2015
ANNUAL REPORT

茂業國際控股有限公司
MAOYE INTERNATIONAL HOLDINGS LIMITED

Incorporated in the Cayman Islands with limited liability

(Stock Code: 848)

茂業國際控股有限公司
MAOYE INTERNATIONAL HOLDINGS LIMITED

CONTENTS

Corporate Profile

Maoye International Holdings Limited (the "**Company**") was incorporated in the Cayman Islands with limited liability on 8 August 2007. The Company and its subsidiaries (the "**Group**") are principally engaged in the operation and management of department stores and property development in the People's Republic of China (the "**PRC**"). The shares of the Company were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") on 5 May 2008 (the "**Listing Date**").

The Group is positioned at the medium to high-end department store merchandise and offers a stylish and diversified merchandise mix for well-off urban residents. As a leading domestic operator of department stores, the Group operates department stores in the affluent and regions of China with high economic growth. Currently, the Group is strategically expanding into four regions: Guangdong Province which is highly economically developed, Sichuan Province which is one of the most densely populated regions, Jiangsu Province and Shandong Province which ranks among the top three regions in terms of GDP, and the Bohai Rim region.

As at 31 December 2015, the Group operates and manages 41 stores in 17 cities across the nation with a total gross floor area of approximately 1.71 million square metres, of which self-owned properties accounted for 81% in gross floor area (excluding the gross floor area of managed stores). The cities under its coverage include Shenzhen and Zhuhai in Guangdong Province; Chengdu, Nanchong and Mianyang in Sichuan Province; Chongqing; Wuxi, Taizhou, Yangzhou and Changzhou in Jiangsu Province; Zibo, Heze and Linyi in Shandong Province; Qinhuangdao and Baoding in Hebei Province; Shenyang in Liaoning Province and Taiyuan in Shanxi Province. As at 31 December 2015, the distribution of stores of the Group are as follows:

	Southern China	Southwestern China	Eastern China	Northern China	Total
No. of Stores	7	9	12	13	41
Gross Floor Area (sq.m)	246,448	288,691	589,914	584,657	1,709,710

This annual report, in both English and Chinese versions, is available on the Company's website at www.maoye.cn.

Shareholders who have chosen to receive the corporate communications of the Company (the "**Corporate Communications**") in either the English version or the Chinese version may request for a copy in the other language. The annual report in the requested language will be sent free of charge by the Company upon request.

Shareholders may at any time change their choice of language(s) (either English only or Chinese only or both languages) of Corporate Communications.

Shareholders may send their request to change their choice of language (s) of Corporate Communications by notice in writing to the Company's share registrar in Hong Kong, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong.

Mission Statement

To become a leading department store chain operator in China

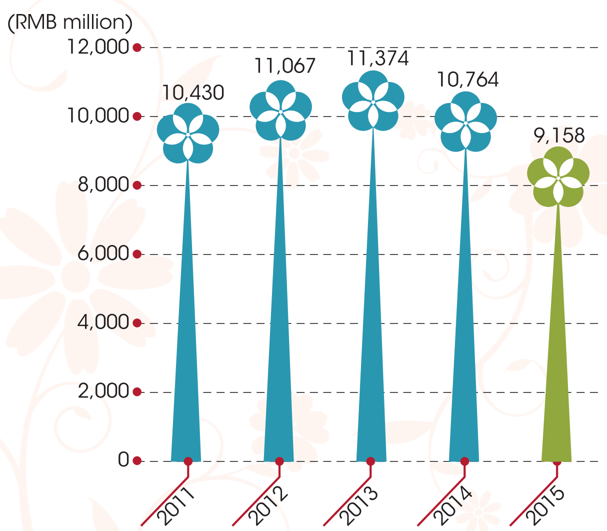
Financial Highlights

Summary of the Group's results, assets, liabilities and equity for the last five financial years is set out below:

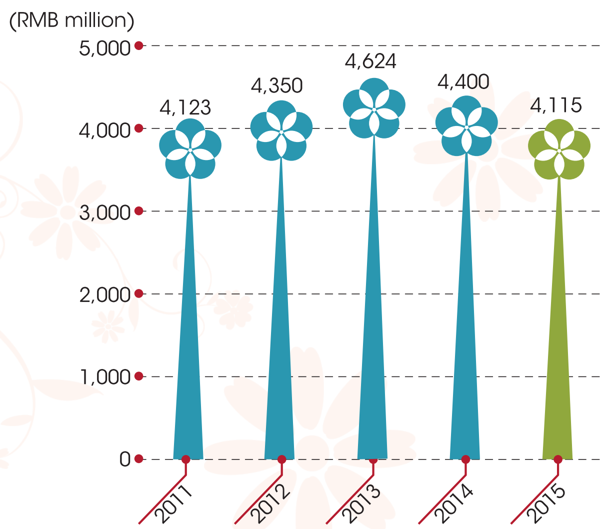
OPERATING RESULTS

	For the years ended 31 December				
	2015	2014	2013	2012	2011
	RMB' 000	RMB' 000 (Restated)	RMB' 000	RMB' 000	RMB' 000
Total sales proceeds[1]	**9,157,532**	10,764,137	11,374,363	11,067,240	10,429,863
Total operating revenue[2]	**4,115,465**	4,400,460	4,623,593	4,349,858	4,123,332
Operating profit	**766,556**	2,322,984	1,458,662	1,369,805	1,206,063
Profit for the year	**118,189**	1,449,933	913,114	898,554	734,889
Profit attributable to:					
– Owners of the parent	**139,452**	1,365,189	802,041	801,820	640,312
– Minority interests	**(21,263)**	84,744	111,073	96,734	94,577
Basic earnings per share (RMB)[3]	**0.027**	0.263	0.155	0.149	0.12
Total dividend per share for the year (HK cents)	**2.2**	4.2	5.8	5.5	5.9
– interim	**2.2**	3.1	2.8	3.2	—
– final	**—**	1.1	3.0	2.3	5.9

Total sales proceeds



Total operating revenue



Financial Highlights

HIGHLIGHTS OF CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	As at 31 December				
	2015	2014	2013	2012	2011
	RMB' 000	RMB' 000 (Restated)	RMB' 000	RMB' 000	RMB' 000
Assets and liabilities					
Total assets	**30,266,350**	24,461,197	20,078,127	18,296,015	15,384,553
Total liabilities	**21,751,342**	16,260,197	12,747,263	11,251,136	8,639,435
Total equity	**8,515,008**	8,201,000	7,330,864	7,044,879	6,745,118
– Attributable to owners of the parent	**7,442,967**	7,141,989	5,862,147	5,670,659	5,452,796
– Attributable to Minority interests	**1,072,041**	1,059,011	1,468,717	1,374,220	1,292,322

Notes:

1. Total sales proceeds represent the sum of total sales proceeds from concessionaire sales and revenue from direct sales at the department stores of the Group.

2. Total operating revenue represents the sum of the Group's revenue and other income.

3. The calculation of basic earnings per share for the year ended 31 December 2015 is based on the net profit attributable to owners of the parent of approximately RMB139,452,000 and weighted average number of ordinary shares of 5,160,924,290.

   The calculation of basic earnings per share for the year ended 31 December 2014 is based on the net profit attributable to owners of the parent of approximately RMB1,365,189,000 and the weighted average number of ordinary shares of 5,197,910,878 in issue.

   The calculation of basic earnings per share for the year ended 31 December 2013 is based on the net profit attributable to owners of the parent of approximately RMB802,041,000 and the 5,159,225,623 ordinary shares in issue.

   The calculation of basic earnings per share for the year ended 31 December 2012 is based on the net profit attributable to owners of the parent of approximately RMB801,820,000 and the 5,370,609,411 ordinary shares in issue.

   The calculation of basic earnings per share for the year ended 31 December 2011 is based on the net profit attributable to owners of the parent of approximately RMB640,312,000 and the 5,327,091,307 ordinary shares in issue.

Retail Network

	Store (City)	Gross floor area (sq.m.)	Operation Period[1] (years)	Property ownership
1	Shenzhen Dongmen	47,436	18.8	Owned [4]
2	Shenzhen Outlet	23,048	16.3	Leased [2]
3	Zhuhai Xiangzhou	36,343	14.2	Leased [2]
4	Shenzhen Huaqiangbei	63,243	12.2	Leased [2]
5	Chongqing Jiangbei	52,281	11.2	Leased [2]
6	Chengdu Yanshikou	97,946	10.6	Owned
7	Chengdu Beizhan	7,204	10.6	Owned
8	Chengdu Wuhou	16,000	10.6	Leased [3]
9	Nanchong Wuxing	25,195	10.6	Owned
10	Chengdu Wenjiang	8,400	10.6	Leased [3]
11	Shenzhen Shennan	10,507	9.2	Leased [2]
12	Wuxi Qingyang	68,292	8.2	Managed
13	Mianyang Xingda	27,535	7.3	Owned
14	Qinhuangdao Jindu	46,610	7.3	Owned
15	Taiyuan Liuxiang	31,448	7.2	Owned
16	Shenzhen Nanshan	44,871	6.3	Owned
17	Chengdu Longquanyi	8,373	6.3	Leased [3]
18	Taizhou Yibai	40,358	6.3	Owned
19	Changzhou Wujin	25,321	6.0	Managed
20	Shenzhen Youyi	21,000	5.7	Leased [2]
21	Qinhuangdao Hualian Shopping Mall	10,355	5.6	Owned
22	Qinhuangdao Department Store	26,696	5.6	Owned
23	Qinhuangdao Jinyuan Supermarket	10,800	5.6	Owned
24	Qinhuangdao Xiandai Shopping Plaza	36,897	5.6	Leased [3]
25	Zibo Maoye Complex	115,000	5.2	Owned
26	Zibo Maoye Shopping Plaza	36,791	5.1	Owned
27	Zibo Maoye Time Square	88,923	5.1	Owned
28	Zibo Maoye Taikerong Shopping Mall	25,337	5.1	Owned

Retail Network

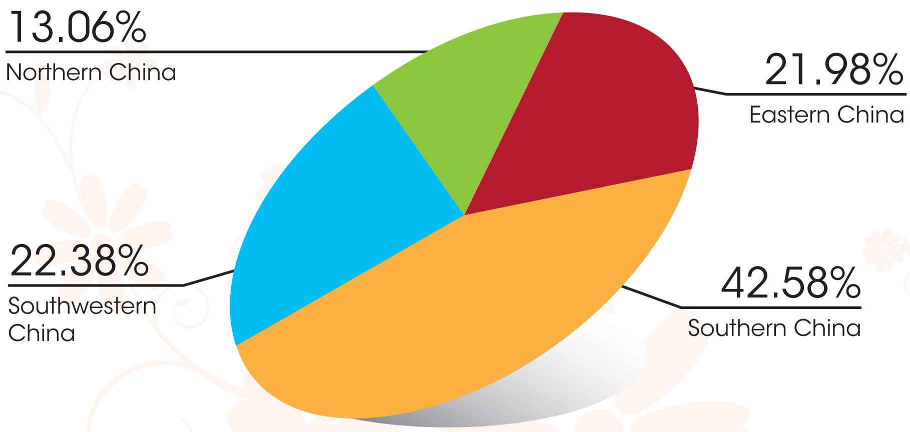
	Store (City)	Gross floor area (sq.m.)	Operation Period[1] (years)	Property ownership
29	Zibo Maoye Department Store	8,415	5.1	Leased [3]
30	Shenyang Jinlang	70,000	5.1	Managed
31	Baoding Outlet	24,826	5.1	Owned
32	Jiangsu Yangzhou Department Store	21,485	5.0	Owned
33	Chengshang Heze	29,426	4.8	Owned
34	Shandong Linyi	44,500	4.3	Owned
35	Shenyang Tiexi Ⅰ	49,600	3.5	Owned
36	Chengdu Chunxi	29,900	2.1	Owned
37	Shenyang Shangyecheng Zhongjie	104,321	1.8	Owned
38	Shenyang Tiexi Ⅱ	25,110	1.8	Owned
39	Baoding Yanzhao	61,491	1.3	Owned
40	Taiyuan Maoye Complex	86,504	1.1	Owned
41	Taizhou Maoye Complex	86,066	1.0	Owned
42	Renhe Chuntian Rendong	38,278	—	Owned [5]
43	Renhe Chuntian Guanghua	62,498	—	Owned [5]

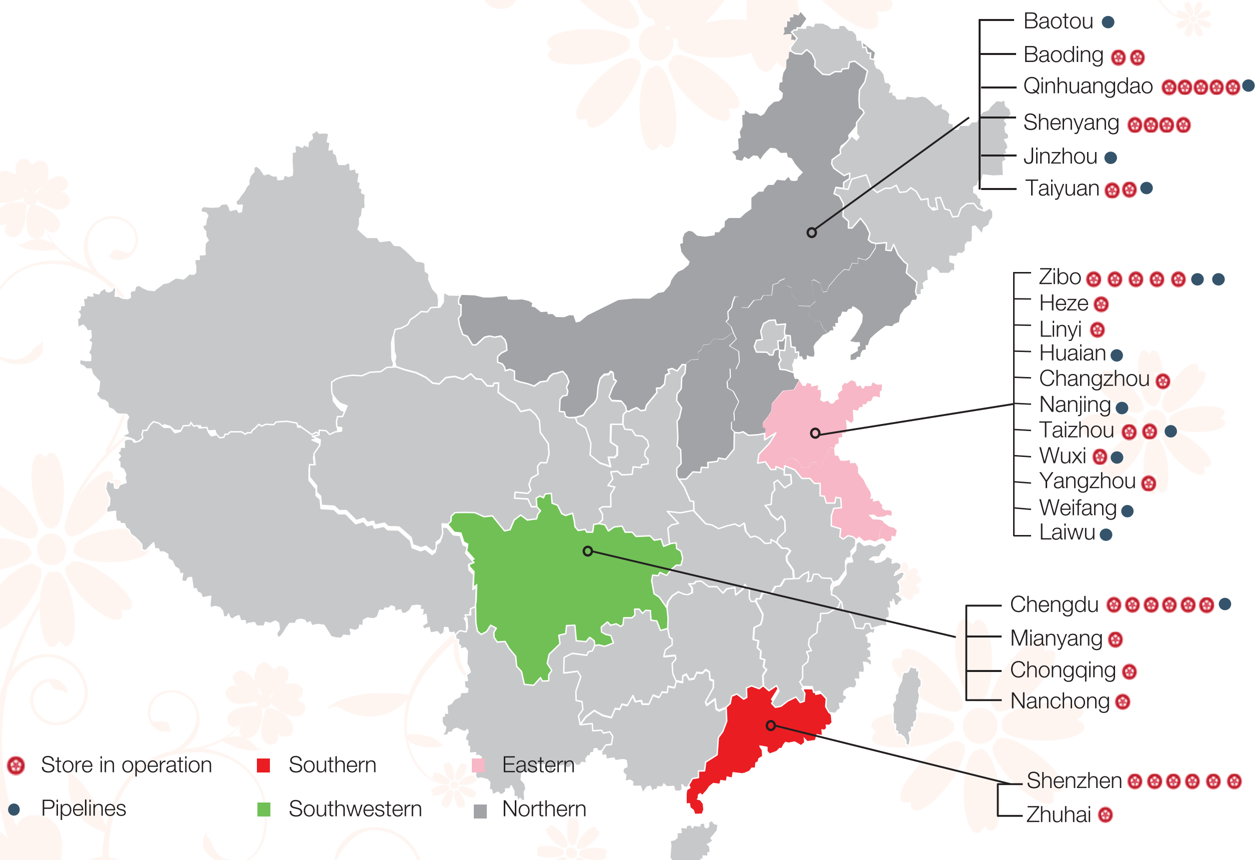
Note:

1. Operation period was calculated till 31 December 2015.
2. Leased from the connected parties.
3. Leased from independent third parties.
4. Of which 43,726m^2 is self-owned, and 3,710m^2 is leased from the connected parties.
5. In February 2016, Chengshang Group completed the acquisition of Renhe Chuntian Rendong and Renhe Chuntian Guanghua.

Retail Network

TOTAL SALES PROCEEDS IN 2015 BY REGIONS (EXCLUDING MANAGED STORES)





Chairman's Statement

In 2015, the Chinese economy entered into a new era as a result of structural adjustment, development and transformation. The overall retail industry was confronted with multiple difficulties such as weak consumption desire of the residents, insufficient demand and intense competition. Despite the challenges, the traditional retail industry also ushered in unprecedented opportunities. The changes in the developments of the retail industry have accelerated the structural adjustment, transformation and upgrading. The Group has been active in responding to the adverse situation in the industry in which it constantly optimized the capital structure, exerted efforts in transforming and upgrading the Group's business and increased the operation and decision-making efficiency through the use of information technology. The Group has also strengthened the management and control over its operational risks, which effectively minimized the impact of the economic downturn on the Group's business.

In 2015, the Group and its holding A-share companies have implemented a series of major assets reorganizations, which, at the same time of resolving competitions issues, also further clarified the main business of its holding A-share companies. Meanwhile, the Group has been further promoting the strategy of transforming department stores into shopping centers and establishing experiential-based diversified consumption platforms. In 2015, the Group fully launched and implemented the enterprise resource planning ("**ERP**") information system, providing effective business management and decision–making data support to the Group.

We will promote the innovation and transformation of the Group by using effective means such as transforming the business model, integrating the multiple business sectors, and advancing the fusion of the online and offline business. Meanwhile, the Group will further optimize its governance structure, facilitate the standardized operation, and drive the sustainable and healthy development of the enterprise, thereby creating greater value for its shareholders.

I would like to take this opportunity to express my sincere gratitude to our shareholders, board members, management team and all our employees, as well as our business partners and customers for their continuous support and contribution to the Group.

Huang Mao Ru
Chairman

14 March 2016

Management Discussion and Analysis

OPERATION REVIEW

In 2015, the Chinese economy entered into a new era as a result of structural adjustment, development and transformation. The overall retail industry was confronted with multiple difficulties such as weak consumption desire of the residents, insufficient demand and intense competition. Despite the challenges, the traditional retail industry also ushered in unprecedented opportunities. The changes in the developments of the retail industry have accelerated the structural adjustment, transformation and upgrading. The Group has been active in responding to the adverse situation in the industry in which it constantly optimized the capital structure and exerted efforts in transforming and upgrading the Group's business to provide high-end shopping experience. In addition, the Company increased the operation and decision-making efficiency through the use of information technology so that the Group resources can be better allocated. The Group has also strengthened the management and control over its operational risks, which effectively minimized the impact of the economic downturn on the Group's business.

Total sales proceeds were RMB9,157.5 million, representing a decrease of 14.9% compared to the same period last year, while the same-store concessionaire sales decreased by 5.1%. Total operating revenue was RMB4,115.5 million, representing a decrease of 6.5% compared to the same period last year. The main reason for the decrease was due to the fact that the financial results of Maoye Communication Network Co., Ltd. (formerly known as Maoye Logistics Corporation Limited, a company listed on the Shenzhen Stock Exchange with stock code: 000889) ("**Maoye Communication**") was no longer consolidated into the financial results of the Group as Maoye Communication ceased to be a subsidiary of the Group since December 2014. Setting aside the effect caused by Maoye Communication, total sales proceeds decreased by 3.3%, while total operating revenue increased by 4.1% in this period, and the increase of operating revenue was mainly benefited from the increase of revenue recognition from the property sales in this year.

Profit attributable to owners of the parent was RMB139.5 million, representing a decrease of 89.8% compared to the same period last year, or a decrease of 62.2% as compared to the same period last year without taking into account the non-operating factors.

MAJOR OPERATING HIGHLIGHTS

Opening of new stores and expanding store network

In 2015, the Group opened a new Taizhou Maoye Complex shopping center (Taizhou Dongjin Store) which commenced operation on 1 February 2015. The store is located in the densely populated national 4A Fengcheng River Scenic Zone with a broad and deep customer base and is currently the largest "department-store-transformed shopping center" in Taizhou, with a total gross floor area of 86,066 m^2. As at 31 December 2015, the area for food and beverage facilities accounted for about 48% of the total floor area of the store. Taizhou Maoye Complex forms the Constellation of Gemini (雙子星座) with Maoye's local famous department store, Taizhou Yibai, and has established the Group's leading position in the retail market of Taizhou through the marketing model of linked development.

Since the Group's projects under construction are able to support the pace of development in the next 3 to 5 years, the Group will continue to uphold a prudent policy in the acquisition of land. In 2015, the Group acquired a plot of land located at the prime area in the well-established business district in Baotou with a total site area of 25,000 m^2. The consideration for this acquisition was RMB270 million. The Group intends to build a city complex on the site. The construction of the city complex and the construction of another store of the Group in Baotou will form the advantage of economies of scale, which will be favorable for the Group's strategic geographic distribution throughout Baotou.

Management Discussion and Analysis

Deepening the strategy of transforming department stores into shopping centers

In 2015, the Company continued to push forward the strategy of transforming traditional department stores into shopping centers and continued to optimize the retail brand portfolio while increasing the proportion of ancillary facilities such as catering, recreational and entertainment facilities in order to establish experiential-based diversified consumption platforms.

Huaqiangbei Maoye, the Group's flagship store, officially transformed into "Maoye Complex" in the first quarter of 2015. The upgraded Huaqiangbei Maoye Complex has more than 600 brands, including first-tier domestic brands, first and second-tier international brands and major market brands. The representative international brands include: COACH, MICHAEL KORS, MCM, KATE SPADE, LOVE MOSCHINO, VIVIENNE WESTWOOD, JUICY COUTURE, etc. The Huaqiangbei Maoye Complex also has 42 shops under the recreational and catering categories, such as Bona Cinema and Starbucks. The subway construction for Huaqiangbei Business Street which caused the road closure nearby for more than three years is expected to be completed in the fourth quarter of 2016. The number of metro lines passing through the Huaqiangbei Business District will increase from three to four, with an addition of the Xili Metro Line (metro line number seven). It is expected that in mid 2016, the Xili Line will connect seamlessly with the B1 level of Huaqiangbei Maoye Complex and thus will increase the shopping mall's capability to attract more customers. The Chongqing Jiangbei Maoye Complex, which is positioned as a high-end shopping center, has begun to implement a substantial adjustment and reconstruction of each of the floors since April 2013 and all reconstruction works were completed in April 2015. Following the renovation of transforming the department store into a shopping center, as well as the introduction of featured catering, the proportion of ancillary operations reached around 25% of the operating area. In addition, the Group's Zibo Maoye Building was reconstructed and expanded into Zibo Maoye Times Square which was officially opened in first half of 2015, with a gross floor area of 88,923 m^2, and has been positioned as a large shopping center.

The strong development of city outlets

The Group's outlet segment continued to exhibit unique advantages amidst the sluggish market condition. The Shenzhen Outlet Store, being the first city outlet in Shenzhen, continued to maintain a good growth against the market trend in 2015 and achieved same-store growth of 8.8% in 2015, as well as a compounded growth of 13.6% for its proceeds of concessionaire from 2012 to 2015. In addition, the Group's outlet store located in Baoding also achieved same-store growth of 18.9% in 2015.

Achieving progress in information management

Since becoming a strategic partner of System Applications and Products Corporation ("**SAP**"), in July 2013, through a selective systematic promotion strategy for more than two years, the Group achieved significant progress in information management. In 2015, the Group fully launched and implemented the ERP information system, further facilitated the upgrading and transformation of the management model and strengthened the group management and control efforts. In particular, modular systems such as business intelligence analysis and membership management were successively launched, providing effective business management and decision-making data support to the Group. Through the aggregation, analysis and refinement of the specific financial and business information of the respective stores by the operating headquarters, group integration, standardization and resources sharing can be achieved in respect of purchasing management, inventory management, brand database, store value management, sales channels and sales promotion means.

Meanwhile, the Group has established a management and control team in respect of operational data information to monitor the data of key business indicators of product categories, key brands and the implementation of operational plans of the stores; conduct analysis of the usage of various costs of stores, the effect of operating activities, store operating space and the implementation of group-buying sales plans; and supervise and appraise business development plans.

Management Discussion and Analysis

Initiating data drive, carrying out precise marketing and promoting various operational efforts

In 2015, the Group fully initiated data drive work and actively promoted the marketing of brand culture and reinforced cultural service experience. Through the establishment of a comprehensive analytical model of customer information, while making use of cross-industry alliances and media platforms such as WeChat to carry out marketing so as to enhance customer experience, more customer groups were attracted to participate. The Group actively carries out "data management" and "customized services" by starting from stores in the South China region on a trial basis and gradually extends to other regions to fully leverage the data and analysis, and provides more distinctive services and experience that can better satisfy the needs of customers while promoting business operations.

Capital operation and major asset reorganization

In April 2015, the Group's associated company Maoye Communication acquired 100% equity interest in Guangdong Changshi Communication Technology Ltd., a communication network technology service enterprise, for a cash consideration of RMB1.2 billion. The transaction was completed on 9 June 2015. In order to completely resolve competition issues and fully promote the strategy of transforming and upgrading the operations of Maoye Communication, Maoye Communication transferred 100% of its equity interest in Qinhuangdao Maoye Holdings Co., Ltd. ("**Maoye Holdings**") through public auction on the Beijing Equity Exchange ("**BEE**") in August 2015. In September 2015, Zhongzhao Investment Management Co., Ltd. ("**Zhongzhao**"), a wholly-owned subsidiary of the Group, won the bid for 100% equity interest in Maoye Holdings through public auction. The equity transfer was completed on 13 November 2015. Following the transfer of the 100% equity interest in Maoye Holdings through auction, the principal business of Maoye Communication undergone comprehensive transformation from the traditional retail and real estate sectors to the communication service sector.

In June 2015, Chengshang Group Co., Ltd. (成商集團股份有限公司), a company listed on the Shanghai Stock Exhange with stock code: 600828, a subsidiary of the Group, underwent significant asset reorganization, in which it proposed to purchase 100% equity interest in 5 companies of Shenzhen Maoye Shangsha Co., Ltd. ("**Maoye Shangsha**"), Shenzhen Demao Investment Enterprises (Limited Partnership) ("**Demao**") and Shenzhen Hezhengmao Investment Enterprise (Limited Partnership) ("**Hezhengmao**") by issuance of shares, including 6 stores of the Group in the South China region, namely Huaqiangbei Store, Nanshan Store, Dongmen Store, Outlet Store, Shennan Store and Zhuhai Xiangzhou Store. Upon completion of the transaction, the above stores were consolidated into Chengshang Group, which is conducive to the consolidation and sharing of retail business resources of the Group in the Southern China region and Southwestern of China region and reducing potential horizontal competition. The total consideration for the acquisition by Chengshang Group was RMB8,560,571,092 which was settled by allotting and issuing a total of 1,161,542,889 consideration shares by Chengshang Group to Maoye Shangsha, Demao and Hezhengmao at the issue price of RMB7.37 per share (the respective proportions were 1,093,203,558, 48,818,053 and 19,521,278 consideration shares of Chengshang Group). In February 2016, the Group announced that the significant reorganization of Chengshang Group and the acquisition of assets through the issuance of shares to Maoye Shangsha and others were completed. Chengshang Group's total issued share capital has increased from 570,439,657 shares to 1,731,982,546 shares, and the percentage of Chengshang Group's shares held by Maoye Shangsha has increased from 68.06% to 85.53%, and the shareholding percentage of the Group and its persons acting in concert in Chengshang Group has increased to 89.48%.

