563,000). After the completion of capital injection, the Group holds 51% equity interest in Sanhe and Sanhe became a subsidiary of the Group.

(viii) On 11 November 2014, the Group, through a wholly-owned subsidiary, entered into a share transfer agreement with independent third parties to purchase the entire issued share capital of Shenzhen Pan Ye Technology Development Ltd. (深圳市磐業科技開發有限公司) ("Pan Ye"), which is the sole principal of an urban redevelopment project in Shenzhen, the PRC, for an aggregate consideration of RMB121,598,000 (equivalent to approximately $154,254,000). The completion of such acquisition took place on 19 November 2014 and Pan Ye became a subsidiary of the Group accordingly.

20 CASH AND CASH EQUIVALENTS (Continued)

(c) Acquisition of subsidiaries (Continued)

(ix) The fair value of the assets acquired and the liabilities assumed were as follows:

	2015 $'000	2014 $'000
Other property, plant and equipment	**377**	1,296
Inventories	**99,000**	706,844
Trade and other receivables	**141,754**	61,135
Amounts due from former shareholders	**–**	124,901
Cash and cash equivalents	**13,107**	198,998
Trade and other payables	**(24,860)**	(172,339)
Net assets	**229,378**	920,835
Non-controlling interests	**(24,826)**	(177,658)
Interest in an associate	**(6,391)**	–
Considerations	**198,161**	743,177
Satisfied by:		
Cash	**198,161**	618,276
Amounts due from former shareholders	**–**	124,901
	198,161	743,177

Analysis of net cash outflow of cash and cash equivalents in respect of the acquisition of subsidiaries:

	2015 $'000	2014 $'000
Cash considerations paid	**(198,161)**	(618,276)
Cash acquired	**13,107**	198,998
	(185,054)	(419,278)

20 CASH AND CASH EQUIVALENTS (Continued)

(d) Disposal of subsidiaries

(i) On 18 November 2015, the Group completed the disposal of its 100% equity interest in Top Spring International (UK) Limited ("TSI(UK)"), an indirect wholly-owned subsidiary of the Company, to an independent third party for a total consideration of £15,069,987 (equivalent to approximately $176,777,000). This resulted in a net gain on disposal of a subsidiary of $15,132,000. In addition, 25% equity interest in Fairbriar Real Estate Limited ("Fairbriar"), which is invested by the Group through TSI(UK), ceased to be the associate of the Group upon the disposal of interest in TSI(UK).

(ii) During the year ended 31 December 2015, the Group completed the disposal of certain subsidiaries engaging in investing holding activities for a total consideration of approximately $222,000.

(iii) On 2 April 2014, the Group completed the disposal of its 15% equity interest in 深圳新萊源投資基金管理有限公司 (Shenzhen New Top Spring Investment Fund Management Company Limited) ("NTS Fund"), a non wholly-owned subsidiary of the Company, to an independent third party for a total consideration of RMB1,500,000 (equivalent to approximately $1,873,000). This resulted in a net gain on disposal of a subsidiary of $12,710,000. Following the disposal, the Group retained 45% equity interest in NTS Fund. The Group lost control but has significant influence over NTS Fund. Therefore, NTS Fund is accounted for as an associate of the Group.

In addition, 深圳萊蒙滙達投資合伙企業(有限合伙) (Shenzhen Top Spring Hui Da Investment Partnership), which is invested by the Group through NTS Fund, and 深圳萊蒙滙餘投資合伙企業(有限合伙) (Shenzhen Top Spring Hui Yu Investment Partnership), 深圳萊蒙滙利投資合伙企業(有限合伙) (Shenzhen Top Spring Hui Li Investment Partnership), 深圳萊蒙滙富投資合伙企業(有限合伙) (Shenzhen Top Spring Hui Fu Investment Partnership) and 深圳萊蒙滙盈投資合伙企業(有限合伙) (Shenzhen Top Spring Hui Ying Investment Partnership) (collectively "the 4 Partnerships"), which are invested by the Group through NTS Fund and a wholly-owned subsidiary of the Company, ceased to be the joint ventures of the Group upon the disposal of partial interest in NTS Fund in the abovementioned paragraph. The Group's indirect interest in the 4 Partnerships is accounted for as available-for-sale investments under "other financial assets" as at 31 December 2014.

(iv) Net assets disposed of:

	2015 $'000	2014 $'000
Other property, plant and equipment	**–**	472
Interest in an associate	**150,591**	–
Interest in joint ventures	**–**	12,924
Trade and other receivables	**1,740**	2,004
Cash and cash equivalents	**–**	61,961
Trade and other payables	**–**	(903)
Amounts due to group companies	**–**	(16,488)
Amounts due to related companies	**–**	(8,036)
Net assets	**152,331**	51,934
Non-controlling interest	**–**	7,225
Realisation of exchange reserve upon disposal	**9,315**	–
Net gain on disposal of subsidiaries (note 5)	**15,353**	12,710
	176,999	71,869
Satisfied by:		
Cash	**176,999**	1,873
Interest in associates	**–**	69,996
	176,999	71,869

20 CASH AND CASH EQUIVALENTS (Continued)

(d) Disposal of subsidiaries (Continued)

(iv) Net assets disposed of: (Continued)

Analysis of net cash inflow/(outflow) of cash and cash equivalents in respect of the disposal of subsidiaries:

	2015 $'000	2014 $'000
Cash consideration received	**176,999**	1,873
Cash disposed of	**–**	(61,961)
	176,999	(60,088)

(e) Transactions with non-controlling interests

On 28 February 2015, the Group acquired an additional 49% equity interest in Huidong Laiyiangtian Property Company Limited ("Laiyiangtian") ("惠東縣萊洋天置業有限公司") for a consideration of RMB30,625,000 (equivalents to approximately $37,879,000). The carrying amount of the non-controlling interests in Laiyiangtian on the date of acquisition was $8,860,000.

On 6 June 2014, the Group acquired an additional 10% equity interest in China Resources Transportation Infrastructure Investment (Nanjing) Limited (華潤交通設施投資(南京)有限公司) ("CRTI") for a consideration of $33,011,000. The carrying amount of the non-controlling interests in CRTI on the date of acquisition was $33,205,000. The effect of the transaction is summarised as follows:

	2015 $'000	2014 $'000
Consideration paid to non-controlling interests	**(37,879)**	(33,011)
Decrease in non-controlling interests	**8,860**	33,205
(Excess)/deficit of consideration paid recognised in equity	**(29,019)**	194

21 INVESTMENT PROPERTIES CLASSIFIED AS HELD FOR SALE

During the year ended 31 December 2015, the Group put certain investment properties in the market for sale and entered into binding agreements with purchasers for the sale of certain of these investment properties. Accordingly, these investment properties with carrying amount of $2,166,475,000 have been reclassified from "Investment properties" to "Investment properties classified as held for sale". Subsequent to the reclassification, valuation gains on these properties of $117,055,000 was recognised in profit or loss in this year.

