中粮
COFCO
自然之源 重塑你我

JOY CITY PROPERTY LIMITED
大悦城地產有限公司

(incorporated in Bermuda with limited liability)
Stock Code:207

Fantastic Experience

Annual Report 2015

Integrity

Teamwork

Professional

Innovation

Our missions

Contribute quality green living space and services, lead the trend of a fashionable lifestyle, in order to become a leader among real estate brands in the PRC with the most sustainable development capabilities.

Our visions

Maximize the benefits of customers, shareholders and staff members whole-heartedly.

Contents

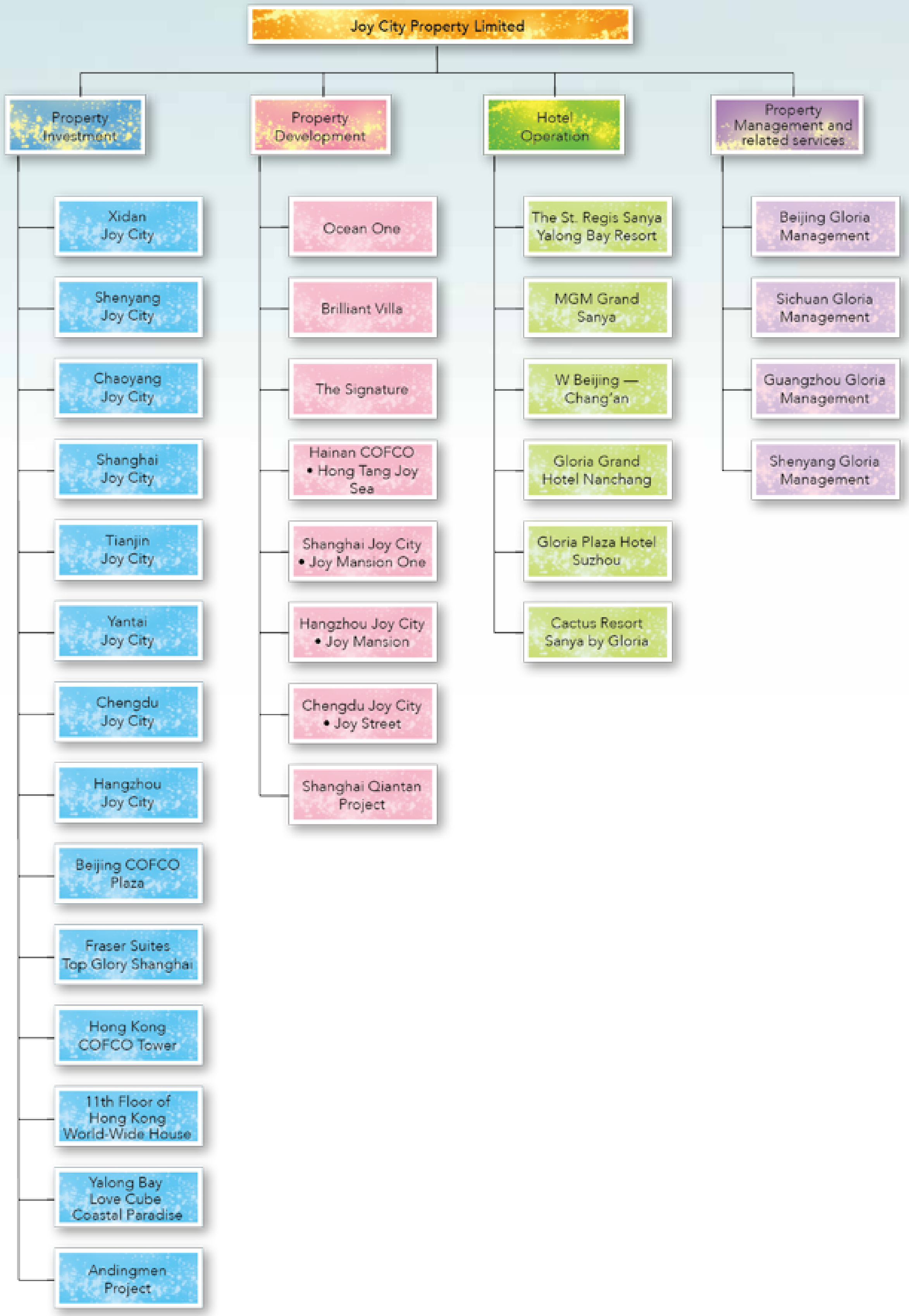
Company Profile

Joy City Property Limited is a leading commercial property developer and operator, focusing on the development, operation, sales, leasing and management of complexes and commercial properties in the PRC. COFCO Corporation, the ultimate controlling shareholder of Joy City Property Limited, is one of the 53 major state-owned enterprises under the administration of the Central Government of China, and has been selected as one of the Fortune Top 500 for more than 22 consecutive years. COFCO Corporation operates various businesses through its subsidiaries, which are leading enterprises in their respective industries and in which eight of the subsidiaries are listed in mainland China or Hong Kong. COFCO Corporation is one of the 21 enterprises under the direct management of the central government with the approval of SASAC to engage primarily in the development, investment and management of real estate projects. Joy City Property Limited is the only platform for commercial property business of COFCO Corporation.

The Group mainly engages in the development, operation and management of mixed-use complexes under the brand of Joy City. It also engages in the development, sales, investment and management of other property projects. The Group has four business segments, namely investment properties, property development, hotel operation and property management and related services. As of 31 December 2015, the Group owns projects include 8 Joy City complexes in 7 cities, namely Beijing, Shanghai, Tianjin, Shenyang, Yantai, Hangzhou and Chengdu. The Group also has prime investment properties strategically located in first-tier cities, including Beijing COFCO Plaza and Hong Kong COFCO Tower, as well as high quality properties held by the Group, namely Shanghai Joy City • Joy Mansion One. The Group operates a number of national high-end luxury hotels, including W Beijing-Chang'an, The St. Regis Sanya Yalong Bay Resort and MGM Grand Sanya. These high quality property projects are strategically located in central districts of first or key second tier cities with good investment and appreciation potentials.

Looking forward, the Group will maintain the two-wheel-drive business strategy of "holding and selling properties". Leveraging on the great support of COFCO Corporation and the extensive experience of our management and aligning with the direction of development under the 13th Five Year Plan of China, the Group strives for own sustainable development to continue to enhance our product quality and cost-effectiveness, keep abreast of, accommodate to and lead with the New Normal and create value for its customers, shareholders and partners through asset structure optimization and asset quality improvement. The Group will persevere with the "young, fashionable, trendy and quality" brand spirit of Joy City to lead the trend of new city lifestyle of China. It is a mission of the Group to assist in coordinations among and development of cities in China and become a leading complex and commercial property developer in the PRC.

Major Business Structure



Major Events and Awards in 2015

MAJOR EVENTS

13 February

Red Packet Activity named "Happiness for the New Year" an innovative marketing and promotion activity, was rolled out in Yantai Joy City during Chinese New Year.

21 March

Xidan Joy City upgraded consumption experience by the first acceptance of Wechat payment.

The lifestyle theme area "Joy Yard" opened in Chaoyang Joy City.

26–29 March

MGM Grand Sanya successfully received a number of statesmen from overseas for Boao Forum for Asia.

13 April

Liu Yandong, vice Premier of the PRC visited the Cheer Market at Tianjin Joy City

16 April

Joy City Property initially issued rights shares.

1 May

The Crazy Offer Festival in Shenyang Joy City held on 1 May achieved a sales record.

20 May

The romance-tinged Aiyue Bay in Yantai Joy City opened.

1 July

The Joy City branding activity "Joy 24 Hours Fashionable Walk" was launched.

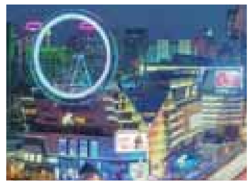
8 July

Brand press conferences were held in Hangzhou Joy City.

7 September

"Immortal Van Gough — Feeling Arts Exhibition" was displayed in Chaoyang Joy City to usher in a new era of arts exhibitions.

Major Events and Awards in 2015



19 September

With the arrival of the 5th anniversary, Chaoyang Joy City achieved a record-breaking sales of RMB25 million.

"Crazy Shopping Festival" in Tianjin Joy City presented an online to offline shopping spree.

30 September

No. 5 PARK in Tianjin Joy City, the first indoor street in China featuring craftmanship as the theme, grandly opened.

22 October

Partnering with Trends Health Magazine, Joy City Property held "2015 Trends Health Pink Ribbon Lighting Ceremony".

14 November

Joy Mansion One of COFCO Shanghai grandly opened and hit a brilliant sales.

20 November

Focusing on Customer Value Summit & 2015 Joy City Customer Appreciation Meeting was held.

16 December

IF Street of Tianjin Joy City, the first outdoor street of Joy City awash with food and drinks, was opened.

17 December

Tianjin He Ping Joy City, the first project of Joy City by means of entrusted management, grandly opened.

19 December

Shanghai Joy City Phase II grandly opened.

24 December

The Grand Opening of Chengdu Joy City offered an offbeat lifestyle to enjoy.

27 December

China's first cooperative branch of Taste Good opened.

Major Events and Awards in 2015

AWARDS

The Company won the Golden Bauhinia Award of Securities in China for 2015 — Best Corporate Governance Among Listed Companies granted by Takungpao.

The Company won the "Outstanding Company Award" among the Most Valuable Commercial Property Enterprise in China for 2015.

The Company won China's Most Influential Commercial Property Developer Award.

The "New Media Marketing Project of the Chinese New Year Red Packet" of Joy City won the 2015 Gold Award of Shopping Mall in Asia-Pacific Region by ICSC.

The "Taste Good" of Joy City won the 2015 Silver Award of Shopping Mall in Asia-Pacific Region by ICSC.

The "Platform of Smart Social Community and Commercial Function" of Joy City won the Gold Award of Shopping Mall in Asia-Pacific Region (New Media Marketing in China) by ICSC.

The "Joy 24 Hours Fashionable Walk" of Joy City won the Silver Award of Shopping Mall in Asia-Pacific Region (Marketing in China) by ICSC.

Xidan Joy City won the 2015 China's Best Customer Experience Award.

Shenyang Joy City won Golden Lily Award for the Best Metropolitan Shopping Mall.

Chaoyang Joy City won the 2015 Gold Award of Commercial Asset Management Company in Shopping Mall Industry in China.

Shanghai Joy City was named as the Top 10 Leading Property Projects in China.

Tianjin Joy City won the Annual Urban Contribution Award.

Yantai Joy City won the 2015 Flagship Award for Fascinating Commercial Property in China.

Major Events and Awards in 2015

Chengdu Joy City won the Most Demonstrative Urban Complex Award.

Hangzhou Joy City won the 2015 Hangzhou's Most Expecting New Property Award.

Waldorf Astoria Beijing won the US Hotel Design Award.

Waldorf Astoria Beijing was granted the Outstanding Architecture Award by the American Institute of Architects (AIA).

Waldorf Astoria Beijing project won the British Architectural Design Award.

W Beijing-Chang'an won the Luban Prize, the highest prize for the Project of Architectural Industry.

W Beijing-Chang'an was elected as "2015 World's Best Newly-opened Hotel" by the Times.

W Beijing-Chang'an won "the 6th Edition of China's Best Hotel Design" Award.

MGM Grand Sanya won "Continental Diamond Award — Holiday Resort of the Year" by World Hotel Association (WHA).

MGM Grand Sanya was awarded the "2015 Best Wedding Destination Award" by the Selection Committee for Best Hotels.

The St. Regis Sanya Resort won the "TripAdvisor 2015 Excellence Award".

The St. Regis Sanya Resort won the "Yueyou Condé Nast Traveler" 2016 Best Holiday Resort for Global Hotel List.

A Tale of TWO CITIES

The grand opening of **Shanghai Joy City** heralds new experiences of the **iconic shopping complex**

On 19 December 2015, a switch-on ceremony served as the prelude to the operation of SKY RING, the first cantilever Ferris Wheel erected on the rooftop in China. Down through its 5-year history, Shanghai Joy City came out with its new appearance in the ceremony. Shanghai Joy City covers a development area of 163,000 square metres with south tower and north tower interlinking together with corridors. It houses 450 brands or so with an opening rate of 85%. The high profile marques include Michael Kors, Kate Spade, bebe, ANTEPRIMA WIREBAG, MARIMEKKO, LOVE MOSCHINO, GAP, SHEL'TTER, snidel, MUJI, MO-MO farm (MO-MO牧場), Mystic South Yunnan Ethnic Cuisine (雲海肴), Faigo Hotpot (小輝哥), Yu Baxian (譽八仙), Mei Yuan Chun Xiao (梅園春曉) and so on. Shanghai Joy City targets at the rising bourgeois in the city with the use of smart shopping system and Emotions Cloud (情感雲), Shanghai

Joy City is designed to become the one-of-a-kind themed shopping centre in Shanghai that distinguishes itself with the differentiated marketing, brand upgrading and commercial upgrading.

Magical **romantic landmark**

Shanghai Joy City ascends from the "Great place for dating" to a newer positioning of "Magical romantic landmark" which is newly equipped with SKY RING, the first cantilever Ferris wheel erected on the rooftop in China. More Fun 166, the art street with the theme of rooftop easy art in Shanghai, is the first one who characteristically immerses visitors in a sense of affection but never forgets to drum up business — it is a literal place for romance and shopping with the one you love.

Positioned as a themed shopping centre, Shanghai Joy City let its every corner fill with tantalizing mood of affection, presenting its pronounced image of Magic romantic landmark, standing out to be pioneer for the new business landscape. Drawing on the concept of "nurturing emotional bonding with consumers" and leveraging the new business models of differentiation, themes and smart applications, Shanghai Joy City will not fail to unlock its potential commercial value of shopping centre.

New business upgrade

International boutique and fashionable complex

The most fashionable international boutique brands were solicited to lift up the overall quality of the project and develop the lifestyle quality circle for fashionistas.

A collection of offerings

Collection zones highlighted with ISETAN BEAUTY cosmetic collection stores and lingerie collection zones as alternative department stores enliven the shopping atmosphere and enhance easy shopping, offering the beauty-conscious lady consumers with one stop romantic shopping experience.

Cultural and creative experience

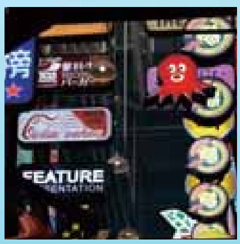
Lifestyle bookstores, cafeterias and lounges featuring special themes, experience stores for all ages and boutique living concept stores are gathered to form a Lifestyle concept zone with the best and unique cultural and creative style in Shanghai.

Cultural and creative theme marketing

Cultural and creative exhibition

In 2015, Shanghai Joy City organised more than 150 events with more than 50 stars invited, among which, 7 were large-scale theme exhibitions, covering the young and fashionable consumer group aged between 18-35 throughout Shanghai and Yangtze River Delta region.

Personality stores



An array of fashionable brands, concept brand apparels, creative hand-sample and handcraft experience stores, independent bookstore cafes are introduced catering to the lifestyle of teen customers who are prone to culture, moderate spending and personality.

Joy Space (悦空間)

Joy City once astutely converted the corridor in the complex into a zone filled with cultural and art atmosphere by specialty decor and fittings to enhance shopping experience and fun by guiding the customer flow.

A Tale of TWO CITIES

The Grand Opening of **Chengdu Joy City** offers an **offbeat lifestyle** to **enjoy**

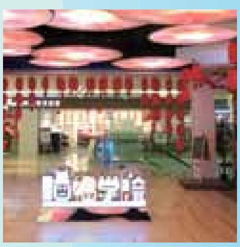
24 December 2015, the eve of Christmas Day, marks the genesis of Chengdu Joy City, the first trendy joy park offering a variety of experiences and amenities, which is situated at 518 Joy Road, Wuhou District. Chengdu Joy City serves as the first complex project of the Group deployed in the southwestern region which inherits Joy City's "young, fashionable, trendy and quality" attributes and delivers a fresh boost of energy to the commercial centres in the southwestern region of Chengdu. This project is an embodiment of shopping, entertainment, dining and services embedded with 444 shops in total with 95% contract rate and 90% simultaneous opening rate.

On the day of grand opening, Chengdu Joy City presented a trio of heavyweight events, namely the world's first movie-themed exhibition of Warcraft, Yoga Lin concert and Spain Ibiza party, thrilled the people with exhilaration in the silent night. The opening made the hot topic of being searched online in Chengdu.

Joy City **Joy Park**

Built with brilliant craftsmanship to every detail, Chengdu Joy City is a fusion of nature and shopping centre and is bound to be the shopping mall specially designed for Chengdu consumers. As an iconic shopping centre in the southwestern region, Chengdu Joy City is positioned as the "Joy City Joy Park" where Jiuzhai and Huanglong design elements are intertwined with natural scenery. Sense of vibrancy fills up every inch of its space.

The shopping mall with most collection stores and diversified trendy fashion attractions in the southwestern region



On the retail front, Chengdu Joy City comprises first-class trendy fashion brand collection stores, creative retail stores, fashion stores, and original stores, among which Inditex Group joins us with its seven brands namely, Zara, Zara Home, Massimo Dutti, Stradivarius, OYSHO and Pull&Bear, plus famous international trendy fashion brands such as H&M, MUJI, UNIQLO and SPAO, and others fostering a trendy fashion kingdom with full range of offerings.

The first indoor children's vocational experience shopping mall in the southwestern region

On the 3rd floor of Chengdu Joy city, Fun Flow (奇趣漂流), the and 360° children fun area brings the kids with vocational experience, entertainment, education and food and beverages where the leased area amounts to 15,000 sqm, representing the most sizable indoor children playground in the southwestern region. In particular, Venture Paradise (探奇樂園) featuring vocational experience and unique farm-themed, the famous family-friendly Bruno restaurant (布魯餐廳), Cinderella International Children Arts Centre, the master for nurturing children arts, are the newcomers to the southwestern Chengdu.

A Tale of TWO CITIES

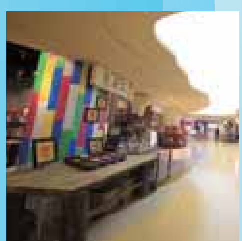
The trend-setting Chengdu Joy City comprises 2 innovative separate buildings, 5 themed outdoor plazas, a 2,000-metres corridor with a garden, an exuberant hanging sunlight-roof podium engaging in various commercial activities, Joy Street, Gollum College (咕嚕學院), Mei Shi Mei Ke Food Court (美食每客) and Gourmet Street (食字路口), 360 Wonderland for Children (兒童夢想成長空間) and Joy City's first free standing building club house. Areas indoor and outdoor are interconnected together. Walking down to the area, you will surely find everything enthralling where the landscape is in perfect harmony with shopping centres and the scenery fits in with the buildings. No other park can be found elsewhere with such eye-inspiring feast and riveting ambiance.

The business portfolio in Chengdu Joy City is based on experience business. It aims a multifunctional space with leisure, entertainment, culture, creativity and experience. In the face of keen competition in the real estate market in Chengdu, Joy City has introduced over 40 brands which are new to Chengdu. With the unique and awesome 4 theme street zones, Joy City presents teenage customers with more shopping alternatives and consumption experience for developing their own fashionable life styles.

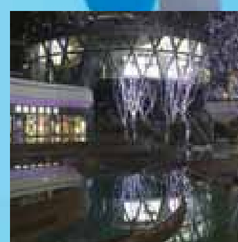
The emergence of Chengdu Joy City represents a balance for the development of commercial area in Chengdu and the subsequent improvement of the urban development layout. It contributed materially to the awards granted to Chengdu such as "A model city of livelihood improvement in China" (全國民生改善典範市) and "A city for travel on the list of the most beautiful Chinese cities" (最美中國榜 — 目的地城市). Not only this will change the consumption mode of western Chengdu, it will also introduce a new experience of theme park shopping and consumption.

The shopping mall with the most unique delicacies in the southwestern region

Chengdu Joy City comprises two streets featuring delicacies, namely Gourmet Street (食字路口) and Mei Shi Mei Ke Food Court (美食每客) with almost 150 cuisine shops such as garden restaurants, restaurants, terraced restaurants, exotic restaurants, and food courts dotted in the park, matching the needs of the theme park. There are more than ten delicacies, including the waterside Vietnamese entertainment bar 峴海灣, the creative entertainment-and-meal serving Korean restaurant 韓堤, the refreshing original Yunnan cuisine of 湯鍋滇草香, the highly value-added Zhejiang restaurant 胖哥倆肉蟹煲, the authentic Macau restaurant 澳門茶餐澳門味, the Northwest China cuisine 自留田西北菜, the 雲帆搖 highlighting the Southern Sichuan dishes, which are new to Chengdu.



Shopping mall with the most leisure and entertainment business in the southwestern region



Chengdu Joy City is well acclaimed for being the first shopping centre featuring popular "mall in the mall" in China, the first shopping mall integrating the night life of bars and lounges and business in China and the first shopping centre featuring mini theme theatre. It is also the shopping centre with the most leisure and entertainment businesses including Houhai music (後海音樂唱片), ETC mini theatre and Mad Laboratory (瘋狂實驗室) which makes a debut in the shopping centre and even southwestern Chengdu.

Financial Highlights

	For the year ended 31 December		
Item	**2015 RMB'000**	2014 (restated) RMB'000	**Change (%)**
Revenue	**5,374,208**	5,712,841	–5.9
Includes:			
Gross rental income from investment properties	**2,183,980**	2,008,659	8.7
Sales of properties held for sale	**1,476,454**	2,020,641	–26.9
Hotel operations	**1,139,411**	1,010,933	12.7
Service income for primary land development	**30,000**	220,877	–86.4
Property management and related services	**328,517**	288,227	14.0
Other property related service income	**215,846**	163,504	32.0
Gross profit	**2,894,643**	3,394,792	–14.7
Profit attributable to owners of the Company	**725,718**	1,710,190	–57.6
Core net profit attributable to owners of the Company (note 1)	**302,384**	248,352	21.8
Total assets	**72,954,074**	68,038,169	7.2
Equity attributable to owners of the Company	**25,040,106**	19,763,780	26.7
Basic earnings per share (RMB cent)	**5.3**	17.2	–69.2
Net debt to total equity (%) (note 2)	**63.3**	65.2	–1.9 (note 3)

Note:

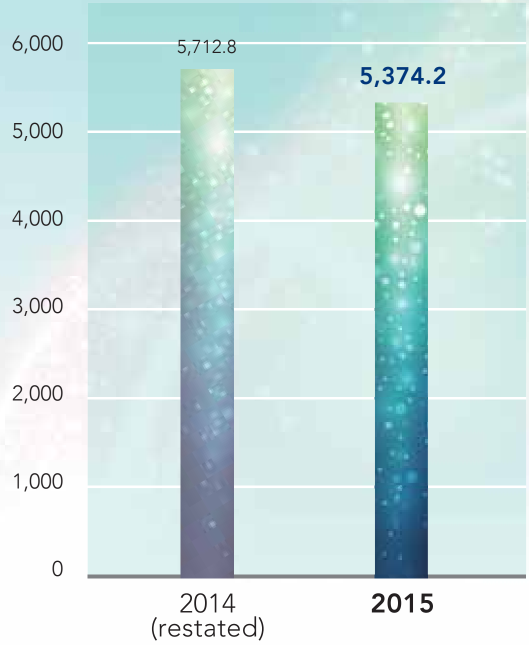
1. Core net profit attributable to owners of the Company = profit attributable to owners of the Company – foreign exchange loss/gain – fair value gains after tax of investment property attributable to owners of the Company

2. Net debt to total equity = (bank borrowings + Guaranteed Notes + loans from fellow subsidiaries and loans from non-controlling interests – cash and bank balances – restricted bank deposits – pledged deposits)/total equity

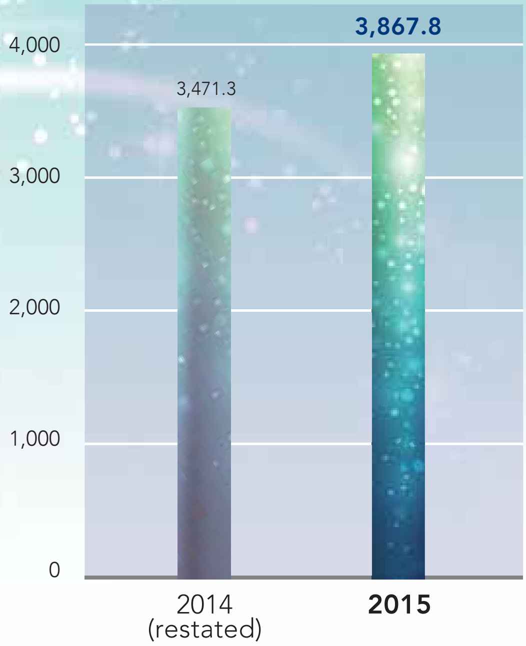
3. Change in percentage

Financial Highlights

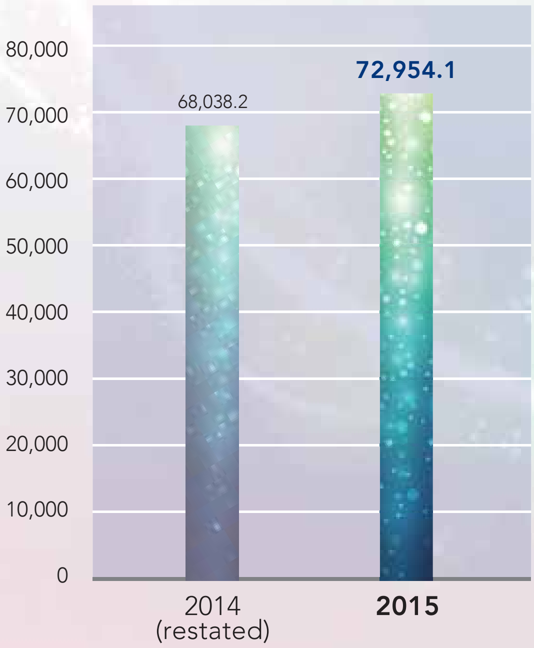
Revenue
RMB million



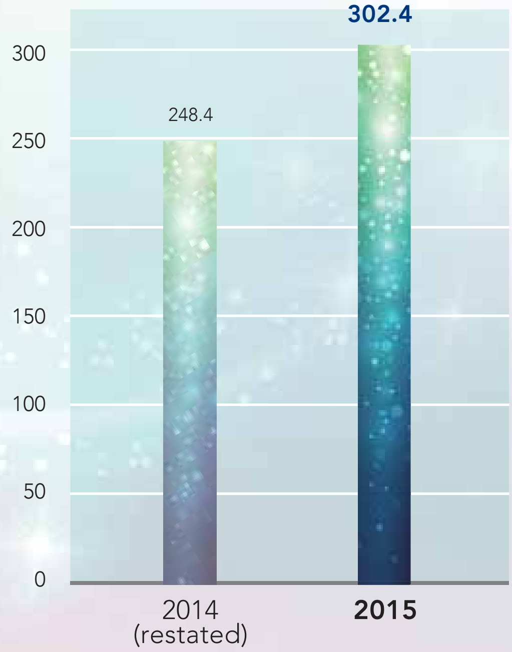
Recurring revenue
RMB million



Total assets
RMB million



Core net profit attributable to owners of the company
RMB million




大悦城
JOY CITY

Become a **leader**
among real estate brands
in the PRC

with **Sustainable Development Capabilities**

Chairman's Statement

Dear Shareholders,

I, on behalf of the Board, hereby present you with the annual results of the Company and its subsidiaries (the "Group") for the year ended 31 December 2015 (the "Period under Review" or the "Year"), and would like to express my appreciation for your great support throughout the year.

During the period under review, profits attributable to owners of the Company amounted to RMB725.7 million and earnings per share amounted to RMB0.053.

Chairman's Statement

2015 IN REVIEW

2015 marks a critical year for the Group's innovative reform and burgeoning growth. In this year, as China's economy evolved into the "new norm", the real estate industry has turned a new page of general reform under the theme of "destocking". In particular, with the impact from the rapid growth of e-commerce industry as well as opportunities and challenges, the commercial properties industry was presented with mixed news. The Group persisted in its strategic direction by orienting to the business nature, focusing on younger clientele to provide value-added services and innovating its products and services constantly. With its resilience in operation, in 2015, the Group achieved outstanding performance and outperformed the competitors in the well-developed real estate industry. Meanwhile, the Group analyzed the market environment and proactively launched an innovative business model in a vision, so as to lay a solid foundation for the development of its main business.

Chairman's Statement

Investment Properties — In terms of location, the investment properties of the Group which lie in the prime areas in first-tier and key second-tier cities possess relatively high investment values; in terms of operation, the Group's investment properties differentiates from those in the market and are precisely operated and managed, enabling the Group to remain as the market leader with such core competitiveness. By the end of 2015, the Group had 7 Joy City projects and 4 leased properties in Beijing, Shanghai and Hong Kong. Hangzhou Joy City project was under construction. In 2015, Joy City focused on customer value by establishing a complete set of customer identification systems and developing 5 unique street districts with its own distinctive features, which became the drivers for more customer flow and business. The Group also rolled out Taste Good, the first O2O member experience platform to satisfy customers' demands, explore and unleash potential customer value by initiatives ranging from the simple members management to organization of fans group. 7 Joy Cities recorded a retail rental income of approximately RMB1,731.0 million for the year, representing year-on-year growth of 14.0%. Leveraging its profound operating experience and full-fledged business management systems, the Group proactively explored the development mode of light asset expansion. In December 2015 Tianjin He Ping Joy City grandly opened, serving as the first shopping mall with entrusted management and brands. It marks a large stride made by Joy City Property Limited toward the asset-light business expansion.

Chairman's Statement

Property Development — The Group's property development projects command scarce locations and splendid views which stand out in the market. During the period under review, the Group continued to insist on improving the high-end quality and customer experience on value, which are well received by the market. During the period under review, the contracted sales of the Group's property development business recorded revenue of RMB3,165.5 million, representing a year-on-year increase of 79.2%.

Hotel Operations — The Group's premium hotel properties are primarily located in the center of Beijing city and the waterfront of Yalong Bay, Sanya. The hotels are commissioned to be managed by prestigious international hotel management companies such as Starwood Group and MGM. The hotels are also operated under the first class brands including St.Regis, W and MGM . During the period under review, the hotel properties of the Group remained stable market performance despite increasing pressure on general hotel operation.

Property Management and Related Services — The Group actively explored the management and practice of "Properties + Internet" through research and development of EISS smart management and monitoring systems. By putting them into practice in various commercial properties, the Group has achieved effective energy control and enhanced efficiency in property management.

Land Bank — While focusing on conventional development, the Group also consolidated its unconventional concept of development by means of timely acquisition, collaboration and equity investment. It sought opportunities to acquire land plots for high-quality complexes or mixed natures that include a certain proportion of commercial use, with a view to further expand its quality land bank. During the period under review, the land reserves acquired by the Group totaled 586,000 square metres.

Financial Capital — The Group consistently pursued prudent financial policies. As of 31 December 2015, the net debt to total equity ratio maintained at a level below 65%. Among the interest-bearing debts, approximately 37% was foreign borrowings in USD or HKD and approximately 63% was domestic RMB loans. The proportion of finance costs continued to decline. For the whole year of 2015, the weighted average borrowings costs of the interest-bearing debts of the Group amounted to 5.6%.

2016 OUTLOOK

Looking into 2016 and beyond, along with demographical change, economic transformation and upgrade, progress of new mode urbanization, the real estate industry will evolve into a new stage of integrated development. Mergers and acquisition, restructuring within the real estate industry, and cross-sector integration with other sectors such as internet, finance, property and agriculture will become the new trend and features in the industry. Corporates with ample resources, professional teams, differentiated market positioning and precise operation will prove to be more competitive. The urban complexes, which is catering to residents' needs in respect of producing and living in all aspects, as well as facilitating the transformation and upgrade of urban function, will have broader room for development.

In the future, we will continue to consolidate our leading position in development and operation of urban complexes and commercial properties as well as building and strengthening our flagship brand. We will firmly seize the opportunities arising from the innovated balanced, green, open and mutual development proclaimed under the 13th Five Year Plan. We are also committed and dedicated to offering quality green living spaces and services, leading the fashionable lifestyle to maximize the benefits of its customers, shareholders and staff members whole-heartedly, aiming to become the market leader with the most sustainable development strength among all real estate brands with unremitting efforts.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Thinking
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ARTH
SPACE

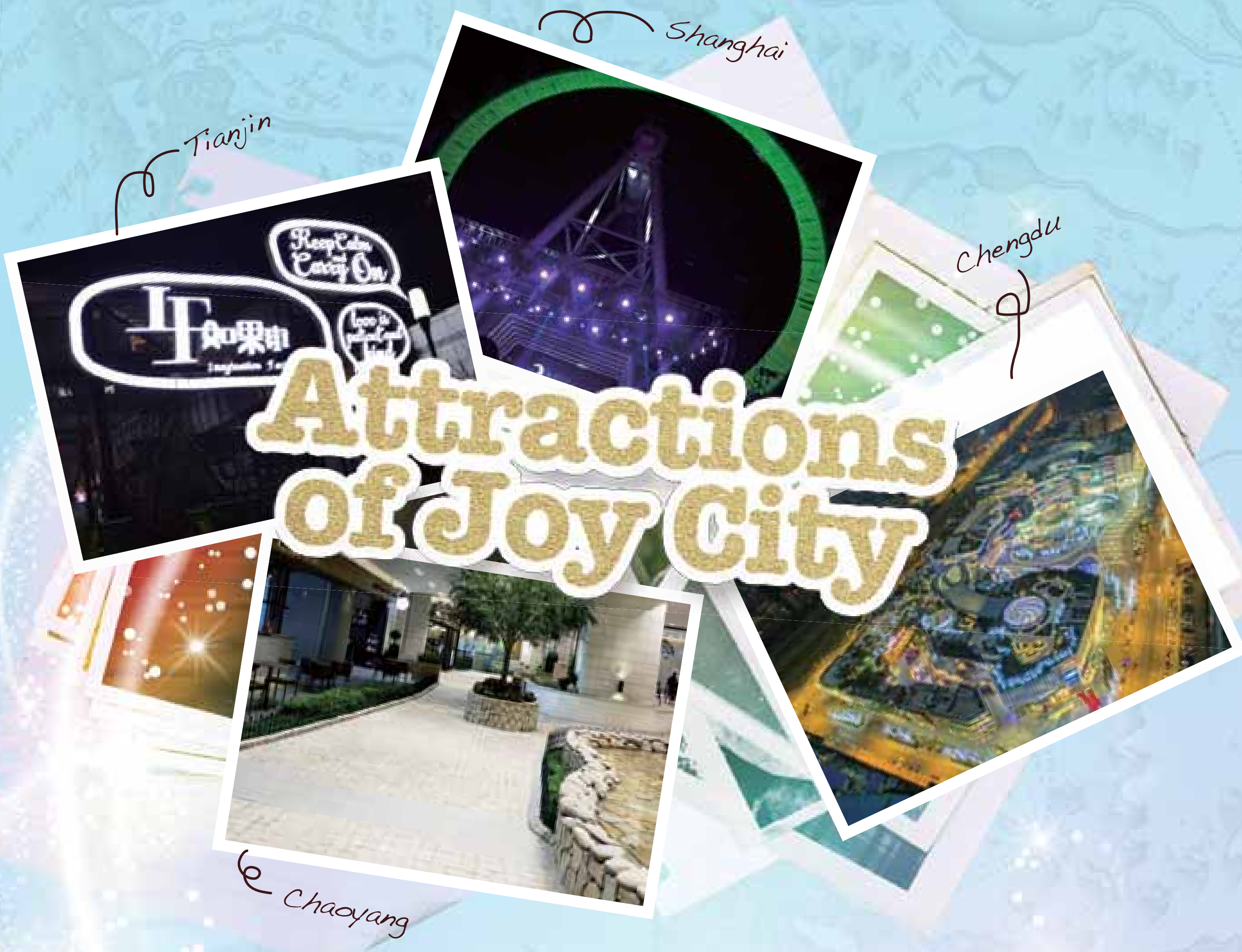
A Glittering place for

trendy lifestyle

presents congenial

living spaces

Attractions of Joy City



Themed street burst with joy

Themed street districts are the innovative offerings delivering marvellous experience for the differentiated customers of Joy City Property Limited and exploring the consumer demand intensively. With well-designed and redesigned spaces and scenes, the themed street districts deliver different site experiences to consumers and overall, is a unique attraction of Shopping Mall that drives customer flow.

"Joy Yard" of Chaoyang Joy City delivered its stunning debut in March 2015 while No. 5 Park of Tianjin Joy City made a breathtaking opening in September. At the end of 2015, IF Street of Tianjin Joy City, More Fun 166 of Shanghai Joy City, and Gollum College of Chengdu Joy City were opened to the public one after another. The themed street districts of Joy City Property now make use of space to create infinite business opportunities.

NO. 5 Park

Tianjin Joy City's No. 5 Park is the first indoor street based on arts and crafts in China. Its western-influenced garage comes with a philosophy of "go forward with an ease of 5km pace", conveying the message of returning to simplicity which is becoming popular among the city dwellers. No. 5 Park brings business and arts together to form the thematic consumption which is a new form of business model.

Travel Guide

A life of ease

27 distinct and unique shops have become a part of No. 5 Park. The new-comers include 1 atmospheric bookstore, 1 florist, 6 designer workshops, 6 boutique bistros and 13 handiwork workshops. Moreover, you can gain hand-on experience as an artisan to the degree of pristine life.

As an intriguing workshop of handiwork," Luo" ("語") evokes your creativity to make something unique for yourself so that you will enjoy the moment of tranquility offering respite and refreshment. This is indeed a place for you to enrich your life with the art of designs under the interaction with other designers on-site.

"Li Xian" (離弦) allows you to create your own handicraft with other designers. Stitch by stitch and blow after blow, with the most premium leather and your sincerity, leisurely time and passions, you can freely and delicately craft a brainchild masterpiece of your own.

Sound of Silence

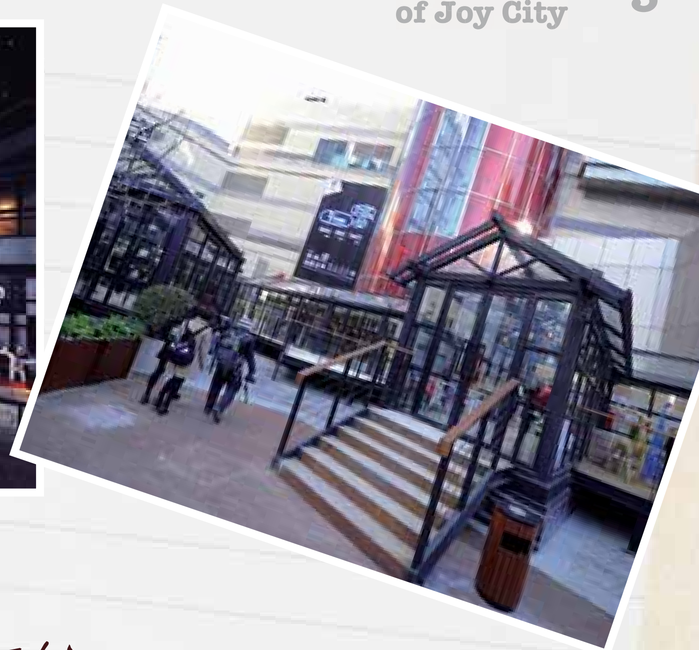
No. 5 Park exudes the sensation of uniqueness and exquisiteness in terms of spatial planning on the third floor of Tianjin Joy City, the two storied area covering 5,500 metres, is fully utilized with an H-shaped construct built internally, dividing the garage into the upper floor and lower floor where the former allows shops to operate in an open fashion, delivering the sensation of oneness, openness and congeniality.

love

The colossal sculpture "Sound of silence", without ears and mouth and with a pair of exaggerated popping eyes, is shrouded in an aura of mystery beyond words and descriptions. One will find himself awe-inspiring in the gravity of silence coming from No. 5 Park. Those who are impatient to express themselves usually forget how to listen to others. "Silence is golden" may be a way to lead to wisdom or craftsmanship. Be quiet or say something meaningful.

IF Street

The grand opening of IF Street, the first outdoor street of Joy City, begins a new chapter for the Tianjin nightlife. IF, the abbreviation of Imagination Factory, has the pleasure seekers in pursuit of cozy fine life as its target customers. IF represents as the first street of social function in Tianjin Joy City with an area of 6,000 square metres and is located in the back street of the shopping mall.



Travel Guide

Walk in the Sunshine

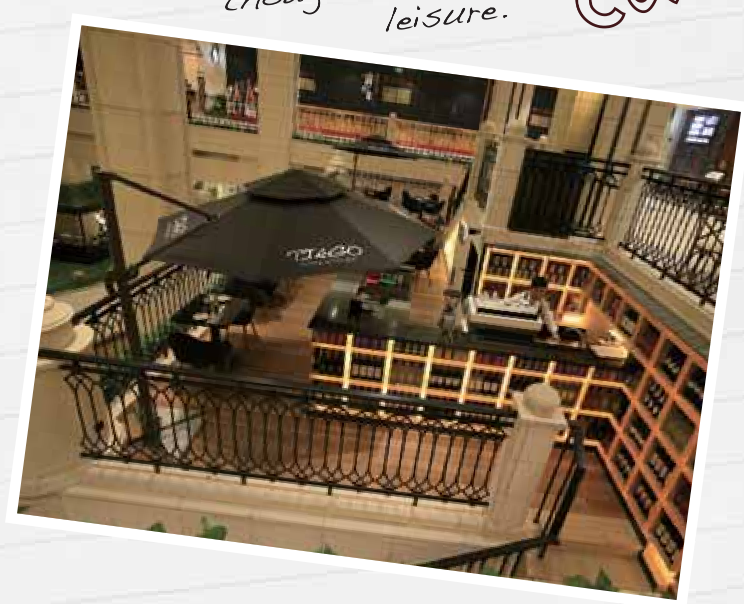
IF Street conceptualizes transparent and boundless communication into the interior which eradicates the estrangement between human and nature. Glazed walls and roofs are linked up by steel joints. Sitters in the structure can soak up in sunlight and enjoy the expanse of sky. As the architecture of IF Street shortens the distance between outdoor and indoor spaces, one can feel free to sip a drink and chat in leisure.

Eat and drink your fill

IF Street has a strong cast of 19 culinary elites that operate thereon, among which 11 come to Tianjin for the first time. All of them are bound to offer a feast of delicacies for the gourmets. Revelers will find IF Street a real place of carousal with a full range of eateries for choice from bistros to western restaurants, bars where they can chat, relax, drink and enjoy gluttonous feast, offering them an unforgettable experience.

Joy Yard

Situated on the 5F/6F of Chaoyang Joy City, Joy Yard serves as the first eco-friendly indoor area in satisfaction of the style and ambiance that the younger bourgeois demand. Specifically embellished for half of its common area, Joy Yard is the incarnation of business marrying with aesthetics in which visitors can go shopping, go dating, relax, lay back, have a reading, meet friends, view exhibitions and sit deep in thought with leisure.



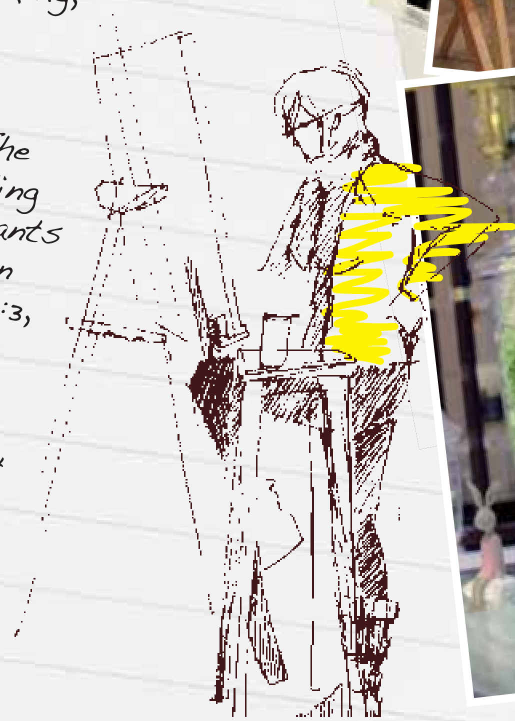
Travel Guide

The beauty of nature

With 35% of its area lushly filmed with vegetation, Joy Yard is a place where living in harmony with nature is advocated. Trees, woods, moss, grass and flowers live to their hearts' content without disruption. Plants, stones, woods and water can be spotted right and left in the split-level configuration of Joy Yard, replicating a vivid natural scene through the right use of lighting and presenting the value of environment protection, coexistence within human and nature and simplicity of life.

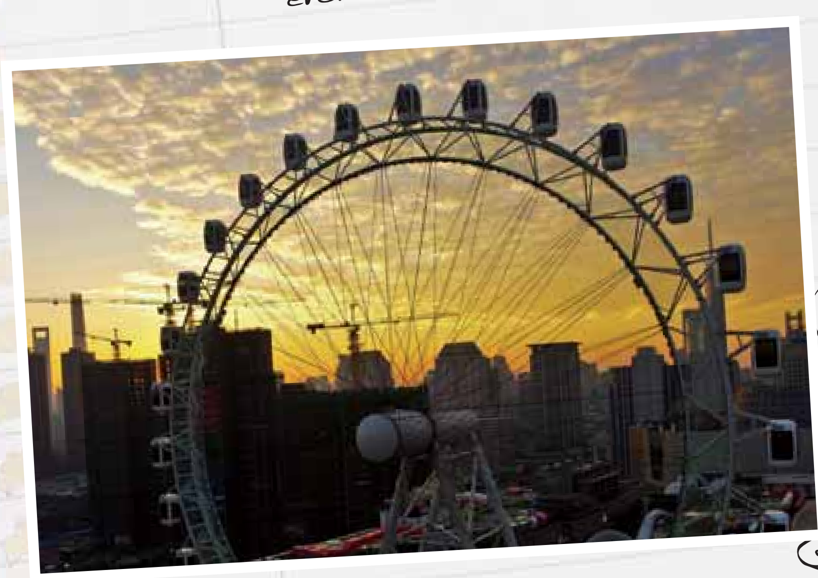
A living space of pleasure

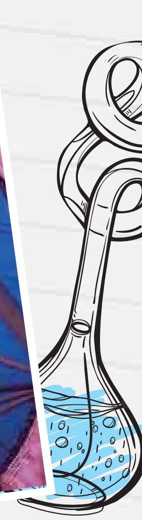
Joy Yard is a kaleidoscope of innovative retailing, household living, dining and drinking, music and coffee, arts and salon and cosmetics. The ratio of retailing shop, restaurants and startups in Joy Yard is 2:5:3, manifesting a cross-sector and multi-faceted portrait of living.



More Fun 166

MORE FUN 166 is an original social community jointly created by Gyuu Kengo (牛建吾), the Japanese interior guru, Kenya Hara (原研哉), the Japanese graphic design master, Wang Sanshi (王三石), a spatial design maven for themed commercial area and the creative and curatorial team of the Taiwan Pavilion of World Expo with an aim to draw in younger customers who go in for ambiance and quality. The innovative "Ferris wheel on the roof + Easy Arts Street + Emotions Cloud" commercial model put the experience consumption on new heights which is set to be the icon of new shopping malls amidst the evolution.





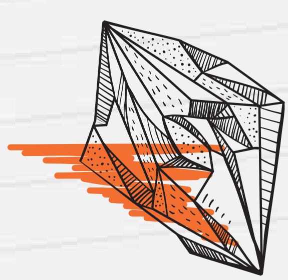
Travel Guide

Sky Ring

Shanghai Joy City makes Sky Ring the Ferris wheel an ideal for romanticism and consumption. One can tuck into the bespoke tea sets and Michelin feasts and purchase various tickets for the ride to meet different demands. It is indeed the very place to set love ablaze against the panoramic night view of Shanghai.

Leather carving DIY

The shopfront of the leather carving store and the workshop at the back give its visitors eye candy of craftsmanship and chances to create their own works, representing the first of its kind in the place. Handmade BOBOCAT made of leather is the mascot of shop. One can observe how leather is carved into a fine work and sample the workshop with items with different levels of difficulty chosen. Come and try to make your own belts, card holders and briefcase.

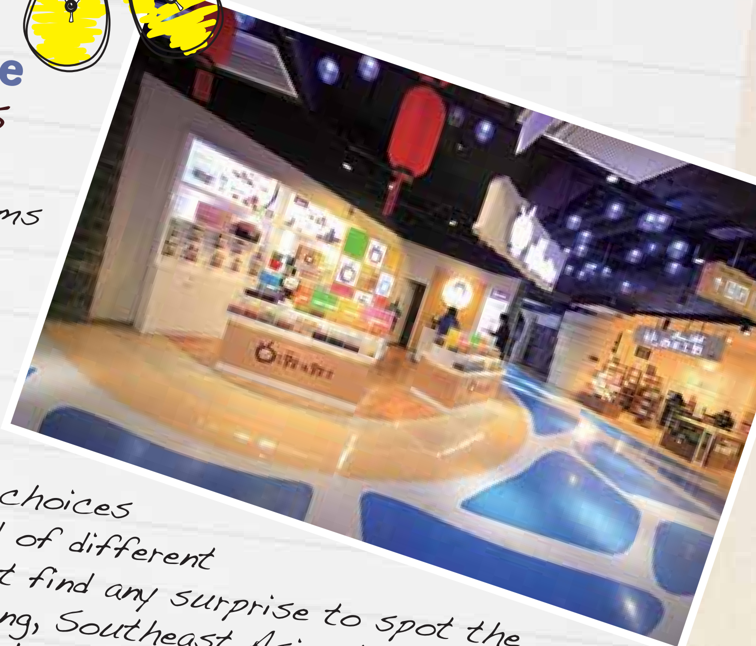


Literature and Art Street

MORE FUN 166 captures all the cityscape features of Taipei night market and Japan Osaka Shinsaibashi and forms into 166 where neon light signboards abound. Based on the foundation of bars in Hengshan Road and Changle Road, MORE FUN 166 steps further to forge a brand-new Wei Yang Street in Joy City where the shops predominantly operate from 2 pm to mid hours.

Gollum College

Gollum College, situated on the LG floor in Chengdu Joy City, positioning as a street of uniqueness and creativeness, coming out as a magnum opus of "crossover". With an area of 3,200 square metres and 46 stores, Gollum College is a magnet to hipsters with creativity to their own. It also renders an enthralling and refreshing sense to the pleasure seekers who hanker after a life of freedom and enthusiasm.



Travel Guide

Diversity is modernity

Gollum College aims to define itself as a flourishing and intriguing bazaar. Diversity as it brings presents irregularity, relaxation and more choices – an innovative hybrid of different spheres. One will not find any surprise to spot the porcelain, wood carving, Southeast Asian lighting, tea and ceramic and old-fashioned grocery stores in the alley of the Gollum College.

Glaring innovative designs

Gollum College is an amalgamation of landscapes where one may find himself within the mountainous, oceanic and desert terrains while diving into different zones spread over therein. Jagged stones, flamboyant floral ceilings and stellar-studded decorations combine to form a kind of new street experience offering for consumers.

Light assets to join

The commercial and real estate industries in China have pent up a supersized reserve of assets and the danger of traditional leverage of investment becomes more visible each day. Therefore, we need to find our way out to the light assets. With the development of mobile internet and big data, the number of customers and users counts for success of business projects. The development of commercial real estate is shifting from massive stocking up on land plots to incremental development by concentrating on brand management. Capitalizing on Joy City's brand value and management strength, the light asset approach places more emphasis on the pursuit of customer loyalty. In this virtue, light asset is the novel way of development for Joy City that brings up both assets value and brand value.

Successful Case

Joy City took over the management of Tianjin Exchange Retail Podium La Vita by the means of entrusted management. Tianjin Exchange Retail Podium will take seven months' recess for shakeup and will change its name to Tianjin He Ping Joy City and expected to come into operation by the end of 2016.

He Ping Joy City is positioned as a rather exquisite one among the Joy City products, which substantially increases the offering of catering and entertainment experience, with its major customer base ranging from 22 to 35. The project not only caters to the demands from white-collar bourgeoisies, but also attracts fashion-forward and sociable crowd, with an aim to build the first novel shopping mall in Tianjin featured with slow living and high quality.

Tianjin He Ping Joy City is the first step of Joy City's light asset strategy. This project fully manifests the strengths of Joy City's professional team and achieves the adoption of the light asset strategy of combining "asset management, capital operation and brand export". In the future, the Group will step forward to expand its reach by acquisition of the shares of commercial or real estate projects by the activating shock fish management approach.

Economies of scale

Joy City is growing at a fast pace with its scale expanding and attracts a host of brands as its alliance. With its expansion philosophy of "effectively leveraging its resources to generate much more significant benefits", Joy City has achieved a quantum leap in its development, and with its economies of scale, it brings "customer grouping" into full play and in turn gains a stronger profitability.

In terms of its light-asset strategy, Joy City has completed the fundamental establishment for the light-asset operation such as pricing system and project type standards. This will speed up Joy City's extension of its reach throughout China, augment its brand influence and solidify its market position in the commercial property industry so as to render long term growth driver and development room for the incremental value of the Group.