Management Discussion and Analysis

In October 2015, Chengshang Group, a subsidiary of the Group, underwent significant asset reorganization, in which it proposed to purchase 100% equity interest in Chengdu Renhe Chuntian Department Store Ltd. ("**Rendong Department Store**") held by Chengdu Renhe Industrial (Group) Limited and 100% equity interest in Chengdu Qingyang District Renhe Chuntian Department Store Ltd. ("**Guanghua Department Store**") held by Grand Collection Limited by cash, through Chengshang Group Holding Co., Ltd. ("**Chengshang Holding**"), a wholly-owned subsidiary of Chengshang Group. The total cash consideration for this significant reorganization was RMB2,474,417,400 of which the consideration for Rendong Department Store was RMB742,325,100 and the consideration for Guanghua Department Store was RMB1,732,092,300. In March 2016, the Group announced the completion of the equity transfer of Rendong Department Store and Guanghua Department Store, thus these two stores became the wholly-owned subsidiaries of Chengshang Holding. This transaction was conducive to the business expansion of Chengshang Group in the Southwest region, which significantly increased its market share in the medium-to-high-end markets in the region and was beneficial to further enhance the profit sustainability and the ability to resist risks of Chengshang Group.

In November 2015, Shenyang Commercial City Co. Ltd. (a company listed on the Shanghai Stock Exchange with stock code 600306) ("**Commercial City**"), an associated company of the Group, proposed to acquire 100% equity interest in U-car (Shenzhen) Internet of Vehicles Technology Co., Ltd. (宜租 (深圳) 車聯網技術有限公司) ("**U-Car Internet of Vehicles**") held by Yicheng Auto Industry Investment (Shenzhen) Co., Ltd. (易乘汽車產業投資 (深圳) 有限公司) at the price of RMB13.28 per share by way of the non-public offering of A shares to selected investors and intended to raise a total fund of not more than RMB1.4 billion, which was proposed to be used for purchasing new vehicles for expanding the Internet car platform business, the establishment of the Internet of Vehicles information system platform and replenishing corporate working capital. The consideration for 100% equity interests in U-Car Internet of Vehicles is RMB1.46 billion. Without considering the funds to be raised, the number of shares to be issued by Commercial City as consideration in this transaction is 109,939,759 shares. Upon completion of the transaction, Zhongzhao will hold 14.98% of the total share capital of Commercial City after the issuance of shares. If the funds to be raised are taken into account, the additional number of shares to be issued by Commercial City in respect of the funds to be raised are 105,421,683 shares. In such case, Zhongzhao will hold 10.96% of the total share capital of Commercial City after the issuance of shares upon completion of the transaction. The ultimate number of shares to be issued will be based on the approval of the China Securities Regulatory Commission ("**CSRC**"). The transaction is subject to review and approval by the Merger and Reorganization Review Committee of the CSRC as well as the approval of the CSRC. Upon completion of this transaction, the principal business of Commercial City will change to retail business and internet car rental business, rendering services covering vehicle procurement to vehicle disposal. U-Car Internet of Vehicles prosesses advanced technical systems such as professional driver behavior analysis system, fleet instant positioning, monitoring and scheduling management system and relies on the internet to provide services in connection with comprehensive travel management solutions to customers, with its operations covering all key cities in the PRC. The profitability of Commercial City will be effectively increased. This reorganization will help improving the asset quality and sustainability of Commercial City. In March 2016, Commercial City received a "Notice of application for the administrative permit" for this transaction from the CSRC.

Management Discussion and Analysis

Actively broadening financing channels and optimizing the debt structure

The Group has been actively developing financing channels. In January, March, April, June and September 2015, the Group's wholly-owned subsidiary, Maoye Shangsha, issued RMB800 million one-year short-term notes in the interbank market of China with an annual interest rate at 5.23%; issued two 270-day super short-term financing notes for total amount of RMB1.4 billion and one 270-day super short-term financing notes for RMB600 million with an annual interest rate at 5.34%, 5.45% and 4.44%, respectively; and issued two one-year short-term notes for total amount of RMB900 million with an annual interest rate at 3.84%.

In January 2016, the Group's wholly-owned subsidiary, Maoye Shangsha, issued in the PRC corporate bonds with an aggregate principal amount of RMB2.8 billion, among which the first tranche of the RMB1.1 billion three-year corporate bonds was issued with an annual interest rate at 4%; and the second tranche of the RMB1.7 billion five-year corporate bonds was issued with an annual interest rate at 4.5%. The corporate bonds were publicly listed and traded on the Shanghai Stock Exchange on 2 February 2016.

The above financing activities provided stable funds for the development of the Group. Meanwhile, the corporate bonds with an aggregate amount of RMB2.8 billion issued in January 2016 further optimized the debt structure of the Company.

Reducing shares of Commercial City

In June 2015, the Group has disposed of an aggregate 8,906,803 shares of Commercial City through on-market transactions on the Shanghai Stock Exchange, representing 5% of the issued share capital of Commercial City. Through the disposal, the Group recovered cash of approximately RMB225 million, which were used to replenish working capital.

Management Discussion and Analysis

PERFORMANCE OF MAJOR SAME STORES[1]

	Store Name	Proceeds of Concessionaire Sales (RMB'000)	Same Store Sales Growth	Operation Period[2] (Years)	Gross Floor Area (m^2)
1	Shenzhen Huaqiangbei	1,421,939	-9.0%	12.2	63,243
2	Shenzhen Dongmen	878,870	-6.6%	18.8	47,436
3	Taizhou Yibai	644,725	-2.9%	6.3	40,358
4	Chengdu Yanshikou	543,020	-12.7%	10.6	97,946
5	Chongqing Jiangbei	445,664	-5.0%	11.2	52,281
6	Shenzhen Nanshan	662,754	0.2%	6.3	44,871
7	Taiyuan Liuxiang	477,102	-0.7%	7.2	31,448
8	Nanchong Wuxing	284,869	-7.0%	10.6	25,195
9	Mianyang Xingda	255,500	0.2%	7.3	27,535
10	Zhuhai Xiangzhou	318,734	-5.3%	14.2	36,343
11	Shenzhen Outlet	307,630	8.8%	16.3	23,048

Notes:

1 Major same stores are stores with sales proceeds per annum of over RMB200 million.

2 Operation period was calculated till 31 December 2015.

PROPERTY DEVELOPMENT

As at 31 December 2015, the Group operated and managed 41 stores across 17 cities in China, including Shenzhen and Zhuhai in Guangdong Province; Chengdu, Nanchong and Mianyang in Sichuan Province; Chongqing; Wuxi, Taizhou, Yangzhou and Changzhou in Jiangsu Province; Zibo, Heze and Linyi in Shandong Province; Qinhuangdao and Baoding in Hebei Province; Shenyang in Liaoning Province and Taiyuan in Shanxi Province. The total gross floor area was approximately 1.71 million m^2, of which self-owned areas accounted for 81% (excluding the gross floor area of managed stores), areas leased from related parties accounted for 14% and areas leased from independent third parties accounted for 5%. In addition, the Group also has projects under construction in Taiyuan of Shanxi Province; Jinzhou of Liaoning Province; Weifang and Laiwu of Shandong Province; Nanjing, Huaian, Wuxi and Taizhou of Jiangsu Province; and Baotou of Inner Mongolia Autonomous Region.

Management Discussion and Analysis

OUTLOOK

In 2016, the Group will continue to maintain the strategy of steady development, enhance and upgrade the operational structure, and more proactive and effective measures will be taken:

Firstly, the Group will learn from its own successful experience of transforming prime stores into shopping centers and gradually implement the transformation of other stores while maintaining stable operations. The Group will enhance the operating capacity of marketplaces through effective means such as optimizing the business invitation system, achieving differentiation in commodities and increasing shopping center experiential elements so as to further improve the gross profit margin.

Secondly, with regard to the operation and management, the Group will make effective use of the information system platform to increase the capability of analyzing and using megadata, consolidate and integrate stores and enhance the effectiveness of the management to supervise the quality of the services of all stores.

Thirdly, with regard to innovative marketing, the Group will stay close with the internet to monitor the needs of the customers more thoroughly, exert more efforts in providing quality services and experience to the customers, conduct purchase behavior analyses using our data system, and carry out precise marketing and innovative marketing.

Fourthly, with regard to the disposal of non-core assets, the Group will use various new marketing methods and improve service quality in order to weaken price marketing, and strengthen efforts in disposal of non-core assets.

Fifthly, the Group will further optimize its governance structure, enhance the execution and examination of its internal control system, facilitate standardized operation, strictly implement the Company's control system and drive the sustainable and healthy development of the enterprise, thereby creating greater value for its shareholders.

FINANCIAL REVIEW

Total Sales Proceeds and Revenue

For the year ended 31 December 2015, total sales proceeds of the Group were RMB9,157.5 million, representing a decrease of 14.9% as compared to the same period in 2014.

	For the year ended 31 December	
	2015	2014
	RMB'000	RMB'000
Total sales proceeds from concessionaire sales	**8,255,225**	9,590,145
Revenue from direct sales	**902,307**	1,173,992
Total sales proceeds	**9,157,532**	10,764,137

Among the total sales proceeds of the Group in the year of 2015, total sales proceeds derived from concessionaire sales accounted for 90.1% and those derived from direct sales accounted for 9.9%.

Management Discussion and Analysis

The total sales proceeds and same-store sales growth of sales proceeds derived from concessionaire sales of the Group in the four regions are set out as follows:

	Total sales proceeds RMB million	Contribution to the total sales proceeds of the Group %	Same-store sales growth of sales proceeds derived from concessionaire sales %
Southern China	3,899.7	42.6	-6.1
South-western China	2,049.1	22.4	-5.2
Eastern China	2,012.4	22.0	-6.6
Northern China	1,196.3	13.0	4.8
Total	9,157.5	100	-5.1

For the year ended 31 December 2015, the same-store sales proceeds from concessionaire sales of the Group decreased to RMB7,583.0 million, representing a decrease of 5.1% compared to the same period of 2014. The commission rate from concessionaire sales was 16.6%, representing a reduction of 0.4 percentage point compared with 17.0% for the same period of 2014. In 2015, the Group continued to introduce innovative marketing strategies and stabilized the commission rate effectively.

Total sales proceeds in the year of 2015 comprised sales of apparel of 47.8% (2014: 48.3%), cosmetics and jewelry of 23.4% (2014: 22.0%), shoes and leather goods of 11.9% (2014: 12.9%) and others such as children's wear and toys, household and electronic appliances, etc. of 16.9% (2014: 16.8%). The change in the percentage attributable to each product category to total sales proceeds was primarily due to the influence of the price fluctuation of gold and the rapid increase in sales of sports brands and ladies fashion.

For the year ended 31 December 2015, the revenue of the Group amounted to RMB3,284.3 million, representing a decrease of 7.5% as compared with RMB3,550.1 million for the same period of 2014. The commissions derived from concessionaire sales decreased by RMB252.5 million and the revenue derived from direct sales decreased by RMB271.7 million. The decrease in revenue was mainly due to Maoye Communication being no longer accounted for and consolidated as a subsidiary of the Group since December 2014.

Management Discussion and Analysis

Other Income

For the year ended 31 December 2015, other income of the Group amounted to RMB831.1 million, representing a decrease of 2.3% as compared with RMB850.3 million for the same period of 2014. This was primarily due to the decline of credit card handling fees income and interest income.

Cost of Sales

For the year ended 31 December 2015, cost of sales of the Group amounted to RMB1,361.4 million, representing a decrease of 0.3% as compared with RMB1,365.7 million for the same period of 2014. The decrease in cost of sales was primarily due to the decrease of direct sales in some stores.

Employee Expenses

For the year ended 31 December 2015, the employee expenses of the Group amounted to RMB381.8 million, representing a decrease of 18.1% as compared to the employee expenses of RMB466.3 million for the same period of 2014. Employee expenses as a percentage of total sales proceeds in 2015 decreased to 4.2% as compared with 4.3% for the year of 2014. The decrease of employee expenses was primarily due to Maoye Communication being no longer accounted for and consolidated as a subsidiary of the Group since December 2014.

Depreciation and Amortisation

For the year ended 31 December 2015, depreciation and amortisation of the Group amounted to RMB474.4 million, representing an increase of 30.5% as compared with RMB363.5 million for the same period of 2014, which was primarily due to the opening of new stores, rebuilding and upgrading of certain self-owned stores in 2015. The depreciation and amortisation as a percentage of total sales proceeds in 2015 was 5.2%, representing an increase as compared with 3.4% for the year of 2014.

Operating Lease Rental Expenses

For the year ended 31 December 2015, operating lease rental expenses of the Group amounted to RMB208.7 million, representing a decrease of 7.5% as compared with RMB225.6 million for the same period of 2014. This was primarily due to the transformation of Maoye Communication into an associated company in November 2014, and there is no more need to recognize its lease rental expenses in 2015. In 2015, irrespective of the effect of Maoye Communication, lease rental expenses increased by RMB17.9 million, primarily due to the increase in lease rental of stores in Southern China. The operating lease rental expenses as a percentage of total sales proceeds in the year of 2015 increased to 2.3% from 2.1% for the year of 2014.

Other Operating Expenses

For the year ended 31 December 2015, other operating expenses of the Group amounted to RMB848.4 million, representing a decrease of 7.2% as compared with RMB914.4 million for the same period of 2014. Other operating expenses as a percentage of total sales proceeds in 2015 increased to 9.3% from 8.5% in 2014.

Management Discussion and Analysis

Other Gains

For the year ended 31 December 2015, other gains of the Group were recorded as a loss of RMB74.2 million, representing a decrease of RMB1,332.2 million as compared to a gain of RMB1,258.0 million for the same period of 2014. This was primarily due to the deemed disposal of Maoye Communication in 2014 by transformation of the cost method to the equity method, resulting in the recognition of an investment income of RMB1,055.1 million.

Operating Profit

For the year ended 31 December 2015, the operating profit of the Group amounted to RMB766.6 million, representing a decrease of 67.0% as compared to RMB2,323.0 million for the same period of 2014. This was primarily due to the operating profit in 2014 included RMB1,055.1 million investment income of the other gains which was resulted from the deemed disposal of Maoye Communication by the equity method instead of the cost method.

Finance Costs

For the year ended 31 December 2015, finance costs of the Group amounted to RMB346.0 million, representing an increase of 102.6% as compared to RMB170.8 million for the same period of last year. This was primarily due to the increase in domestic and overseas loans as compared with the same period of 2014.

Income Tax

For the year ended 31 December 2015, the income tax expense of the Group was RMB288.3 million, representing a decrease of 54.8% as compared to RMB637.3 million for the same period of last year. The decrease in income tax was primarily due to the income tax of the deemed disposal of Maoye Communication in 2014 by the transformation of the cost method to the equity method, resulting in the recognition of an investment income of RMB1,055.1 million.

For the year ended 31 December 2015, the effective tax rate applicable to the Group was 70.9% (for the year ended 31 December 2014: 30.5%). The increase in effective tax rate was primarily due to that foreign exchange loss and finance costs incurred overseas cannot defer domestic income tax.

Profit Attributable to Owners of the Parent

As a result of the foregoing, for the year ended 31 December 2015:

— Profit attributable to owners of the parent decreased by 89.8% to RMB139.5 million;

— Without taking into account the effect of non-operating gains and losses*, profit attributable to owners of the parent decreased by 62.2% to RMB184.7 million.

Among them, the results of the department stores segment are as follows: Profit attributable to owners of the parent decreased by 71.8% to RMB427.6 million as compared with RMB1,516.5 million for the same period of last year.

* Non-operating gains and losses represent the gains and losses in respect of equity investments at fair value through profit or loss, available-for-sale equity investments, investments in subsidiaries and associates, the disposal of property, plant and equipment items, investment properties and land lease prepayments.

Management Discussion and Analysis

Liquidity and Financial Resources

As at 31 December 2015, the Group's cash and cash equivalents amounted to RMB1,248.9 million, which increased by RMB586.8 million as compared to the balance of RMB662.1 million as at 31 December 2014. The main cash inflow and cash outflow are set out as follows:

(1) net cash inflow of RMB240.5 million arising from operating activities;

(2) net cash outflow arising from investing activities amounted to RMB1,984.8 million, mainly including payments for properties and equipment amounting to RMB460.2 million, prepayment and purchase of land lease amounting to RMB50.5 million, and purchase of available-for-sale equity investments amounting to RMB254.7 million; and

(3) net cash inflow arising from financing activities amounted to RMB2,406.6 million, mainly including (1) cash inflow resulting from bank loans and other borrowing of RMB8,990.4 million; (2) cash outflow resulting from repayment of bank loans, interest payment, payment of final dividends for the year of 2014 and payment of interim dividend for the six months ended 30 June 2015 of approximately RMB5,648.6 million, RMB746.6 million, RMB45.2 million and RMB93.3 million, respectively.

Interest-bearing Loans

Total bank loans, short-term financing bonds, medium-term notes and USD senior guaranteed notes of the Group as at 31 December 2015 amounted to approximately RMB12,916.0 million, and the gearing ratio[1] and net gearing ratio[2] were 42.7% and 137.0%, respectively (as of 31 December 2014: 38.7% and 107.4%, respectively).

1 Gearing ratio = total debt/total assets = (bank loans + short-term financing notes + medium-term notes + convertible bonds + USD senior guaranteed notes) total assets

2 Net gearing ratio = net debt/equity = (bank loans + short-term financing notes + medium-term notes + convertible bonds + USD senior guaranteed notes - cash and equivalents)/equity

Management Discussion and Analysis

Investment in Listed Shares

The Group currently owns minority interests in companies listed in the PRC. The Directors believe these investments will bring long-term benefits to the Group. The following table sets out the Group's interests in three companies listed in the PRC as at 31 December 2015, and relevant summary information relating to these companies.

Investment	The Group's Shareholding	Principal Business	Geographical Location
Silver Plaza Group Co., Ltd. (銀座集團股份有限公司)	10.00%	Owns a number of department stores in Northern China	Jinan City, Shandong Province
Dashang Co., Ltd. (大商股份有限公司)	5.00%	Owns a number of department stores in Northern China	Dalian City, Liaoning Province
Ping An Insurance (Group) Company of China, Ltd. (中國平安保險(集團)股份有限公司)	0.04%	Provides multiple insurance and financial services and products in the PRC	Shenzhen City, Guangdong Province

The total costs of the investments of the Group in the above companies were RMB1,287.1 million, which was financed by the Group's cash generated from operations. As at 31 December 2015, the total market value of the shares held by the Group in the three above-mentioned A share listed companies amounted to approximately RMB1,583.4 million, representing an increase of 23.02% compared with the total cost of investments.

Contingent Liabilities

The Group did not have any significant contingent liabilities as at the date of this announcement.

Pledge of Assets

As at 31 December 2015, the Group's interest-bearing bank loans amounting to RMB3,653.6 million were secured by the Group's land and buildings, investment properties, land lease prepayments, properties held for sale, properties under development with net carrying amounts of approximately RMB1,167.7 million, RMB3.7 million, RMB1,037.3 million, RMB318 million, RMB1,932.8 million and certain stock of Chengshang Group with a fair value of RMB3,701.5 million, respectively.

Foreign Currency Risk

The Group's certain cash and bank balances and investments are denominated in Hong Kong dollars, so the Group is exposed to foreign currency risk. During the year under review, the Group recorded a net loss from foreign currency of approximately RMB109.2 million.

For the year ended 31 December 2015, the Group had not entered into any arrangements to hedge its foreign currency risk. The Group's operating cash flow is not exposed to any foreign exchange fluctuation risks.

Directors and Senior Management

EXECUTIVE DIRECTORS

Mr. Huang Mao Ru (黃茂如), aged 50, is the founder of the Group and the Chairman, Executive Director, Chief Executive Officer and the Chairman of Nomination Committee of the Company. He is also a director of various companies in the Group. Besides, he is a director and owner of Maoye Department Store Investment Limited and MOY International Holdings Limited, the controlling shareholders of the Company. Mr. Huang is responsible for the overall development and strategic planning of the Group. He has extensive experience in department store and commercial real estate industries and has been engaged in department store business for over 18 years. Before commencing his department store business, Mr. Huang established Maoye (Shenzhen) Real Estate Development Co., Ltd. (茂業(深圳)房地產開發有限公司) in 1992 and Shenzhen Maoye (Group) Co., Ltd. (深圳茂業(集團)股份有限公司) in 1995. Mr. Huang had been a director and the Chairman of Chengshang Group Co., Ltd. (成商集團股份有限公司, "Chengshang Group") (a company listed on the Shanghai Stock Exchange, stock code: 600828) since July 2005 and resigned on 9 February 2009.

Mr. Zhong Pengyi (鍾鵬翼), aged 60, is an Executive Director and the Vice Chairman of the Company. He joined the Group in August 2007. Mr. Zhong received a master's degree in business administration from Hong Kong Baptist University in 2003. Mr. Zhong has over 20 years of experience in the operational management of the department store industry, real estate industry and commerical trading industry. Mr. Zhong had been an independent director of Shenzhen Changcheng Investment Holding Co., Ltd. (深圳市長城投資控股股份有限公司) (now known as Shenzhen Centralcon Investment Holding Co., Ltd. (深圳市中洲投資控股股份有限公司), a company listed on the Shenzhen Stock Exchange, stock code: 000042) for 6 years. He has been the chairman of Friendship Trade Center Company Limited (友誼城貿易中心有限公司) since February 2006 and deputy director of the expert committee of China's Urban Commercial Planning Management Association (中國城市商業規劃管理聯合會專家委員會). He is also a councilor of China Commerce Association for General Merchandise (中國百貨商業協會) and a vice chairman of China Friendship External Supplier Association of Commerce (中國友誼外供商業協會). On 14 March 2014, Mr. Zhong has been appointed as a director of Shenyang Commercial City Co., Ltd. (瀋陽商業城股份有限公司, "Commercial City", a company listed on the Shanghai Stock Exchange, stock code: 600306). He has also been appointed as a director of Chengshang Group since 10 June 2015.

Ms. Wang Fuqin (王福琴), aged 45, is an Executive Director, the Vice President and a member of the Remuneration Committee of the Company. She had also been a director/general manager of various companies in the Group. Ms. Wang received a master's degree in business administration from China Europe International Business School (中歐國際工商學院) in 2013. She joined the Group in 1996. Ms. Wang has been responsible for the overall management of the Group, including assets management, department store operation and management, strategic investment management etc.. Prior to joining the Group, Ms. Wang was engaged in office management at Nanjing Jianghai Shipping (Group) Company (南京江海航運(集團)公司). She has over 20 years of experience in the retail industry and had served as assistant general manager and deputy general manager of Shenzhen Maoye Shangsha Co., Ltd. (深圳茂業商廈有限公司), a wholly-owned subsidiary of the Company, and as the general manager of Chengshang Group. Ms. Wang had been a director of Chengshang Group since June 2006 and the Chairman of Chengshang Group since 9 February 2009 and resigned on 5 May 2014. She had also been a director of Maoye Communication and Network Co., Ltd. (茂業通信網絡股份有限公司, "Maoye Communication") (formerly known as Maoye Logistics Corporation Ltd., (茂業物流股份有限公司), a company listed on the Shenzhen Stock Exchange, stock code: 000889) since December 2009 and the chairman of Maoye Communication since 6 April 2010 and resigned on 29 April 2014. Ms. Wang had been the president of Commercial City since 11 November 2014 and resigned on 23 June 2015.

Directors and Senior Management

Mr. Wang Bin (王斌), aged 49, is an Executive Director of the Company. He is also a director of various companies in the Group. He joined the Group in 2010. Mr. Wang had been the Chief Financial Officer of the Company since 20 October 2010 and resigned on 7 December 2015. He had also been the Vice President of the Company since 14 January 2013 and resigned on 7 December 2015. Mr. Wang is a senior accountant. He received a bachelor's degree with a majored in finance and accounting from Shanghai Maritime University in 1988 and received a Master of Business Administration degree from Murdoch University of Australia in 2001. Prior to joining the Group, Mr. Wang worked for China Merchants Group (招商局集團) and served as financial controller of Huafu Holdings Limited (華孚控股有限公司). He has more than 20 years of experience in financial management. Mr. Wang has been appointed as a director of Chengshang Group on 9 November 2010; a director of Maoye Communication since 20 December 2010 and a director of Commercial City since 14 March 2014.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Chow Chan Lum (鄒燦林), aged 65, is an Independent Non-executive Director, the Chairman of the Audit Committee and a member of both the Remuneration Committee and Nomination Committee of the Company. He joined the Group in October 2007. He is a member of the Hong Kong Institute of Certified Public Accountants and is the precedent partner of Wong Brothers & Co., Certified Public Accountants. Mr. Chow obtained a Bachelor of Business Administration degree from the Chinese University of Hong Kong in 1974 and received a Postgraduate Diploma in Accountancy from the University of Strathclyde in Glasgow, United Kingdom in 1975. He has been qualified as a Scottish Chartered Accountant since 1979, and was awarded a Postgraduate Diploma in China Law by the Research Institute of University of East Asia (now known as the University of Macau) in 1987. Mr. Chow is a member of the Foreign Experts Consultative Committee on China Independent Auditing Standards of the PRC Ministry of Finance and had served on a number of committees of the Hong Kong Institute of Certified Public Accountants, including as the deputy chairman of the Auditing & Assurance Standards Committee and a member of the Investigation Panel and the Professional Standards Monitoring Committee. He is currently the Chairman of the Chinese Opera Advisory Committee of the Government of the Hong Kong Special Administrative Region, a member of the Cantonese Opera Development Fund Advisory Committee of the Hong Kong Special Administrative Region and was the Chairman of the Chinese Entrepreneurs Organization (2013-2014) and the Treasurer of the Hong Kong Academy for Performing Arts (2010-2015). He was a past President of The Taxation Institute of Hong Kong. Mr. Chow serves as an honorary advisor and committee member of various social groups, and has been a member of the Chinese People's Political Consultative Conference of Guangdong Province, the PRC from 1997 to 2012. Mr. Chow was awarded the Medal of Honor by the Government of the Hong Kong Special Administrative Region on 1 July 2013. He has been appointed as an independent non-executive director of China Electronics Corporation Holdings Company Limited (a company listed on the Stock Exchange, stock code: 85) on 30 June 2015.