At 31 December 2015, these investment properties classified as held for sale were pledged to secure a bank loan, details of which are set out in note 23.

22 TRADE AND OTHER PAYABLES

	2015 $'000	2014 $'000
Creditors and accrued charges (Note (i))	**4,322,821**	4,965,273
Rental and other deposits	**133,729**	127,830
Receipts in advance	**4,953,225**	9,248,237
Amounts due to non-controlling shareholders (Note (iii))	**587,960**	750,522
Amount due to related companies (Note (ii))	**45,014**	14,380
	10,042,749	15,106,242

Notes:

(i) All of the Group's trade and other payables are expected to be settled or recognised as income within one year or are repayable on demand except for an amount of $1,649,937,000 (2014: $1,861,338,000) which is expected to be settled after more than one year.

(ii) The balances are unsecured, interest-free and repayable on demand.

(iii) Apart from the amounts due to non-controlling shareholders of $368,118,000 (2014: $510,340,000) which are interest-free, all of the balances are unsecured, interest-bearing at 20% (2014: 20%) above the 1-year RMB benchmark lending rate as determined by the People's Bank of China and repayable within one year or on demand.

(iv) Included in trade and other payables are trade creditors with the following ageing analysis based on due date at the end of the reporting period:

	2015 $'000	2014 $'000
Due within 1 month or on demand	**1,640,249**	1,891,230
Due after 1 month but within 3 months	**213,409**	5,806
Due after 3 months but within 6 months	**8,319**	370,738
Due after 6 months but within 1 year	**133,632**	96,453
Due after 1 year	**15,400**	149,336
	2,011,009	2,513,563

23 BANK AND OTHER BORROWINGS

At 31 December 2015, the bank and other borrowings were analysed as follows:

	2015 $'000	2014 $'000
Bank loans		
– Secured	**7,620,354**	12,214,022
– Unsecured	**59,693**	404,527
	7,680,047	12,618,549
Other borrowings		
– Secured	**823,897**	2,522,495
– Unsecured	**1,050,000**	–
	1,873,897	2,522,495
	9,553,944	15,141,044

At 31 December 2015, bank and other borrowings were repayable as follows:

	2015 $'000	2014 $'000
Within 1 year and included in current liabilities	**6,615,267**	8,487,467
After 1 year and included in non-current liabilities:		
After 1 year but within 2 years	**1,085,764**	4,290,528
After 2 years but within 5 years	**1,443,410**	1,772,827
After 5 years	**409,503**	590,222
	2,938,677	6,653,577
	9,553,944	15,141,044

23 BANK AND OTHER BORROWINGS (Continued)

Notes:

(i) At 31 December 2015, the bank loans bore interest ranging from 1.6% to 12% (2014: 2.6% to 12%) per annum, and the bank loans and other borrowings were secured by the following assets:

	2015 $'000	2014 $'000
Investment properties	**6,110,781**	9,113,602
Hotel properties	**258,235**	294,801
Other land and buildings	**14,445**	30,155
Leasehold land held for development for sale	**450,041**	668,562
Properties under development for sale	**7,193,278**	6,256,339
Completed properties for sale	**1,205,063**	1,462,240
Wealth management products	**–**	125,047
Pledged deposits	**1,692,082**	3,255,662
Rental receivables	**4,796**	6,708
Investment properties classified as held for sale	**1,216,821**	–
Total	**18,145,542**	21,213,116

(ii) At 31 December 2015, the secured other borrowing was from an independent third party, interest-bearing at 10.94% per annum and secured by certain of the Group's investment properties, properties under development for sale and equity interests in a subsidiary within the Group.

(iii) At 31 December 2015, the unsecured other borrowings were from a shareholder of the Company, interest-bearing at 6.9% or 9% per annum and repayable within one year.

(iv) At 31 December 2014, the secured other borrowings were from independent third parties, interest-bearing at rates ranging from 9.0535% to 17.95% per annum and secured by certain of the Group's properties under development for sale or equity interests in certain subsidiaries within the Group. Included in the balances at 31 December 2014 were entrusted loans of $1,195,332,000 reclassified from loans from joint ventures upon the disposal of partial interest in NTS Fund during the year ended 31 December 2014 (see note 20(d)(iii)).

24 NOTE PAYABLE

On 15 June 2015, the Company issued a note with principal amount of RMB990,000,000 due in 2018. The note is interest-bearing at 10.595% per annum which is payable quarterly in arrears. The note is secured by the Group's certain properties under development for sale with carrying amount of $2,029,800,000 as at 31 December 2015 and guaranteed by the Group's certain subsidiaries.

(Expressed in Hong Kong dollars unless otherwise indicated)

25 EQUITY SETTLED SHARE-BASED TRANSACTIONS

(a) Pre-IPO Share Option Scheme

The Company has a Pre-IPO Share Option Scheme whereby the directors of the Company are authorised, at their discretion, to invite employees of the Group, including directors of any company in the Group, to take up options at consideration of $1.00 per grant to subscribe for shares of the Company. On 3 December 2010, a total number of 34,371,667 share options were granted under the Pre-IPO Share Option Scheme. The options will fully vest after three years from the Listing Date or, as the case may be, the first anniversary date of the employment commencement date of the relevant grantees, and are then exercisable within a period of 10 years from the date of grant. The exercise price per share is $2.492, being 40% of the price of IPO of shares of the Company. Upon completion of the bonus issue (see note 26(c)(ii)), the exercise price per share was adjusted to $1.780. Each option gives the holder the right to subscribe for one ordinary share in the Company and is settled gross in shares.

(i) The terms and conditions of the grants are as follows:

	Number of instruments	Vesting conditions	Contractual life of options
Options granted to a director:			
– on 3 December 2010	1,166,667	One year (30%), two years (60%) and three years (100%) from the Listing Date	10 years
Options granted to senior management and employees:			
– on 3 December 2010	33,205,000	One year (30%), two years (60%) and three years (100%) from the Listing Date	10 years
Total share options granted	34,371,667		

25 EQUITY SETTLED SHARE-BASED TRANSACTIONS (Continued)

(a) Pre-IPO Share Option Scheme (Continued)

(ii) The number and weighted average exercise price of share options are as follows:

	2015 Number of options '000	2014 Number of options '000
Outstanding at the beginning of the year	**20,584**	30,461
Exercised during the year	**(7,572)**	(2,186)
Forfeited during the year	**–**	(7,691)
Outstanding at the end of the year	**13,012**	20,584
Exercisable at the end of the year	**13,012**	20,584

No share options under the Pre-IPO Share Option Scheme were granted during the years ended 31 December 2014 and 2015.