Marginal effect

Further, quality business projects can provide innovative consumption offerings of the Group such as themed street districts, Taste Good with a premium incubation platform. Joy City has introduced themed streets with different characteristics featuring a wide range of business projects. This move further enables the Company to achieve vertical segmentation on top of customer grouping, facilitates the commencement of Taste Good, create online and offline user experience and cross-sector value. Leveraging its media as platform, Joy City identifies further user values. In this way, business projects serve as platforms for innovative projects and vice versa, in turn bring growth to each other. As a result, this provides a development platform for the innovative projects and creates a room for incremental values for business projects.




Growing income

As a result, Joy City is reconfiguring its income fabrication from the traditional heavy assets into a mix of heavy assets and light assets. Relying on the services with the likes of professional advice, precise positioning, business supports, Joy City will drive the commercial properties still under construction with uncertain prospect into operation, and sustain its operation to they turn out growth in performance and recognized by the capital market, thereby developing both the functions and businesses. Taking advantages of the resources on hand, Joy City Property Limited therefore achieve its strategic goal of widening its income stream of its businesses as a whole.

Management Discussion and Analysis

1. MARKET REVIEW

In 2015, the growth of macroeconomy slowed down under which the proportion of tertiary industry exceeded that of secondary industry. The input-driven and investment-driven growth was substituted for innovation which has become the new impetus for economic development. The domestic economy has entered a new era along with significant changes. With regards to the real estate industry, one of the pillar industries of the national economy, the Central Government, in the Report on the Work of the Government released in early 2015, initiated the idea of "stabilising spending on residential housing and maintaining a long-lasting mechanism" and promoted the principle of "guidance by categories and policy implementation by regions", whereby the Central and local governments effectively addressed the housing demand and reduced inventory level which achieved the steady development of the real estate industry.

Specifically, the overall supply of land dropped while city differentiation continued to increase. Due to the scarcity of resources in first-tier and key second-tier cities, competition became keener; as land supply of some second-tier, third-tier and fourth-tier cities dipped, the land market cooled down. The overall residential market developed steadily, while demand for improved living increased and city differentiation widened. The supply of commercial real estate continued to increase. The keener market competition presented a higher barrier to the business operating capacity of real estate corporates. Except for the under supply of offices in the first-tier cities with remarkable rise of rentals, the performance in other cities is mediocre. Affected by government policies and the downturn of macroeconomy, the business operation of the high-end hotel market was subject to certain pressure.

2. BUSINESS REVIEW

In 2015 under review, the Group recorded relatively stable business performance in its four business segments, namely Investment properties, property development, hotel operation and property management and related services.

Investment Properties — in 2015, 2 new Joy City projects of the Group have been opened whereby Joy City Property owns 8 Joy City Projects in 7 cities in the PRC, of which Hangzhou Joy City is still under construction. Following the grand opening of Shanghai Joy City (North Tower) on 19 December 2015, China's first cantilever Ferris wheel erected on the rooftop made its debut. With an opening rate of approximately 85%, there were 201 shops opened on that day, of which 49 brands commenced their business in Shanghai for the first time. Chengdu Joy City, the first park that offers leisure, fashionable entertainment and shopping experience in China, grandly opened on 24 December 2015, covering four major retail elements, namely shopping, entertainment, catering and services. There were 444 shops in total with a contracting rate of approximately 95% and a simultaneous opening rate of approximately 90%.

Property Development — in 2015, Shanghai Joy City • Joy Mansion One opened for sale. The total contracted sales of the project reached approximately RMB1.38 billion on the opening day, which broke the opening sales record for new luxury properties with unit value of over RMB80,000 in Shanghai.

Hotel Operation — through active yet effective revenue management, price sales strategy and improving management, MGM Grand recorded a significant growth in results, ranking top among the region. W Beijing-Chang'an undertook a number of celebrity and commercial events, which received overwhelming market responses and became the popular destination of the city.

Property Management and Related Services — the Group strived for exploring the management practices of "Properties + Internet" through research and development of EISS intelligent management and monitoring systems. By putting them into practice in various commercial properties, the Group has operated in an energy-saving and more efficient property management manner.

Management Discussion and Analysis

3. PROJECT DEVELOPMENT

Investment Properties

Xidan Joy City (100% owned by the Group)

Xidan Joy City is situated in the prime location of Xicheng District, Beijing. The project is approximately 200 meters away from Chang'an Street in the south and adjacent to Financial Street and commercial district in the north. Advantageously located, the project adjoins Xidan Station Line 1 and 4 of Beijing Subway and a number of bus stops.

Enhanced competitive edges

Xidan Joy City continued to introduce exclusive featured brands to gather top sales stores and strengthen the competitive edge as a fast fashion hub of Beijing. H&M at Xidan Joy City completed the redecoration and reopened in the first half of 2015, and topped the sales chart in China. ZARA expanded and renovated as an Asian flagship store with an area of 2,500 sqm. in the first half of 2015 and achieved breakthrough in a single-day sale of over RMB1.1 million on 30 May. Michael Kors recorded sales of RMB2.75 million in July, ranking top 10 in terms of sales per square meter. On 17 July 2015, the first TOUS in China set up its business in Xidan Joy City.

O2O experience in Omni-channel

In order to drive customer flow and enhance customer experience, Xidan Joy City strives to build an intelligent social networking platform on micro-channels through collaboration with several mobile terminals, such as WeChat, Meituan and Taibao to reinforce its promotion measures and actively response to the impact from online businesses on visitor flows.

Steady growth of sales performance

Through brand upgrade, Xidan Joy City maintained a steady growth in its overall operating results with a year-on-year growth of over 15% in average unit purchase and sales per square meter, which consolidated its leading position in the industry.

Management Discussion and Analysis

Shenyang Joy City (100% owned by the Group)

Shenyang Joy City is located at the east end of Shenyang Zhong Street, a popular commercial pedestrian street, where is right at the core of the local government construction project, which named "Golden Key" and "Dongzhong Street". Shenyang Joy City is adjacent to Dongzhong Street Station of the Shenyang Metro and a number of bus stops with convenient traffic.

Pain Point Marketing

In 2015, Shenyang Joy City continued its philosophy of "synchronising the fashion and culture in first-tier cities, developing the most fashionable shopping mall in Shenyang". The adoption of 3-step pain point marketing strategy by Shenyang Joy City boosted its sales performance to record high. During the exclusive May Day Gathering of Joy City, the highest daily visitors reached approximately 131,000 headcounts. During the Crazy Offer Festival on 26 September, the sales volume reached approximately RMB23.83 million, which was the new record since its opening. Currently, all targets are well beyond the prior benchmarks. Joy City has become the symbol of fashion in Shenyang.

Enhanced sales performance

Shenyang Joy City unleashed every growth potential for revenue through a number of measures, including brand upgrade, business optimisation, cancellation of rent-free period and expansion of operating area through reconstruction. As such, its sales performance recorded a rapid growth over last year. During the period under review, the aggregated rental income accounted for a year-on-year increase of approximately 24.7%.

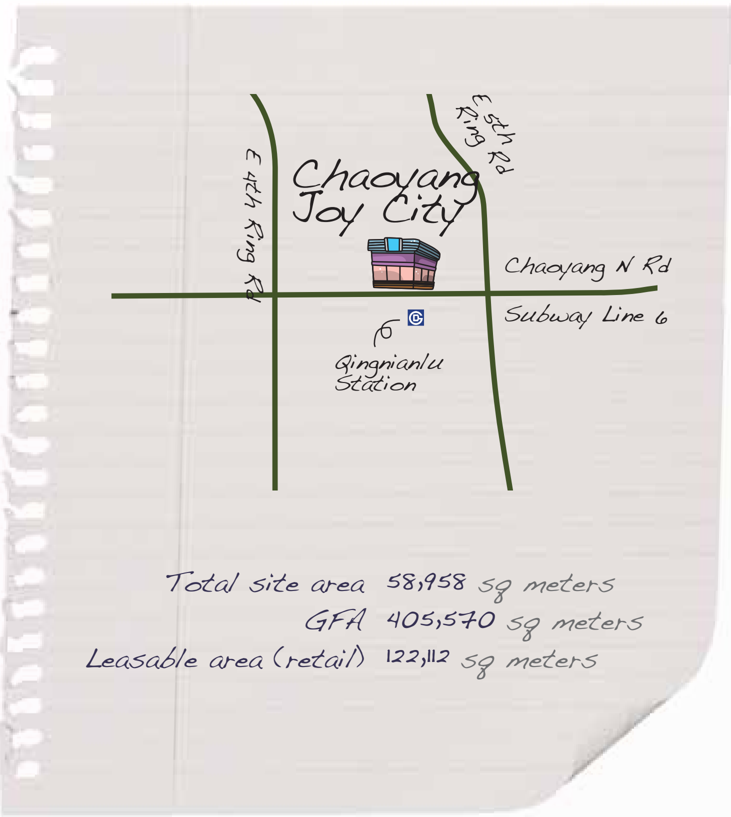
Management Discussion and Analysis

Chaoyang Joy City (90% owned by the Group)

Chaoyang Joy City is located in prime zone of Chaoyang District, Beijing. It is approximately 5 kilometers away from Beijing CBD Commercial District and is surrounded by a number of high-end luxury apartments with a population of 2.5 million. The project is of convenient traffic and is adjacent to Qingnian Road Station of Line 6 of the Beijing Subway and a number of bus stops.

Perpetual innovation

During the period, Chaoyang Joy City actively promoted innovation to enhance its results. In terms of product, Joy Yard (悦界), the first indoor lifestyle space under ecological theme in China's commercial sector, showcased to the public that facilitated the transformation of the project from "Shopping Center" to "Life Style" and presented the innovative idea of "Mall" in lifestyle. The project recognised sales and rental income of approximately RMB26 million respectively for the first month, which fully represented its commercial value. In terms of marketing, through the perfect integration of commerce and art, the "Van Gogh Alive" exhibition enhanced the quality of customer base and brand tonality.



Establishing O2O ecosystem

Chaoyang Joy City explored the "modular open platform" for O2O experience of shopping mall. The project built up linkage with various internet resources, including Meiwei Buyongdeng (美味不用等), Baidu Waimai (百度外賣), Baidu Nuomi (百度糯米) and Baidu Zhida (百度直達號), creating a precedent for the industry. In September, the project cooperated with Baidu Nuomi to initiate large-scale group purchase, more than 30,000 catering vouchers and retail coupons with a par value of RMB100 were sold with recognised sales of over approximately RMB3 million.

Landmark of East Beijing

During the period under review, the customer base structure of the project continued to improve, the middle-class and petite bourgeoisie of great consumption potential have replaced the ordinary households as the main customer base of Chaoyang Joy City. Meanwhile, the commercial district of the project radially and rapidly expanded, which has successfully transformed from the center of a community into that of a larger region, rendering the Company as becoming the business leader of the radially expanding municipal commercial district in East Beijing.

Shanghai Joy City (100% owned by the Group)

Shanghai Joy City is located at core district of Shanghai, Suhewan District, and is adjacent to the well-known commercial district on Nanjing Road East. Shanghai Joy City is of convenient traffic and is linked with stations of Lines 8 and 12 (Qufu station) of Shanghai Subway and a number of bus stops. Shanghai Joy City comprises shopping mall, office, residential areas, serviced apartments and parking spaces. The shopping mall comprises south and north towers, and is a complex covering shopping, catering, entertainment, culture, education and lifestyle facilities. During the year, the launch of several high profile projects, such as SKYRING, More fun 166 in Easy Art Street, the teenagers' innovation and business venture base "Joy Lab" and Wiscloud online shopping, was well received by the public.

Magical and romantic landmark

With the grand opening of North Tower on 19 December, Shanghai Joy City ascends from the "Great place for dating" to a newer positioning of "Magical and romantic landmark" and China's first cantilever Ferris wheel erected on the rooftop that made its debut. With an opening rate of approximately 85%, there were approximately 201 shops opened on that day, of which approximately 49 brands commenced business in Shanghai for the first time.

Smart shopping system

During the year, all smart shopping functions in Shanghai Joy City were launched, offering multiple smart shopping scenes. The smart shopping system is comprised of emotion cloud, consumer cloud, service cloud, leisure cloud and smart parking system. Leveraging the proprietary APP platform, consumers within the covered area are precisely positioned for marketing, thereby the performance of the project was significantly improved.

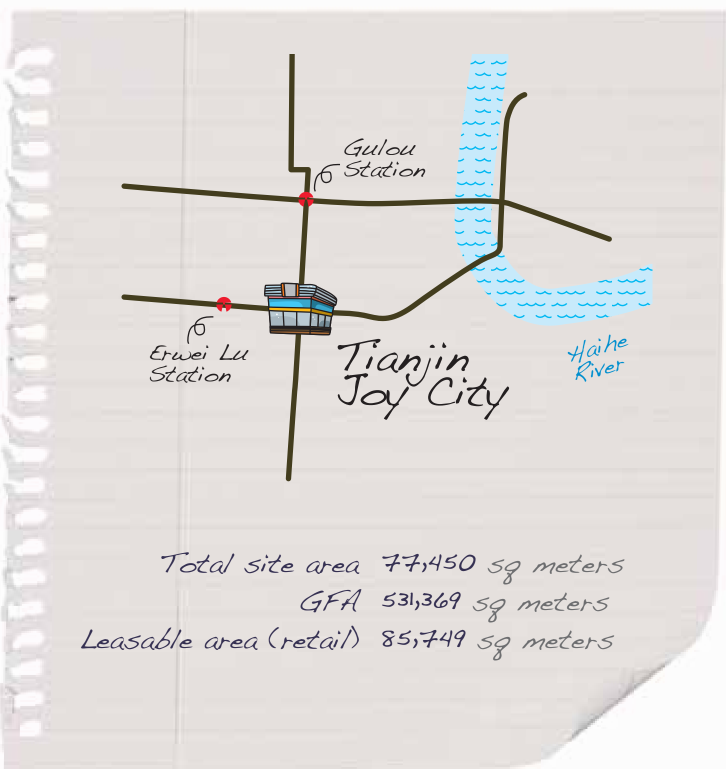
Management Discussion and Analysis

Tianjin Joy City (100% owned by the Group)

Tianjin Joy City is located in Old Town, Nankai District, the central district of Tianjin, and has convenient traffic. Tianjin Joy City is located above Gulou Station of Line 2 of Tianjin Subway and is adjacent to stations of Line 1 of the Tianjin Subway and a number of bus stops. The project comprises shopping mall, office premises, quality residential apartments and serviced apartment.

Themed Street

During the year, Tianjin Joy City continued to enhance the innovative effort in themed street districts. No. 5 PARK is the first indoor street in China featuring handmade arts. IF Street is the first outdoor street among other Joy City projects, successively unveiled. In particular, No. 5 PARK not only adds a rental area of 2,288.5 sqm in the shopping mall, but also offers an excellent incubation platform for young handicraftsmen and designers. IF Street, the first street of social function among the shopping malls in Tianjin City that closes no earlier than 24 p.m., marks the successful transformation of commercial properties in China from traditional integrated entertainment experience space to shopping malls featured with themed street districts.



Taste Good

Taste Good is the first O2O member experience platform developed by Tianjin Joy City with the idea of Internet, and comprises an online shopping mall and offline physical stores. The online shopping mall encourages fans to use reward points for buying, and they are re-directed to collect goods at offline physical stores to gather consumer experience and accordingly, expected to become loyal members. This connected both online and offline experience, and achieved a closed-loop O2O process. It has been the sixth month since the official opening of Taste Good's first physical store, the number of visitors has reached 50,000 with a clutch rate up to approximately 80%. Since the inception of Taste Good, there was a growth of 137,687 new members for the year, representing an increase of approximately 130.2% as compared with last year.

Online sales platform hitting record high

During the year, Tianjin Joy City held a number of large-scale theme exhibition events and "Crazy Shopping Festival" (瘋搶節) in brand-new forms. The "Joy City Crazy Shopping Festival" on 18 April attracted approximately 145,000 customers and contributed a single-day sale of approximately RMB18.179 million of which the consumption from members accounted for more than approximately 40%. On the same day, the number of downloads of Tianjin Joy City's App (掌上神器) exceeded 180,000 and the number of registered members reached over 100,000. During the "Joy City Crazy Shopping Festival" on 19 September, the single-day sales via the App exceeded RMB1 million while the total downloads of the App was nearly 300,000 and the number of members registered via e-channel reached approximately 150,000. The upgraded 2.0 version of "Internet +" enabled Tianjin Joy City to take the leading position in the market in terms of sales.

Management Discussion and Analysis

Yantai Joy City (51% owned by the Group)

Yantai Joy City is in the northeast of the junction of Beima Road and Haigang Road of Zhifu District, and is the only commercial center that enjoys the premium sea view in Yantai. It is only a 5-minute drive from Yantai city center to Yantai Joy City. Adjacent to stations of Yantai Metro, train station of Yantai and a number of bus stops, Yantai Joy City is well located with convenient traffic. Yantai Joy City is a complex comprising of shopping mall, residential apartments and recreational facilities.

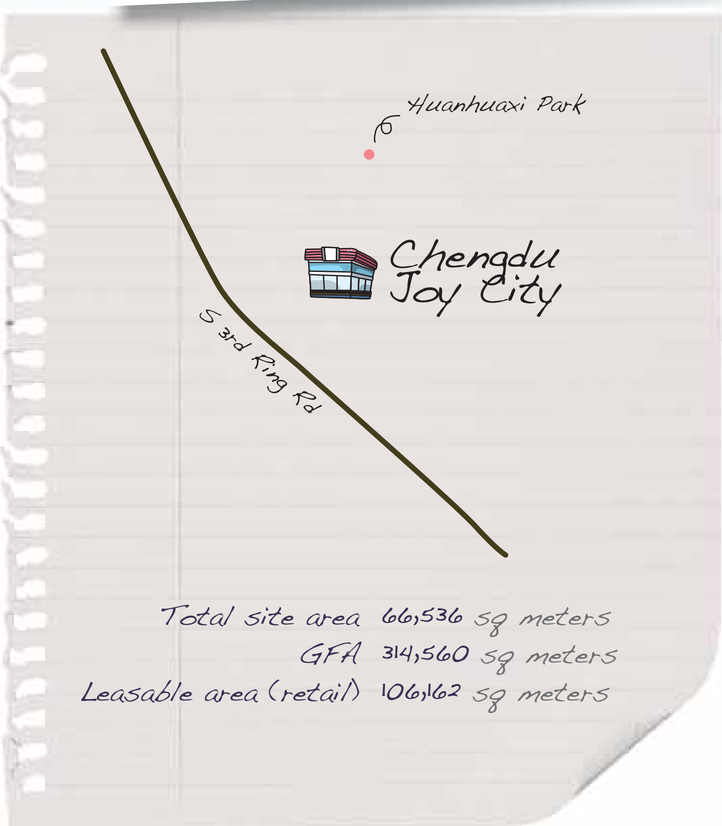
Innovative marketing

Yantai Joy City continued to strengthen the building of SCRM system and put more efforts in collecting and exploring member data while enhancing the accuracy of delivery through self media matrix. WeChat New Year Red Envelope was honoured the golden award of "2015 ICSC Asia Pacific Shopping mall Awards". Yantai Joy City is the first shopping mall in China classified as consumer finance business. Under collaboration with BOBCFC (北銀消費金融) and Shopshop (掃貨邦), Yantai Joy City made an initial attempt during the anniversary event. Taking IZONE for example, the single-day sales on 4 July amounted to approximately RMB0.55 million, of which approximately 40% was attributed to financial business, boosting its sales results by approximately 66%.

Anniversary event hitting record high

On 4 July, the anniversary event once again attracted visitor crowds of the city. Catering to the demand of consumers, Yantai Joy City redefined and integrated "Sense", "Feel", "Think", "Act" and "Relate". During the first year of anniversary, Yantai Joy City designed various integrated marketing strategies, such as "Sea, land and air" and "Golden Tram", achieving a single-day sale of approximately RMB15.5 million and attracting a flow of approximately 100,000 customers that refreshed the relevant commercial performance data of the city.

Management Discussion and Analysis



Chengdu Joy City (100% owned by the Group)

Chengdu Joy City is located at 2.5 Ring in Wuhou District, Chengdu. Situated in the Outer Shuangnan luxury residential area, it is approximately 6.8 kilometers away from Tianfu Square in city center, which belongs to an emerging commercial district in Chengdu. Chengdu Joy City, which comprises shopping mall, themed street and Grade A office buildings, is the first park that offers open leisure, entertainment and shopping experience in China.

Superior experience

Serving as the first theme park project of Joy City brand, Chengdu Joy city primarily renders "experience business" to form a multifunctional area with leisure, entertainment, culture, innovation and experience, covering the four major elements such as shopping, catering, entertainment and lifestyle service businesses. There are many theme shops with special features such as boutique supermarkets, IMAXs, 4D cinemas, rinks, theme KTVs, electronic games parlors, mini theaters, children's vocational experience centers and lounges. Moreover, it has over 40 brands which are newly introduced in Chengdu. All these present younger and fashionable customers with more shopping optionality and consumption experience.

Graceful design highlighting the entire city

Chengdu Joy City is generally positioned as "Joy City Joy Park", or the first park that offers leisure, entertainment and shopping experience in China. Inspired by Jiuzhai and Huanglong, Chengdu Joy City has a unique architectural design that blends architectural language with culture and in which a sense of vibrancy fills up every corner of space. The Chengdu Joy City generally exudes the unique romantic appeal of Chengdu, which blends the lifestyle and culture of Chengdu people with shopping mall, and presents Joy City's unique innovation in exploring the brand new city shopping space. Indoor and outdoor areas are interconnected together. Walking down in the area, you will surely find everything enthralling where the landscape is in perfect harmony with shopping malls and the scenery is compatible with the buildings. No other parks can be found elsewhere with such eye-inspiring feast and riveting ambiance, which render Chengdu Joy City as a popular and new landmark of the city.

Management Discussion and Analysis

Hangzhou Joy City (100% owned by the Group)

Hangzhou Joy City is located in the center of Hangzhou, where is the junction of Shenhua, Qiaoxi and Yunhe. It is situated at a prestigious zone that is 1.9 kilometers away from Chengxi Intime City, 5.5 kilometers from Wulin square at the city center, 4.5 kilometers from the West Lake Scenic Area and 4.8 kilometers from Xixi Wetland Park. The project is a multifunctional, fascinating and innovative urban complex with a planned floor area of approximately 307,000 sqm, and owns four major elements, such as shopping mall, waterfront street area, commercial landmark and themed luxury residential development.

A raft of places to go

The shops in Hangzhou Joy City include fast fashion collection stores, fashion apparel stores, boutique supermarkets, lifestyle stores, children's retail stores, children playgrounds, theme lounges, popular gourmets, experience entertainment shops and IMAX cinema. This project serves as the first waterfront themed street zone where customers can have a 24–7 shopping experience.

Scintillating presence

On 8 July, Hangzhou Joy City held a brand conference themed as "Grand debut cheering up Hangzhou", displaying the unique positioning, distinctive feature of Hangzhou Joy City, focusing on customer value in brand building, striving to innovations on both product and service according to the consumer demand, so as to create huge social value, change the consumption habit in Hangzhou and enhance the living quality of the city.

Management Discussion and Analysis

11th Floor of Hong Kong World-Wide House (100% owned by the Group)

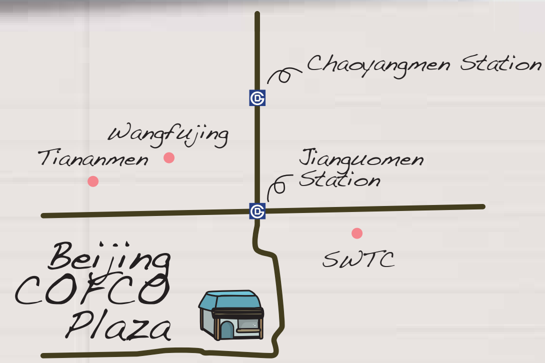
The entire property of 11th Floor of Hong Kong World-Wide House is situated in a 27-storey commercial office building that was completed in 1981. The 11th floor of World-Wide House is for rental purpose. The property has a saleable area of 1,309.38 sqm.

The rental income of the project was approximately RMB8.0 million during the period under review.

Hong Kong COFCO Tower (100% owned by the Group)

Hong Kong COFCO Tower is situated at a prime location in Causeway Bay, Hong Kong. It covers an area of 1,155 sqm with a leasable area of 15,738 sqm. During the period under review, the leasing rate was at approximately 89% while the rental income amounted to approximately RMB62.7 million.

Management Discussion and Analysis



Beijing COFCO Plaza (100% owned by the Group)

Beijing COFCO Plaza is well-located in the heart of Beijing facing Chang'an Avenue and near the entrances of Jianguomen subway station and Beijing station of No. 2 subway line of the Beijing metro system.

This project comprises a shopping mall and two class A office buildings.

During the period under review, the operation of project is stable.

Management Discussion and Analysis

Fraser Suites Top Glory Shanghai (100% owned by the Group)

The project is located in Lujiazui CBD in Pudong, Shanghai, along the Huangpu River and is adjacent to landmark commercial buildings and international shopping malls, enjoying geographical advantages. The project is conveniently situated adjacent to Lujiazui Station of Line 2 of the metro, and is a top-grade high-end serviced apartment project in Shanghai.

The project consists of 2 serviced apartment buildings with a total of 185 rooms available for leasing.

During the period under review, the project achieved satisfactory operating results.

Management Discussion and Analysis

Yalong Bay Love Cube Coastal Paradise (51% owned by the Group)

The project is located in the Yalong Bay National Tourism and Resort District in Sanya, Hainan. It is mainly comprised of diving base, zero park, totem poles in the central square, commercial center, aquatic entertainment, tree house of butterfly cocoon and butterfly museum.

The project occupies a total site area of approximately 380,600 sqm with a total GFA of approximately 20,300 sqm.

During the period under review, the construction of the project progressed smoothly. The project also had its trial operation on 1 January 2016 and achieved satisfactory results.

Andingmen Project (65% owned by the Group)

The project is located at a prime location Andingmenwai Dajie, Dongcheng District, Beijing and is adjacent to the Andingmen subway station of No. 2 subway line with an area of 13,030 sqm and an expected gross floor area of 81,761 sqm. In the future, it will be developed into a block of international Class A office building. During the period under review, the progress of preliminary work is satisfactory.

Management Discussion and Analysis

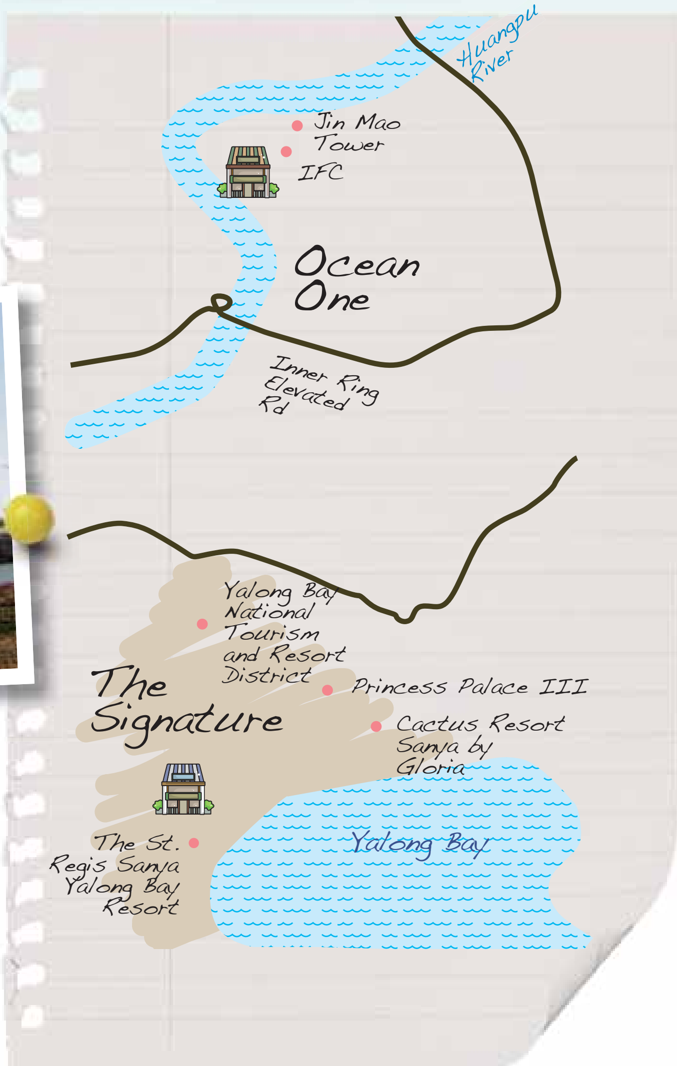
Property Development

Ocean One (100% owned by the Group)

The project is situated in the CBD of Lujiazui in the Pudong new area of Shanghai, with Binjiang Avenue to the west and overlooking the spectacular view of the Huangpu River. Ocean One is also one of the contemporary landmarks in Shanghai in addition to the Oriental Pearl TV Tower and Jin Mao Tower, and is a first-class luxury residential project beside the Huangpu River.

The project comprises three luxury residential buildings with a total saleable area of 48,407.03 sqm.

During the period under review, the contracted sales area of the project was 841 sqm and the contracted sales amount was approximately RMB114.1 million.



The Signature (41% owned by the Group)

The project is a top-notch coastal resort rarely found in China. It is situated in the St. Regis Sanya Yalong Bay Resort of Yalong Bay National Tourism and Resort District, enjoys superior natural resources with Hongxia Ridge at the back and surrounded by mangroves of 1,500 acres. Residents can enjoy and use the private beach of the St. Regis Sanya Yalong Bay Resort, as well as the high-end resort amenities including dozens of star-rated restaurants, two world-class golf clubs and Flowers Valley Shopping Centre.

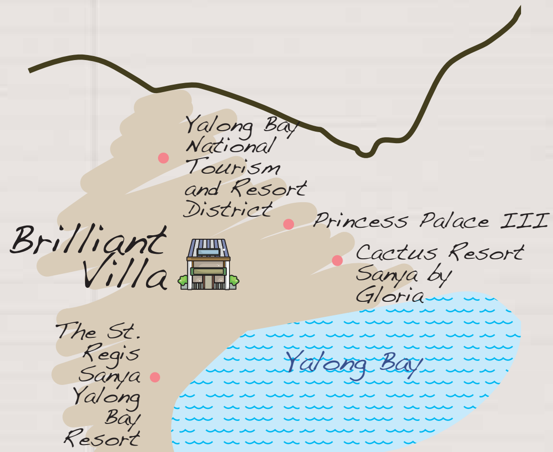
The project comprises 29 villa-styled apartments with a total saleable area of 21,548 sqm. Currently, the project has been entirely contracted for sale.

Brilliant Villa (41% owned by the Group)

The project is located in Yalong Bay National Tourism and Resort District in Sanya with easy access. With the 100-acres putting green of Yalong Bay Golf Course to the east, the project overlooks the splendid view of two golf courses. It embraces the unique ecological resources with the mangrove wetland conservation area of 1,500 acres to the west and south along Yalong Bay.

The project occupies a total site area of 224,382 sqm with a total GFA of 124,330 sqm.

During the period under review, the contracted sales area was 21,463 sqm and the contracted sales amount was approximately RMB1,008.2 million.



Management Discussion and Analysis

Hong Tang Joy Sea (51% owned by the Group)

The project is located in Hong Tang Wan Tourist Resort District of Sanya and adjacent to national highway 225 and west expressway to the north. the project has easy access as it is 15 kilometers away from the central district of Sanya and 8 kilometers from Phoenix International Airport. It lies between three 5A scenic areas with Tian Ya Hai Yao to the east, Nan Shan and Da Xiao Dong Tian to the west, enjoying an obvious geographical advantage.

The project occupies a total site area of 149,673 sqm with a planned total GFA of 189,033 sqm.

During the period under review, the construction of the project progressed smoothly.

Shanghai Joy City • Joy Mansion One (100% owned by the Group)

Joy Mansion One is located at Suhewan, Zhabei District. The project is conveniently located near the Qufu Road Station of Lines 8 and 12 of Shanghai Subway. Suhewan area will be developed into a world-class waterfront core business district of Shanghai in the future.

The site area of the project is 27,854 sqm and the planned GFA is 55,655 sqm. The project opened for sale on 14 November. On the opening day, a total of 85 units were launched and 60 units of which were sold, chalking a record for sales of new luxury properties with unit price over RMB80,000 in Shanghai. During the period under review, the contracted sales area of the project amounted to approximately 14,695 sqm while the contracted sales amount was approximately RMB1,344.5 million.

Hangzhou Joy City • Joy Mansion (100% owned by the Group)

Joy Mansion is the ancillary residential project of Hangzhou Joy City complex. The project is conveniently located at the south of Gongshu District, Hangzhou, with comprehensive education and commercial ancillary facilities nearby and splendid landscapes.

The planned gross floor area of the project is approximately 23,700 sqm. During the period under review, the contracted sales area of the project amounted to 11,733 sqm. The contracts sales amounted to RMB 326.8 million.

Management Discussion and Analysis

Chengdu Joy City • Joy Street (100% owned by the Group)

Joy Street is a pioneering brand-new product line of Chengdu Joy City in China and part of the saleable outdoor commercial street.

Joy Street has an above-ground GFA of approximately 25,500 sqm with a saleable area of 25,500 sqm.

During the period under review, the contracted sales area of the project was 4,442 sqm and the contracted sales amount was approximately RMB164.1 million.

Shanghai Qiantan Project (50% owned by the Group)

The project is situated in the riverside in Zhonghuan, Pudong, Shanghai, where is a rare location with Expo Houtan expansion area to the north and adjacent to Huangpu River and Xuhui Riverside in the west. The project is conveniently located nearby the interchange station of Lines 8, 6 and 11 of Shanghai Subway, and it is only a 10-minute walk to Oriental Sports Center Station.

The project occupies a total site area of 24,592 sqm with a planned total GFA of 83,613 sqm.

During the period under review, the preparation work for construction was smoothly underway.

Management Discussion and Analysis

Hotel Operation

The St. Regis Sanya Yalong Bay Resort (51% owned by the Group)

The project is located in Yalong Bay National Tourism and Resort District in Sanya, Hainan, which is a first-class resort area in China. The resort is adjacent to golf club and mangrove conservation area, and is a first-class luxury resort hotel managed by Starwood Group.

The resort occupies a total site area of 204,032 sqm with a total GFA of 90,869 sqm and comprises 373 rooms and 28 villas.

During the period under review, the average occupancy rate of the resort was approximately 66% and the average room rate was approximately RMB2,004 per room per night. The average revenue per available room was approximately RMB1,460 per room per night, ranking second among its competitors.

Management Discussion and Analysis

MGM Grand Sanya (100% owned by the Group)

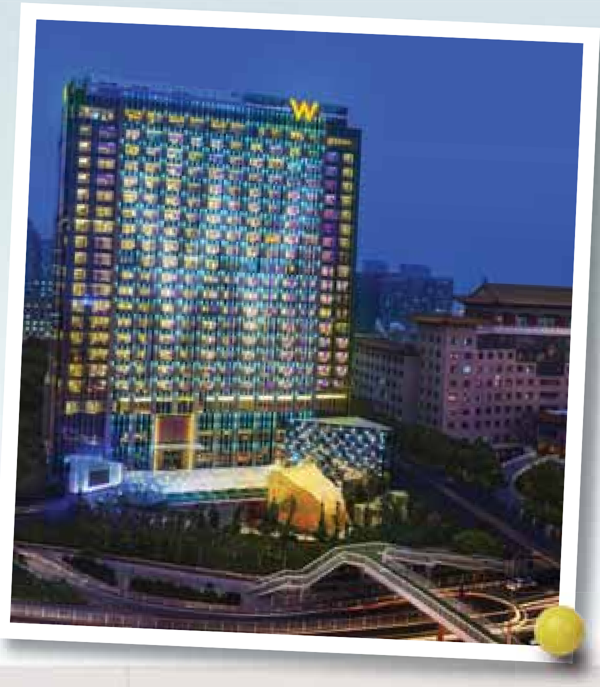
MGM Grand Sanya is located in Yalong Bay National Tourism and Resort District in Sanya, Hainan, and is a beyond-five-star luxury resort hotel operated and managed by MGM Hotel Management Group.

The hotel occupies a total site area of 106,667 sqm and a total GFA of 108,332 sqm. It comprises 669 rooms, 6 villas on the beachfront, 12 dining and entertainment facilities with various themes as well as highend convention facilities with an area of over 4,000 sqm.

During the annual meeting of Boao Forum for Asia in 2015, the hotel successfully served presidents and leaders from Indonesia, Thailand, Zambia and Myanmar, thereby earning credits for receiving important figures. With proactive and effective income management and price sales strategy as well as improving management services, the project highlights its strength on providing family vacationing and large-scale exhibitions, the results of the hotel was on the rise.

During the period under review, the average occupancy rate of the hotel was approximately 76% and the average room rate was approximately RMB1,385 per room per night. The average revenue of available room was approximately RMB1,178, ranking third among its competitors.

Management Discussion and Analysis



W Beijing-Chang'an (100% owned by the Group)

W Beijing-Chang'an is located in a commercial district surrounded by foreign embassies in the center of Beijing, and is a luxury hotel operated and managed by Starwood Hotels and Resorts Worldwide, Inc.

The hotel occupies a total site area of 6,746 sqm and a total GFA of 62,805 sqm.

During the period under review, the hotel undertook some large-scale activities such as conference for Apple Inc. , press conferences for the film "Jian Bing Man" and Tencent, displaying the Group's active development of conference market.

During the period under review, the hotel operation was stable with an average room rate of approximately RMB1,229 per night.

Waldorf Astoria Beijing (37% owned by the Group)

Waldorf Astoria Beijing is located in the prime area at the heart of Beijing and is managed by Hilton International Co., Ltd., a world-reputed hotel management company. Waldorf Astoria is a premium brand under Hilton with over a century's history.

During the period under review, the hotel focused on Siheyuan (四合院) products and rendered unique customer experience, making it to be the top priority venue for holding premier commercial, entertainment, business and exhibitions.

During the period under review, the result of hotel operation was stable with average occupancy of the average room rental of approximately RMB1,728 per room per night.

Management Discussion and Analysis

4. LAND BANK

During the reporting period, the Group newly acquired three new land parcels.

Name of Project	Address	Total Site Area (sqm)	Gross Floor Area (sqm)	Project Type	Operation Type	Equity Attributable to the Company
Qiantan Project	Riverside in Zhonghuan, Pudong	24,592	83,613	Residential, office	For sale, held	50%
Hangzhou Joy City Project	South of Gongshu District, Hangzhou	75,371	307,062	Complex	Held, for sale	100%
Jiu Cheng Project in Wuhou District	South Tongzilin Road, South Erhuan, Wuhou District, Chengdu	32,603	195,500 (planned)	Complex	For sale, held	69.65%

In 2016, adhering to its strategy, with the principle of stringent risk control, the Group will strive for development in strategic areas of core cities by means of both conventional and unconventional ways. The Group will actively participate in public auctions, take initiatives to strengthen communication with government, capitalize on the overall advantages of COFCO and explore different modes for acquisition and equity cooperation. On the condition that financial soundness is guaranteed, the Group plans will strive to increase land reserves in 2016 with an aim to maintain sufficient land reserves for project development in the coming 3 to 5 years.

Note: As at 31 December 2015, the signing of the contract of the Jiu Cheng Project in Wuhou District was complete currently it is under the proceeds of handover.

5. FINANCIAL REVIEW

Company's Overall Performance Review

On 3 April 2015, the Group completed the acquisition of Hangzhou Joy City Project. As the Group and Hangzhou Joy City Project came under common control of COFCO Corporation since October 2014 and COFCO Corporation continued to control such companies after completion of the acquisition, the acquisition was deemed as a combination of businesses under common control and accounted for under the principles of merger accounting. Therefore, the financial information of the Group for the year of 2014 shall be restated.

The revenue of the Group for year of 2015 amounted to RMB5,374.2 million (2014: RMB5,712.8 million), representing a year-on-year decrease of 5.9% as compared to the previous year. The decrease was mainly due to the decrease in revenue from sales of properties. The profit for the year amounted to RMB959.2 million (2014: RMB1,984.4 million), of which the profit attributable to the owners of the Company amounted to RMB725.7 million (2014: RMB1,710.2 million). Excluding the effect of after-tax fair value gains of investment properties and the change in exchange rate, the core net profit amounted to RMB500.2 million (2014: RMB428.8 million), of which the core net profit attributable to the owners of the Company amounted to RMB302.4 million (2014: RMB248.4 million).

Management Discussion and Analysis

Revenue

For the year ended 31 December 2015, the Group's revenue amounted to RMB5,374.2 million, representing a drop of 5.9% as compared to RMB5,712.8 million for the year of 2014.

Revenue by Business Segments	Year ended 31 December 2015 RMB'000	2015 Percentage of total revenue (%)	2014 (restated) RMB'000	2014 (restated) Percentage of total revenue (%)	Annual change (%)
Investment properties	**2,183,980**	**40.7**	2,008,659	35.2	8.7
Property and land development	**1,506,454**	**28.0**	2,241,518	39.2	–32.8
Hotel operations	**1,139,411**	**21.2**	1,010,933	17.7	12.7
Property management and related services	**544,363**	**10.1**	451,731	7.9	20.5
The Group	**5,374,208**	**100.0**	5,712,841	100.0	–5.9

For the year ended 31 December 2015, the Group's rental income from investment properties accounted for 40.7% of the total revenue, representing an increase of 8.7% as compared to the corresponding period of 2014. In particular, the retail rental income from Joy City projects amounted to RMB1,731.0 million, representing an increase of 14.0% as compared to the corresponding period of 2014, mainly due to the good operation performance of Shenyang Joy City, Tianjin Joy City and Chaoyang Joy City, the significant increase in their operating results as compared to the corresponding period last year, as well as the increase in revenue of Yantai Joy City for the first full year after it was put into operation. Revenue from properties and land development accounted for 28.0% of the total revenue, representing a decrease of 32.8% as compared to the year of 2014, mainly due to the change in product mix of the delivered projects. The delivered properties in 2015 were mainly Brilliant Villa in Hainan and apartments of Tianjin Joy City while the delivered properties in 2014 were mainly The Signature and Ocean One project. Despite an increase in total recognized area in 2015, the average selling price of delivered properties is lower than that of the corresponding period last year, resulting in a decrease in revenue. Revenue from hotel operations accounted for 21.2% of the total revenue, representing an increase of 12.7% as compared to the corresponding period of 2014 mainly due to the increase in scale of operations of W Beijing-Chang'an and Waldorf Astoria Beijing and improving operating results of MGM Grand Sanya, which contributed to an increase in operating revenue. Revenue from property management and other related services accounted for 10.1% of the total revenue, representing an increase of 20.5% as compared to the year of 2014.

Cost of Sales and Gross Profit Margin

For the year ended 31 December 2015, the Group's cost of sales was RMB2,479.6 million, and the overall gross profit margin was 53.9%, representing a slight decrease as compared to 59.4% of the corresponding period of 2014. During the year, the gross profit margin for property and land development, mainly due to the changes in product mix of the delivered projects, the gross profit margin of delivered property projects during the year was lower as compared with that of the products sold in the corresponding year of 2014. During the year, the gross profit margin for investment property, mainly attributable to the decrease in revenue and gross profit margin as a result of the slightly weakened operating results of Fraser Suites Top Glory Shanghai under market impact as compared to the corresponding period in 2014. The gross profit margin for property management and related services recorded a growth while that of hotel operations maintained stable as compared with 2014.

Management Discussion and Analysis

Gross profit margin by business segments	Year ended 31 December Gross profit margin for 2015 (%)	Gross profit margin for 2014 (%) (restated)
Investment properties	**76.2**	78.7
Property and land development	**38.1**	55.6
Hotel operations	**37.7**	40.8
Property management and related services	**42.0**	34.3
The Group	**53.9**	59.4

Other Income

For the year ended 31 December 2015, the Group's other income was approximately RMB65.7 million, representing a decrease of 43.3% as compared to RMB116.0 million for the corresponding period in 2014, mainly due to the decrease in interest income from bank deposits in 2015 and income from financial products.

Other Gains and Losses

For the year ended 31 December 2015, other gains and losses of the Group amounted to approximately RMB256.1 million, increased by 56.3% from RMB163.9 million for the corresponding period in 2014, primarily due to (1) the fact that following the issue of shares by the Group to a third party investor who is independent of the Group in 2015, COFCO (BVI) No. 97 Limited, a then wholly-owned subsidiary of the Group and owns 91.64% equity interest in Waldorf Astoria Beijing, became a 40% owned joint venture of the Group, which recorded a gain of approximately RMB579.5 million on deemed disposal of the subsidiary pursuant to the relevant requirements of Hong Kong Accounting Standards as compared to the gain of RMB106.1 million on disposal of a subsidiary in 2014; and (2) consistent depreciation of Renminbi, which is the principal currency for the Group's income, and the exchange loss incurred when parts of borrowings denominated in USD and HKD and notes denominated in USD were translated according to the exchange rates, the net foreign exchange loss amounted to approximately RMB318.9 million.

Fair Value Gain of Investment Properties

For the year ended 31 December 2015, the fair value gain of investment properties held by the Group was RMB964.0 million (2014: RMB1,970.9 million). The fair value gains recorded in 2015 was mainly contributed by Chaoyang Joy City, Chengdu Joy City and Hong Kong COFCO Tower, while the gain on fair value in 2014 was mainly contributed by Shenyang Joy City, Yantai Joy City, Shanghai Joy City, Xidan Joy City, Chaoyang Joy City and Hong Kong COFCO Tower. Such gains in 2015 and 2014 were mainly attributable to the general increase of average monthly rental income of such properties as well as the market rental level of comparable properties.

Distribution and Selling Costs

For the year ended 31 December 2015, the Group's distribution and selling costs amounted to RMB570.8 million, representing an increase of 16.6% as compared with RMB489.3 million for the year of 2014, mainly due to (1) the increase in solicitation and promotion expenses of Shanghai Joy City (North Tower) and Chengdu Joy City before opening; (2) the increase in advertising and promotion expenses for the sales launch of Shanghai Joy City • Joy Mansion One, Chengdu Joy City • Joy Street and Hangzhou Joy City • Joy Mansion; and (3) the year-on-year increase in relevant administrative expenses incurred for the operation of W Beijing-Chang'an (opened in September 2014) during the year. Selling and marketing expenses accounted for 10.6% (2014: 8.6%) of the total revenue.

Management Discussion and Analysis

Administrative Expenses

For the year ended 31 December 2015, the Group's administrative expenses amounted to RMB966.6 million, representing a decrease of 1.8% as compared with RMB984.2 million for the corresponding period of 2014. The administrative expenses mainly included, amongst others, staff salaries, social insurance and benefits for staff, insurance expenses, depreciation and amortisation, travel and entertainment expenses, certain taxation expenses, overhead costs and professional third-party service fees, which accounted for 18.0% of the Group's total revenue (2014: 17.2%).

Finance Costs

For the year ended 31 December 2015, the Group's finance costs increased by 3.3% to RMB957.2 million from RMB926.5 million for the corresponding period of 2014 mainly due to change of financing scale.

For the year ended 31 December 2015, the weighted average borrowing cost of the Group was 5.6% (2014: 6.1%) which was mainly attributable to the decrease in domestic bank lending rate and the Company's proper deployment of domestic and foreign financing scale.

Taxation

For the year ended 31 December 2015, the Group's tax expense was RMB691.6 million, representing a decrease of 44.7% as compared to RMB1,251.3 million for the corresponding period of 2014, primarily due to the year-on-year decrease in deferred tax of 33.5% as a result of the decrease in the year-on-year decrease in fair value gains of investment properties. In 2015, the effective tax rate of the Group increased to 41.9% (2014: 38.7%).

Profit Attributable to Owners of the Company

For the year ended 31 December 2015, profit attributable to owners of the Company was RMB725.7 million, representing a decrease of 57.6% as compared to that of RMB1,710.2 million for the year of 2014. Basic earnings per share for the year were RMB0.053, representing a decrease of 69.2% as compared to RMB0.172 for the corresponding period of 2014.

Investment Properties

As of 31 December 2015, investment properties mainly included Joy City Projects, Beijing COFCO Plaza, Fraser Suites Top Glory Shanghai and Hong Kong COFCO Tower. As at 31 December 2015, investment properties increased to RMB46,022.4 million from RMB41,859.9 million as at 31 December 2014, primarily attributable to the increase in the cost of acquisition and construction of the investment properties of Chengdu Joy City, Shanghai Joy City (North Tower), Hangzhou Joy City and Shanghai Qiantan Project and the increase in value after revaluation.

Leasehold Land and Land Use Rights

As at 31 December 2015, leasehold land and land use rights amounted to RMB844.4 million, mainly including the land use rights of hotels and the land use right as well as the waters use right of Yalong Bay.

Properties under Development for Sale

The properties under development for sale increased from RMB11,070.4 million as at 31 December 2014 to RMB12,342.1 million as at 31 December 2015, which was mainly due to the increase in costs incurred for the construction of Shanghai Joy City • Joy Mansion One, Hainan COFCO · Hong Tang Joy Sea and international exhibition center, Andingmen project, Hangzhou Joy City • Joy Mansion and Shanghai Qiantan Project.

Properties Held for Sale

As of 31 December 2015, properties held for sale mainly included Ocean One Suites, villas and apartments of Brilliant Villa, office building of Tianjin Joy City, office building and Joy Street of Chengdu Joy City. As at 31 December 2015, properties held for sale increased to RMB2,789.0 million from RMB533.9 million as at 31 December 2014, mainly because the relevant costs were accounted for following the completion of Brilliant Villa, office building of Tianjin Joy City as well as office building and Joy Street of Chengdu Joy City.

Accounts Receivable

As at 31 December 2015, accounts receivable included receivables from sales of properties, rental receivables, property management fee receivables, hotel operation receivables and other accounts receivable. Accounts receivable of RMB124.6 million as at 31 December 2014 increased to RMB133.4 million as at 31 December 2015, mainly due to the increase in rental receivables.

Management Discussion and Analysis

Accounts Payable

As at 31 December 2015, accounts payable primarily included trade payables and accrued expenses related to construction (including construction cost of properties under construction (involving properties constructed for sale)) and other project-related expenses, which increased to RMB1,236.4 million from RMB1,132.2 million as at 31 December 2014, mainly due to the increase in accounts payable related to construction of properties under development.

Bank Borrowings

Bank borrowings increased from RMB14,734.9 million as at 31 December 2014 to RMB17,334.4 million as at 31 December 2015, representing an increase of about 17.6%. As at 31 December 2015, the total bank borrowings at fixed interest rates and floating interest rates were RMB4,739.5 million and RMB12,594.9 million respectively.

Analysis on the Group's Bank Borrowings:

Item	At 31 December 2015 (RMB'000)	At 31 December 2014 (restated) (RMB'000)
Carrying amount repayable:		
Within 1 year	**2,330,477**	5,574,204
Within the 2nd year	**3,300,716**	1,488,927
Within the 3rd to the 5th year (inclusive)	**7,119,361**	3,475,052
Over five years	**4,583,869**	4,196,737
Total	**17,334,423**	14,734,920

Bank borrowings of approximately RMB2,330.5 million is repayable within one year and is shown as current liabilities. All the Group's bank borrowings are denominated in Renminbi, Hong Kong dollars and U.S. dollars. There is no material seasonal impact on the Group's needs for borrowings.

As at 31 December 2015, the Group had banking facilities of approximately RMB27,535.7 million, of which approximately RMB20,741.6 million was utilized and all were denominated in Renminbi, Hong Kong dollars and U.S. dollars.

Guaranteed Notes

On 18 November 2014, Double Rosy Limited, a wholly-owned subsidiary of the Group, issued five-year guaranteed notes of US$800 million guaranteed by the Company to the independent third parties at a coupon rate of 3.625%. COFCO (HK), an intermediate controlling shareholder of the Company, entered into a Keepwell Deed and a Deed of Undertaking to provide support for the issue of such guaranteed notes. The net proceeds (after deducting underwriting commissions and offering expenses) received by Double Rosy Limited was approximately US$791 million. The net proceeds were used for general corporate purposes and to on-lend to the Company for partial payment of consideration in relation to the acquisition of Joy City Projects which was completed on 4 December 2014.

Net Gearing Ratio

Item	At 31 December 2015 (RMB'000)	2014 (restated) (RMB'000)
Bank borrowings (current and non-current)	**17,334,423**	14,734,920
Guaranteed notes	**5,171,889**	4,862,299
Borrowings from fellow subsidiaries and loans granted by non-controlling interests (current and non-current)	**2,289,540**	4,502,150
Total interest-bearing liabilities	**24,795,852**	24,099,369
Less: Cash and bank balances	**3,208,765**	6,401,241
Restricted bank deposits and pledged deposits	**519,157**	87,979
Net debt	**21,067,930**	17,610,149
Total equity	**33,277,159**	27,000,883
Net debt to total equity ratio	**63.3%**	65.2%

Liquidity

The Group previously financed its working capital and capital expenditures by cash flows from operating activities, commercial bank loans and issue of share capital. In 2014, the Group issued Guaranteed Notes of US$800 million for the Joy City Acquisition. In the future, the Group will continue to rely on cash flows from operating activities and commercial loans, and will also consider the issuance of bonds or other securities.