Mr. Pao Ping Wing (浦炳榮), aged 68, is an Independent Non-executive Director, the Chairman of the Remuneration Committee and a member of both the Audit Committee and Nomination Committee of the Company. He joined the Group in August 2007. Mr. Pao obtained a Master of Science degree in Human Settlements Planning and Development from the Asian Institute of Technology in Bangkok, Thailand in 1980. For over 20 years in the past, Mr. Pao has been appointed to serve on various government policy committees and statutory bodies, especially those involving town planning, urban reconstruction public housing, culture and arts and environmental matters. He is an honorary fellow of the Hong Kong Institute of Housing. He was elected as one of the Ten Outstanding Young Persons of Hong Kong in 1982 and one of the Ten Outstanding Young Persons of the World in 1983. He was also an ex-Urban Councilor of Hong Kong. Mr. Pao was appointed as a Justice of the Peace in 1987 and was a special committee member of the 9th and 10th session of the Chinese People's Political Consultative Conference Guangzhou Committee. Currently, he is also an independent non-executive director of a number of companies listed on the Stock Exchange. Mr. Pao has resigned as an independent non-executive director of UDL Holdings Limited (now known as DTXS Silk Road Investment Holdings Company Limited, a company listed on the Stock Exchange, stock code: 620) with effect from 2 November 2015.

Directors and Senior Management

Mr. Leung Hon Chuen (梁漢全), aged 64, is an Independent Non-executive Director and a member of the Audit Committee of the Company. He joined the Group in October 2007. He is currently operating a consultation company providing corporate finance services. Mr. Leung obtained a Bachelor of Arts degree with a major in economics from the University of Western Ontario in Canada in 1976. He has over 25 years of experience in financial services industry in Canada and Asia. Since 1976, Mr. Leung worked for the Canadian Imperial Bank of Commerce in Canada and Asia for 15 years, where he held senior management positions in investment banking, retail and corporate banking and private banking.

SENIOR MANAGEMENT

Mr. Liu Bo (劉波), aged 46, is the Vice President and Chief Financial Officer of the Company. He joined the Group in September 2015 and has been appointed as the Chief Financial Officer of the Company since December 2015. Mr. Liu holds a Master of Business Administration degree from Webster University, obtained the Senior International Finance Manager Certification from the International Financial Management Association, and is a senior member of CPA Australia. Mr. Liu has over 20 years of financial management experience in China. Prior to joining the Group, Mr. Liu worked as the vice president for CR Double-Crane Pharmaceutical Co., Ltd. (華潤雙鶴藥業股份有限公司), the general manager of the finance and accounting department, vice president and director of finance for CR Pharmaceutical Group Co., Ltd. (華潤醫藥集團有限公司) and the business director of the strategic development department of China Resource (Holdings) Co., Ltd (華潤(集團)有限公司).

Mr. Chen Zheyuan (陳哲元), aged 44, joined the Group in June 2010 and is the vice general manager of the Company. He is primarily responsible for real estate business. Prior to joining the Group, Mr. Chen was the administrator of office of the general manager and head of party committee propaganda department of The Fourth Construction., Ltd. of China National Chemical Engineering. He was also the director of office of the president and chief executive officer of Renrenle Commercial Group Co., Ltd. and the administrative and human resources director of Wangang Logistics Group. Mr. Chen is an economist and senior business operator. He participated in MBA training courses for managers of Maoye Department Stores organized by Shanghai Jiao Tong University and acquired deep knowledge in retailing and management. Mr. Chen is the representative of Luohu, Shenzhen of the sixth session of National People's Congress.

COMPANY SECRETARY

Ms. Soon Yuk Tai (孫玉蒂), aged 49, was appointed as the Secretary of the Company in July 2008. She is a director of the Corporate Services Division of Tricor Services Limited, a global professional services provider specializing in integrated business, corporate and investor services. Ms. Soon is a Chartered Secretary and a senior fellow of both the Hong Kong Institute of Chartered Secretaries and the Institute of Chartered Secretaries and Administrators in the United Kingdom. Apart from the Company, Ms. Soon has been providing professional secretarial services to a number of listed companies.

CORPORATE GOVERNANCE PRACTICES

The Group recognizes the vital importance of good corporate governance to the Group's success and sustainability. The Group is committed to achieving a high standard of corporate governance practices as an essential component of high quality and has introduced corporate governance practices appropriate to the operation and growth of its business.

The Company has applied the principles set out in the Corporate Governance Code (the "**CG Code**") as contained in Appendix 14 of the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**"). In the opinion of the board of directors of the Company (the "**Board**"), the Company has complied with the code provisions set out in the CG Code throughout the year ended 31 December 2015, save and except for the deviation from code provision A.2.1. Key corporate governance principles and practices of the Company as well as the details of the deviation are summarized below.

The Board will continue to enhance its corporate governance practices appropriate to the operation and growth of its business and to review such practices from time to time to ensure that the Company complies with statutory and professional standards and aligns with the latest developments.

THE BOARD OF DIRECTORS

Responsibilities and Delegation

The Board is responsible for overall management and control of the Company. Its main roles are to provide leadership and to approve strategic policies and plans with a view to enhance the interests of shareholders. All directors carry out their duties in good faith and in compliance with applicable laws and regulations, making decisions objectively, and acting in the interests of the Company and its shareholders at all times.

All directors have full and timely access to all relevant information as well as the advice and services of the Company Secretary and senior management. Any director may request independent professional advice under appropriate circumstances at the Company's expense, upon making reasonable request to the Board.

The Board reserves its rights for making decision on all major matters of the Company, including approval and monitoring of all policy matters, overall strategies and budgets, internal control and risk management systems, material transactions (in particular those that may involve conflict of interests), financial information, appointment of directors and other significant financial and operational matters.

The Board has delegated a schedule of responsibilities to the executive directors and senior management of the Company. These responsibilities include implementing decisions of the Board and directing and co-ordinating day-to-day operation and management of the Company. The delegated functions and responsibilities are periodically reviewed by the Board. Approval has to be obtained from the Board prior to any significant transactions entered into by the aforesaid officers.

Corporate Governance Report

Board Composition

The following chart illustrates the current structure and membership of the Board and the Board Committees:

Board of Directors

Executive Directors

Mr. Huang Mao Ru, *Chairman of the Board and Chief Executive Officer*
Mr. Zhong Pengyi, *Vice Chairman*
Ms. Wang Fuqin, *Vice President*
Mr. Wang Bin

Independent Non-executive Directors

Mr. Chow Chan Lum
Mr. Pao Ping Wing
Mr. Leung Hon Chuen

Audit Committee

Mr. Chow Chan Lum *(Chairman)*
Mr. Pao Ping Wing
Mr. Leung Hon Chuen

Remuneration Committee

Mr. Pao Ping Wing *(Chairman)*
Mr. Chow Chan Lum
Ms. Wang Fuqin

Nomination Committee

Mr. Huang Mao Ru *(Chairman)*
Mr. Chow Chan Lum
Ms. Pao Ping Wing

The Board members have no relationship with each other. The biographical details of the directors are disclosed under the section headed "Directors and Senior Management" in this annual report.

During the year ended 31 December 2015, the Board has at all times met with the requirements of the Listing Rules relating to the appointment of at least three independent non-executive directors (representing at least one-third of the Board) with one of them possessing appropriate professional qualifications and accounting and related financial management expertise.

All directors have brought a wide range of valuable business experience, knowledge and professionalism to the Board for its efficient and effective functioning. Moreover, through active participation in Board meetings, taking the lead in managing issues involving potential conflict of interests and serving on the Board committees, all independent non-executive directors have made various contributions to the effective business direction of the Company.

The Company has received written annual confirmation from each independent non-executive director in respect of his/her independence in accordance with the independence guidelines set out in Rule 3.13 of the Listing Rules. The Company is of the view that all independent non-executive directors are independent.

Corporate Governance Report

Chairman and Chief Executive Officer

Code provision A.2.1 stipulates that the roles of chairman and chief executive should be separate and should not be performed by the same individual.

Mr. Huang Mao Ru is Chairman of the Board and Chief Executive Officer of the Company. As Mr. Huang is the founder of the Group and has extensive experience in the department store industry and commercial real estate industry, the Board believes that it is in the best interest of the Group to have Mr. Huang take up both roles for continuous effective management and business development of the Group.

The Board considers that the current structure of vesting the roles of Chairman and Chief Executive Officer in the same person will not impair the balance of power and authority between the Board and the management of the Company.

Appointment and Re-election of Directors

All directors are appointed for a specific term. All the executive directors and independent non-executive directors of the Company are engaged on a service contract/letter of appointment with the Company for a term of three years commencing from 5 May 2014.

According to the Company's Articles of Association (the "**Articles of Association**"), all directors of the Company are subject to retirement by rotation at least once every three years and are eligible for re-election at annual general meetings of the Company. Any new director appointed by the Board to fill a casual vacancy shall submit himself/herself for re-election by shareholders at the first general meeting and any new director appointed by the Board as an addition to the Board shall submit himself/herself for re-election by shareholders at the following annual general meeting.

In accordance with the Articles of Association, Ms. Wang Fuqin, Mr. Wang Bin and Mr. Pao Ping Wing shall retire and, being eligible, offer themselves for re-election at the forthcoming 2016 annual general meeting of the Company. The Board and the Nomination Committee recommend their re-appointments. The Company's circular, sent together with this annual report, contains detailed information of the above three directors as required by the Listing Rules.

Training and Continuing Development for Directors

Directors keep abreast of responsibilities as directors of the Company and of the conduct, business activities and development of the Company at all times.

Each newly appointed director receives induction on the first occasion of his/her appointment, so as to ensure that he/she has appropriate understanding of the business and operations of the Company and that he/she is fully aware of his/her responsibilities and obligations under the Listing Rules and relevant regulatory requirements. Such induction is normally supplemented with visits to the Group's key business sites and/or meetings with the senior management of the Company.

Under code provision A.6.5, directors should participate in appropriate continuous professional development to develop and refresh their knowledge and skills to ensure that their contribution to the Board remains informed and relevant. Internally-facilitated briefings for directors will be arranged and reading material on relevant topics will be issued to directors where appropriate. All directors are encouraged to attend relevant training courses at the Company's expenses.

During the year ended 31 December 2015, the Company organized briefings conducted by the Company Secretary for all of its directors, namely, Mr. Huang Mao Ru, Mr. Zhong Pengyi, Ms. Wang Fuqin, Mr. Wang Bin, Mr. Chow Chan Lum, Mr. Pao Ping Wing and Mr. Leung Hon Chuen, on corporate governance matters and update on the Listing Rules and provided reading materials on regulatory update to all the directors for their reference and perusal. Besides, Mr. Chow Chan Lum, Mr. Pao Ping Wing and Mr. Leung Hon Chuen attended other seminars and training sessions arranged by other professional firms/institutions.

Model Code for Securities Transactions

The Company has adopted the Model Code for Securities Transaction by Directors of Listed Issuers (the "**Model Code**") as its code of conduct governing directors' dealings in the Company's securities. Specific enquiry has been made of the Company's directors and all the existing directors have confirmed that they have complied with the required standards set out in the Model Code throughout the period from 1 January 2015 to the date of this annual report.

The Company has also established written guidelines no less exacting than the Model Code (the "**Employees Written Guidelines**") for securities transactions by employees who are likely to possess inside information of the Company. No incident of non-compliance of the Employees Written Guidelines by the employees was noted by the Company.

In case when the Company is aware of any restricted period for dealings in the Company's securities, the Company will notify its directors and relevant employees in advance.

BOARD COMMITTEES & CORPORATE GOVERNANCE FUNCTIONS

The Board has established three Board committees, namely, the Audit Committee, the Remuneration Committee and the Nomination Committee, for overseeing particular aspects of the Company's affairs. All Board committees have been established with defined written terms of reference, which are posted on the Company's website "www.maoye.cn" and the Stock Exchange's website. All Board committees should report to the Board on their decisions or recommendations made.

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

Audit Committee

The Audit Committee comprises a total of three members, namely, Mr. Chow Chan Lum (Chairman), Mr. Pao Ping Wing and Mr. Leung Hon Chuen, all of whom are independent non-executive directors. The chairman of the Audit Committee is Mr. Chow Chan Lum who possesses the appropriate professional qualification, and accounting and financial management expertise as required under Rule 3.10(2) of the Listing Rules. None of the members of the Audit Committee is a former partner of the Company's existing external auditors.

The main duties of the Audit Committee are to (i) review the financial statements and reports and consider any significant or unusual items raised by the financial officers of the Group or external auditors before submission to the Board; (ii) review and monitor the external auditors' independence and the objectivity and the effectiveness of the audit process; (iii) make recommendations to the Board on the appointment, re-appointment and removal of external auditors; and (iv) review the adequacy and effectiveness of the Company's financial reporting system, internal control system and risk management system.

During the year ended 31 December 2015, the Audit Committee has held five meetings and performed the following major tasks:

- Review of the scope of audit work and the auditors' remuneration;
- Review and discussion of the annual financial results and report in respect of the year ended 31 December 2014 and interim financial results and report for the six months ended 30 June 2015 and discussion with the management of the accounting principles and practices adopted by the Group;
- Discussion and recommendation of the re-appointment of the external auditors; and
- Review of the internal control, financial reporting and risk management systems of the Group.

The external auditors were invited to attend the Audit Committee meetings held during the year to discuss with the Audit Committee members issues arising from the audit and financial reporting matters. The Chairman of the Audit Committee provided the Board with a briefing on the significant issues after each Audit Committee meeting. There was no disagreement between the Board and the Audit Committee on the selection and appointment of the external auditors.

Remuneration Committee

The Remuneration Committee comprises a total of three members, being two independent non-executive directors, namely, Mr. Pao Ping Wing (Chairman) and Mr. Chow Chan Lum; and one executive director, namely, Ms. Wang Fuqin. Accordingly, a majority of the members are independent non-executive directors.

The duties of the Remuneration Committee are mainly to (i) make recommendations to the Board on the Company's remuneration policy and structure and the remuneration packages of executive directors and senior management (i.e. the model described in the code provision B.1.2(c)(ii) of the CG Code); and (ii) review and approve performance-based remuneration by reference to corporate goals and objectives.

During the year ended 31 December 2015, the Remuneration Committee has held one meeting to review and discuss the remuneration policy of the Group and the remuneration packages of directors and senior management of the Company.

Corporate Governance Report

Nomination Committee

The Nomination Committee comprises a total of three members, being one executive director, namely, Mr. Huang Mao Ru (Chairman) and two independent non-executive directors, namely, Mr. Chow Chan Lum and Mr. Pao Ping Wing. Accordingly, a majority of the members are independent non-executive directors.

The duties of the Nomination Committee are mainly to (i) review the Board composition, develop and formulate relevant procedures for the nomination and appointment of directors; (ii) make recommendations to the Board on the appointment and succession planning of directors; and (iii) assess the independence of independent non-executive directors.

In assessing the Board composition, the Nomination Committee would take into account of various aspects set out in the Board diversity policy, including but not limited to gender, age, cultural and educational background, professional qualifications, skills, knowledge and industry and regional experience. The Nomination Committee would discuss and agree on measurable objectives for achieving diversity on the Board, where necessary, and recommend them to the Board for adoption.

In selecting candidates for directorship of the Company, the Nomination Committee may make reference to certain criteria such as the Company's needs, the integrity, experience, skills and professional knowledge of the candidate, board diversity aspects and the amount of time and effort that the candidate will devote to discharge his/her duties and responsibilities. External recruitment professionals might be engaged to carry out selection process when necessary.

During the year ended 31 December 2015, the Nomination Committee has held one meeting to conduct the following works:

- Review of the structure, size, composition and diversity of the Board to ensure that it has a balance of expertise, skills and experience appropriate to the requirements of the business of the Company;
- Recommendation of the re-appointment of those directors standing for re-election at the 2015 annual general meeting of the Company; and
- Assessment of the independence of all the independent non-executive directors of the Company.

Corporate Governance Functions

The Board is responsible for performing the corporate governance functions set out in the code provision D.3.1 of the CG Code.

During the year under review, the Board has performed such corporate governance functions as follows: (i) reviewed and developed the Company's corporate governance policies and practices, (ii) reviewed and monitored the training and continuous professional development of directors and senior management, (iii) reviewed and monitored the Company's policies and practices on compliance with legal and regulatory requirements, (iv) reviewed and monitored the compliance of the Model Code and the Employee Written Guidelines, and (v) reviewed the Company's compliance with the CG Code and disclosure in the Corporate Governance Report.

ATTENDANCE RECORDS OF DIRECTORS AND COMMITTEE MEMBERS

During the year ended 31 December 2015, the Board has held 14 meetings. The attendance records of each director at the Board and Board Committee meetings and the general meeting of the Company held during the year ended 31 December 2015 is set out in the table below:

	Attendance/Number of Meetings				
Name of Director	Board	Audit Committee	Remuneration Committee	Nomination Committee	Annual General Meeting
Mr. Huang Mao Ru	14/14	—	—	1/1	1/1
Mr. Zhong Pengyi	14/14	—	—	—	1/1
Ms. Wang Fuqin	14/14	—	1/1	—	1/1
Mr. Wang Bin	14/14	—	—	—	1/1
Mr. Chow Chan Lum	13/14	4/5	1/1	1/1	1/1
Mr. Pao Ping Wing	14/14	5/5	1/1	1/1	1/1
Mr. Leung Hon Chuen	14/14	5/5	—	—	1/1

Apart from regular Board meetings, the Chairman also held one meeting with the independent non-executive directors without the presence of executive directors during the year.

DIRECTORS' RESPONSIBILITIES FOR FINANCIAL REPORTING IN RESPECT OF THE FINANCIAL STATEMENTS

The Board is responsible for presenting balanced, clear and understandable assessment of annual and interim reports, price sensitive announcements and other disclosures required under the Listing Rules and other regulatory requirements. The management has provided such explanation and information to the Board as necessary to enable the Board to make an informed assessment of the financial information and position of the Group put forward to the Board for approval.

The directors have acknowledged their responsibilities for preparing the financial statements of the Company for the year ended 31 December 2015.

The directors are not aware of any material uncertainties relating to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern.

INTERNAL CONTROLS

During the year under review, the Board has conducted a review of the effectiveness of the internal control system of the Company and its subsidiaries, including the adequacy of resources, staff qualifications and experience, training programmes and budget of the Company's accounting and financial reporting function, operational and compliance controls and risk management function.

Corporate Governance Report

EXTERNAL AUDITORS AND AUDITORS' REMUNERATION

The statement of the external auditors of the Company about their reporting responsibilities for the Company's financial statements for the year ended 31 December 2015 is set out in the section headed "Independent Auditors' Report" in this annual report.

The remuneration paid to the Company's external auditors of the Company in respect of audit services and non-audit service for the year ended 31 December 2015 amounted to RMB4.38 million and RMB2.08 million respectively.

COMPANY SECRETARY

Ms. Soon Yuk Tai of Tricor Services Limited, external service provider, has been engaged by the Company as its company secretary. Its primary contact person at the Company is Mr. Liu Bo, the Vice President and Chief Financial Officer of the Company. During the year ended 31 December 2015, Ms. Soon has taken no less than 15 hours of relevant professional trainings to update her skills and knowledge.

COMMUNICATIONS WITH SHAREHOLDERS AND INVESTORS

The Company considers that effective communication with shareholders is essential for enhancing investor relations and investor understanding of the Group's business performance and strategies. The Company also recognizes the importance of transparency and timely disclosure of corporate information, which enables shareholders and investors to make the best investment decisions.

To promote effective communication, the Company maintains a website at "www.maoye.cn", where extensive information and updates on the Group's business developments and operations, financial information, corporate governance practices and other information are available for public access.

Shareholders and investors may send written enquiries or requests to the Company as follows:

Address:	37/F, Tower A, World Finance Centre, 4003 Shennan East Road, Shenzhen, The People's Republic of China (For the attention of the General Manager of the Investor Relations Department)
Fax:	86-755-2598-1379
Email:	ir848@maoye.cn

Enquiries are dealt with in an informative and timely manner.

The Board welcomes views of shareholders and encourages them to attend general meetings to raise any concerns they might have with the Board or the management directly. Board members and appropriate senior staff of the Group are available at the meetings to answer any questions raised by shareholders.

The Company continues to enhance communication and relationship with its investors. Designated senior management maintains regular dialogue with institutional investors and analysts to keep them informed of the Group's developments.

SHAREHOLDERS' RIGHTS

To safeguard shareholders' interests and rights, separate resolutions are proposed at shareholders' meetings on each substantial issue, including the election of individual directors, for shareholders' consideration and voting. The Company's shareholders may convene an extraordinary general meeting or put forward proposals at shareholders' meetings as follows:

(1) Shareholder(s) holding at the date of deposit of the requisition not less than one-tenth of the paid-up capital of the Company may request the Board to convene an extraordinary general meeting pursuant to Article 58 of the Articles of Association by sending a written requisition to the Board or the Company Secretary at the Company's principal place of business in the PRC. The objects of the meeting must be stated in the written requisition.

(2) If a shareholder wishes to propose a person other than a retiring director for election as a director of the Company at a general meeting, pursuant to Article 88 of the Articles of Association, the shareholder (other than the person to be proposed) duly qualified to attend and vote at the general meeting shall send a written notice, duly signed by the shareholder, of his/her intention to propose such person for election and also a notice signed by the person to be proposed of his/her willingness to be elected. These notices should be lodged at the Company's principal place of business in the PRC, or the office of the Company's share registrar. The period for lodgement of such notices shall commence on the day after the despatch of the notice of such general meeting and end 7 days prior to the date of such general meeting.

For the avoidance of doubt, shareholder(s) must deposit and send the original duly signed written requisition, notice or statement, or enquiry (as the case may be) to the Company and provide their full name, contact details and identification in order to give effect thereto. Shareholders' information may be disclosed as required by law.

During the year under review, the Company has not made any changes to its Articles of Association. An up-to-date version of the Articles of Association is available on the Company's website and the Stock Exchange's website. Shareholders may refer to the Articles of Association for further details of their rights.

All resolutions put forward at shareholders' meetings will be voted by poll pursuant to the Listing Rules and the poll voting results will be posted on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.maoye.cn) immediately after the relevant general meetings.

Directors' Report

The Board is pleased to present the audited consolidated results of the Company and the Group for the year ended 31 December 2015.

PRINCIPAL ACTIVITIES

The Company is an investment holding company incorporated in the Cayman Islands with limited liability on 8 August 2007. The Group principally engages in the operation and management of department stores and property development in the PRC. There were no significant changes in the nature of the Group's principal activities during the year.

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31 December 2015 are set out in the consolidated statement of profit or loss on page 52.

BUSINESS REVIEW

A review of the Group's business during the year, which includes a discussion of the principal risks and uncertainties facing by the Group, an analysis of the Group's performance using financial key performance indicators, an indication of likely future developments in the Group's business and a discussion on the relationships with its key stakeholders, are set out in the "Financial Highlights", "Chairman Statement", "Management Discussion and Analysis" and "Corporate Governance Report" of this annual report. Particulars of important events affecting the Group that have occurred since the end of the financial year ended 31 December 2015 are set out in note 47 to the financial statements. The review forms part of this directors' report.

PROPOSED FINAL DIVIDEND

The Board recommended no payment of any final dividend for the year ended 31 December 2015 (2014: 1.1 HK cents).

CLOSURE OF REGISTER OF MEMBERS

The Company's Register of Members will be closed from Tuesday, 24 May 2016 to Wednesday, 25 May 2016 (both days inclusive), during which no transfer of shares of the Company will be registered. In order to be eligible to attend and vote at the annual general meeting of the Company to be held on Wednesday, 25 May 2016 (the "**2016 AGM**"), unregistered holders of shares of the Company should ensure all share transfer forms accompanied by the relevant share certificates be lodged with the Company's share registrar in Hong Kong, Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration no later than 4:30 p.m. on Monday, 23 May 2016.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Articles of Association, or the laws of the Cayman Islands.

FIXED ASSETS

Details of the fixed assets of the Group are set out in note 17 to the financial statements.

RESERVES

Details of the movements in the reserves of the Group and of the Company during the year are set out in the consolidated statement of changes in equity on pages 56 to 57 and note 37 to the financial statements. The reserves are calculated in accordance with generally accepted accounting principles.

Directors' Report

SHARE CAPITAL

Movements of the share capital of the Company are set out in note 36 to the financial statements.

INTEREST BEARING BANK LOANS AND OTHER BORROWINGS

Interest bearing bank loans and other borrowings of the Group as at 31 December 2015 amounted to RMB12,916.0 million, details of which are set out in the heading under "Interest-bearing Loans" above and note 33 to the financial statements.

DIRECTORS

As at the date of this annual report, the directors of the Company were as follows:

Executive Directors

Mr. Huang Mao Ru *(Chairman and CEO)*
Mr. Zhong Pengyi *(Vice Chairman)*
Ms. Wang Fuqin *(Vice President)*
Mr. Wang Bin

Independent Non-executive Directors

Mr. Chow Chan Lum
Mr. Pao Ping Wing
Mr. Leung Hon Chuen

Pursuant to Article 87 of the Articles of Association, Ms. Wang Fuqin, Mr. Wang Bin and Mr. Pao Ping Wing, the existing directors of the Company, will retire from office by rotation at the 2016 AGM and being eligible, will offer themselves for re-election at the said meeting.

DIRECTORS' SERVICE CONTRACTS

None of the directors proposed for re-election at the 2016 AGM has a service contract with the Company or any of its subsidiaries which is not determinable within one year without payment of compensation other than statutory compensation.

INDEMNITY OF DIRECTORS

A permitted indemnity provision (as defined in the Hong Kong Companies Ordinance) for the benefit of the directors of the Company is currently in force and was in force throughout the year.

DIRECTORS' AND SENIOR MANAGEMENT'S BIOGRAPHIES

Biographical details of the directors and senior management of the Group are set out in the section headed "Directors and Senior Management" in this annual report.

PENSION SCHEMES

Employees of the Group's subsidiaries in Mainland China are required to participate in defined contribution retirement schemes administered and operated by the local municipal government. The Group's subsidiaries in Mainland China contribute funds to the retirement schemes to fund the retirement benefits of the employees which are calculated on certain percentage of the average employee salary as stipulated by the local municipal government. Such retirement schemes are responsible for the entire post-retirement benefit obligations payable to the retired employees. The Group has no further obligations for the actual payment of post-retirement benefits beyond the contributions.

The Group's contributions to retirement benefit schemes charged to the consolidated statement of profit or loss for the year ended 31 December 2015 were RMB43.9 million.

Directors' Report

MANAGEMENT CONTRACTS

No contract concerning the management and administration of the whole or any substantial part of the business of the Company was entered into or existed during the year.