The weighted average share price at the date of exercise for shares options exercised during the year ended 31 December 2015 was $3.57 (2014: $2.56).

The share options outstanding at 31 December 2015 had a weighted average exercise price of $1.780 (2014: $1.780) and a weighted average remaining contractual life of 4.9 (2014: 5.9) years.

(b) Pre-IPO Share Award Scheme

Under the Pre-IPO Share Award Scheme, a total number of 6,452,000 (after capitalisation issue) shares of the Company was awarded to certain employees of the Group as a means of recognising their contributions to the early development of the Group and aligning their interests with the shareholders of the Company. The eligible employees received an offer to be granted by the awarded shares at nil consideration but subject to a six-month lock-up period. The awarded shares will fully vest after three years from the date of award and are valid and effective for unlimited period unless a triggering event has arisen upon the occurrence of certain events. The shares awarded by the Company will be settled with the shares (after capitalisation issue) held by a share award trust. Upon completion of the bonus issue (see note 26(c)(ii)), a total number of 2,067,200 awarded shares were adjusted.

No shares were awarded under the Pre-IPO Share Award Scheme during the years ended 31 December 2014 and 2015.

25 EQUITY SETTLED SHARE-BASED TRANSACTIONS (Continued)

(b) Pre-IPO Share Award Scheme (Continued)

(i) The terms and conditions of the grants are as follows:

	Number of instruments	Vesting condition
Shares awarded to employees:		
– on 3 December 2010	6,452,000	One year (30%), two years (60%) and three years (100%) from the date of award

(ii) The number of outstanding awarded shares are as follows:

	2015 Number of awarded shares ’000	2014 Number of awarded shares ’000
Outstanding at the beginning of the year	**–**	7,123
Vested during the year	**–**	(7,123)
Outstanding at the end of the year	**–**	–

(c) Post-IPO Share Option Scheme

The Company has a Post-IPO Share Option Scheme which was to recognise and acknowledge the contributions that the employees and directors have made or may make to the Group.

An option under the Post-IPO Share Option Scheme may be exercised in accordance with the terms of the share option scheme at any time during a period as determined by the directors of the Company, which must not be more than 10 years from the date of grant.

On 28 April 2015, 8 September 2015 and 23 October 2015, 82,650,000, 3,000,000 and 10,000,000 share options were granted at a consideration of $1.00 per grant paid by the employees of the Company under the Post-IPO Share Option Scheme respectively. Each option gives the holder the right to subscribe for one ordinary share of $0.10 each of the Company. These share options will fully vest after three years from the date of grant, and then be exercisable until 2025. The exercise prices are $3.30, $3.65 and $3.45 respectively. The closing price of the Company’s ordinary shares immediately before the grant are $3.30, $3.65 and $3.39 respectively. No share options were granted under the Post-IPO Share Option Scheme during the year ended 31 December 2014. Upon completion of the bonus issue (see note 26(c)(ii)), the exercise price of the Post-IPO share options granted in 2012 was adjusted to $2.264.

25 EQUITY SETTLED SHARE-BASED TRANSACTIONS (Continued)

(c) Post-IPO Share Option Scheme (Continued)

(i) The terms and conditions of the grants are as follows:

	Number of instruments	Vesting conditions	Contractual life of options
Options granted to directors:			
–26 June 2012	4,400,000	One year (30%), two years (60%) and three years (100%) from the date of grant	10 years
–20 June 2013	5,700,000		
–28 April 2015	34,000,000		
–23 October 2015	10,000,000		
Options granted to senior management and employees:			
–26 June 2012	11,320,000	One year (30%), two years (60%) and three years (100%) from the date of grant	10 years
–20 June 2013	8,300,000		
–28 April 2015	48,650,000		
–8 September 2015	3,000,000		
Total share options granted	125,370,000		

(ii) The number and weighted average exercise price of share options are as follows:

	2015 Number of options '000	2014 Number of options '000
Outstanding at the beginning of the year	**26,910**	31,440
Granted during the year	**95,650**	–
Exercised during the year	**(3,479)**	(525)
Forfeited during the year	**(16,478)**	(4,005)
Outstanding at the end of the year	**102,603**	26,910
Exercisable at the end of the year	**16,572**	13,050

The weighted average share price at the date of exercise for shares options exercised during the year ended 31 December 2015 was $3.70 (2014: $2.62).

The share options outstanding at 31 December 2015 had a weighted average exercise price of $3.27 (2014: $3.00) and a weighted average remaining contractual life of 8.9 years (2014: 7.9 years).

(Expressed in Hong Kong dollars unless otherwise indicated)

25 EQUITY SETTLED SHARE-BASED TRANSACTIONS (Continued)

(c) Post-IPO Share Option Scheme (Continued)

(iii) Fair value of share options and assumptions

The fair value of services received in return for share options granted is measured by reference to the fair value of share options granted. The estimate of the fair value of the share options granted is measured based on a binomial lattice model. The contractual life of the share option is used as an input into this model. Expectations of early exercise are incorporated into the binomial lattice model.

Fair value of share options and assumptions

	28 April 2015	8 September 2015	23 October 2015
Fair value at measurement date	$0.69	$0.95	$0.86
Share price	$3.3	$3.65	$3.39
Exercise price	$3.3	$3.65	$3.45
Expected volatility (expressed as weighted average volatility used in the modelling under binomial lattice model)	41.2%	40.8%	40.6%
Option life (expressed as weighted average life used in the modelling under binomial lattice model)	10 years	10 years	10 years
Expected dividends	6.66%	5.99%	6.44%
Risk-free interest rate	1.735%	1.728%	1.464%

The expected volatility is based on the price volatility of the shares of comparable companies which are listed and publicly traded in the Stock Exchange over the most recent period. Expected dividends are derived based on expected dividend payout ratio of the Company.

Share options were granted under a service condition. This condition has not been taken into account in the grant date fair value measurement of the services received. There were no market conditions associated with the share option grants.