As at 31 December 2015, the Group had cash and cash equivalents of RMB3,727.9 million including restricted bank deposits and pledged deposits, mainly denominated in Renminbi, Hong Kong dollars and U.S. dollars (2014: RMB6,489.2 million).

The Group's net cash outflow for the year ended 31 December 2015 amounted to RMB3,034.5 million, which include:

Net cash inflow from operating activities of RMB501.0 million, mainly attributable to the revenue from property sales and deposits received from property presales, the revenue from property leasing, hotel operations, and other property services, which were partly offset by the payment for land premium and construction costs and taxation;

Net cash outflow from investment activities amounted to RMB3,062.0 million, primarily attributable to the acquisition of equity interests in Shanghai Yueyao Real Estate Development Co., Ltd. by the Group, the purchase and construction of investment properties, as well as the purchase of property, plant and equipment; and

Net cash outflow from financing activities was RMB473.5 million, primarily attributable to the settlement of remaining consideration payable for the acquisition of Joy City project by the Company, settlement of bank borrowings and loans from fellow subsidiaries and ultimate holding company and payment of interests, which were partly offset by the rights issue, additional bank loans and borrowings from related companies.

Equity and Non-redeemable Convertible Preference Shares

In February 2015, the Company proposed the rights issue on the basis of one rights share for every two existing shares at a subscription price of HK$1.35 each on a non-underwritten basis. 4,743,708,286 new ordinary shares of HK$0.10 each were issued on 29 April 2015 pursuant to the Rights Issue, resulting in credits to ordinary share capital of the Company of RMB374,373,000 and share premium of the Company of RMB4,679,668,000, before share issue expenses of RMB16,385,000. Further details of the Rights Issue are set out in the Company's announcement dated 27 February 2015 and the Company's prospectus dated 30 March 2015.

Management Discussion and Analysis

The following are the adjustments made to the equity of the Company following the rights issue:

Equity

Issued and fully paid	No. of shares	Amount (HK$'000)	Amount (RMB'000)
Ordinary shares of par value HK$0.10/share			
At 31 December 2014	9,487,416,572	948,741	748,041
Rights Issue	4,743,708,286	474,371	374,373
At 31 December 2015	14,231,124,858	1,423,112	1,122,414

As at 31 December 2015, the Company had 1,095,300,778 non-redeemable convertible preference shares in issue. Save for these non-redeemable convertible preference shares, there is no other issued convertible securities.

Details of movements in share capital during the year are set out in Note 38 to the consolidated financial statements.

Pledge of Assets

As at 31 December 2015, the Group's bank and other borrowings were secured by the pledge over the Group's investment properties of RMB31,701.8 million, property, plant and equipment of RMB3,536.8 million, properties under development for sale of RMB7,017.8 million, leasehold land and land use rights of RMB688.8 million and bank deposits of RMB1.5 million.

Contingent Liabilities

As at 31 December 2015, details for the Group's contingent liabilities and non-compliance issues are set out in Note 42 to the consolidated financial statements. In the opinion of the directors of the Company, based on the reasons and circumstances of those non-compliances and the PRC legal advice, the Group is unlikely to be subject to any fine, penalty or demolishment or confiscation, and accordingly, no provision has been made in the consolidated financial statements.

Capital Commitments

As at 31 December 2015, the capital expenditure contracted for the purchase and construction of investment properties and the acquisition of property, plant and equipment was RMB1,539.9 million (as at 31 December 2014: RMB894.6 million). The Board of the Company considered that the amount was not material and the Group has sufficient funds to settle the expenditures.

Interest Rate Risk

The Group's exposure to the risk of changes in market interest rates primarily relates to bank and other borrowings with floating interests based on the benchmark lending rate of the People's Bank of China or other floating rates. Save for the bank borrowings, the Company will pay close attention to the latest development of the bond market and explore direct financing channels, such as corporate bonds, to balance its exposure to interest rate risk.

Foreign Exchange Risk

The daily transaction currency for the primary business operations of the Group is RMB. Save for certain bank deposits, bank and other borrowings and notes denominated in foreign currencies, the Group is not exposed to any material risks directly arising from the volatility of exchange rates. The Group will pay close attention to the change of financial environment where it operates and adjust its funding policy accordingly, such as onshore corporate bonds, to act against the change of external environment.

6. EVENT AFTER THE END OF THE REPORTING PERIOD

Subsequent to the end of the reporting period, in early January 2016, a wholly-owned subsidiary of Company (the "Subsidiary") issued 3.2% domestic corporate bond in the aggregate principal amount of RMB3,000 million due on 14 January 2021 (the "Corporate Bond"). The Corporate Bond bears interest on its outstanding principal amount at the rate of 3.2% per annum payable annually in arrears on 14 January in each year.

Pursuant to the terms and conditions of the Corporate Bond, the coupon rate may be adjusted at the option of the Subsidiary from 14 January 2019 on the condition that the Subsidiary has announced the adjustment to the coupon rate within 20 trading days before 14 January 2019. Otherwise, the coupon rate will remain the same until the maturity date. The holders of the Corporate Bond may, on giving notice to the Subsidiary within 5 trading days after the announcement of the coupon rate adjustment made by the Subsidiary, early redeem all or part of such holder's Corporate Bond, together with interest accrued but unpaid to such date.

The proceeds from the issue of the Corporate Bond, after issue expense, will be used to finance the working capital of the Group.

Further details of the issue of the Corporate Bond are set out in the Company's announcements dated 11 January 2016, 13 January 2016 and 15 January 2016.

7. USE OF PROCEEDS FROM THE PLACING AND THE RIGHT ISSUE

Use of Proceeds from the Placing in 2013

The Company entered into a placing agreement on 29 November 2013 for the issuance and allotment of 1,955,174,000 Shares to professional and institutional investors. The 2013 Placing was completed on 19 December 2013. The net proceeds from the 2013 Placing were approximately HK$3,770.5 million (equivalent to approximately RMB3,003.6 million). As at the date of Annual Report 2015, such net proceeds were utilized in the following manner:

Planned use of the net proceeds	Amount as disclosed in circular dated 30 November 2013	Amount utilized as at the date of Annual Report 2015	Balance as at the date of Annual Report 2015
Funding capital contributions of the project companies and continual development of existing projects by the Group, including the construction and development of Chengdu Joy City	RMB1,201.4 million (representing approximately 40% of the net proceeds	RMB1,201.4 million	—
Development of new projects of the Group, with a focus on potential new mixed-use complex projects in the PRC under "Joy City" brand	RMB1,501.8 million (representing approximately 50% of the net proceeds)	RMB1,501.8 million	—
General working capital and for other general corporate purposes	RMB300.4 million (representing approximately 10% of the net proceeds)	RMB300.4 million	—
Total:	RMB3,003.6 million	RMB3,003.6 million	—

As at the date of Annual Report 2015, the net proceeds from the 2013 Placing were fully utilized.

Management Discussion and Analysis

Use of Proceeds from the Rights Issue in 2015

On 29 April 2015, the Company issued 4,743,708,286 rights shares to qualifying shareholders by way of the Rights Issue at a subscription price of HK$1.35 per rights share and raised HK$6,404.0 million (equivalent to approximately RMB5,054.0 million). After deducting share issue expenses of approximately HK$20.8 million (equivalents to approximately RMB16.4 million), the net proceeds from the Rights Issue was approximately HK$6,383.2 million (equivalents to approximately RMB5,037.6 million). Such amount was used to settle the remaining consideration of the acquisition of Joy City project of HK$6,229.9 million (equivalent to approximately RMB4,914.6 million), and the remaining amount was used as general working capital of the Group. As at the date of Annual Report 2015, the proceeds from the Right Issue in 2015 were fully utilized.

8. EMPLOYEES AND REMUNERATION POLICIES

For the details of employees and remuneration policies of the Group during the year, please refer to "Corporate Social Responsibility Report — Employee Development".

9. OUTLOOK

2016 marks the beginning year of the "13th Five Year Plan". Under growing economic pressure, the central government will endeavor to launch encouraging fiscal policies and robust currency policies which will buttress the new normal of economic development. The advantages of real estate industry in terms of scale and synergic effects with other industry will remain in play, serving as the mainstay of a stable overall economic development and maintaining growth momentum. In terms of commercial real estate, in the face of the pressure exerted by the surplus of stock and steep homogenous competition, the project with refined management and differentiated positioning will be likely to stand out; in terms of residential real estate, destocking and stimulating consumption remained as the focus; the high-end hotels still face larger operating pressure under the coupling effect of supply-and-demand imbalance and the political environment.

Looking forward, the innovation, balancing, greening, opening-up and sharing as well as change in demographic structure, transformation and upgrade of economic structure, deepening of urbanization with Chinese characteristics that the 13th Five Year Plan proposes will heavily bear on the development of real estate industry. The combination of real estate industry and Internet, finance, industry and agriculture will become the new trend of development while integration and innovation will become new features for the development of real estate industry.

The Group will strive to embrace the opportunities and challenges brought along by macroeconomic transformation and upgrade, and will maintain the "two-wheel-drive strategy" to serve its mainstream customers with mainstream offerings on the principle in operation of "refining management, enhancing quality and efficiency, reinforcing reform and adhering to what is right as well as turning out new offerings". We are convinced that, taking advantage of its mature commercial property development and operation systems, the influence of the Joy City urban complex brand, acute insights to the changes and innovative integration capabilities, the Group can continue to maintain its advantages during the new stage of real estate industry's innovative development. We dedicated ourselves to delivering more quality offerings and services to make Joy City become a long-lasting brand.

Profile of Directors and Senior Management

The following sets out the profile of the Directors and senior management of the Company as at the date of this Annual Report:

EXECUTIVE DIRECTORS

Mr. ZHOU Zheng, aged 53, was appointed as an executive Director with effect from 28 August 2012. He was also appointed as the Chairman of the Board and chairman of the Nomination Committee and resigned as a member of the Remuneration Committee since 19 December 2013, the chairman of the Executive Committee since 26 August 2014, and the general manager of the Company with effect from 17 February 2016.

Mr. Zhou is the chairman of COFCO Property (stock code: 000031), a company listed on the Shenzhen Stock Exchange, and a vice president of COFCO Corporation ("COFCO Corporation"). He was the general manager of COFCO Property from June 2008 to January 2011. Prior to joining COFCO Property, he had held various management positions and directorships with the packaging business of COFCO Corporation. He was a non-executive director of CPMC Holdings Limited (stock code: 00906), a company listed on the Main Board of the Stock Exchange from June 2008 to February 2016.

Mr. Zhou is a qualified senior engineer in the PRC and has over 20 years of experience in corporate management. Currently, he is a council member of the China Real Estate Association. In February 2007, he was awarded the Governmental Special Allowance by the State Council of the PRC for his outstanding contribution to the development of the packaging industry in the PRC.

Mr. Zhou received a bachelor's degree in Aeronautical Machinery Processing from Nanchang Institute of Aeronautical Technology (now known as Nanchang Hangkong University) in the PRC in July 1983 and a master's degree in Aeronautical and Aerospace Manufacturing Engineering from Beijing University of Aeronautics & Astronautics in the PRC in March 1992.

NON-EXECUTIVE DIRECTORS

Mr. MA Jianping, aged 52, was appointed as an executive Director with effect from 28 August 2012. He was re-designated as a non-executive Director and resigned as the chairman of the Board and the chairman of the Nomination Committee, and was appointed as a member of the Remuneration Committee with effect from 19 December 2013. He is a director of Achieve Bloom, the controlling shareholder of the Company.

Mr. Ma joined COFCO Corporation in 1986 and is currently a vice president and the director of the strategy department of COFCO Corporation. Mr. Ma holds several directorships in certain subsidiaries of COFCO Corporation, including the deputy managing director of COFCO (Hong Kong) Limited, Chairman of COFCO Ments Investments Limited and a director of COFCO International Limited. He is also a director of COFCO Property (Group) Co., Ltd (stock code: 000031), a company listed on the Shenzhen Stock Exchange, and the chairman of the board and a non-executive director of China Foods Limited (stock code: 00506) and China Mengniu Dairy Company Limited ("China Mengniu") (Stock code: 02319), both companies listed on the Main Board of the Stock Exchange. He was a non-executive director of China Mengniu from August 2009 to March 2014.

Mr. Ma graduated from University of International Business and Economics and later obtained a degree of Executive Master of Business Administration from the same university and he has extensive experience in strategic planning, corporate finance, investment, and M&A, and business management.

Profile of Directors and Senior Management

Mr. MA Wangjun, aged 51, was appointed as a non-executive Director and a member of the Audit Committee with effect from 28 August 2012. He is a director of Achieve Bloom, the controlling shareholder of the Company.

Mr. Ma joined COFCO Corporation in August 1988 and is currently the chief accountant of COFCO Corporation. He is a qualified senior accountant in the PRC and has extensive experience in corporate finance and asset management. He is a non-executive director of China Agri-Industries Holdings Limited (stock code: 00606), a company listed on the Main Board of the Stock Exchange and was a non-executive director of China Mengniu Dairy Company Limited (stock code: 002319), a company listed on the Main Board of the Stock Exchange, from March 2010 to April 2012.

Mr. Ma received a bachelor's degree in Economics from Beijing Technology and Business University in the PRC in July 1986 and an Executive Master of Business Administration from Cheung Kong Graduate School of Business in the PRC in September 2007.

Ms. JIANG Hua, aged 61, was appointed as a non-executive Director with effect from 27 March 2013.

Ms. Jiang joined COFCO Corporation in September 2004 and was a director of COFCO Corporation during the period from September 2004 to December 2012, and from December 2013 to April 2015. Ms. Jiang acted as the deputy general manager of China National Tourism Trading & Service Company Limited from August 1998 to March 2002 and the vice president of China National Native Produce & Animal By-Products Import & Export Corporation from March 2002 to August 2004. She had previously served in several government departments in the PRC, including as the chief officer of Harbin Real Estate Administration Bureau from June 1987 to April 1990, the assistant to the mayor of Harbin Municipal government from March 1995 to August 1996 and the head of the Department of International Liaison of National Tourism Administration from August 1996 to August 1998. She has extensive experience in corporation management, administrative management and government relations.

Ms. Jiang graduated from the Harbin Institute of Technology in the PRC, with a master's degree in Engineering in March 1995.

Ms. WU Xiaohui, aged 55, was appointed as a non-executive Director with effect from 11 June 2015.

Ms. Wu joined COFCO Corporation in August 1986 and had served in various positions. She was a director of the finance department of COFCO Corporation from July 2000 to February 2002 and was the chief financial officer of COFCO Corporation from February 2002 to November 2012. She has been the vice president of COFCO Corporation since November 2012, mainly responsible for financial businesses of COFCO Corporation. Ms. Wu is a non-executive director of Xingda International Holdings Limited (stock code: 01899), a company listed on the Main Board of The Stock Exchange of Hong Kong Limited. Ms. Wu was also the supervisor of Industrial Bank Co. Ltd (stock code: 601166), a company listed on the Shanghai Stock Exchange, from June 2006 to October 2013. Ms. Wu has obtained a qualification certificate as a senior accountant and has over 29 years of experience in finance and accounting.

Ms. Wu received a bachelor's degree in economics from The First Branch Campus of Renmin University of China (中國人民大學一分校) in July 1986 and a master's degree in economics from the Capital University of Economics and Business (首都經濟貿易大學) in July 2002.

Profile of Directors and Senior Management

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. LAU Hon Chuen, Ambrose, *GBP, JP*, aged 68, was appointed as an independent non-executive Director with effect from 2 August 1995. He is currently the chairman of each of the Audit Committee and the Remuneration Committee, and a member of the Nomination Committee.

The table below sets out Mr. Lau's directorships in a number of companies listed on the Main Board of the Stock Exchange:

Name of the listed companies	Stock code	Position
China Jinmao Holdings Group Limited	00817	independent non-executive director
Glorious Sun Enterprises Limited	00393	independent non-executive director
Yuexiu Transport Infrastructure Limited	01052	independent non-executive director
Yuexiu Property Company Limited	00123	independent non-executive director
Brightoil Petroleum (Holdings) Limited	00933	independent non-executive director
The People's Insurance Company (Group) of China Limited	01339	independent non-executive director

Mr. Lau is also a director of OCBC Wing Hang Bank, Limited, Wing Hang Bank (China) Limited, Bank of China Group Insurance Company Limited, BOC Group Life Assurance Company Limited, Nanyang Commercial Bank, Limited, Chu & Lau Nominees Limited, Sun Hon Investment and Finance Limited, Wydoff Limited, Wytex Limited, Helicoin Limited, Wyman Investments Limited and Trillions Profit Nominees & Secretarial Services Limited. He served as the chairman of the Central and Western District Board from 1988 to 1994, the president of the Law Society of Hong Kong from 1992 to 1993, a member of the Bilingual Laws Advisory Committee from 1988 to 1997 and a member of the Legislative Council of Hong Kong from 1995 to 2004 (from 1997 to 1998, he was a member of the Provisional Legislative Council).

Mr. Lau obtained a Bachelor of Laws Degree from University of London in 1969. He is a Solicitor of the High Court of Hong Kong, a China-Appointed Attesting Officer and a Notary Public. He is the senior partner of Messrs. Chu & Lau, Solicitors & Notaries and is currently a Standing Committee Member of the National Committee of the Chinese People's Political Consultative Conference.

Mr. LAM Kin Ming, Lawrence, aged 60, was appointed as an independent non-executive Director with effect from 21 September 2004. He is a member of each of the Audit Committee, Remuneration Committee and Nomination Committee.

Mr. Lam was the senior vice president of the Enterprise Solutions Commercial Group of HKT Trust and HKT Limited (stock code: 006823), a company listed on the Main Board of the Stock Exchange and a member of the PCCW group.

Mr. Lam graduated from the University of Toronto with a bachelor's degree in Commerce in September 1978.

Profile of Directors and Senior Management

Mr. WU Kwok Cheung, *MH*, aged 83, was appointed as an independent non-executive Director with effect from 28 August 2006 and is a member of each of the Audit Committee, Remuneration Committee and Nomination Committee.

Mr. Wu served as a member of the Governance Committee of United Christian Hospital from April 2004 to March 2013. He has over 30 years of experience in management and administration.

SENIOR MANAGEMENT

Mr. YAO Changlin, aged 48, was appointed as a deputy general manager of the Company with effect from 19 December 2013.

Mr. Yao joined COFCO Corporation in February 2002. Prior to that, Mr. Yao worked in the accounting department of China Feed Group (中國飼料集團) during the period from March 1993 to December 1995 and the finance department of China Grain Trading Company (中國糧貿公司) from December 1995 to February 2002. Mr. Yao has more than 20 years of experience in finance, property development, hotel development and management.

Mr. Yao received a bachelor's degree in Economics from Anhui University of Finance and Economics in the PRC in July 1989 and finished his study for the degree of Executive Master of Business Administration from Cheung Kong Graduate School of Business in the PRC in October 2012.

Mr. XU Guorong, aged 49, was appointed as a deputy general manager of the Company with effect from 19 December 2013.

Mr. XU joined COFCO Corporation in 1988 and has more than 20 years of experience in corporate management. Mr. Xu received a bachelor's degree in Economics from the University of International Business and Economics in the PRC in June 1988.

Mr. LI Wenyao, aged 52, was appointed as a deputy general manager of the Company with effect from 25 August 2015.

Mr. Li worked for COFCO Corporation from June 1993 to March 2012. From April 2012 to April 2015, he was the first secretary of Commercial Office of Embassy of the People's Republic of China in the Republic of Portugal. He has more than 20 years of experience in human resources and administration.

Mr. Li obtained a bachelor's degree in Economics from the University of International Business and Economics in Beijing in July 1986.

Ms. XU Hanping, aged 49, was appointed as the chief financial officer of the Company with effect from 19 December 2013.

Ms. Xu joined COFCO Corporation in August 1988 and has more than 20 years of experience in financial management and accounting. Ms. Xu served as a deputy general manager in the finance and capital management department of COFCO Corporation from February 2007 to December 2010 and the general manager of the finance department of the real estate hotel business division of COFCO Corporation from December 2010 to January 2012.

Ms. Xu received a bachelor's degree in Accounting from Xiamen University in the PRC in July 1988 and a master's degree in Business Administration from Murdoch University in Australia in February 2002. Ms. Xu became a Certified Public Accountant in the PRC in March 2006.

I. PUBLIC WELFARE

We are very enthusiastic in public welfare activities. Charity and public welfare are always the priority of the Group as they are our direct contribution to the society. Joy City Property held a number of events to fully demonstrate the social responsibility of a corporate.

On 13 April 2015, Vice Premier Liu Yandong visited the Cheer Market in Tianjin Joy City to conduct research. Cheer Market is the true portrayal of Joy City's support to youth entrepreneurship. Joy City Property has always actively responded to the Chinese government's call on "mass entrepreneurship and innovation" to offer a broad platform for youth entrepreneurship.

On 25 July 2015, kids and volunteers from World of Art Brut Culture (WABC) in Beijing visited W Beijing-Chang'an. They joined hands with the senior management of Starwood and depicted their colourful inner world with paintbrushes. On 11 October, WABC cooperated with W Beijing-Chang'an to hold the large-scale charitable running event, "Run To Give". Caring runners from 145 hotels across 57 cities in China were all quick off the mark, and ran for love and common good.

On 18 October 2015, Tianjin Joy City held the "2015 Pink Ribbon Lighting Ceremony" in cooperation with Trends Health Magazine to carry out rich and warm events during which health care of women and breast cancer awareness campaigns were widely promoted. Publicity boards were displayed to promote health knowledge about female customers to tenants, and breast cancer patients were also invited to share their stories about fighting against cancer.

On 19 December 2015, Shanghai Joy City donated RMB500,000 to the Ocean Heaven Project (海洋天堂) of One Foundation to express care and provide assistance for children with cerebral palsy. On that night, with the support of Joy City, One Foundation invited young performers of "Rainbow after the Rain", the inclusive art troupe comprising special children from Children's Palace Guangzhou. Monthly donors and other donors under the CMB-One Foundation Affinity Credit Card interacted with each other to jointly perform a warm and inclusive concert with "Deskmate" as the theme of sharing and interaction.

This year, we also donated various items, such as bookcases, books, stationeries, to Home of Dandelion (蒲公英之家) in Hi-tech Zone, Chengdu. In addition, we organised staff members to donate over 3,500 clothing in total to impoverished counties in Xinjiang.

Joy City Property makes the best use of resources, exerts positive energy and actively participates in various charitable events to deliver caring and warm for the community. In the future, Joy City Property will continue to integrate relevant resources and pay attention to charity. As a state-owned corporate, Joy City Property will provide support and express our care for public welfare by actively joining charity events and fulfilling our social responsibility, aiming to become a role model in the industry.

Corporate Social Responsibility Report

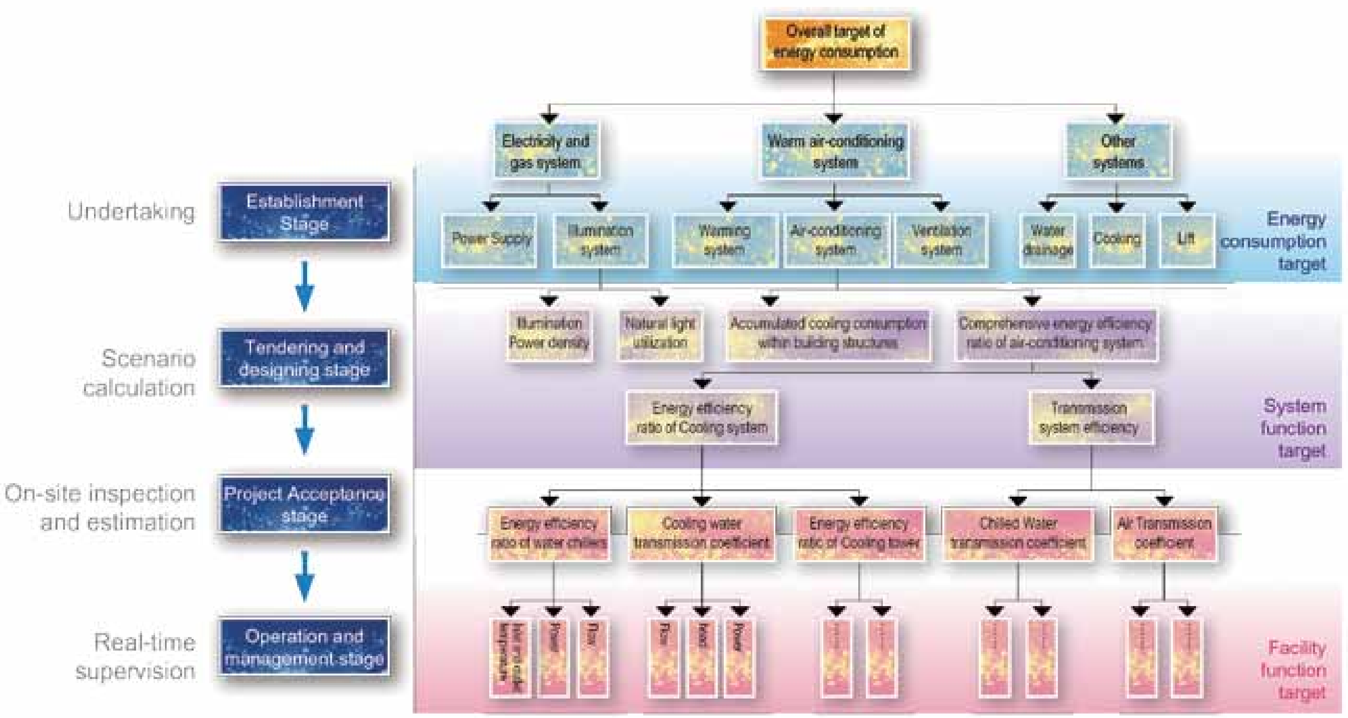
II. GREEN STRATEGY

The Group carried out quantitative assessment for construction inspection and adopted on-site survey, craft sampling check and physical sampling check in order to continuously strengthen the management and control over the construction process, minimise demolition and reconstruction during the process as well as to enhance the quality of development and management.

The Group continued to improve its tender management and supplier system through explicitly specifying the powers and responsibilities of tendering and procurement as well as practicing low-carbon management. The Group will strengthen the control over its suppliers and maintain a quality supplier database while reducing procurement costs and enhance procurement efficiency so as to ensure efficient promotion for its projects.

During the entire process of real estate development, the Group upheld the principle of efficiency and passiveness oriented priority to optimise its energy saving solution while applying proven technologies according to the local landscape in order to realise the goal of its solutions and maximise the effort on resource saving. The Group also actively explored means to save energy and materials, and reduce consumption, gradually launched pilot focused fit-out and delivery and residence industrialization, enhanced the technology level of various projects and pushed forward the green-energy mission of an environmentally-friendly, energy saving and sustainable developing company.

In 2015, according to the regulations and requirements of *the Notice of the State Council on Issuing the Energy Conservation and Emission Reduction Plan during the "Twelfth Five-Year Plan" Period* (No. 40 [2012] of the State Council) and *the Interim Measures for the Supervision and Administration of Energy Conservation and Emission Reduction at Central Enterprises* (Order of SAC No. 23), the Group increased its manpower, resources, financial investment and technical support on energy conservation and emission reduction. Accordingly, the Group and each of its Joy City project established dedicated teams for energy conservation and emission reduction to jointly put forth effort in key energy-consuming areas and strengthen the management of critical control points. Based on the statistical analysis on energy conservation and emission reduction, the Group exhibited the major areas of energy consumption, strengthened the management of areas with high energy consumption, and upgraded or replaced high energy-consuming equipment and facilities in the energy consumption area as planned. The Group also regularly conducted inspection and analysis on the energy consumption of each department to figure out the most fundamental reason and address the problem accordingly.



Corporate Social Responsibility Report

In addition to ensuring the overall lighting demand is met during business hours, Tianjin Joy City adjusted the lighting hours of public areas according to the length of daytime during the whole year. In order to maintain the overall comfort, Tianjin Joy City adopted energy-saving measures such as reasonably adjusting the outflow water temperature of the air-conditioner according to the changes in outdoor temperature and humidity and the demand of indoor cooling load. The energy consumption for the year decreased by approximately 3.02% as compared to last year.

By installing revolving doors in the concourse of the first floor and enclosing the building and exterior holes, Shenyang Joy City has enhanced its overall comfort and effectively lowered energy consumption. Meanwhile, the energy-efficient lightings replacement has been done in public areas, with high energy-consuming lights replaced by high energy-saving LED lights. The energy consumption for the year decreased by approximately 13.35% as compared to last year.

The energy saving and emission reduction of projects:

Projects	Year	Total energy cost (in RMB ten thousand)	Total annual cost comparison (in RMB ten thousand)	Total annual cost growth rate %	Note
Tianjin Joy City	2014	3,170.7595	–138.3576	–4.4%	
	2015	3,032.4019			
Shenyang Joy City	2014	3,184.9257	–130.8167	–4.1%	
	2015	3,054.1090			
Xidan Joy City	2014	2,381.0000	–424.4323	–17.8%	
	2015	1,956.6577			
Chaobei Joy City	2014	2,064.0000	+120.89	+5.8%	Newly added business area
	2015	2,184.8900			
COFCO Plaza	2014	847.5900	–10.55	–1.3%	
	2015	837.0400			
Yantai Joy City	2014	881.7024			Opened in July 2014, not included in cost accounting
	2015	1,773.4236			
Total	**2015**	**11,065.0986**	**–583.1766**	**–5.0%**	

Corporate Social Responsibility Report

III. EMPLOYEE DEVELOPMENT

As of 31 December 2015, the Group had 6,105 employees. The Group places a lot of emphasis on the "Selection, Employment, Development and Retainment" of talents, and believes that talents are the major foundation of the Group's development. The Group aim to establish a stable, efficient and quality team of key personnel by enhancing the vitality and competitiveness of all departments and encouraging learning of innovation so as to facilitate the implementation of strategies and development of businesses. According to the features of real estate industry and relevant positions, the Group has established a dual career development path based on our value and development so as to provide a clear development path for each employee, allocate employees to the most suitable positions according to their abilities and motivate rapid growth and promotion of employees.

The Group has highly emphasized on staff training and development. Adhering to the core concept of "contributing to business development and increasing the return of human resources", the Group have established a series of comprehensive and multi-layered training programs covering different stages of our employees' career, such as Future Stars Training Program, Golden Seeds Program, Golden Helmsman, Team Members Swapping, Team Members Training and Team Member Competition, to establish a unique employee training and development system of the Group.

Future Stars Training Program is a comprehensive development program set up for the new graduates recruited from universities which track and provide opinions on their development from internship period to probationary period. Through the 1+1+1+1 mode of development, i.e. "1 Week of Training,1 Tutor,1 Quarter of Guidance and 1 Year of Cultivation", the development process of the new recruits is constantly monitored to ensure that there is a smooth transition for every new member from campus to professional position. In 2015, the fourth section of Future Stars Training Camp continued to upgrade with the intensified 1+1+1+1 mode of development, which training contents such as quarterly interview, quarterly learning salon and career guidance were implemented.

Golden Helmsman and Golden Seeds Programs are special intensive training programs of the Group. Aiming to organize a program for complex development, Golden Helmsman adopts four development approaches including intensive trainings, action learning, mentoring and job rotation. It is a simplified version of the "five forces" model for managers to improve the leadership and professional knowledge of trainees. In 2015, the Group completed the second section of training program of Golden Helmsman. 25 trainees were qualified through assessment and completed the action learning program, graduated to be the Group's senior management talents and project management talents. The Group also completed the second section of special business training course of Golden Seeds Program. 21 trainees were graduated and became commercial talents, commercial complex development business capability of the Group were enhanced. In addition, the system of the Group cultivated a group of "belt-level" talents in benchmarking management. Through the continued optimization to Benchmarking management projects, cost reduction and efficiency improvement, the level of lean management were enhanced.

Team Members Swapping, Team Member Training and Team Member Competition are the job rotation and selection programs specially designed by the Group for its employees to strengthen the communication between talents and refine allocation of personnel. Team Members Swapping adopts the form of "Pairing Joy City projects", in order to break through the barrier of the human resources between each Joy City and the commercial management system of the Group, to enhance the internal communication of the commercial talents, to form a solid talent foundation for the rapid expansion of Joy City. Team Member Training program focuses on rotation training for young talents of the head office of the Group at the frontline and mentors are appointed to closely monitor their development. Employees with less than 3 years of working experience are required to participate frontline rotation training for six to twelve months in order to enhance their understanding to the major business of the Company and gain more professional knowledge so as to lay a solid foundation for career development. Team Member Competition is an important working platform for the Group to revitalize the recruitment mechanism. Through the public recruitment, the range of talent selection was further expanded and the talent selection approaches were diversified.

In order to attract and retain professionals, the Group provides competitive salaries and comprehensive benefits including pension insurance, medical insurance, maternity insurance, work injury insurance, unemployment insurance, housing provident fund, commercial health insurance, accident insurance and corporate annuity. Aiming to maintain high efficiency and competitive incentives the Group has further refined the assessment and incentive mechanism to align the interests of employees with those of the Group.

According to the Mandatory Provident Fund Schemes ("the MPF Scheme"), the Group offers retirement benefits and medical insurance to employees in Hong Kong. The MPF scheme is a defined contribution retirement scheme administered by independent trustees. Under the MPF Scheme, the Group and its employees are each required to make contributions to the scheme at 5% of the employees' relevant income, subject to a cap of monthly relevant income of HK$30,000 (HK$25,000 prior to June 2014). Contributions to the scheme vest in employees immediately. In the PRC, the Group pays a monthly pension insurance based on a certain proportion of the employee's social security base in accordance with the laws and regulations of the relevant provincial and municipal government in the PRC. When an employee reaches the statutory retirement age, he/she can collect a basic pension from social security department and enjoy the benefit of basic pension insurance for the protection of basic livelihood after retirement. To further motivate the employees and to enhance the Group's cohesiveness and competitiveness, the Company has also established a multi-level pension insurance structure and introduces an "Enterprise Annuity" supplementary pension plan to the eligible subsidiaries so as to better protect employees' living standard after retirement.

IV. SAFETY AND ENVIRONMENTAL PROTECTION

The Group strictly complied with the relevant laws and regulations of Chinese government, implemented various measures in respect of safety and environmental protection work, so as to maintain the stable development of all businesses in a safe environment. In 2015, monitoring on the risks of the business chain was launched across the board with full participation of employees at each level. There was no accident occurred in production that the Group was liable throughout the year.

(1) Establishing Joy City as the role model corporate

The Group established itself as the role model corporate by stepping up its benchmarking system, commencement of key projects, review on industry accidents and technology innovation. Through the establishment of commercial safety standards for storage, the group implemented 5S management for machinery room in order to regulate safety control. Meanwhile, the Group set up an innovative system of passenger flow monitoring, alert and contingency system keeping close watch on the passenger flow in the indoor areas on a real-time basis and built up an alert mechanism of passenger flow classification so as to enhance safety level from the ground up.

Corporate Social Responsibility Report

(2) Focusing on continued potential danger investigation

In 2015, the Group focused on risk identification by conducting safety and environmental protection inspection in order to eradicate potential danger investigation. The Group adopted an innovative inspection while maintaining its routine inspection already in place. The Group gave priority to on pinning down potential problems of scaffolds, large construction machineries, fire systems and lifts by conducting specific investigation. Through continued investigations, on site potential danger was put under control while accidental risk was also mitigated.

(3) Carrying out the Pilot Joy City Food Safety Management System

The Group carried out the pilot food safety management system in Shanghai Joy City which identified and controlled risks of culinary tenants in Joy City by establishing an dynamic rating system for all culinary tenants. Kitchens of culinary tenants with outstanding rating were laid bare before the eyes of customers to demonstrate their quality of cooking environment. Shanghai Joy City was rated as the state-level role model for food safety.

(4) Establishing a robust safety management system across the business chain

The Group performed various safety assessments and set inspection-and-check points at the earlier stage of the business chain to effectively control the hidden defects or potential risks. The Group strengthened the construction management of construction project, which actively managed and controlled hazard sources and put control measures in place. The Group conducted comprehensive safety assessment on the new Joy City to ensure safe opening of each Joy City project. In order to refine the contingency management system of the Group, the Group held emergency drills for each Joy City and a total of 282 were held during the year.

(5) Emphasizing on education and training to improve expertise of our team

The Group is of the view that safety education and training are the centerpieces of a stream of management systems and standards. In 2015, the Group held 14 sections of safety educational activities and training, such as contractor management, contingency management and seminar on new Food Safety Law. A total of 650 participants joined the training programme, safety awareness and management were therefore effectively enhanced.

CORPORATE GOVERNANCE PRACTICES

The Company is committed to maintaining a high standard of corporate governance within a sensible framework with an emphasis on the principles of transparency, accountability and independence. The Company has adopted all code provisions in the CG Code as its own code on corporate governance. The Board considers that during the year ended 31 December 2015, the Company had complied with all code provisions as set out in the CG Code.

SECURITIES TRANSACTIONS BY DIRECTORS AND RELEVANT EMPLOYEES

The Company has adopted the Model Code as its code of conduct regarding Directors' securities transactions. After specific enquiry by the Company, all Directors confirmed that they had complied with the required standards set out in the Model Code throughout the year ended 31 December 2015. The Company has also adopted a code for securities transactions by relevant employees (the "Employees Trading Code") based on the Model Code concerning dealings by relevant employees in the securities of the Company. Relevant employees who are likely to be in possession of unpublished inside information of the Group are required to comply with the Employees Trading Code in respect of their dealings in the securities of the Company. The terms of the Employees Trading Code are no less exacting than the required standards set out in the Model Code.

BOARD OF DIRECTORS

Chairman and General Manager

The respective roles and responsibilities of the chairman of the Board and the general manager was clearly divided as of 31 December 2015. During the year, as the chairman of the Board, Mr. ZHOU Zheng takes lead in formulating overall strategies and policies of the Company, and ensures effective performance by the Board of its functions, including compliance with good corporate governance practices during the year. As the general manager of the Company, Mr. HAN Shi oversees the financial management and daily operations of the Group.

Mr. HAN Shi resigned as an executive director and the general manager of the Company from 17 February 2016. Mr. ZHOU Zheng was appointed as the general manager of the Company. Currently, Mr. ZHOU Zheng performs the duties of the chairman of the Board and the general manager at the same time.

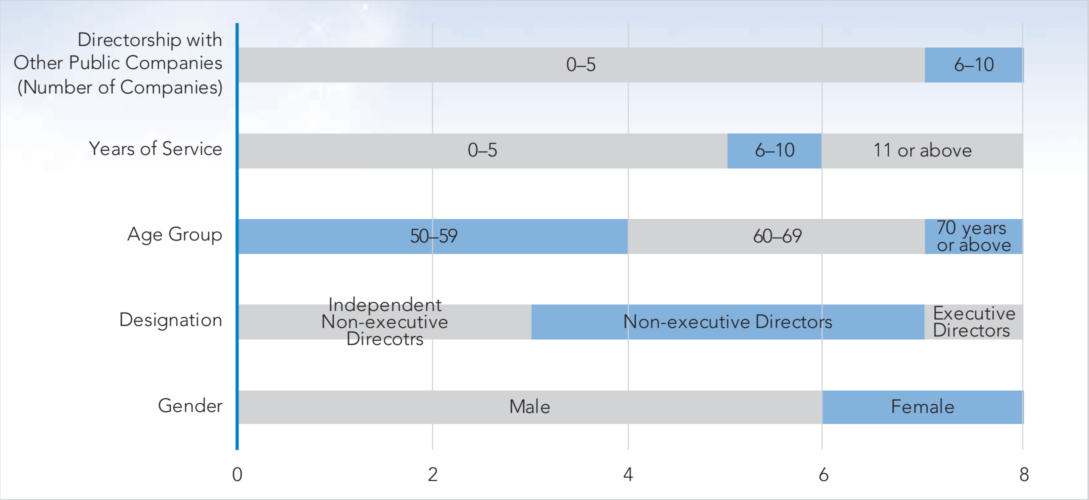
The Board believes that Mr. Zhou Zheng has accumulated extensive experience in the property investment and development, property management and hotel operations industry. The Board considers that vesting both of the roles of Chairman and general manager with Mr. Zhou is beneficial to the business prospects and management of the Group and it will be more effective in developing the Group's long term strategies and executing business plans. The Board also considers this arrangement to be appropriate for the Company as it can preserve the consistent leadership culture of the Group and allow efficient discharge of the executive functions of the general manager. The Board believes that this arrangement will not impair the balance of power and authority between the Board and the management of the Company. The division of responsibilities between the Chairman and the general manager is clearly established and set out in their respective job descriptions. The balance of power and authority is ensured by the operations of the Board, which is comprised of experienced and high caliber individuals, including four non-executive Directors and three Independent non-executive Directors.

Board Composition and Diversity

At the date of this Corporate Governance Report, the Board, chaired by Mr. ZHOU Zheng, comprises one (1) executive Director, four (4) non-executive Directors and three (3) independent non-executive Directors. The one (1) executive Director is Mr. ZHOU Zheng; the four (4) non-executive Directors are Mr. MA Jianping, Mr. MA Wangjun, Ms. JIANG Hua and Ms. WU Xiaohui; and the three (3) independent nonexecutive Directors are Mr. LAU Hon Chuen, Ambrose, *GBS, JP*, Mr. LAM Kin Ming, Lawrence and Mr. WU Kwok Cheung, *MH*.

Corporate Governance Report

No. of Directors



The composition of the Board satisfies the requirements of Rule 3.10(1) (every board of directors of a listed issuer must include at least three (3) independent non-executive directors) and Rule 3.10 (2) (at least one (1) independent non-executive director must have appropriate qualifications), and Rule 3.10A (independent nonexecutive directors representing at least one-third of the board of directors) of the Listing Rules.

None of the Directors are involved in any relationship as defined in Appendix 16 to the Listing Rules.

As part of high standards of corporate governance, the Board has adopted a board diversity policy. Under the board diversity policy, selection of candidates for Board appointment is made in accordance with gender, age, cultural and educational background, work or professional experience, the Group's specific needs from time to time and other objective criteria considered by the Board. Board appointments will be based on merit and the contribution that the chosen candidate(s) will bring to the Board.

Appointment, Re-Election and Removal

The term of office of each Director is three (3) years, subject to retirement by rotation in accordance with byelaw 84 of the Bye-laws.

The Company has received annual written confirmation of independence pursuant to 3.13 of the Listing Rules from each independent non-executive Director for the year ended 31 December 2015, and, as agreed by the Nomination Committee, the Board considers each of them to be independent.

All current Directors have signed formal appointment letters or service contracts with the Company with respect to their directorship with the Company.

Roles and Responsibilities of Directors

The Board is responsible for overseeing the Group's business and affairs with the objective of enhancing Shareholders' value, setting and approving the Group's strategic direction, and reviewing and planning all other important matters for the Company, examples of which are highlighted as follows:

- to review the effectiveness and adequacy of the Company's internal control and risk management system, in light of the scale and strategy of the Company's business;

- to review material contracts;

- to review the Group's dividend policy, significant changes in accounting policy, major financing arrangements and other related finance matters; and

- to approve all announcements and circulars issued by the Company in accordance with the Listing Rules.

As regards the corporate governance functions, the duties of the Board are to develop and review the Company's corporate governance policies and practices, to monitor training and continuous professional development of the Directors and senior management, to oversee the Company's policy and practice on legal and regulatory compliance, to develop the Directors' manual and update the same if necessary, and to review the Company's compliance with the CG Code and disclosure in this Corporate Governance Report.

The Board is also responsible for preparing the consolidated financial statements of the Group for the year ended 31 December 2015. The consolidated financial statements are prepared on a going concern basis and give a true and fair view of the state of affairs of the Group as at 31 December 2015, and of the Group's profit and cash flows for the year ended 31 December 2015.

Regarding code provision A.6.6 (directors shall disclose to the issuer the number and nature of offices held in public companies or organizations and other significant commitments as well as their identities and the time involved), the Board has resolved that each Director is required to disclose such information to the Company twice per year. For the year ended 31 December 2015, each Director has disclosed to the Company such information twice.

The management is primarily responsible for effective implementation of the strategies and decisions formulated by the Board as well as daily operation of the Company.

Corporate Governance Report

Board Proceedings

Attendance record of each Director during the year ended 31 December 2015 is set out below:

	Board Meeting	Audit Committee Meeting	Remuneration Committee Meeting	Nomination Committee Meeting	Executive Committee Meeting	Annual General Meeting (Note 1)	Special General Meetings (Note 2)
Number of Meetings	4	3	2	1	23	1	1
Directors							
Executive Directors							
Mr. ZHOU Zheng *(chairman)*	4 (100%)			1 (100%)	23 (100%)	1 (100%)	1 (100%)
Mr. HAN Shi Note 3	4 (100%)				23 (100%)	1 (100%)	1 (100%)
Non-executive Directors							
Mr. SHI Zhuowei Note 4	2 (100%)					0 (0%)	0 (0%)
Mr. MA Jianping	3 (75%)		2 (100%)			0 (0%)	0 (0%)
Mr. MA Wangjun	4 (100%)	3 (100%)				0 (0%)	0 (0%)
Ms. JIANG Hua	4 (100%)					0 (0%)	0 (0%)
Ms. WU Xiaohui Note 5	2 (100%)					N/A	N/A
Independent Non-executive Directors							
Mr. LAU Hon Chuen, Ambrose, *GBS, JP*	4 (100%)	3 (100%)	2 (100%)	1 (100%)		1 (100%)	1 (100%)
Mr. LAM Kin Ming, Lawrence	4 (100%)	3 (100%)	2 (100%)	1 (100%)		1 (100%)	1 (100%)
Mr. WU Kwok Cheung, *MH*	4 (100%)	3 (100%)	2 (100%)	1 (100%)		1 (100%)	1 (100%)

Notes:

1. The annual general meeting of the Company was held on 2 June 2015, and more details are set out in circulars dated 29 April 2015 and 5 May 2015 and the poll results announcement dated 2 June 2015.

2. The special general meeting of the Company was held on 24 March 2015, and more details are set out in the circular dated 6 March 2015 and the poll results announcement dated 24 March 2015. The other Special general meeting original proposed to be held on 24 March 2015 but was cancelled.

3. Mr. HAN Shi was resigned as an Executive Director of the Company on 17 February 2016.

4. Mr. SHI Zhuowei was resigned as a Non-executive Director of the Company on 2 June 2015.

5. Ms. WU Xiaohui was appointed as a Non-executive Director of the Company on 11 June 2015.

Directors' Training

During the year ended 31 December 2015, individual Directors attended other programmes to refresh their knowledge and skills relevant to their roles, functions and duties as Directors. All Directors have provided the Company with records on their participation in continuous professional development during their directorship with the Company throughout the year ended 31 December 2015. Such information is summarized in the following table:

Responsibilities of Directors and Training

Names of Directors	Attending briefings, seminars or conference	Reading materials relevant to each director's duties and responsibilities
Executive Directors		
Mr. ZHOU Zheng *(chairman)*	√	√
Mr. HAN Shi *	√	√
Non-executive Directors		
Mr. SHI Zhuowei *	√	√
Mr. MA Jianping	√	√
Mr. MA Wangjun	√	√
Ms. JIANG Hua	√	√
Ms. WU Xiaohui *	√	√
Independent Non-executive Directors		
Mr. LAU Hon Chuen, Ambrose, *GBS, JP*	√	√
Mr. LAM Kin Ming, Lawrence	√	√
Mr. WU Kwok Cheung, *MH*	√	√

* Mr. SHI Zhuowei was resigned as a Non-executive Director of the Company on 2 June 2015.
Mr. HAN Shi was resigned as an Executive Director of the Company on 17 February 2016.
Ms. WU Xiaohui was appointed as a Non-executive Director of the Company on 11 June 2015.

Each current Director has received a Director's handbook which sets out, among other items, the duties of Directors and the Terms of References of the Board committees. Director's handbook is updated from time to time to align with the amendments (if any) to the relevant rules and regulations.

BOARD COMMITTEES

Remuneration Committee

Currently, the Remuneration Committee comprises one (1) non-executive Director and three (3) independent non-executive Directors, namely Mr. LAU Hon Chuen, Ambrose, *GBS, JP*, Mr. MA Jianping, Mr. LAM Kin Ming, Lawrence and Mr. WU Kwok Cheung, *MH*, chaired by Mr. LAU Hon Chuen, Ambrose, *GBS, JP*.

The Board has adopted the model, pursuant to which the Remuneration Committee makes recommendations to the Board on the remuneration packages of individual executive Directors, non-executive Directors and senior management (if any).

Corporate Governance Report

The major roles and functions of the Remuneration Committee are as follows:

- to make recommendations to the Board on the policy and structure for remuneration of Directors and senior management (if any) of the Company;
- to make recommendations to the Board on the remuneration packages (including benefits in kind, pension rights and compensation payments) of individual executive Directors and senior management (if any);
- to make recommendations to the Board on the remuneration of non-executive Directors;
- to review and approve compensation payable to executive Directors and senior management (if any) for any loss or termination of office or appointment to ensure that it is consistent with contractual terms and is otherwise fair and not excessive; and
- to review and approve compensation arrangements relating to dismissal or removal of directors for misconduct to ensure that they are consistent with contractual terms and are otherwise reasonable and appropriate.

The updated Terms of Reference of the Remuneration Committee are posted on the HKExnews website of the Stock Exchange (www.hkexnews.hk) and the website of the Company (www.joy-cityproperty.com).

During the year ended 31 December 2015, the Remuneration Committee held two (2) meetings with various written resolutions passed. Its major work performed is summarized as follows:

- reviewed the remuneration policy of the Company;
- approved the discretionary bonus of the general manager;
- reviewed the remuneration packages of executive Directors and the independent non-executive Directors; and
- reviewed the directors' letters of appointment and service of contracts.

The Remuneration Committee's recommendations made after such review were adopted by the Board. The attendance record of each member of Remuneration Committee is shown under the section headed "Board Proceedings".

Nomination Committee

Currently, the Nomination Committee comprises one (1) executive Director and three (3) independent non-executive Directors, namely Mr. ZHOU Zheng, Mr. LAU Hon Chuen, Ambrose, *GBS, JP*, Mr. LAM Kin Ming, Lawrence and Mr. WU Kwok Cheung, *MH*, chaired by Mr. ZHOU Zheng.

The major roles and functions of the Nomination Committee are as follows:

- to make recommendations to the Board on the appointment, re-appointment or renewal of service contracts of Directors and succession planning for Directors;
- to review the structure, size and composition (including the skills, knowledge, experience and length of service) of the Board at least once annually, and make recommendations on any proposed changes to the Board according to the corporate strategy of the Company;
- to assess the independence of independent non-executive Directors and review the annual confirmations on their independence of independent non-executive Directors;

- to regularly review the time required from a Director to perform his/her responsibilities; and
- to give adequate consideration to the Board Diversity Policy in carrying out its responsibilities under its Terms of Reference.

The updated Terms of Reference of the Nomination Committee are posted on the HKExnews website of the Stock Exchange (www.hkexnews.hk) and the website of the Company (www. joy-cityproperty.com).

During the year ended 31 December 2015, the Nomination Committee held one (1) meeting. Its major work performed is summarized as follows:

- reviewed the structure, size and composition of the Board;
- made recommendation to the Board on the retirement of Directors by rotation in the annual general meeting;
- assessed the independence of independent non-executive Directors; and
- reviewed the contribution required from the Directors to perform their responsibilities and whether they have spent sufficient time performing them.

The attendance record of each member of Nomination Committee is shown under the section headed "Board Proceedings".

Audit Committee

Currently, the Audit Committee comprises one (1) non-executive Director and three (3) independent nonexecutive Directors, namely Mr. LAU Hon Chuen, Ambrose, *GBS, JP*, Mr. MA Wangjun, Mr. LAM Kin Ming, Lawrence and Mr. WU Kwok Cheung, *MH*, chaired by Mr. LAU Hon Chuen, Ambrose, *GBS, JP*.

The major roles and functions of the Audit Committee are as follows:

- to make recommendations to the Board on the appointment, re-appointment and removal of the external auditor, the remuneration and terms of engagement of the external auditor, and any questions of their resignation or dismissal;
- to review and monitor the independence of external auditor and the objectivity and effectiveness of its audit process;
- to discuss with the external auditor the nature and scope of the audit and reporting obligations before the audit commences;
- to monitor the integrity of the interim and annual financial statements of the Group, and to review significant financial reporting judgments contained therein;
- to review the financial controls, risk management and internal control systems of the Group;
- to consider any findings of major investigations on risk management and internal control matters and response from the management;
- to review the financial and accounting policies and practices of the Group;

Corporate Governance Report

- to review the external auditor's letter to management and ensure that the Board will provide a timely response; and

- to serve as the Company's channel of communication with the external auditor for overseeing their relations.

The updated Terms of Reference of the Audit Committee are posted on the HKExnews website of the Stock Exchange (www.hkexnews.hk) and the website of the Company (www.joy-cityproperty.com).