DIRECTORS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

Save as disclosed in note 42 to the financial statements, no director nor a connected entity of a director had a material interest, either directly or indirectly, in any transactions, arrangements or contracts of significance to the business of the Group to which the Company or any of its subsidiaries was a party during the year.

DIRECTORS' EMOLUMENTS

The directors' emoluments are determined by the Board with reference to their duties, responsibilities and performance and the results of the Group. Details of the directors' emoluments are set out in note 8 to the financial statements.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

At no time during the year were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any director or their respective spouses or minor children, or were any such rights exercised by them; or was the Company or any of its subsidiaries a party to any arrangement to enable the directors to acquire such rights in any other body corporate.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

As at 31 December 2015, the interests of the directors of the Company in the shares of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "**SFO**")) as recorded in the register 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 set out in the Listing Rules were as follows:

(1) Long position in the shares of the Company

Name of director	Capacity	Number of ordinary shares interested	Approximate percentage of the Company's issued share capital*
Mr. Huang Mao Ru	Interest of controlled corporations	4,200,000,000 (Note)	81.69%
	Beneficial owner	50,000,000	0.97%
		4,250,000,000	82.66%
Ms. Wang Fuqin	Beneficial owner	792,000	0.015%

Note: These shares were held by Maoye Department Store Investment Limited, a wholly-owned subsidiary of MOY International Holdings Limited, which in turn was wholly-owned by Mr. Huang Mao Ru.

* The percentage represents the number of ordinary shares divided by the number of the Company's issued shares as at 31 December 2015.

(2) Long position in the shares of associated corporations

(2.1) Maoye Department Store Investment Limited, the immediate holding company of the Company

Name of director	Capacity	Number of ordinary shares interested	Percentage of the issued share capital in such associated corporation*
Mr. Huang Mao Ru	Interest of controlled corporation	2 (Note)	100%

Note: These shares were held by MOY International Holdings Limited, which was wholly-owned by Mr. Huang Mao Ru.

* The percentage represents the number of ordinary shares divided by the number of Maoye Department Store Investment Limited's issued shares as at 31 December 2015.

(2.2) MOY International Holdings Limited, the ultimate holding company of the Company

Name of director	Capacity	Number of ordinary shares interested	Percentage of the issued share capital in such associated corporation*
Mr. Huang Mao Ru	Beneficial owner	100	100%

* The percentage represents the number of ordinary shares divided by the number of MOY International Holdings Limited's issued shares as at 31 December 2015.

Save as disclosed above, as at 31 December 2015, none of the directors or chief executives 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 required to be kept by the Company pursuant to Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES OF THE COMPANY

As at 31 December 2015, the following persons (other than the directors of the Company, whose interests have been disclosed in the above section headed "Directors' and Chief Executives' Interests and Short Positions in Shares and Underlying Shares of the Company and its Associated Corporations") had interests of 5% or more in the shares of the Company as recorded in the register required to be kept by the Company under Section 336 of the SFO:

Long position in the shares of the Company

Name of substantial shareholder	Capacity	Number of ordinary shares interested	Approximate percentage of the Company's issued share capital*
Mrs. Huang Jingzhang	Interest of spouse	4,250,000,000 (Note (a))	82.66%
Maoye Department Store Investment Limited	Beneficial owner	4,200,000,000 (Note (b))	81.69%
MOY International Holdings Limited	Interest of controlled corporation	4,200,000,000 (Note (b))	81.69%

Notes:

(a) Mrs. Huang Jingzhang was deemed to be interested in these shares through the interest of her spouse, Mr. Huang Mao Ru.

(b) Maoye Department Store Investment Limited was a wholly-owned subsidiary of MOY International Holdings Limited. Such interests were also disclosed as the interests of Mr. Huang Mao Ru in the above section headed "Directors' and Chief Executives' Interests and Short Positions in Shares and Underlying Shares of the Company and its Associated Corporations".

* The percentage represents the number of ordinary shares divided by the number of the Company's issued shares as at 31 December 2015.

Save as disclosed above, as at 31 December 2015, no person (other than the directors of the Company, whose interests have been disclosed in the above section headed "Directors' and Chief Executives' Interests and Short Positions in Shares and Underlying Shares of the Company and its Associated Corporations") had an interest or a short position in the shares or underlying shares of the Company as recorded in the register required to be kept by the Company pursuant to Section 336 of the SFO.

EQUITY-LINKED AGREEMENT

Details of the equity-linked agreement entered into by the Company are disclosed under the below paragraph headed "Share Option Scheme".

SHARE OPTION SCHEME

The Company operates a share option scheme (the "**Scheme**") for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Eligible participants of the Scheme include (a) the Company's directors, including independent non-executive directors; (b) the management of the Company and its subsidiaries; (c) key business persons and persons with special contributions to the Company, and (d) consultants or advisors with special contributions to the Company. The Scheme became effective on 20 January 2010 and, unless otherwise cancelled or amended, will remain in force for 10 years from that date.

The maximum number of shares to be issued upon the exercise of all outstanding options granted and yet to be exercised under the Scheme and any other schemes of the Company must not exceed 30% of the shares of the Company in issue from time to time. The maximum number of shares issuable under share options to each eligible participant in the Scheme within any 12-month period is limited to 1% of the shares of the Company in issue at any time. Any further grant of share options in excess of this limit is subject to shareholders' approval in a general meeting.

Share options granted to a director, chief executive or substantial shareholder of the Company, or to any of their associates, are subject to approval in advance by the independent non-executive directors. In addition, any share options granted to a substantial shareholder or an independent non-executive director of the Company, or to any of their associates, in excess of 0.1% of the shares of the Company in issue at any time and with an aggregate value (based on the price of the Company's shares at the date of grant) in excess of HK$5 million, within any 12-month period, are subject to shareholders' approval in advance in a general meeting.

The offer of a grant of share options may be accepted within seven days from the date of offer, upon payment of a nominal consideration of RMB1 in total by the grantee. The exercise period of the share options granted is determinable by the Share Option Incentive Scheme Committee, and commences after a certain vesting period and ends on a date which is not later than ten years from the date of grant of the share options.

The exercise price of share options is determinable by the Share Option Incentive Scheme Committee, but may not be less than the highest of (i) the Stock Exchange closing price of the Company's shares on the date of grant of the share options; (ii) the average Stock Exchange closing price of the Company's shares for the five trading days immediately preceding the date of grant; and (iii) the nominal value of the shares.

Share options do not confer rights on the holders to dividends or to vote at shareholders' meetings.

The total number of securities available for issue under the Scheme of the Company was 471,502,600 shares, which was approximately 9.17% of the issued share capital as at the date of this annual report.

As at 31 December 2015, the Company has no outstanding share options. During the year ended 31 December 2015, no share options of the Company have been granted, exercised, cancelled or lapsed.

CONVERTIBLE BONDS

Details of the convertible bonds of the Company are set out in note 35 to the financial statements.

EMPLOYEES AND EMOLUMENT POLICY

As at 31 December 2015, the Group had a total of approximately 5,635 employees. Salaries, bonuses and benefits are determined with reference to market terms and performance, qualifications and experience of individual employees.

Directors' Report

SUFFICIENCY OF PUBLIC FLOAT

As at the date of this annual report, the directors of the Company confirmed that based on information that is publicly available to the Company and within the knowledge of the directors, the Company had maintained sufficient amount of public float as required under the Listing Rules and agreed by the Stock Exchange.

PURCHASE, SALE OR REDEMPTION OF LISTED SHARES OF THE COMPANY

The Company repurchased a total of 55,997,000 shares on the Stock Exchange during the year ended 31 December 2015. Such shares were cancelled upon repurchase and accordingly the issued capital of the Company was reduced by the nominal value of these shares.

Details of the repurchase are summarized as follows:

Month of repurchase	Total number of shares repurchased	Repurchase price per share		Aggregate consideration
		Highest	Lowest	
		HK$	HK$	HK$
March 2015	24,334,000	1.23	1.11	29,151,030
April 2015	4,570,000	1.27	1.22	5,715,200
June 2015	27,093,000	1.89	1.73	49,450,520
Total	55,997,000	1.89	1.11	84,316,750

Except as disclosed above, neither the Company nor its subsidiaries purchased, redeemed or sold any of the Company's listed securities during the year ended 31 December 2015. The purchase of the Company's shares was made for the benefits of the shareholders with a view to enhance the net asset value per share and earnings per share of the Group.

GENERAL DISCLOSURE PURSUANT TO RULE 13.21 OF THE LISTING RULES

As detailed in the Company's announcement dated 1 November 2013, the Company (as borrower) entered into a syndicated facility agreement (the "**Syndicated Facility Agreement**") with the syndicate which is jointly led by Deutsche Bank AG and Bank of China Limited Macau Branch with supports and participation from a consortium of other banks (the "**Lenders**") pursuant to which the Lenders have made available to the Company a three year guaranteed and secured loan in the principal sum of US$190,500,000 at an interest rate of LIBOR plus 3.10% per annum, with an option to increase the loan amount by an additional US$9,500,000 upon mutual agreement between the Company and the Lender(s) (the "**Syndicated Loan**"). Subsequently to the date of the announcement, the lenders have agreed to increase the loan amount by an additional US$5,000,000 pursuant to the said option.

Directors' Report

Pursuant to the Syndicated Facility Agreement, it will be an event of default if, amongst others, (i) Mr. Huang Mao Ru ("**Mr. Huang**") (the controlling shareholder, executive director, chairman and chief executive officer of the Company) and/or his family ceases to own at least 50% of the outstanding shares of the Company; or (ii) Mr. Huang relinquishes or ceases to hold his position as the chairman, chief executive officer and executive director of the Company or ceases to maintain management control of the Company. On and at any time after the occurrence of an event of default which is continuing, the facility agent may, and shall if so directed by the majority lenders of the Syndicated Loan, by notice to the Company, (a) cancel the commitment under the Syndicated Facility Agreement; (b) declare that all or part of the Syndicated Loans together with interests accrued and all other amounts outstanding under the finance documents be immediately due and payable; (c) declare all or part of the Syndicated Loan be payable on demand; and/or (d) exercise or direct the security agent of the Syndicated Loan to exercise any or all of its rights or powers under the finance documents relating to the Syndicated Loan.

As the above specific performance obligation as imposed under the Syndicated Facility Agreement continues to exist as at 31 December 2015, the Company is required to make the above disclosure pursuant to Rule 13.21 of the Listing Rules. In addition, the above performance obligation has been duly satisfied up to the date of the approval of these financial statements.

DEED OF NON-COMPETITION

Under the deed of non-competition dated 17 April 2008 given by Mr. Huang Mao Ru, Maoye Holdings Limited and Richon Holdings Limited (collectively known as the "**Controlling Shareholder Group**") in favour of the Company, details of which were stated in the prospectus of the Company dated 21 April 2008 (the "**Prospectus**"), the Controlling Shareholder Group had undertaken to use its best endeavour within three years to (i) resolve the existing litigation between Chongqing Jiefangbei Maoye Department Store Co., Ltd. (重慶解放碑茂業百貨有限公司) ("**Chongqing Jiefangbei Store**") and Chongqing Xin Long Da Real Estate Development Company Limited (重慶鑫隆達房地產開發有限公司) ("**Xin Long Da**"); (ii) obtain all necessary consents and approvals for the transfer of the interest of the Controlling Shareholder Group in Chongqing Jiefangbei Store and Wuxi Maoye Department Store Company Limited (無錫茂業百貨有限公司) and Wuxi Maoye Baifu Supermarket Company Limited (無錫茂業百福超級市場有限 公司) (the latter two collectively known as "**Maoye Wuxi Store**") to the Group; and (iii) obtain all necessary consents and approvals for the transfer of the Controlling Shareholder Group's interest in Guiyang Friendship Group Holdings Company Limited (貴陽友誼(集團)股份有限公司) ("**Guiyang Friendship Group**"), to serve a notice on the Group within ten business days of any of the issues in clauses (i) to (iii) above having been resolved, and to use his/its best endeavour to transfer the interest in Chongqing Jiefangbei Store, Maoye Wuxi Store and Guiyang Friendship Group to the Group as soon as practicable once the relevant issues impeding such transfer have been resolved. The Controlling Shareholder Group had further undertaken to keep the Company informed every six months from the Listing Date as regards the progress on the matters described above.

Since the Supreme People's Court has adjudged that the leasing agreement entered into between Chongqing Jiefangbei Store and Xin Long Da was valid and binding, the litigation between Chongqing Jiefangbei Store and Xin Long Da has been resolved. However, the Group is still considering as to whether to acquire the interests of the Controlling Shareholder Group in the Chongqing Jiefangbei Store and Maoye Wuxi Store. As the original master management agreement has expired on 5 May 2014, the Company entered into the new master management agreement (the "**New Master Management Agreement**") with Maoye Holdings Limited on 4 May 2014 to govern the terms upon which the Group will provide store management services to the Controlling Shareholder Group with respect to the Maoye Wuxi Store and/or department stores owned by the Controlling Shareholder Group in order to avoid conflict of interests between the Group and the Controlling Shareholder Group. The New Master Management Agreement has a term of three years with effect from 5 May 2014. As Chongqing Jiefangbei Store has ceased operation since February 2011, the Group did not manage Chongqing Jiefangbei Store thereafter. Approval from the relevant government departments has not been obtained in relation to the Group's application for transfer of interest in Guiyang Friendship Group.

CONNECTED TRANSACTIONS

During the year, the Group conducted the following transactions with certain connected persons of the Company. These transactions constituted connected transactions or continuing connected transactions and are subject to the disclosure requirements under the Listing Rules.

Deferred acquisition of the Orient Times Square Project in Shenzhen

On 10 November 2009, Maoye Department Stores (China) Limited ("**Maoye Department Stores China**"), a wholly-owned subsidiary of the Company, proposed to acquire the entire equity interest in Richon Group Holdings Limited ("**Zhongzhao**") from RICHON Holdings Ltd. ("**Richon**") and Mao Ye (China) Investment Limited ("**Maoye China**") at a consideration of HK$1,928,000,000, such that the Group would own the target property held by Shenzhen Orient Times Square Property Co., Ltd ("**Shenzhen Orient Times**"), a wholly-owned subsidiary of Zhongzhao (the "**Acquisition**"). Mr. Huang Mao Ru ("**Mr. Huang**"), the effective controller and Chairman of the Company, is the 100% ultimate owner of Richon and Maoye China.

As the parties to the transaction needed more time to complete the Acquisition, Maoye Department Stores China, Richon and Maoye China agreed on 6 February 2010 to defer the timing of payment of the acquisition consideration by Maoye Department Stores China. The deferred payment schedule was as follows:

(a) the first installment payment equivalent to 25% of total consideration would be paid on or before 30 June 2010, but not within 7 days after all the conditions under the equity transfer agreement were fulfilled;

(b) the second installment payment equivalent to 40% of total consideration remained to be paid within 7 days after the transfer documents relating to the transfer of the shares of Zhongzhao to Maoye Department Stores China were duly accepted by the Stamp Duty Office; and

(c) the third installment payment equivalent to the remainder amount of the consideration remained to be paid within 2 years upon completion of transferring the shares of Zhongzhao by Richon to Maoye Department Stores China. The time for completion of transferring the shares of Zhongzhao had been deferred from 60 days after fulfillment of all conditions precedent under the equity transfer agreement to 220 days after fulfillment of all conditions precedent.

As the parties to the transaction needed further time to complete the Acquisition, Maoye Department Stores China, Richon and Maoye China agreed on 29 June 2010 to defer the completion time of the Acquisition to another date determined by all parties to the transaction. Except for those as disclosed above, all other terms of the equity transfer agreement would remain unchanged and valid.

Joint Development Agreement

On 22 November 2011, Shenzhen Maoye Shangsha Co., Ltd. ("**Maoye Shangsha**"), a wholly-owned subsidiary of the Company, entered into an agreement with Shenzhen Maoye (Group) Company Limited ("**SZ Maoye Group**", wholly-owned by Mr. Huang) (the "**Joint Development Agreement**"), pursuant to which Maoye Shangsha agreed to grant to SZ Maoye Group an amount not exceeding RMB250 million which would be used for the construction and development of the commercial property located at San Jiao Bei, Shapingba District, Chongqing (the "**Commercial Property**"). SZ Maoye Group would pay to Maoye Shangsha a funding provision fee which is equivalent to 15% of the funding outstanding per annum as consideration for the provision of the funding. It was agreed that SZ Maoye Group would complete the construction and development of and obtain the relevant completion assessment approvals for the Commercial Property on or before 22 November 2014. Upon completion of the development of the Commercial Property, SZ Maoye Group agreed to grant the following pre-emptive rights to Maoye Shangsha:

(i) a pre-emptive right to purchase an area not exceeding 50,000 square metres in the Commercial Property for the operation of a department store at the price of RMB9,000 per square metre (the "**Right of First Purchase**"); and

(ii) a pre-emptive right to lease an area not exceeding 50,000 square metres of the Commercial Property at the rental of RMB30 to RMB60 per square metre for a period of 10 years (the "**Right of First Lease**") with a rent-free period of two years.

If the Right of First Purchase and/or the Right of First Lease are not exercised within 30 days from the issuance date of the pre-sales permit (預售許可證) in respect of the Commercial Property, such rights are deemed to be lapsed.

Maoye Shangsha and SZ Maoye Group entered into a supplemental agreement on 2 March 2012 to extend the time of completion of the Joint Development Agreement. Pursuant to the supplemental agreement, it was agreed that the payment obligation of the funding by Maoye Shangsha to SZ Maoye Group shall extend from 30 days from the date of the Joint Development Agreement to one year from the date of the Joint Development Agreement (i.e. before 21 November 2012). As at 21 November 2012, Maoye Shangsha has granted to SZ Maoye Group an amount of RMB100,000,000 which was repaid by SZ Maoye Group on 11 July 2013.

The Company has complied with the disclosure requirements in accordance with Chapter 14A of the Listing Rules.

Sale of Shares in Maoye Communication

On 20 April 2015, Zhongzhao, a wholly-owned subsidiary of the Company, has entered into a Share Transfer Framework Agreement with Shenyang Maoye Property Company Limited (瀋陽茂業置業有限公司, "**Shenyang Maoye Property**"), pursuant to which Zhongzhao agreed to sell, and Shenyang Maoye Property agreed to acquire 8,000,000 shares of Maoye Communication, representing 1.29% of the issued share capital of Maoye Communication, at a cash consideration of RMB87,520,000.

Mr. Huang Mao Ru, the 100% ultimate beneficial owner of Shenyang Maoye Property, is a controlling shareholder, Chairman, Executive Director and Chief Executive Officer of the Company. Therefore, Shenyang Maoye Property is a connected person of the Company and the transfer constitutes a connected transaction under Chapter 14A of the Listing Rules.

Transfer of Maoye Huaqiangbei's partial shares and Chengshang's acquisition of 100% equity interests in 5 companies of Maoye Shangsha, Demao and Hezhengmao

On 5 June 2015, Shenzhen Maoye Shangsha Co., Ltd. ("**Maoye Shangsha**"), a wholly-owned subsidiary of the Company (as vendor), entered into the Share Transfer Agreement with Shenzhen Demao Investment Enterprises (Limited Partnership) ("**Demao**") and Shenzhen Hezhengmao Investment Enterprises (Limited Partnership) ("**Hezhengmao**") (together as purchasers). Mr. Zhong Pengyi, holds 50% of Hezhengmao, is an executive director of the Company and a director of Chenshang Group, and Mr. Wang Bin, holds 25% of Hezhengmao, is an executive director of the Company and a director of Chengshang Group. Accordingly, Mr. Zhong, Mr. Wang and Hezhengmao are each connected persons of the Company. Pursuant to the Share Transfer Agreement, Maoye Shangsha agreed to sell, and Demao and Hezhengmao agreed to purchase, 16.43% and 6.57% of Shenzhen Maoye Department Store Huaqiangbei Co., Limited (深圳市茂業百貨華強北有限公司, "**Maoye Huaqiangbei**"), respectively, for a cash consideration of RMB368,611,815 and RMB147,399,855, respectively.

On 9 June 2015, the transfer of the shares of Maoye Huaqiangbei from Maoye Shangsha to Demao and Hezhengmao, respectively, was registered with the Industry and Commerce Bureau as agreed by all parties to the Share Transfer Agreement, each of Demao and Hezhengmao, respectively, shall pay the consideration for the sale of the shares of Maoye Huaqiangbei under the Share Transfer Agreement within two years after the transfer of the shares of Maoye Huaqiangbei from Maoye Shangsha to Demao and Hezhengmao, respectively, is registered with the Industry and Commerce Bureau.

On 28 August 2015, Maoye Shangsha, Demao and Hezhengmao (together as vendors) entered into the Formal Agreement with Chengshang Group (the subsidiary of the Company, as purchaser) for the sale and purchase of the entire issued share capitals of Shenzhen Maoye Department Store Company Limited, Shenzhen Maoye Department Store Shennan Co., Ltd., Shenzhen Maoye Oriental Times Department Store Co., Ltd., Zhuhai City Maoye Department Store Co., Ltd. and Maoye Huaqiangbei for the total consideration of RMB8.56 billion. The consideration for the acquisition shall be fully satisfied by the allotment and issue of, in aggregate, 1,161,542,889 Chengshang Consideration Shares by Chengshang Group to Maoye Shangsha, Demao and Hezhengmao, in the respective proportions of 1,093,203,558, 48,818,053 and 19,521,278 Chengshang Consideration Shares, at an issue price of RMB7.37 per share.

The details of transfer of Maoye Shangsha's ownership of Maoye Huaqiangbei's shares and Chengshang Group's acquisition of 100% equity interests in 5 companies of Maoye Shangsha, Demao and Hezhengmao can be referred to the Circular for the Discloseable and Connected Transactions in Relation to the Reorganisation announced on 30 October 2015 by the Company.

On 29 February 2016, the Company announced that all conditions precedent under the Framework Agreement (as amended by the Formal Agreement) has been fulfilled and the completion of the Reorganisation took place on 26 February 2016. Upon completion of the Reorganisation, the total issued share capital of Chengshang Group has increased from 570,439,657 to 1,731,982,546 shares and the shareholding in Chengshang Group held by Maoye Shangsha, a wholly-owned subsidiary of the Company, has increased from approximately 68.06% to 85.53%.

Directors' Report

CONTINUING CONNECTED TRANSACTIONS

Master Leasing Agreement

According to a master leasing agreement (the "**Original Master Leasing Agreement**") entered into between Maoye Holdings Limited, a company wholly-owned by Mr. Huang, and the Company on 18 May 2009, the Company agreed to continue leasing certain properties for the operation of department stores pursuant to the respective terms of the relevant leasing agreement entered into between the members of the Group and Mr. Huang, any of his associates and companies majority-owned or controlled by Mr. Huang and his associates (the "**Controlling Shareholder Group**").

As the Original Master Leasing Agreement has expired since 31 December 2012, and the Company expected to continue the continuing connected transactions thereafter, the Company entered into the new master leasing agreement (the "**2013 Master Leasing Agreement**") with Maoye Holdings Limited on 28 November 2012, which had a term of three years and was effective from 1 January 2013. Pursuant to the 2013 Master Leasing Agreement, the maximum aggregate rent and miscellaneous expenses to be payable by the Group to the Controlling Shareholder Group per year was RMB167 million.

Pursuant to the 2013 Master Leasing Agreement, the Group leased certain properties (including Maoye Shenyang Jinlang Store (the "**Jinlang Store**") and Maoye Changzhou Wujin Store (the "**Wujin Store**")) from the Controlling Shareholder Group by way of entering into separate implementation agreements. In order to effectively allocate resources and rationally control operational risks, the Company has decided to terminate the lease agreement in respect of the Jinlang Store ("**Jinliang Lease**") and the lease agreement in respect of Wujin Store ("**Wujin Lease**") with the Controlling Shareholder Group during the course of 2013. On 5 July 2013, Shenyang Maoye Department Store Limited ("**Shenyang Maoye**"), a wholly-owned subsidiary of the Company, entered into the Jinlang termination agreement (the "**Jinlang Termination Agreement**") with Shenyang Maoye Property Company Limited ("**Maoye Property**"), a member of the Controlling Shareholder Group, pursuant to which the parties agreed to terminate the Jinlang Lease with retrospective effect from 30 June 2013. On the same day, Changzhou Maoye Department Store Co., Ltd. ("**Changzhou Maoye**"), a wholly-owned subsidiary of the Company, entered into the Wujin termination agreement with Changzhou Taifu Real Estate Development Co., Ltd. ("**Changzhou Taifu Real Estate**"), a member of the Controlling Shareholder Group, pursuant to which the parties agreed to terminate the Wujin Lease with retrospective effect from 30 June 2013.

As the Controlling Shareholder Group owns new properties which may be suitable for the Group's operation, and the Company intends to expand its department store network in order to capture the business opportunities arising from the PRC government's policy to boost domestic demand, the Company may lease some or all of such properties from the Controlling Shareholder Group for the Group's operation. The Directors estimated that the existing annual caps in respect of the 2013 Master Leasing Agreement would be insufficient for the Group's needs. Therefore, the Company and Maoye Holdings Limited entered into the supplemental agreement on 30 April 2013, pursuant to which the annual caps under the 2013 Master Leasing Agreement for the years ended 31 December 2013, 31 December 2014 and 31 December 2015 were revised from RMB167 million to RMB175 million.

As the 2013 Master Leasing Agreement has expired since 31 December 2015, and the Company expected to continue the continuing connected transactions thereafter, the Company entered into the new master leasing agreement (the "**2016 Master Leasing Agreement**") with Maoye Holdings Limited on 29 December 2015, which has a term of three years and is effective from 1 January 2016. Pursuant to the 2016 Master Leasing Agreement, the maximum aggregate rent and miscellaneous expenses to be payable by the Group to the Controlling Shareholder Group per year is RMB177 million.

According to the 2013 Master Leasing Agreement, the Group paid leasing fees of approximately RMB143.9 million (2014: RMB120.9 million) for the year ended 31 December 2015.

Directors' Report

Wujin Management Agreement

On 5 July 2013, Changzhou Maoye entered into the Wujin management agreement (the "**Wujin Management Agreement**") with Changzhou Taifu Real Estate, pursuant to which Changzhou Maoye has agreed to operate and manage the commercial properties and all the operational assets owned by the Controlling Shareholder Group located at No. 172, Lake Garden Street, Wujin District, Changzhou City, Jiangsu Province, the PRC (the "**Wujin Managed Properties**"). The Wujin Management Agreement has a term of three years with retrospective effect from 1 July 2013.

The Wujin Managed Properties is located at where the Wujin Store was situated. The Wujin Managed Properties will mainly be used for the operation and management of shopping malls by the Group. Pursuant to the Wujin Management Agreement, the management fee (inclusive of equipment usage fee) payable to Changzhou Maoye by Changzhou Taifu Real Estate shall include: (1) 5% of the sale proceeds (exclusive of tax) and (2) 5% of the rental income. The maximum annual management fee to be payable to Changzhou Maoye by Changzhou Taifu Real Estate shall not exceed RMB10 million (i.e., the annual cap).