26 CAPITAL, RESERVES AND DIVIDENDS

(a) Movements in components of equity

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

	Share capital $'000	Share premium $'000	Reserve arising from issuance of PCSs $'000	Capital reserve $'000	Retained profits $'000	Total $'000
Balance at 1 January 2014	115,530	1,386,897	25,092	173,896	35,655	1,737,070
Changes in equity for 2014:						
Profit and total comprehensive income for the year	–	–	–	–	1,170,922	1,170,922
Issuance of new shares under the Pre-IPO and Post-IPO Share Option Schemes (Note (c)(i))	271	13,997	–	(9,189)	–	5,079
Issuance of new shares upon conversion of PCSs (Note (c)(ii))	272	–	(272)	–	–	–
Equity settled share-based transactions	–	–	–	14,948	–	14,948
Share options and awarded shares forfeited	–	–	–	(33,584)	29,097	(4,487)
Awarded shares vested	–	40,434	–	(40,434)	–	–
Dividend approved in respect of the previous year (Note (b))	–	–	–	–	(154,756)	(154,756)
Dividend declared in respect of the current year (Note (b))	–	–	–	–	(154,951)	(154,951)
Balance at 31 December 2014	116,073	1,441,328	24,820	105,637	925,967	2,613,825

26 CAPITAL, RESERVES AND DIVIDENDS (Continued)

(a) Movements in components of equity (Continued)

	Share capital $'000	Share premium $'000	Reserve arising from issuance of PCSs $'000	Capital reserve $'000	Retained profits $'000	Total $'000
Balance at 31 December 2014 and 1 January 2015	**116,073**	**1,441,328**	**24,820**	**105,637**	**925,967**	**2,613,825**
Changes in equity for 2015:						
Loss and total comprehensive income for the year	–	–	–	–	(117,720)	(117,720)
Issuance of new shares under the Pre-IPO and Post-IPO Share Option Schemes (Note (c)(i))	1,105	53,290	–	(33,041)	–	21,354
Issuance of new shares upon conversion of PCSs (Note (c)(ii))	965	–	(965)	–	–	–
Equity settled share-based transactions	–	–	–	23,455	–	23,455
Share options and awarded shares forfeited	–	–	–	(5,367)	2,446	(2,921)
Dividend approved in respect of the previous year (Note (b))	–	–	–	–	(155,624)	(155,624)
Balance at 31 December 2015	**118,143**	**1,494,618**	**23,855**	**90,684**	**655,069**	**2,382,369**

(b) Dividends

(i) Dividends payable to equity shareholders of the Company and holders of PCSs attributable to the year

	2015 $'000	2014 $'000
No interim dividend declared and paid in respect of the interim period (2014: 11 cents per ordinary share and unit of PCSs)	–	154,951
Final dividend proposed after the end of the reporting period of 22 (2014: 11) cents per ordinary share and unit of PCSs	**312,397**	154,983
	312,397	309,934

In respect of the interim dividend for the six months ended 30 June 2014, there was a difference of $110,000 between interim dividend disclosed in the 2014 interim financial report and amounts declared and paid during 2014 which represented dividends attributable to new shares issued upon the exercise of 1,000,000 share options, before the closing date of the register of members.

The final dividend proposed after the end of the reporting period has not been recognised as a liability at the end of the reporting period.

26 CAPITAL, RESERVES AND DIVIDENDS (Continued)

(b) Dividends (Continued)

(ii) Dividends payable to equity shareholders of the Company attributable to the previous financial year, approved and paid during the year

	2015 **$'000**	2014 $'000
Final dividend in respect of the previous financial year, approved and paid during the year, of 11 cents (2014: 11 cents) per ordinary share	**155,624**	154,756

In respect of the final dividend for the year ended 31 December 2014, there is a difference of $641,000 between final dividend disclosed in the 2014 annual financial statements and amounts declared and paid during the year which represents dividends attributable to new shares issued upon the exercise of 5,827,000 share options, before the closing date of the register of members.

(c) Share capital

	The Company			
	2015		2014	
	No. of shares '000	**Amount $'000**	No. of shares '000	Amount $'000
Authorised:				
Ordinary shares of $0.10 each	**5,000,000**	**500,000**	5,000,000	500,000
Ordinary shares, issued and fully paid:				
At 1 January	**1,160,734**	**116,073**	1,155,303	115,530
Issuance of new shares under the Pre-IPO and Post-IPO Share Option Schemes (Note (i))	**11,051**	**1,105**	2,711	271
Issuance of new shares upon conversion of PCSs (Note (ii))	**9,648**	**965**	2,720	272
Issuance of new shares under bonus issue (with PCSs as an alternative) (Note (ii))	**–**	**–**	–	–
At 31 December	**1,181,433**	**118,143**	1,160,734	116,073

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

26 CAPITAL, RESERVES AND DIVIDENDS (Continued)

(c) Share capital (Continued)

Notes:

(i) During the year ended 31 December 2015, 7,572,000 (2014: 2,186,000) share options under the Pre-IPO Share Option Scheme and 3,479,000 (2014: 525,000) share options under the Post-IPO Share Option Scheme were exercised to subscribe for 11,051,000 (2014: 2,711,000) ordinary shares of the Company at a consideration of $1.780 and $2.264 (2014: $1.780 and $2.264) per share respectively, of which $0.10 (2014: $0.10) per share was credited to share capital and the balance of was credited to the share premium account. $33,041,000 (2014: $9,189,000) has been transferred from the capital reserve to the share premium account in accordance with the accounting policy set out in note 2(s)(ii).

(ii) Pursuant to the ordinary resolution passed at the Extraordinary General Meeting of the Company held on 15 May 2013, bonus shares were made to shareholders whose names appear on the register of members of the Company on 24 May 2013, the record date, on the basis of two new shares credited as fully paid for every five shares held, with an option to elect to receive PCSs in lieu of all or part of their entitlements to the bonus shares.

The PCSs are unlisted and irredeemable but have conversion rights entitling the holders of PCSs to convert into an equivalent number of shares as the number of bonus shares which the holders of PCSs would otherwise be entitled to receive under the bonus issue had the shareholder not elected for the PCSs.

On 20 June 2013, an amount of $15,036,560 standing to the credit of the share premium account was applied in paying up in full 150,365,600 ordinary shares of $0.10 each which were allotted and issued as fully paid to the shareholders who were entitled to those bonus shares and did not elect to receive the PCSs. In addition, the PCSs in the amount of $25,092,080 were issued to shareholders who elected to receive the PCSs, and the same amount was capitalised from the share premium account as reserve arising from issuance of the PCSs.

Upon completion of the bonus issue, adjustments were made to the exercise price and outstanding number of share options and awarded shares granted pursuant to the Group's Pre-IPO and Post-IPO Share Option Schemes and Pre-IPO Share Award Scheme (see notes 25(a), (b) and (c)).

Reserve arising from issuance of the PCSs was capitalised from the share premium account for the purpose of issue of new shares upon conversion of the PCSs. This reserve balance represents the aggregate amount of the PCSs outstanding at the year end. During the year ended 31 December 2015, 9,648,000 (2014: 2,720,000) PCSs were converted into 9,648,000 (2014: 2,720,000) ordinary shares by the holders of PCSs.

(d) Nature and purpose of reserves

(i) Share premium

The share premium account is governed by the Companies Law of the Cayman Islands and may be applied by the Company subject to the provisions, if any, of its memorandum and articles of association in paying distributions or dividends to equity shareholders.

No distribution or dividend may be paid to the equity shareholders out of the share premium account unless immediately following the date on which the distribution or dividend is proposed to be paid, the Company will be able to pay its debts as they fall due in the ordinary course of business.