The Audit Committee held three (3) meetings during the year ended 31 December 2015, and the external auditor had attended all meetings. Its major work performed included:

- reviewed the consolidated financial statements of the Group for the year ended 31 December 2014, and made recommendation to the Board for approval;

- reviewed the interim financial statements of the Group for the six months ended 30 June 2015, and made recommendation to the Board for approval;

- reviewed matters relating to the financial and accounting policies and practices of the Group;

- reviewed the effectiveness of internal control and risk management systems of the Company, and considered whether any major control deficiency had been identified for the year ended 31 December 2014 and for the six months ended 30 June 2015;

- reviewed and assessed the adequacy of resources, qualifications and experience of staff responsible for accounting and financial reporting function of the Company, and their training programmes;

- reviewed the independence of external auditor;

- made recommendation to the Board on the re-appointment of the existing external auditor of the Company; and

- reviewed the audit plan of the external auditor for the year ended 31 December 2015.

The attendance record of each member of Audit Committee is shown under the section headed "Board Proceedings".

Executive Committee

Currently, the Executive Committee comprises one (1) Executive Directors, namely Mr. ZHOU Zheng chaired by Mr. ZHOU Zheng.

The Board had established an executive committee comprising of Mr. Zhou Zheng and Mr. Han Shi, the two executive directors of the Company. Following the resignation of Mr. Han Shi, the executive committee comprised of Mr. Zhou Zheng as the only member. Accordingly, prior to the appointment of a new member to the executive committee and the restoration of its members to not less than two members, the operation of the executive committee will be suspended and during this period all roles and functions of the executive committee will be performed by the Board.

The major roles and functions of the Executive Committee are to carry out the normal and/or ordinary business and operation, risk control, corporate governance, internal control and management of human resources of the Group.

The updated Terms of Reference of the Executive Committee are posted on the HKExnews website of the Stock Exchange (www.hkexnews.hk) and the website of the Company (www. joy-cityproperty.com).

The Executive Committee held twenty-three (23) meetings during the year ended 31 December 2015. Its major work performed is summarized as follows:

- approved the establishment of wholly-owned subsidiaries;
- approved the signing of loan agreements with subsidiaries;
- approve of the opening of the Company's bank account and changing of the authorized signatories and the delegated authorities;
- approve the publication of announcements: change of building name in the address of the principal office in Hong Kong; and quarterly unaudited operating data; and
- approve for purchasing an Directors and officers liability Insurance.

The attendance record of each member of Executive Committee is shown under the section headed "Board Proceedings".

Company Secretary

All Directors may seek the advice and assistance of the company secretary in respect of their duties and the effective operation of the Board and the Board committees. The company secretary is also responsible for facilitating good information flow among the Directors.

During the year ended 31 December 2015, the company secretary undertook over fifteen (15) hours of professional training to update his skills and knowledge.

AUDITOR'S REMUNERATION

During the year ended 31 December 2015, the remuneration paid or to be payable to the external auditor Deloitte Touche Tohmatsu was:

Services rendered	Fees paid/ payables RMB'000
Audit services	3,019
Non-audit services	
— Review of the interim report of the Group for the six months ended 30 June 2015	981
— Preparation of the Letter of Comfort for the Rights Issue of the Group in the first half of 2015	300
Total	4,300

The audit services provided by Deloitte Touche Tohmatsu mainly involved the audit of the Group's consolidated financial statements which were prepared in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") for the year ended 31 December 2015.

Corporate Governance Report

The non-audit services provided by Deloitte Touche Tohmatsu mainly included the review of the Group's interim condensed consolidated financial statements for the six months ended 30 June 2015 and the services provided in respect of the rights issue of the Company during the year.

ACCOUNTABILITY AND AUDIT

Financial Reporting

Management provides each Director a monthly financial reporting update with balanced and understandable assessment of the performance, financial position and prospects of the Group to facilitate the Board as a whole and each Director to discharge their duties under the Listing Rules.

The Directors acknowledge their responsibilities for preparing all information and representations contained in the financial statements of the Company for the year under review. The Directors consider that the financial statements have been prepared in accordance with the generally accepted accounting principles in Hong Kong, and reflect amounts that are based on the best estimates and reasonable, informed and prudent judgment of the Board and the management. After appropriate enquires, the Directors are not aware of any material uncertainties relating to events or conditions which may cast significant doubt upon the Company's ability to operate as a going concern. Accordingly, the Directors have prepared the financial statements of the Company on a going concern basis.

Deloitte Touche Tohmatsu, the auditors of the Company, acknowledged their reporting responsibilities in the Independent Auditors' Report on the audited financial statements for the year ended 31 December 2015.

Assessment of Internal Control System

The Board has the overall responsibility for overseeing the implementation and the maintenance of effective internal controls of the Company to adequately safeguard assets of the Company and the interest of its shareholders. The Directors confirm that the Company, through its senior management, internal control departments and the monitoring team, has conducted a review and exercised full control over the administrative procedures, management and systems of the Company, and ensures the compliance with relevant regulations. The review and monitoring measures cover all material aspects, including compliance, monitoring environment, risk assessment, information and communication, anti-fraud management programs, financial reporting and disclosure, sales management, fixed asset management, human resources, procurement, cash management, budget management, investment management, tax administration, contracts and legal management and information technology systems.

SHAREHOLDERS' RIGHTS

Procedures for Shareholders to Convene a Special General Meeting ("SGM")

Pursuant to bye-law 58 of the Bye-laws and section 74 of the Companies Act 1981 of Bermuda, Shareholders holding not less than one-tenth (10%) of the total voting rights of the Company at the date of deposit of the requisition are entitled, by written requisition to the Board or the company secretary, to request the Board to call a SGM (the "SGM Requisitionists"). Such written requisition must state the purposes of the proposed SGM, and must be signed by the SGM Requisitionists and deposited at the registered office of the Company. It may consist of several documents in like form, each signed by one or more SGM Requisitionists.

If the Board does not proceed duly to convene a SGM within twenty-one (21) days from the date of the deposit of the requisition, the SGM Requisitionists, or any of them representing more than one half of the total voting rights of all of them, may themselves convene a SGM provided that it is held within three (3) months from the date of deposit of the requisition. The SGM Requisitionists shall convene such SGM in the same manner, as nearly as possible, as that in which SGMs are to be convened by the Board, pursuant to section 74(4) of the Companies Act 1981 of Bermuda.

Putting Forward a Proposal by Shareholder(s) at General Meetings

(a) A Shareholder or Shareholders holding not less than 5% of the total voting rights of the Company on the date of the requisition or (b) not less than one hundred (100) Shareholders acting together, may submit a written request putting forward a proposal (which may properly be put to a general meeting) for consideration at a general meeting. Such written request must be signed by the requisitionists, and may consist of several documents in like form, each signed by one or more requisitionists. After that, it must be deposited at the registered office of the Company, together with a sum reasonably sufficient to meet the Company's expenses in giving effect thereto, not less than six (6) weeks before the general meeting (in case of a requisition requiring notice of a resolution) or not less than one (1) week before the general meeting (in case of any other requisition). If such written request is confirmed to be proper and in order, necessary arrangement will be made to put such written request to the general meeting.

Procedures for Nomination and Election of Director by Shareholders

Pursuant to bye-law 85 of the Bye-laws, if a Shareholder wishes to propose a person other than a retiring Director (the "Candidate") for election as a Director at a general meeting, such Shareholder is required to lodge the following documents (which shall be addressed to the company secretary) at the head office (33/F., COFCO Tower, 262 Gloucester Road, Causeway Bay, Hong Kong) or the Registration Office (Tricor Progressive Limited, Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong) within the Notice Period:

(a) a written notice signed by a Shareholder duly qualified to attend and vote at a general meeting, stating the intention to propose the Candidate for election; and

(b) a written notice signed by the Candidate of his/her willingness to be elected, which includes the information of the Candidate as required to be disclosed pursuant to Rule 13.51(2) of the Listing Rules and the Candidate's consent to the publication of such information (collectively referred to as the "Notices for Director's Election").

"Notice Period" means at least seven (7) days prior to the date of such general meeting appointed for considering such election of Director. However, if the Notices for Director's Election are submitted after the dispatch of the notice of such general meeting appointed for considering such election of Director, then the Notice Period shall commence on the day after the dispatch of the notice of the general meeting appointed for such election and end no later than seven (7) days prior to the date of such general meeting.

Change(s) in the Company's constitutional documents

There was no change to the Memorandum and Bye-laws during the year ended 31 December 2015.

Communications with Shareholders and the Investment Community

The Board recognizes the importance of balanced, clear and timely communications with Shareholders and other interested parties to enable them to keep abreast of the Group's business affairs and development. The Board has taken various steps to maintain on-going and regular dialogues with Shareholders and public investors, including:

- convening annual general meetings and special general meetings in which members of the Board and the external auditor attended to answer questions by the Shareholders;
- posting on the Company's website the information released by the Company to the Stock Exchange. Such information includes financial statements including interim and annual reports, announcements, circulars and notices of general meetings and associated explanatory documents (if any);

- the Company's website containing the designated email address and contact details to enable Shareholders and the investment community to make enquiry in respect of the Company;

- formulating a shareholders' communication policy to ensure that Shareholders are provided with ready and timely access to accurate and comprehensive information about the Group and its development, and if necessary, reviewing such policy to ensure its effectiveness;

- shareholders may at any time send their enquiries and concerns to the Board by post to the following address or via email (207ir@cofco.com) or in person through participation in general meetings:

  Joy City Property Limited
  33/F., COFCO Tower, 262 Gloucester Road, Causeway Bay, Hong Kong

The Board protects the privacy of Shareholders' information in the possession of the Company and the Company will not disclose Shareholders' information without their consent, unless otherwise required by law.

INVESTOR RELATIONS

The Company considers it crucial to provide investors with accurate information in a timely manner and maintain communication with investors through effective communication channels, with an aim to enhance mutual understanding between investors and the Company and improve the transparency of the Company's information disclosure.

In accordance with the Listing Rules, the Company shall duly disseminate its corporate information via various channels, including annual reports, announcements and company website. After formal announcement of its results in accordance with the Listing Rules, the Company will arrange for meetings during which the management will answer questions from investors. The Company shall meet overseas investors and facilitate communication with them through analysts' conference and roadshows.

In 2015, the Company launched a number of investors relationship activities, and was newly rated by 7 agencies. In the second half of 2015, the Company was included in Hang Seng Composite LargeCap & MidCap Index and its shares became the target shares of the Shanghai-Hong Kong Stock Connect.

In 2015, the Company's principal bankers were Deutsche Bank, HSBC, UBS, JPMorgan Chase, UOB Kay Hian, BNP Paribas and Goldman Sachs Gao Hua.

Corporate Governance Report

In 2015, the Company held and participated in the following major investors relationship activities:

Month	Activity
March	Announcement of final results for 2014
	— Press conference of results announcement
	— Media meeting
April	Annual results roadshow (Hong Kong, Singapore, Beijing, Shanghai)
May	Macquarie Greater China Conference (Hong Kong)
	Haitong Securities Investment Strategy Conference (Ningbo)
	BOCI Investment Strategy Conference (Beijing)
	The meeting was formerly known as Shenwan Hongyuan • Public meeting for Listed Companies and "China Economic Golden Triangle" Forum (Xiamen) of 2015
	Morgan Stanley The China Summit - Rebalancing The Economy (Beijing)
June	J.P. Morgan Global China Summit 2015 — "New Economy, New Markets" (Beijing)
	Citigroup Asia Pacific Property Conference (Hong Kong)
	Macquarie Emerging Leaders Corporate Day (Hong Kong)
July	Credit Suisse China Property Corporate Day (Singapore)
	Macquarie Old-to-Online-to-Offline Corporate Day (Hong Kong)
	BofAML Greater China Property Corporate Day (Hong Kong)
August	Announcement of interim results for 2015
	— Press conference of results announcement
	— Media meeting
	Interim results roadshow (Hong Kong, Singapore)
October	UOBKH's Asian GEMs Conference (Singapore)
	Deutsche Bank Fixed income product forum (Hong Kong)
November	Daiwa Investment Conference 2015 (Hong Kong)

Directors' Report

The Board is pleased to present its report and the audited consolidated financial statements of the Group for the year ended 31 December 2015, which were approved by the Board on 21 March 2016.

PRINCIPAL ACTIVITIES

The Company is primarily engaged in property development, operation, sales, leasing and management of mixed-use complexes and other commercial properties mainly including shopping centres, hotels, offices, serviced apartments and resort and tourist properties. The principal businesses of the Company are divided into four major areas, namely property investment, property development, hotel operations and property management and related services.

RESULTS AND DIVIDEND

The Group's results for the year ended 31 December 2015 are set out in the consolidated statement of profit or loss and other comprehensive income on page 108 of this Annual Report.

The Board recommended the payment of a final dividend of HK1 cent per share (2014: HK1 cent per share) for the year ended 31 December 2015. It is expected that the final dividend will be paid on 8 July 2016 (Friday) to shareholders whose names appear on the register of members of the Company on 13 June 2016 (Monday) subject to the approval of shareholders at the AGM to be held by the Company on 2 June 2016 (Thursday).

FIVE YEARS FINANCIAL SUMMARY

A summary of the results and the assets and liabilities of the Group for each of the five financial years ended 31 December 2015 is set out on page 105 of this Annual Report.

BANK BORROWINGS

Details of movements in the Group's bank borrowings during the year ended 31 December 2015 are set out in Note 36 to the consolidated financial statements.

SUBSIDIARIES, AN ASSOCIATE AND A JOINT VENTURE

Details of the Company's principal subsidiaries, an associate and a joint venture are set out in Notes 54, 21 and 22 to the consolidated financial statements respectively.

SHARE CAPITAL

Details of movements in the Company's share capital during the year ended 31 December 2015 are set out in Note 38 to the consolidated financial statements.

PRE-EMPTIVE RIGHTS

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

RESERVES

Details of movements in the Company's and the Group's reserves during the year are set out in Note 55 to the consolidated financial statements and the consolidated statement of changes in equity respectively.

DISTRIBUTABLE RESERVES

As at 31 December 2015, the reserves available for distribution of the Company, before the final dividend proposed by the Board which is subject to approval by the shareholders at the forthcoming AGM, amounted to RMB505,780,000. As at 31 December 2015, the Company's share premium in the amount of RMB17,993,202,000 (as at 31 December 2014: RMB13,329,919,000) may be distributed in the form of fully paid bonus shares.

MAJOR CUSTOMERS AND SUPPLIERS

The sales to major customers and purchases from major suppliers by the Group for the year are as follows:

	Percentage of total turnover for the year ended 31 December 2015 (%)
Top five customers	7.5
Largest customer	2.2

	Percentage of total purchases for the year ended 31 December 2015 (%)
Top five suppliers	25.0
Largest supplier	12.5

The Group's top five customers and suppliers above are independent third parties. To the knowledge of the Directors, none of the Directors, their associates or any Shareholders holding more than 5% interest in Shares had any interest in these top five customers or suppliers.

RELATIONSHIP WITH SUPPLIERS AND CUSTOMERS

The Group has maintained close relationships with a number of suppliers and takes great care to ensure that they share the Group's commitment on quality and ethics. We carefully select and require the suppliers to satisfy certain assessment criteria including, experience, reputation, ability to produce and provide high-quality products and services and quality control effectiveness.

For investment properties and property development, we are committed to offer a broad and diverse range of inspiring, value-for money, good-quality projects to our customers. We also stay connected with our customers. We maintain communications with our customers through various channels like the Company's website, telephone, direct mail and marketing materials. For hotel management, property management and related services, we have been aiming to provide quality services to our clients in each project in order to maintain continuous relationship.

Directors' Report

DIRECTORS

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

Executive Directors:

Mr. ZHOU Zheng *(Chairman)*
Mr. HAN Shi (resigned on 17 February 2016)

Non-executive Directors:

Mr. SHI Zhuowei (resigned on 2 June 2015)
Mr. MA Jianping
Mr. MA Wangjun
Ms. JIANG Hua
Ms. WU Xiaohui (appointed on 11 June 2015)

Independent Non-executive Directors:

Mr. LAU Hon Chuen, Ambrose, *GBS, JP*
Mr. LAM Kin Ming, Lawrence
Mr. WU Kwok Cheung, MH

The non-executive Directors and independent non-executive Directors are appointed with specific terms.

Pursuant to Bye-law 83(2), any Director appointed by the Board to fill a casual vacancy shall hold office until the first general meeting after his appointment and be subject to re-election at such meeting and any Director appointed by the Board as an addition to the existing Board shall hold office only until the next annual general meeting and shall then be eligible for re-election. In this regard, Ms. WU Xiaohui shall retire from office and, being eligible, offer herself for re-election at the Annual General Meeting.

Pursuant to bye-law 84(1) of the Bye-laws, at each annual general meeting one-third of the Directors for the time being (or, if their number is not a multiple of three (3), 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 least once every three years. Pursuant to bye-law 84(2) of the Bye-laws, a retiring Director shall be eligible for re-election and shall continue to act as a Director throughout the meeting at which he retires. The Directors to retire by rotation shall include (so far as necessary to ascertain the number of directors to retire by rotation) any Director who wishes to retire and not to offer himself for re-election. Any further Directors so to retire shall be those of the other Directors subject to retirement by rotation who have been longest in office since their last re-election or appointment. In this regard, Mr. ZHOU Zheng, Ms. JIANG Hua and Mr. LAU Hon Chuen, Ambrose shall retire from office and, being eligible, offer themselves for re-election at the AGM.

DIRECTORS' PROFILE

Each Director's profile is set out on pages 55 to 58 of this Annual Report. Save as disclosed in the Profile of Directors and Senior Management section, none of the Directors is involved in any relationship as set out in paragraph 12 of Appendix 16 to the Listing Rules.

DIRECTORS' SERVICE CONTRACTS

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

DIRECTORS' INTERESTS IN CONTRACTS

No Director had any material interest, either directly or indirectly, in any contract of significance to the Group's business to which the Company, or any of its holding companies, subsidiaries or fellow subsidiaries was a party during or at the end of the year ended 31 December 2015.

DIRECTORS' AND SENIOR MANAGEMENT'S REMUNERATION

The Board is authorised by the Shareholders to fix the Directors' remuneration at general meetings. The Directors' emoluments are determined by the Board based on the recommendation by the Remuneration Committee with reference to their job complexity, workload, responsibilities and the Company's remuneration policy.

The Directors' remuneration for the year ended 31 December 2015 is set out in Note 15 to the consolidated financial statements.

Details of the emoluments paid to the senior management in 2015 by bands are as follows:

Emolument Band	Number of Individuals
RMB1,000,000 to RMB2,000,000	2
RMB3,000,000 to RMB4,000,000	1

Of the six senior management appointed by the Group, only three individual's emolument is paid or payable by the Group for the year.

DIRECTORS' INTERESTS IN A COMPETING BUSINESS

Pursuant to Rule 8.10 of the Listing Rules, during the year and up to the date of this annual report, the following Director is considered to have business interest which is likely to compete directly or indirectly with the business of the Group:

Ms. JIANG Hua, a non-executive Director, is also a director of COFCO Corporation. COFCO Corporation holds equity interests in certain companies which are engaged in the development, operation, sales, leasing or management of property projects and such businesses compete or may compete with the Group's business. However, COFCO Corporation and its subsidiaries (excluding COFCO Property and its subsidiaries) shall not engage in the Restricted Business in competition with the Group in the PRC and Hong Kong pursuant to the Non-Competition Undertaking, more particulars of which are set out below in this Annual Report. In addition, the product positioning and business strategies of the Group and COFCO Property are different and the potential competition from COFCO Property is minimal. Therefore, the Directors are of the view that the businesses of COFCO Corporation do not compete directly with the businesses of the Group.

Save as disclosed above, none of the Directors is considered to have business interests which are likely to compete directly or indirectly with the business of the Group.

INTERESTS OF DIRECTORS AND CHIEF EXECUTIVE

As at 31 December 2015, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company and any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register of interests of the Company required to be kept under Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code were as follows:

Aggregate long position(s) in the shares, underlying shares or debentures of the Company and its associated corporations

Name of Directors/ Chief Executive	Company/Name of associated corporations	Capacity	Number of Issued ordinary shares held (Note 1)	Number of underlying shares held	Approximate percentage of the issued share capital
Mr. MA Jianping	China Foods Limited	Beneficial owner	—	600,000 (Note 2)	0.0214% (Note 4)
Mr. HAN Shi	China Agri-Industries Holding Limited	Beneficial owner	38,400	—	0.0007% (Note 5)
Mr. MA Wangjun	China Agri-Industries Holding Limited	Beneficial owner	—	583,000 (Note 3)	0.0111% (Note 5)
Mr. LAM Kin Ming, Lawrence	The Company	Beneficial owner	6,000	—	0.00004% (Note 6)

Notes:

1. Long positions in the shares of the Company and its associated corporations, other than equity derivatives such as share options, warrants or convertible bonds.

2. Long positions in the underlying shares of China Foods Limited under share options granted to Mr. MA Jianping pursuant to the share option scheme of China Foods Limited.

3. Long positions in the underlying shares of China Agri-Industries Holdings Limited under share options granted to Mr. MA Wangjun pursuant to the share option scheme of China Agri-Industries Holdings Limited.

4. The percentage (rounded up to 4 decimal places) was calculated based on the total number of shares of China Foods Limited in issue as at 31 December 2015, i.e. 2,797,223,396 shares.

5. The percentages (rounded up to 4 decimal places) were calculated based on the total number of shares of China Agri-Industries Holdings Limited in issue as at 31 December 2015, i.e. 5,249,880,788 shares.

6. The percentage (rounded up to 5 decimal places) was calculated based on the total number of Shares of the Company in issue as at 31 December 2015, i.e. 14,231,124,858 shares.

Save as disclosed above, as at 31 December 2015, none of the Directors or chief executive of the Company had 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) as recorded in the register of interests of the Company required to be kept under Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

Save as disclosed herein, at no time during the year ended or as at 31 December 2015 was the Company or any of the Company's subsidiaries or holding companies or any subsidiary of any of the Company's holding companies a party to any arrangement to enable the Directors or their respective associates to acquire benefits by an acquisition of shares in, or debentures of, the Company or any other body corporate.

INTERESTS OF SUBSTANTIAL SHAREHOLDERS

As at 31 December 2015, the interests and short positions of substantial shareholders in the shares and underlying shares of the Company as recorded in the register of interests of the Company required to be kept under Section 336 of the SFO, or as otherwise notified to the Company and the Stock Exchange were as follows:

Aggregate long position(s) in the shares and underlying shares of the Company

		Number of shares held (Note 1)				
Name of substantial shareholders	**Class of shares**	**Directly beneficially owned**	**Through controlled corporation(s)**	**As Investment Manager**	**Total**	**Approximate percentage of the issued share capital** (Note 2)
Achieve Bloom	Ordinary shares	9,510,837,644	—	—	9,510,837,644	66.83%
	CPS	1,095,300,778	—	—	1,095,300,778	100%
COFCO (HK)	Ordinary shares	—	9,510,837,644 (Note 3)	—	9,510,837,644	66.83%
	CPS	—	1,095,300,778 (Note 4)	—	1,095,300,778	100%
COFCO Corporation	Ordinary shares	—	9,510,837,644 (Note 3)	—	9,510,837,644	66.83%
	CPS	—	1,095,300,778 (Note 4)	—	1,095,300,778	100%
GIC Private Limited	Ordinary shares	—	—	775,000,000 (Note 5)	775,000,000	5.45% (Note 5)

Notes:

1. Long positions in the ordinary shares and CPS, other than equity derivatives such as share options, warrants or convertible bonds.

Directors' Report

2. The percentages (rounded up to 2 decimal places) of the ordinary shares were calculated based on the total number of ordinary shares in issue as at 31 December 2015, i.e. 14,231,124,858 ordinary shares, and assuming that 1,095,300,778 CPS were not fully converted into 1,095,300,778 ordinary shares.

   The percentages of CPS were calculated based on 1,095,300,778 CPS in issue as at 31 December 2015.

3. COFCO (HK), through its wholly-owned subsidiary, Achieve Bloom, was deemed to be interested in 9,510,837,644 ordinary shares as at 31 December 2015.

   COFCO Corporation, through its wholly-owned subsidiary, COFCO (HK), was deemed to be interested in 9,510,837,644 ordinary shares as at 31 December 2015.

4. COFCO (HK), through its wholly-owned subsidiary, Achieve Bloom, was deemed to be interested in 1,095,300,778 CPS as at 31 December 2015.

   COFCO Corporation, through its wholly-owned subsidiary, COFCO (HK), was deemed to be interested in 1,095,300,778 CPS as at 31 December 2015.

5. GIC Private Limited held 1,162,500,000 ordinary shares, representing approximately 8.17% of the issued share capital of the Company, immediately after completion of the rights issue on 29 April 2015.

Save as disclosed herein, as at 31 December 2015, the Company had not been notified of any other persons who had interests or short positions in the shares or underlying shares of the Company, which are required to be recorded in the register of interests of the Company required to be kept under Section 336 of the SFO.

SUFFICIENCY OF PUBLIC FLOAT

Based on publicly available information and to the knowledge of the Directors, 25% of the Company's total issued Shares (excluding the CPS) was held by the public as at the date of this Annual Report.

CONNECTED TRANSACTIONS AND CONTINUING CONNECTED TRANSACTIONS

Overview

Hereunder is the information in relation to connected transactions and continuing connected transactions that existed during the year ended 31 December 2015 which are required to be disclosed in this Annual Report in accordance with Chapter 14A of the Listing Rules, mainly comprising of transactions between the Company and the COFCO Group (which for the purpose of this section, includes the associates of COFCO Corporation).

The connected persons

COFCO Corporation is indirectly holding 66.83% of the issued share capital of the Company as at 31 December 2015 and is the controlling shareholder of the Company. COFCO Corporation, together with other members of the COFCO Group and their respective associates, will continue to be the Company's connected persons under Chapter 14A of the Listing Rules. COFCO Corporation is a state-owned enterprise incorporated in the PRC under the purview of SASAC. COFCO Corporation is engaged in a wide range of businesses through its subsidiaries including property development and management in the PRC and overseas, agricultural commodities trading, agricultural products cultivation and processing, processing of animal byproducts, food and beverages, dairy products and packaging materials, hotel management and provision of logistics and financial services in the PRC.

CONNECTED TRANSACTIONS

(a) Acquisition of the entire interests in Zhejiang Herun Tiancheng Real Estate Company Limited

On 3 February 2015, Speedy Cosmo Limited ("Speedy Cosmo"), an indirect wholly-owned subsidiary of the Company, Shanghai Wanliang Enterprise Management Consultancy Company Limited ("Shanghai Wanliang") and Zhejiang Herun Tiancheng Real Estate Company Limited ("Zhejiang Herun Tiancheng") entered into the Acquisition Agreement pursuant to which Shanghai Wanliang has conditionally agreed to sell and Speedy Cosmo has conditionally agreed to acquire the entire equity interest in Zhejiang Herun Tiancheng at the consideration of RMB43,760,000 (equivalent to approximately HK$55,470,000). The consideration shall be satisfied by Speedy Cosmo in cash within three months after the change of shareholder of Zhejiang Herun Tiancheng from Shanghai Wanliang to Speedy Cosmo at the business registration department in China is completed.

The acquisition of the entire interests in Zhejiang Herun Tiancheng is for the purpose of enabling the Group to further develop the Joy City Project and enhance its brand image in the commercial property market. It is expected that the acquisition will provide the Group with satisfactory return in the future.

Shanghai Wanliang is a fellow subsidiary of the Company by virtue of their same indirect ultimate holding company, namely, COFCO Corporation, and thus is a connected person of the Company.

The above Acquisition was approved by the independent shareholders at the special general meeting convened on 24 March 2015 and was completed on 3 April 2015 with the consideration settled in full by the Company.

(b) The proposed grant of specific mandate for the issuance of the new convertible preference shares

On 27 February 2015, the Company and Achieve Bloom Limited ("Achieve Bloom") entered into the Subscription Letter in relation to the proposed issuance of the new convertible preference shares. Pursuant to which, Achieve Bloom agreed to subscribe for not more than 4,485,812,677 new convertible preference shares proposed to be issued and allotted by the Company to it at an issue price of HK$1.35 per new convertible preference shares. The Board proposed to seek the grant of the Specific Mandate from the Independent Shareholders at the special general meeting for the issuance and allotment of the new convertible preference shares to Achieve Bloom.

The Company intends to apply all funds raised from the issue of new convertible preference shares to settle any shortfall arising in the event that the net proceeds of the Rights Issue is insufficient to satisfy the remaining balance of the consideration of the acquisition of the entire issued share capital of each of Fortune Set Limited, Mega Health Limited and Kersen Properties Limited and relevant shareholders' loans as contemplated under the acquisition agreement dated 12 September 2014.

Achieve Bloom is a connected person of the Company by virtue of it being a controlling shareholder of the Company.

As described in the announcement of the Company dated 27 February 2015 in relation to, among others, the Rights Issue and the grant of the Specific Mandate and the circular of the Company dated 30 March 2015 in relation to, among others, the grant of the Specific Mandate, the Company will consider issuing additional convertible preference shares to Achieve Bloom to meet any shortfall arising in the event that not all of the Rights Shares proposed to be issued by the Company under the Rights Issue are allotted to the Qualifying Shareholders and the net proceeds of the Rights Issue is insufficient to satisfy the remaining balance of the

Directors' Report

consideration of the Acquisition. Based on the results of the Rights Issue available to the Company, the Company expects to issue all 4,743,708,286 Rights Shares proposed to be issued under the Rights Issue and accordingly the Company has decided that it is not necessary to issue any additional convertible preference shares or to increase the authorized share capital of the Company. As a result, the special general meeting to be held for the purpose of considering and, if thought fit, passing the relevant resolutions was cancelled by the Company.

(c) The Capital Increase of Taiwan Hotel Co., Ltd.

On 30 November 2015, COFCO (BVI) No.97 Limited ("COFCO (BVI) 97", an indirect wholly-owned subsidiary of the Company) entered into the Capital Increase Agreement with COFCO Corporation and Taiwan Hotel Co., Ltd. ("Taiwan Hotel Ltd"), whereby COFCO (BVI) 97 and COFCO Corporation would make capital contribution of RMB645,000,000 (equivalent to approximately HK$782,320,500) and RMB29,992,500 (equivalent to approximately HK$36,377,900) in cash to Taiwan Hotel Ltd respectively. The payment will be made within 5 months upon the Completion of the Capital Increase.

The Capital Increase of Taiwan Hotel Ltd is for the purpose of repaying the entrustment loan with the funds of the capital contribution made by COFCO (BVI) 97 and COFCO Corporation to Taiwan Hotel Ltd.

Taiwan Hotel Ltd is a non-wholly owned subsidiary of the Company which COFCO Corporation (the ultimate controlling shareholder of the Company) is interested in 49% of its equity interest. Therefore, Taiwan Hotel Ltd is a connected person of the Company.

The above capital contribution was completed on 22 December 2015. Upon Completion of the Capital Increase, the registered capital of Taiwan Hotel Ltd is RMB489,240,000 (equivalent to approximately HK$593,399,200) and owned as to 91.64% and 8.36% by COFCO (BVI) 97 and COFCO Corporation, respectively.

(d) Acquisition of 35% equity interest in Beijing Kunting Assets Management Co., Ltd

On 1 December 2015, Xidan Joy City Co., Ltd. ("Xidan Joy City", an indirect wholly-owned subsidiary of the Company) entered into an Equity Transfer Agreement with China National Native Produce and Animal By-Products Import & Export Corporation ("China Native Produce and Animal By-products"), pursuant to which Xidan Joy City agreed to acquire and China Native Produce and Animal By-products agreed to sell 35% equity interest in Beijing Kunting Assets Management Co., Ltd. ("Beijing Kunting"), for a consideration of RMB569,870,000 (equivalent to approximately HK$690,454,492). The consideration is payable within 50 Business Days upon the Equity Transfer Agreement becomes effective.

The acquisition of 35% equity interest in Beijing Kunting is for the purpose of further increasing the total assets scale of the Group, strengthen the future financial performance of the Group, and enhance the Group's ability to generate stable and sustainable returns.

COFCO Corporation, the ultimate controlling shareholder of the Company, owns 100% equity interest in China Native Produce and Animal By-products. China Native Produce and Animal By-products is a fellow subsidiary of the Company. Therefore, China Native Produce and Animal By-products is a connected person of the Company.

The above acquisition was completed on 17 December 2015, and the consideration was settled in full by the Company. Upon Completion, Beijing Kunting is owned as to 65% and 35% by Xidan Joy City and China Native Produce and Animal By-products, respectively.

(e) Acquisition of 69.65% equity interest in Sichuan China Jiucheng Corporation

On 31 December 2015, Chengdu Pengyue Management Consulting Co. Ltd. ("Chengdu Pengyue", an indirect wholly-owned subsidiary of the Company), entered into an Equity Transfer Agreement with China National Sugar & Alcohol Group Corporation ("China Sugar"), pursuant to which Chengdu Pengyue agreed to acquire and China Sugar agreed to sell 52,180,000 shares in the registered capital of Sichuan China Jiucheng Corporation ("Sichuan Jiucheng"), representing 64.97% equity interest in Sichuan Jiucheng, for a consideration of RMB224,115,026.43 (equivalent to approximately HK$267,503,695.55). On the same date, Chengdu Pengyue also entered into an Equity Transfer Agreement with China Huang Co. Ltd. ("China Huang"), pursuant to which Chengdu Pengyue agreed to acquire and China Huang agreed to sell 3,761,390 shares in the registered capital of Sichuan Jiucheng, representing 4.68% equity interest in Sichuan Jiucheng, for a consideration of RMB16,155,308.92 (equivalent to approximately HK$19,282,976.73).

The consideration is payable by three instalments. The first instalment, being 30% of the consideration, will be settled within 5 Business Days upon the Equity Transfer Agreement becomes effective. The second instalment, being 65% of the consideration, will be settled within 5 Business Days upon the procedures of change in industry and commercial registration of the equity transfer and the handover of company chops, certificates, licenses relating to real estate and assets and relevant documents of the Target Company having completed. The third instalment, being 5% of the consideration, will be settled within 1 year upon the execution of the Equity Transfer Agreement.

The acquisition of 69.65% equity interest in Sichuan Jiucheng is for the purpose of further increasing the total assets scale of the Group, strengthen the future financial performance of the Group, and enhance the Group's ability to generate stable and sustainable returns.

COFCO Corporation, the ultimate controlling shareholder of the Company, indirectly owns 100% equity interest in China Sugar, and China Sugar directly owns 50% equity interest in China Huang. Both China Sugar and China Huang are fellow subsidiaries of the Company. Accordingly, both China Sugar and China Huang are connected persons of the Company.

The above acquisition has not been completed. Upon Completion, Sichuan Jiucheng will be owned as to 69.65% by Chengdu Pengyue, and will become an indirect non-wholly owned subsidiary of the Company.

CONTINUING CONNECTED TRANSACTIONS

Set out below is a summary of the continuing connected transactions of the Company during the year ended 31 December 2015:

(a) Leasing of properties to the COFCO Group

(b) Provision of project consultation, property management and hotel management services

(c) Provision of insurance services by the COFCO Group

(d) Sourcing of staple supplies and catering services from the COFCO Group

(e) Advance from Shanghai Top Glory to Taiwan Hotel Ltd

(f) Entrusted arrangements with respect to certain projects owned by the Company

(g) Existing Lease with respect to leasing of properties to the COFCO Group

(h) Existing lease with respect to leasing of properties by the COFCO Group

Directors' Report

Details of Continuing Connected Transactions

(a) Leasing of properties to the COFCO Group

As of 31 December 2015, the Company has entered into various lease agreements for the leasing of commercial premises to the COFCO Group. The lease agreements were entered into mainly by (i) Beijing COFCO Plaza Co. for the leasing of commercial premises in Beijing COFCO Plaza; (ii) Bapton for the leasing of commercial premises in Top Glory Tower; (iii) Yantai Joy City Limited for the leasing of commercial premises in Yantai Joy City; and (iv) Shanghai Xinlan Real Estate Development Co., Ltd. for the leasing of commercial premises in Shanghai Joy City. These leased properties are generally occupied by relevant members of the COFCO Group as their headquarters, offices, sales offices or for other commercial uses.

The Company considers that the leasing of the commercial premises to the COFCO Group is conducted in the Company's ordinary and usual course of business based on the commercial needs of the Company and the COFCO Group. It is expected that the Company will continue to lease the commercial premises to the COFCO Group pursuant to the existing lease arrangements and may renew the same after they expire, or enter into new lease agreements with other members of the COFCO Group. To better regulate the arrangements, the Company entered into the Master Lease Agreement on 29 November 2013, followed by a supplemental agreement on 3 November 2014 to extend its term to 31 December 2016, with COFCO Corporation to govern the terms of the lease arrangements between the Company and the COFCO Group.

The 2015 Annual Caps and the actual amounts for the rent and management fees payable under the Master Lease Agreement during the year are set out below:

Annual Caps (financial year ended 31 December 2015) (RMB'000)	Actual Amounts (financial year ended 31 December 2015) (RMB'000)
162,200	139,699.1

Pursuant to the Master Lease Agreement, save and except for the Existing Leases (details of which are set out in the paragraph headed "Existing Leases with respect to leasing of properties to the COFCO Group" in this section), the rent and management fees payable by the COFCO Group are subject to the general pricing terms as set out in the paragraph headed "Common terms of the Master Agreements" below, and are to be agreed between the relevant members of the Group and the COFCO Group having regard to the quality and nature of the relevant property, its location, neighborhood area and ancillary infrastructure facilities, and based on the rents payable under leases in the same building as those with tenants which are independent third parties and the prevailing market rents for similar premises in the vicinity of the relevant property.

(b) Provision of project consultation, property management and hotel management services

(i) Provision of project consultation and property management services by the Group to the COFCO Group

The Group, through its members including Beijing Gloria Management, has been providing project consultation and property management services for its own property projects, as well as property projects of the COFCO Group and to other external customers.

In their ordinary and usual course of business, Beijing Gloria Management and other members of the Group have entered into project consultation and property management agreements with members of the COFCO Group, pursuant to which the Group provides project consultation and property management services to the property projects owned and developed by the COFCO Group.

Specifically, the project consultation and property management services provided by the Group to the COFCO Group for its major property projects during the year include but are not limited to the following projects:

Relevant member of the Group	Relevant member of the COFCO Group	Property management services provided to the COFCO Group
Beijing Gloria Management	COFCO Property Investment (Beijing) Co., Ltd.	Provision of project consultation services and property management services for COFCO Shine City International Residence Community
Beijing Gloria Management	COFCO Corporation and other members of the COFCO Group	Provision of property management services for COFCO Fortune Plaza

The project consultation and property management services provided by the Group include the following:

(a) project planning and development consultation services during the initial development stage, including land development planning, government approvals and corporate structure consultation, construction consultation and agency services, facilities and greenery planning, consultancy and advisory services on security systems, fire service systems, communication and network systems; and

(b) property management services after completion of project development, including maintenance, repair and management of public facilities and public areas, managing car parking lots, cleaning services, security services, collecting rent from tenants and managing the leasing arrangements with tenants.

The actual amount for project consultation and property management services provided by the Group pursuant to the Master Property Management Agreement was RMB2,102,093.0. Since all of the percentage ratios (other than the profit ratio) for the aforesaid amount for project consultation and property management services is less than 0.1%, the transaction is fully exempt from the shareholders' approval, annual review and all disclosure requirements.

Directors' Report

(ii) **Provision of hotel and property management services by the COFCO Group to the Group**

During the year, certain members of the COFCO Group have also provided hotel and property management services to the hotel projects and property projects developed by the Group, which include but are not limited to the following:

Relevant member of the COFCO Group	Relevant member of Group	Hotel and property management services provided to the Group
Gloria International Hotel Limited	Nanchang Gloria Hotel (PRC)	Provision of hotel management services for Gloria Grand Hotel Nanchang
Gloria International Hotel Limited	Suzhou Gloria Hotel (PRC)	Provision of hotel management services for Gloria Plaza Hotel Suzhou
Gloria International Hotel Management (Beijing) Co., Ltd.	Yalong Development (Sanya)	Provision of hotel management services for Cactus Resort Sanya by Gloria
Top Glory Properties Management (HK) Limited	Bapton	Provision of property consultancy and rental management services for Top Glory Tower
COFCO Property Group Shenzhen Property Management Co., Ltd., Shenyang Branch	Shenyang Development Co., Ltd.	Provision of property management services for Shenyang Joy City
COFCO Property Group Shenzhen Property Management Co., Ltd., Chengdu Branch	Zhuoyuan Property (Chengdu) Co., Ltd.	Provision of property management services for the Sales Center of Joy Street

The hotel and property management services provided by the COFCO Group to the Group include:

(a) hotel management services, including operating and managing restaurants, shops, recreational facilities and other facilities in the hotel premises, marketing services, catering services, setting and implementing policies and standards for use of hotel rooms, maintaining common area and public facilities, as well as other general property management services; and

(b) property management services, including maintenance, repair and management of building, cleaning services, security services, fire and safety services, environmental conservation, customer services, staff recruitment and training, preparing budgets, collecting rent from tenants and managing the leasing arrangements with tenants.

The Annual Caps and the actual amounts for the service fees for the hotel and property management services payable by the Company pursuant to the Master Property Management Agreement during the year are set out below:

Annual Caps (financial year ended 31 December 2015) (RMB'000)	Actual amounts (financial year ended 31 December 2015) (RMB'000)
11,000	8,241.6

The Company considers that it will be beneficial for the Group to continue to provide project consultation and property management services to the COFCO Group, and for the COFCO Group to continue to provide hotel and property management services to the Group. To better regulate the arrangements, the Company and COFCO Corporation entered into the Master Property Management Agreement on 29 November 2013, followed by a supplemental agreement on 3 November 2014 to extend its term to 31 December 2016, to govern the terms of the provision of project consultation, hotel and property management services.

Pursuant to the Master Property Management Agreement, the service fees for the project consultation, hotel and property management services are subject to the general pricing terms as set out in the paragraph headed "Common terms of Master Agreements" below. Detailed terms of the project consultation, hotel and property management services to be provided by the Group and the COFCO Group (as the case may be) and the pricing terms shall be set out in the specific property management service contracts to be entered into between the relevant members of the Group and the COFCO Group which are ancillary to and subject to the terms and conditions of the Master Property Management Agreement.

The consideration to be paid by the respective members of the COFCO Group or the Group (as the case may be) pursuant to the Master Property Management Agreement shall be agreed between the relevant members of the Group and the COFCO Group having regard to various factors such as the nature and scope of the services to be provided, the costs of providing such services and the market rate for similar services offered by other independent third party suppliers, or based on a prescribed fee schedule or charging rate as agreed between the relevant parties from time to time.

(c) Provision of insurance services by the COFCO Group

The COFCO Group conducts insurance business and provides insurance consultancy and brokerage services in the PRC through its members including AVIVA-COFCO Life Insurance Co., Ltd. (中英人壽保險有限公司) and AON-COFCO Insurance Brokerage Co., Ltd. (中怡保險經紀有限責任公司). The Group has been purchasing insurance products from the COFCO Group covering medical, accident and life insurance for its staff, and receiving insurance consultancy and brokerage services from the COFCO Group which include sourcing and referral of insurance products and services for the Group, general liaison with insurers on behalf of the Group and regular review of the insurance coverage of the Group.

The Company considers that it will be beneficial for the Group to continue to purchase insurance products and receive insurance consultancy and brokerage services from the COFCO Group, as insurance services are generally required by the Group's ordinary course of business and the Group will have access to full insurance consultancy services provided by the COFCO Group. To better regulate the arrangements, the Company entered into the Master Insurance Agreement on 29 November 2013 with COFCO Corporation for the provision of insurance services by the COFCO Group to the Group with effect from 19 December 2013 to 31 December 2015.

Pursuant to the Master Insurance Agreement, the service fees payable under the Master Insurance Agreement by the Group are to be agreed and determined on an arm's length basis between the relevant members of the Group and the COFCO Group from time to time, which shall be comparable to, or no less favourable to the Group than the market prices for similar products and services offered by independent third parties to the Group, and shall be agreed between the relevant members of the Group and the COFCO Group having regard to various factors such as the nature and coverage of the insurance policies, the scope of the insurance consultancy and brokerage services provided by the COFCO Group and the market fees for similar insurance services offered by other independent insurers, or based on a prescribed fee schedule or charging rate as agreed between the relevant parties from time to time. Detailed terms of the insurance services and the pricing terms shall be set out in the specific service contracts or confirmation orders to be entered into between the relevant member of the Group and the COFCO Group which are ancillary to and subject to the terms and conditions of the Master Insurance Agreement.

The relevant member of the Group shall, before it enters into specific agreements pursuant to the Master Insurance Agreement,

(i) obtain price quotations from independent third parties for the provision of the same or similar services required by the Group; or

(ii) request the COFCO Group to provide it with sales records of the same or similar services offered by it to its customers, as the reference market price of such products and/or services.

If the relevant member of the Group proceeds to enters into a transaction with the COFCO Group for the services contemplated under the Master Insurance Agreement, the price and other conditions at which such services are to be offered shall be no less favourable to the Group than any of the price quotations or sales records.

The actual amounts for the insurance premium and consultancy fees payable pursuant to the Master Insurance Agreement during the year was RMB1,896,930.7. Since all of the percentage ratios (other than the profits ratio) for the aforesaid amount for the insurance premium and consultancy fees is less than 0.1%, the transaction is fully exempt from the shareholders' approval, annual review and all disclosure requirements.

(d) Sourcing of staple supplies and catering services from the COFCO Group

During the year, the Group has been sourcing certain staple supplies from the COFCO Group, including agricultural products, food, beverage, wine and confectionary, packaging materials and daily supplies such as oil, rice, sugar and tea, mainly used in the Group's ordinary business operations, the catering services provided in the hotels and other commercial properties operated by the Group and as the Group's staff benefits and corporate gifts to its customers and business partners. The COFCO Group also provides conference room facilities, accommodation, car parking lots and catering services to the Group for its general corporate uses, corporate events and promotional activities.

The Company considers that it will be beneficial to the Group to continue to source staple supplies and catering services from the COFCO Group as it will allow the Group to benefit from bulk purchase discounts and ensure a stable and reliable staple supply and provision of services which is crucial for its property and hotel business. To better regulate the arrangements, the Company entered into the Master Sourcing

Agreement on 29 November 2013 with COFCO Corporation for the supply of staple supplies and catering services by the COFCO Group to the Group, followed by a supplemental agreement on 3 November 2014 to extend its term to 31 December 2016.

The Annual Caps and the actual amounts for the purchase amounts for staple supplies and catering services payable by the Company pursuant to the Master Sourcing Agreement during the year are set out below:

Annual Caps (financial year ended 31 December 2015) (RMB'000)	Actual amounts (financial year ended 31 December 2015) (RMB'000)
10,800	4,456.5

Pursuant to the Master Sourcing Agreement, the prices for the staple supplies and catering services are subject to the general pricing terms as set out in the paragraph headed "Common Terms of the Master Agreements" below, and shall be agreed between the relevant members of the Group and the COFCO Group having regard to various factors such as the quantity and quality of the supplies and services, the market prices for the staple supplies and catering services, the prices offered by other independent third party suppliers and the procurement or manufacturing costs of the relevant members of the COFCO Group, or based on a prescribed fee schedule or purchase price as agreed between the relevant parties from time to time. Detailed terms of the provision of staple supplies and catering services and the pricing terms will be set out in the specific service contracts or confirmation orders to be entered into between the relevant members of the Group and the COFCO Group which are ancillary to and subject to the terms and conditions of the Master Sourcing Agreement.

COMMON TERMS OF THE MASTER AGREEMENTS

Each of the Master Agreements is a framework agreement comprising the general terms and conditions upon which the Group and the COFCO Group are to carry out the particular type of Non-Exempt Continuing Connected Transaction contemplated thereunder. The common terms of the Master Agreements are set out below:

Term: Each Master Agreement was approved by the Independent Shareholders at the SGM dated 18 December 2013, and has become effective from 19 December 2013 to 31 December 2016, which can be renewed on terms to be agreed upon between the Company and COFCO Corporation subject to compliance with the applicable provisions of the Listing Rules.

Framework agreement: The Master Agreements are framework agreements which contain general terms and conditions upon which the Group and the COFCO Group are to carry out the particular type of transaction contemplated thereunder. Members of the Group and the COFCO Group may from time to time enter into specific agreements in respect of the leases, services and/or products to be provided or received by the Group, provided that the terms of such detailed agreements are not inconsistent with the terms of the relevant Master Agreement. The actual services and/or products to be provided or received by the Group are subject to such detailed agreements entered into between the relevant members of the Group and the COFCO Group from time to time during the terms of the Master Agreements.

Pricing basis:	The purchase amounts, rent and service fees payable under each of the Master Agreements by the Group or the COFCO Group (as the case may be) are to be agreed and determined on an arm's length basis between the relevant members of the Group and the COFCO Group from time to time, which shall be comparable to, or no less favourable to the Group than, the fair market rents or market prices for similar products and services offered by independent third parties to the Group or by the Group to independent third parties. The relevant member of the Group shall, before it enters into specific agreements in respect of the leases, services and/or products pursuant to the Master Agreements, (a) when the price is the sole determining factor: (i) obtain quotations from not less than two independent third party suppliers of the same or similar products and/or services required by the Group; or (ii) request COFCO Group to provide it with not less than two records of same or similar products and/or services offered by it to other customers as the reference market price of the relevant products and/or services. In the event that the relevant members of the Group issue purchase orders or enter into transactions with COFCO Group in relation to the products and/or services involved with the Master Agreements, the prices of products and/or services offered by COFCO Group and other conditions under the Master Agreements shall not be less favourable from the Group's perspective than those quotations or sale records (as the case may be); or (b) when the price is one of the determining factors, conduct negotiations and, if necessary, obtain relevant quotation and/or pricing record to determine the overall terms of the transaction on an arm's length basis.
Termination:	The Master Agreements may be terminated by either party giving the other party a written notice not less than 30 days before the intended date of termination.

(e) Advance from Shanghai Top Glory to Taiwan Hotel Ltd

Taiwan Hotel Ltd is a non-wholly-owned subsidiary of the Company which is owned as to 51% by COFCO (BVI) No. 97 (a wholly-owned subsidiary of the Company prior to 30 December 2015) and 49% by COFCO Corporation. [1]As the then indirect ultimate controlling shareholder of Taiwan Hotel Ltd, COFCO Corporation has been providing shareholder's loans to Taiwan Hotel Ltd for its operating costs and business expansion prior to 19 December 2013. For the purpose of minimising the financial reliance by the Group on the COFCO Group, all amounts due to the COFCO Group were repaid before 19 December 2013. Please refer to the section headed "Relationship with Controlling Shareholders — Independence from the COFCO Group-Financial independence" in the Company's circular dated 30 November 2013 for details.

[1] On 30 December 2015, the Company transferred its 60% equity interest in COFCO (BVI) No. 97 to an independent third party at a consideration of RMB12,990,900. COFCO (BVI) No. 97 and Taiwan Hotel Ltd have no longer been subsidiaries of the Company since 30 December 2015.

As part of the arrangement to repay the amounts due from the Group to the COFCO Group, Shanghai Top Glory, a subsidiary of the Company, made available an intra-group advance to Taiwan Hotel Ltd in replacement of the existing shareholder loans provided by COFCO Corporation. In this connection, Shanghai Top Glory, Taiwan Hotel Ltd and China Construction Bank Beijing Branch entered into the Entrustment Loan Agreement on 1 November 2013, pursuant to which Shanghai Top Glory entrusted China Construction Bank Beijing Branch to lend RMB663.3 million to Taiwan Hotel Ltd. China Construction Bank Beijing Branch has received the same amount of cash deposit from Shanghai Top Glory and the corporate guarantee from Shanghai Top Glory as the security of the Entrustment Loan. The Entrustment Loan is for a term of one year from 1 November 2013 at a fixed interest rate of 6.68% per annum, which was determined with reference to the relevant PBOC benchmark lending rates for one-year term loan and the prevailing market lending rates generally offered by commercial banks in the PRC.

As of the expiry date of the Entrustment Loan Agreement, Taiwan Hotel Ltd repaid a total of RMB100 million to Shanghai Top Glory, and there is an outstanding balance of RMB563.3 million of the original Entrustment Loan. Shanghai Top Glory, Taiwan Hotel Ltd and China Construction Bank Beijing Branch entered into the Entrustment Loan Extension Agreement on 31 October 2014 and 30 April 2015 respectively to extend the maturity date of the outstanding balance of RMB563.3 million of the original Entrustment Loan respectively for a term of six months to 31 October 2015. On 30 October 2015, Shanghai Top Glory, Taiwan Hotel Ltd and China Construction Bank Beijing Branch further entered into the Entrustment Loan Extension Agreement to extend the maturity date of the outstanding balance of RMB563.3 million of the original Entrustment Loan respectively for a further term of six months from 1 November 2015 to 30 April 2016. The fixed interest rate on the Entrustment Extension Loan during the extension period under the Entrustment Loan Extension Agreement is a fixed rate of 4.853% per annum, which was determined with reference to The People's Bank of China (中國人民銀行) benchmark lending rates for one-year term loan and the prevailing market lending rates generally offered by commercial banks in the PRC. Save and except for such terms and conditions as amended by the Entrustment Loan Extension Agreement (including the amount of the Entrustment Extension Loan, the maturity date and the new applicable interest rate), the other terms of the Entrustment Loan Agreement shall continue to be in force.