During the year ended 31 December 2015, the management fee income of the group amounted to approximately RMB30,673 pursuant to Wujin Management Agreement.

Master Management Agreement

As the original master management agreement expired on 5 May 2014 and the Company expected to continue the continuing connected transactions thereafter, the Company entered into the New Master Management Agreement with Maoye Holdings Limited, a company wholly-owned by Mr. Huang, on 4 May 2014 to govern the terms upon which the Group will provide store management services to Controlling Shareholder Group with respect to the Maoye Wuxi Store and/or such other department stores owned by the Controlling Shareholder Group. The New Master Management Agreement has a term of three years with effect from 5 May 2014.

The service scope and service charge stipulated in the New Master Management Agreement are the same as those stipulated in the original Master Management Agreement. The management services provided by the Group include services in respect of the operation, accounting, administration, advertising and promotion, finance, marketing, human resources, the license to use the "Maoye Department Store" trademark, computer software, information and technology and other services in relation to the management of department stores as agreed by the parties from time to time. The service fees receivable by the Company under the New Master Management Agreement are the sum of (i) 1.8% of the total sales proceeds of the relevant store under the New Master Management Agreement and (ii) 10% of the profit before tax of the relevant store.

During the year ended 31 December 2015, the management fee income of the Group amounted to approximately RMB4.40 million (2014: RMB7.34 million) pursuant to the New Master Management Agreement.

Friendship City Lease Agreement

Mr. Zhong Pengyi, a director of the Company, holds 40% equity interests in Shenzhen City Friendship Trading Center Company Limited (the "**Shenzhen Friendship**"). Accordingly, Shenzhen Friendship is a connected person of the Company. On 7 April 2010, Maoye Shangsha entered into the friendship city lease agreement (the "**Original Friendship City Lease Agreement**") with Shenzhen Friendship to lease certain premises of the Friendship City Building at 63 Friendship Road, Shenzhen, PRC (the "**Leased Property**"). As the Original Friendship City Lease Agreement would expire on 1 May 2013 and the Company expected to continue such continuing connected transactions thereafter, Maoye Shangsha entered into the new friendship city lease agreement (the "**New Friendship City Lease Agreement**") with Shenzhen Friendship on 30 April 2013 to replace the Original Friendship City Lease Agreement to the effect that Maoye Shangsha will continue to lease the Leased Property. The New Friendship City Lease Agreement has a term of three years and became effective from 1 May 2013. During the term of the lease, if Shenzhen Friendship intends to sell the Leased Property, Maoye Shangsha has a pre-emptive right to purchase the Leased Property at the terms being offered to other parties. Pursuant to the New Friendship City Lease Agreement, rent and expense are as follows:

- For the period from 1 May 2013 to 30 April 2014: RMB25,000,000 per annum;
- For the period from 1 May 2014 to 30 April 2015: RMB27,060,000 per annum;
- For the period from 1 May 2015 to 30 April 2016: RMB27,060,000 per annum.

Annual caps are as follows:

- For the period from 1 May 2013 to 31 December 2013: RMB21,333,333 (on a pro-rata basis);
- For the period from 1 January 2014 to 31 December 2014: RMB32,000,000;
- For the period from 1 January 2015 to 31 December 2015: RMB32,000,000;
- For the period from 1 January 2016 to 30 April 2016: RMB10,666,667(on a pro-rata basis).

During the year ended 31 December 2015, the leasing expense borne by the Group under the above leasing agreement was approximately RMB22.4 million (2014: RMB26.5 million).

The independent non-executive directors of the Company had reviewed and confirmed that such continuing connected transactions were:

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

(ii) entered into on normal commercial terms or on terms better than the normal commercial terms; and

(iii) carried out in accordance with respective agreements that regulate such transactions on fair and reasonable terms and in the interest of the shareholders of the Company as a whole.

The auditors of the Company confirmed that the above transactions were approved by the Board, were in accordance with the pricing policies of the Company, and were entered into under respective agreements that regulate such transactions and did not exceed any of the relevant caps as mentioned in the relevant agreements and announcements of the Company. The Company has complied with the disclosure requirements in accordance with Chapter 14A of the Listing Rules, where appropriate, in respect of the above transactions.

Directors' Report

DIRECTORS' INTERESTS IN COMPETING BUSINESS

As at 31 December 2015, save as disclosed below, none of the Directors or their respective associates had any business or interests in businesses which compete or are likely to compete, either directly or indirectly, with the businesses of the Group:

(i) Mr. Huang Mao Ru held interests in Chongqing Jiefangbei Store, Maoye Wuxi Store and Guiyang Friendship Group. Details of these companies and Mr. Huang's interests in these companies are set out in the Prospectus. As mentioned in the Prospectus, the Controlling Shareholder Group has granted the Group an option to purchase the whole or part of the interest of these companies.

(ii) Mr. Zhong Pengyi held interests in Shenzhen Friendship and Shenzhen Friendship Department Store Company Limited. Details of these companies and Mr. Zhong's interests in these companies are set out in the Prospectus. As mentioned in the Prospectus, to manage the conflict of interest arising from Mr. Zhong's interests in these companies, Mr. Zhong is required to abstain from participation, deliberation or voting at Board meetings where matters involving these companies are discussed or resolved, and he will not be counted for purpose of determining quorum for such Board meetings.

MAJOR CUSTOMERS AND SUPPLIERS

Since the Group mainly engages in retail business, for the year ended 31 December 2015, none of its customers or suppliers accounted for more than 5% of the Group's revenue or purchases. In addition, for the year ended 31 December 2015, none of the directors, shareholders or their respective close associates who owned 5% or more of the Company's issued share capital as at 31 December 2015 had any interest in any of the five largest customers and the five largest suppliers of the Group.

CORPORATE GOVERNANCE REPORT

Details of the corporate governance practices of the Company are set out in the "Corporate Governance Report" of this annual report.

ENVIRONMENTAL POLICIES

The Group is committed to building an environmental-friendly corporation that pays close attention to conserving natural resources. The Group strives to minimize the environmental impact by saving electricity and encouraging recycle of office supplies and other materials.

COMPLIANCE WITH LAWS AND REGULATIONS

The Group's operations are mainly carried out in the Mainland China while the Company itself is listed on the Stock Exchange. Our establishment and operations accordingly shall comply with the relevant laws and regulations in the Mainland China and Hong Kong. As far as the Directors are aware, during the year ended 31 December 2015 and up to the date of this report, the Group has complied in material respects with the relevant laws and regulations that have a significant impact on its business and operations.

EVENTS AFTER THE REPORTING PERIOD

Details of the events after the reporting period are set out in note 47 to the financial statements.

AUDITORS

Ernst & Young, the Company's auditors, will retire and, being eligible, offer themselves for re-appointment. A resolution will be proposed at the 2016 AGM to re-appoint Ernst & Young as auditors of the Company.

By order of the Board
Maoye International Holdings Limited
Huang Mao Ru
Chairman

14 March 2016

Independent Auditors' Report

To the members of Maoye International Holdings Limited
(Incorporated in the Cayman Islands with limited liability)

We have audited the consolidated financial statements of Maoye International Holdings Limited (the "Company") and its subsidiaries set out on pages 52 to 155, which comprise the consolidated statement of financial position as at 31 December 2015, and the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board 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.

AUDITORS' RESPONSIBILITY

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

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

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

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

Independent Auditors' Report

OPINION

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

Certified Public Accountants
Hong Kong
14 March 2016

Consolidated Statement of Profit or Loss

Year ended 31 December 2015

	Notes	2015 RMB'000	2014 RMB'000 (Restated)
REVENUE	5	**3,284,321**	3,550,111
Other income	6	**831,144**	850,349
Total operating revenue		**4,115,465**	4,400,460
Cost of sales	7	**(1,361,393)**	(1,365,726)
Employee expenses	8	**(381,820)**	(466,281)
Depreciation and amortisation		**(474,398)**	(363,458)
Operating lease rental expenses	10	**(208,701)**	(225,575)
Other operating expenses	11	**(848,403)**	(914,431)
Other gains and losses	12	**(74,194)**	1,257,995
Operating profit		**766,556**	2,322,984
Finance costs	13	**(346,004)**	(170,806)
Share of profits and losses of associates		**(14,079)**	(64,927)
PROFIT BEFORE TAX		**406,473**	2,087,251
Income tax expense	14	**(288,284)**	(637,318)
PROFIT FOR THE YEAR		**118,189**	1,449,933
Attributable to:			
Owners of the parent		**139,452**	1,365,189
Non-controlling interests		**(21,263)**	84,744
		118,189	1,449,933
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	16		
Basic			
– For profit for the year		**RMB2.7Cents**	RMB26.3 cents
Diluted			
– For profit for the year		**RMB2.7cents**	RMB26.3 cents

Consolidated Statement of Comprehensive Income

Year ended 31 December 2015

	2015 RMB'000	2014 RMB'000 (Restated)
PROFIT FOR THE YEAR	**118,189**	1,449,933
OTHER COMPREHENSIVE INCOME		
Other comprehensive income to be reclassified to profit or loss in subsequent periods:		
Available-for-sale equity investments:		
Available-for-sale equity investment revaluation	**5,964**	—
Changes in fair value	**99,061**	311,208
Reclassification adjustments for gain included in the consolidated statement of profit or loss		
– Gain on deemed disposal	**—**	(35,613)
Income tax effect	**(26,256)**	(68,899)
	78,769	206,696
Defined benefit retirement plans	**471**	(597)
Exchange differences on translation of foreign operations	**(64,438)**	(7,253)
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX	**14,802**	198,846
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**132,991**	1,648,779
Attributable to:		
Owners of the parent	**153,367**	1,564,226
Non-controlling interests	**(20,376)**	84,553
	132,991	1,648,779

Consolidated Statement of Financial Position

31 December 2015

	Notes	**31 December 2015 RMB'000**	31 December 2014 RMB'000 (Restated)
NON-CURRENT ASSETS			
Property, plant and equipment	17	**7,143,817**	5,919,957
Investment properties	18	**942,607**	373,023
Land lease prepayments	19	**4,254,138**	3,673,654
Goodwill	20	**283,934**	352,104
Other intangible assets	21	**57,405**	2,672
Investments in associates	22	**2,337,550**	2,418,096
Available-for-sale equity investments	23	**1,526,180**	1,161,503
Prepayments	29	**1,121,792**	437,158
Deferred tax assets	24	**489,059**	320,157
Total non-current assets		**18,156,482**	14,658,324
CURRENT ASSETS			
Inventories	25	**195,689**	179,199
Completed properties held for sale		**1,294,965**	701,595
Properties under development	26	**7,165,604**	7,059,699
Equity investments at fair value through profit or loss	27	**250,535**	173
Trade receivables	28	**20,703**	13,418
Prepayments, deposits and other receivables	29	**1,562,835**	998,891
Due from related parties	42(b)	**298,962**	132,880
Loans and receivables	43	**12,219**	—
Pledged deposits	30	**59,488**	54,949
Cash and cash equivalents	30	**1,248,868**	662,069
Total current assets		**12,109,868**	9,802,873

Consolidated Statement of Financial Position

31 December 2015

	Notes	31 December 2015 RMB'000	31 December 2014 RMB'000 (Restated)
CURRENT LIABILITIES			
Trade and bills payables	31	**2,027,391**	2,174,127
Deposits received, accruals and other payables	32	**4,421,085**	3,284,511
Interest-bearing bank loans and other borrowings	33	**7,793,180**	1,825,220
Due to related parties	42(b)	**766,087**	74,094
Income tax payable		**386,918**	146,841
Dividend payable		**433**	—
Total current liabilities		**15,395,094**	7,504,793
NET CURRENT ASSETS/(LIABILITIES)		**(3,285,226)**	2,298,080
TOTAL ASSETS LESS CURRENT LIABILITIES		**14,871,256**	16,956,404
NON-CURRENT LIABILITIES			
Interest-bearing bank loans and other borrowings	33	**5,122,863**	7,648,656
Deferred tax liabilities	24	**1,223,440**	1,097,613
Other long-term liability		**1,893**	—
Provision for retirement benefits		**8,052**	9,135
Total non-current liabilities		**6,356,248**	8,755,404
Net assets		**8,515,008**	8,201,000
EQUITY			
Equity attributable to owners of the parent			
Issued capital	36	**460,270**	465,206
Equity component of convertible bonds	35	**55,538**	55,538
Other reserves	37	**6,927,159**	6,621,245
		7,442,967	7,141,989
Non-controlling interests		**1,072,041**	1,059,011
Total equity		**8,515,008**	8,201,000

Consolidated Statement of Changes in Equity

Year ended 31 December 2015

	Attributable to owners of the parent													
	Issued capital RMB'000	Share premium account RMB'000	Acquisition of non-controlling interests RMB'000	Equity component of convertible bonds RMB'000	Capital redemption reserve RMB'000	Contributed surplus RMB'000	Statutory surplus reserve RMB'000	Available-for-sale equity investment revaluation reserve RMB'000	Defined benefit retirement plans RMB'000	Exchange fluctuation reserve RMB'000	Retained profits RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
At 1 January 2014														
As previously reported	467,449	1,662,293	(33,342)	56,546	20,474	1,806	340,422	(20,306)	–	2,414	3,364,391*	5,862,147	1,468,717	7,330,864
Prior year adjustments	–	–	–	–	–	–	–	–	605	–	(5,885)	(5,280)	(2,479)	(7,759)
As restated	467,449	1,662,293	(33,342)	56,546	20,474	1,806	340,422	(20,306)	605	2,414	3,358,506	5,856,867	1,466,238	7,323,105
Profit for the year	–	–	–	–	–	–	–	–	–	–	1,365,189	1,365,189	84,744	1,449,933
Other comprehensive income for the year:														
Changes in fair value of available-for-sale investments	–	–	–	–	–	–	–	311,208	–	–	–	311,208	–	311,208
Deemed disposal of available-for-sale equity investments	–	–	–	–	–	–	–	(35,613)	–	–	–	(35,613)	–	(35,613)
Exchange differences on translation of foreign operations	–	–	–	–	–	–	–	–	–	(7,253)	–	(7,253)	–	(7,253)
Defined benefit retirement plans	–	–	–	–	–	–	–	–	(406)	–	–	(406)	(191)	(597)
Tax effect of components of other comprehensive income	–	–	–	–	–	–	–	(68,899)	–	–	–	(68,899)	–	(68,899)
Total comprehensive income for the year	–	–	–	–	–	–	–	206,696	(406)	(7,253)	1,365,189	1,564,226	84,553	1,648,779
Acquisition of subsidiaries	–	–	–	–	–	–	–	–	–	–	–	–	286,772	286,772
Deemed disposal of a subsidiary	–	–	–	–	–	–	–	–	–	–	–	–	(739,868)	(739,868)
Disposal of a subsidiary	–	–	–	–	–	–	–	–	–	–	–	–	(12,312)	(12,312)
Profit appropriated to reserve	–	–	–	–	–	–	25,131	–	–	–	(25,131)	–	–	–
Repurchase of convertible bonds	–	–	–	(1,008)	–	–	–	–	–	–	–	(1,008)	–	(1,008)
Repurchase and cancellation of shares	(2,243)	(24,151)	–	–	2,243	–	–	–	–	–	(2,243)	(26,394)	–	(26,394)
Final 2013 dividend paid	–	–	–	–	–	–	–	–	–	–	(123,571)	(123,571)	–	(123,571)
Interim 2014 dividend paid	–	–	–	–	–	–	–	–	–	–	(128,131)	(128,131)	–	(128,131)
Dividend paid by subsidiaries to non-controlling interests	–	–	–	–	–	–	–	–	–	–	–	–	(26,372)	(26,372)
At 31 December 2014	465,206	1,638,142	(33,342)	55,538	22,717	1,806	365,553	186,390	199	(4,839)	4,444,619**	7,141,989	1,059,011	8,201,000

* Retained profits have been adjusted for the proposed final 2013 dividend in accordance with the current year's presentation, which is described in note 2.4 to the financial statements.

** Retained profits have been adjusted for the proposed final 2014 dividend in accordance with the current year's presentation, which is described in note 2.4 to the financial statements.

Consolidated Statement of Changes in Equity

Year ended 31 December 2015

	Attributable to owners of the parent														
	Issued capital RMB'000 (note 36)	Share premium account RMB'000	Acquisition of non-controlling interests RMB'000	Disposal of partial interest in a subsidiary without losing control RMB'000	Equity component of convertible bonds RMB'000 (note 35)	Capital redemption reserve RMB'000	Contributed surplus RMB'000 (note 37)	Statutory surplus reserve RMB'000 (note 37)	Available-for-sale equity investment revaluation reserve RMB'000	Defined benefit retirement plans RMB'000	Exchange fluctuation reserve RMB'000	Retained profits RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
At 1 January 2015															
As previously reported	465,206	1,638,142	(33,342)	–	55,538	22,717	1,806	365,553	186,390	–	(4,839)	4,450,007	7,147,178	1,061,448	8,208,626
Prior year adjustments	–	–	–	–	–	–	–	–	–	199	–	(5,388)	(5,189)	(2,437)	(7,626)
As restated	465,206	1,638,142	(33,342)	–	55,538	22,717	1,806	365,553	186,390	199	(4,839)	4,444,619	7,141,989	1,059,011	8,201,000
Profit for the year	–	–	–	–	–	–	–	–	–	–	–	139,452	139,452	(21,263)	118,189
Other comprehensive income for the year:															
Changes in fair value of available-for-sale equity investments, before tax	–	–	–	–	–	–	–	–	99,986	–	–	–	99,986	(925)	99,061
Available-for-sale equity investment revaluation	–	–	–	–	–	–	–	–	4,058	–	–	–	4,058	1,906	5,964
Exchanges differences on translation of foreign operations	–	–	–	–	–	–	–	–	–	–	(64,438)	–	(64,438)	–	(64,438)
Defined benefit retirement plans	–	–	–	–	–	–	–	–	–	320	–	–	320	151	471
Tax effect of components of other comprehensive income	–	–	–	–	–	–	–	–	(26,011)	–	–	–	(26,011)	(245)	(26,256)
Total comprehensive income for the year	–	–	–		–	–	–	–	78,033	320	(64,438)	139,452	153,367	(20,376)	132,991
Acquisition of non-controlling interests	–	–	–	–	–	–	–	–	–	–	–	–	–	(3,000)	(3,000)
Disposal of partial interest in a subsidiary without losing control	–	–	–	352,871	–	–	–	–	–	–	–	–	352,871	45,517	398,388
Profit appropriated to reserve	–	–	–	–	–	–	–	90,721	–	–	–	(90,721)	–	–	–
Final 2014 dividend paid	–	–	–	–	–	–	–	–	–	–	–	(45,171)	(45,171)	–	(45,171)
Interim 2015 dividend paid	–	–	–	–	–	–	–	–	–	–	–	(93,303)	(93,303)	–	(93,303)
Repurchase and cancellation of shares	(4,936)	(61,850)	–	–	–	4,936	–	–	–	–	–	(4,936)	(66,786)	–	(66,786)
Dividend paid by subsidiaries to non-controlling interests	–	–	–	–	–	–	–	–	–	–	–	–	–	(9,111)	(9,111)
At 31 December 2015	460,270	1,576,292*	(33,342) *	352,871*	55,538	27,653*	1,806*	456,274*	264,423*	519*	(69,277)*	4,349,940*	7,442,967	1,072,041	8,515,008

* These reserve accounts comprise the consolidated other reserves of RMB6,927,159,000 (2014: RMB6,621,245,000) in the consolidated statement of financial position.

Consolidated Statement of Cash Flows

Year ended 31 December 2015

	Notes	2015 RMB'000	2014 RMB'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		**406,473**	2,087,251
Adjustments for:			
Interest income	6	**(17,430)**	(25,935)
Depreciation and amortisation		**474,398**	363,458
Gain on disposal of partial shares of an associate	12	**(162,318)**	—
Income from disposal of partial interest in a subsidiary without losing control		**11,322**	—
Foreign exchange loss, net	12	**109,155**	—
Impairment of trade receivables	11	**2,214**	15,489
Impairment of inventories	11	**—**	6,179
Reversal of impairment/(impairment) of other receivables	11	**(57)**	34
Impairment of goodwill	12	**68,170**	24,179
impairment of property under development	11	**16,457**	—
Loss on disposal of items of property, plant and equipment	12	**2,504**	4,760
Gain on disposal of a subsidiary	12	**—**	(104,053)
Gain on deemed disposal of a subsidiary	12	**—**	(1,055,082)
(Gain)/loss on disposal of investment properties	12	**(1,495)**	6,689
Fair value loss/(gain) on equity investments at fair value through profit or loss	12	**54,220**	(144)
Gain on deemed disposal of available-for-sale equity investments	12	**—**	(35,613)
Dividend income from investment through profit or loss	12	**(2,989)**	—
Dividend income from available-for-sale equity investments	12	**(32,784)**	(29,067)
Partially eliminations of operating lease rental expenses charged by an associate		**(125)**	—
Finance costs	13	**346,004**	170,806
Share of profits and losses of associates		**14,079**	64,927
		1,287,798	1,493,878
Decrease in completed properties held for sale		**531,651**	305,602
Additions of properties under development		**(1,071,372)**	(1,239,854)
Decrease in inventories		**5,174**	16,408
Decrease in provision for retirement benefits		**(817)**	—
Decrease in trade receivables		**6,559**	9,420
Decrease/(increase) in prepayments and other receivables		**(133,840)**	18,427
Increase in amounts due from related parties		**(17,245)**	(213,114)
Decrease in trade and bills payables		**(312,679)**	(151,861)
Increase in deposits received, accruals and other payables		**302,839**	530,719
Decrease in amounts due to related parties		**(64,061)**	(191,697)

Continued/.........

Consolidated Statement of Cash Flows

Year ended 31 December 2015

	Notes	2015 RMB'000	2014 RMB'000
Cash generated from operations		**534,007**	577,928
Interest received		**15,749**	25,935
PRC tax paid		**(309,286)**	(369,616)
Net cash flows from operating activities		**240,470**	234,247
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of items of property, plant and equipment		**(460,212)**	(1,060,363)
Additions to investment properties		**(122,420)**	(58,374)
Proceeds from disposal of items of property, plant and equipment		**4,633**	8,898
Proceeds from disposal of investment properties		**7,276**	470
Purchase of equity investments at fair value through profit or loss		**(304,582)**	—
Purchase of available-for-sale equity investments		**(254,652)**	(477,878)
Purchase of land lease prepayments		**(92,052)**	—
Prepayment for land lease prepayments		**(50,472)**	(97,939)
Purchase of other intangible assets		**(2,290)**	(463)
Acquisition of a non-controlling interest		**(3,000)**	—
Loans to an associate		**(10,000)**	—
Acquisition of subsidiaries	39	**(466,304)**	(83,438)
Prepayments for acquisition of subsidiaries		**(494,883)**	
Proceeds from disposal of a subsidiary		**—**	100,249
Deemed disposal of a subsidiary		**—**	(123,975)
Disposal of partial shares of an associate		**225,043**	—
Dividend received from an associate		**3,329**	—
Dividend income from investment through profit or loss	12	**2,989**	—
Dividend income from available-for-sale equity investments	12	**32,784**	29,067
Net cash flows used in investing activities		**(1,984,813)**	(1,763,746)

Continued/.........

Consolidated Statement of Cash Flows

Year ended 31 December 2015

	Notes	2015 RMB'000	2014 RMB'000
CASH FLOWS FROM FINANCING ACTIVITIES			
New bank loans and other borrowings		**8,990,428**	5,072,587
Redeemable convertible bonds at the option of the bondholders		**–**	(13,429)
Repayment of bank loans		**(5,648,618)**	(2,561,650)
Interest paid		**(746,634)**	(548,072)
Repayment of bills payable		**–**	(400,000)
Final dividend paid		**(45,171)**	(123,571)
Interim dividend paid		**(93,303)**	(128,131)
Dividend paid by subsidiaries to non-controlling shareholders		**(8,678)**	(26,372)
Repurchase and cancellation of shares	36	**(66,786)**	(26,394)
Decrease/(Increase) in pledged bank deposits		**25,322**	(28,997)
Net cash flows from financing activities		**2,406,560**	1,215,971
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		**662,217**	(313,528)
Effect of foreign exchange rate changes, net		**(75,418)**	(2,850)
Cash and cash equivalents at beginning of year		**662,069**	978,447
CASH AND CASH EQUIVALENTS AT END OF YEAR		**1,248,868**	662,069
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and bank balances	30	**1,248,868**	662,069
Cash and cash equivalents as stated in the statement of cash flows		**1,248,868**	662,069

Notes to Financial Statements

31 December 2015

1. CORPORATE AND GROUP INFORMATION

Maoye International Holdings Limited (the "Company") was incorporated in the Cayman Islands on 8 August 2007 as an exempted company with limited liability in the Cayman Islands under the Companies Law, Chapter 22 (Law 3 of 1961, as consolidated and revised). The Company's registered office address is Floor 4, Willow House, Cricket Square, P.O. Box 2804, Grand Cayman KY1-1112, Cayman Islands and the head office and principal place of business of the Company is located at 38/F, World Finance Centre, 4003 Shennan East Road, Shenzhen, the People's Republic of China (the "PRC"). The Company and its subsidiaries (collectively referred to as the "Group") are principally engaged in the operation and management of department stores and property development in Mainland China.

In the opinion of the directors, the immediate holding company and the ultimate holding company of the Company are Maoye Department Store Investment Limited and MOY International Holdings Limited, respectively, which were incorporated in the British Virgin Islands.