(ii) Capital reserve

The capital reserve mainly comprises the portion of the grant date fair value of awarded shares and unexercised share options granted to employees of the Company that has been recognised in accordance with the accounting policy adopted for share-based payments in note 2(s)(ii).

(iii) Exchange reserve

The exchange reserve comprises all foreign exchange differences arising from the translation of the financial statements of foreign operations. The reserve is dealt with in accordance with the accounting policy set out in note 2(w).

26 CAPITAL, RESERVES AND DIVIDENDS (Continued)

(d) Nature and purpose of reserves (Continued)

(iv) PRC statutory reserves

PRC statutory reserves include general reserve, statutory surplus reserve and statutory public welfare fund.

General reserve

The general reserve is non-distributable and the transfer to this reserve is determined by the board of directors in accordance with the relevant laws and regulations of the PRC. This reserve can be used to offset accumulated losses and increase capital upon approval from the relevant authorities.

Statutory surplus reserve

According to the PRC Company Law, the PRC subsidiaries of the Group (excluding foreign investment enterprises) are required to transfer 10% of their profit after taxation, as determined under the PRC Accounting Regulations, to the statutory surplus reserve until the reserve balance reaches 50% of their registered capital. The transfer to this reserve must be made before distribution of a dividend to shareholders.

Statutory reserve fund can be used to make good previous years' losses, if any, and may be converted into share capital by the issue of new shares to shareholders in proportion to their existing shareholders or by increasing the par value of the shares currently held by them, provided that the balance after such issue is not less than 25% of the registered capital.

(v) Property revaluation reserve

Property revaluation reserve has been set up and is dealt with in accordance with the accounting policy set out in note 2(j).

(vi) Other reserve

The other reserve represents:

(1) The difference between the consideration received and the net book value of Joinbest Enterprises Limited ("JEL") and its subsidiaries for the deemed disposal of partial interests in JEL. The deemed disposal was resulted from the issuance of 1 ordinary share of JEL at premium upon conversion of convertible notes held by a third party on 18 June 2006.

(2) The differences between the consideration paid and the net book value of certain subsidiaries for the acquisition of additional interests in these subsidiaries from non-controlling shareholders.

(3) The differences between the consideration received and the net book value of certain subsidiaries for the disposal of the partial interests in these subsidiaries by the Group.

(4) The deemed contributions from the ultimate shareholder for the transfer of investment costs in JEL, Le Leman International (Yuhang) Limited, Glory Wise Limited, Fullshine Group Limited and Fortune Mega International Limited at nil consideration pursuant to a reorganisation.

(5) The amount arising from the reorganisation to rationalise the group structure in preparation for the listing of the Company's shares on the Stock Exchange.

(6) The waiver of repayment of amount due to a related company beneficially owned by a shareholder of the Company in December 2010.

26 CAPITAL, RESERVES AND DIVIDENDS (Continued)

(e) Distributability of reserves

At 31 December 2015, the aggregate amount of the Company's reserves available for distribution to equity shareholders of the Company, as calculated in accordance with the Companies Law of the Cayman Islands and the Company's memorandum and articles of association, was $2,264,226,000 (2014: $2,497,752,000). After the end of the reporting period the directors proposed a final dividend of 22 cents (2014: 11 cents) per ordinary share, amounting to $312,397,000 (2014: $154,983,000) (note 26(b)). This dividend has not been recognised as a liability at the end of the reporting period.

(f) Capital management

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

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

Consistent with industry practice, the Group monitors its capital structure on the basis of a gearing ratio, which is net debt divided by total equity at the end of the reporting period. For this purpose, the Group defines net debt as total bank and other borrowings less restricted and pledged deposits and cash and cash equivalents.

The Group's gearing ratio at the end of the reporting period was as follows:

	2015 $'000	2014 $'000
Current liabilities		
Bank and other borrowings	**6,615,267**	8,487,467
Amounts due to non-controlling shareholders (interest-bearing)	**219,842**	240,182
	6,835,109	8,727,649
Non-current liabilities		
Bank and other borrowings	**2,938,677**	6,653,577
Note payable	**1,167,406**	–
Total borrowings	**10,941,192**	15,381,226
Less: Restricted and pledged deposits	**(1,859,818)**	(3,328,273)
Cash and cash equivalents	**(3,789,854)**	(6,374,760)
Net debt	**5,291,520**	5,678,193
Total equity	**7,302,875**	6,957,603
Gearing ratio	**72.5%**	81.6%

27 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS

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

(a) Credit risk

The Group's credit risk is primarily attributable to bank deposits and trade and other receivables. The Group maintains a defined credit policy and the exposures to these credit risks are monitored on an ongoing basis.

Cash is deposited with financial institutions with sound credit ratings and the Group has exposure limit to any single financial institution. Given their high credit ratings, management does not expect any of these financial institutions will fail to meet their obligations.

In respect of rental income from leasing properties, sufficient rental deposits are held to cover potential exposure to credit risk. An ageing analysis of the receivables is prepared on a regular basis and is closely monitored to minimise any credit risk associated with these receivables. Adequate impairment losses have been made for estimated irrecoverable amounts.

The Group has no concentration of credit risk in view of its large number of customers. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the consolidated statement of financial position. Except for the financial guarantees given by the Group as set out in note 29, the Group does not provide any other guarantees which would expose the Group to credit risk. The maximum exposure to credit risk in respect of these financial guarantees at the end of the reporting period is disclosed in note 29.

Further quantitative disclosures in respect of the Group's exposure to credit risk arising from trade and other receivables are set out in note 18.

(b) Liquidity risk

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

27 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (Continued)

(b) Liquidity risk (Continued)

The following tables detail the remaining contractual maturities at the end of the reporting period of the Group's financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates current at the end of the reporting period) and the earliest date the Group can be required to pay:

	2015 Contractual undiscounted cash outflow					
	Within 1 year or on demand $'000	More than 1 year but less than 2 years $'000	More than 2 years but less than 5 years $'000	More than 5 years $'000	Total $'000	Carrying amount $'000
Bank and other borrowings	**7,016,183**	**1,223,813**	**1,631,834**	**478,702**	**10,350,532**	**9,553,944**
Note payable	**125,228**	**125,228**	**1,239,691**	**–**	**1,490,147**	**1,167,406**
Creditors and accrued charges	**2,672,884**	**15,400**	**1,634,537**	**–**	**4,322,821**	**4,322,821**
Amounts due to non-controlling shareholders	**600,491**	**–**	**–**	**–**	**600,491**	**587,960**
Amount due to related companies	**45,014**	**–**	**–**	**–**	**45,014**	**45,014**
	10,459,800	**1,364,441**	**4,506,062**	**478,702**	**16,809,005**	**15,677,145**

	2014 Contractual undiscounted cash outflow					
	Within 1 year or on demand $'000	More than 1 year but less than 2 years $'000	More than 2 years but less than 5 years $'000	More than 5 years $'000	Total $'000	Carrying amount $'000
Bank and other borrowings	9,247,700	4,689,991	2,105,458	680,548	16,723,697	15,141,044
Creditors and accrued charges	3,103,935	149,336	1,712,002	–	4,965,273	4,965,273
Amounts due to non-controlling shareholders	768,247	–	–	–	768,247	750,522
Amount due to a related company	14,380	–	–	–	14,380	14,380
	13,134,262	4,839,327	3,817,460	680,548	22,471,597	20,871,219

27 FINANCIAL RISK MANAGEMENT AND FAIR VALUES OF FINANCIAL INSTRUMENTS (Continued)

(c) Interest rate risk

The Group's interest rate risk arises primarily from cash and cash equivalents, restricted and pledged deposits and borrowings issued at variable rates.