The Entrustment Extension Loan was intended to be a short-term intra-group financing arrangement amongst the members of the Group to enable Taiwan Hotel Ltd, a non-wholly-owned subsidiary of the Company, to obtain financing from another subsidiary of the Company to support its business operations upon repayment of the shareholder loans then owing by Taiwan Hotel Ltd to the Company's ultimate controlling shareholder, COFCO Corporation. Tainan Hotel Ltd repaid the Entrustment Extension Loan on 11 January, 2016.

(f) Entrusted arrangements with respect to certain projects owned by the Group

Zhuoyuan Property, Shanghai Top Glory and COFCO Chengdu entered into three Group Entrustment Contracts on 26 September 2012 with COFCO Property, pursuant to which the management of the business and operations of certain project companies of the Group or companies holding interests in the relevant project company were entrusted to COFCO Property. The relevant parties to the Group Entrustment Contracts and the relevant properties and projects entrusted to COFCO Property are set out below:

Member of the group	Member of the COFCO Group	Relevant properties and projects entrusted to the COFCO Group	Entrustment fee for the financial year ended 31 December 2015 (RMB'000)
Zhuoyuan Property	COFCO Property	Chengdu Joy City	500.0
Shanghai Top Glory	COFCO Property	Ocean One and Fraser Suites Top Glory Shanghai	500.0
COFCO Chengdu	COFCO Property	Chengdu Shine City*	500.0

* COFCO Chengdu holds a 30% equity interest in Chengdu Yuecheng, which holds Chengdu Shine City.

Each of the Group Entrustment Contracts has a term of three years commencing from 26 September 2012 and will expire in September 2015. Pursuant to the Group Entrustment Contracts, COFCO Property shall provide management services or implement operational policies for each of Zhuoyuan Property, Shanghai Top Glory and COFCO Chengdu and their respective underlying projects. COFCO Property shall receive an annual fee of RMB500,000 for each company while the profits and losses generated from these projects shall be retained by the Group. The Group does not intend to renew or extend the terms of the Group Entrustment Contracts upon expiry in September 2015. Each relevant member of the Group shall pay an entrustment fee of RMB500,000 per annum for the services provided by COFCO Property, and the aggregate entrustment fee for the Group Entrustment Contracts for the year ended 31 December 2015 amounts to RMB1,500,000.0 per annum. The Group Entrustment Contracts have been ceased upon expiry in September 2015.

(g) Existing Lease with respect to leasing of properties to the COFCO Group

During the year, Beijing COFCO Plaza Co., a member of the Group, was a party to an Existing Lease with respect to the leasing of commercial premises and a shopping mall unit in Beijing COFCO Plaza to certain members of the COFCO Group. The Existing Lease is summarised as follows:

Member of the COFCO Group (as tenant)	Address of the property leased	Effective period of the lease agreements	Total annual rent and management fee for the year ended 31 December 2015 RMB'000
China Tea Joint Stock Co., Ltd.* (中國茶葉股份有限公司)	Shop F116 of Beijing COFCO Plaza	1 March 2013 to 30 April 2015[1]	245.1

1 The lease has been expired and renewed for a year.

Details of the Existing Leases are set out in the Company's circular dated 30 November 2013.

The ongoing transactions under the Existing Leases constitute continuing connected transactions of the Company upon the completion of the Acquisition on 19 December 2013. Accordingly, pursuant to Rule 14A.60 of the Listing Rules, the Company is required to comply with the applicable annual review, reporting and disclosure requirements of the Listing Rules in respect of the transactions under the Existing Leases.

The Company will comply in full with all relevant reporting, disclosure and, if applicable, independent shareholders' approval requirements under Chapter 14A of the Listing Rules upon any variation of such contract during their terms. Upon expiry of any of the Existing Leases, any new lease agreement to be entered into with the relevant members of the COFCO Group for the leasing of the respective property under the Existing Leases will be governed by the Master Lease Agreement and subject to the general pricing terms as set out in the paragraph headed "Common Terms of Master Agreements" above, and the annual rent and management fee under the new lease agreements shall be comparable to the rent of the leases in the same building as those with tenants which are independent third parties and the then prevailing market rent of Beijing COFCO Plaza.

Directors' Report

(h) Existing Lease with respect to leasing of properties by the COFCO Group

As at 31 December 2015, a member of COFCO Group was a party to an existing lease with respect to the leasing of commercial premises and parking spaces in COFCO Fortune Plaza in Beijing to COFCO Investment, a member of the Group. The existing lease is summarised as follows:

Member of the Group (as tenant)	Address of the property leased	Effective period of the lease agreement	Total annual rent and management fee for the year ended 31 December 2015 RMB'000
COFCO Investment	12th floor and 19 parking spaces on B4 of COFCO Fortune Plaza in Beijing	1 January 2015 to 31 December 2015	10,828.1

The Annual Caps for the rent and management fees payable under or ancillary to the lease is RMB12,580 for the year ended 31 December 2015.

Details of the existing lease is set out in the Company's circular dated 5 November 2014.

The ongoing transactions under the existing lease constitute continuing connected transactions of the Company upon the completion of the Joy City Acquisition on 4 December 2014. Accordingly, pursuant to Rule 14A.60 of the Listing Rules, the Company is required to comply with the applicable annual review, reporting and disclosure requirements of the Listing Rules in respect of the transactions under the existing lease.

CONFIRMATION FROM THE INDEPENDENT NON-EXECUTIVE DIRECTORS

The independent non-executive Directors have reviewed the above continuing connected transactions and confirmed that all the continuing connected transactions have been entered into (i) in the ordinary and usual course of business of the Group; (ii) on normal commercial terms or better (save and except for the "Existing Lease with respect to leasing of properties to the COFCO Group"); and (iii) according to their respective agreements governing them on the terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole.

ANNUAL REVIEW OF CONTINUING CONNECTED TRANSACTIONS

Deloitte Touche Tohmatsu, the Company's auditor, was engaged to report on the Group's continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. Deloitte Touche Tohmatsu has provided a letter to the Board confirming (i) nothing has come to their attention that causes them to believe that the continuing connected transactions have not been approved by the Board; (ii) for transactions involving the provision of goods or services by the Group, nothing has come to their attention that causes them to believe that the transactions were not, in all material respects, in accordance with the pricing policies of the Company; (iii) nothing has come to their attention that causes them to believe that the transactions were not entered into, in all material respects, in accordance with the relevant agreements governing such transactions; and (iv) with respect to the aggregate amount of each of the continuing connected transactions, nothing has come to their attention that causes them to believe that the continuing connected transactions have exceeded the maximum aggregate annual value in accordance with Rule 14A.56 of the Listing Rules. A copy of the auditor's letter has been provided by the Company to the Stock Exchange.

CONTRACT(S) OF SIGNIFICANCE

(a) COFCO Corporation and the Company entered into the trademark licence agreement on 29 November 2013, pursuant to which COFCO Corporation granted licences to the Group to use certain trademarks bearing the "COFCO (中糧)" and "Joy City (大悅城)" brands on a royalty-free basis from 29 November 2013 until 31 December 2015. The trademark licence agreement may be terminated by either party giving the other party a written notice of not less than 30 days before the intended date of termination;

(b) the acquisition agreement dated 23 September 2013 entered into among the Company, Achieve Bloom and COFCO Land, a connected person of the Company, in relation to the acquisition of companies holding a commercial property portfolio for a consideration of approximately HK$14,167 million;

(c) the entrustment loan agreement dated 1 November 2013 entered into among Shanghai Top Glory, a subsidiary of the Company, Taiwan Hotel Ltd, a non-wholly owned subsidiary of the Company before 30 December 2015, and China Construction Bank Beijing Branch in connection with the Entrustment Loan in an amount of RMB663.3 million arranged by Shanghai Top Glory for the benefit of Taiwan Hotel Ltd and the Entrustment Loan Extension Agreements in relation thereto dated 31 October 2014, 30 April 2015 and 30 October 2015;

(d) the deed of indemnity dated 22 November 2013 provided by COFCO Corporation in favour of the Company in connection with the properties acquired by the Company pursuant to the acquisition agreement referred to in paragraph (b) above, under which COFCO Corporation has undertaken to indemnify the Company against all penalties, losses and expenses that have been or will be suffered or incurred by the Group arising from, or in connection with certain non-compliances;

(e) the non-competition undertaking dated 29 November 2013 executed by COFCO Corporation in favour of the Company, incidental to the acquisition agreement referred to in paragraph (b) above, under which COFCO Corporation has undertaken in favour of the Company for itself and on behalf of its subsidiaries (excluding COFCO Property, a connected person of the Company, and its subsidiaries) that it shall not engage in certain restricted businesses subject to the terms and condition therein;

(f) the sponsor agreement dated 29 November 2013 entered into among the Company, Achieve Bloom, COFCO Land and HSBC Corporate Finance (Hong Kong) Limited in relation to their rights and obligations in connection with the new listing application of the Company;

(g) the Jetway Acquisition Agreement dated 1 August 2014 entered into between the Company and Grow Wealth, a connected person of the Company, in relation to the acquisition of minority interest in Jetway for a consideration of HK$1,018,921,728;

(h) the Yalong Acquisition Agreement dated 1 August 2014 entered into between the Company and Woo + Woo, a connected person of the Company, in relation to the acquisition of minority interest in Yalong (HK) for a consideration of HK$998,446,456;

(i) the Joy City Acquisition Agreement dated 12 September 2014 in relation to the Joy City Acquisition and the supplemental agreement dated 3 November 2014 thereto;

Directors' Report

(j) the deed of indemnity provided by COFCO Corporation in favor of the Company in connection with the properties to be acquired by the Company pursuant to the Joy City Acquisition Agreement referred to in paragraph (i) above, under which COFCO Corporation has undertaken to indemnify the Company against all penalties, losses and expenses that have been or will be suffered or incurred by the Group arising from, or in connection with certain non-compliances;

(k) the Zhejiang Herun Acquisition Agreement dated 3 February 2015 entered into among the Speedy Cosmo, an indirect wholly-owned subsidiary of the Company, and Shanghai Wanliang, a connected person of the Company, in relation to the acquisition of the entire equity interest of Zhejiang Herun, a connected person of the Company, for a consideration of approximately RMB43.76 million;

(l) the irrevocable undertaking dated 27 February 2015 from Achieve Bloom to the Company agreeing to subscribe or procure the subscription for its entitlement of rights shares pursuant to the Rights Issue;

(m) the subscription letter dated 27 February 2015 entered into by the Company and Achieve Bloom in relation to the proposed issuance of new CPS;

(n) Twin Progress, an indirect wholly-owned subsidiary of the Company entered into the Acquisition Agreement dated 10 April 2015 with Shanghai New Bund International Business District Investment (Group) Co., Ltd.* (上海前灘國際商務區投資(集團)有限公司), an independent third party, for the 50% equity interest in Shanghai Linyao (which was subsequently renamed as Shanghai Yueyao) at an aggregate price of RMB1,208,209,873 (equivalent to approximately HK$1,525,364,965);

(o) COFCO (BVI) 97 (an wholly-owned subsidiary of the Company before 30 December 2015) entered into the Capital Increase Agreement dated 30 November 2015 with COFCO Corporation and Taiwan Hotel Ltd whereby COFCO (BVI) 97 and COFCO Corporation would make capital contribution of RMB645,000,000 (equivalent to approximately HK$782,320,500) and RMB29,992,500 (equivalent to approximately HK$36,377,900) in cash to Taiwan Hotel Ltd respectively. Upon Completion of the Capital Increase, the registered capital of Taiwan Hotel Ltd will be RMB489,240,000 (equivalent to approximately HK$593,399,200) and owned as to 91.64% and 8.36% by COFCO (BVI) 97 and COFCO Corporation, respectively;

(p) Xidan Joy City, an indirect wholly-owned subsidiary of the Company, entered into an Equity Transfer Agreement dated 1 December 2015 with China Native Produce and Animal By-products, to acquire 35% equity interest in 北京昆庭資產管理有限公司 (Beijing Kunting Assets Management Co., Ltd.*), for a consideration of RMB569,870,000 (equivalent to approximately HK$690,454,492);

(q) the Company, Commerce Bright(a direct wholly-owned subsidiary of the Company), the Investor and Speedy Cosmo (a direct wholly-owned subsidiary of Commerce Bright) entered into the Share Subscription Agreement dated 30 December 2015, pursuant to which Commerce Bright conditionally subscribe for 54 ordinary shares in the share capital of Speedy Cosmo at a total subscription price of HK$54; and the Investor conditionally subscribe for 45 ordinary shares in the share capital of Speedy Cosmo at a total subscription price of USD10,610,360.

(r) Chengdu Pengyue, an indirect wholly-owned subsidiary of the Company, entered into an Equity Transfer Agreement I with China Sugar, a connected person of the Company, to acquire 64.97% equity interest in the Sichuan China Jiucheng Corporation, for a consideration of RMB224,115,026.43 (equivalent to approximately HK$267,503,695.55); and

(s) Chengdu Pengyue, an indirect wholly-owned subsidiary of the Company, entered into an Equity Transfer Agreement II with China Huang, a connected person of the Company, to acquired 4.68% equity interest in the Sichuan China Jiucheng Corporation, for a consideration of RMB16,155,308.92 (equivalent to approximately HK$19,282,976.73).

DISCLOSURE UNDER RULE 13.21 OF THE LISTING RULES

On 13 July 2015, the Company as borrower entered into a term loan facility agreement ("Facility Agreement") with the banks as lenders (the "Lenders") for the term loan facility ("Loan Facility") in an amount of US$350,000,000 (equivalent to approximately HK$2,730,000,000). The Loan Facility is for a term of thirty-six months commencing from the date of the Facility Agreement. Pursuant to the Facility Agreement, if (a) COFCO Corporation and COFCO (Hong Kong) Limited together do not or cease to (i) be, directly or indirectly, the single largest shareholder of the Company; and/or (ii) have management control over the Company, and/or (b) COFCO Corporation is not or ceases to be majority owned or otherwise controlled by State-owned Assets Supervision and Administration Commission of the State Council of the People's Republic of China or China Central Government, it would constitute an event of default and the Lenders may (a) cancel the whole or any part of any commitment; and/or (b) declare that all or part of the loan, together with accrued interest, and all other amounts accrued or outstanding be immediately due and payable; and/or (c) declare that all or part of the loan be immediately payable on demand. Details of the transaction are set out in the announcement dated 13 July 2015.

On 5 October 2015, the Company as borrower entered into a facility letter ("Facility Letter") with Bank of China (Hong Kong) Limited (the "Bank") as lender whereby the banking facilities of (i) a term loan up to HK$1,000,000,000 or its equivalent amount in USD (the "Term Loan"); and (ii) a revolving loan up to HK$700,000,000 or its equivalent amount in USD (the "Revolving Loan") (Term Loan and Revolving Loan, collectively the "Facilities") would be made available by the Bank to the Company subject to the terms and conditions of the Facility Letter. The Term Loan shall be repaid in full on the date falling three years from the date of the Facility Letter while the Revolving Loan shall be repaid or reborrowed at the end of each interest period provided that each advance must be repaid one year from the date of the Facility Letter. Pursuant to the Facility Letter, if COFCO Corporation (a) fails to remain as a company under the State-owned Assets Supervision and Administration Commission of the State Council of the People's Republic of China; and/or (b) fails to maintain as single largest shareholder of the Company, it would constitute an event of default upon which all amounts (including principal and interest) due or owing by the Company to the Bank under the Facilities shall, without any demand, become immediately due and payable. Details of the transaction are set out in the announcement dated 5 October 2015.

MANAGEMENT CONTRACTS

With respect to each Group Entrustment Contract, please refer to the section "Continuing Connected Transactions".

Save as disclosed herein, no contracts concerning the management and administration of the whole or any substantial part of the business of the Group was entered into or existed during the year ended 31 December 2015.

CONVERTIBLE SECURITIES, WARRANTS OR OPTIONS

On 19 December 2013, the Acquisition was completed and upon completion, the Company issued 1,095,300,778 CPS to Achieve Bloom as part of settlement of the consideration for the Acquisition. Currently, the Company has two classes of shares, being the ordinary shares and the CPS.

Directors' Report

The major terms of the CPS are as follows:

Nominal value:	Non-redeemable convertible preference shares of HK$0.10 each created as a new class of shares in the share capital of the Company.
Conversion ratio:	The CPS shall be convertible at the option of its holder, without the payment of any additional consideration therefor, into such number of fully-paid Shares at the conversion ratio of one CPS for one Share.
Conversion rights:	Holders of the CPS will have the right to convert all or such number of CPS into Conversion Shares at any time after the issuance of the CPS, provided that they may not exercise the conversion rights as to such number of CPS the conversion of which would result in the Company not meeting the minimum public float requirement under Rule 8.08 of the Listing Rules.
Redemption:	The CPS shall be non-redeemable by the Company or their holders.
Dividend and distribution entitlement:	Each CPS shall confer on its holder the right to receive any dividend pari passu with holders of Shares on the basis of the number of Share(s) into which each CPS may be converted and on an as converted basis. The holders of the CPS shall have priority over the Shareholders on the assets and funds of the Company available for distribution in a distribution of assets on liquidation, winding-up or dissolution of the Company (but not on conversion of CPS or any repurchase by the Company of CPS or Shares).
Voting rights:	The holders of the CPS shall be entitled to receive notices of and to attend general meetings of the Company, but the CPS shall not confer on their holders the right to vote at a general meeting of the Company, unless a resolution is to be proposed at a general meeting for the winding-up of the Company or a resolution is to be proposed which if passed would vary or abrogate the rights or privileges of the CPS or vary the restrictions to which the CPS are subject.
Transferability:	The CPS (including the Conversion Shares once converted from the CPS) may be transferred by their holders without restriction.
Ranking:	Save as expressly provided in the Bye-laws and save and except for the voting rights and distribution entitlements upon liquidation, winding-up or dissolution of the Company, each CPS shall have the same rights as each of the Shares. The Conversion Shares will be issued as fully paid and rank pari passu in all respects with the Shares in issue as at the date of conversion.
Adjustment:	If and whenever the Shares are consolidated or sub-divided into a different nominal amount, then the same consolidation or subdivision shall be effected on the CPS, in which case the conversion ratio shall remain as one CPS for one Share (as consolidated or sub-divided, as the case may be).
Listing:	No listing has been sought for the CPS on the Stock Exchange or any other stock exchange. However, an application has been made by the Company to the Listing Committee for the listing of, and permission to deal in, the Conversion Shares.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY 'S LISTED SECURITIES

During the year ended 31 December 2015, neither the Company nor any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

NON-COMPETITION UNDERTAKING

Pursuant to the Non-Competition Undertaking, COFCO Corporation has undertaken in favour of the Company for itself and on behalf of its subsidiaries during the term of the Non-Competition Undertaking, COFCO Corporation shall not, and shall procure that none of its subsidiaries (excluding COFCO Property and its subsidiaries) shall, directly or indirectly, whether as principal or agent, and whether undertaken solely or jointly and whether through intermediate holding companies or otherwise, carry on, engage, invest, participate or otherwise be interested in any business or company which is directly or indirectly engaged in the Restricted Business in competition with the Group in the PRC and Hong Kong. After review of all relevant information on 31 December 2015, the Independent Board Committee considered that COFCO corporation had complied with the Non-Competition Undertaking for the year ended 31 December 2015.

REGULATORY COMPLIANCE

As disclosed in the Company's circulars dated 30 November 2013 and 5 November 2014, there were certain non-compliances relating to the Group or its property projects during the year under review. As at the date of this Annual Report, the respective progress of the remedial measures taken by the Group in respect of those non-compliances which may be remedied remained substantially the same as described in the Company's annual report dated 30 March 2015.

CORPORATE GOVERNANCE

The Company's principal corporate governance practices are set out in the Corporate Governance Report on pages 65 to 77 of this Annual Report.

CLOSURE OF REGISTER OF MEMBERS

For determining the eligibility of the Shareholders to attend and vote at the AGM, the register of members of the Company will be closed from Tuesday, 31 May 2016 to Thursday, 2 June 2016, both days inclusive, during which period no transfer of Shares will be registered. In order to qualify for attending and voting at the AGM, all transfer documents, accompanied by the relevant share certificate(s), must be lodged for registration with the Company's branch share registrar and transfer office in Hong Kong, Tricor Progressive Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, no later than 4:30 p.m. on Monday, 30 May 2016.

For the purposes of ascertaining shareholders' entitlement to the proposed final dividend, the register of members of the Company will be closed from Wednesday, 8 June 2016 to Monday, 13 June 2016, both days inclusive, during which period no transfer of Shares will be registered. In order to qualify for the propose final dividend, all transfer documents, accompanied by the relevant share certificate(s), must be lodged for registration with the Company's branch share registrar and transfer office in Hong Kong, Tricor Progressive Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong no later than 4:30 p.m. on Tuesday, 7 June 2016.

Directors' Report

AUDIT COMMITTEE

The audited consolidated results of the Group for the year ended 31 December 2015 have been reviewed by the Audit Committee. Information on the work of Audit Committee and its composition are set out in the Corporate Governance Report.

SUBSEQUENT EVENTS

Details of significant subsequent events after the end of the reporting period are set out in Note 56 to the consolidated financial statements.

RELATED PARTY TRANSACTIONS

Details of the related party transactions undertaken in normal course of business are set out in Note 52 to the consolidated financial statements. In relation to those related party transactions that constituted connected transactions under the Listing Rules, they have complied with applicable requirements in accordance with Chapter 14A of the Listing Rules.

AUDITOR

Deloitte Touche Tohmatsu will retire and, being eligible, offers themselves for re-appointment at the AGM during which a resolution for their re-appointment as auditor of the Company and authorising the Directors to fix their remuneration will be proposed.

CHARITABLE DONATION

Charitable donation made by the Group during the financial year amounted to RMB500,000 (2014: Nil). Details of the donation are set out in the Corporate Social Responsibility Report on page 59 of this Annual Report.

ON BEHALF OF THE BOARD

ZHOU Zheng
Chairman

Hong Kong
21 March 2016

Five Years Financial Summary

	Five Years Financial Summary				
	2015	2014	2013	2012	2011
	RMB'000	RMB'000 (restated) (Note)	RMB'000	RMB'000	RMB'000
CONSOLIDATED RESULTS					
Revenue	**5,374,208**	5,712,841	6,809,101	6,647,771	4,668,599
Profit for the year attributable to owners of the Company	**725,718**	1,710,190	3,117,678	1,782,618	1,726,154

	As at 31 December				
	2015	2014	2013	2012	2011
	RMB'000	RMB'000 (restated) (Note)	RMB'000	RMB'000	RMB'000
CONSOLIDATED ASSETS AND LIABILITIES					
Total assets	**72,954,074**	68,038,169	61,772,051	54,554,054	48,882,490
Total liabilities	**(39,676,915)**	(41,037,286)	(32,229,077)	(34,352,504)	(34,861,408)
Total equity	**33,277,159**	27,000,883	29,542,974	20,201,550	14,021,082
Equity attributable to owners of the Company	**25,040,106**	19,763,780	25,588,872	16,936,613	11,311,866

Note:

As further explained in Note 2 to the consolidated financial statements, the Group completed a disclosable and connected transaction in relation to the acquisition of Zhejiang Herun Tiancheng (as defined in Note 2 to the consolidated financial statements), a subsidiary of COFCO Corporation since October 2014, during the year. As the Group and Zhejiang Herun Tiancheng were under common control of COFCO Corporation and COFCO Corporation will continue to control the Group and that entity upon completion of the acquisition, the acquisition is considered as a combination of business under common control and accounted for under the principles of merger accounting, pursuant to which consolidated financial statements of the Group have been prepared as if that entity had been a subsidiary of the Group since October 2014. Accordingly, the financial information for the year ended 31 December 2014 has been restated accordingly.

Independent Auditor's Report

Deloitte.
德勤

TO THE MEMBERS OF JOY CITY PROPERTY LIMITED
(incorporated in Bermuda with limited liability)

We have audited the consolidated financial statements of Joy City Property Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 108 to 215, which comprise the consolidated statement of financial position as at 31 December 2015, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body, in accordance with Section 90 of the Bermuda Companies Act, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

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

Independent Auditor's Report

OPINION

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

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong

21 March 2016

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2015

	NOTES	Year ended 31 December 2015 RMB'000	2014 RMB'000 (restated) (Note 2)
Revenue	6	**5,374,208**	5,712,841
Cost of sales and services rendered	11	**(2,479,565)**	(2,318,049)
Gross profit		**2,894,643**	3,394,792
Other income	8	**65,736**	116,035
Other gains and losses, net	9	**256,149**	163,926
Distribution and selling costs		**(570,787)**	(489,338)
Administrative expenses		**(966,615)**	(984,171)
Fair value gain of investment properties	17	**964,015**	1,970,908
Finance costs	10	**(957,201)**	(926,492)
Share of loss of an associate		**(35,202)**	(10,006)
Profit before tax	11	**1,650,738**	3,235,654
Income tax expense	12	**(691,562)**	(1,251,297)
Profit for the year		**959,176**	1,984,357
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation		**132,993**	8,646
Hedging instrument in cash flow hedge:			
Reclassification adjustment for gain included in profit or loss		**–**	(608)
		132,993	8,038
Items that will not be reclassified to profit or loss:			
Revaluation of properties:			
Gain on revaluation of property, plant and equipment and land use rights transferred to investment properties		**6,370**	–
Income tax effect		**(1,592)**	–
		4,778	–
Other comprehensive income for the year		**137,771**	8,038
Total comprehensive income for the year		**1,096,947**	1,992,395
Profit for the year attributable to:			
Owners of the Company		**725,718**	1,710,190
Holder of perpetual capital instruments		**244,899**	45,419
Non-controlling interests		**(11,441)**	228,748
		959,176	1,984,357
Total comprehensive income for the year attributable to:			
Owners of the Company		**863,489**	1,718,228
Holder of perpetual capital instruments		**244,899**	45,419
Non-controlling interests		**(11,441)**	228,748
		1,096,947	1,992,395
Basic earnings per share	14	**RMB5.3 cents**	RMB17.2 cents

Consolidated Statement of Financial Position

At 31 December 2015

	NOTES	At 31 December 2015 RMB'000	At 31 December 2014 RMB'000 (Restated) (Note 2)
NON-CURRENT ASSETS			
Investment properties	17	**46,022,402**	41,859,912
Property, plant and equipment	18	**5,162,972**	5,963,010
Leasehold land and land use rights	19	**844,371**	853,692
Intangible assets	20	**28,237**	18,617
Interest in an associate	21	**54,088**	89,290
Interest in a joint venture	22	**8,661**	–
Available-for-sale investments	23	**510**	1,510
Goodwill	24	**253,042**	184,297
Deposits and prepayments	31	**10,000**	46,252
Deferred tax assets	25	**19,305**	49,528
Amount due from the ultimate holding company	32	**20,000**	20,000
		52,423,588	49,086,108
CURRENT ASSETS			
Inventories	27	**28,144**	29,581
Properties held for sale	28	**2,789,006**	533,928
Properties under development for sale	29	**12,342,085**	11,070,373
Accounts receivable	30	**133,356**	124,601
Deposits, prepayments and other receivables	31	**221,021**	609,663
Amounts due from the ultimate holding company	32	**240**	965
Amounts due from fellow subsidiaries	32	**16,049**	19,777
Amounts due from non-controlling interests	32	**181**	–
Loans to a joint venture	22	**1,235,332**	–
Tax recoverable		**37,150**	73,953
Restricted bank deposits	33	**517,688**	87,979
Pledged deposits	33	**1,469**	–
Cash and bank balances	33	**3,208,765**	6,401,241
		20,530,486	18,952,061

Consolidated Statement of Financial Position

At 31 December 2015

	NOTES	At 31 December 2015 RMB'000	At 31 December 2014 RMB'000 (Restated) (Note 2)
CURRENT LIABILITIES			
Accounts payable	34	**1,236,389**	1,132,219
Other payables and accruals	35	**4,428,645**	3,257,270
Deposits received in respect of pre-sale of properties		**1,420,686**	449,487
Amounts due to the ultimate holding company	32	**331,186**	331,002
Amounts due to an intermediate holding company	32	**585**	–
Amounts due to fellow subsidiaries	32	**76,051**	5,083,145
Amounts due to non-controlling interests	32	**929,245**	108,421
Loans from fellow subsidiaries	26	**1,888,540**	4,046,650
Loans from non-controlling interests	26	**5,000**	–
Bank borrowings	36	**2,330,477**	5,574,204
Income tax and land appreciation tax payables		**220,504**	875,833
		12,867,308	20,858,231
NET CURRENT ASSETS/(LIABILITIES)		**7,663,178**	(1,906,170)
TOTAL ASSETS LESS CURRENT LIABILITIES		**60,086,766**	47,179,938
NON-CURRENT LIABILITIES			
Rental deposits received		**282,638**	287,157
Loans from a fellow subsidiary	26	**396,000**	455,500
Bank borrowings	36	**15,003,946**	9,160,716
Deferred tax liabilities	25	**5,955,134**	5,413,383
Guaranteed notes	37	**5,171,889**	4,862,299
		26,809,607	20,179,055
NET ASSETS		**33,277,159**	27,000,883

Consolidated Statement of Financial Position

At 31 December 2015

	NOTES	At 31 December 2015 RMB'000	2014 RMB'000 (Restated) (Note 2)
CAPITAL AND RESERVES			
Share capital	38	**1,122,414**	748,041
Reserves	40	**23,917,692**	19,015,739
Equity attributable to owners of the Company		**25,040,106**	19,763,780
Perpetual capital instruments	41	**4,012,548**	3,767,649
Non-controlling interests		**4,224,505**	3,469,454
TOTAL EQUITY		**33,277,159**	27,000,883

The consolidated financial statements on pages 108 to 215 were approved and authorised for issue by the Board of Directors on 21 March 2016 and are signed on its behalf by:

ZHOU Zheng	**MA Wangjun**
DIRECTOR	*DIRECTOR*

Consolidated Statement of Changes in Equity

For the year ended 31 December 2015

	Attributable to owners of the Company														
	Ordinary share capital RMB'000 (Note (a)) (Note 38)	Share premium RMB'000 (Note (a))	Non-redeemable convertible preference shares RMB'000 (Note (a)) (Note 39)	Special reserve RMB'000 (Notes (a) and (e))	Other reserve RMB'000 (Note (b))	Capital reserve RMB'000 (Note (c))	Statutory reserve RMB'000 (Note (d))	Property revaluation reserve RMB'000	Hedging reserve RMB'000	Foreign currency translation reserve RMB'000	Retained profits RMB'000	Total RMB'000	Perpetual capital instruments RMB'000 (Note 41)	Non-controlling interests RMB'000	Total equity RMB'000
At 1 January 2014	667,941	11,808,027	1,722,317	(10,888,252)	2,348,144	5,435,305	347,262	17,000	608	(221,738)	14,352,258	25,588,872	–	3,954,102	29,542,974
Profit and other comprehensive income/(expense) for the year (restated)	–	–	–	–	–	–	–	–	(608)	8,646	1,710,190	1,718,228	45,419	228,748	1,992,395
Acquisition of non-controlling interests (Note (f))	80,100	1,521,892	–	–	–	(74,981)	–	–	–	–	–	1,527,011	–	(1,348,612)	178,399
Issue of perpetual capital instruments (Note 40)	–	–	–	–	–	–	–	–	–	–	–	–	3,767,649	–	3,767,649
Interest on perpetual capital instruments (Note 41)	–	–	–	–	–	–	–	–	–	–	–	–	(45,419)	–	(45,419)
Acquisition of Joy City Projects (Note (g)):															
Consideration paid and payable	–	–	–	(9,869,396)	–	–	–	–	–	–	–	(9,869,396)	–	–	(9,869,396)
Elimination of shareholders' loans owing by the Target Companies	–	–	–	–	788,885	–	–	–	–	–	–	788,885	–	–	788,885
Combination of a subsidiary under common control (Note 2)	–	–	–	–	–	11,375	–	–	–	–	(1,195)	10,180	–	–	10,180
Dividend declared to non-controlling interests	–	–	–	–	–	–	–	–	–	–	–	–	–	(190,071)	(190,071)
Statutory reserve appropriation	–	–	–	–	–	–	62,881	–	–	–	(62,881)	–	–	–	–
Contribution from non-controlling interests	–	–	–	–	–	–	–	–	–	–	–	–	–	825,287	825,287
At 31 December 2014 (restated)	748,041	13,329,919	1,722,317	(20,757,648)	3,137,029	5,371,699	410,143	17,000	–	(213,092)	15,998,372	19,763,780	3,767,649	3,469,454	27,000,883

Consolidated Statement of Changes in Equity

For the year ended 31 December 2015

	Attributable to owners of the Company														
	Ordinary share capital RMB'000 (Note (a)) (Note 38)	Share premium RMB'000 (Note (a))	Non-redeemable convertible preference shares RMB'000 (Note (a)) (Note 39)	Special reserve RMB'000 (Notes (a) and (e))	Other reserve RMB'000 (Note (b))	Capital reserve RMB'000 (Note (c))	Statutory reserve RMB'000 (Note (d))	Property revaluation reserve RMB'000	Hedging reserve RMB'000	Foreign currency translation reserve RMB'000	Retained profits RMB'000	Total RMB'000	Perpetual capital instruments RMB'000 (Note 41)	Non-controlling interests RMB'000	Total equity RMB'000
At 1 January 2015 (as originally stated)	748,041	13,329,919	1,722,317	(20,757,648)	3,137,029	5,360,324	410,143	17,000	–	(213,092)	15,962,506	19,716,539	3,767,649	3,469,454	26,953,642
Combination of a subsidiary under common control (Note 2)	–	–	–	–	–	11,375	–	–	–	–	35,866	47,241	–	–	47,241
At 1 January 2015 (restated)	748,041	13,329,919	1,722,317	(20,757,648)	3,137,029	5,371,699	410,143	17,000	–	(213,092)	15,998,372	19,763,780	3,767,649	3,469,454	27,000,883
Profit and other comprehensive income/(expense) for the year	–	–	–	–	–	–	–	4,778	–	132,993	725,718	863,489	244,899	(11,441)	1,096,947
Acquisition of a subsidiary under common control (Note 2)	–	–	–	(43,760)	–	–	–	–	–	–	–	(43,760)	–	–	(43,760)
Rights issue of shares (Note 38)	374,373	4,679,668	–	–	–	–	–	–	–	–	–	5,054,041	–	–	5,054,041
Share issue expenses (Note 38)	–	(16,385)	–	–	–	–	–	–	–	–	–	(16,385)	–	–	(16,385)
Acquisition of non-controlling interests (Note (h))	–	–	–	–	–	(193,858)	–	–	–	–	–	(193,858)	–	(376,012)	(569,870)
Acquisition of a subsidiary (Note 49)	–	–	–	–	–	–	–	–	–	–	–	–	–	1,139,464	1,139,464
Capital injection to a subsidiary (Note (i))	–	–	–	–	–	(262,547)	–	–	–	–	–	(262,547)	–	292,540	29,993
Capital reduction from non-controlling interests (Note (j))	–	–	–	–	–	–	–	–	–	–	–	–	–	(240,000)	(240,000)
Statutory reserve appropriation	–	–	–	–	–	–	40,868	–	–	–	(40,868)	–	–	–	–
Dividend declared to non-controlling interests	–	–	–	–	–	–	–	–	–	–	–	–	–	(49,500)	(49,500)
Final 2014 dividend declared (Note 13)	–	–	–	–	–	–	–	–	–	–	(124,654)	(124,654)	–	–	(124,654)
At 31 December 2015	1,122,414	17,993,202	1,722,317	(20,801,408)	3,137,029	4,915,294	451,011	21,778	–	(80,099)	16,558,568	25,040,106	4,012,548	4,224,505	33,277,159

Notes:

(a) Issued equity comprises of ordinary share capital of the Company, share premium, non-redeemable convertible preference shares and special reserve.

(b) Other reserve as at 1 January 2014 mainly included balances arising on using the principles of merger accounting to account for business combinations involving entities under common control of RMB2,617,690,000 in 2013.

(c) Capital reserve as at 1 January 2014 mainly included capital contribution from COFCO Corporation, the ultimate holding company of the Company, of which included capital contribution of RMB4,208,294,000 to a subsidiary of the Group during the year ended 31 December 2012.

(d) The amount mainly represents statutory reserve of the companies registered in the People's Republic of China ("PRC"). According to the relevant laws in the PRC, companies established in the PRC are required to transfer their net profit after tax, as determined under the PRC GAAP, to a non-distributable reserve fund before the distribution of a dividend to equity owners. Such reserve fund can be used to offset the previous years' losses, if any, and is non-distributable other than upon liquidation.

Consolidated Statement of Changes in Equity

For the year ended 31 December 2015

(e) Special reserve as at 1 January 2014 included balances arising on the Reverse Takeover Transaction completed in December 2013 of RMB11,138,521,000.

(f) On 19 August 2014, the Company completed the acquisition of non-controlling interests in certain subsidiaries of the Group together with shareholders' loans from the non-controlling shareholders of RMB178,399,000. The aggregate consideration of the acquisition was RMB1,601,992,000, which was satisfied by the issue and allotment of 1,008,684,000 ordinary shares of the Company of HK$2 each to the non-controlling shareholders. The difference of RMB74,981,000 between the consideration paid and the decrease in the carrying amount of non-controlling interests of RMB1,348,612,000 and shareholders' loans of RMB178,399,000 has been debited to capital reserve.

(g) On 4 December 2014, a very substantial acquisition and connected transaction in relation to the acquisition of Joy City Projects (which comprise mixed-use complex projects which are or to be developed under the brand of "Joy City") was completed. The Company acquired (i) from Sheen Jade Limited ("Sheen Jade") all the issued share capital of Fortune Set Limited ("Fortune Set") after the transfer by Magic Grain Limited, an indirect wholly-owned subsidiary of COFCO Corporation, of its entire issued share capital in Fortune Set to Sheen Jade in 2014; (ii) from COFCO Land Limited ("COFCO Land") all the issued share capital of Kersen Properties Limited and Mega Health Limited (collectively, together with Fortune Set, the "Target Companies"); and (iii) the shareholders' loans of HK$995.9 million (approximately RMB788.9 million) which were outstanding and owing by certain of the Target Companies to COFCO Land as of the date of the acquisition agreement dated 12 September 2014 (together with the acquisition of the Target Companies, referred to as the "Acquisition"), by cash consideration of HK$12,459.8 million (approximately RMB9,869.4 million). As the Group and the Target Companies were under common control of COFCO Corporation and COFCO Corporation will continue to control the Group and the Target Companies upon completion of the Acquisition, the Acquisition is considered as a combination of businesses under common control and accounted for using the principles of merger accounting, pursuant to which the consolidated financial statements of the Group have been prepared as if the Target Companies and its subsidiaries had been subsidiaries of the Group since the beginning of year 2013.

(h) On 1 December 2015, a subsidiary of the Company established in the PRC entered into an equity transfer agreement with the non-controlling shareholder (the "Non-Controlling Shareholder") of 北京昆庭資產管理有限公司 (Beijing Kunting Asset Management Co., Ltd*) ("Beijing Kunting"), an indirect non-wholly-owned subsidiary of the Group, pursuant to which the Group agreed to acquire and the Non-Controlling Shareholder agreed to sell 35% equity interest in Beijing Kunting for a consideration of RMB569,870,000. Upon completion of the above transaction, Beijing Kunting is owned as to 65% and 35% by the Group and the Non-Controlling Shareholder, respectively. The excess of the consideration paid over the decrease in the carrying amount of non-controlling interests of RMB193,858,000 has been recorded against capital reserve. See Note 51(b).

(i) On 30 November 2015, COFCO (BVI) No. 97 Limited ("BVI 97"), a then indirect wholly-owned subsidiary of the Company, entered into a capital increase agreement with COFCO Corporation and Taiwan Hotel Limited, a subsidiary of BVI 97, whereby BVI 97 and COFCO Corporation, which held equity interest in Taiwan Hotel Limited of 51% and 49% respectively, made capital contribution of RMB645,000,000 and RMB29,993,000 in cash, respectively, to Taiwan Hotel Limited. The difference of RMB262,547,000 between the contribution from COFCO Corporation and the decrease in non-controlling interests has been debited to capital reserve.

(j) In October 2015, 三亞虹霞開發建設有限公司 (Sanya Hongxia Development & Construction Co., Ltd*) ("Sanya Hongxia"), a 80% owned subsidiary of the Company, resolved to reduce its paid-up registered capital from RMB2,539,500,000 to RMB1,339,500,000. Accordingly, an amount of RMB960,000,000 and RMB240,000,000 was distributed to the Group and the non-controlling shareholder of Sanya Hongxia, respectively, based on their respective equity interest in Sanya Hongxia. See Note 51(c).

* The English names are translations of their Chinese names and are included for identification purpose only, and should not be regarded as their official English translation.

Consolidated Statement of Cash Flows

For the year ended 31 December 2015

	Year ended 31 December	
	2015 RMB'000	2014 RMB'000 (restated)
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before tax	**1,650,738**	3,235,654
Adjustments for:		
Finance costs	**957,201**	926,492
Interest income	**(33,942)**	(74,189)
Share of loss of an associate	**35,202**	10,006
Gain on deemed disposal/disposal of subsidiaries	**(579,503)**	(106,115)
Impairment loss on property, plant and equipment	**–**	96
Reversal of impairment loss on property, plant and equipment	**–**	(30,235)
Amortisation of intangible assets	**7,293**	5,253
Amortisation of leasehold land and land use rights	**30,587**	25,329
Depreciation of property, plant and equipment	**303,371**	309,650
Fair value gain of investment properties	**(964,015)**	(1,970,908)
Impairment loss on properties under development for sale	**11,341**	–
(Reversal of impairment loss)/impairment loss on accounts receivable, net	**(2,010)**	6,498
Reversal of impairment loss on other receivables, net	**(12,826)**	(6,416)
Exchange loss/(gain), net	**318,894**	(46,388)
Loss on disposal of property, plant and equipment, net	**2,063**	2,812
Operating cash flows before movements in working capital	**1,724,394**	2,287,539
Decrease/(increase) in inventories	**790**	(2,350)
Decrease in properties held for sale	**857,008**	842,542
Increase in properties under development for sale	**(2,533,120)**	(3,478,811)
(Increase)/decrease in accounts receivable	**(8,487)**	32,551
Decrease in deposits, prepayments and other receivables	**294,154**	225,201
Increase/(decrease) in accounts payable	**114,295**	(654,487)
Increase/(decrease) in other payables and accruals	**35,315**	(93,137)
Increase/(decrease) in deposits received in respect of pre-sale of properties	**971,199**	(394,983)
Increase in rental deposits received	**88,228**	44,624
Increase in restricted bank deposits	**(187,893)**	—
Decrease/(increase) in amounts due from the ultimate holding company	**725**	(238)
Decrease/(increase) in amounts due from fellow subsidiaries	**3,728**	(10,654)
Increase/(decrease) in amounts due to the ultimate holding company	**184**	(2,953)
Increase in amounts due to fellow subsidiaries	**19,857**	15,563
Cash generated from/(used in) operations	**1,380,377**	(1,189,593)
PRC Enterprise Income Tax and Hong Kong profits tax paid	**(173,764)**	(469,869)
Land Appreciation Tax paid	**(705,646)**	(726,573)
NET CASH GENERATED FROM/(USED IN) OPERATING ACTIVITIES	**500,967**	(2,386,035)

Consolidated Statement of Cash Flows

For the year ended 31 December 2015

	Year ended 31 December	
	2015 RMB'000	2014 RMB'000 (restated)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	**36,947**	75,927
Payments for property, plant and equipment	**(475,239)**	(860,341)
Payments for intangible assets	**(19,154)**	(15,461)
Payments for investment properties	**(501,220)**	(2,511,412)
Payments for leasehold land and land use rights	**(139,748)**	(108,631)
Proceeds from disposal of property, plant and equipment	**743**	1,733
Acquisition of a subsidiary (Note 49)	**(1,205,065)**	–
Deemed disposal/disposal of subsidiaries (Note 50)	**(737,558)**	160,811
Repayment of loans to fellow subsidiaries	**–**	230,792
Advance to non-controlling interests	**(181)**	–
Repayment from non-controlling interests	**–**	35
Placement of restricted bank deposits	**(305,943)**	(622,975)
Withdrawal of restricted bank deposits	**64,127**	555,271
(Increase)/decrease in pledged deposits	**(1,469)**	10,251
Decrease/(increase) in non-pledged time deposits with original maturity of more than three months when acquired	**221,735**	(309,500)
NET CASH USED IN INVESTING ACTIVITIES	**(3,062,025)**	(3,393,500)
CASH FLOWS FROM FINANCING ACTIVITIES		
Interest paid	**(1,376,522)**	(1,054,850)
Proceeds from guaranteed notes	**–**	4,857,774
Issue of perpetual capital instruments	**–**	3,767,649
Interest paid on perpetual capital instruments	**–**	(37,936)
Proceeds from bank borrowings	**12,245,290**	5,981,209
Repayment of bank borrowings	**(9,645,787)**	(4,911,099)
Proceeds from placing of new shares (Note 38)	**5,054,041**	–
Share issue expenses (Note 38)	**(16,385)**	–
Loans from fellow subsidiaries	**4,343,008**	4,274,000
Repayment of loans from fellow subsidiaries	**(6,502,814)**	(1,580,864)
Loans from the ultimate holding company	**640,000**	–
Repayment of loans from the ultimate holding company	**(140,000)**	(3,470,183)
Advance from an intermediate holding company	**585**	–
Advance from fellow subsidiaries	**11,574**	156,068
Repayment to fellow subsidiaries	**(4,914,575)**	(68,886)
Loans from non-controlling interests	**5,000**	–
Repayment to non-controlling interests	**–**	(13,027)
Dividends paid	**(124,387)**	–
Dividends paid to non-controlling interests	**(38,725)**	(167,865)
Contributions from non-controlling interests	**29,993**	73,264
Acquisition of subsidiaries accounted for under merger accounting	**(43,760)**	(4,954,820)
NET CASH (USED IN)/GENERATED FROM FINANCING ACTIVITIES	**(473,464)**	2,850,434

Consolidated Statement of Cash Flows

For the year ended 31 December 2015

	Year ended 31 December	
	2015	2014
	RMB'000	RMB'000
		(restated)
NET DECREASE IN CASH AND CASH EQUIVALENTS	**(3,034,522)**	(2,929,101)
Cash and cash equivalents at beginning of year	**6,091,741**	9,011,883
Effects of exchange rate changes on the balance of cash held in foreign currencies	**63,781**	8,959
CASH AND CASH EQUIVALENTS AT END OF YEAR	**3,121,000**	6,091,741
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and bank balances	**2,829,612**	4,413,689
Non-pledged time deposits	**379,153**	1,987,552
Cash and bank balances as stated in the consolidated statement of financial position	**3,208,765**	6,401,241
Non-pledged time deposits with original maturity of more than three months when acquired (Note 33)	**(87,765)**	(309,500)
Cash and cash equivalents as stated in the consolidated statement of cash flows	**3,121,000**	6,091,741

Notes to the Consolidated Financial Statements

For the year ended 31 December 2015

1. GENERAL INFORMATION

Joy City Property Limited (the "Company", together with its subsidiaries, collectively referred to as the "Group") was incorporated in Bermuda with limited liability and its ordinary shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The principal activity of the Company is investment holding. The Company's subsidiaries are principally involved in investment holding, property investment and development, property management and hotel operations.

The immediate holding company of the Company is Achieve Bloom Limited. In the opinion of the directors of the Company, the ultimate holding company of the Company is COFCO Corporation, a company established in the People's Republic of China (the "PRC").

The consolidated financial statements are presented in Renminbi ("RMB"), the currency of the primary economic environment in which most of the group entities operate (the functional currency of most of the entities comprising the Group).

2. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS

During the year, a discloseable and connected transaction in relation to the acquisition of the entire equity interest in 浙江和潤天成置業有限公司 (Zhejiang Herun Tiancheng Real Estate Company Limited*) ("Zhejiang Herun Tiancheng") by the Group from 上海萬良企業管理諮詢有限公司 (Shanghai Wanliang Enterprise Management Consultancy Company Limited*) ("Shanghai Wanliang"), a wholly-owned subsidiary of COFCO Corporation, was completed. The consideration of the acquisition is RMB43,760,000.

Zhejiang Herun Tiancheng is a limited liability company established in the PRC and is principally engaged in property development, which was acquired by Shanghai Wanliang from third parties in October 2014. Accordingly, Zhejiang Herun Tiancheng became a subsidiary of COFCO Corporation since October 2014. The principal asset of Zhejiang Herun Tiancheng is two pieces of lands located in Gongshu District, Hangzhou City, the PRC (the "Lands"). It is planned that the Lands will be developed into commercial and residential properties.

The details of the above acquisition are set out in the Company's announcement dated 3 February 2015 and the Company's circular dated 6 March 2015.

As the Group and Zhejiang Herun Tiancheng were under common control of COFCO Corporation since October 2014 and COFCO Corporation continues to control the Group and Zhejiang Herun Tiancheng upon completion of the above acquisition, the acquisition is considered as a combination of entities under common control and accounted for using the principles of merger accounting, pursuant to which the consolidated financial statements of the Group have been prepared as if Zhejiang Herun Tiancheng had been a subsidiary of the Group since October 2014.

The consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows have been prepared as if Zhejiang Herun Tiancheng had been a subsidiary of the Group since October 2014.

* The English names of the Chinese companies marked with "*" are translations of their Chinese names and are included for identification purpose only, and should not be regarded as their official English translation.

2. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

The consolidated statement of financial position of the Group as at 31 December 2014 has been restated to include assets and liabilities of Zhejiang Herun Tiancheng as at that date. Respective notes to the consolidated financial statements have also been restated. All significant intra-group balances, income and expenses are eliminated on combination.

The effects of the combination of Zhejiang Herun Tiancheng on the results of the Group for the year ended 31 December 2014 and the financial position of the Group at 31 December 2014 are summarised below:

Consolidated profit or loss and other comprehensive income for the year ended 31 December 2014

	2014 RMB'000 (previously reported)	Combination of a subsidiary under common control RMB'000	2014 RMB'000 (restated)
Revenue	5,712,841	–	5,712,841
Cost of sales and services rendered	(2,318,049)	–	(2,318,049)
Gross profit	3,394,792	–	3,394,792
Other income	116,035	–	116,035
Other gains and losses, net	163,926	–	163,926
Distribution and selling costs	(489,331)	(7)	(489,338)
Administrative expenses	(983,899)	(272)	(984,171)
Fair value gain of investment properties	1,921,121	49,787	1,970,908
Finance costs	(926,492)	–	(926,492)
Share of loss of an associate	(10,006)	–	(10,006)
Profit before tax	3,186,146	49,508	3,235,654
Income tax expense	(1,238,850)	(12,447)	(1,251,297)
Profit for the year	1,947,296	37,061	1,984,357
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translation	8,646	–	8,646
Hedging instrument in cash flow hedge:			
Reclassification adjustment for gain included in profit or loss	(608)	–	(608)
Other comprehensive income for the year	8,038	–	8,038
Total comprehensive income for the year	1,955,334	37,061	1,992,395
Profit for the year attributable to:			
Owners of the Company	1,673,129	37,061	1,710,190
Holder of perpetual capital instruments	45,419	–	45,419
Non-controlling interests	228,748	–	228,748
	1,947,296	37,061	1,984,357
Total comprehensive income attributable to:			
Owners of the Company	1,681,167	37,061	1,718,228
Holder of perpetual capital instruments	45,419	–	45,419
Non-controlling interests	228,748	–	228,748
	1,955,334	37,061	1,992,395

Notes to the Consolidated Financial Statements

For the year ended 31 December 2015

2. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

Consolidated statement of financial position at 31 December 2014

	31 December 2014 RMB'000 (previously reported)	Combination of a subsidiary under common control RMB'000	31 December 2014 RMB'000 (restated)
NON-CURRENT ASSETS			
Investment properties	40,699,312	1,160,600	41,859,912
Property, plant and equipment	5,963,010	–	5,963,010
Leasehold land and land use rights	853,692	–	853,692
Intangible assets	18,617	–	18,617
Interest in an associate	89,290	–	89,290
Available-for-sale investments	1,510	–	1,510
Goodwill	184,297	–	184,297
Deposits and prepayments	46,252	–	46,252
Deferred tax assets	49,528	–	49,528
Amount due from the ultimate holding company	20,000	–	20,000
	47,925,508	1,160,600	49,086,108
CURRENT ASSETS			
Inventories	29,581	–	29,581
Properties held for sale	533,928	–	533,928
Properties under development for sale	9,307,789	1,762,584	11,070,373
Accounts receivable	124,601	–	124,601
Deposits, prepayments and other receivables	609,151	512	609,663
Amounts due from the ultimate holding company	965	–	965
Amounts due from fellow subsidiaries	19,769	8	19,777
Tax recoverable	73,953	–	73,953
Restricted bank deposits	87,979	–	87,979
Cash and bank balances	6,368,077	33,164	6,401,241
	17,155,793	1,796,268	18,952,061

2. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

Consolidated statement of financial position at 31 December 2014 (continued)

	31 December 2014 RMB'000 (previously reported)	Combination of a subsidiary under common control RMB'000	31 December 2014 RMB'000 (restated)
CURRENT LIABILITIES			
Accounts payable	1,132,219	–	1,132,219
Other payables and accruals	3,256,527	743	3,257,270
Deposits received in respect of pre-sale of properties	449,487	–	449,487
Amounts due to the ultimate holding company	331,002	–	331,002
Amounts due to fellow subsidiaries	5,074,208	8,937	5,083,145
Amounts due to non-controlling interests	108,421	–	108,421
Loans from fellow subsidiaries	1,159,150	2,887,500	4,046,650
Bank borrowings	5,574,204	–	5,574,204
Income tax and land appreciation tax payables	875,833	–	875,833
	17,961,051	2,897,180	20,858,231
NET CURRENT LIABILITIES	(805,258)	(1,100,912)	(1,906,170)
TOTAL ASSETS LESS CURRENT LIABILITIES	47,120,250	59,688	47,179,938
NON-CURRENT LIABILITIES			
Rental deposits received	287,157	–	287,157
Loans from a fellow subsidiary	455,500	–	455,500
Bank borrowings	9,160,716	–	9,160,716
Deferred tax liabilities	5,400,936	12,447	5,413,383
Guaranteed notes	4,862,299	–	4,862,299
	20,166,608	12,447	20,179,055
NET ASSETS	26,953,642	47,241	27,000,883
CAPITAL AND RESERVES			
Share capital	748,041	–	748,041
Reserves	18,968,498	47,241	19,015,739
Equity attributable to owners of the Company	19,716,539	47,241	19,763,780
Perpetual capital instruments	3,767,649	–	3,767,649
Non-controlling interests	3,469,454	–	3,469,454
TOTAL EQUITY	26,953,642	47,241	27,000,883

Notes to the Consolidated Financial Statements

For the year ended 31 December 2015

2. BASIS OF PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS (continued)

The effects of the combination of Zhejiang Herun Tiancheng on the Group's equity at 1 January 2015 are summarised below:

	1 January 2015 RMB'000 (previously reported)	Combination of a subsidiary under common control RMB'000	1 January 2015 RMB'000 (restated)
Ordinary share capital	748,041	–	748,041
Share premium	13,329,919	–	13,329,919
Non-redeemable convertible preference shares	1,722,317	–	1,722,317
Special reserve	(20,757,648)	–	(20,757,648)
Other reserve	3,137,029	–	3,137,029
Capital reserve	5,360,324	11,375	5,371,699
Statutory reserve	410,143	–	410,143
Property revaluation reserve	17,000	–	17,000
Foreign currency translation reserve	(213,092)	–	(213,092)
Retained profits	15,962,506	35,866	15,998,372
Equity attributable to owners of the Company	19,716,539	47,241	19,763,780
Perpetual capital instruments	3,767,649	–	3,767,649
Non-controlling interests	3,469,454	–	3,469,454
Total equity	26,953,642	47,241	27,000,883

The effects of the above business combination under common control on the Group's basic earnings per share for the year ended 31 December 2014 are as follows:

	Impact on basic earnings per share RMB cents
Figures before adjustments	16.8
Effect arising from business combination under common control	0.4
Figures after adjustments	17.2

3. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

The Group has applied the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants for the first time in the current year.