Information about subsidiaries

Particulars of the Company's principal subsidiaries are as follows:

Company name	Place and date of incorporation/ registration and place of operations	Nominal value of issued and paid-up share/ registered capital	Percentage of equity attributable to the Company Direct %	Indirect %	Principal activities
Maoye Department Store Holdings Limited (茂業百貨控股有限公司)	British Virgin Islands 11 September 2007	US$2/US$50,000	100	—	Investment holding
Maoye Department Stores (China) Limited ("Maoye China") (茂業百貨(中國)有限公司)	Hong Kong 7 December 1993	HK$100,000	—	100	Investment holding
Zhongzhao Commercial Market Development (Shenzhen) Co., Ltd. (中兆商業市場開發(深圳)有限公司) **	PRC/Mainland China 18 June 2004	HK$1,000,000	—	100	Investment holding
Zhongzhao Investment Management Co., Ltd. ("Zhongzhao") (中兆投資管理有限公司) **	PRC/Mainland China 28 October 1997	RMB50,000,000	—	100	Investment holding
Dahua Investment (China) Limited (大華投資(中國)有限公司)	Hong Kong 28 May 2008	HK$100/HK$10,000	—	100	Investment holding
Shenzhen Maoye Shangsha Co., Ltd. ("Shenzhen Maoye Shangsha") (深圳茂業商廈有限公司) **	PRC/Mainland China 31 January 1996	US$320,000,000	—	100	Investment holding and operation of department stores
Shenzhen Maoye Department Store Shennan Co., Ltd. (深圳市茂業百貨深南有限公司) **	PRC/Mainland China 20 April 2000	RMB1,000,000	—	100	Operation of a department store
Shenzhen Department Store Co., Ltd. (深圳茂業百貨有限公司) **	PRC/Mainland China 20 April 2000	RMB546,869,782	—	100	Operation of a department store

Notes to Financial Statements

31 December 2015

1. CORPORATE AND GROUP INFORMATION (continued)

Information about subsidiaries (continued)

Particulars of the Company's principal subsidiaries are as follows: (continued)

Company name	Place and date of incorporation/ registration and place of operations	Nominal value of issued and paid-up share/ registered capital	Percentage of equity attributable to the Company Direct %	Indirect %	Principal activities
Shenzhen Maoye Department Store Huaqiangbei Co., Ltd. (深圳市茂業百貨華強北有限公司) **	PRC/Mainland China 31 March 2003	RMB1,000,000	—	77	Operation of a department store
Shenzhen Maoye Oriental Times Department Store Co., Ltd. (深圳市茂業東方時代百貨有限公司) **	PRC/Mainland China 8 August 2005	RMB1,200,000	—	100	Operation of a department store
Zhuhai Maoye Department Store Co., Ltd. (珠海市茂業百貨有限公司) **	PRC/Mainland China 24 August 2001	RMB4,800,000	—	100	Operation of a department store
Chongqing Maoye Department Store Co., Ltd. (重慶茂業百貨有限公司)**	PRC/Mainland China 27 August 2004	RMB30,000,000	—	100	Operation of a department store
Taiyuan Maoye Department Store Co., Ltd. (太原茂業百貨有限公司) **	PRC/Mainland China 11 April 2008	RMB5,000,000	—	100	Operation of a department store
Chongqing Buy First Business Co., Ltd. (重慶百福樂商貿有限公司) **	PRC/Mainland China 16 September 2008	US$15,000,000	—	100	Operation of a department store
Shenzhen Maoye Tiandi Investment Consultant Co., Ltd. (深圳茂業天地投資顧問有限公司) **	PRC/Mainland China 18 August 2008	US$30,000,000	—	100	Investment holding
Shenzhen Maoye Commercial Investment Consultant Co., Ltd. (深圳茂業商用投資顧問有限公司) **	PRC/Mainland China 18 August 2008	US$30,000,000	—	100	Investment holding
Shanxi Maoye Land and Real Estate Development Co., Ltd. (山西茂業置地房地產開發有限公司) **	PRC/Mainland China 18 November 2008	RMB100,000,000	—	100	Property development
Changzhou Maoye Department Store Co., Ltd. (常州茂業百貨有限公司) **	PRC/Mainland China 21 May 2009	RMB5,000,000	—	100	Operation of a department store
Shenyang Maoye Times Property Co., Ltd. (瀋陽茂業時代置業有限公司) **	PRC/Mainland China 24 September 2007	RMB8,000,000	—	100	Property development
Shenzhen Municipal Maoye Advertisement Co., Ltd. (深圳市茂業廣告有限公司) **	PRC/Mainland China 25 December 2002	RMB2,000,000	—	100	Provision of advertising services
Taizhou First Department Store Co., Ltd. (泰州第一百貨商店股份有限公司) **	PRC/Mainland China 20 May 1994	RMB18,950,000	—	97.31	Operation of a department store
Wuxi Yibai Property Limited (無錫億百置業有限公司) **	PRC/Mainland China 15 April 2008	RMB202,500,000	—	90	Property development

Notes to Financial Statements

31 December 2015

1. CORPORATE AND GROUP INFORMATION (continued)

Information about subsidiaries (continued)

Particulars of the Company's principal subsidiaries are as follows: (continued)

Company name	Place and date of incorporation/ registration and place of operations	Nominal value of issued and paid-up share/ registered capital	Percentage of equity attributable to the Company Direct %	Indirect %	Principal activities
Shenyang Maoye Department Store Co., Ltd. (瀋陽茂業百貨有限公司) **	PRC/Mainland China 13 May 2010	RMB155,000,000	—	100	Operation of a department store
Jinzhou Maoye Property Co., Ltd. (錦州茂業置業有限公司) **	PRC/Mainland China 9 July 2010	HK$193,000,000	—	100	Property development
Baoding Maoye Department Store Co., Ltd. (保定茂業百貨有限公司) **	PRC/Mainland China 20 September 2010	RMB5,000,000	—	100	Operation of a department store
Huaian Maoye Property Co., Ltd. (淮安茂業置業有限公司) **	PRC/Mainland China 30 September 2010	RMB206,000,000	—	100	Property development
Shandong Zibo Maoye Department Co., Ltd. (山東省淄博市茂業百貨股份有限公司) **	PRC/Mainland China 7 January 1999	RMB143,887,180	—	80	Operation of a department store
Baoding Maoye Land and Real Estate Development Co., Ltd. (Formerly Baoding Lingchuang Land and Real Estate Development Co., Ltd. ("Baoding Lingchuang") (保定茂業房地產開發有限公司) **	PRC/Mainland China 18 December 2006	RMB50,000,000	—	100	Property development
Linyi Maoye Department Store Co., Ltd. (臨沂茂業百貨有限公司) **	PRC/Mainland China 3 November 2010	RMB5,000,000	—	100	Operation of a department store
Taizhou Maoye Property Co., Ltd. (泰州茂業置業有限公司) **	PRC/Mainland China 8 November 2010	HK$1,124,800,000	—	100	Property development
Hong Kong Maoye Department Store (Yangzhou) Co., Ltd. (香港茂業百貨(揚州)有限公司) **	PRC/Mainland China 16 May 1996	RMB64,643,046	—	70	Operation of a department store
Zibo Maoye Shangsha Co., Ltd. (淄博茂業商廈有限公司) **	PRC/Mainland China 25 June 1994	RMB81,800,000	—	80	Operation of department stores and supermarket chain stores
Zibo Dongtai Jianghao Logistics Co., Ltd. (淄博東泰江浩物流有限公司) **	PRC/Mainland China 4 September 2009	RMB6,000,000	—	80	Property leasing
Chengshang Group Co., Ltd. ("Chengshang") (成商集團股份有限公司) *	PRC/Mainland China 31 December 1993	RMB570,439,657	—	68.06	Investment holding and operation of department stores
Chengdu Renmin Automobiles Co., Ltd. (成都人民車業有限責任公司) **	PRC/Mainland China 18 March 1998	RMB48,000,000	—	63.80	Investment holding

Notes to Financial Statements

31 December 2015

1. CORPORATE AND GROUP INFORMATION (continued)

Information about subsidiaries (continued)

Particulars of the Company's principal subsidiaries are as follows: (continued)

Company name	Place and date of incorporation/ registration and place of operations	Nominal value of issued and paid-up share/ registered capital	Percentage of equity attributable to the Company Direct %	Indirect %	Principal activities
Chengshang Group Nanchong Maoye Co., Ltd. ("Nanchong Maoye") (成商集團南充茂業百貨有限公司) **	PRC/Mainland China 20 November 2001	RMB20,000,000	—	68.06	Operation of a department store
Chengshang Group Holdings Co., Ltd. (成商集團控股有限公司) **	PRC/Mainland China 9 March 1998	RMB1,378,417,349	—	68.06	Property leasing
Leshan E'mei Shan Chengshang Phoenix Co., Ltd. (峨眉山成商鳳凰湖有限公司) **	PRC/Mainland China 11 March 1997	RMB33,730,000	—	54.44	Operation of a hotel and provision of ancillary services
Chengdu People's Department Store (Group) Mianyang Co., Ltd. (成都人民商場(集團)綿陽有限公司) **	PRC/Mainland China 13 September 2007	RMB5,000,000	—	68.06	Operation of a department store
Chengshang Group Chengdu People's Department Store Co., Ltd. (成商集團成都人民商場有限公司) **	PRC/Mainland China 21 August 2009	RMB20,000, 000	—	68.06	Investment holding and operation of department stores
Chengdu Maoye Estate Co., Ltd. (成都茂業地產有限公司) **	PRC/Mainland China 15 July 2008	RMB8,000,000	—	68.06	Property development
Heze Maoye Department Store Co., Ltd. (菏澤茂業百貨有限公司) **	PRC/Mainland China 29 December 2008	RMB5,000,000	—	61.25	Operation of a department store
Jiangsu Maoye Department Stores (江蘇茂業百貨有限公司) **	PRC/Mainland China 9 May 2012	RMB325,000,000	—	100	Property development
Baotou Maoye Dongzheng Real Estate Development Co., Ltd.(包頭市茂業東正房地產開發有限公司) **	PRC/Mainland China 26 October 2011	RMB10,000,000	—	100	Property development
Laiwu Maoye Property Co., Ltd. (萊蕪茂業置業有限公司) **	PRC/Mainland China 25 December 2012	RMB20,000,000	—	100	Property development
Shenzhen Maoye Investment Holdings Co., Ltd. (深圳茂業投資控股有限公司) **	PRC/Mainland China 24 August 2012	RMB545,465,800	—	100	#
Shenyang Anli Real Estate Co., Ltd. ("Shenyang Anli") (瀋陽安立置業經營有限責任公) **	PRC/Mainland China 4 August 2005	RMB133,000,000	—	100	Investment holding and property management
Shenyang Licheng Business Management Co., Ltd. (瀋陽立誠經營管理有限公司). **	PRC/Mainland China 24 August 2006	RMB7,750,000	—	96.77	#
Tianlun Regar Hotel Shenyang (瀋陽天倫瑞格酒店有限公司) **	PRC/Mainland China 30 August 2007	RMB10,000,000	—	99	Hotel business

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1. CORPORATE AND GROUP INFORMATION (continued)

Information about subsidiaries (continued)

Particulars of the Company's principal subsidiaries are as follows: (continued)

Company name	Place and date of incorporation/ registration and place of operations	Nominal value of issued and paid-up share/ registered capital	Percentage of equity attributable to the Company Direct %	Indirect %	Principal activities
Shenyang Commercial City Property Management Co., Ltd. (瀋陽商誠物業管理有限公司) **	PRC/Mainland China 24 August 2006	RMB500,000	–	100	Property management
Liaoning Logistics Co., Ltd. "Liaoning Logistics" (遼寧物流有限公司) **	PRC/Mainland China 12 May 2003	RMB78,000,000	–	99.94	Investment holding and property development
Shenyang Zhanye Property Co., Ltd."Zhanye" (瀋陽展業置地有限公司) **	PRC/Mainland China 2 September 1999	RMB245,000,000	–	51	Property development
Shandong Weizhou Property Co., Ltd. (山東濰州置業有限公司) **	PRC/Mainland China 11 August 2009	RMB50,000,000	–	100	Property development
Qinhuangdao Maoye Real Estate Development Co., Ltd. (秦皇島茂業房地產開發有限公司) **	PRC/Mainland China 4 January 2012	RMB5,000,000	–	100	Property development
Zibo Maoye Property Co., Ltd. (淄博茂業置業有限公司) **	PRC/Mainland China 29 November 2013	RMB20,000,000	–	100	Property development
Qinhuangdao Maoye Holdings Co., Ltd. ("Maoye Holdings") (秦皇島茂業控股有限公司) **	PRC/Mainland China 4 August 2008	RMB886,517,865	–	100	Operation of a department store
Qinhuangdao Jinyuan Housing Decoration Market Co., Ltd. (秦皇島金原家居裝飾城有限公司) **	PRC/Mainland China 20 November 2003	RMB1,000,000	–	100	Property leasing
Qinhuangdao Hualian Jinyuan Supermarket Co., Ltd. (秦皇島茂業超市有限公司) **	PRC/Mainland China 26 June 2001	RMB10,000,000	–	100	Operation of a supermarket
Qinhuangdao Hualian Jinyuan Property Management Co., Ltd. (秦皇島茂業物業服務有限公司) **	PRC/Mainland China 26 June 2001	RMB5,000,000	–	100	Property leasing
Qinhuangdao Jinyuan Property Service Co., Ltd. (秦皇島金原商業管理有限公司) **	PRC/Mainland China 14 April 2001	RMB2,000,000	–	100	Property management
Anhui Guorun Investment and Development Co., Ltd. (安徽國潤投資發展有限公司) **	PRC/Mainland China 4 October 1998	RMB294,330,000	–	100	Investment holding and property development

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31 December 2015

1. CORPORATE AND GROUP INFORMATION (continued)

Information about subsidiaries (continued)

Particulars of the Company's principal subsidiaries are as follows: (continued)

Company name	Place and date of incorporation/ registration and place of operations	Nominal value of issued and paid-up share/ registered capital	Percentage of equity attributable to the Company Direct %	Indirect %	Principal activities
Chuzhou Maoye Investment and Development Co., Ltd. (滁州茂業投資發展有限公司) **	PRC/Mainland China 25 April 2003	RMB70,000,000	—	100	Property development
Wuhu Guorun Investment and Development Co., Ltd. (蕪湖茂業置業有限公司) **	PRC/Mainland China 16 May 2002	RMB110,000,000	—	100	Property development
Huainan Maoye Investment and Development Co., Ltd. (淮南茂業投資發展有限公司) **	PRC/Mainland China 26 March 2002	RMB31,600,000	—	100	Property development

* A subsidiary with its A shares listed on the Shanghai Stock Exchange in the PRC

** Companies registered as limited liability companies under PRC law

The companies have not yet commenced operation.

During the year, the Group acquired Qinhuangdao Maoye Holdings Co., Ltd ("Maoye Holdings"), from an associate of the Company. Further details of this acquisition are included in notes 39 to the financial statements.

The above table lists the subsidiaries of the Company which, in the opinion of the directors, principally affected the results for the year or formed a substantial portion of the net assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

Notes to Financial Statements

31 December 2015

2.1 BASIS OF PREPARATION

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRSs"), which comprise standards and interpretations approved by the International Accounting Standards Board (the "IASB"), and the International Accounting Standards and Standing Interpretations Committee Interpretations approved by the International Accounting Standards Committee have been prepared under the historical cost convention, except for listed equity investments which have been measured at fair value. These financial statements are presented in Renminbi ("RMB") and all values are rounded to the nearest thousand except when otherwise indicated.

As at 31 December 2015, the Group had net current liabilities of approximately RMB3,285,226,000. Having taken into account that RMB1,788,527,000 of current liabilities are deferred income and RMB284,038,000 of current liabilities are deposits received in nature of which the Group will not be expecting any cash outflow, the issuance of the corporate bonds and the obtain of the new long-term bank loan with an aggregated amount of RMB4,730,000,000 subsequent to 31 December 2015, the cash flows from the operations and the current available banking facilities, the directors consider that it is appropriate to prepare the financial statements on a going concern basis notwithstanding the net current liabilities position.

Basis of consolidation

The consolidated financial statements include the financial statements of the Group for the year ended 31 December 2015. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

When the Company has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(a) the contractual arrangement with the other vote holders of the investee;

(b) rights arising from other contractual arrangements; and

(c) the Group's voting rights and potential voting rights.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases

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 described in the accounting policy for subsidiaries below. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises (i) the assets (including goodwill) and liabilities of the subsidiary, (ii) the carrying amount of any non-controlling interest and (iii) the cumulative translation differences recorded in equity; and recognises (i) the fair value of the consideration received, (ii) the fair value of any investment retained and (iii) any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

Notes to Financial Statements

31 December 2015

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following revised standards for the first time for the current year's financial statements.

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

Other than explained below regarding the impact of IFRS the adoption of the revised standards has had no significant effect on these financial statements.

(a) Amendments to IAS 19 apply to contributions from employees or third parties to defined benefit plans. The amendments simplify the accounting for contributions that are independent of the number of years of employee service, for example, employee contributions that are calculated according to a fixed percentage of salary. If the amount of the contributions is independent of the number of years of service, an entity is permitted to recognise such contributions as a reduction of service cost in the period in which the related service is rendered. The Group had employed independent actuary on the calculation of the impact of defined benefits plan. Disclosure about the Group's defined benefit plans is included in note 34 to the financial statements.

(b) The *Annual Improvements to IFRSs 2010-2012 Cycle* issued in December 2013 sets out amendments to a number of IFRSs. Details of the amendments that are effective for the current year are as follows:

- IFRS 8 *Operating Segments*: Clarifies that an entity must disclose the judgements made by management in applying the aggregation criteria in IFRS 8, including a brief description of operating segments that have been aggregated and the economic characteristics used to assess whether the segments are similar. The amendments also clarify that a reconciliation of segment assets to total assets is only required to be disclosed if the reconciliation is reported to the chief operating decision maker. The amendments have had no impact on the Group.

- IAS 16 *Property, Plant and Equipment* and IAS 38 *Intangible Assets*: Clarifies the treatment of gross carrying amount and accumulated depreciation or amortisation of revalued items of property, plant and equipment and intangible assets. The amendments have had no impact on the Group as the Group does not apply the revaluation model for the measurement of these assets.

- IAS 24 *Related Party Disclosures*: Clarifies that a management entity (i.e., an entity that provides key management personnel services) is a related party subject to related party disclosure requirements. In addition, an entity that uses a management entity is required to disclose the expenses incurred for management services. The amendment has had no impact on the Group as the Group does not receive any management services from other entities.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (continued)

(c) The *Annual Improvements to IFRSs 2011-2013 Cycle* issued in December 2013 sets out amendments to a number of IFRSs. Details of the amendments that are effective for the current year are as follows:

- IFRS 3 *Business Combinations*: Clarifies that joint agreements but not joint ventures are outside the scope of IFRS 3 and the scope exception applied only to the accounting in the financial statements of the joint arrangement itself. The amendment is applied prospectively. The amendment has had no impact on the Group as the Company is not a joint arrangement and the Group did not form any joint arrangement during the year.

- IFRS 13 *Fair Value Measurement*: Clarifies that the portfolio exception in IFRS 13 can be applied not only to financial assets and financial liabilities, but also to other contracts within the scope of IFRS 9 or IAS 39 as applicable. The amendment is applied prospectively from the beginning of the annual period in which IFRS 13 was initially applied. The amendment has had no impact on the Group as the Group does not apply the portfolio exception in IFRS 13.

- IAS 40: *Investment Property*: Clarifies that IFRS 3, instead of the description of ancillary services in IAS 40 which differentiates between investment property and owner-occupied property, is used to determine if the transaction is a purchase of an asset or a business combination. The amendment is applied prospectively for acquisitions of investment properties. The amendment has had no impact on the Group.

In addition, the Company has adopted the amendments to the Listing Rules issued by the Hong Kong Stock Exchange relating to the disclosure of financial information with reference to the Hong Kong Companies Ordinance (Cap. 622) during the current financial year. The main impact to the financial statements is on the presentation and disclosure of certain information in the financial statements.

Notes to Financial Statements

31 December 2015

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (continued)

The effects of the changes to the amended accounting policy for the Group's defined benefit plan is summarised below:

Impact on the consolidated statements of profit or loss and comprehensive income for the year ended 31 December 2014:

	2014 RMB'000
Decrease in employee expenses	(1,248)
Increase in other operating expenses	22
Increase in finance costs	452
Increase in tax expenses	44
Increase in profit for the year	730
Increase in profit attributable to:	
Owners of the parent	497
Non-controlling interests	233
	730
Decrease in remeasurement gain on defined benefit retirement plans	(597)
Attributable to:	
Owners of the parent	(406)
Non-controlling interests	(191)
	(597)
Increase in total comprehensive income for the year	133
Attributable to:	
Owners of the parent	91
Non-controlling interests	42
	133

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (continued)

Impact on the consolidated statement of financial position at 31 December 2014:

	2014 RMB'000
Increase in deferred tax assets	2,542
Increase in provision for retirement benefits	(9,135)
Increase in deposits received, accruals and other payables	(1,033)
Decrease in net assets and total equity	(7,626)

2.3 ISSUED BUT NOT YET EFFECTIVE INTERNATIONAL FINANCIAL REPORTING STANDARDS

The Group has not applied the following new and revised IFRSs, that have been issued but are not yet effective, in these financial statements.

IFRS 9	*Financial Instruments*[2]
Amendments to IFRS 10 and IAS 28	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture* [1]
Amendments to IFRS 10, IFRS 12 and IAS 28	*Investment Entities: Applying the Consolidation Exception*[1]
Amendments to IFRS 11	*Accounting for Acquisitions of Interests in Joint Operations*[1]
IFRS 14	*Regulatory Deferral Accounts*[3]
IFRS 15	*Revenue from Contracts with Customers*[2]
Amendments to IAS 1	*Disclosure Initiative*[1]
Amendments to IAS 16 and IAS 38	*Clarification of Acceptable Methods of Depreciation and Amortisation*[1]
Amendments to IAS 16 and IAS 41	*Agriculture: Bearer Plants*[1]
Amendments to IAS 27	*Equity Method in Separate Financial Statements*[1]
Annual Improvements 2012-2014 Cycle	Amendments to a number of IFRSs[1]

1 Effective for annual periods beginning on or after 1 January 2016
2 Effective for annual periods beginning on or after 1 January 2018
3 Effective for an entity that first adopts IFRSs for its annual financial statements beginning on or after 1 January 2016 and therefore is not applicable to the Group

Notes to Financial Statements

31 December 2015

2.3 ISSUED BUT NOT YET EFFECTIVE INTERNATIONAL FINANCIAL REPORTING STANDARDS (continued)

Further information about those IFRSs that are expected to be applicable to the Group is as follows:

In July 2014, the IASB issued the final version of IFRS 9, bringing together all phases of the financial instruments project to replace IAS 39 and all previous versions of IFRS 9. The standard introduces new requirements for classification and measurement, impairment and hedge accounting. The Group expects to adopt IFRS 9 from 1 January 2018. During 2015, the Group performed a high-level assessment of the impact of the adoption of IFRS 9. This preliminary assessment is based on currently available information and may be subject to changes arising from further detailed analyses or additional reasonable and supportable information being made available to the Group in the future. The expected impacts arising from the adoption of IFRS 9 are summarised as follows:

(a) Classification and measurement

The Group does not expect that the adoption of IFRS 9 will have a significant impact on the classification and measurement of its financial assets. It expects to continue measuring at fair value all financial assets currently held at fair value. Equity investments currently held as available for sale will be measured at fair value through other comprehensive income as the investments are intended to be held for the foreseeable future and the Group expects to apply the option to present fair value changes in other comprehensive income. Gains and losses recorded in other comprehensive income for the equity investments cannot be recycled to profit or loss when the investments are derecognised.

(b) Impairment

IFRS 9 requires an impairment on debt instruments recorded at amortised cost or at fair value through other comprehensive income, lease receivables, loan commitments and financial guarantee contracts that are not accounted for at fair value through profit or loss under IFRS 9, to be recorded based on an expected credit loss model either on a twelve-month basis or a lifetime basis. The Group expects to apply the simplified approach and record lifetime expected losses that are estimated based on the present value of all cash shortfalls over the remaining life of all of its trade and other receivables. The Group will perform a more detailed analysis which considers all reasonable and supportable information, including forward-looking elements, for estimation of expected credit losses on its trade and other receivables upon the adoption of IFRS 9.

The amendments to IFRS 10 and IAS 28 address an inconsistency between the requirements in IFRS 10 and in IAS 28 in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require a full recognition of a gain or loss when the sale or contribution of assets between an investor and its associate or joint venture constitutes a business. For a transaction involving assets that do not constitute a business, a gain or loss resulting from the transaction is recognised in the investor's profit or loss only to the extent of the unrelated investor's interest in that associate or joint venture. The amendments are to be applied prospectively.

2.3 ISSUED BUT NOT YET EFFECTIVE INTERNATIONAL FINANCIAL REPORTING STANDARDS (continued)

The amendments to IFRS 11 require that an acquirer of an interest in a joint operation in which the activity of the joint operation constitutes a business must apply the relevant principles for business combinations in IFRS 3. The amendments also clarify that a previously held interest in a joint operation is not remeasured on the acquisition of an additional interest in the same joint operation while joint control is retained. In addition, a scope exclusion has been added to IFRS 11 to specify that the amendments do not apply when the parties sharing joint control, including the reporting entity, are under common control of the same ultimate controlling party. The amendments apply to both the acquisition of the initial interest in a joint operation and the acquisition of any additional interests in the same joint operation. The amendments are not expected to have any impact on the financial position or performance of the Group upon adoption on 1 January 2016.

IFRS 15 establishes a new five-step model to account for revenue arising from contracts with customers. Under IFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in IFRS 15 provide a more structured approach for measuring and recognising revenue. The standard also introduces extensive qualitative and quantitative disclosure requirements, including disaggregation of total revenue, information about performance obligations, changes in contract asset and liability account balances between periods and key judgements and estimates. The standard will supersede all current revenue recognition requirements under IFRSs. In July 2015, the IASB issued an amendment to IFRS 15 regarding a one-year deferral of the mandatory effective date of IFRS 15 to 1 January 2018. The Group expects to adopt IFRS 15 on 1 January 2018. During the year ended 31 December 2015, the Group performed a preliminary assessment on the impact of the adoption of IFRS 15.

Amendments to IAS 1 include narrow-focus improvements in respect of the presentation and disclosure in financial statements. The amendments clarify:

(i) the materiality requirements in IAS 1;

(ii) that specific line items in the statement of profit or loss and the statement of financial position may be disaggregated;

(iii) that entities have flexibility as to the order in which they present the notes to financial statements; and

(iv) that the share of other comprehensive income of associates and joint ventures accounted for using the equity method must be presented in aggregate as a single line item, and classified between those items that will or will not be subsequently reclassified to profit or loss.

Furthermore, the amendments clarify the requirements that apply when additional subtotals are presented in the statement of financial position and the statement of profit or loss. The Group expects to adopt the amendments from 1 January 2016. The amendments are not expected to have any significant impact on the Group’s financial statements.

Amendments to IAS 16 and IAS 38 clarify the principle in IAS 16 and IAS 38 that revenue reflects a pattern of economic benefits that are generated from operating business (of which the asset is part) rather than the economic benefits that are consumed through the use of the asset. As a result, a revenue-based method cannot be used to depreciate property, plant and equipment and may only be used in very limited circumstances to amortise intangible assets. The amendments are to be applied prospectively. The amendments are not expected to have any impact on the financial position or performance of the Group upon adoption on 1 January 2016 as the Group has not used a revenue-based method for the calculation of depreciation of its non-current assets.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Investments in associates

An associate is an entity, in which the Group has a long term interest or generally not less than 20% of the equity voting rights and over which it is in a position to exercise 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.