The Group does not anticipate significant impact to cash and cash equivalents and the restricted and pledged deposits because the interest rates of bank deposits are not expected to change significantly.

The interest rates and terms of repayment of bank and other borrowings of the Group are disclosed in note 23. The Group does not carry out any hedging activities to manage its interest rate exposure.

Sensitivity analysis

At 31 December 2015, it is estimated that a general increase/decrease of 100 basis points in interest rates, with all other variables held constant, would decrease/increase the Group's profit after tax and total equity attributable to equity shareholders of the Company by approximately $58,259,000 (2014: $61,034,000) in response to the general increase/decrease in interest rates.

The sensitivity analysis above has been determined assuming that the changes in interest rates had occurred at the end of the reporting period and had been applied to the exposure to interest rate risk for non-derivative financial instruments in existence at that date. The 100 basis points increase or decrease represents management's assessment of a reasonably possible change in interest rates over the period until the next reporting date. The analysis is performed on the same basis for 2014.

(d) Currency risk

Almost all of the Group's operating activities are carried out in the PRC with most of the transactions denominated in Renminbi. The Group is exposed to foreign currency risk arising from the exposure of Renminbi against Hong Kong dollars as a result of its investment in the PRC and the settlement of certain general and administrative expenses and other borrowings in Hong Kong dollars or United States dollars. In addition, Renminbi is not freely convertible into foreign currencies and the conversion of Renminbi into foreign currencies is subject to rules and regulations of the foreign exchange control promulgated by the PRC government.

(e) Fair value of financial assets and liabilities carried at other than fair value

The carrying amounts of the Group's financial assets and liabilities carried at cost or amortised cost are not materially different from their fair values at 31 December 2014 and 2015.

28 COMMITMENTS

(a) Capital commitments outstanding at 31 December 2015 not provided for in the Group's financial statements were as follows:

	2015 **$'000**	2014 $'000
Contracted for	**2,632,406**	4,656,726
Authorised but not contracted for	**2,183,670**	3,304,346
	4,816,076	7,961,072

Capital commitments mainly related to development expenditure for the Group's properties under development.

(b) At 31 December 2015, the Group's total future minimum lease payments under non-cancellable operating leases are payable as follows:

	2015 **$'000**	2014 $'000
Within 1 year	**31,139**	13,886
After 1 year but within 5 years	**93,422**	26,478
After 5 years	**15,319**	19,414
	139,880	59,778

The Group is the lessee in respect of a number of building facilities under operating leases. The leases typically run for an initial period of 1 to 5 years, with an option to renew the lease all terms are renegotiated. None of the leases includes contingent rentals.

29 CONTINGENT LIABILITIES

(a)

	2015 **$'000**	2014 $'000
Guarantees given to financial institutions for mortgage loan facilities granted to purchasers of the Group's properties	**3,876,469**	4,101,224

(b) As at 31 December 2015, thy Group's interest in a joint venture with a carrying amount of $50,822,000 was pledged as a security and guarantee in the amount of RMB500,000,000 (equivalent to approximately $596,944,000) was provided to a bank for a loan granted by the bank to the joint venture.

30 MATERIAL RELATED PARTY TRANSACTIONS

(a) In addition to the transactions and balances disclosed elsewhere in the financial statements, major related party transactions entered by the Group during the year are follows:

	Note	**2015 $'000**	2014 $'000
Interest income receivable from an associate	(a)	**1,265**	524
Interest income receivable from joint ventures	(b)	**53,218**	–
Interest income receivable from non-controlling shareholders	(c)	**32,257**	–
Interest expense payable to a shareholder of the Company	(d)	**7,207**	–

Notes:

(a) Interest income receivable from an associate was calculated at floating interest rate by referring to base lending rate of Abbey National Treasure Services plc.

(b) Interest income receivable from joint ventures were charged at fixed interest rates of 12.5% or 16.5% per annum.

(c) Interest income receivable from non-controlling shareholders were charged at fixed interest rates of 3% or 12.5% per annum.

(d) Interest expenses payable to a shareholder of the Company were charged at a fixed interest rate of 6.9% or 9% per annum.

(b) Remuneration of key management personnel, including amounts paid to the directors as disclosed in note 8 and certain of the highest paid employees and senior management as disclosed in note 9, is as follows:

	2015 $'000	2014 $'000
Short-term employee benefits	**70,371**	59,676
Post-employment benefits	**134**	717
	70,505	60,393

Total remuneration is included in "staff costs" (see note 6(b)).

The related party transactions in respect of the remuneration of directors and chief executive of the Company constitute connected transactions as defined in Chapter 14A of the Listing Rules. However, these transactions are exempt from reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

The related party transactions in respect of the remuneration of key management personnel (other than directors and chief executive) of the Company did not fall under the definition of connected transactions or continuing connected transactions as defined in Chapter 14A of the Listing Rules.

(c) The related party transactions in respect of the amount due from an associate, amounts due from joint ventures, amounts due from non-controlling shareholders, amounts due to non-controlling shareholders, amount due to a related company and unsecured other borrowings from a shareholder of the Company as set out in notes 14, 15, 18, 22 and 23 respectively constitute connected transactions as defined in Chapter 14A of the Listing Rules. However, these transactions are exempt from reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

31 COMPANY-LEVEL STATEMENT OF FINANCIAL POSITION

	Note	**2015 $'000**	**2015 $'000**	2014 $'000	2014 $'000
Non-current assets					
Other property, plant and equipment			**–**		238
Investments in subsidiaries			**276,007**		193,572
			276,007		193,810
Current assets					
Other receivables		**5,368,820**		5,211,307	
Cash and cash equivalents		**117,471**		85,371	
		5,486,291		5,296,678	
Current liabilities					
Other payables		**1,162,523**		2,876,663	
Other borrowings		**1,050,000**		–	
		2,212,523		2,876,663	
Net current assets			**3,273,768**		2,420,015
Total assets less current liabilities			**3,549,775**		2,613,825
Non-current liability					
Note payable			**1,167,406**		–
NET ASSETS			**2,382,369**		2,613,825
CAPITAL AND RESERVES	26(a)				
Share capital			**118,143**		116,073
Reserves			**2,264,226**		2,497,752
TOTAL EQUITY			**2,382,369**		2,613,825

32 NON-ADJUSTING EVENTS AFTER THE REPORTING PERIOD

(a) On 28 December 2015, the Group entered into the First and Second Tranche Subscription Agreement ("Agreement") with the First and Second Tranche Investors ("Investors") for issuance of convertible bonds. The Group has agreed to issue and the Investors have agreed to subscribe and pay for the First and Second Tranche Bonds ("Bonds") in the aggregate principal amount of US$200 million. All conditions precedent under the Agreement have been satisfied and the completion of the Agreement took place on 6 January 2016 and 21 March 2016 respectively. The Bonds in the aggregate principal amount of US$200 million were issued to the Investors.