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

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

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

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

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

Other than as further explained below, the directors of the Company anticipate that the application of other new and revised HKFRSs will have no material impact on the Group's consolidated financial statements.

HKFRS 9 *Financial Instruments*

HKFRS 9 issued in 2009 introduced new requirements for the classification and measurement of financial assets. HKFRS 9 was subsequently amended in 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition, and in 2013 to include the new requirements for general hedge accounting. Another revised version of HKFRS 9 was issued in 2014 mainly to include a) impairment requirements for financial assets and b) limited amendments to the classification and measurement requirements by introducing a 'fair value through other comprehensive income' (FVTOCI) measurement category for certain simple debt instruments.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2015

3. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (continued)

HKFRS 9 *Financial Instruments* (continued)

Key requirements of HKFRS 9:

- All recognised financial assets that are within the scope of HKAS 39 *Financial Instruments: Recognition and Measurement* are required to be subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms that give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured at FVTOCI. All other debt investments and equity investments are generally measured at their fair value at the end of subsequent accounting periods. In addition, under HKFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.

- In relation to the impairment of financial assets, HKFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under HKAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

The directors of the Company anticipate that the adoption of HKFRS 9 in the future would not have a significant impact on amounts reported in respect of the Group's financial assets and financial liabilities based on an analysis of the Group's financial instruments as at 31 December 2015.

3. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs") (continued)

HKFRS 15 *Revenue from Contracts with Customers*

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

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

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Under HKFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in HKFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by HKFRS 15.

The directors of the Company are still assessing the impact of the application of HKFRS 15 on the Group's consolidated financial statements. For the moment, it is not practicable to provide a reasonable estimate of the effect of HKFRS 15 until the Group performs a detailed review.

Amendments to HKAS 1 *Disclosure Initiative*

The amendments to HKAS 1 *Presentation of Financial Statements* give some guidance on how to apply the concept of materiality in practice.

The amendments to HKAS 1 are effective for annual periods beginning on or after 1 January 2016. The directors of the Company do not anticipate that the application of these amendments to HKAS 1 will have a material impact on the amounts recognised in the Group's consolidated financial statements.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2015

4. SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

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

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

Basis of preparation

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

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

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

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of preparation (continued)

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

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The principal accounting policies are set out below.

Basis of consolidation

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

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

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

When the Group has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Group considers all relevant facts and circumstances in assessing whether or not the Group's voting rights in an investee are sufficient to give it power, including:

- the size of the Group's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Group, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Group has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2015

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of consolidation (continued)

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

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

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

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

Non-controlling interests in subsidiaries are presented separately from the Group's equity therein.

Changes in the Group's ownership interests in existing subsidiaries

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

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

Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognised in profit or loss as incurred.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Business combinations (continued)

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

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

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

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

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

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

Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business (see the accounting policy above) less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit on a pro-rata basis based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2015

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Merger accounting for business combination involving entities under common control

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

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

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

Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation. Investment properties are initially measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment properties are measured at their fair values using the fair value model. Gains and losses arising from changes in fair value of investment property are included in profit or loss for the period in which they arise.

Property under construction or development for future use as an investment property is classified as investment property under development and is initially measured at cost and subsequently at fair values using the fair value model. If the fair value cannot be reliably determined, the investment property under development will be measured at cost less impairment until such time as fair value can be determined or development is completed, in which time any difference between the fair value and the previous carrying amount is recognised in profit or loss in that period.

Construction costs incurred for investment properties under development are capitalised as part of the carrying amount of the investment properties under development.

Borrowing costs are capitalised as part of the carrying amount of the investment properties under development in accordance with the Group's accounting policy.

Property, plant and equipment

Property, plant and equipment including buildings and leasehold land (classified as finance leases) held for use in the production or supply of goods or services, or for administrative purposes, (other than construction in progress as described below), are stated in the consolidated statement of financial position at cost, less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Depreciation is recognised so as to write off the cost of assets (other than construction in progress) less their residual values over their useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Property, plant and equipment (continued)

Properties in the course of construction for production, supply or administrative purposes are carried at cost, less any recognised impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy. Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

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

Leasehold land and land use rights

Leasehold land and land use rights represent the Group's interests in land held under operating leases and are initially recognised at cost and subsequently amortised on the straight-line basis over the lease terms.

Properties held for sale/Properties under development for sale

Properties under development for sale under current assets are properties under development held for future sale in the ordinary course of business and are stated at the lower of cost and net realisable value. Cost includes the costs of land and development expenditure incurred and, where appropriate, borrowing costs capitalised. Net realisable value is determined based on prevailing market conditions. Net realisable value takes into account the price ultimately expected to be realised, less applicable variable selling expenses and the anticipated cost to completion. Upon completion, the properties are transferred to properties held for sale.

Properties held for sale are stated at the lower of cost and net realisable value. Cost includes the costs of land, development expenditure incurred and, where appropriate, borrowing costs capitalised. Net realisable value is determined based on prevailing market conditions.

Intangible assets

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis.

Investments in associates and joint ventures

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

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

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Investments in associates and joint ventures (continued)

The results and assets and liabilities of associates and joint ventures are incorporated in these consolidated financial statements using the equity method of accounting. The financial statements of associates and joint ventures used for equity accounting purposes are prepared using uniform accounting policies as those of the Group for like transactions and events in similar circumstances.

Under the equity method, an investment in an associate or joint venture is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate or joint venture. When the Group's share of losses of an associate or joint venture exceeds the Group's interest in that associate or joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate or joint venture), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture.

An investment in an associate or a joint venture is accounted for using the equity method from the date on which the investee becomes an associate or a joint venture. On acquisition of the investment in an associate or a joint venture, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

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

When a group entity transacts with an associate or a joint venture of the Group (such as a sale or contribution of assets), profits and losses resulting from the transactions with the associate or joint venture are recognised in the consolidated financial statements only to the extent of interests in the associate or joint venture that are not related to the Group.

Impairment losses on tangible and intangible assets other than goodwill

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

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment losses on tangible and intangible assets other than goodwill (continued)

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

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

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

Financial instruments

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

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

Financial assets

The Group's financial assets are classified into the following specified categories: loans and receivables and available-for-sale financial assets. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Effective interest method

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

Interest income is recognised on an effective interest basis for debt instruments.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2015

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial assets (continued)

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables (including accounts and other receivables, amounts due from and/or loans to fellow subsidiaries, the ultimate holding company, a joint venture and non-controlling interests, restricted bank deposits, pledged deposits and cash and bank balances) are measured at amortised cost using the effective interest method, less any identified impairment.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated as available-for-sale or are not classified as loans and receivables or held-to-maturity investments or financial assets at fair value through profit or loss.

Available-for-sale equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are measured at cost less any identified impairment losses at the end of the reporting period (see accounting policy on impairment loss on financial assets below).

Impairment of financial assets

Financial assets are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

Objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- breach of contract, such as default or delinquency in interest and principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

For certain categories of financial assets, such as accounts receivable, assets are assessed for impairment on a collective basis even if they were assessed not to be impaired individually. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period, as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets that are carried at amortised cost, the amount of the impairment loss recognised is 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.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets (continued)

For financial assets carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods.

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

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

Financial liabilities and equity instruments

Classification as debt or equity

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

Equity instruments

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

Effective interest method

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

Interest expense is recognised on an effective interest basis.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2015

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial liabilities and equity instruments (continued)

Financial liabilities

Financial liabilities of the Group (including accounts and other payables, amounts due to holding companies, fellow subsidiaries and non-controlling interests, loans from fellow subsidiaries and non-controlling interests, bank borrowings and guaranteed notes) are subsequently measured at amortised cost using the effective interest method.

Financial guarantee contracts

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

A financial guarantee contract issued by the Group and not designated as at fair value through profit or loss is recognised initially at its fair value less transaction costs that are directly attributable to the issue of the financial guarantee contract. Subsequent to initial recognition, the Group measures the financial guarantee contract at the higher of: (i) the amount of obligation under the contract, as determined in accordance with HKAS 37 *Provisions, Contingent Liabilities and Contingent Assets*; and (ii) the amount initially recognised less, when appropriate, cumulative amortisation recognised in accordance with the revenue recognition policy.

Derivative financial instruments

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

Hedge accounting

The Group designates the derivatives as hedging instruments for a cash flow hedge of the interest payments on the variable-rate bank loan (cash flow hedges).

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

Cash flow hedges

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income and accumulated in hedging reserve. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss, and is included in the "other gains and losses, net" item.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Hedge accounting (continued)

Cash flow hedges (continued)

Amounts previously recognised in other comprehensive income and accumulated in equity (hedging reserve) are reclassified to profit or loss in the periods when the hedged item is recognised in profit or loss, in the same line as the recognised hedged item.

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

Derecognition

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

On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

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

Leasing

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

The Group as lessor

Rental income from operating lease is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised a straight-line basis over the lease term.

The Group as lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Leasehold land and building for own use

When a lease includes both land and building elements, the Group assesses the classification of each element as a finance or an operating lease separately based on the assessment as to whether substantially all the risks and rewards incidental to ownership of each element have been transferred to the Group, unless it is clear that both elements are operating leases in which case the entire lease is classified as an operating lease. Specifically, the minimum lease payments (including any lump-sum upfront payments) are allocated between the land and the building elements in proportion to the relative fair values of the leasehold interests in the land element and building element of the lease at the inception of the lease.

To the extent the allocation of the lease payments can be made reliably, interest in leasehold land that is accounted for as an operating lease is presented as 'leasehold land and land use rights' in the consolidated statement of financial position and is amortised over the lease term on a straight-line basis. When the lease payments cannot be allocated reliably between the land and building elements, the entire lease is generally classified as a finance lease and accounted for as property, plant and equipment.

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised directly in other comprehensive income, in which cases, the exchange differences are also recognised directly in other comprehensive income.

For the purposes of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Group (i.e. RMB) using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of foreign currency translation reserve (attributed to non-controlling interests as appropriate).

Inventories

Inventories are stated at the lower of cost and net realisable value. Costs of inventories are determined on the weighted average basis. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from "profit before tax" as reported in the consolidated statement of profit or loss and other comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax base used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary difference to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries, and interests in associates and joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

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

For the purposes of measuring deferred tax liabilities or deferred tax assets for investment properties that are measured using the fair value model, the carrying amounts of such properties are presumed to be recovered through sale, unless the presumption is rebutted. The presumption is rebutted when the investment property is depreciable and is held within a business model whose business objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale. If the presumption is rebutted, deferred tax liabilities for such investment properties are measured in accordance with the above general principles set out in HKAS 12 (i.e. based on the expected manner as to how the properties will be recovered).

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Taxation (continued)

Current and deferred tax for the year

Current and deferred tax are recognised in profit or loss, except when it relates to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

Borrowing costs

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

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

Retirement benefit costs

Payments to defined contribution retirement benefit schemes are recognised as an expense when employees have rendered service entitling them to the contributions.

The employees of the Group in the PRC are members of the state-managed retirement benefit schemes operated by the PRC government. The Group's PRC companies are required to contribute certain percentage of their payroll to the retirement benefit scheme to fund the benefits. The only obligation of the Group with respect to the retirement benefit schemes is to make the required contributions under the schemes.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods sold and services provided in the normal course of business, net of discounts. Specifically, revenue from sale of properties in the ordinary course of business is recognised when the respective properties have been completed and delivered to the buyers, at which time all of the following criteria are satisfied:

- the Group has transferred to the buyer the significant risks and rewards of ownership of the properties;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the properties sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the Group; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Deposits received from purchasers prior to meeting the above criteria for revenue recognition are included in the consolidated statement of financial position under current liabilities.

Rental income in respect of properties under operating leases is recognised on a straight-line basis over the respective lease term.

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue recognition (continued)

Revenue from the provision of property agency and management services is recognised when the relevant services are provided.

Revenue from hotel operations and management is recognised when the relevant services are provided.

Primary land development income, which relates to the provision of land development service, is recognised when such services are rendered.

Interest income from a financial asset is recognised when it is probable that the economic benefit will flow to the Group and the amount of revenue can be measured reliability. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

Short-term employee benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave and sick leave in the period the related service is rendered at the undiscounted amount of benefits expected to be paid in exchange for that service.

Liabilities recognised in respect of short-term employee benefits are measured at the undiscounted amount of then benefits expected to be paid in exchange for the related service.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in Note 4, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an 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.

Critical judgments in applying accounting policies

The following are the critical judgements, apart from those involving estimations (see below), that management has made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the consolidated financial statements.

Deferred tax on investment properties

For the purposes of measuring deferred tax liabilities or deferred tax assets arising from investment properties that are measured using the fair value model, the directors of the Company have reviewed the Group's investment property portfolios and concluded that the Group's investment properties located in Hong Kong are not held under a business model whose objective is to consume substantially all of the economic benefits embodied in the investment properties over time, rather than through sale. Therefore, in measuring the Group's deferred tax on investment properties located in Hong Kong, the directors of the Company have determined that the presumption that the carrying amounts of investment properties measured using the fair value model are recovered entirely through sale is not rebutted. As a result, the Group has not recognised any deferred taxes on changes in fair value of investment properties located in Hong Kong as the Group is not subject to any income taxes on disposal of its investment properties.

With regards to the Group's investment properties located in Mainland China, the directors of the Company considered that they are held under a business model whose objective is to consume substantially all of the economic benefits embodied in these investment properties over time. Therefore, the directors of the Company have determined that the presumption that the carrying amounts of investment properties located in Mainland China measured using the fair value model are recovered entirely through sale is rebutted. As a result, the Group recognised deferred taxes on changes in fair value of the Group's investment properties located in Mainland China on the basis that the entire carrying amounts of these properties are recovered through use.

Operating lease commitments – Group as lessor

The Group has entered into commercial property leases on its investment property portfolio. The Group has determined, based on an evaluation of the terms and conditions of the arrangements, that it did not transfer substantially all the significant risks and rewards of ownership of these properties which are leased out through operating leases.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (continued)

Critical judgments in applying accounting policies (continued)

Classification between investment properties and owner-occupied properties

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

Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation of uncertainty at the end of each reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets within the next financial year from the end of each reporting period.

Valuation of investment properties

Investment properties are stated at fair value based on the valuation performed by independent professional valuers. In determining the fair value, the valuers have based on a method of valuation which involves certain estimates of market conditions. In relying on the valuation report, the directors of the Company have exercised their judgments and are satisfied that the assumptions used in the valuation are reflective of the current market conditions. Changes to these assumptions would result in changes in the fair value of the Group's investment properties and the corresponding adjustments to the amount of gain or loss would be recognised in profit or loss. Details are set out in Note 17.

Deferred tax

At 31 December 2015, deferred tax assets of RMB58,050,000 (31 December 2014: RMB240,307,000) mainly in relation to tax losses (2014: unrealised profit on intra-group transfer of land and land appreciation tax) have been recognised as set out in Note 25. The realisability of the deferred tax assets mainly depends on whether sufficient future profits or taxable temporary differences will be available in the future. The directors of the Company determine the deferred tax assets based on the enacted or substantially enacted tax rates and the best knowledge of profit projections of the subsidiaries for coming years during which the deferred tax assets are expected to be utilised. The directors of the Company will review the assumptions and profit projections by the end of each reporting period. In cases where the actual future profits generated are less than expected or there is a downward revision of estimated future profits, a reversal of deferred tax assets may arise, which would be recognised in profit or loss for the period in which such a reversal takes place.

Land appreciation tax ("LAT")

Certain subsidiaries of the Group are subject to LAT in the PRC. However, the implementation of the tax varies amongst different tax jurisdictions in various cities of the PRC and certain projects of the Group have not finalised their LAT calculations with the local tax authorities in the PRC.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (continued)

Key sources of estimation uncertainty (continued)

Land appreciation tax ("LAT") (continued)

Accordingly, significant judgement is required in determining the amount of land appreciation and its related income tax provisions. The Group recognised the land appreciation tax based on management's best estimates. The final tax outcome could be different from the amounts that were initially recorded, and these differences will impact the income tax expense and the related income tax provisions in the period in which such tax is finalised with local tax authorities.

Impairment of property, plant and equipment

The carrying amount of property, plant and equipment is reviewed for impairment when events or changes in circumstances indicate the carrying amount may not be recoverable in accordance with the accounting policies as disclosed in the relevant parts in Note 4 to the consolidated financial statements. The recoverable amount of the property, plant and equipment is the greater of the fair value less costs of disposal and value in use, the calculations of which involve the use of estimates. The carrying amount of property, plant and equipment at 31 December 2015 was RMB5,162,972,000 (31 December 2014: RMB5,963,010,000).

Useful lives and residual values of property, plant and equipment

In determining the useful lives and residual values of items of property, plant and equipment, the Group has to consider various factors, such as technical or commercial obsolescence arising from changes or improvements in production, or from a change in the market demand for the product or service output of the asset, expected usage of the asset, expected physical wear and tear, the care and maintenance of the asset, and legal or similar limits on the use of the asset. The estimation of the useful life of the asset is based on the experience of the Group with similar assets that are used in a similar way. Additional depreciation is made if the estimated useful lives and/or the residual values of items of property, plant and equipment are different from the previous estimation. Useful lives and residual values are reviewed, at the end of each reporting period based on changes in circumstances.

Impairment on properties held for sale/properties under development for sale

Impairment on properties held for sale/properties under development for sale is made based on the assessment of net realisable value. Estimates of net realisable value are based on the most reliable evidence available at the time the estimates are made, of the amount the properties are expected to realise. These estimates take into consideration fluctuations of price or cost directly relating to events occurring after the end of the reporting period to the extent that such events confirm conditions existing at the end of the reporting period. Significant management estimates are required in the estimates. Where the actual outcome or expectation in future is different from the original estimates, such differences will impact on the carrying amounts of properties held for sale/properties under development for sale and the amount of impairment loss/write-back of impairment loss in the periods in which such estimates have been changed.

The aggregate carrying amount of properties held for sale as at 31 December 2015 was RMB2,789,006,000 (31 December 2014: RMB533,928,000). The aggregate carrying amount of properties under development for sale as at 31 December 2015 was RMB12,342,085,000 (31 December 2014 (restated): RMB11,070,373,000).

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (continued)

Key sources of estimation uncertainty (continued)

Recognition and allocation of construction cost on properties under development for sale

Development costs of properties are recorded as properties under development for sale during the construction stage and will be transferred to completed properties held for sale upon completion. Apportionment of these costs will be recognised in profit or loss upon the recognition of the sale of the properties. Before the final settlement of the development costs, these costs are accrued by the Group based on management's best estimate.

When developing properties, the Group may divide the development projects into phases. Specific costs directly related to the development of a phase are recorded as the cost of such phase. Costs that are common to phases are allocated to individual phases based on the estimated saleable area of the entire project.

Where the final settlement of costs and the related cost allocation is different from the initial estimates, any increase or decrease in the development costs and other costs would affect the profit or loss in future years.

6. REVENUE

An analysis of the Group's revenue, which is also turnover of the Group, for the year is as follows:

	Year ended 31 December	
	2015	2014
	RMB'000	RMB'000
Property investment and development:		
Gross rental income from investment properties	**2,183,980**	2,008,659
Sales of properties held for sale	**1,476,454**	2,020,641
Service income for primary land development	**30,000**	220,877
Property management and related services	**328,517**	288,227
Other property related service income	**215,846**	163,504
	4,234,797	4,701,908
Hotel operations:		
Hotel room revenue	**783,448**	698,972
Other ancillary service	**355,963**	311,961
	1,139,411	1,010,933
Total revenue	**5,374,208**	5,712,841

Notes to the Consolidated Financial Statements

For the year ended 31 December 2015

7. SEGMENT INFORMATION

The Group is organised into certain business units according to the nature of goods sold or services provided. The operating segments of the Group are determined by the directors of the Company based on the business units by reference to the goods sold or services provided. These business units are the basis of internal reports provided to the directors of the Company, the chief operating decision maker, for the purpose of resource allocation and performance assessment. The operating segments of the entities comprising the Group with similar economic characteristics and similar nature of goods sold or services provided have been aggregated into the following reportable segments.

Property investment	Property letting
Property and land development	Development and sale of properties, and development of lands
Hotel operations	Hotel ownership and management
Property management and related services	Provision of agency services and property management services

Information regarding the above segments is reported below.

Segment revenue and segment results

The following is an analysis of the Group's revenue and results by reportable and operating segments.

	Property investment RMB'000	Property and land development RMB'000	Hotel operations RMB'000	Property management and related services RMB'000	Segment total RMB'000	Inter segment elimination RMB'000	Total RMB'000
Year ended 31 December 2015							
Segment revenue							
External customers	2,188,173	1,506,454	1,139,411	544,363	5,378,401	–	5,378,401
Inter-segment revenue	4,641	–	–	9,616	14,257	(14,257)	–
Consolidated	2,192,814	1,506,454	1,139,411	553,979	5,392,658	(14,257)	5,378,401
Rental adjustments							(4,193)
Revenue as presented in consolidated statement of profit or loss and other comprehensive income							5,374,208
Segment results	1,225,881	482,216	(80,556)	135,364	1,762,905		1,762,905
Unallocated corporate income and other gains							30,239
Unallocated corporate expenses and other losses							(693,521)
Gain on deemed disposal of subsidiaries							579,503
Fair value gain of investment properties							964,015
Finance costs							(957,201)
Share of loss of an associate							(35,202)
Profit before tax as presented in consolidated statement of profit or loss and other comprehensive income							1,650,738

7. SEGMENT INFORMATION (continued)

Segment revenue and segment results (continued)

	Property investment RMB'000	Property and land development RMB'000	Hotel operations RMB'000	Property management and related services RMB'000	Segment total RMB'000	Inter segment elimination RMB'000	Total RMB'000
Year ended 31 December 2014							
Segment revenue							
External customers	2,016,619	2,241,518	1,010,933	451,731	5,720,801	–	5,720,801
Inter-segment revenue	3,020	–	–	7,960	10,980	(10,980)	–
Consolidated	2,019,639	2,241,518	1,010,933	459,691	5,731,781	(10,980)	5,720,801
Rental adjustments							(7,960)
Revenue as presented in consolidated statement of profit or loss and other comprehensive income							5,712,841
Segment results (restated)	1,172,842	1,173,008	(92,582)	117,261	2,370,529		2,370,529
Unallocated corporate income and other gains							105,741
Unallocated corporate expenses and other losses							(381,141)
Gain on disposal of a subsidiary							106,115
Fair value gain of investment properties (restated)							1,970,908
Finance costs							(926,492)
Share of loss of an associate							(10,006)
Profit before tax as presented in consolidated statement of profit or loss and other comprehensive income (restated)							3,235,654

Inter-segment revenue was charged at prices agreed between group entities.

Segment revenue represents revenue earned by each segment without rental adjustments for property letting relating to the recognition of rental income from operating lease on a straight-line basis over the term of the relevant lease. Segment results represents the profit earned/loss incurred by each segment without allocation of certain items incurred for management purpose, including certain other income, other gains and losses, distribution and selling costs, administrative expenses, fair value gain of investment properties, finance costs, share of results of an associate, gain on deemed disposal/disposal of subsidiaries, and income tax expense. The above is the measure reported to the directors of the Company for the purposes of resource allocation and performance assessment.

Segment assets and liabilities

Segment assets and liabilities are not disclosed in the consolidated financial statements as they are not regularly provided to the directors of the Company for the purposes of resource allocation and performance assessment.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2015

7. SEGMENT INFORMATION (continued)

Geographical information

The following table sets out information about the Group's revenue from external customers by geographical location. The geographical location of customers is based on the location at which the services were provided or the goods and properties were delivered.

	Year ended 31 December	
	2015	2014
	RMB'000	RMB'000
Mainland China	**5,280,428**	5,636,468
Hong Kong	**93,780**	76,373
	5,374,208	5,712,841

Information about the Group's non-current assets by location is detailed below.

	At 31 December	
	2015	2014
	RMB'000	RMB'000
		(restated)
Mainland China	**49,255,240**	46,330,931
Hong Kong	**2,865,491**	2,489,842
	52,120,731	48,820,773

Non-current assets exclude goodwill, deferred tax assets, available-for-sale investments, amount from the ultimate holding company, and deposits included in deposits and prepayments under non-current assets.

Information about major customer

No revenue from transaction with single external customer is amounted to 10% or more of the Group's revenue for both 2015 and 2014.

7. SEGMENT INFORMATION (continued)

Other information

Amounts regularly provided to the chief operating decision maker are as follows:

	Property investment RMB'000	Property and land development RMB'000	Hotel operations RMB'000	Property management and related services RMB'000	Total RMB'000
Year ended 31 December 2015					
(Reversal of impairment loss)/ impairment loss on accounts and other receivables, net	**(15,889)**	**1,806**	**(1,157)**	**404**	**(14,836)**
Depreciation of property, plant and equipment	**23,371**	**9,744**	**265,382**	**4,874**	**303,371**
Amortisation of leasehold land and land use rights	**–**	**2,323**	**26,025**	**2,239**	**30,587**
Loss/(gain) on disposal of property, plant and equipment, net	**857**	**(5)**	**856**	**355**	**2,063**
Impairment loss on properties under development for sale	**11,341**	**–**	**–**	**–**	**11,341**
Year ended 31 December 2014					
(Reversal of impairment loss)/ impairment loss on accounts and other receivables, net	(13,078)	8,313	6,442	(1,595)	82
Depreciation of property, plant and equipment	39,717	58,360	201,409	10,164	309,650
Amortisation of leasehold land and land use rights	–	2,410	21,690	1,229	25,329
(Gain)/loss on disposal of property, plant and equipment, net	(1,394)	3,368	625	213	2,812
Impairment loss/(reversal of impairment loss) on property, plant and equipment, net	96	(30,235)	–	–	(30,139)

* Impairment loss on properties under development for sale is not included in segment profit or loss.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2015

8. OTHER INCOME

	Year ended 31 December 2015 RMB'000	2014 RMB'000
Interest income from:		
Banks	**33,942**	72,972
Loans to fellow subsidiaries	**–**	1,217
Government grants*	**3,948**	5,123
Refund of PRC business tax and surcharges	**17,920**	–
Others	**9,926**	36,723
	65,736	116,035

* Various government grants have been received for developments in certain provinces in Mainland China. The government grants mainly related to discretionary awards granted by local governments to certain subsidiaries of the Group to award their contributions to the local development and seashore environment improvement. There are no unfulfilled conditions or contingencies relating to these grants.

9. OTHER GAINS AND LOSSES, NET

	Year ended 31 December 2015 RMB'000	2014 RMB'000
Gain on deemed disposal/disposal of subsidiaries (Note 50)	**579,503**	106,115
Impairment loss on property, plant and equipment	**–**	(96)
Reversal of impairment loss on properties, plant and equipment	**–**	30,235
Reversal of impairment loss/(impairment loss) on accounts receivable, net	**2,010**	(6,498)
Impairment loss on properties under development for sale (Note 29)	**(11,341)**	–
Reversal of impairment loss on other receivables, net	**12,826**	6,416
Loss on disposal of property, plant and equipment, net	**(2,063)**	(2,812)
Exchange (loss)/gain, net	**(318,894)**	46,388
Others	**(5,892)**	(15,822)
	256,149	163,926

10. FINANCE COSTS

	Year ended 31 December	
	2015	2014
	RMB'000	RMB'000
		(restated)
Interest on:		
Bank borrowings	**937,171**	894,718
Loans from a non-banking financial institution*	**51,498**	48,826
Loans from the ultimate holding company	**18,794**	186,130
Loans from fellow subsidiaries	**157,042**	83,327
Other finance costs	**23**	1,861
Guaranteed notes (Note 37)	**193,635**	22,082
Total interest expenses	**1,358,163**	1,236,944
Less: Interest capitalised:		
Investment properties under development (Note 17)	**(86,205)**	(57,574)
Construction in progress under property, plant and equipment (Note 18)	**–**	(32,718)
Properties under development for sale (Note 29)	**(314,757)**	(219,552)
	(400,962)	(309,844)
Reclassification adjustment on cash flow hedge	**–**	(608)
Finance costs	**957,201**	926,492

* The non-banking financial institution is COFCO Finance Corporation Limited ("COFCO Finance"), a fellow subsidiary of the Group.

Borrowing costs capitalised to investment properties, property, plant and equipment, and properties under development for sale were based on actual borrowing costs incurred for respective specific borrowings.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2015

11. PROFIT BEFORE TAX

	Year ended 31 December 2015 RMB'000	2014 RMB'000 (restated)
Profit for the year has been arrived at after charging/(crediting):		
Directors' emoluments (Note 15)	**6,232**	4,360
Depreciation and amortisation:		
Amortisation of intangible assets	**7,293**	5,253
Amortisation of leasehold land and land use rights	**30,587**	25,329
Depreciation of property, plant and equipment*	**303,371**	309,650
Total depreciation and amortisation	**341,251**	340,232
Cost of sales and services rendered:		
Cost of properties sold	**928,244**	936,324
Direct operating expenses arising from investment properties letted	**520,705**	428,062
Cost of primary land development services provided	**4,980**	58,196
Direct operating expenses arising from provision of property management and related services	**250,138**	245,078
Direct operating expenses arising from hotel services provided	**709,960**	598,892
Other direct costs	**65,538**	51,497
	2,479,565	2,318,049
Employee benefits expense (including directors' emoluments (Note 15))**:		
Salaries, allowances and other benefits	**672,398**	618,198
Retirement benefit scheme contributions	**90,358**	84,255
	762,756	702,453
Advertising and promotion expenses (including in distribution and selling costs)	**229,096**	180,936
Auditors' remuneration	**3,019**	3,250

* Depreciation of property, plant and equipment of RMB235,030,000 for the year ended 31 December 2015 (2014: RMB242,816,000) was included in cost of sales and services rendered in the consolidated statement of profit or loss and other comprehensive income.

** Employee benefits expense of RMB208,237,000 for the year ended 31 December 2015 (2014: RMB222,216,000) was included in cost of sales and services rendered in the consolidated statement of profit or loss and other comprehensive income.

12. INCOME TAX EXPENSE

	Year ended 31 December	
	2015	2014
	RMB'000	RMB'000 (restated)
Current tax:		
PRC Enterprise Income Tax	**205,446**	312,527
LAT	**131,346**	227,965
PRC dividend withholding tax	**63,028**	55,047
Hong Kong	**10,737**	7,312
	410,557	602,851
(Over)/under provision in prior years:		
PRC Enterprise Income Tax	**(57,124)**	1,075
LAT	**(92,549)**	–
	(149,673)	1,075
Deferred tax (Note 25)	**430,678**	647,371
	691,562	1,251,297

Hong Kong Profits Tax is calculated at 16.5% of the estimated assessable profit for both years.

PRC subsidiaries are subject to PRC Enterprise Income Tax ("EIT") at 25% for both years. Taxation arising in other jurisdictions is calculated at the rates prevailing in the relevant jurisdictions.

The provision of LAT is estimated according to the requirements set forth in the relevant PRC tax laws and regulations. LAT is levied at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds of sales of properties less deductible expenditures including cost of land use right and all property development expenditures.

Pursuant to the rules and regulations of the British Virgin Islands, Bermuda and Samoa, the Group is not subject to any income tax in the British Virgin Islands, Bermuda and Samoa.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2015

12. INCOME TAX EXPENSE (continued)

The income tax expense for the year can be reconciled to the profit before tax per the consolidated statement of profit or loss and other comprehensive income as follows:

	Year ended 31 December	
	2015	2014
	RMB'000	RMB'000
		(restated)
Profit before tax	**1,650,738**	3,235,654
Tax at PRC EIT rate of 25% (2014: 25%)*	**412,685**	808,913
Lower tax rates for entities of the Group operating in other jurisdictions	**(6,010)**	(24,190)
PRC LAT	**131,346**	227,965
Tax effect of PRC LAT	**(32,837)**	(56,991)
Tax effect of expenses not deductible for tax purpose	**127,809**	82,573
Tax effect of income not taxable for tax purpose	**(145,334)**	(23,956)
Tax effect of tax losses not recognised	**208,444**	152,426
Tax effect of unrecognised deductible temporary difference	**89,051**	9,202
Tax effect of reduction of carrying amount of deferred tax asset previously recognised for unused tax losses	**–**	3,936
Tax effect of utilisation of, and recognition of deferred tax on, tax losses not previously recognised	**(59,532)**	(11,848)
Tax effect of share of loss of an associate	**8,801**	2,501
Effect of withholding tax on undistributed profits	**34,164**	65,434
(Over)/under provision of current taxation in prior years	**(126,536)**	1,075
Others	**49,511**	14,257
Income tax expense for the year	**691,562**	1,251,297

* The PRC EIT rate is used as it is the domestic tax rate in the jurisdiction where the operation of the Group is substantially based.

13. DIVIDENDS

Dividends for the shareholders of ordinary shares and non-redeemable convertible preference shares of the Company recognised as distribution during the year:

	Year ended 31 December	
	2015	2014
	RMB'000	RMB'000
2014 Final – HK1 cent (2013: nil) per share:		
Ordinary shares	**115,746**	–
Non-redeemable convertible preference shares	**8,908**	–
	124,654	–

13. DIVIDENDS (continued)

Subsequent to the end of the reporting period, final dividend in respect of the year ended 31 December 2015 of HK1 cent per ordinary share (approximately HK$142.3 million or RMB119.2 million in aggregate for ordinary shares) has been proposed by the directors and is subject to approval by the shareholders at the forthcoming annual general meeting. The holders of the non-redeemable convertible preference shares are entitled to receive any dividend pari passu with the holders of ordinary shares of the Company and therefore entitle to receive the 2015 final dividend of approximately HK$10.9 million or RMB9.2 million.

14. EARNINGS PER SHARE

The calculation of the basic earnings per share attributable to the ordinary shareholders of the Company is based on the following data:

	Year ended 31 December	
	2015	2014
	RMB'000	RMB'000
		(restated)
Earnings		
Earnings for the purpose of basic earnings per share		
(Profit for the year attributable to owners of the Company)	**725,718**	1,710,190

	Year ended 31 December	
	2015	2014
Number of shares ('000)		
For the purpose of basic earnings per share:		
Weighted average number of ordinary shares	**12,697,542**	8,851,807
Number of non-redeemable convertible preference shares (Note 39)	**1,095,301**	1,095,301
Weighted average number of shares for the purpose of basic earnings per share	**13,792,843**	9,947,108

The weighted average number of shares used for the purpose of calculating basic earnings per share for the years ended 31 December 2015 and 2014 is calculated on the basis of the number of the weighted average number of ordinary shares of the Company and non-redeemable convertible preference shares in issue during the years.

The bonus element in the Rights Issue (as defined in Note 38(b)) is not considered in the calculation of the basic earnings per share as the effect is not considered material.

No diluted earnings per share for the years ended 31 December 2015 and 2014 is presented as there was no potential ordinary share in issue during both years.

15. DIRECTORS' AND CHIEF EXECUTIVE OFFICER'S EMOLUMENTS

Details of the emoluments paid to the directors of the Company for the year are as follows:

	Directors' fees RMB'000	Salaries and other benefits RMB'000	Retirement benefit scheme contributions RMB'000	Total RMB'000
2015				
Executive directors				
Mr. ZHOU Zheng	–	2,115	15	2,130
Mr. HAN Shi (Note)	–	3,088	15	3,103
Non-executive directors				
Mr. SHI Zhuowei (Note)	–	–	–	–
Mr. MA Jianping	–	–	–	–
Mr. MA Wangjun	–	–	–	–
Ms. JIANG Hua	–	–	–	–
Ms. WU Xiaohui (Note)	–	–	–	–
Independent non-executive directors				
Mr. LAU Hon Chuen, Ambrose	333	–	–	333
Mr. LAM Kin Ming, Lawrence	333	–	–	333
Mr. WU Kwok Cheung	333	–	–	333
Total	999	5,203	30	6,232

15. DIRECTORS' AND CHIEF EXECUTIVE OFFICER'S EMOLUMENTS (continued)

	Directors' fees RMB'000	Salaries and other benefits RMB'000	Retirement benefit scheme contributions RMB'000	Total RMB'000
2014				
Executive directors				
Mr. ZHOU Zheng	–	1,183	8	1,191
Mr. HAN Shi	–	2,252	8	2,260
Non-executive directors				
Mr. SHI Zhuowei	–	–	–	–
Mr. MA Jianping	–	–	–	–
Mr. MA Wangjun	–	–	–	–
Ms. JIANG Hua	–	–	–	–
Independent non-executive directors				
Mr. LAU Hon Chuen, Ambrose	303	–	–	303
Mr. LAM Kin Ming, Lawrence	303	–	–	303
Mr. WU Kwok Cheung	303	–	–	303
Total	909	3,435	16	4,360

The executive directors' emoluments shown above were mainly for their services in connection with the management of the affairs of the Company and the Group. The non-executive directors' and independent non-executive directors' emoluments shown above were mainly for their services as directors of the Company.

None of the directors has waived or agree to waive any emoluments in the current and prior years.

Note: On 2 June 2015, Mr. SHI Zhuowei resigned as a non-executive director. On 11 June 2015, Ms. WU Xiaohui was appointed as a non-executive director. Subsequent to the end of the reporting period, Mr. HAN Shi resigned as an executive director of the Company with effect from 17 February 2016.

16. EMPLOYEE'S EMOLUMENTS

Of the five individuals with the highest emoluments in the Group, two of them (2014: one) are directors of the Company. The emoluments of the remaining three (2014: four) highest paid individuals are as follows:

	Year ended 31 December	
	2015 RMB'000	2014 RMB'000
Salaries and other allowances	**5,560**	8,253
Retirement benefit scheme contributions	**335**	591
	5,895	8,844

Notes to the Consolidated Financial Statements

For the year ended 31 December 2015

16. EMPLOYEE'S EMOLUMENTS (continued)

The emoluments of the above individuals fell within the following bands:

	Year ended 31 December	
	2015	2014
Number of individuals		
HK$1,500,001 – HK$2,000,000 (approximately RMB1,220,000 to RMB1,626,000)	**1**	–
HK$2,000,001 – HK$2,500,000 (approximately RMB1,626,000 to RMB2,033,000)	**1**	1
HK$2,500,001 – HK$3,000,000 (approximately RMB2,033,000 to RMB2,440,000)	**–**	2
HK$3,000,001 – HK$3,500,000 (approximately RMB2,440,000 to RMB2,847,000)	**1**	1
	3	4

Saved as disclosed above, the directors of the Company confirm that no housing or other allowances, benefits in kind, contributions to pension scheme, discretionary bonus, inducement to join the Group, compensation for loss of any office in connection with the management of the affairs of any member of the Group has been made to the five highest paid individuals during the year ended 31 December 2015 (2014: Nil).

17. INVESTMENT PROPERTIES

	Completed investment properties RMB'000	Investment properties under development RMB'000	Total RMB'000
At fair value			
At 1 January 2014	33,621,930	3,495,000	37,116,930
Combination of a subsidiary under common control (Note 2)	–	60,801	60,801
Additions on subsequent expenditure (restated)	173,608	2,825,420	2,999,028
Reclassification (restated)	2,086,994	(2,086,994)	–
Interest capitalised (restated) (Note 10)	–	57,574	57,574
Change in fair value recognised in profit or loss (restated)	1,552,226	418,682	1,970,908
Disposal of a subsidiary	(352,000)	–	(352,000)
Exchange realignment	6,671	–	6,671
At 31 December 2014 (restated)	37,089,429	4,770,483	41,859,912
Acquisition of a subsidiary (Note 49)	–	963,000	963,000
Additions on subsequent expenditure	94,119	1,846,149	1,940,268
Transfer from properties, plant and equipment and leasehold land and land use right*	66,381	–	66,381
Transfer to properties, plant and equipment (Note 18)	(45,302)	–	(45,302)
Reclassification	5,652,800	(5,652,800)	–
Interest capitalised (Note 10)	–	86,205	86,205
Change in fair value recognised in profit or loss	763,170	200,845	964,015
Exchange realignment	187,923	–	187,923
At 31 December 2015	43,808,520	2,213,882	46,022,402

* During the year ended 31 December 2015, the amount transferred from property, plant and equipment and leasehold land and land use rights upon the end of owner occupation included in the aggregate carrying amount of the property, plant and equipment and leasehold land and land use rights amounted to RMB52,668,000 and RMB7,343,000, respectively, with fair value change recognised to other comprehensive income of RMB6,370,000 (before tax effect of RMB1,592,000).

All of the Group's property interests held under operating leases to earn rentals or for capital appreciation purposes are measured using the fair value model and are classified and accounted for as investment properties.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2015

17. INVESTMENT PROPERTIES (continued)

Details of the Group's investment properties and investment properties under development as at 31 December 2015 are as follows:

	At 31 December	
	2015	2014
	RMB'000	RMB'000
		(restated)
Commercial properties located in Hong Kong	**2,807,650**	2,400,129
Commercial properties located in Mainland China	**38,044,752**	34,264,783
Residential properties located in Mainland China	**5,170,000**	5,195,000
	46,022,402	41,859,912

At 31 December 2015, the Group's investment properties with an aggregate carrying amount of RMB31,701,843,000 (2014: RMB32,346,259,000) were pledged to secure banking facilities granted to the Group (Note 45).

At 31 December 2015, land use rights and/or building ownership certificates in respect of investment properties of the Group with an aggregate carrying amount of RMB7,873,500,000 (2014 (restated): RMB4,482,600,000) had not been issued by the relevant PRC authorities.

Fair value measurement of the Group's investment properties

In estimating the fair value of the investment properties, the Group uses market observable data to the extent it is available. The management of the Group works closely with the valuer to establish the appropriate valuation techniques and inputs to the model.

The fair value of the Group's completed investment properties and investment properties under development in Hong Kong and Mainland China at 31 December 2015 has been arrived at on the basis of a valuation carried out as at that date by Savills Valuation and Professional Services Limited ("Savills"), independent qualified professional valuers not connected with the Group. The address of Savills is 23rd Floor, Two Exchange Square, Central, Hong Kong.

For completed investment properties, the valuations were arrived at by making reference to the comparable market transactions as available in the market and where appropriate, by valuing the properties on the basis of capitalisation of the rental income derived from the existing tenancy agreements with due allowance for the reversionary income potential of the properties.

For investment properties under development, which included bare land parcels with an aggregate fair value of approximately RMB2,214 million as at 31 December 2015 (2014 (restated): approximately RMB1,161 million), the valuations were arrived at with adoption of direct comparison approach by making reference to comparable sales transactions as available in the relevant markets and where applicable, by taking into account the costs that will be expended to complete the developments to reflect the quality of the completed development.

There has been no change in the valuation technique during the current year.

In estimating the fair value of the properties, the highest and best use of the properties is their current use.

17. INVESTMENT PROPERTIES (continued)

Fair value measurement of the Group's investment properties (continued)

The amount of the change in fair value recognised in profit or loss were related to investment properties held at the end of each reporting period.

The fair values of the Group's investment properties at 31 December 2015 and 2014 are grouped into Level 3 of fair value measurement. There were no transfers into or out of Level 3 during the both years.

The following table gives information about how the fair values of the Group's major investment properties as at 31 December 2015 are determined. The significant unobservable inputs included (i) capitalisation rate, which taking into account of the capitalisation of rental income potential, nature of the property and prevailing market condition: and (ii) monthly unit rent, which using direct market comparable and taking into account of time, location and individual factors such as road frontage, size of property and facilities. A slight increase in the capitalisation rate used would result in a significant decrease in fair value, and vice versa. A slight increase in the market rent used would result in a significant increase in fair value, and vice versa.

	Significant unobservable inputs			
Major investment properties of the Group	**Capitalisation rate**		**Monthly unit rent (sq.m/month)**	
	2015	2014	**2015 RMB**	2014 RMB
Completed investment properties				
Beijing COFCO Plaza				
– office	**6%**	6%	**265**	268
– shop	**6%**	6%	**488**	490
Fraser Suites Top Glory, Shanghai – residential units	**2.5%**	2.5%	**216 to 225**	214 to 224
Top Glory Tower, Hong Kong				
– office	**3.6%**	3.75%	**394 to 446**	378 to 433
– shop	**3.5%**	3.5%	**1,488**	1,441
Xidan Joy City				
– office	**6%**	6%	**295 to 333**	280 to 325
– shop	**6.5%**	6.5%	**234 to 1,560**	233 to 1,550
Chaoyang Joy City – shop	**6.5%**	6.5%	**104 to 690**	109 to 726
Tianjin Joy City – shop	**7.0%**	7.0%	**216 to 540**	208 to 520
Shanghai Joy City – shop				
– South Tower	**6.5%**	6.5%	**166 to 830**	158 to 790
– North Tower	**6.5%**	–	**276 to 921**	–
Chengdu Joy City – shop	**6%**	–	**47 to 290**	–

Notes to the Consolidated Financial Statements

For the year ended 31 December 2015

18. PROPERTY, PLANT AND EQUIPMENT

	Leasehold properties RMB'000	Leasehold improvements RMB'000	Hotel properties RMB'000	Equipment, furniture and fixtures RMB'000	Motor vehicles RMB'000	Construction in progress RMB'000	Total RMB'000
Costs:							
At 1 January 2014	846,075	62,786	3,308,153	1,143,796	132,766	1,231,098	6,724,674
Additions	–	18,188	111	66,583	1,500	737,219	823,601
Interest capitalised during the year (Note 10)	–	–	–	–	–	32,718	32,718
Reclassification	–	19,006	1,604,943	314,439	–	(1,938,388)	–
Disposals	–	(12,478)	–	(10,458)	(1,701)	–	(24,637)
Written off	(98,343)	(6,372)	–	(3,822)	(453)	–	(108,990)
Disposal of a subsidiary	–	–	–	(2,866)	–	–	(2,866)
Transfer to construction in progress (Note)	(79,465)	–	–	–	–	30,235	(49,230)
Exchange realignment	–	18	–	148	4	–	170
At 31 December 2014	668,267	81,148	4,913,207	1,507,820	132,116	92,882	7,395,440
Additions	40,160	11,087	–	31,732	4,656	280,668	368,303
Transfer from investment properties (Note 17)	45,302	–	–	–	–	–	45,302
Disposals	–	(5,608)	–	(17,177)	(743)	–	(23,528)
Transfer to investment properties (Note 17)	(61,643)	–	–	–	–	–	(61,643)
Deemed disposal of subsidiaries (Note 50)	–	(22,686)	(699,976)	(215,848)	(1,274)	–	(939,784)
Exchange realignment	–	327	–	27	–	–	354
At 31 December 2015	692,086	64,268	4,213,231	1,306,554	134,755	373,550	6,784,444
Accumulated depreciation:							
At 1 January 2014	146,384	38,908	471,941	521,869	67,848	–	1,246,950
Charge for the year	14,031	7,445	137,338	134,725	16,111	–	309,650
Written back on disposals	–	(11,529)	–	(7,214)	(1,349)	–	(20,092)
Written off	(44,501)	(5,246)	–	(3,651)	(453)	–	(53,851)
Disposal of a subsidiary	–	–	–	(1,194)	–	–	(1,194)
Transfer to construction in progress (Note)	(49,230)	–	–	–	–	–	(49,230)
Exchange realignment	–	18	–	82	1	–	101
At 31 December 2014	66,684	29,596	609,279	644,617	82,158	–	1,432,334
Charge for the year	5,602	2,397	90,702	193,805	10,865	–	303,371
Transfer to investment properties (Note 17)	(8,975)	–	–	–	–	–	(8,975)
Eliminated on disposals	–	(5,608)	–	(15,114)	–	–	(20,722)
Deemed disposal of subsidiaries (Note 50)	–	(1,076)	(48,044)	(34,526)	(1,129)	–	(84,775)
Exchange realignment	–	327	–	(184)	–	–	143
At 31 December 2015	63,311	25,636	651,937	788,598	91,894	–	1,621,376
Accumulated impairment:							
At 1 January 2014	84,077	1,126	–	171	–	–	85,374
Provided during the year	–	–	–	35	61	–	96
Written off	(53,842)	(1,126)	–	(171)	–	–	(55,139)
Reversal of impairment (Note)	(30,235)	–	–	–	–	–	(30,235)
At 31 December 2014 and 2015	–	–	–	35	61	–	96
Net carrying amounts:							
At 31 December 2015	628,775	38,632	3,561,294	517,921	42,800	373,550	5,162,972
At 31 December 2014	601,583	51,552	4,303,928	863,168	49,897	92,882	5,963,010

18. PROPERTY, PLANT AND EQUIPMENT (continued)

Note: During the year ended 31 December 2013, impairment loss of RMB85.4 million was made relating to the abandonment of certain properties located in Sanya, Mainland China for future redevelopment purpose. In 2014, the redevelopment plan was fixed and approved by local government. According to the approved redevelopment plan, certain of the abandoned properties (the "Properties") will not be demolished and became part of the redevelopment project (the "Project"). Accordingly, the impairment loss made relating to the Properties has been reversed at its net carrying amount of RMB30.2 million (representing original cost of RMB79.4 million and accumulated depreciation that would have been determined had no impairment loss been recognised for the Property of RMB49.2 million), and the net carrying amount was reclassified as construction in progress.

In the opinion of the directors of the Company, the Project is a separate cash-generating unit and the recoverable amount of the Project has been determined based on a value in use calculation using cash flow projections based on financial budget covering a five-year period approved by senior management. The discount rate applied to the cash flow projections is 10%. The growth rate used to extrapolate the cash flows beyond the five-year period is zero. The recoverable amount of the Project is well above its net carrying amount. Accordingly, the directors of the Company consider that no impairment loss on the Project (which included the Properties) is necessary.

The above items of property, plant and equipment, less their estimated residual value, if any, except for construction in progress, are depreciated on a straight-line basis at the following rates per annum:

Leasehold properties	1.8% to 10%
Leasehold improvements	Over the shorter of the term of the lease, and 10% to 25%
Hotel properties	2.5% to 10%
Equipment, furniture and fixtures and motor vehicles	5% to 20%

At 31 December 2015, certain of the Group's property, plant and equipment with a net carrying amount of approximately RMB3,536,756,000 (2014: RMB4,264,888,000) were pledged to secure banking facilities granted to the Group (Note 45).