The Group's investments in its associates are stated in the consolidated statement of financial position at the Group's share of net assets under the equity method of accounting, less any impairment losses. Adjustments are made to bring into line any dissimilar accounting policies that may exist. The Group's share of the post-acquisition results and other comprehensive income of associates and joint ventures is included in the consolidated statement of profit or loss and the consolidated other comprehensive income, respectively. In addition, when there has been a change recognised directly in the equity of the associate, the Group recognises its share of any changes, when applicable, in the consolidated statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and its associates are eliminated to the extent of the Group's investments in the associates, except where unrealised losses is included as part of the Group's investments in associates.

Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The consideration transferred is measured at the acquisition date fair value which is the sum of the acquisition date fair values of assets transferred by the Group. Liabilities assumed 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. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of net assets in the event of liquidation at fair value or at the proportionate share of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at fair value. Acquisition-related costs are expensed as incurred.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts of the acquiree.

If the business combination is achieved in stages, the previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability is measured at fair value with changes in fair value recognised in profit or loss. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests, and any previously held equity interests, over the net identifiable assets acquired and liabilities assumed. If the sum of this consideration and other items is lower than the fair value of the net assets acquired, the difference is, after reassessment, recognised in profit or loss as a gain on bargain purchase.

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31 December 2015

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Business combinations and goodwill

After initial recognition, goodwill is measured at cost less any accumulated impairment loss. Goodwill is tested for impairment annually if events or changes in circumstances indicate that the carrying value may be impaired. The Group performs its annual impairment test of goodwill as at 31 December. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

Impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit (group of cash-generating units) is less than the carrying amount, an impairment loss is recognised. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Where goodwill has been allocated to a cash-generating unit (or group of cash-generating units) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on the disposal. Goodwill disposed of in these circumstances is measured based on the relative value of the operation disposed of and the portion of the cash-generating unit retained.

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than inventories, deferred tax assets, financial assets and investment properties), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs to disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. 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. An impairment loss is charged to the consolidated statement of profit or loss in the period in which it arises.

An assessment is made at the end of each reporting period as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to the statement of profit or loss in the period in which it arises.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Related parties

A party is considered to be related to the Group if:

(a) the party is a person or a close member of that person's family and that person (i) has control or joint control over the Group; (ii) has significant influence over the Group; or (iii) is a member of the key management personnel of the Group or of a parent of the Group; or

(b) the party is an entity where any of the following conditions applies:

(i) the entity and the Group are members of the same group;

(ii) one entity is an associate or joint venture of the Group (or of a parent, subsidiary or fellow subsidiary of the other entity);

(iii) the entity and the Group are joint ventures of the same third party;

(iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;

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

(vi) the entity is controlled or jointly controlled by a person identified in (a);

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

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

Property, plant and equipment and depreciation

Property, plant and equipment, other than construction in progress, are stated at cost less accumulated depreciation and any impairment losses. When an item of property, plant and equipment is classified as held for sale or when it is part of a disposal group classified as held for sale, it is not depreciated and is accounted for in accordance with IFRS 5, as further explained in the accounting policy for "Non-current assets and disposal groups held for sale". The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Cost may also include transfers from equity of any gains or losses on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to the consolidated statement of profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Property, plant and equipment and depreciation (continued)

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows:

	Annual depreciation rate
Land and buildings	2.25% to 9%
Machinery and equipment	9% to 19%
Motor vehicles	11.25% to 19%
Furniture, fittings and other equipment	7.5% to 19%
Leasehold improvements	10% to 20%

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

An item of property, plant and equipment including any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in the consolidated statement of profit or loss in the period the asset is derecognised is the difference between the net sale proceeds and the carrying amount of the relevant asset.

Construction in progress represents properties under construction, which is stated at cost less any impairment losses, and is not depreciated. Cost comprises the direct costs of construction during the period of construction. Construction in progress is reclassified to the appropriate category of property, plant and equipment when completed and ready for use.

Investment properties

Investment properties are interests in land and buildings held to earn rental income and/or for capital appreciation, rather than for use in the production or supply of goods or services or for administrative purposes; or for sale in the ordinary course of business. Such properties are measured initially at cost, including transaction costs, less accumulated depreciation and any impairment losses. Depreciation is calculated on the straight-line basis over the estimated useful lives ranging from 10 to 40 years.

Any gains or losses on the retirement or disposal of an investment property are recognised in the consolidated statement of profit or loss in the period of the retirement or disposal.

If an investment property becomes owner-occupied, it is reclassified as property, plant and equipment, and its carrying amount at the date of reclassification becomes its cost for accounting purposes. If an item of property, plant and equipment becomes an investment property because its use has changed, the carrying amount of this item at the date of transfer is recognised as the cost of an investment property for accounting purposes. Property being constructed or developed for future as an investment property is classified as an investment property.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Properties under development

Properties under development are stated at cost, which include all development expenditures, including land costs, interest charges and other costs directly attributable to such properties.

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

Properties under development are valued at the lower of cost and net realisable value at the end of the reporting period and any excess of cost over net realisable value of an individual item of properties under development is accounted for as a provision. Net realisable value is based on estimated selling price in the ordinary course of business as determined by management with reference to the prevailing market conditions, less further costs expected to be incurred to completion and selling and marketing costs.

Non-current assets and disposal groups held for sale

Non-current assets and disposal groups are classified as held for sale if their carrying amounts will be recovered principally through a sales transaction rather than through continuing use. For this to be the case, the asset or disposal group must be available for immediate sale in its present condition subject only to terms that are usual and customary for the sale of such assets or disposal groups and its sale must be highly probable. All assets and liabilities of a subsidiary classified as a disposal group are reclassified as held for sale regardless of whether the Group retains a non-controlling interest in its former subsidiary after the sale.

Non-current assets and disposal groups (other than financial assets) classified as held for sale are measured at the lower of their carrying amounts and fair values less costs to sell. Property, plant and equipment and intangible assets classified as held for sale are not depreciated or amortised.

Intangible assets (other than goodwill)

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is the fair value at the date of acquisition. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are subsequently amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end.

Intangible assets with indefinite useful lives are tested for impairment annually either individually or at the cash-generating unit level. Such intangible assets are not amortised. The useful life of an intangible asset with an indefinite life is reviewed annually to determine whether the indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is accounted for on a prospective basis.

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2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Operating leases

Leases where substantially all the rewards and risks of ownership of assets remain with the lessor are accounted for as operating leases. Where the Group is the lessor, assets leased by the Group under operating leases are included in non-current assets, and rentals receivable under the operating leases are credited to the consolidated statement of profit or loss on the straight-line basis over the lease terms. Where the Group is the lessee, rentals payable under the operating leases are charged to the consolidated statement of profit or loss on the straight-line basis over the lease terms.

Land lease prepayments under operating leases are initially stated at cost and subsequently recognised on the straight-line basis over the lease terms. When the lease payments cannot be allocated reliably between the land and buildings elements, the entire lease payments are included in the cost of the land and buildings as a finance lease in property, plant and equipment.

When a building is constructed on land that is leased under an operating lease, the operating lease costs that are incurred during the construction period are capitalised as part of the construction cost of the building.

Investments and other financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as financial assets at fair value through profit or loss, loans and receivables, and available-for-sale financial investments, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. When financial assets are recognised initially, they are measured at fair value, plus transaction costs that are attributable to the acquisition of the financial assets, except in the case of financial assets recorded at fair value through profit or loss.

All regular way purchases and sales of financial assets are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Investments and other financial assets (continued)

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments as defined by IAS 39.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with positive net changes in fair value presented as other income and gains and negative net changes in fair value presented as finance costs in the income statement. These net fair value changes do not include any dividends or interest earned on these financial assets, which are recognised in accordance with the policies set out for "Revenue recognition" below.

Financial assets designated upon initial recognition as at fair value through profit or loss are designated at the date of initial recognition and only if the criteria under IAS 39 are satisfied.

The Group evaluates its financial assets at fair value through profit or loss (held for trading) to assess whether the intent to sell them in the near term is still appropriate. When, in rare circumstances, the Group is unable to trade these financial assets due to inactive markets and management's intent to sell them in the foreseeable future significantly changes, the Group may elect to reclassify them. The reclassification from financial assets at fair value through profit or loss to loans and receivables, available-for-sale financial assets or held-to-maturity investments depends on the nature of the assets. This evaluation does not affect any financial assets designated as at fair value through profit or loss using the fair value option at designation, as these instruments cannot be reclassified after initial recognition.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such assets are subsequently measured at amortised cost using the effective interest rate method less any allowance for impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and includes fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in other income and gains in the statement of profit or loss. The loss arising from impairment is recognised in the consolidated statement of profit or loss in finance costs for loans and in cost of sales or other operating expenses for receivables.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Investments and other financial assets (continued)

Available-for-sale financial investments

Available-for-sale financial investments are non-derivative financial assets in listed and unlisted equity investments and debt securities. Equity investments classified as available for sale are those which are neither classified as held for trading nor designated as at fair value through profit or loss. Debt securities in this category are those which are intended to be held for an indefinite period of time and which may be sold in response to needs for liquidity or in response to changes in market conditions.

After initial recognition, available-for-sale financial investments are subsequently measured at fair value, with unrealised gains or losses recognised in other comprehensive income in the available-for-sale investment revaluation reserve until the investment is derecognised, at which time the cumulative gain or loss is recognised in the consolidated statement of profit or loss in other income, or until the investment is determined to be impaired, when the cumulative gain or loss is reclassified from the available-for-sale investment revaluation reserve to the consolidated statement of profit or loss in other gains or losses. Interest and dividends earned whilst holding the available-for-sale financial investments are reported as interest income and dividend income, respectively and are recognised in the consolidated statement of profit or loss as other income in accordance with the policies set out for "Revenue recognition" below.

When the fair value of unlisted equity securities cannot be reliably measured because (a) the variability in the range of reasonable fair value estimates is significant for that investment or (b) the probabilities of the various estimates within the range cannot be reasonably assessed and used in estimating fair value, such investments are stated at cost less any impairment losses.

The Group evaluates whether the ability and intention to sell its available-for-sale financial assets in the near term are still appropriate. When, in rare circumstances, the Group is unable to trade these financial assets due to inactive markets, the Group may elect to reclassify these financial assets if management has the ability and intention to hold the assets for the foreseeable future or until maturity.

For a financial asset reclassified from the available-for-sale category, the fair value carrying amount at the date of reclassification becomes its new amortised cost and any previous gain or loss on that asset that has been recognised in equity is amortised to profit or loss over the remaining life of the investment using the effective interest rate. Any difference between the new amortised cost and the maturity amount is also amortised over the remaining life of the asset using the effective interest rate. If the asset is subsequently determined to be impaired, then the amount recorded in equity is reclassified to the consolidated statement or profit or loss.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

– the rights to receive cash flows from the asset have expired; or

– the Group has transferred its rights to receive cash flows from the asset, or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment of financial assets

The Group assesses, at each reporting date, whether there is objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (an incurred "loss event") and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and observable data indicating that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of financial assets (continued)

Financial assets carried at amortised cost

For financial assets carried at amortised cost, the Group first assesses whether impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

The amount of any impairment loss identified is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate (i.e., the effective interest rate computed at initial recognition).

The carrying amount of the asset is reduced either directly or through the use of an allowance account and the loss is recognised in the consolidated statement of profit or loss. Interest income continues to be accrued on the reduced carrying amount using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. Loans and receivables together with any associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Group.

If, in a subsequent period, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a write-off is later recovered, the recovery is credited to the consolidated statement of profit or loss.

Assets carried at cost

If there is objective evidence that an impairment loss has been incurred on an unquoted equity instrument that is not carried at fair value because its fair value cannot be reliably measured, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Impairment losses on these assets are not reversed.

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2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of financial assets (continued)

Available-for-sale financial investments

For available-for-sale financial investments, the Group assesses at each reporting date whether there is objective evidence that an investment or a group of investments is impaired.

If an available-for-sale asset is impaired, an amount comprising the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised in the statement of profit or loss, is removed from other comprehensive income and recognised in the statement of profit or loss.

In the case of equity investments classified as available for sale, objective evidence would include a significant or prolonged decline in the fair value of an investment below its cost. "Significant" is evaluated against the original cost of the investment and "prolonged" against the period in which the fair value has been below its original cost. Where there is evidence of impairment, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognised in the consolidated statement of profit or loss – is removed from other comprehensive income and recognised in the consolidated statement of profit or loss. Impairment losses on equity instruments classified as available for sale are not reversed through the consolidated statement of profit or loss. Increases in their fair value after impairment are recognised directly in other comprehensive income.

The determination of what is "significant" or "prolonged" requires judgement. In making this judgement, the Group evaluates, among other factors, the duration or extent to which the fair value of an investment is less than its cost.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, amounts due to related parties and interest-bearing loans and borrowings.

Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification as follows:

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial liabilities (continued)

Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost, using the effective interest rate. Gains and losses are recognised in the consolidated statement of profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance costs in the consolidated statement of profit or loss.

Financial guarantee contracts

Financial guarantee contracts issued by the Group are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. Financial guarantee contracts are recognised initially as a liability at their fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequent to initial recognition, the Group measures the financial guarantee contract at the higher of: (i) the amount of the best estimate of the expenditure required to settle the present obligation at the reporting date; and (ii) the amount initially recognised less, when appropriate, cumulative amortisation.

Convertible bonds

The component of convertible bonds that exhibits characteristics of a liability is recognised as a liability in the statement of financial position, net of transaction costs. On issuance of convertible bonds, the fair value of the liability component is determined using a market rate for an equivalent non-convertible bond; and this amount is carried as a long term liability on the amortised cost basis until extinguished on conversion or redemption. The remainder of the proceeds is allocated to the conversion option that is recognised and included in shareholders' equity, net of transaction costs. The carrying amount of the conversion option is not remeasured in subsequent years. Transaction costs are apportioned between the liability and equity components of the convertible bonds based on the allocation of proceeds to the liability and equity components when the instruments are first recognised.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognised in the consolidated statement of profit or loss recognition of a new liability, and the difference between the respective carrying amounts is recognised in the consolidated statement of profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Inventories

Inventories comprise merchandise purchased for resale and are stated at the lower of cost and net realisable value. Cost of merchandise is determined on moving weighted average basis. Net realisable value is the estimated selling price in the ordinary course of business, less variable selling expenses.

Completed properties held for sale

Completed properties held for sale are stated at the lower of cost and net realisable value. Cost is determined by an apportionment of the total land and buildings costs attributable to unsold properties. Net realisable value is estimated by the directors based on the prevailing market prices, on an individual property basis.

Cash and cash equivalents

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand and demand deposits that are readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

For the purpose of the consolidated statement of financial position, cash and cash equivalents comprise cash on hand and at banks, which are not restricted as to use.

Provisions

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the effect of discounting is material, the amount recognised for a provision is the present value at the end of the reporting period of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in the consolidated statement of profit or loss.

Coupon liabilities

Coupon liabilities are recognised based on the fair value of bonus points or coupons granted to customers in accordance with the announced bonus point scheme and the Group's past experience on the level of redemption of coupons and are recorded in other payables. The revenue of the Group is deducted when the coupon liabilities are recognised.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities for the current periods are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

Deferred tax is provided, using the liability method, on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of taxable temporary differences associated with investments in subsidiaries and associates when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carryforward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of deductible temporary differences associated with investments in subsidiaries and associates, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, on the following bases:

(a) Commissions from concessionaire sales are recognised upon the sale of merchandise by the relevant concessionaires.

(b) Direct sales of merchandise and sales of properties are recognised when the significant risks and rewards of ownership have been transferred to the buyer, provided that the Group maintains neither managerial involvement to the degree usually associated with ownership, nor effective control over the merchandise or properties sold.

(c) Rental income is recognised on the straight-line basis over the lease terms.

(d) Management fee income from the operation of department stores is recognised when management services are rendered.

(e) Administration and management fee income, promotion income and credit card handling fees from suppliers and concessionaires are recognised when management services are rendered.

(f) Interest income is recognised on an accrual basis using the effective interest method by applying the rate that discounts the estimated future cash receipts over the expected life of the financial instrument to the net carrying amount of the financial asset.

(g) Dividend income is recognised when the shareholders' right to receive payment has been established.

Retirement benefits

The employees of the Group's subsidiaries which operate in Mainland China are covered by government-regulated defined contribution retirement benefit schemes under which the employees are entitled to a monthly pension. The Group contributes a percentage of the employees' salaries to these retirement benefit schemes on a monthly basis. Under these schemes, the Group has no legal obligation for retirement benefits beyond the contributions made. Contributions to these schemes are expensed as incurred.

Other employee benefits

Defined benefit plan

The Group operates a defined benefit pension plan which requires contributions to be made to a separately administered fund. The benefits are unfunded. The cost of providing benefits under the defined benefit plan is determined using the projected unit credit actuarial valuation method.

Remeasurements arising from defined benefit pension plans, comprising actuarial gains and losses, the effect of the asset ceiling (excluding amounts included in net interest on the net defined benefit liability) and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the consolidated statement of financial position with a corresponding debit or credit to retained profits through other comprehensive income in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Retirement benefits (continued)

Past service costs are recognised in profit or loss at the earlier of:

- the date of the plan amendment or curtailment; and
- the date that the Group recognises restructuring-related costs

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Group recognises the following changes in the net defined benefit obligation under "employee expenses","other operating expenses" and "finance costs" in the consolidated statement of profit or loss by function:

- service costs comprising current service costs, past-service costs
- gains and losses on curtailments and non-routine settlements
- net interest expense or income

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, i.e., assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. The capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs capitalised. All other borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Where funds have been borrowed generally, and used for the purpose of obtaining qualifying assets, a capitalisation rate of 6.54% has been applied to the expenditure on the individual assets.

Dividends

Final dividends are recognised as a liability when they are approved by the shareholders in a general meeting. In prior years, final dividends proposed by the directors were classified as a separate allocation of retained profits within the equity section of the statement of financial position, until they have been approved by the shareholders in a general meeting. Following the implementation of the Hong Kong Companies Ordinance (Cap. 622), proposed final dividends are disclosed in the notes to the financial statements.

Interim dividends are simultaneously proposed and declared, because the Company's memorandum and articles of association grant the directors the authority to declare interim dividends. Consequently, interim dividends are recognised immediately as a liability when they are proposed and declared.

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2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Foreign currencies

The Company and other investment holding subsidiaries incorporated in the Cayman Islands, the British Virgin Islands and Hong Kong use the Hong Kong dollar ("HK$") as their functional currency. The functional currency of the PRC subsidiaries is RMB. As the Group mainly operates in Mainland China, RMB is used as the presentation currency of the Group. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of the reporting period. Differences arising on settlement or translation of monetary items are recognised in the consolidated statement of profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. The gain or loss arising on translation of a non-monetary item measured at fair value is treated in line with the recognition of the gain or loss on change in fair value of the item (i.e., translation difference on the item whose fair value gain or loss is recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit or loss, respectively).

The functional currencies of certain overseas subsidiaries are currencies other than RMB. As at the end of the reporting period, the assets and liabilities of these entities are translated into RMB at the exchange rates prevailing at the end of the reporting period and their statements of profit or loss are translated into RMB at the weighted average exchange rates for the year. The resulting exchange differences are recognised in other comprehensive income and accumulated in the exchange fluctuation reserve.

For the purpose of the consolidated statement of cash flows, the cash flows of subsidiaries outside Mainland China are translated into RMB at the exchange rates ruling at the dates of the cash flows. Frequently recurring cash flows of subsidiaries outside Mainland China which arise throughout the year are translated into RMB at the weighted average exchange rates for the year.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the financial statements:

- *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 retains all the significant risks and rewards of ownership of these properties which are leased out on operating leases.

- *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. Owner-occupied properties generate cash flows that are attributable not only to property but also to other assets used in the department store operations. 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 supply of goods or services or for administrative purposes. If these portions could be sold separately or leased out separately under a finance lease, 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 supply of goods or services or for administrative purposes.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (continued)

Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

- *Useful lives of property, plant and equipment*
  The Group determines the estimated useful lives and related depreciation charges for its property, plant and equipment. This estimate is based on the historical experience of the actual useful lives of property, plant and equipment of similar nature and functions. Management will revise the depreciation charge where useful lives are different to previously estimated, or will write off or write down technically obsolete or non-strategic assets that have been abandoned or sold.

- *Impairment of goodwill*
  The Group determines whether goodwill is impaired at least on an annual basis. This requires an estimation of the value in use of the cash-generating units to which the goodwill is allocated. Estimating the value in use requires the Group to make an estimate of the expected future cash flows from the cash-generating units and also to choose a suitable discount rate in order to calculate the present value of those cash flows. The carrying amount of goodwill at 31 December 2015 was RMB 283,934,000 (2014: RMB 352,104,000). Further details are given in note 20.

- *Impairment of available-for-sale financial assets*
  The Group classifies certain assets as available for sale and recognises movements of their fair values in equity. When the fair value declines, management makes assumptions about the decline in value to determine whether there is an impairment that should be recognised in the consolidated statement of profit or loss.

- *Deferred tax assets*
  Deferred tax assets are recognised for all deductible temporary differences and unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. Further details are contained in note 24 to the financial statements.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (continued)

Estimation uncertainty (continued)

- *Net realisable value of inventories and completed properties held for sale*
  Net realisable value of inventories is the estimated selling price in the ordinary course of business, less estimated selling expenses. Net realisable value of completed properties held for sale is estimated by the directors based on the prevailing market prices. These estimates are based on the current market conditions and the historical experience of selling merchandise of similar nature. It could change significantly as a result of changes in customer taste or competitor actions. The Group reassesses these estimates at the end of the reporting period.

- *Impairment of trade receivables, other receivables and amounts due from related parties*
  The Group estimates the provisions for impairment of trade receivables, other receivables and amounts due from related parties by assessing their recoverability based on credit history and prevailing market conditions. This requires the use of estimates and judgements. Provisions are applied to trade receivables, other receivables and amounts due from related parties where events or changes in circumstances indicate that the balances may not be collectible. Where the expectation is different from the original estimate, the difference will affect the carrying amount of trade receivables, other receivables and amounts due from related parties and thus the impairment loss in the period in which the estimate is changed. The Group reassesses the provisions at the end of the reporting period. Further details are contained in note 28 and note 29 to the financial statements.

- *Recognition of deferred tax liabilities for withholding taxes*
  Deferred tax liability is recognised for withholding tax levied on dividends declared to foreign investors from the foreign investment enterprise established in Mainland China. Significant management judgement is required to determine the amount of deferred tax liabilities that can be recognised, based upon the likely dividends declared. Further details are contained in note 24 to the financial statements.

4. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on the nature of their operations and their products and services and has three reportable operating segments as follows:

(a) the operation of department stores segment comprises concessionaire sales, direct sales of merchandise and the leasing out of commercial properties for the operation of department stores by third parties;

(b) the property development segment is principally engaged in the development and sale of commercial and residential properties as well as the leasing out of commercial properties other than for the operation of department stores; and

(c) the "others" segment comprises, principally, operations of hotels, the provision of ancillary services and the provision of advertising.

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment profit attributable to owners of the parent.

Intersegment revenue and transfers are transacted with reference to the selling prices used for sales made to third parties at the then prevailing market prices.

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4. OPERATING SEGMENT INFORMATION (continued)

	Operation of department stores RMB'000	Property development RMB'000	Others RMB'000	Adjustments and eliminations RMB'000	Total RMB'000
Year ended 31 December 2015					
Segment revenue:					
Sales to external customers	2,485,579	776,629	22,113	—	3,284,321
Intersegment revenue	—	1,437	—	(1,437)	—
Other income	790,568	32,506	8,070	—	831,144
Cost of sales	(829,241)	(531,651)	(501)	—	(1,361,393)
Employee expenses	(344,021)	(26,889)	(10,910)	—	(381,820)
Depreciation and amortisation	(395,034)	(67,643)	(11,721)	—	(474,398)
Operating lease rental expenses	(206,933)	(1,513)	(355)	100	(208,701)
Other operating expenses	(721,652)	(115,123)	(12,965)	1,337	(848,403)
Other gains/(losses)	29,623	(103,631)	(186)	—	(74,194)
Operating profit/(loss)	808,889	(35,878)	(6,455)	—	766,556
Finance costs	(125,216)	(220,788)	—	—	(346,004)
Share of profits and losses of associates	(14,079)	—	—	—	(14,079)
Segment profit/(loss) before tax	669,594	(256,666)	(6,455)	—	406,473
Income tax expense	(244,389)	(44,508)	613	—	(288,284)
Segment profit/(loss) for the year	425,205	(301,174)	(5,842)	—	118,189
Attributable to:					
Owners of the parent	427,569	(283,449)	(4,668)	—	139,452
Non-controlling interests	(2,364)	(17,725)	(1,174)	—	(21,263)
	425,205	(301,174)	(5,842)	—	118,189
Other segment information:					
Impairment losses recognised in the statement of profit or loss	2,215	84,626	—	—	86,841
Impairment losses reversed in the statement of profit or loss	(57)	—	—	—	(57)
Investments in associates	2,337,550	—	—	—	2,337,550
Capital expenditure*	1,421,185	1,361,288	553	—	2,783,026

* Capital expenditure consists of additions to property, plant and equipment, land lease prepayments, investment properties, properties under development, other intangible assets and completed properties held for sale including assets from the acquisition of subsidiaries.

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31 December 2015

4. OPERATING SEGMENT INFORMATION (continued)

	Operation of department stores RMB'000 (Restated)	Property development RMB'000	Others RMB'000	Adjustments and eliminations RMB'000	Total RMB'000 (Restated)
Year ended 31 December 2014					
Segment revenue:					
Sales to external customers	3,012,141	533,073	4,897	—	3,550,111
Intersegment revenue	—	6,891	—	(6,891)	—
Other income	807,143	35,688	7,518	—	850,349
Cost of sales	(1,059,572)	(305,602)	(552)	—	(1,365,726)
Employee expenses	(395,059)	(65,331)	(5,891)	—	(466,281)
Depreciation and amortisation	(307,574)	(54,067)	(3,757)	1,940	(363,458)
Operating lease rental expenses	(210,590)	(14,644)	(165)	(176)	(225,575)
Other operating expenses	(771,899)	(140,037)	(7,622)	5,127	(914,431)
Other gains/(losses)	1,245,679	(315)	12,631	—	1,257,995
Operating profit/(loss)	2,320,269	(4,344)	7,059	—	2,322,984
Finance costs	(37,213)	(133,370)	(223)	—	(170,806)
Share of profits and losses of associates	(64,927)	—	—	—	(64,927)
Segment profit/(loss) before tax	2,218,129	(137,714)	6,836	—	2,087,251
Income tax expense	(612,041)	(22,583)	(2,694)	—	(637,318)
Segment profit/(loss) for the year	1,606,088	(160,297)	4,142	—	1,449,933
Attributable to:					
Owners of the parent	1,516,548	(157,688)	6,329	—	1,365,189
Non-controlling interests	89,540	(2,609)	(2,187)	—	84,744
	1,606,088	(160,297)	4,142	—	1,449,933
Other segment information:					
Impairment losses recognised in the statement of profit or loss	30,871	15,010	—	—	45,881
Investments in associates	2,418,096	—	—	—	2,418,096
Capital expenditure*	1,268,678	3,359,087	23	—	4,627,788

* Capital expenditure consists of additions to property, plant and equipment, land lease prepayments, investment properties, properties under development, other intangible assets and completed properties held for sale including assets from the acquisition of subsidiaries.