32 NON-ADJUSTING EVENTS AFTER THE REPORTING PERIOD (Continued)

(b) On 12 January 2016, the Group entered into a supplemental cooperation agreement with the Tianjin Municipal People's Government Jinghai District ("Jinghai Government") pursuant to which the Group shall surrender three parcels of land of the Group's property project in Tianjin ("Land") to Jinghai Government. Jinghai Government shall compensate the Group for an aggregate compensation amount of RMB316,048,000 (equivalent to approximately $376,097,000) for the surrender of the Land.

(c) On 4 March 2016, the Group entered into a sales and purchase agreement with independent third parties for the acquisition 85% of the equity interest in Shanghai Huanjian Investment Company Limited (上海環建投資有限公司) and 0.85% of the equity interest in Shanghai Huanjian Cultural Communication Company Limited (上海環唐文化傳播有限公司), (which in turn together holds 85% indirect interest in a land located in Shanghai, the PRC). The total consideration for the acquisition, subject to certain adjustment, shall be RMB752,751,900 (equivalent to approximately $893,592,000). The completion of such acquisition took place on 16 March 2016.

(d) On 15 March 2016, the Group entered into a share and shareholder's loan transfer agreement with an independent third party for the acquisition of the entire issued share capital of Unique Prosper International Limited (宇興國際有限公司) (which in turn holds entire indirect interest in a property located in Shanghai, the PRC) and the shareholders' loan owing to the former shareholder. The total consideration for the acquisition, subject to certain adjustment, shall be US$88,087,000 (equivalent to approximately $683,555,000). The acquisition will be completed on or before 31 March 2016.

(e) Subsequent to the end of the reporting period, the directors proposed a final dividend. Further details are disclosed in note 26(b).

33 COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform to current year's presentation.

34 ACCOUNTING JUDGEMENTS AND ESTIMATES

The key sources of estimation uncertainty and critical accounting judgements in applying the Group's accounting policies are described below.

(a) Valuation of investment properties and investment properties classified as held for sale

As described in note 12, investment properties and investment properties classified as held for sale are stated at fair value based on the valuation performed by an independent firm of professional valuers.

In determining the fair value of investment properties and investment properties classified as held for sale, the valuers have based on a method of valuation which involves, inter alia, certain estimates including current market rents and market price for similar properties in the same location and condition, appropriate discount rates and expected future market rents. In relying on the valuation report, management has exercised their judgement and is satisfied that the method of valuation is reflective of the current market conditions.

(b) Impairment of non-current assets

If circumstances indicate that the carrying amounts of other property, plant and equipment (other than investment properties) may not be recoverable, the assets may be considered impaired and are tested for impairment. An impairment loss is recognised when the asset's recoverable amount has declined below its carrying amount. The recoverable amount is the greater of the fair value less costs to sell and value in use. In determining the recoverable amount which requires significant judgements, the Group estimates the future cash flows to be derived from continuing use and ultimate disposal of the asset and applies an appropriate discount rate to these future cash flows.

(Expressed in Hong Kong dollars unless otherwise indicated)

34 ACCOUNTING JUDGEMENTS AND ESTIMATES (Continued)

(c) Write-down of inventories for property development

Management performs a regular review on the carrying amounts of inventories for property development. Based on management's review, write-down of inventories for property development will be made when the estimated net realisable value has declined below the carrying amount.

In determining the net realisable value of completed properties for sale, management refers to prevailing market data such as recent sales transactions, market survey reports available from independent property valuers and internally available information, as bases for evaluation.

In respect of leasehold land held for development for sale and properties held for/under development for sale, the estimate of net realisable value requires the application of a risk-adjusted discount rate to estimate future discounted cash flows to be derived from these properties. These estimates require judgement as to the anticipated sale prices by reference to recent sales transactions in nearby locations, rate of new property sales, marketing costs (including price discounts required to stimulate sales) and the expected costs to completion of properties, the legal and regulatory framework and general market conditions.

(d) LAT

As explained in note 7(a), LAT is levied on properties developed by the Group and investment properties held by the Group in the PRC for sale, at progressive rates ranging from 30% to 60% on the appreciation of land value, which under the applicable regulations is calculated based on the proceeds of sale of properties less deductible expenditures including lease charges of land use right, borrowing costs and all qualified property development expenditures. Given the uncertainties of the calculation basis of LAT as interpreted by the local tax bureau, the actual outcomes may be higher or lower than those estimated at the end of each reporting period. Any increase or decrease in actual outcomes/estimates would affect income statement in the future years.

35 POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 DECEMBER 2015

Up to the date of issue of these financial statements, the HKICPA has issued a few amendments and new standards which are not yet effective for the year ended 31 December 2015 and which have not been adopted in these financial statements. These include the following which may be relevant to the Group.

	Effective for accounting periods beginning on or after
Annual improvements to HKFRSs 2012-2014 cycle	1 January 2016
Amendments to HKFRS 10 and HKAS 28, *Sale or contribution of assets between an investor and its associate or joint venture*	1 January 2016
Amendments to HKFRS 11, *Accounting for acquisitions of interests in joint operations*	1 January 2016
Amendments to HKAS 1, *Disclosure initiative*	1 January 2016
Amendments to HKAS 16 and HKAS 38, *Clarification of acceptable methods of depreciation and amortisation*	1 January 2016
HKFRS 9, *Financial instruments*	1 January 2018
HKFRS 15, *Revenue from contracts with customers*	1 January 2018

The Group is in the process of making an assessment of what the impact of these amendments and new standards is expected to be in the period of initial application. The Group is therefore unable to disclose the impact that adopting the amendments and new standards will have on its consolidated financial statements when such amendments and new standards are adopted.