At 31 December 2015, building ownership certificates in respect of certain leasehold properties and hotel properties of the Group in Mainland China with an aggregate net carrying amount of approximately RMB3,244,321,000 (2014: RMB4,046,682,000) had not been issued by the relevant PRC authorities.

Leasehold properties and hotel properties are located in Mainland China.

19. LEASEHOLD LAND AND LAND USE RIGHTS

	At 31 December	
	2015	2014
	RMB'000	RMB'000
Analysed for reporting purposes as:		
Current assets (included in deposits, prepayments and other receivables (Note 31))	**33,779**	26,624
Non-current assets	**844,371**	853,692
	878,150	880,316
Located in Mainland China	**866,500**	866,650
Located in Hong Kong	**11,650**	13,666
	878,150	880,316

Notes to the Consolidated Financial Statements

For the year ended 31 December 2015

19. LEASEHOLD LAND AND LAND USE RIGHTS (continued)

The above leasehold land and land use rights are held for use in the production or supply of goods or services, or for administrative purposes.

The amortisation of leasehold land and land use rights are charged to profit or loss on a straight-line basis over the term of the leases.

At 31 December 2015, the Group was in the process of obtaining title deeds from relevant government authorities for its land use rights in Mainland China amounting to Nil (2014: RMB4,212,000).

At 31 December 2015, land use rights with an aggregate carrying amount of RMB688,817,000 (2014: RMB706,084,000) were pledged to secure certain banking facilities granted to the Group (Note 45).

20. INTANGIBLE ASSETS

	RMB'000
Costs:	
At 1 January 2014	18,869
Additions	15,461
At 31 December 2014 and 1 January 2015	34,330
Additions	19,154
Deemed disposal of subsidiaries (Note 50)	(4,815)
At 31 December 2015	48,669
Accumulated amortisation:	
At 1 January 2014	10,460
Amortisation provided during the year	5,253
At 31 December 2014 and 1 January 2015	15,713
Amortisation provided during the year	7,293
Deemed disposal of subsidiaries (Note 50)	(2,574)
At 31 December 2015	20,432
Net carrying amounts:	
At 31 December 2015	28,237
At 31 December 2014	18,617

Intangible assets, which mainly represent purchased computer software, are stated at cost less any impairment losses and is amortised on the straight-line basis over its estimated useful life of 5 years.

21. INTEREST IN AN ASSOCIATE

	At 31 December 2015 RMB'000	2014 RMB'000
Cost of investments, unlisted	**88,500**	88,500
Share of post-acquisition results	**(34,412)**	790
	54,088	89,290

At 31 December 2015 and 2014, the Group had interests in the following associate:

Company name	Place of establishment	Place of operations	Proportion of ownership interest and proportion of voting rights held by the Group At 31 December 2015	2014	Principal activity
成都悅城實業有限公司 (Chengdu Yuecheng Real Estate Co., Ltd.*)	PRC	Chengdu, PRC	**30%**	30%	Property development

* The English name is translation of its Chinese name and is included for identification purpose only, and should not be regarded as its official English translation.

Summarised financial information in respect of the assets, liabilities, revenue and expenses in aggregate for the associate which is accounted for using the equity method is set out below:

	At 31 December 2015 RMB'000	2014 RMB'000
Current assets	**478,385**	1,137,989
Non-current assets	**789**	1,846
Total assets	**479,174**	1,139,835
Current liabilities	**88,880**	650,201
Non-current liabilities	**210,000**	192,000
Total liabilities	**298,880**	842,201
Net assets	**180,294**	297,634

Notes to the Consolidated Financial Statements

For the year ended 31 December 2015

21. INTEREST IN AN ASSOCIATE (continued)

	Year ended 31 December	
	2015	2014
	RMB'000	RMB'000
Revenue	**741,376**	643,537
Loss and total comprehensive expense for the year*	**(117,340)**	(33,353)
Loss and total comprehensive expense for the year shared by the Group	**(35,202)**	(10,006)

* The amount included impairment loss on properties held for sale of RMB124,663,000 (2014: RMB40,867,000) recognised and charged to profit or loss.

Reconciliation of the above summarised financial information to the carrying amount of the interest in an associate recognised in the consolidated statement of financial position.

	At 31 December	
	2015	2014
	RMB'000	RMB'000
Net assets of the associate	**180,294**	297,634
Proportion of the Group's ownership in the associate	**30%**	30%
Share of net assets of the associate	**54,088**	89,290
Carrying amount of the Group's interest in an associate	**54,088**	89,290

22. INTEREST IN A JOINT VENTURE

	At 31 December 2015 RMB'000	At 31 December 2014 RMB'000
Cost of investments, unlisted	**8,661**	–
Loans to a joint venture	**1,235,332**	–

The loans to a joint venture are unsecured and repayable within one year, of which a loan of RMB563,300,000 bears interest at 4.59% per annum. The remaining balance of RMB672,032,000 is interest-free.

At 31 December 2015, the Group had interests in the following joint venture:

Company name	Place of establishment	Place of operation	Proportion of ownership interest and proportion of voting rights held by the Group At 31 December 2015	Principal activity
COFCO (BVI) No. 97 Limited ("BVI 97")	British Virgin Islands	PRC	**40%**	Investment holding

Notes to the Consolidated Financial Statements

For the year ended 31 December 2015

22. INTEREST IN A JOINT VENTURE (continued)

BVI 97 was a wholly-owned subsidiary of the Group prior to 30 December 2015. On 30 December 2015, BVI 97 issued new ordinary shares to an independent third party to the Group (the "Investor") and thereafter, the Investor holds 60% equity interest in BVI 97. According to the shareholders' agreement entered into between the Group and the Investor, decisions about the relevant activities of BVI 97 require unanimous consent of the Group and the Investor and, accordingly, BVI 97 is accounted for as a joint venture. The subsidiary of BVI 97 is Taiwan Hotel Limited which is engaged in hotel operations in the PRC. See also Note (i) to the consolidated statement of changes in equity and Note 50 for details of the deemed disposal.

Summarised consolidated financial information in respect of the assets and liabilities in aggregate for the joint venture which is accounted for using the equity method is set out below:

	At 31 December 2015 RMB'000
Current assets	761,430
Non-current assets	1,539,137
Total assets	2,300,567
Current liabilities	2,278,916
Net assets	21,651

Consolidated financial information in respect of revenue and expenses for the joint venture has not been presented as no revenue/expense was generated from/incurred by the joint venture from 30 December 2015 to 31 December 2015.

Reconciliation of the above summarised consolidated financial information to the carrying amount of the interest in a joint venture recognised in the consolidated statement of financial position.

	At 31 December 2015 RMB'000
Net assets of the joint venture	21,651
Proportion of the Group's ownership in the joint venture	40%
Share of net assets of the joint venture	8,661
Carrying amount of the Group's interest in a joint venture	8,661

23. AVAILABLE-FOR-SALE INVESTMENTS

	At 31 December	
	2015	2014
	RMB'000	RMB'000
Equity investments in the PRC:		
Unlisted equity securities	**510**	1,510

The above unlisted equity securities were issued by private entities established in the PRC. They are measured at cost less impairment at the end of the reporting period because the range of reasonable fair value estimates is so significant that the directors of the Company are of the opinion that their fair values cannot be measured reliably.

24. GOODWILL

	2015	2014
	RMB'000	RMB'000
Cost and carrying amount		
At 1 January	**184,297**	184,297
Acquisition of a subsidiary (Note 49)	**68,745**	–
At 31 December	**253,042**	184,297

Goodwill is tested for impairment at least annually or whenever events or changes in circumstances indicate that its carrying amount may not be recoverable in accordance with the accounting policies of the Group and the requirements of HKAS 36 *Impairment of Assets*.

Goodwill has been allocated to the respective groups of cash-generating units for impairment testing. The carrying amounts of goodwill are allocated to the groups of cash-generating units comprising the following segments:

	2015	2014
	RMB'000	RMB'000
Property investment	**184,297**	184,297
Shanghai Yueyao* (in the property and land development segment)	**68,745**	–
	253,042	184,297

* As defined in Note 49.

Assumptions were used in the value in use calculation of each of the cash-generating units for the year ended 31 December 2015.

The recoverable amount of each group of cash-generating units has been determined based on a value in use calculation using a cash flow projection based on financial budgets covering a five-year period approved by senior management.

24. GOODWILL (continued)

The discount rate applied to each cash flow projection and the growth rate used to extrapolate the cash flows beyond the five-year period are as follows:

	Discount rate		Growth rate beyond five-year period	
	2015	2014	**2015**	2014
Property investment (Note)	**8%**	8%	**0%**	0%
Property and land development	**9%**	–	**0%**	–

Note: The goodwill relates to the acquisition of the Company under a Reverse Takeover Transaction completed in December 2013. Such goodwill has been allocated to the group of cash generating units comprising the property investment segment of the Group ("CGU") as it is expected to be benefit from the synergies of the Reverse Takeover Transaction. Based on the business model of the Group, the directors of the Company have performed the assessment on impairment by reference to the cashflow forecast prepared by the management of the Company, and determined that the aggregate recoverable amount of the CGU was higher than the aggregate carrying amount of goodwill and non-current assets of the CGU.

The following describes each key assumption which management has based its cash flow projections to undertake impairment testing of goodwill:

Budgeted gross margins

The basis used to determine the value assigned to the budgeted gross margins is the average gross margins achieved in the past or in the year immediately before the budget year, increased for expected efficiency improvements and expected market development.

Discount rates

The discount rates used reflect specific risks relating to the relevant units.

The values assigned to the key assumptions on discount rates are consistent with external information sources. Management determined budgeted gross margin based on past performance and its expectations for market development.

In the opinion of the directors of the Company, any reasonably possible change in the key assumptions on which the recoverable amount is based would not cause the cash generating unit's carrying amount to exceed its recoverable amount.

25. DEFERRED TAX

The following are the major deferred tax assets and liabilities recognised and movements thereon during the current and prior years:

Deferred tax assets

	Unrealised profit on intra-group transfer of land RMB'000	Land appreciation tax RMB'000	Tax losses RMB'000	Impairment of assets RMB'000	Others RMB'000	Total RMB'000
At 1 January 2014	101,184	176,759	3,964	21,610	27,678	331,195
(Charged)/credited to profit or loss (Note 12)	(69,326)	900	(3,936)	(21,343)	2,817	(90,888)
At 31 December 2014	31,858	177,659	28	267	30,495	240,307
(Charged)/credited to profit or loss (Note 12)	(31,337)	(177,659)	28,834	–	(1,899)	(182,061)
Exchange realignment	–	–	–	–	(196)	(196)
At 31 December 2015	**521**	**–**	**28,862**	**267**	**28,400**	**58,050**

Deferred tax liabilities

	Investment properties RMB'000	Tax depreciation allowance RMB'000	Dividend withholding tax RMB'000	Others RMB'000	Total RMB'000
At 1 January 2014	4,701,766	323,665	68,965	20,725	5,115,121
Charged/(credited) to profit or loss (restated) (Note 12)	484,218	63,886	10,387	(2,008)	556,483
Disposal of a subsidiary	(67,442)	–	–	–	(67,442)
At 31 December 2014 (restated)	5,118,542	387,551	79,352	18,717	5,604,162
Acquisition of a subsidiary (Note 49)	139,016	–	–	–	139,016
Debited to property revaluation reserve	1,592	–	–	–	1,592
Charged/(credited) to profit or loss (Note 12)	189,271	89,047	(28,864)	(837)	248,617
Exchange realignment	11	–	–	481	492
At 31 December 2015	**5,448,432**	**476,598**	**50,488**	**18,361**	**5,993,879**

For the purpose of presentation in the consolidated statement of financial position, certain deferred tax assets and liabilities have been offset. The following is the analysis of the deferred tax balances for financial reporting purposes:

	At 31 December	
	2015 RMB'000	2014 RMB'000 (restated)
Deferred tax assets	**19,305**	49,528
Deferred tax liabilities	**(5,955,134)**	(5,413,383)
	(5,935,829)	(5,363,855)

Notes to the Consolidated Financial Statements

For the year ended 31 December 2015

25. DEFERRED TAX (continued)

Deferred tax liabilities (continued)

At 31 December 2015, the Group had tax losses of RMB2,573,237,000 (2014 (restated): RMB2,093,040,000) arose in Mainland China to carry forward to set off against future taxable income which will expire within 1 to 5 years from each of the financial year end date. A deferred tax asset has been recognised in respect of RMB115,448,000 (2014: RMB112,000) of such losses. No deferred tax asset has been recognised in respect of the remaining RMB2,457,789,000 (2014 (restated): RMB2,092,928,000) due to the unpredictability of future profit streams.

The unrecognised tax losses will expire in the following years:

	At 31 December	
	2015	2014
	RMB'000	RMB'000 (restated)
To be expired on:		
31 December 2015	**–**	112,768
31 December 2016	**227,174**	242,683
31 December 2017	**423,029**	561,017
31 December 2018	**520,833**	585,814
31 December 2019	**574,752**	590,646
31 December 2020	**712,001**	–
Total unused tax losses not recognised as deferred tax assets	**2,457,789**	2,092,928

At 31 December 2015, the Group had estimated unused tax losses of RMB193,087,000 (2014: RMB181,364,000) arose in Hong Kong available for offset against future profits. No deferred tax asset has been recognised due to the unpredictability of future profit streams. The estimated tax losses may be carried forward indefinitely.

Pursuant to the PRC Corporate Income Tax Law, a 10% withholding tax is levied on dividends declared to foreign investors from the foreign investment enterprises established in Mainland China. The requirement is effective from 1 January 2008 and applies to earnings after 31 December 2007. A lower withholding tax rate may be applied if there is a tax treaty between the PRC and jurisdiction of the foreign investors. The Group is therefore liable for withholding taxes on dividends distributed by those subsidiaries established in Mainland China in respect of earnings generated from 1 January 2008.

At 31 December 2015, deferred tax liabilities on certain undistributed profits of the PRC subsidiaries of approximately RMB96,229,000 (2014: RMB131,538,000), which were generated after 1 January 2008, have not been recognised as of 31 December 2014, because the Group is in a position to control the timing of the reversal of the temporary differences and it is probable that such differences will not reverse in the foreseeable future.

26. LOANS FROM FELLOW SUBSIDIARIES AND NON-CONTROLLING INTERESTS

	At 31 December 2015 RMB'000	At 31 December 2014 RMB'000 (Restated)
Classified under current liabilities		
Loans from fellow subsidiaries (note (a))	**1,888,540**	4,046,650
Loans from non-controlling interests (note (b))	**5,000**	–
Classified under non-current liabilities		
Loans from a fellow subsidiary (note (c))	**396,000**	455,500

Notes:

(a) The loans from fellow subsidiaries classified under current liabilities are unsecured, bear interest at rates ranging from 4.35% to 6.0% (2014 (restated): 5.36% to 7.5%) per annum as at 31 December 2015 and are repayable within twelve months from the end of the reporting period. Included in the above loans from fellow subsidiaries are loans from COFCO Finance, a non-banking financial institution, of RMB381,500,000 (2014: RMB512,500,000) as at 31 December 2015.

(b) The loans from non-controlling interests classified under current liabilities are unsecured, bear interest at a rate of 4.35% per annum as at 31 December 2015 and are repayable within twelve months from the end of the reporting period.

(c) The loans from a fellow subsidiary, COFCO Finance, classified under non-current liabilities is unsecured, bear interest at a rate of 4.9% (2014: ranging from 6% to 6.15%) per annum as at 31 December 2015 and is not repayable within twelve months from the end of the reporting period.

The maturity profile of the loans from fellow subsidiaries is as follows:

	At 31 December 2015 RMB'000	At 31 December 2014 RMB'000
Carrying amount of loans from fellow subsidiaries repayable*:		
Within one year	**1,888,540**	4,046,650
In the second year	**2,000**	59,500
In the third to fifth year inclusive	**394,000**	396,000
Total loans from fellow subsidiaries	**2,284,540**	4,502,150
Less: Amounts due within twelve months shown under current liabilities	**(1,888,540)**	(4,046,650)
Amounts shown under non-current liabilities	**396,000**	455,500

* The amounts due are based on scheduled repayment dates set out in the respective loan agreements.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2015

26. LOANS FROM FELLOW SUBSIDIARIES AND NON-CONTROLLING INTERESTS (continued)

Certain loans from fellow subsidiaries are under corporate guarantee executed by related parties as follows:

	At 31 December	
	2015	2014
	RMB'000	RMB'000
		(restated)
Guaranteed by:		
Ultimate holding company	**–**	50,000

27. INVENTORIES

	At 31 December	
	2015	2014
	RMB'000	RMB'000
Raw materials	**22,474**	25,661
Consumables	**5,670**	3,920
	28,144	29,581

28. PROPERTIES HELD FOR SALE

	At 31 December	
	2015	2014
	RMB'000	RMB'000
Completed properties held for sale	**2,789,006**	533,928

The Group's properties for sale are located in Mainland China. They are stated at the lower of cost and net realisable value.

Included in the completed properties held for sale is carrying amount of RMB133,357,000 (2014: RMB131,186,000) of which is expected to be sold after more than twelve months from the end of the reporting period.

29. PROPERTIES UNDER DEVELOPMENT FOR SALE

	2015 RMB'000	2014 RMB'000 (restated)
At cost:		
At 1 January	**11,070,373**	6,326,162
Additions	**2,628,936**	3,457,223
Combination of a subsidiary under common control	**–**	319,333
Acquisition of a subsidiary (Note 49)	**1,455,000**	–
Injected by non-controlling shareholders (Note 51 (d))	**–**	752,023
Transfer to properties held for sale upon completion	**(3,112,086)**	(3,920)
Transfer to leasehold land and land use rights	**(3,554)**	–
Interest capitalised during the year (Note 10)	**314,757**	219,552
Impairment loss (Note 9)	**(11,341)**	–
At 31 December	**12,342,085**	11,070,373

Included in the properties under development for sale as at 31 December 2015 is carrying amount of RMB5,534,281,000 (31 December 2014 (restated): RMB9,171,006,000) of which the development is expected to be completed and available for sale after more than twelve months from the end of the reporting period.

At 31 December 2015, the land on which properties under development for sale are located with a carrying amount of RMB7,017,808,000 (2014: Nil) were pledged to secure certain banking facilities granted to the Group (Note 45).

Included in the properties under development for sale as at 31 December 2015 is the carrying amount of construction costs of RMB321,062,000 (31 December 2014: RMB44,713,000) in relation to primary land development.

30. ACCOUNTS RECEIVABLE

	At 31 December	
	2015 RMB'000	2014 RMB'000
Rental receivables	**66,310**	52,108
Property management fee receivables	**12,387**	16,470
Receivables from hotel operations and related services	**33,582**	32,763
Less: Allowance for doubtful debts	**(22,522)**	(24,532)
	89,757	76,809
Rental adjustments*	**43,599**	47,792
	133,356	124,601

* Rental adjustments relating to the recognition of rental income from operating lease on a straight-line basis over the term of the relevant lease.

In respect of sale of properties, a minimum down payment is required in accordance with the terms of the related sale and purchase agreements and in general consideration in cash is fully received prior to the delivery of the properties to the customers.

30. ACCOUNTS RECEIVABLE (continued)

In general, rental income, property management fee income and income from hotel operations and related services are received in the month when the relevant services provided, except for certain tenants and customers of which credit period of up to 30 to 60 days are granted.

The Group does not hold any collateral over the above balances.

The following is an aged analysis of accounts receivable, excluding rental adjustments and net of impairment losses, presented based on invoice date, except for aged analysis of rental receivables, which presented based on the date of rental demand notice issued, and for aged analysis of receivables from sale of properties, which presented based on the delivery date of the property, at the end of the reporting period:

	At 31 December	
	2015	2014
	RMB'000	RMB'000
Less than 3 months	**71,182**	52,645
3 months to 1 year	**10,828**	10,874
1 to 2 years	**4,567**	9,862
2 to 3 years	**2,353**	2,884
Over 3 years	**827**	544
	89,757	76,809

Movements in the allowance for doubtful debts during the current and prior years:

	Year ended 31 December	
	2015	2014
	RMB'000	RMB'000
At the beginning of the year	**24,532**	18,034
(Reversal of impairment)/impairment, net	**(2,010)**	6,498
At the end of the year	**22,522**	24,532

The following is the aged analysis of the Group's accounts receivable that are past due but not impaired.

	At 31 December	
	2015	2014
	RMB'000	RMB'000
Less than 3 months	**45,231**	36,587
3 months to 1 year	**10,828**	10,874
1 to 2 years	**4,567**	9,862
2 to 3 years	**2,353**	2,884
Over 3 years	**827**	544
	63,806	60,751

30. ACCOUNTS RECEIVABLE (continued)

Receivables that were past due but not impaired mainly relate to a number of independent tenants and customers that have a good track record with the Group. Based on past experience, the directors of the Company are of the opinion that no provision for impairment is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable. The Group does not hold any collateral or other credit enhancements over these balances.

Receivables that were neither past due nor impaired relate to a number of diversified customers for whom there was no recent history of default.

31. DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES

	At 31 December	
	2015 **RMB'000**	2014 RMB'000 (restated)
Classified under non-current assets		
Prepaid construction costs	–	36,252
Other deposits	**10,000**	10,000
	10,000	46,252
Classified under current assets		
Deferred sales proceeds from disposal of a subsidiary	–	171,935
Payments on behalf of government in relation to primary land development	**22,785**	146,239
Receivables in relation to relocation arrangement	**5,688**	69,242
Prepayments to suppliers	**54,435**	45,517
Receivable from a government-related entity	–	32,881
Current portion of leasehold land and land use rights (Note 19)	**33,779**	26,624
Other deposits paid	**24,565**	36,642
Prepaid LAT and business tax	**28,534**	24,847
Receivables from tenants for utility expenses paid on their behalf	**17,313**	18,188
Receivables from a former shareholder of a subsidiary	**15,379**	15,379
Receivables from tenants for decoration expenses paid on their behalf	**4,846**	10,175
Other interest receivable	**8**	3,013
Others receivables	**48,746**	56,864
	256,078	657,546
Less: Allowance for doubtful debts	**(35,057)**	(47,883)
	221,021	609,663

Notes to the Consolidated Financial Statements

For the year ended 31 December 2015

31. DEPOSITS, PREPAYMENTS AND OTHER RECEIVABLES (continued)

Movements in the allowance for doubtful debts during the current and prior years:

	2015 RMB'000	2014 RMB'000
At the beginning of the year	**47,883**	54,299
Reversal of impairment loss, net	**(12,826)**	(6,416)
At the end of the year	**35,057**	47,883

32. AMOUNTS DUE FROM/TO FELLOW SUBSIDIARIES, HOLDING COMPANIES AND NON-CONTROLLING INTERESTS

The amount due from the ultimate holding company classified under non-current assets is unsecured, interest-free and not expected to be repaid within twelve months from the end of the reporting period.

The amounts due from/to holding companies, fellow subsidiaries and non-controlling interests classified under current assets and current liabilities, respectively, are unsecured, interest-free and repayable on demand.

Included in amounts due to non-controlling interests as at 31 December 2015 was dividend payable to non-controlling interests of RMB116,300,000 (2014: RMB105,525,000).

	At 31 December	
	2015 RMB'000	2014 RMB'000
Amounts due from fellow subsidiaries*:		
Name of fellow subsidiaries:		
中粮置地管理有限公司 (COFCO Land Management Co., Ltd**) ("COFCO Land Management")	**197**	284
煙台中糧博瑞房地產開發有限公司 (Yantai COFCO Real Estate Development Co., Ltd**) ("Yantai Real Estate")	**1,385**	34
	1,582	318
Maximum amount outstanding during the year		
Name of fellow subsidiaries:		
COFCO Land Management	**284**	284
Yantai Real Estate	**1,385**	34

* Certain directors of these companies are also directors of the Group.

** The English names are translations of their Chinese names and are included for identification purpose only, and should not be regarded as their official English translation.

32. AMOUNTS DUE FROM/TO FELLOW SUBSIDIARIES, HOLDING COMPANIES AND NON-CONTROLLING INTERESTS (continued)

The following amounts due to fellow subsidiaries and non-controlling interests are denominated in Hong Kong dollars ("HK$"):

	At 31 December	
	2015	2014
	RMB'000	RMB'000
Amounts due to fellow subsidiaries	**714**	4,914,576
Amounts due to non-controlling interests	**3,075**	–
	3,789	4,914,576

33. CASH AND BANK BALANCES, PLEDGED DEPOSITS AND RESTRICTED BANK DEPOSITS

	At 31 December	
	2015	2014
	RMB'000	RMB'000
		(restated)
Cash at banks and on hand	**2,829,612**	4,413,689
Non-pledged time deposits with an original maturity of:		
Three months or less when acquired	**291,388**	1,678,052
Three months to one year when acquired	**87,765**	309,500
Cash and bank balances	**3,208,765**	6,401,241
Pledged deposits:		
For guarantees provided by the Group in respect of loan facilities utilised by property buyers (Note 42)	**1,469**	–
Restricted bank deposits:		
Deposit received in respect of pre-sale of properties*	**210,078**	22,185
For bank borrowings advanced to certain subsidiaries repayable within one year	**195,085**	–
For payments of constructions costs for specified projects**	**80,437**	–
For corporate credit cards	**32,088**	65,794
	517,688	87,979

* The balances at 31 December 2015 and 2014 represent deposits received in respect of pre-sale of properties placed to specific bank accounts which are restricted as to use until the completion of the sale of relevant properties. These deposits are expected to be released within twelve months after the end of the reporting period.

** The amounts represented bank borrowings advanced which can only be used for the payments of construction costs for specific projects.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2015

33. CASH AND BANK BALANCES, PLEDGED DEPOSITS AND RESTRICTED BANK DEPOSITS (continued)

Cash at banks earns interest at rates based on daily bank deposit rates. Short term time deposits are made for varying periods of between one week and one year depending on the immediate cash requirements of the Group, and earn interest at the respective short term time deposit rates. The bank balances are deposited with creditworthy banks.

The bank balances and deposits carry variable interest rates as follows:

	Year ended 31 December	
	2015	2014
	%	%
		(restated)
Interest rate per annum	**0.001 to 2.5**	0.001 to 3.25

Certain of the Group's cash and bank balances are denominated in the following currencies:

	At 31 December	
	2015	2014
	RMB'000	RMB'000
Denominated in HK$	**81,648**	1,649,150
Denominated in United States dollars ("US")	**116,703**	181,756
	198,351	1,830,906

34. ACCOUNTS PAYABLE

	At 31 December	
	2015	2014
	RMB'000	RMB'000
Trade payable	**240,884**	336,891
Accrued expenditure on construction	**995,505**	795,328
	1,236,389	1,132,219

Accounts payable, including trade payable and accrued expenditure on construction, mainly comprise construction costs and other project-related expenses in relation to properties under development for sale which are payable based on project progress measured by the Group. Trade payable are generally with credit period of 60 to 90 days, except for the retention monies of certain construction costs of which the credit period is up to 2 years. The Group has financial risk management policies in place to ensure that all payables within the credit timeframe.

34. ACCOUNTS PAYABLE (continued)

The following is an aged analysis of trade payable at the end of the reporting period based on invoice date.

	At 31 December	
	2015	2014
	RMB'000	RMB'000
Within 1 year	**161,283**	144,993
1 to 2 years	**27,590**	158,073
2 to 3 years	**36,296**	19,215
Over 3 years	**15,715**	14,610
	240,884	336,891

35. OTHER PAYABLES AND ACCRUALS

	At 31 December	
	2015	2014
	RMB'000	RMB'000
		(restated)
Construction costs payable for property, plant and equipment	**287,292**	660,350
Construction costs payable for investment properties	**2,442,420**	1,003,372
Receipts of credit card payments on behalf of tenants	**260,020**	255,946
Rental deposits received	**324,770**	232,023
Other deposits received	**258,142**	228,549
Salaries and payroll payable	**217,962**	217,422
Rental receipts in advance	**162,413**	162,557
Receipts in advance from customers	**40,829**	41,357
Other receipts in advance	**18,893**	24,014
Other tax payable	**46,496**	66,015
Consideration payable for acquisition of subsidiaries	**52,895**	52,895
Interest payables	**25,612**	51,488
Promotional fees payable	**73,298**	55,323
Other payables and accruals	**217,603**	205,959
	4,428,645	3,257,270

Notes to the Consolidated Financial Statements

For the year ended 31 December 2015

36. BANK BORROWINGS

	At 31 December 2015 RMB'000	2014 RMB'000
Bank loans:		
Secured	**13,327,370**	10,815,178
Unsecured	**4,007,053**	3,919,742
	17,334,423	14,734,920
Represented:		
Fixed-rate borrowings	**4,739,520**	1,240,000
Floating-rate borrowings	**12,594,903**	13,494,920
	17,334,423	14,734,920

Details of securities for the secured bank loans are set out in Note 45. Certain of bank loans are under corporate guarantee executed by a related party as follows:

	At 31 December 2015 RMB'000	2014 RMB'000
Guaranteed by a fellow subsidiary	**505,435**	334,000

Included in bank borrowings as at 31 December 2014 was a bank loan of RMB640,000,000 secured by the operating income of a hotel. The loan carried fixed interest rate at 6.55% per annum and was fully repaid during the year.

The maturity profile of the above bank loans is as follows:

	At 31 December 2015 RMB'000	2014 RMB'000
Carrying amount of bank loans repayable*:		
Within one year	**2,330,477**	5,574,204
In the second year	**3,300,716**	1,488,927
In the third to fifth year, inclusive	**7,119,361**	3,475,052
Beyond five years	**4,583,869**	4,196,737
Total bank borrowings	**17,334,423**	14,734,920
Less: Amounts due within twelve months shown under current liabilities	**(2,330,477)**	(5,574,204)
Amounts shown under non-current liabilities	**15,003,946**	9,160,716

* The amounts due are based on scheduled repayment dates set out in the loan agreements.

36. BANK BORROWINGS (continued)

As at 31 December 2015, bank borrowings amounted to RMB377,001,000 (2014: RMB640,957,000) are denominated in HK$, and RMB3,630,052,000 (2014: Nil) are denominated in US$.

The range of effective interest rates (which are also equal to contracted interest rates) on the Group's borrowings are as follows:

	Year ended 31 December	
	2015	2014
	%	%
Effective interest rate per annum	**1.64 to 6.55**	1.61 to 7.07

37. GUARANTEED NOTES

On 18 November 2014, Double Rosy Limited (the "Issuer"), a wholly-owned subsidiary of the Company, issued 3.625% Guaranteed Notes due 2019 (the "Notes") in the aggregate principal amount of US$800 million to independent third parties. The Notes are unconditionally and irrevocably guaranteed by the Company and supported by a Keepwell Deed and a Deed of Undertaking to be executed by COFCO (Hong Kong) Limited, an intermediate holding company of the Company.

The Notes bears interest on their outstanding principal amount from and including 18 November 2014 at the rate 3.625% per annum payable semi-annually in arrears on 18 May and 18 November in each year. Unless previously redeemed or purchased and cancelled, the Notes will be redeemed at their principal amount on 18 November 2019.

The Notes may be redeemed at the option of the Issuer in whole, but not in part, at any time, on giving not less than 30 nor more than 60 days' notice to the trustee of the Notes and the noteholders at their principal amount (together with accrued but unpaid interest to the date of redemption) in the event of certain changes affecting taxes of the Bermuda, British Virgin Islands or the PRC or any political subdivision or any authority thereof or therein having power to tax.

At any time following the occurrence of a Change of Control (as defined in the Terms and Conditions of the Notes), the holder of each Note will have the right, at such holder's option, to require the Issuer to redeem all, but not some only, of such holder's Notes on the Change of Control Put Date (as defined in the Terms and Conditions of the Notes) at 101 per cent. of their principal amount, together with accrued but unpaid interest to the Change of Control Put Date.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2015

37. GUARANTEED NOTES (continued)

The Issuer may at any time, on giving not less than 30 nor more than 60 days' notice to the Trustee and the noteholders, redeem the Notes, in whole but not in part, at the Make Whole Price as of, and accrued and unpaid interest, if any, to (but excluding), the redemption date. "Make Whole Price" means, with respect to a Note at the redemption date, the amount calculated by the Quotation Agent (as defined in the Terms and Conditions of the Notes) to be the greater of (1) the present value of the principal amount of the Notes, assuming a scheduled repayment thereof on the maturity date plus all required remaining scheduled interest payments due on such Note through 18 November 2019 (but excluding accrued and unpaid interest to the redemption date), computed using a discount rate equal to the Treasury Rate (as defined in the Terms and Conditions of the Notes) plus 50 basis points, and (2) the principal amount of such Notes.

The Issuer may, on giving notice to the Trustee and the noteholders by the date falling four calendar months after 18 November 2014 in accordance with the Terms and Conditions of the Notes if the Very Substantial Acquisition (as defined in the Terms and Conditions of the Notes) has not been completed by the date falling four calendar months after 18 November 2014, redeem the Notes, in whole but not in part, at 101 per cent. plus accrued and unpaid interest, if any, to (but excluding), the redemption date specified in such notice.

The effective interest rate of the guaranteed notes is 3.88% per annum.

In the opinion of the directors of the Company, the fair value of all early redemption options is insignificant on initial recognition and at the end of the reporting period.

The movements of guaranteed notes issued during the year were as follows:

	RMB'000
Upon issuance on 18 November 2014	4,911,760
Direct transaction costs	(53,986)
Carrying amount at the issuance date	4,857,774
Interest charge (Note 10)	22,082
Exchange differences	(17,557)
Carrying amount at 31 December 2014	4,862,299
Interest charge (Note 10)	193,635
Interest paid	(182,883)
Exchange differences	298,838
Carrying amount at 31 December 2015	5,171,889

38. SHARE CAPITAL

Ordinary share capital of the Company

	Number of shares	Amount HK$'000	(RMB equivalent) RMB'000
Authorised:			
Ordinary shares of HK$0.10 each			
At 31 December 2014 and 2015	28,904,699,222	2,890,470	2,293,502
Issued and fully paid:			
Ordinary shares of HK$0.10 each			
At 1 January 2014	8,478,732,480	847,873	667,941
Issue of shares for acquisition of non-controlling interests (Note (a))	1,008,684,092	100,868	80,100
At 31 December 2014 and at 1 January 2015	9,487,416,572	948,741	748,041
Rights issue of shares (Note (b))	4,743,708,286	474,371	374,373
At 31 December 2015	**14,231,124,858**	**1,423,112**	**1,122,414**

Notes:

(a) Pursuant to the acquisition agreement in respect of the acquisition of equity interests of certain non-wholly-owned subsidiaries of the Group and shareholder's loans of RMB178,399,000 from the then non-controlling shareholders signed on 1 August 2014, the consideration shall be HK$2,017,368,184 (approximately RMB1,601,992,000), which was satisfied by the issue and allotment of 1,008,684,092 shares of HK$0.10 (each were placed at HK$2.00 per share) to the non-controlling shareholders. The acquisition was completed on 19 August 2014.

(b) In February 2015, the Company proposed rights issue on the basis of one rights share for every two existing shares at a subscription price of HK$1.35 each on a non-underwritten basis (the "Rights Issue"). 4,743,708,286 new ordinary shares of HK$0.10 each were issued on 29 April 2015 pursuant to the Rights Issue, resulting in credits to ordinary share capital of the Company of RMB374,373,000 and share premium of the Company of RMB4,679,668,000, before share issue expenses of RMB16,385,000.

Further details of the above Rights Issue are set out in the Company's announcement dated 27 February 2015 and the Company's prospectus dated 30 March 2015.

39. NON-REDEEMABLE CONVERTIBLE PREFERENCE SHARES

Non-redeemable convertible preference shares ("CPS") with a par value HK$0.10 each were created as a new class of shares in the share capital of the Company on 19 December 2013. Upon the completion date of the Reverse Takeover Transaction on 19 December 2013, the Company issued 1,095,300,778 CPS (which are convertible into 1,095,300,778 new ordinary shares of the Company (the "Shares") subject to anti-dilutive adjustments, to be allotted and issued credited as fully paid by the Company upon the exercise of the conversion rights attaching to the CPS (the "Conversion Shares")) to Achieve Bloom Limited, the immediate holding company of the Company, as part of the consideration of the Reverse Takeover Transaction completed in December 2013, resulting in credits to equity of HK$2,190,602,000 (approximately RMB1,722,317,000).

39. NON-REDEEMABLE CONVERTIBLE PREFERENCE SHARES (continued)

The CPS shall be convertible at the option of its holder, without the payment of any additional consideration therefor, into such number of fully-paid Shares at the conversion ratio of one CPS for one Share. Holders of the CPS will have the right to convert all or such number of CPS into the Conversion Shares at any time after the issuance of the CPS, provided that they may not exercise the conversion rights as to such number of CPS the conversion of which would result in the Company not meeting the minimum public float requirement under Rule 8.08 of the Listing Rules. The CPS shall be non-redeemable by the Company or their holders.

Each CPS shall confer on its holder the right to receive any dividend pari passu with holders of Shares on the basis of the number of Share(s) into which each CPS may be converted and on an as converted basis. The holders of the CPS shall have priority over the ordinary shareholders of the Company on the assets and funds of the Company available for distribution in a distribution of assets on liquidation, winding-up or dissolution of the Company (but not on conversion of CPS or any repurchase by the Company of CPS or Shares).

The holders of the CPS shall be entitled to receive notices of and to attend general meetings of the Company, but the CPS shall not confer on their holders the right to vote at a general meeting of the Company, unless a resolution is to be proposed at a general meeting for the winding-up of the Company or a resolution is to be proposed which if passed would vary or abrogate the rights or privileges of the CPS or vary the restrictions to which the CPS are subject.

The CPS (including the Conversion Shares once converted from the CPS) may be transferred by their holders without restriction. Save as expressly provided in the Bye-laws and save and except for the voting rights and distribution entitlements upon liquidation, winding-up or dissolution of the Company, each CPS shall have the same rights as each of the Shares.

The Conversion Shares upon conversion of the CPS will be issued as fully paid and will rank pari passu in all respects with the Shares in issue as at the date of conversion. Listing approval for the Conversion Shares has been granted by the Stock Exchange.

If and whenever the Shares are consolidated or sub-divided into a different nominal amount, then the same consolidation or subdivision shall be effected on the CPS, in which case the conversion ratio shall remain as one CPS for one Share (as consolidated or sub-divided, as the case may be).

No listing will be sought for the CPS on the Stock Exchange or any other stock exchange.

40. RESERVES

The reconciliation of each component of the Group's total equity, including share premium and reserves, is set out in the consolidated statement of changes in equity.

41. PERPETUAL CAPITAL INSTRUMENTS

In October 2014, a wholly-owned subsidiary of the Company, the ultimate holding company and a bank (the "Bank") has entered into an entrustment loan agreement (the "Perpetual Loan Agreement") pursuant to which the ultimate holding company shall entrust the bank to lend RMB3,768 million (the "Perpetual Loan") to the Group for the purpose of repaying part of the loans from the ultimate holding company. The Perpetual Loan Agreement took effect on 20 October 2014 and the Perpetual Loan had been granted to the Group. The Perpetual Loan bears interest at 6.5% per annum. Interest payments on the Perpetual Loan are paid annually in arrears from 20 October 2014 and can be deferred at the discretion of the Group. Neither the ultimate holding company nor the bank could request for repayment of the principal and accrued interest save and except for when the Group elects to repay the principal and accrued interest at its sole discretion, or in the event of liquidation.

Under the Perpetual Loan Agreement, no guarantee of any kind is required to be given by any member of the Group to either the ultimate holding company or the Bank for the Perpetual Loan.

42. CONTINGENT LIABILITIES

Guarantees

	At 31 December	
	2015	2014
	RMB'000	RMB'000
Guarantees provided by the Group in respect of loan facilities utilised by property buyers	**1,469**	–

The Group has pledged certain bank deposits (details set out in Note 33) and provided guarantees to banks in favour of its customers in respect of the mortgage loans provided by the banks to those customers for the purchase of the Group's properties. These guarantees will be released upon receiving the building ownership certificate of the respective properties by the banks from the customers as security of the mortgage loans granted.

In the opinion of the directors of the Company, the fair value of the financial guarantee contracts at initial recognition and subsequently at the end of each reporting period is not significant as the default rate is low.

Non-compliances

(a) The Group has some non-compliances which mainly relating to the failure to commerce construction according to the applicable PRC laws, the failure to complete relevant approval procedures in relation to the construction and refurbishment of a property, and the actual gross floor area of a property in excess of the permitted gross floor area under the construction permit. The Group may be subject to a maximum penalty of RMB220 million (2014: RMB220 million). Based on the reasons and circumstances of these non-compliances and the PRC legal advice, the directors of the Company consider that the risk of the Group being subject to the penalty is remote, and accordingly, no provision has been made in the consolidated financial statements.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2015

42. CONTINGENT LIABILITIES (continued)

Non-compliances (continued)

(b) The Group has certain non-compliance incidents which are relating to the failure to comply with certain terms and conditions of the relevant construction works planning permits in respect of two projects, Chaoyang Joy City and Shenyang Joy City. The Group may be subject to a fine of up to 10% of the construction costs, demolishment of the relevant property and confiscation of any illegal revenue.

The construction costs of Chaoyang Joy City amounted to RMB3,299 million, including the cost for the non-compliant structure of RMB42 million. The non-compliant structure has been occupied as office and has not generated any revenue. Chaoyang Joy City generated revenue since the year 2010. The aggregate revenue of the shopping mall of Chaoyang Joy City since it generated revenue up to 31 December 2015 amounted to RMB2,008 million.

The construction costs of Shenyang Joy City amounted to RMB1,920 million, including an estimated cost for the excess area of RMB81 million. Shenyang Joy City generated revenue since the year 2009. The aggregate revenue of Shenyang Joy City since it generated revenue up to 31 December 2015 amounted to RMB1,142 million.

Based on the reasons and circumstances of these non-compliances and the PRC legal advice, the management of the Group considers that the risk of the Group will be subject to any fine, penalty or demolishment or confiscation order is not probable, and accordingly, no provision has been made in the consolidated financial statements. In addition, COFCO Corporation, the ultimate holding company of the Company, has undertaken to the Company to indemnity the Company against all penalties, losses and expenses that have been or will be suffered or incurred by the Group arising from, or in connection with the above non-compliances.

43. OPERATING LEASE ARRANGEMENTS

The Group as lessor

At the end of the reporting period, the Group had contracted with tenants for the following future minimum lease payments under non-cancellable operating leases in respect of office premises, retail shops and residential premises which fall due as follows:

	At 31 December	
	2015	2014
	RMB'000	RMB'000
Within one year	**1,445,940**	1,394,994
In the second to fifth year inclusive	**2,329,883**	2,189,096
After five years	**912,578**	970,893
	4,688,401	4,554,983

Leases are negotiated for an average term of 1 to 20 years mostly with fixed rentals. Certain lease arrangements contain rental escalation clauses which increase the monthly rental on a yearly basis.

43. OPERATING LEASE ARRANGEMENTS (continued)

The Group as lessee

The Group leases various office premises under non-cancellable operating lease agreements. The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

	At 31 December	
	2015 RMB'000	2014 RMB'000
Within one year	**6,475**	3,190
In the second to fifth year inclusive	**3,382**	766
	9,857	3,956

44. CAPITAL COMMITMENTS

The Group had the following commitments as at the end of each reporting period:

	At 31 December	
	2015 RMB'000	2014 RMB'000
Capital commitments in respect of:		
Purchase of property, plant and equipment		
Contracted, but not provided for	**236,190**	93,525
Constructing and developing investment properties		
Contracted, but not provided for	**1,303,682**	801,087
	1,539,872	894,612

45. PLEDGE OF ASSETS

The carrying amount of the non-current and current assets pledged to banks and to secure loan facilities granted to the Group and guarantee provided by the Group in respect of loan facilities utilised by property buyers is as follows:

	At 31 December	
	2015 RMB'000	2014 RMB'000
Investment properties	**31,701,843**	32,346,259
Property, plant and equipment	**3,536,756**	4,264,888
Properties under development for sale	**7,017,808**	–
Leasehold land and land use rights	**688,817**	706,084
Pledged deposits	**1,469**	–
	42,946,693	37,317,231

46. CATEGORIES OF FINANCIAL INSTRUMENTS

The carrying amounts of each of the categories of financial instruments of the Group as at the end of each reporting period are as follows:

	At 31 December	
	2015	2014
	RMB'000	RMB'000
		(restated)
Financial assets:		
Loans and receivables (including cash and bank balances)	**5,237,353**	7,167,237
Available-for-sale investments	**510**	1,510
Financial liabilities:		
Amortised cost	**30,991,159**	33,289,556
Rental deposits received	**607,408**	519,180

47. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's major financial instruments include available-for-sale investments, amounts due from/to fellow subsidiaries, holding companies and non-controlling interests, loans to/from a joint venture, fellow subsidiaries and non-controlling interests, accounts and other receivables, accounts and other payables, bank borrowings, pledged deposits, restricted bank deposits, cash and bank balances and guaranteed notes. Details of these financial instruments are disclosed in respective notes to the consolidated financial statements. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. Management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

Market risk

The Group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates.

Currency risk

The Group collects most of its revenue in RMB and most of the expenditures including expenditures incurred in property sales as well as capital expenditures are also denominated in RMB.

The Group has account balances denominated in foreign currencies, hence exposure to exchange rate fluctuations arises. The Group currently does not have a foreign currency hedging policy. However, the management monitors foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arise.

At 31 December 2015, the group entities with RMB as functional currency have bank balances denominated in foreign currencies which mainly consist of HK$ and US$ as set out in Note 33, amounts due to fellow subsidiaries and non-controlling interests which mainly consist of HK$ as set out in Note 32, bank borrowings which mainly consist of HK$ and US$ as set out in Note 36, and guaranteed notes which consist of US$ as set out in Note 37 which expose the Group to foreign currency risk.

47. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Market risk (continued)

Sensitivity analysis

The following table details the Group's sensitivity to a 5% increase and decrease in RMB against US$/HK$ while all other variables are held constant, which represents the directors of the Company's assessment of the reasonably possible change in foreign exchange rate. The sensitivity analysis includes only outstanding US$/HK$ denominated monetary items and adjusts their translation at the end of the reporting period for a 5% change in foreign currency rate. A positive number below indicates an increase in post-tax profit where RMB weakens 5% against US$/HK$ and vice versa.

	2015 RMB'000	2014 RMB'000
Increase/(decrease) in post-tax profit for the year:		
– if RMB weakens against US$	**(362,609)**	(195,413)
– if RMB strengthens against US$	**362,609**	195,413
– if RMB weakens against HK$	**(12,489)**	(163,091)
– if RMB strengthens against HK$	**12,489**	163,091

Interest rate risk management

The Group is exposed to fair value interest rate risk in relation to fixed-rate bank borrowings, loans from fellow subsidiaries and non-controlling interests, and guaranteed notes (see Notes 36, 26 and 37 respectively for details of these borrowings).

The Group is also exposed to cash flow interest rate risk in relation to variable-rate bank balances and variable-rate bank borrowings. The interest rates and terms of repayment of the interest-bearing bank borrowings of the Group are disclosed in Note 36. It is the Group's policy to negotiate the terms of the interest-bearing bank borrowings in order to balance the interest rate exposure.

The sensitivity analyses below have been determined based on the exposure to interest rates for bank borrowings at the end of the reporting period. No sensitivity analysis has been presented for the exposure to interest rates for bank balances as the management of the Group considers that, taking into account that the fluctuation in interest rates on bank balances is minimal, the impact of profit or loss for the year is insignificant.

The Group's exposures to interest rates on financial liabilities are detailed in the liquidity risk management section of this note. The Group cash flow interest rate risk is mainly concentrated on the fluctuation of the benchmark interest rate quoted by the People's Bank of China arising from the Group's RMB denominated bank borrowings.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2015

47. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Market risk (continued)

Interest rate risk management (continued)

The analysis is prepared assuming the variable-rate bank borrowings outstanding at the end of the reporting period were outstanding for the whole year. A 50 basis points increase or decrease during the year is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates. If interest rates had been 50 basis points higher/lower during the year and all other variables were held constant, the impact on post-tax profit after taking into account the interest capitalisation effect is set out below.

	2015	2014
	RMB'000	RMB'000
Increase/(decrease) in post-tax profit for the year:		
– interest rates 50 basis points higher	**(48,934)**	(50,878)
– interest rates 50 basis points lower	**48,934**	50,878

Credit risk management

The Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties is arising from the carrying amount of the respective recognised financial assets stated in the consolidated statement of financial position and the financial guarantee contracts.

At as 31 December 2015, the Group's credit risk is primarily attributable to its loans to a joint venture, amounts due from fellow subsidiaries, the ultimate holding company and non-controlling interests, accounts and other receivables, restricted bank deposits, pledged deposits, and cash and bank balances. In order to minimise the credit risk of accounts receivable, management of the Group has monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual debt at the end of each reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

For the loans to a joint venture, and amounts due from fellow subsidiaries, the ultimate holding company and non-controlling interests, the management of the Group is in the opinion that the failure of these entities to make required payments is unlikely after considering their past settlement records, and/or the financial position of these entities.

The Group has no significant concentration of credit risk, with exposure spread over a number of counterparties and customers.

The credit risks of the Group on liquid funds are limited because the counterparties are banks with good reputation. The Group has no significant concentration of credit risk on liquid funds, with exposure spread over a number of banks.

47. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Liquidity risk management

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. The management monitors the utilisation of bank borrowings and ensures compliance with loan covenants.

The following tables detail the contractual maturity of the Group for its financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. The tables include both interest and principal cash flows. To the extent that interest flows are floating rates, the undiscounted amount is derived from interest rate at the end of each reporting period.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2015

47. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Liquidity risk management (continued)

Liquidity and interest rate tables

	Weighted average effective interest rate	Repayable on demand or within 1 year	1 to 2 years	2 to 5 years	Over 5 years	Total undiscounted cash flows	Total carrying amount
	%	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 31 December 2015							
Accounts payable	–	1,128,457	55,920	52,012	–	1,236,389	1,236,389
Other payables	–	3,621,851	–	–	–	3,621,851	3,621,851
Bank borrowings	1.64% to 6.55%	3,453,990	3,913,171	8,145,704	5,072,940	20,585,805	17,334,423
Amounts due to the ultimate holding company	–	331,186	–	–	–	331,186	331,186
Amounts due to an intermediate holding company	–	585	–	–	–	585	585
Amounts due to fellow subsidiaries	–	76,051	–	–	–	76,051	76,051
Amounts due to non-controlling interests	–	929,245	–	–	–	929,245	929,245
Loans from fellow subsidiaries	4.35% to 6.0%	1,944,176	2,070	432,510	–	2,378,756	2,284,540
Loans from non-controlling interests	4.35%	5,196	–	–	–	5,196	5,000
Guaranteed notes	3.88%	188,314	188,314	5,454,361	–	5,830,989	5,171,889
		11,679,051	4,159,475	14,084,587	5,072,940	34,996,053	30,991,159
Rental deposits received		324,770	79,861	150,091	52,686	607,408	607,408
Financial guarantee contracts		1,469	–	–	–	1,469	–
At 31 December 2014 (restated)							
Accounts payable	–	1,123,168	5,176	3,875	–	1,132,219	1,132,219
Other payables	–	2,535,400	–	–	–	2,535,400	2,535,400
Bank borrowings	1.61% to 7.07%	6,243,706	1,972,462	4,528,997	5,043,476	17,788,641	14,734,920
Amounts due to the ultimate holding company	–	331,002	–	–	–	331,002	331,002
Amounts due to fellow subsidiaries	–	5,083,145	–	–	–	5,083,145	5,083,145
Amounts due to non-controlling interests	–	108,421	–	–	–	108,421	108,421
Loans from fellow subsidiaries	5.36% to 7.5%	4,201,897	84,120	466,881	–	4,752,898	4,502,150
Guaranteed notes	3.88%	177,493	177,493	5,428,833	–	5,783,819	4,862,299
		19,804,232	2,239,251	10,428,586	5,043,476	37,515,545	33,289,556
Rental deposits received		232,023	110,623	111,894	64,640	519,180	519,180

47. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Liquidity risk management (continued)

The amounts included above for financial guarantee contracts are the maximum amounts the Group could be forced to settle under the arrangement for the full guaranteed amount if that amount is claimed by the counterparty to the guarantee. Based on expectations at the end of the reporting period, the Group considers that it is more likely than not that such an amount will not be payable under the arrangement. However, this estimate is subject to change depending on the probability of the counterparty claiming under the guarantee which is a function of the likelihood that the financial receivables held by the counterparty which are guaranteed suffer credit losses.

Fair value

There is no financial instrument measured at fair value on a recurring basis. The fair values of financial assets and financial liabilities measured at amortised cost are determined in accordance with generally accepted pricing models based on discounted cash flows analysis.

The directors of the Company consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the consolidated statements of financial position approximate their respective fair values at the end of each reporting period.

48. CAPITAL MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. Apart from the above, the Group's overall strategy remains unchanged throughout the current and prior years.