Five-Year Financial Summary

CONSOLIDATED INCOME STATEMENT

	For the year ended 31 December				
	2015	2014	2013	2012	2011
	$'000	$'000	$'000	$'000	$'000
Revenue	**10,519,689**	6,971,024	5,746,528	6,064,954	5,861,312
Direct costs	**(7,324,878)**	(4,050,764)	(3,446,121)	(2,889,555)	(1,982,177)
Gross profit	**3,194,811**	2,920,260	2,300,407	3,175,399	3,879,135
Valuation gains on investment properties and investment properties classified as held for sale	**458,981**	416,301	1,117,664	683,567	360,295
Other revenue	**233,361**	251,898	124,468	131,672	81,998
Other net (loss)/income	**(121,260)**	(39,517)	405,650	(28,365)	48,640
Selling and marketing expenses	**(243,960)**	(309,355)	(254,968)	(181,492)	(173,426)
Administrative expenses	**(658,953)**	(561,777)	(533,644)	(510,983)	(495,018)
Profit from operations	**2,862,980**	2,677,810	3,159,577	3,269,798	3,701,624
Finance costs	**(509,340)**	(652,594)	(671,779)	(670,915)	(425,084)
Share of profits less losses of associates	**(49,820)**	11,892	–	4,826	(5,113)
Share of losses of joint ventures	**(6,997)**	(779)	(5,017)	–	–
Profit before taxation	**2,296,823**	2,036,329	2,482,781	2,603,709	3,271,427
Income tax	**(1,243,072)**	(1,030,472)	(1,120,941)	(1,415,745)	(2,249,825)
Profit for the year	**1,053,751**	1,005,857	1,361,840	1,187,964	1,021,602
Attributable to:					
Equity shareholders of the Company	**773,443**	921,603	1,284,458	1,199,841	1,021,900
Non-controlling interests	**280,308**	84,254	77,382	(11,877)	(298)
Profit for the year	**1,053,751**	1,005,857	1,361,840	1,187,964	1,021,602
Basic earnings per share ($)	**0.55**	0.65	0.91	0.86	0.77
Diluted earnings per share ($)	**0.54**	0.65	0.90	0.85	0.77

Note: Basic and diluted earnings per share for the years ended 31 December 2012, 2011 and 2010 have been restated for the impact of the bonus issue of Shares (with PCSs as an alternative).

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	For the year ended 31 December				
	2015	2014	2013	2012	2011
	$'000	$'000	$'000	$'000	$'000
Profit for the year	**1,053,751**	1,005,857	1,361,840	1,187,964	1,021,602
Other comprehensive income for the year (after tax and reclassification adjustments)					
Items that may be reclassified subsequently to profit or loss:					
Surplus on revaluation of other land and buildings	**–**	–	–	–	49,843
Exchange differences on translation of financial statements of foreign subsidiaries	**(577,436)**	(168,486)	165,832	56,473	160,245
Share of other comprehensive income of associates and joint ventures	**(20,125)**	(17,044)	4,572	1,646	1,917
Total comprehensive income for the year	**456,190**	820,327	1,532,244	1,246,083	1,233,607
Attributable to:					
Equity shareholders of the Company	**249,150**	760,025	1,446,596	1,254,082	1,231,394
Non-controlling interests	**207,040**	60,302	85,648	(7,999)	2,213
Total comprehensive income for the year	**456,190**	820,327	1,532,244	1,246,083	1,233,607

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	At 31 December									
	2015		2014		2013		2012		2011	
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Non-current assets										
Investment properties		**7,116,034**		9,298,671		9,295,306		4,230,817		2,942,217
Other property, plant and equipment		**362,090**		425,138		474,355		450,588		479,542
Interests in leasehold land held for own use under operating leases		**3,881**		4,330		4,701		28,833		29,117
		7,482,005		9,728,139		9,774,362		4,710,238		3,450,876
Interest in associates		**21,095**		163,030		–		–		81,977
Interest in joint ventures		**230,580**		350,067		166,238		160,378		–
Other financial assets		**24,143**		194,246		33,469		32,545		32,292
Restricted and pledged deposits		**11,939**		194,955		1,407,161		124,363		345,508
Deferred tax assets		**545,727**		501,953		620,734		853,492		719,150
		8,315,489		11,132,390		12,001,964		5,881,016		4,629,803
Current assets										
Inventories	**15,752,308**		20,336,578		15,877,394		11,628,155		9,166,826	
Other financial assets	**253,701**		125,047		–		9,949		169,052	
Trade and other receivables	**2,496,253**		1,720,448		2,059,293		1,520,168		526,822	
Prepaid tax	**283,132**		48,951		43,929		–		–	
Restricted and pledged deposits	**1,847,879**		3,133,318		3,170,483		989,365		1,225,057	
Cash and cash equivalents	**3,789,854**		6,374,760		5,606,262		4,901,251		4,660,505	
	24,423,127		31,739,102		26,757,361		19,048,888		15,748,262	
Investment properties classified as held for sale	**1,216,821**		–		–		–		–	
	25,639,948		31,739,102		26,757,361		19,048,888		15,748,262	
Current liabilities										
Trade and other payables	**10,042,749**		15,106,242		10,026,262		6,390,764		5,188,466	
Bank and other borrowings	**6,615,267**		8,487,467		9,070,702		3,293,358		1,720,066	
Derivative financial instruments	**–**		–		–		45,436		–	
Tax payable	**4,830,203**		4,288,902		4,872,872		4,512,217		3,879,498	
	21,488,219		27,882,611		23,969,836		14,241,775		10,788,030	
Net current assets		**4,151,729**		3,856,491		2,787,525		4,807,113		4,960,232
Total assets less current liabilities		**12,467,218**		14,988,881		14,789,489		10,688,129		9,590,035
Non-current liabilities										
Bank and other borrowings	**2,938,677**		6,653,577		5,989,594		5,588,611		5,473,006	
Loan from an associate	**–**		–		–		–		238,738	
Loans from joint ventures	**–**		–		1,223,687		–		–	
Derivative financial instruments	**–**		–		–		–		13,641	
Note payable	**1,167,406**		–		–		–		–	
Deferred tax liabilities	**1,058,260**		1,377,701		1,301,124		520,214		344,185	
		5,164,343		8,031,278		8,514,405		6,108,825		6,069,570
NET ASSETS		**7,302,875**		6,957,603		6,275,084		4,579,304		3,520,465
CAPITAL AND RESERVES										
Share capital		**118,143**		116,073		115,530		100,187		100,041
Reserves		**6,107,708**		6,000,462		5,530,466		4,355,198		3,319,885
Total equity attributable to equity shareholders of the Company		**6,225,851**		6,116,535		5,645,996		4,455,385		3,419,926
Non-controlling interests		**1,077,024**		841,068		629,088		123,919		100,539
TOTAL EQUITY		**7,302,875**		6,957,603		6,275,084		4,579,304		3,520,465

萊蒙國際
TOPSPRING

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International Holdings Limited
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