The capital structure of the Group consists of net debt (which includes bank borrowings, loans from and/or amounts due to holding companies, fellow subsidiaries and non-controlling interests, and guaranteed notes) and equity attributable to the Company (comprising issued equity, non-redeemable convertible preference shares, reserves and retained profits as disclosed in consolidated statement of changes in equity).

The directors of the Company review the capital structure on a regular basis. As part of this review, the directors of the Company consider the cost of capital and the risks associated with each class of capital, and takes appropriate actions to balance its overall capital structure. Neither Company nor any of its subsidiaries is subject to externally imposed capital requirements.

49. BUSINESS COMBINATIONS

In September 2015, the Group acquired 50% interest in Shanghai Yueyao Co. Ltd. ("Shanghai Yueyao") from independent third party at a cash consideration of RMB1,208,210,000. According to the terms of the relevant shareholders' agreement, the Group has control over the board of directors and the relevant activities of Shanghai Yueyao. Shanghai Yueyao is principally involved in real estate development, property investment and development. Since the acquisition date, Shanghai Yueyao contributed a net loss of RMB34,406,000 to the Group's consolidated profit for the year ended 31 December 2015.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2015

49. BUSINESS COMBINATIONS (continued)

A summary of fair values of the identifiable assets and liabilities acquired at the date of the above acquisition was as follows:

	Shanghai Yueyao RMB'000
Properties under development for sale (Note 29)	1,455,000
Investment properties (Note 17)	963,000
Cash and bank balances	3,145
Other payable, accruals and deposits received	(3,200)
Deferred tax liabilities (Note 25)	(139,016)
	2,278,929

Goodwill recognised on acquisition

	RMB'000
Consideration transferred	1,208,210
Plus: Non-controlling interests	1,139,464
Less: Net assets acquired	(2,278,929)
	68,745
Represented by:	
Goodwill recognised on acquisition	68,745

The fair value of the above properties under development for sale and investment properties has been arrived at on the basis of a valuation carried out by Savills. The valuation was arrived by making reference to comparable market transactions as available in the relevant markets assuming sale with the benefit of vacant possession.

An analysis of cash and cash equivalents in respect of the above acquisition

	RMB'000
Consideration paid in cash	(1,208,210)
Less: Cash and bank balances acquired	3,145
Net cash outflow	(1,205,065)

No revenue was generated from Shanghai Yueyao since the acquisition up to 31 December 2015 or during the year ended 31 December 2015. Had the acquisition been completed on 1 January 2015, the profit of the Group for the year ended 31 December 2015 would have been no material difference.

50. DEEMED DISPOSAL OF SUBSIDIARIES

On 30 December 2015, BVI 97, a then wholly-owned subsidiary of the Group, became a 40% owned joint venture of the Group upon issue of new shares to the Investor, an independent third party to the Group. Details of which are set out in Note 22. The subsidiary of BVI 97 is involved in hotel operations in the PRC.

	As at 30 December 2015 RMB'000
Consideration	
Consideration received in cash and cash equivalents	–
Fair value of interest in a joint venture	8,661
Total consideration	8,661
Analysis of assets and liabilities over which control was lost	
Non-current assets:	
Property, plant and equipment (Note 18)	855,009
Leasehold land and land use rights	109,243
Intangible assets (Note 20)	2,241
Available-for-sale investments	1,000
Current assets:	
Inventories	647
Accounts receivable	1,742
Deposits, prepayments and other receivables	8,493
Cash and bank balances	737,558
Current liabilities:	
Accounts payable	(10,125)
Construction costs payable for property, plant and equipment	(229,870)
Amounts due to fellow subsidiaries	(127,086)
Amounts due to non-controlling interests	(525)
Loans from the ultimate holding company	(500,000)
Loans from fellow subsidiaries	(1,411,310)
Other liabilities	(7,859)
Net liabilities disposed of	(570,842)
Gain on deemed disposal of subsidiaries	
Consideration:	
Fair value of interest in a joint venture	8,661
Net liabilities disposed of	(570,842)
Gain on deemed disposal (included in other gains and losses, net) (Note 9)	579,503
Net cash outflow on deemed disposal of subsidiaries	
Consideration received in cash and cash equivalents	–
Less: Cash and cash equivalents disposed of	737,558
Net cash outflow	(737,558)

Notes to the Consolidated Financial Statements

For the year ended 31 December 2015

51. MAJOR NON-CASH TRANSACTIONS

(a) During the year, dividend declared to non-controlling interests amounted to RMB49,500,000 (2014: RMB22,206,000) was settled through the current account balances with non-controlling interests.

(b) During the year, the Group acquired additional equity interests in a non-wholly-owned subsidiary from its non-controlling shareholder for a consideration of RMB569,870,000 (2014: nil) (details of which are set out in Note (h) in the consolidated statement of changes in equity) and the consideration was settled through the current account balances with non-controlling interests.

(c) During the year, Sanya Hongxia, a non-wholly-owned subsidiary, resolved to reduce its paid-up registered capital and RMB240,000,000 (2014: nil) was distributed to its non-controlling shareholder (details of which are set out in Note (j) in the consolidated statement of changes in equity). The amount was settled through the current account balances with non-controlling interests.

(d) Contribution from non-controlling interests of RMB752,023,000 during the year ended 31 December 2014 was directly settled through the amounts due to non-controlling interests.

(e) On 4 December 2014, the Group completed the Acquisition (details of which are set out in Note (g) in the consolidated statement of changes in equity) and the deferred consideration of approximately RMB4,914.6 million which is repayable within 6 months from the completion date of the Acquisition has been recorded as amounts due to fellow subsidiaries. Included in amounts due to fellow subsidiaries of RMB873,725,000 as at 1 January 2014, of which RMB788,885,000 was eliminated upon the Acquisition during that year.

(f) On 19 August 2014, the Company completed the acquisition of non-controlling interests in certain subsidiaries of the Group together with shareholders' loans from non-controlling shareholders of RMB178,399,000. The aggregate consideration of the acquisition was RMB1,601,992,000, which was satisfied by the issue and allotment of 1,008,684,000 ordinary shares of the Company of HK$2 each to the non-controlling shareholders.

52. RELATED PARTY TRANSACTIONS AND BALANCES

In addition to the transactions and balances detailed elsewhere in these consolidated financial statements and the group reorganisation as disclosed in the consolidated statement of changes in equity, the Group had the following material transactions with related parties during the year.

Guarantee provided

Corporate guarantees were executed by the ultimate holding company and a fellow subsidiary in relation to certain of the Group's loans from fellow subsidiaries and bank borrowings. Details of which are disclosed in the Notes 26 and 36 respectively above.

52. RELATED PARTY TRANSACTIONS AND BALANCES (continued)

Related party transactions

During the year, the Group had the following material transactions with related parties.

	Year ended 31 December	
	2015	2014
	RMB'000	RMB'000
Revenue from leasing of properties to:		
Fellow subsidiaries*	**127,246**	89,601
Intermediate holding company*	**11,443**	6,870
Ultimate holding company*	**980**	153
Rental expenses for leasing of properties from:		
Fellow subsidiary*	**1,213**	–
Ultimate holding company*	**9,615**	10,745
Provision of project consultation by:		
Fellow subsidiary	**–**	4,162
Provision of hotel management service by:		
Fellow subsidiary*	**2,090**	6,082
Provision of property management service by:		
Fellow subsidiary*	**6,152**	1,343
Provision of property management service to:		
Fellow subsidiary	**2,059**	8,232
Ultimate holding company	**–**	2,192
Provision of insurance service by:		
Fellow subsidiary*	**1,897**	393
Sourcing of staple supplies and catering service to:		
Fellow subsidiary	**338**	197
Ultimate holding company	**466**	846
Sourcing of staple supply and catering service from:		
Fellow subsidiaries*	**4,341**	3,250
Ultimate holding company*	**116**	–
Leasing of parking lot from:		
Fellow subsidiaries	**43**	86
Interest income from:		
Fellow subsidiaries	**–**	1,217
Interest expense to:		
Fellow subsidiaries	**208,540**	132,153
Ultimate holding company	**18,794**	186,130
Property management fee to:		
Fellow subsidiaries*	**1,500**	2,000

* These related party transactions also constituted connected transactions or continuing connected transactions according to the Listing Rules.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2015

52. RELATED PARTY TRANSACTIONS AND BALANCES (continued)

Related party balances

COFCO Finance, a fellow subsidiary, is a non-banking financial institution regulated by the People's Bank of China (the "PBOC") and the China Banking Regulatory Commission. In the PRC, deposit and lending rates are set by the PBOC which is applicable to all financial institutions. The interest rates offered by COFCO Finance are the same as the rates promulgated by the PBOC. The loans from COFCO Finance to the Group at 31 December 2015 amounted to RMB381,500,000 (2014: RMB512,500,000).

Details of the Group's balances with related parties are disclosed in Notes 26 and 32. Except for balances with related parties below which are trade in nature, the remaining balances are non-trade in nature. The following is an aged analysis of balances with related parties which are trade in nature at the end of the reporting period based on invoice date.

	At 31 December	
	2015 RMB'000	2014 RMB'000 (restated)
Amounts due from the ultimate holding company:		
Within 1 year	177	965
1 to 2 years	63	–
	240	965
Amounts due from fellow subsidiaries:		
Within 1 year	8,859	19,590
1 to 2 years	7,190	27
2 to 3 years	–	4
Over 3 years	–	156
	16,049	19,777
Amounts due to the ultimate holding company:		
Within 1 year	184	2,502
1 to 2 years	2,502	–
	2,686	2,502
Amounts due to fellow subsidiaries:		
Within 1 year	31,426	11,725
1 to 2 years	3,001	6,479
2 to 3 years	4,657	213
Over 3 years	1,432	2,242
	40,516	20,659

52. RELATED PARTY TRANSACTIONS AND BALANCES (continued)

Compensation of key management personnel of the Group

	Year ended 31 December 2015 RMB'000	2014 RMB'000
Salaries, allowance and other benefits	**17,237**	15,374
Retirement benefit scheme contributions	**890**	959
	18,127	16,333

The key management personnel of the Group includes the directors and certain top executives of the Company. The remuneration of certain of these directors and top executives was borne by the ultimate holding company or fellow subsidiaries during the current and prior years. Further details of directors' emoluments are included in Note 15.

Acquisition of 69.65% equity interest in Sichuan China Jiucheng Corporation

On 31 December 2015, Chengdu Pengyue Management Consulting Co. Ltd. ("Chengdu Pengyue", an indirect wholly-owned subsidiary of the Company), entered into equity transfer agreements with China National Sugar & Alcohol Group Corporation ("China Sugar") and China Huang Co. Ltd. ("China Huang") to acquire 64.97% and 4.68% equity interests in Sichuan China Jiucheng Corporation ("Sichuan Jiucheng") therefrom respectively for an aggregate consideration of approximately RMB240.3 million. COFCO Corporation indirectly owns 100% equity interest in China Sugar, and China Sugar directly owns 50% equity interest in China Huang. Both China Sugar and China Huang are fellow subsidiaries of the Company. The above acquisition has not been completed.

Transactions with other government-related entities in the PRC

The Group itself is part of a larger group of companies under COFCO Corporation which is controlled by the PRC government. Thus, the directors of the Company consider that the Group is ultimately controlled by the PRC government. In addition, the Group operates in an economic environment currently predenominated by entities controlled, jointly controlled or significantly influenced by the PRC government ("PRC government-related entities"). Apart from the transactions and balances with the ultimate holding company, an intermediate holding company and fellow subsidiaries set out in "Related party transactions" and "Related party balances" above, the Group also conducts businesses with other PRC government-related entities in the ordinary course of business. Certain of the Group's bank deposits and bank borrowings are entered into with certain banks which are PRC government-related entities in its ordinary course of business. In view of the nature of those banking transactions, the directors of the Company are of the opinion that separate disclosures would not be meaningful. In addition, the Group entered into various transactions, including purchases of land use rights, construction of properties and other operating expenses with other PRC government-related entities in the ordinary course of business. The pricing and the selection of suppliers and service providers are not dependent on whether the counterparties are PRC government-related entities or not. In the opinion of the management of the Group, the above transactions are collectively significant transactions of the Group with PRC government-related entities.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2015

53. COMPOSITION OF THE GROUP

Details of non-wholly-owned subsidiaries that have material non-controlling interests

The table below shows details of non-wholly-owned subsidiaries of the Group that have material non-controlling interests:

Name of subsidiary	Place of Incorporation/ establishment and place of business	Proportion of ownership interests held by non-controlling interests	Profit/(loss) allocated to non-controlling interests RMB'000	Accumulated non-controlling interests RMB'000 (Note (a))
Year ended 31 December 2015				
Yalong Development Company Limited and its subsidiaries ("Yalong Development group")	**PRC**	**49.2%**	**23,015**	**1,840,396**
Joy Sincere (Hong Kong) Limited and its subsidiaries ("Joy Sincere HK") (Note (b))	**Hong Kong**	**48.0%**	**(6,812)**	**523,177**
Beijing Hongtaijiye Real Estate Co., Ltd.	**PRC**	**10.0%**	**39,355**	**325,068**
Shanghai Yueyao Real Estate Co., Ltd	**PRC**	**50.0%**	**10,181**	**1,149,645**
Beijing Kunting Asset Management Co., Ltd.	**PRC**	**35.0%**	**(3,159)**	**371,885**
Individually immaterial subsidiaries with non-controlling interests			**(74,021)**	**14,334**
Total			**(11,441)**	**4,224,505**
Year ended 31 December 2014				
Yalong Development group	PRC	49.2%	184,892	2,106,881
Joy Sincere HK (Note (b))	Hong Kong	48.0%	45,053	529,989
Beijing Hongtaijiye Real Estate Co., Ltd.	PRC	10.0%	16,783	285,713
Beijing Kunting Asset Management Co., Ltd.	PRC	70.0%	(2,581)	752,023
Individually immaterial subsidiaries with non-controlling interests			(15,399)	(205,152)
Total			228,748	3,469,454

53. COMPOSITION OF THE GROUP (continued)

Details of non-wholly-owned subsidiaries that have material non-controlling interests (continued)

Notes:

(a) The amounts represent the consolidated amount of these non-wholly-owned subsidiaries and their respective subsidiaries, as applicable.

(b) Joy Sincere HK is 52% held by Mega Health Limited, a wholly-owned subsidiary of the Company, and Joy Sincere HK holds 51% equity interest in Sino Melody Limited ("Sino Melody"). Sino Melody holds 66.67% equity interests in Yantai Joy City. The remaining 33.33% equity interests of Yantai Joy City is held by a wholly-owned subsidiary of the Group. The profit or loss allocated to non-controlling interests and the accumulated non-controlling interests of Joy Sincere HK and its subsidiaries was disclosed after consideration of the non-controlling interests in Joy Sincere HK and Sino Melody.

Summarised consolidated financial information in respect of each of the subsidiaries that has material non-controlling interests is set out below. The summarised consolidated financial information below represents amounts before intragroup eliminations.

Yalong Development group

	At 31 December	
	2015	2014
	RMB'000	RMB'000
Current assets	**2,919,678**	2,718,385
Non-current assets	**2,559,045**	2,413,746
Current liabilities	**(1,600,340)**	(800,990)
Non-current liabilities	**(484,635)**	(632,366)
Total equity	**3,393,748**	3,698,775
Equity attributable to:		
Owners of the Company	**1,553,352**	1,591,894
Non-controlling interests	**1,840,396**	2,106,881
Total equity	**3,393,748**	3,698,775

Notes to the Consolidated Financial Statements

For the year ended 31 December 2015

53. COMPOSITION OF THE GROUP (continued)

Details of non-wholly-owned subsidiaries that have material non-controlling interests (continued)

Yalong Development group (continued)

	Year ended 31 December 2015 RMB'000	Year ended 31 December 2014 RMB'000
Revenue	**1,396,455**	1,576,925
Other income, and other gains and losses, net	**1,245**	93,191
Fair value (loss)/gain of investment properties	**(39,671)**	22,420
Total expenses	**(1,323,449)**	(1,358,553)
Profit for the year	**34,580**	333,983
Other comprehensive income	**1,044**	–
Total comprehensive income for the year	**35,624**	333,983
Total comprehensive income attributable to:		
Owners of the Company	**12,609**	149,091
Non-controlling interests	**23,015**	184,892
Total comprehensive income for the year	**35,624**	333,983
Dividends declared to non-controlling interests	**49,500**	139,000
Net cash inflow/(outflow) from:		
Operating activities	**323,503**	(820,932)
Investing activities	**(232,539)**	(319,461)
Financing activities	**(28,059)**	155,081
Net cash inflow/(outflow)	**62,905**	(985,312)

Joy Sincere HK

	At 31 December 2015 RMB'000	At 31 December 2014 RMB'000
Current assets	**242,972**	334,592
Non-current assets	**2,360,846**	2,339,453
Current liabilities	**(535,055)**	(695,174)
Non-current liabilities	**(1,000,154)**	(896,429)
Total equity	**1,068,609**	1,082,442
Equity attributable to:		
Owners of the Company	**545,432**	552,453
Non-controlling interests	**523,177**	529,989
Total equity	**1,068,609**	1,082,442

53. COMPOSITION OF THE GROUP (continued)

Details of non-wholly-owned subsidiaries that have material non-controlling interests (continued)

Joy Sincere HK (continued)

	Year ended 31 December	
	2015	2014
	RMB'000	RMB'000
Revenue	**136,975**	49,205
Other income, and other gains and losses, net	**16,941**	8,261
Fair value gain of investment properties	**40,810**	209,759
Total expenses	**(208,559)**	(175,305)
(Loss)/profit and total comprehensive (expense)/income for the year	**(13,833)**	91,920
Total comprehensive (expense)/income attributable to:		
Owners of the Company	**(7,021)**	46,867
Non-controlling interests	**(6,812)**	45,053
(Loss)/profit and total comprehensive (expense)/income for the year	**(13,833)**	91,920
Dividends declared to non-controlling interests	**–**	–
Net cash (outflow)/inflow from:		
Operating activities	**(179,697)**	(12,622)
Investing activities	**(1,891)**	(606,393)
Financing activities	**88,079**	891,951
Net cash (outflow)/inflow	**(93,509)**	272,936

Beijing Hongtaijiye Real Estate Co., Ltd.

	At 31 December	
	2015	2014
	RMB'000	RMB'000
Current assets	**323,386**	192,397
Non-current assets	**5,835,034**	5,491,474
Current liabilities	**(443,821)**	(399,332)
Non-current liabilities	**(2,468,705)**	(2,427,409)
Total equity	**3,245,894**	2,857,130
Equity attributable to:		
Owners of the Company	**2,920,826**	2,571,417
Non-controlling interests	**325,068**	285,713
Total equity	**3,245,894**	2,857,130

Notes to the Consolidated Financial Statements

For the year ended 31 December 2015

53. COMPOSITION OF THE GROUP (continued)

Details of non-wholly-owned subsidiaries that have material non-controlling interests (continued)

Beijing Hongtaijiye Real Estate Co., Ltd. (continued)

	Year ended 31 December	
	2015	2014
	RMB'000	RMB'000
Revenue	**550,581**	489,075
Other income, and other gains and losses, net	**765**	(21,279)
Fair value gain of investment properties	**331,397**	130,465
Total expenses	**(489,186)**	(430,429)
Profit and total comprehensive income for the year	**393,557**	167,832
Total comprehensive income attributable to:		
Owners of the Company	**354,202**	151,049
Non-controlling interests	**39,355**	16,783
Profit and total comprehensive income for the year	**393,557**	167,832
Dividends declared to non-controlling interests	**–**	–
Net cash inflow/(outflow) from:		
Operating activities	**353,828**	258,415
Investing activities	**(160,292)**	(125,841)
Financing activities	**(143,041)**	(153,102)
Net cash inflow/(outflow)	**50,495**	(20,528)

Shanghai Yueyao Real Estate Co., Ltd

	At 31 December	
	2015	2014
	RMB'000	RMB'000
Current assets	**1,463,644**	–
Non-current assets	**993,016**	–
Current liabilities	**(11,064)**	–
Non-current liabilities	**(145,991)**	–
Total equity	**2,299,605**	–
Equity attributable to:		
Owners of the Company	**1,149,960**	–
Non-controlling interests	**1,149,645**	–
Total equity	**2,299,605**	–

53. COMPOSITION OF THE GROUP (continued)

Details of non-wholly-owned subsidiaries that have material non-controlling interests (continued)

Shanghai Yueyao Real Estate Co., Ltd (continued)

	Year ended 31 December	
	2015	2014
	RMB'000	RMB'000
Revenue	**–**	–
Other income, and other gains and losses, net	**60**	–
Fair value gain of investment properties	**27,900**	–
Total expenses	**(7,362)**	–
Profit and total comprehensive income for the year	**20,598**	–
Total comprehensive income attributable to:		
Owners of the Company	**10,417**	–
Non-controlling interests	**10,181**	–
Profit and total comprehensive income for the year	**20,598**	–
Dividends declared to non-controlling interests	**–**	–
Net cash (outflow)/inflow from:		
Operating activities	**(4,629)**	–
Investing activities	**(17)**	–
Financing activities	**9,958**	–
Net cash inflow	**5,312**	–

Notes to the Consolidated Financial Statements

For the year ended 31 December 2015

53. COMPOSITION OF THE GROUP (continued)

Details of non-wholly-owned subsidiaries that have material non-controlling interests (continued)

Beijing Kunting Asset Management Co., Ltd

	At 31 December 2015 RMB'000	At 31 December 2014 RMB'000
Current assets	**239,237**	166,225
Non-current assets	**825,775**	795,397
Current liabilities	**(2,483)**	(2,012)
Non-current liabilities	**–**	–
Total equity	**1,062,529**	959,610
Equity attributable to:		
Owners of the Company	**690,644**	207,587
Non-controlling interests	**371,885**	752,023
Total equity	**1,062,529**	959,610

	Year ended 31 December 2015 RMB'000	Year ended 31 December 2014 RMB'000
Revenue	**–**	–
Other income, and other gains and losses, net	**51**	–
Total expenses	**(4,564)**	(6,152)
Loss and total comprehensive expense for the year	**(4,513)**	(6,152)
Total comprehensive expense attributable to:		
Owner of the Company	**(1,354)**	(3,571)
Non-controlling interests	**(3,159)**	(2,581)
Loss and total comprehensive expense for the year	**(4,513)**	(6,152)
Dividends declared to non-controlling interests	**–**	–
Net cash (outflow)/inflow from:		
Operating activities	**(110,680)**	(9,722)
Investing activities	**(24,817)**	(36,366)
Financing activities	**108,462**	1,665
Net cash outflow	**(27,035)**	(44,423)

Notes to the Consolidated Financial Statements

For the year ended 31 December 2015

54. DETAILS OF SUBSIDIARIES

Particulars of the principal subsidiaries at the end of the reporting period are as follows:

Company name	Paid-up issued/ registered capital	Proportion of ownership interest and voting rights held by the Company				Principal activities
		Directly		Indirectly		
		2015	2014	2015	2014	
Entities incorporated in Hong Kong and operating principally in Hong Kong						
Bapton Company Limited	HK$2	–	–	100%	100%	Property investment
Hope HK No. 1 Limited	HK$20 (Ordinary) HK$8,500,020 (Non-voting deferred shares)	–	–	100%	100%	Property investment
Joy Sincere (Hong Kong) Limited	HK$64,416,312	–	–	51.96%	51.96%	Investment holding
Entities established in the PRC and operating principally in the PRC						
中糧置業投資有限公司 (COFCO Commercial Property Investment Co., Ltd*) (Note 2)	RMB5,000,000,000	–	–	100%	100%	Investment holding
西單大悅城有限公司 (Xidan Joy City Co., Ltd*) ("Xidan Joy City") (Note 5)	RMB1,025,000,000	–	–	100%	100%	Property investment and development
北京弘泰基業房地產有限公司 (Beijing Hongtaijiye Real Estate Co., Ltd.*) (Note 5)	RMB1,055,000,000	–	–	90%	90%	Property investment and development
大悅城(天津)有限公司 (Joy City (Tianjin) Co., Ltd.*) (Note 5)	RMB1,870,000,000	–	–	100%	100%	Property investment and development
大悅城(上海)有限責任公司 (Joy City (Shanghai) Co., Ltd*) (Note 5)	RMB520,000,000	–	–	100%	100%	Property management
上海新蘭房地產開發有限公司 (Shanghai Xinlan Real Estate Development Co., Ltd.*) (Note 5)	RMB4,200,000,000	–	–	100%	100%	Property investment and development
瀋陽大悅城房產開發有限公司 (Shenyang Joy City Real Estate Development Co., Ltd.*) (Note 2)	US$129,300,000	–	–	100%	100%	Property investment and development
瀋陽大悅城商業管理有限公司 (Shenyang Joycity Commercial Management Co., Ltd.*) (Note 5)	RMB1,080,000	–	–	100%	100%	Property management
煙台大悅城有限公司 (Yantai Joy City Co., Ltd*) ("Yantai Joy City Co") (Notes 1 and 6)	RMB900,000,000	–	–	100%	100%	Property investment and development

Notes to the Consolidated Financial Statements

For the year ended 31 December 2015

54. DETAILS OF SUBSIDIARIES (continued)

Company name	Paid-up issued/ registered capital	Proportion of ownership interest and voting rights held by the Company Directly 2015	2014	Indirectly 2015	2014	Principal activities
Entities established in the PRC and operating principally in the PRC (continued)						
北京昆庭資產管理有限公司 (Beijing Kunting Asset Management Co., Ltd*) ("Beijing Kunting") (Notes 5 and 7)	RMB1,074,318,600	–	–	**65%**	30%	Property management
中糧酒店(北京)有限公司 (COFCO Hotel (Beijing) Co., Ltd.*) (Note 2)	US$32,000,000	–	–	**100%**	100%	Hotel ownership and operations
中糧酒店(三亞)有限公司 (COFCO Hotel (Sanya) Limited.*) (Note 2)	US$165,500,000	–	–	**100%**	100%	Hotel ownership and operations
蘇州凱萊大酒店有限公司 (Suzhou Gloria Plaza Hotel Co., Ltd.*) (Note 2)	US$15,130,000	–	–	**100%**	100%	Hotel ownership and operations
南昌凱萊大飯店有限公司 (Nanchang Gloria Grand Hotel Co., Ltd.*) (Note 2)	US$14,400,000	–	–	**100%**	100%	Hotel ownership and operations
台灣飯店有限公司 (Taiwan Hotel Co. Ltd.*) (Notes 2 and 10)	RMB489,240,000	–	–	–	51%	Hotel ownership and operations
三亞亞龍灣開發股份有限公司 (Yalong Development Company Limited*) (Note 1)	RMB671,000,000	–	–	**50.8%**	50.8%	Property development
三亞亞龍灣熱帶海岸公園管理有限公司 (Sanya Yalong Tropical Coast Park Management Co., Ltd.*) (Notes 4 and 5)	RMB3,000,000	–	–	**100%**	100%	Provision of tourism service
三亞虹霞開發建設有限公司 (Sanya Hongxia Development & Construction Co., Ltd.*) (Notes 3 and 5)	RMB1,339,500,000 (Note 8)	–	–	**80%**	80%	Property development
三亞亞龍灣物業管理有限公司 (Sanya Yalong Property Management Co., Ltd.*) (Notes 4 and 5)	RMB500,000	–	–	**100%**	100%	Property management
三亞悅晟開發建設有限公司 (Sanya Yuesheng Development Company Limited) (Notes 4 and 5)	RMB15,000,000	–	–	**100%**	N/A	Property development
北京中糧廣場發展有限公司 (Beijing COFCO Plaza Development Co., Ltd.*) (Note 1)	US$33,300,000	–	–	**100%**	100%	Property investment
北京凱萊物業管理有限公司 (Beijing Gloria Properties Management Co., Ltd.*) (Note 1)	RMB5,000,000	–	–	**82.8%**	82.8%	Property management

54. DETAILS OF SUBSIDIARIES (continued)

Company name	Paid-up issued/ registered capital	Proportion of ownership interest and voting rights held by the Company				Principal activities
		Directly		Indirectly		
		2015	2014	2015	2014	
Entities established in the PRC and operating principally in the PRC (continued)						
四川凱萊物業管理有限公司 (Sichuan Gloria Properties Management Co.,Ltd.*) (Note 1)	RMB500,000	–	–	**94%**	94%	Property management
凱萊物業管理(廣州)有限公司 (Gloria Properties Management (Guangzhou) Co., Ltd.*) (Note 1)	RMB1,200,000	–	–	**87.5%**	87.5%	Property management
瀋陽凱萊物業管理有限公司 (Shenyang Gloria Properties Management Co., Ltd.*) (Note 1)	US$70,400	–	–	**100%**	100%	Property management
上海鵬利置業發展有限公司 (Shanghai Top Glory Real Estate Development Co., Ltd.*) (Note 2)	US$70,000,000	–	–	**100%**	100%	Property investment and development
中糧鵬利(成都)實業發展有限公司(COFCO Top Glory (Chengdu) Real Estate Development Co., Ltd.*) (Note 2)	US$18,000,000	–	–	**100%**	100%	Property development
卓遠地產(成都)有限公司 (Zhuoyuan Property (Chengdu) Co., Ltd.*) (Note 2)	US$20,000,000	–	–	**100%**	100%	Property development
浙江和潤天成置業有限公司 (Zhejiang Herun Tiancheng Real Estate Co., Ltd.*) (Note 5)	US$406,500,000	–	–	**100%**	N/A	Property investment and development
上海悅耀置業發展有限公司 (Shanghai Yueyao Development Co., Ltd.*) (Note 1)	RMB1,862,934,229 (Note 9)	–	–	**50%**	N/A	Property development

* The English names are translations of their Chinese names and are included for identification purpose only, and should not be regarded as their official English translation.

The above table lists the subsidiaries of the Company which, in the opinion of the directors, principally affected the results or assets of the Company during the year ended 31 December 2015. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2015

54. DETAILS OF SUBSIDIARIES (continued)

Notes:

1. These companies are sino-foreign equity joint ventures.

2. These companies are wholly-foreign owned enterprises.

3. Subsidiary held by a non-wholly-owned subsidiary of the Company.

4. Subsidiaries wholly-owned by non-wholly-owned subsidiaries of the Company.

5. These companies are PRC limited liability companies.

6. Subsidiary held by a wholly-owned subsidiary and a non-wholly-owned subsidiary of the Company.

7. As at 31 December 2014, Beijing Kunting was 30% held by Xidan Joy City and 70% held by 中國土產畜產進出口總公司 (China National Native Produce & Animal By-products Import & Export Corporation*) ("China National Native Produce"), a subsidiary of COFCO Corporation. China National Native Produce has agreed to act in concert with Xidan Joy City in any decision made by Xidan Joy City in the shareholders' and directors' meetings and, accordingly, Beijing Kunting is accounted for as a subsidiary by virtue of the Group's control over the Beijing Kunting. During the year ended 31 December 2015, Xidan Joy City acquired 35% equity interest in Beijing Kunting from China National Native Produce and Beijing Kunting became 65% held by Xidan Joy City and 35% held by China National Native Produce thereafter.

8. During the year ended 31 December 2015, the paid-up registered capital for Sanya Hongxia has been reduced from RMB2,539,500,000 to RMB1,339,500,000.

9. The Group has control over the board of directors and the relevant activities of this entity and therefore accounted for as a subsidiary of the Company.

10. Taiwan Hotel Co., Ltd. was disposed of during the year. See Note 50 for further details.

* The English names are translations of their Chinese names and are included for identification purpose only, and should not be regarded as their official English translation.

55. INFORMATION ABOUT THE STATEMENT OF FINANCIAL POSITION OF THE COMPANY

Information about the statement of financial position of the Company at the end of the reporting period includes:

	At 31 December	
	2015	2014
	RMB'000	RMB'000
NON-CURRENT ASSETS		
Unlisted investments in subsidiaries	**18,426,777**	18,426,777
Loans to subsidiaries	**5,221,774**	4,890,652
	23,648,551	23,317,429
CURRENT ASSETS		
Amounts due from subsidiaries	**7,388,612**	1,208,225
Accounts receivables	**–**	2,000
Other current assets	**112,321**	2,144,459
	7,500,933	3,354,684
CURRENT LIABILITIES		
Amounts due to subsidiaries	**5,391,077**	5,324,813
Amounts due to fellow subsidiaries	**3,630,052**	4,914,575
Amount due to an intermediate holding company	**7**	–
Loans from a fellow subsidiary	**545,010**	–
Other current liabilities	**6,725**	14,772
	9,572,871	10,254,160
NET CURRENT LIABILITIES	**(2,071,938)**	(6,899,476)
NET ASSETS	**21,576,613**	16,417,953
CAPITAL AND RESERVES		
Share capital (Note 38)	**1,122,414**	748,041
Reserves (Note (a))	**20,454,199**	15,669,912
TOTAL EQUITY	**21,576,613**	16,417,953

Notes to the Consolidated Financial Statements

For the year ended 31 December 2015

55. INFORMATION ABOUT THE STATEMENT OF FINANCIAL POSITION OF THE COMPANY (continued)

Note (a):

Reserves of the Company

	Share premium RMB'000	Non-redeemable convertible preference shares RMB'000 (Note 39)	Foreign currency translation reserve RMB'000	Capital re-demption reserve RMB'000	Contributed surplus RMB'000	(Accumulated deficits)/ Retained profits RMB'000	Total RMB'000
At 1 January 2014	11,808,027	1,722,317	3,266	1,931	227,703	(396,114)	13,367,130
Profit and total comprehensive income for the year	–	–	–	–	–	780,890	780,890
Issue of new shares (Note 38)	1,521,892	–	–	–	–	–	1,521,892
At 31 December 2014	13,329,919	1,722,317	3,266	1,931	227,703	384,776	15,669,912
Profit and total comprehensive income for the year	–	–	–	–	–	245,658	245,658
Final 2014 dividend declared (Note 13)	–	–	–	–	–	(124,654)	(124,654)
Right issue of shares (Note 38)	4,679,668	–	–	–	–	–	4,679,668
Share issue expenses (Note 38)	(16,385)	–	–	–	–	–	(16,385)
At 31 December 2015	**17,993,202**	**1,722,317**	**3,266**	**1,931**	**227,703**	**505,780**	**20,454,199**

The consolidated profit attributable to owners of the Company for the year ended 31 December 2015 includes a profit of RMB245,658,000 (2014: RMB885,123,000) which has been dealt with in the financial statements of the Company.

56. EVENTS AFTER THE END OF THE REPORTING PERIOD

Subsequent to the end of the reporting period, in early January 2016, a wholly-owned subsidiary of Company (the "Subsidiary") issued 3.2% domestic corporate bond in the aggregate principal amount of RMB3,000 million due on 14 January 2021 (the "Corporate Bond"). The Corporate Bond bears interest on its outstanding principal amount at the rate of 3.2% per annum payable annually in arrears on 14 January in each year.

Pursuant to the terms and conditions of the Corporate Bond, the coupon rate may be adjusted at the option of the Subsidiary from 14 January 2019 on the condition that the Subsidiary has announced the adjustment to the coupon rate within 20 trading days before 14 January 2019. Otherwise, the coupon rate will remain the same until the maturity date. The holders of the Corporate Bond may, on giving notice to the Subsidiary within 5 trading days after the announcement of the coupon rate adjustment made by the Subsidiary, early redeem all or part of such holder's Corporate Bond, together with interest accrued but unpaid to such date.

The proceeds from the issue of the Corporate Bond, after related issue expense, will be used to finance the working capital of the Group.

Further details of the issue of the Corporate Bond are set out in the Company's announcements dated 11 January 2016, 13 January 2016 and 15 January 2016.

Definitions

In this Annual Report, the following expressions have the following meanings unless the context requires otherwise:

"Achieve Bloom"	Achieve Bloom Limited (得茂有限公司), a company incorporated in the BVI with limited liability on 10 June 2011, a wholly-owned subsidiary of COFCO (HK) and a controlling shareholder of the Company
"Acquisition"	has the meaning ascribed to it in the announcement of the Company dated 24 September 2013
"Annual Caps"	the maximum aggregate annual transaction amounts set for the Non-Exempt Continuing Connected Transactions
"AGM"	the annual general meeting of the Company to be held on Tuesday, 2 June 2015 or any adjournment thereof
"Audit Committee"	the audit committee under the Board
"Bapton"	Bapton Company Limited, a company incorporated in Hong Kong with limited liability on 22 August 1986 and wholly-owned by Elab, Corp.
"Beijing COFCO Plaza Co."	Beijing COFCO Plaza Development Co. Ltd. (北京中糧廣場發展有限公司), a company incorporated in the PRC with limited liability on 14 September 1987 and a wholly-owned subsidiary of the Company
"Beijing Gloria Management"	Beijing Gloria Properties Management Co., Ltd. (北京凱萊物業管理有限公司), a company incorporated in the PRC with limited liability on 24 February 2000 and owned as to 82.8% by Gloria Properties Management Limited (凱萊物業管理有限公司), a wholly-owned subsidiary of the Company, and 17.2% by Beijing Kai Da Jing Sheng Trading & Management Co. Ltd* (北京凱達景晟經貿發展有限公司), an independent third party
"Board"	the board of Directors
"BVI"	British Virgin Islands
"Bye-laws"	the bye-laws of the Company, as may be amended from time to time
"Candidate(s)"	has the meaning ascribed to it in the section headed "Shareholders' Rights" of the Corporate Governance Report
"CG Code"	the Code on Corporate Governance Practices as set out in Appendix 14 to the Listing Rules
"Chengdu Yuecheng"	Chengdu Yuecheng Real Estate Co., Ltd. (成都悅城實業有限公司), a company incorporated in the PRC with limited liability on 13 October 2009 and owned as to 30% by COFCO Chengdu and 70% by COFCO Property Chengdu Co., Ltd.* (中糧地產成都有限公司), a subsidiary of COFCO Property

Definitions

"China"or "PRC"	the People's Republic of China, which shall, for the purposes of this annual report, exclude Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
"COFCO (BVI) 97"	COFCO (BVI) No. 97 Limited, an limited company incorporated in the British Virgin Islands and an indirect wholly-owned subsidiary of the Company
"COFCO Chengdu"	COFCO Top Glory (Chengdu) Real Estate Development Co., Ltd* (中糧鵬利（成都）實業發展有限公司), a company incorporated in the PRC with limited liability on 12 September 2005 and wholly-owned by Winson Overseas Limited
"COFCO (HK)"	COFCO (Hong Kong) Limited (中糧集團（香港）有限公司) (formerly known as Top Glory Company Limited (鵬利有限公司), Top Glory Holding Company Limited (鵬利控股有限公司), Top Glory Holding Company Limited (鵬利集團有限公司) and COFCO (Hong Kong) Limited (中國糧油食品集團（香港）有限公司)), a company incorporated in Hong Kong with limited liability on 14 August 1981 and wholly-owned by COFCO Corporation, an indirect controlling shareholder of the Company
"COFCO Corporation"	COFCO Corporation (中糧集團有限公司), a state-owned enterprise incorporated in the PRC in September 1952 under the purview of SASAC
"COFCO Group"	COFCO Corporation and its subsidiaries, excluding the Group
"COFCO Land"	COFCO Land Limited (中糧置地有限公司), a company incorporated in Hong Kong with limited liability on 23 June 2011 and wholly-owned by Achieve Bloom
"COFCO Property"	COFCO Property (Group) Co., Ltd. (中糧地產（集團）股份有限公司), a company incorporated in the PRC with limited liability on 8 October 1993, which is listed on the Shenzhen Stock Exchange (stock code: 000031) and owned as to approximately 50.65% by COFCO Corporation
"COFCO Shanghai"	Shanghai COFCO Property Development Co., Ltd.* (上海中糧置業發展有限公司) (formerly known as Shanghai Liang Jie Property Co., Ltd.* (上海良界房地產有限責任公司)), a company incorporated in the PRC with limited liability on 1 December 1994 and a wholly-owned subsidiary of the Company upon completion of Joy City Acquisition and, as at 25 December 2015, an independent third party
"Company"	Joy City Property Limited (formerly known as COFCO Land Holdings Limited), a company incorporated under the laws of Bermuda with limited liability on 23 September 1992, the Shares of which are listed on the Main Board of the Stock Exchange (stock code: 00207)

Definitions

"controlling shareholder(s)"	has the meaning given to it under the Listing Rules and in the context of the Company, means Achieve Bloom, COFCO (HK) and COFCO Corporation
"Conversion Shares"	the new Shares to be allotted and issued by the Company upon the exercise of the conversion rights attaching to the CPS
"CPS"	the non-redeemable convertible preference shares of HK$0.10 each in the share capital of the Company
"Director(s)"	director(s) of the Company
"Entrustment Extension Loan"	the outstanding balance of the Entrustment Loan in an amount of RMB563.3 million arranged by Shanghai Top Glory for the benefit of Taiwan Hotel Ltd subject to the terms and conditions of the Entrustment Loan Extension Agreement
"Entrustment Loan"	the entrustment loan in an amount of RMB663.3 million arranged by Shanghai Top Glory for the benefit of Taiwan Hotel Ltd subject to the terms and conditions of the Entrustment Loan Agreement
"Entrustment Loan Extension Agreement"	the entrustment loan extension agreement dated 31 October 2014 entered into by Shanghai Top Glory, Taiwan Hotel Ltd and China Construction Bank Beijing Branch in connection with the Entrustment Extension Loan
"Entrustment Loan Agreement"	the entrustment loan agreement dated 1 November 2013 entered into between Shanghai Top Glory, Taiwan Hotel Ltd and China Construction Bank Beijing Branch in connection with the Entrustment Loan
"Existing Leases"	five existing lease agreements entered into between the Group and the COFCO Group under which the rent and management fees payable were significantly below the prevailing market rent
"Executive Committee"	Executive Committee of the Board
"GFA"	gross floor area
"Group"	the Company and its subsidiaries
"Group Entrustment Contracts"	the three entrusted operation and management contracts all dated 26 September 2012 entered into between relevant members of the Group and COFCO Property
"Grow Wealth"	Grow Wealth Limited, a company incorporated in the BVI with limited liability
"Guaranteed Notes"	the US$800 million 3.625% guaranteed notes due 2019 issued by Double Rosy Limited and guaranteed by the Company

Definitions

"HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Independent Board Committee"	an independent committee of the Board, comprising all the independent non-executive directors (being Mr. LAU Hon Chuen, Ambrose, *GBS, JP*, Mr. LAM Kin Ming, Lawrence and Mr. WU Kwok Cheung, *MH*)
"independent third party"	a party who is not a connected person (within the meaning of the Listing Rules) of the Group
"Jetway"	Jetway Developments Limited (亨達發展有限公司), a company incorporated in Samoa with limited liability, which was owned as to 78% by the Company and 22% by Grow Wealth immediately before completion of the Jetway Acquisition Agreement and is wholly-owned by the Company immediately after completion of the Jetway Acquisition Agreement
"Jetway Acquisition"	the acquisition of 22 ordinary shares of US$1.00 each in Jetway, representing 22% of the issued share capital of Jetway immediately before completion of the Jetway Acquisition Agreement, and the shareholder's loan in an amount of HK$69,904,943 (equivalent to US$9,020,000) outstanding and owing by Jetway to Grow Wealth immediately before completion of the Jetway Acquisition Agreement as contemplated under the Jetway Acquisition Agreement
"Jetway Acquisition Agreement"	an acquisition agreement dated 1 August 2014 entered into between the Company and Grow Wealth in relation to the Jetway Acquisition
"Joy City Acquisition"	has the same meaning as those defined as "Acquisition" in the circular of the Company dated 5 November 2014
"Joy City Acquisition Agreement"	has the same meaning as those defined as "Acquisition Agreement" in the circular of the Company dated 5 November 2014
"Joy City Project(s)"	the mixed-use complex projects which are or to be developed under the brand of "Joy City (大悅城)", including Xidan Joy City, Shenyang Joy City, Chaoyang Joy City, Shanghai Joy City, Tianjin Joy City and Yantai Joy City, the subject of the Joy City Acquisition
"Listing Committee"	the Listing Committee of the Stock Exchange
"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
"Master Agreements"	collectively the Master Lease Agreement, the Master Property Management Agreement and the Master Sourcing Agreement, and "Master Agreement" shall refer to any one of them

Definitions

"Master Insurance Agreement"	the master insurance agreement entered into between the Company and COFCO Corporation on 29 November 2013 for the provision of insurance services by the COFCO Group to the Group
"Master Lease Agreement"	the master lease agreement entered into between the Company and COFCO Corporation on 29 November 2013 (extended and supplemented by a supplemental agreement thereto) for the leasing of properties by the Group to the COFCO Group
"Master Property Management Agreement"	the master property management agreement entered into between the Company and COFCO Corporation on 29 November 2013 (extended and supplemented by a supplemental agreement thereto) for the provision of project consultation, property management and hotel management services
"Master Sourcing Agreement"	the master sourcing agreement entered into between the Company and COFCO Corporation on 29 November 2013 (extended and supplemented by a supplemental agreement thereto) for the sourcing of staple supplies and catering services by the Group from the COFCO Group
"Memorandum"	the memorandum of association of the Company
"Model Code"	the Model Code for Securities Transactions by Directors of Listed Issuers as contained in Appendix 10 to the Listing Rules
"Nanchang Gloria Hotel (PRC)"	Nanchang Gloria Grand Hotel Co., Ltd. (南昌凱萊大飯店有限公司) (formerly known as Nanchang Ruifeng Industrial Co., Ltd.* (南昌瑞豐實業有限公司)), a company incorporated in the PRC with limited liability on 17 July 1992 and wholly-owned by Gloria Plaza Hotel (Nanchang) Limited
"Nomination Committee"	the nomination committee under the Board
"Non-Competition Undertaking"	the deed of non-competition dated 29 November 2013 executed by COFCO Corporation in favour of the Company in relation to the Acquisition
"Non-Exempt Continuing Connected Transaction(s)"	the transactions to be carried out pursuant to the Connected Transaction Agreements, which are subject to the reporting, annual review, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules
"Notice Period"	has the meaning ascribed to it in the section headed "Shareholders' Rights" of the Corporate Governance Report
"Notices for Director's Election"	has the meaning ascribed to it in the section headed "Shareholders' Rights" of the Corporate Governance Report

Definitions

"PBOC"	The People's Bank of China (中國人民銀行), the central bank of the PRC
"PRC government" or "Chinese government"	the central government of the PRC, including all governmental subdivisions (including provincial, municipal and other regional or local government entities)
"Remuneration Committee"	the remuneration committee under the Board
"Restricted Business"	(a) the development, operation, sale, leasing or management of any property project which is wholly designated for commercial purpose such as offices, retail, shopping malls, hotels, resorts or serviced apartments; and/or (b) the development, operation, sale, leasing or management of any mixed-use complex project
"Rights Issue"	has the meaning ascribed to it in the prospectus of the Company dated 30 March 2015
"RMB"	Renminbi, the lawful currency of the PRC
"SASAC"	the State-owned Assets Supervision and Administration Commission of the State Council (國務院國有資產監督管理委員會)
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
"SGM"	has the meaning ascribed to it in the section headed "Shareholders' Rights" of the Corporate Governance Report
"SGM Requisitionists"	has the meaning ascribed to it in the section headed "Shareholders' Rights" of the Corporate Governance Report
"Shanghai Top Glory"	Shanghai Top Glory Real Estate Development Co., Ltd. (上海鵬利置業發展有限公司), a company incorporated in the PRC with limited liability on 5 May 1998 and wholly-owned by Jetway
"Shanghai Wanliang"	上海萬良企業管理諮詢有限公司 (in English, for identification purpose only, Shanghai Wanliang Enterprise Management Consultancy Company Limited), a company incorporated in the PRC with limited liability
"Shareholders"	the holders of the Shares and the CPS
"Shares"	ordinary shares of HK$0.10 each in the share capital of the Company
"Sichuan Gloria Management"	Sichuan Gloria Properties Management Co. Ltd.* (四川凱萊物業管理有限公司), a company incorporated in the PRC with limited liability on 8 February 2002 and owned as to 94% by Gloria Management and 6% by Chengdu Gloria Property Development Co., Ltd.* (成都凱萊物業發展有限公司), a subsidiary of COFCO Corporation

Definitions

"Speedy Cosmo"	Speedy Cosmo Limited, a company incorporated in Hong Kong with limited liability, an indirect wholly-owned subsidiary of the Company
"sq meters" or "sqm"	square meters
"State Council"	the State Council of the PRC (中華人民共和國國務院)
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Suzhou Gloria Hotel (PRC)"	Suzhou Gloria Plaza Hotel Co., Ltd.* (蘇州凱萊大酒店有限公司), a company incorporated in the PRC with limited liability on 27 March 1997 and wholly-owned by Gloria Plaza Hotel (Suzhou) Limited
"Taiwan Hotel Ltd"	Taiwan Hotel Co., Ltd.* (台灣飯店有限公司), a company incorporated in the PRC with limited liability on 2 January 1986 and owned as to 51% by COFCO (BVI) No. 97 Limited and 49% by COFCO Corporation
"Takeovers Codes"	the Codes on Takeovers and Mergers and Share Buy-backs
"US$"	United States Dollars, being the lawful currency of the United States of America
"Woo + Woo"	Woo +Woo Investments Limited, a company incorporated in the BVI with limited liability, a shareholder of Yalong (HK) holding 32.43% of its total issued share capital immediate before completion of Yalong Agreement
"Yalong Acquisition"	the acquisition of 1,005,309 ordinary shares in Yalong (HK), representing approximately 32.43% of the issued share capital of Yalong (HK), and the shareholder's loan in the amount of HK$174,014,191 outstanding and owing by Yalong (HK) to Woo + Woo immediately before completion of the Yalong Acquisition Agreement as contemplated under the Yalong Acquisition Agreement
"Yalong Acquisition Agreement"	an acquisition agreement dated 1 August 2014 entered into between the Company and Woo + Woo in relation to the Yalong Acquisition
"Yalong (HK)"	Yalong Development (HK) Company Limited (亞龍灣開發股份（香港）有限公司), a company incorporated in Hong Kong with limited liability, which was owned as to 67.57% by Wise Ever Limited (a wholly-owned subsidiary of the Company) and 32.43% by Woo + Woo immediately before completion of the Yalong Acquisition Agreement and is wholly-owned by the Company immediately after completion of the Yalong Acquisition Agreement

Definitions

"Yalong Development (Sanya)"	Yalong Development Company Limited (三亞亞龍灣開發股份有限公司) (formerly known as Sanya Yalong Bay Development Co., Ltd.* (三亞牙龍灣開發股份有限公司)), a company incorporated in the PRC with limited liability on 28 May 1992 and owned as to 50.82% by Yalong (HK), 4.90% by Zhong Gu Group Sanya Trading Co., Ltd.* (中谷集團三亞貿易有限公司), a subsidiary of COFCO Corporation, 1.27% by Mingcheng Investment & Consultation Co., Ltd.* (明誠投資諮詢有限公司), a subsidiary of COFCO Corporation, and 43.01% by certain other corporate and individual shareholders who are independent third parties
"Zhejiang Herun"	浙江和潤天成置業有限公司 (in English, for identification purpose only, Zhejiang Herun Tiancheng Real Estate Company Limited), a company incorporated in the PRC with limited liability
"Zhejiang Herun Acquisition"	the acquisition of the entire equity interest in Zhejiang Herun in accordance with the terms and conditions of the Zhejiang Herun Acquisition Agreement
"Zhejiang Herun Acquisition Agreement"	the sale and purchase and capital injection agreement dated 3 February 2015 and entered into between Speedy Cosmo, Shanghai Wanliang and Zhejiang Herun
"Zhuoyuan Property"	Zhuoyuan Property (Chengdu) Co., Ltd.* (卓遠地產（成都）有限公司), a company incorporated in the PRC with limited liability on 19 December 2006 and wholly-owned by Upper International Limited
"%"	per cent

Corporate Information

DIRECTORS

Executive Directors

Mr. ZHOU Zheng *(Chairman)*

Non-executive Directors

Mr. MA Jianping
Mr. MA Wangjun
Ms. JIANG Hua
Ms. WU Xiaohui

Independent Non-executive Directors

Mr. LAU Hon Chuen, Ambrose, *GBS, JP*
Mr. LAM Kin Ming, Lawrence
Mr. WU Kwok Cheung, *MH*

AUDIT COMMITTEE

Mr. LAU Hon Chuen, Ambrose, *GBS, JP*
(Committee Chairman)
Mr. MA Wangjun
Mr. LAM Kin Ming, Lawrence
Mr. WU Kwok Cheung, *MH*

REMUNERATION COMMITTEE

Mr. LAU Hon Chuen, Ambrose, *GBS, JP*
(Committee Chairman)
Mr. MA Jianping
Mr. LAM Kin Ming, Lawrence
Mr. WU Kwok Cheung, *MH*

NOMINATION COMMITTEE

Mr. ZHOU Zheng *(Committee Chairman)*
Mr. LAU Hon Chuen, Ambrose, *GBS, JP*
Mr. LAM Kin Ming, Lawrence
Mr. WU Kwok Cheung, *MH*

COMPANY SECRETARY

Ms. NG Chi Man

AUDITOR

Deloitte Touche Tohmatsu

PRINCIPAL BANKERS

The Hongkong and Shanghai Banking Corporation Limited
Bank of China (Hong Kong) Limited

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PRINCIPAL OFFICE IN HONG KONG

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