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5. REVENUE

	2015 RMB'000	2014 RMB'000
Commissions from concessionaire sales	**1,374,324**	1,626,820
Direct sales	**902,307**	1,173,992
Rental income from the leasing of shop premises	**204,552**	204,098
Management fee income from the operation of department stores	**4,396**	7,231
Rental income from investment properties	**46,252**	71,316
Sale of properties	**730,377**	461,757
Others	**22,113**	4,897
	3,284,321	3,550,111

The total sales proceeds and commissions from concessionaire sales are analysed as follows:

	2015 RMB'000	2014 RMB'000
Total sales proceeds from concessionaire sales	**8,255,225**	9,590,145
Commissions from concessionaire sales	**1,374,324**	1,626,820

The rental income from the leasing of shop premises is analysed as follows:

	2015 RMB'000	2014 RMB'000
Rental income	**143,178**	122,909
Sublease rental income	**61,374**	81,189
	204,552	204,098

6. OTHER INCOME

	2015 RMB'000	2014 RMB'000
Income from suppliers and concessionaires		
– Administration and management fee income	**419,148**	412,154
– Promotion income	**240,549**	242,256
– Credit card handling fees	**113,441**	126,798
Interest income	**17,430**	25,935
Others	**40,576**	43,206
	831,144	850,349

Notes to Financial Statements

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7. COST OF SALES

	2015	2014
	RMB'000	RMB'000
Purchases of and changes in inventories	**829,241**	1,059,572
Cost of properties sold	**531,651**	305,602
Others	**501**	552
	1,361,393	1,365,726

8. EMPLOYEE EXPENSES

	2015	2014
	RMB'000	RMB'000
		(Restated)
Wages and salaries	**333,721**	408,440
Retirement benefits	**43,931**	46,557
Other employee benefits	**4,168**	11,284
	381,820	466,281

Directors' and chief executive's remuneration for the year, disclosed pursuant to the Listing Rules 383(1) (a), (b), (c) and (f) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of information about Benefits of Directors) Regulation, is as follows:

	2015	2014
	RMB'000	RMB'000
Fees	**635**	614
Other emoluments:		
Salaries and allowances	**1,684**	2,533
Retirement benefits	**56**	50
	1,740	2,583
	2,375	3,197

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8. EMPLOYEE EXPENSES (continued)

(a) Independent non-executive directors

The fees paid to independent non-executive directors during the year were as follows:

	Fees RMB'000	Total remuneration RMB'000
Year ended 31 December 2015		
Mr. Pao Ping Wing	**195**	**195**
Mr. Leung Hon Chuen	**146**	**146**
Mr. Chow Chan Lum	**294**	**294**
	635	**635**
Year ended 31 December 2014		
Mr. Pao Ping Wing	189	189
Mr. Leung Hon Chuen	142	142
Mr. Chow Chan Lum	283	283
	614	614

There were no other emoluments payable to the independent non-executive directors for the year ended 31 December 2015 (2014: Nil).

(b) Executive and non-executive directors

	Fees RMB'000	Salaries and allowances RMB'000	Retirement benefits RMB'000	Total remuneration RMB'000
Year ended 31 December 2015				
Executive directors:				
Mr. Zhong Pengyi	**–**	**120**	**–**	**120**
Ms. Wang Fuqin	**–**	**534**	**28**	**562**
Mr. Wang Bin	**–**	**910**	**28**	**938**
	–	**1,564**	**56**	**1,620**
Chief executive:				
Mr. Huang Mao Ru	**–**	**120**	**–**	**120**
	–	**120**	**–**	**120**
	–	**1,684**	**56**	**1,740**

8. EMPLOYEE EXPENSES (continued)

(b) Executive and non-executive directors (continued)

	Fees RMB'000	Salaries and allowances RMB'000	Retirement benefits RMB'000	Total remuneration RMB'000
Year ended 31 December 2014				
Executive directors:				
Mr. Zhong Pengyi	—	120	—	120
Ms. Wang Fuqin	—	887	25	912
Mr. Wang Bin	—	1,406	25	1,431
	—	2,413	50	2,463
Chief executive:				
Mr. Huang Mao Ru	—	120	—	120
	—	120	—	120
	—	2,533	50	2,583

There were no arrangement under which a director waived or agreed to waive any remuneration for the year ended 31 December 2015 (2014: Nil).

9. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the year included two directors (2014: two directors, details of whose remuneration are set out in note 8 above. Details of the remuneration for the year of the remaining three (2014: three) non-director highest paid employees for the year are as follows:

	2015 RMB'000	2014 RMB'000
Salaries and allowances	**1,858**	2,287
Retirement benefits	**83**	74
	1,941	2,361

The number of non-director highest paid employees whose remuneration fell within the following band is as follows:

	2015	2014
Nil to HK$1,000,000	**3**	3
	3	3

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10. OPERATING LEASE RENTAL EXPENSES

	2015 RMB'000	2014 RMB'000
Operating lease rental	**189,923**	198,820
Operating sublease rental	**18,778**	26,755
	208,701	225,575

11. OTHER OPERATING EXPENSES

	Notes	2015 RMB'000	2014 RMB'000 (Restated)
Utility expenses		**219,041**	212,493
Promotion and advertising expenses		**73,942**	78,501
Repair and maintenance expenses		**66,414**	112,737
Entertainment expenses		**10,191**	14,995
Office expenses		**32,998**	49,512
Other tax expenses		**295,554**	286,351
Professional service fees		**45,244**	29,638
Auditors' remuneration		**6,540**	6,499
Bank charges		**57,430**	62,757
Impairment of properties under development	26	**16,457**	—
Impairment of inventories		**—**	6,179
Impairment of trade receivables	28	**2,214**	15,489
(Reversal)/recognition of impairment of other receivables	29	**(57)**	34
Others		**22,435**	39,246
		848,403	914,431

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12. OTHER GAINS AND LOSSES

	Note	**2015** **RMB'000**	2014 RMB'000
Loss on disposal of items of property, plant and equipment		**(2,504)**	(4,760)
Gain on disposal of partial shares of an associate		**162,318**	—
Gain on disposal of a subsidiary		**—**	104,053
Gain on deemed disposal of a subsidiary		**—**	1,055,082
Foreign exchange gain/(loss), net		**(109,155)**	30,438
Fair value gain/(loss) on equity investments at fair value through profit or loss		**(54,220)**	144
Gain/(loss) on disposal of investment properties		**1,495**	(6,689)
Gain on deemed disposal of available-for-sale equity investments		**—**	35,613
Dividend income from investment through profit or loss		**2,989**	—
Dividend income from available-for-sale equity investments		**32,784**	29,067
Impairment of goodwill	20	**(68,170)**	(24,179)
Others		**(39,731)**	39,226
		(74,194)	1,257,995

13. FINANCE COSTS

	2015 **RMB'000**	2014 RMB'000 (Restated)
Interest on bank loans	**748,834**	550,598
Total interest expense on financial liabilities not at fair value through profit or loss	**748,834**	550,598
Less: Interest capitalised	**(402,830)**	(379,792)
	346,004	170,806

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14. INCOME TAX EXPENSE

The Group is subject to income tax on an entity basis on profits arising in or derived from the jurisdictions in which members of the Group are domiciled and operate.

The Company was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law of the Cayman Islands and accordingly, is exempt from the payment of the Cayman Islands income tax.

Pursuant to the rules and regulations of the British Virgin Islands, the Group is not subject to any tax in the British Virgin Islands.

The provision for Hong Kong profits tax is calculated at 16.5% of the estimated assessable profits for the year ended 31 December 2015 (2014: 16.5%).

Under the relevant income tax law, the PRC subsidiaries are subject to corporate income tax ("CIT") at a statutory rate of 25% (2014: 25%) on their respective taxable income.

PRC Land Appreciation Tax ("LAT") is levied at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds from sales of properties less deductible expenditures including amortisation of land use rights, borrowing costs and all property development expenditures. LAT of RMB31,295,000 was charged to the consolidated statement of profit or loss for the year ended 31 December 2015 (2014: RMB20,416,000).

	2015 **RMB'000**	2014 RMB'000 (Restated)
Current – CIT	**371,104**	347,049
Current – LAT	**31,295**	20,416
Deferred (note 24)	**(114,115)**	269,853
Total tax charge for the year	**288,284**	637,318

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14. INCOME TAX EXPENSE (continued)

A reconciliation of the income tax expense applicable to profit before tax at the statutory rates for the jurisdictions in which the Company and the majority of its subsidiaries are domiciled to the income tax expense at the effective tax rates, and a reconciliation of the statutory tax rates to the effective rates, are as follows:

2015	**Cayman**		**BVI**		**Hong Kong**		**Mainland China**		**Total**	
	RMB'000	**%**	**RMB'000**	**%**	**RMB'000**	**%**	**RMB'000**	**%**	**RMB'000**	**%**
Profit/(loss) before tax	**(296,738)**		**(23)**		**114,702**		**588,532**		**406,473**	
Tax at the statutory tax rate	**–**	**–**	**–**	**–**	**18,926**	**16.5**	**147,133**	**25**	**166,059**	**41**
Effect of withholding tax at 5% on the distributable profits of the Group's PRC subsidiaries	**–**	**–**	**–**	**–**	**15,464**	**13**	**–**	**–**	**15,464**	**4**
Lower tax rates for specific districts or countries	**–**	**–**	**–**	**–**	**(12,357)**	**(11)**	**–**	**–**	**(12,357)**	**(3)**
Profits and losses attributable to associates	**–**	**–**	**–**	**–**	**–**	**–**	**3,623**	**1**	**3,623**	**1**
Income not subject to tax	**–**	**–**	**–**	**–**	**–**	**–**	**(7,515)**	**(1)**	**(7,515)**	**(2)**
Expenses not deductible for tax	**–**	**–**	**–**	**–**	**2,229**	**2**	**22,005**	**4**	**24,234**	**6**
Tax losses not recognized	**–**	**–**	**–**	**–**	**308**	**–**	**52,180**	**9**	**52,488**	**13**
LAT	**–**	**–**	**–**	**–**	**–**	**–**	**31,295**	**5**	**31,295**	**8**
Tax effect of LAT	**–**	**–**	**–**	**–**	**–**	**–**	**(7,824)**	**(1)**	**(7,824)**	**(2)**
Others	**–**	**–**	**–**	**–**	**4,170**	**4**	**18,647**	**3**	**22,817**	**6**
Tax charge at the Group's effective tax rate	**–**	**–**	**–**	**–**	**28,740**	**25**	**259,544**	**44**	**288,284**	**71**

2014	Cayman		BVI		Hong Kong		Mainland China		Total	
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%
Profit/(loss) before tax	(125,938)		(2)		90,413		2,122,778		2,087,251	
Tax at the statutory tax rate	–	–	–	–	14,918	16.5	530,545	25	545,463	26
Effect of withholding tax at 5% on the distributable profits of the Group's PRC subsidiaries	–	–	–	–	21,769	24	–	–	21,769	1
Lower tax rates for specific districts or countries	–	–	–	–	(9,263)	(10)	–	–	(9,263)	–
Profits and losses attributable to associates	–	–	–	–	–	–	16,232	1	16,232	1
Income not subject to tax	–	–	–	–	–	–	(10,471)	–	(10,471)	(1)
Expenses not deductible for tax	–	–	–	–	1,138	1	662	–	1,800	–
Tax losses not recognized	–	–	–	–	249	–	32,292	2	32,541	2
LAT	–	–	–	–	–	–	20,416	1	20,416	1
Tax effect of LAT	–	–	–	–	–	–	(5,104)	–	(5,104)	–
Others	–	–	–	–	(71)	–	24,006	1	23,935	1
Tax charge at the Group's effective tax rate	–	–	–	–	28,740	31.5	608,578	30	637,318	31

The share of tax attributable to associates amounting to RMB17,798,000 (2014: RMB4,782,000) is included in "Share of profits and losses of associates" in the consolidated statement of profit or loss.

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15. DIVIDEND

	2015	2014
	RMB'000	RMB'000
Interim – HK2.2 cents (2014: HK3.1 cents) per ordinary share	**93,303**	128,131
Proposed final dividend – Nil (2014: HK1.1 cents) per ordinary share	**—**	45,171
	93,303	173,302

16. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic earnings per share amounts is based on the profit for the year attributable to ordinary equity holders of the parent of RMB139,452,000 (2014: RMB1,365,189,000) and the weighted average number of ordinary shares of 5,160,924,290 (2014: 5,197,910,878) in issue during the year, as adjusted to reflect the rights issue during the year.

The Group had no potentially dilutive ordinary shares in issue during the years ended 31 December 2015 and 2014.

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17. PROPERTY, PLANT AND EQUIPMENT

	Land and buildings RMB'000	Machinery and equipment RMB'000	Motor vehicles RMB'000	Furniture, fittings and other equipment RMB'000	Leasehold improvements RMB'000	Construction in progress RMB'000	Total RMB'000
31 December 2015							
At 31 December 2014 and at 1 January 2015:							
Cost	4,563,989	384,020	18,268	188,829	522,530	1,859,700	7,537,336
Accumulated depreciation and impairment	(873,430)	(254,073)	(9,368)	(145,387)	(328,507)	(6,614)	(1,617,379)
Net carrying amount	3,690,559	129,947	8,900	43,442	194,023	1,853,086	5,919,957
At 1 January 2015, net of accumulated depreciation and impairment	3,690,559	129,947	8,900	43,442	194,023	1,853,086	5,919,957
Additions	7,896	1,554	594	12,519	–	1,088,240	1,110,803
Disposals	(763)	(32)	(2,925)	(2,802)	(615)	–	(7,137)
Depreciation provided during the year	(188,710)	(25,570)	(1,272)	(18,255)	(79,226)	–	(313,033)
Transfer from properties under development (note 26)	–	–	–	–	–	29,027	29,027
Transfer to investment properties (note 18)	(47,984)	–	–	–	–	–	(47,984)
Acquisition of subsidiaries (note 39)	439,590	7,583	2,300	9,670	49,259	2,407	510,809
Transfer to other intangible assets (note 21)	–	–	–	–	–	(60,803)	(60,803)
Transfers	1,110,797	79,443	–	2,251	156,729	(1,349,220)	–
Exchange realignment	2,141	–	–	23	14	–	2,178
At 31 December 2015, net of accumulated depreciation and impairment	5,013,526	192,925	7,597	46,848	320,184	1,562,737	7,143,817
At 31 December 2015:							
Cost	6,068,867	472,321	15,312	196,105	693,439	1,569,350	9,015,394
Accumulated depreciation and impairment	(1,055,341)	(279,396)	(7,715)	(149,257)	(373,255)	(6,613)	(1,871,577)
Net carrying amount	5,013,526	192,925	7,597	46,848	320,184	1,562,737	7,143,817

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17. PROPERTY, PLANT AND EQUIPMENT (continued)

Amortisation of land lease payments of approximately RMB49,353,520 during the construction period was capitalised as part of the construction cost of the department stores under construction of the Group, and was included in the above additions.

The Group's land and buildings are held under medium term leases and are situated in Mainland China. Details of the Group's land and buildings pledged to secure the Group's interest-bearing bank loans are set out in note 33.

Certificates of ownership in respect of certain buildings of the Group with a net carrying amount of approximately RMB180,418,000 as at 31 December 2015 (31 December 2014: RMB203,239,000) have not yet been issued by the relevant PRC authorities. The Group is in the process of obtaining the relevant certificates.

	Land and buildings RMB'000	Machinery and equipment RMB'000	Motor vehicles RMB'000	Furniture, fittings and other equipment RMB'000	Leasehold improvements RMB'000	Construction in progress RMB'000	Total RMB'000
31 December 2014							
At 31 December 2013 and at 1 January 2014:							
Cost	3,880,815	401,091	18,193	208,552	508,607	1,253,054	6,270,312
Accumulated depreciation and impairment	(682,888)	(247,014)	(5,135)	(157,055)	(300,629)	(6,612)	(1,399,333)
Net carrying amount	3,197,927	154,077	13,058	51,497	207,978	1,246,442	4,870,979

Continued/.........

17. PROPERTY, PLANT AND EQUIPMENT (continued)

	Land and buildings RMB'000	Machinery and equipment RMB'000	Motor vehicles RMB'000	Furniture, fittings and other equipment RMB'000	Leasehold improvements RMB'000	Construction in progress RMB'000	Total RMB'000
At 1 January 2014, net of accumulated depreciation and impairment	3,197,927	154,077	13,058	51,497	207,978	1,246,442	4,870,979
Additions	–	6,659	1,680	19,677	–	1,269,895	1,297,911
Disposals	(3,658)	(2,666)	(513)	(5,515)	(1,306)	–	(13,658)
Depreciation provided during the year	(153,670)	(24,689)	(1,892)	(15,153)	(65,781)	–	(261,185)
Transfer from properties under development (note 26)	–	–	–	–	–	134,819	134,819
Transfer to properties under development (note 26)	–	–	–	–	–	(41,094)	(41,094)
Transfer from investment properties (note 18)	–	–	–	–	–	13,553	13,553
Acquisition of subsidiaries	226,392	826	541	1,705	388	–	229,852
Deemed disposal of a subsidiary	(251,446)	(4,154)	(3,974)	(8,769)	(42,731)	(155)	(311,229)
Disposal of a subsidiary	–	(106)	–	–	–	–	(106)
Transfers	674,899	–	–	–	95,475	(770,374)	–
Exchange realignment	115	–	–	–	–	–	115
At 31 December 2014, net of accumulated depreciation and impairment	3,690,559	129,947	8,900	43,442	194,023	1,853,086	5,919,957
At 31 December 2014:							
Cost	4,563,989	384,020	18,268	188,829	522,530	1,859,700	7,537,336
Accumulated depreciation and impairment	(873,430)	(254,073)	(9,368)	(145,387)	(328,507)	(6,614)	(1,617,379)
Net carrying amount	3,690,559	129,947	8,900	43,442	194,023	1,853,086	5,919,957

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18. INVESTMENT PROPERTIES

	Notes	2015 RMB'000	2014 RMB'000
Cost at 1 January, net of accumulated depreciation		**373,023**	545,962
Additions		**122,420**	58,374
Deemed disposal of a subsidiary		**—**	(172,418)
Disposal of a subsidiary		**—**	(24,545)
Disposals		**(5,781)**	(7,159)
Acquisition of a subsidiary	39	**379,360**	—
Transfer from properties under development	26	**37,211**	—
Transfer from properties, plant and equipment	17	**47,984**	—
Transfer to properties, plant and equipment	17	**—**	(13,553)
Depreciation provided during the year		**(11,610)**	(13,638)
At 31 December		**942,607**	373,023
At 31 December:			
Cost		**1,078,109**	418,304
Accumulated depreciation		**(135,502)**	(45,281)
Net carrying amount		**942,607**	373,023

The Group's investment properties consist of commercial properties in Mainland China. The directors of the Company have determined that the investment properties consist of one class of assets, i.e., commercial properties, based on the nature, characteristics and risk of each property. At 31 December 2015, the fair value of the Group's investment properties was approximately RMB1,024,653,000 (31 December 2014: RMB377,679,000), which was based on the valuation by DTZ Debenham Tie Leung Limited ("DTZ"), an independent professionally qualified valuer. Each year, the Group's management decides, after approval from the audit committee, to appoint which external valuer to be responsible for the external valuation of the Group's properties. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. The Group's management has discussions with the valuer on the valuation assumptions and valuation results once a year when the valuation is performed for annual financial reporting.

The investment properties are leased to third parties under operating leases, further summary details of which are included in note 40(a).

Details of the Group's investment properties pledged to secure the Group's interest-bearing bank loans are set out in note 33.

18. INVESTMENT PROPERTIES (continued)

Fair value hierarchy

The following table illustrates the fair value measurement hierarchy of the Group's investment properties:

	Fair value measurement as at 31 December 2015 using			
	Quoted prices in active markets (Level 1) RMB'000	**Significant observable inputs (Level 2) RMB'000**	**Significant unobservable inputs (Level 3) RMB'000**	**Total RMB'000**
Commercial properties	**–**	**–**	**1,024,653**	**1,024,653**
	–	**–**	**1,024,653**	**1,024,653**

	Fair value measurement as at 31 December 2014 using			
	Quoted prices in active markets (Level 1) RMB'000	Significant observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000	Total RMB'000
Commercial properties	–	–	377,679	377,679
	–	–	377,679	377,679

During the year, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 (2014: Nil).

The fair values of the investment properties are determined using the comparison method by making references to comparable sale evidence as available in the relevant market. Comparable properties of similar size, character and location are analysed and selected for each investment property in order to arrive at a fair comparison of their fair values. The fair value measurement is positively correlated to the market unit sale rate.

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19. LAND LEASE PREPAYMENTS

	Notes	2015 RMB'000	2014 RMB'000
Carrying amount at 1 January		**3,810,808**	4,574,372
Acquisition of a subsidiary	39	**327,345**	—
Disposal of a subsidiary		**—**	(17,555)
Deemed disposal of a subsidiary		**—**	(563,109)
Additions		**92,052**	—
Transfer to properties under development	26	**—**	(32,177)
Transfer from properties under development	26	**335,997**	8,747
		4,566,202	3,970,278
Amortisation provided during the year		**(151,040)**	(159,470)
Carrying amount at 31 December		**4,415,162**	3,810,808
Current portion included in prepayments, deposits and other receivables		**(161,024)**	(137,154)
Non-current portion		**4,254,138**	3,673,654

Details of the Group's leasehold land pledged to secure the Group's interest-bearing bank loans are set out in note 33.

The Group is in the process of applying for the certificates for land use right with an aggregate carrying amount of approximately RMB106,476,000 as at 31 December 2015 (31 December 2014: RMB109,830,000).

Included in the amortisation provided during the year was an amount of approximately RMB49,353,520, which was capitalised as part of the construction cost of the department stores under construction of the Group and included in the additions of property, plant and equipment (note 17).

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20. GOODWILL

	Note	2015 RMB'000	2014 RMB'000
At 1 January:			
Cost		**377,252**	638,317
Accumulated impairment		**(25,148)**	(969)
Net carrying amount		**352,104**	637,348
Cost at 1 January, net of accumulated impairment		**352,104**	637,348
Impairment provided during the year	12	**(68,170)**	(24,179)
Acquisition of a subsidiary		**–**	82,647
Deemed disposal of a subsidiary		**–**	(343,712)
Cost and net carrying amount at 31 December		**283,934**	352,104
At 31 December:			
Cost		**377,252**	377,252
Accumulated impairment		**(93,318)**	(25,148)
Net carrying amount		**283,934**	352,104

Movements in the impairment of goodwill are as follows:

	2015 RMB'000	2014 RMB'000
At 1 January	**25,148**	969
Impairment provided during the year	**68,170**	24,179
At 31 December	**93,318**	25,148

20. GOODWILL (continued)

Impairment testing of goodwill

Goodwill acquired through business combinations is allocated to the following cash-generating units ("CGUs") for impairment testing:

- the operation of department stores
- property development
- "others"

The recoverable amount of each CGU is determined based on a value in use calculation using cash flow projections based on financial budgets covering a five-year period approved by management. The discount rates applied to the cash flow projections ranged from 8% to 11% (2014: 11% to 13%). Cash flows beyond the five-year period are extrapolated using the estimated growth rates ranged from 2% to 3% (2014: Nil to 3%). The growth rates do not exceed the projected long term average growth rates for the operation of department stores in Mainland China.

In the opinion of the Company's directors, a decrease in the growth rate by 10% to 15% would cause the carrying amount of the cash-generating unit to exceed its recoverable amount by approximately RMB5,889,696 to RMB198,022,397, and any reasonably possible change in the other key assumptions on which the recoverable amount is based would not cause the cash-generating unit's carrying amount to exceed its recoverable amount.

The carrying amounts of goodwill allocated to each of the CGUs are as follows:

	Operation of department stores RMB'000	Property development RMB'000	Others RMB'000	Total RMB'000
At 31 December 2014	269,276	82,647	181	352,104
At 31 December 2015	**269,276**	**14,477**	**181**	**283,934**

Assumptions were used in the value in use calculation of the CGUs for 31 December 2015 and 2014. The following describes each key assumption on which management has based its cash flow projections to undertake impairment testing of goodwill:

Budgeted gross margins - Management has determined the budgeted gross margins based on past performance and its expectations for market development.

Discount rates - The discount rates used are before tax and reflect specific risks relating to the respective units.

Purchase price inflation - Management has considered the possibility of increases in purchase price inflation ranging from Nil to 5% (2014: Nil to 5%).

The values assigned to the key assumption on market development of CGUs, discount rates and purchase price inflation are consistent with external information sources.

21. OTHER INTANGIBLE ASSETS

	Notes	Computer software 2015 RMB'000	2014 RMB'000
Cost at 1 January, net of accumulated depreciation		**2,672**	4,571
Additions		**2,290**	463
Acquisition of a subsidiary	39	**7,301**	—
Deemed disposal of a subsidiary		**—**	(427)
Amortisation provided during the year		**(15,661)**	(1,935)
Transfer from construction in progress	17	**60,803**	—
At 31 December		**57,405**	2,672
At 31 December:			
Cost		**82,006**	11,612
Accumulated amortisation		**(24,601)**	(8,940)
Net carrying amount		**57,405**	2,672

Computer software is amortised on the straight-line basis over five years.

22. INVESTMENTS IN ASSOCIATES

	2015 RMB'000	2014 RMB'000
Share of net assets	**1,050,022**	1,123,877
Goodwill on acquisition	**1,287,528**	1,294,219
	2,337,550	2,418,096

Particulars of the material associates are as follows:

Name	Particulars of issued shares held	Place of registration and business	Percentage of ownership interest attributable to the Group	Principal activities
Shenyang Commercial City Co., Ltd. ("**Commercial City**")	Ordinary shares of RMB1 each	PRC/ Mainland China	24.22%	Retail industry
Maoye communication and Network Co., Ltd. ("**Maoye Communication**")	Ordinary shares of RMB1 each	PRC/ Mainland China	33.46%	Telecommunication industry

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22. INVESTMENTS IN ASSOCIATES (continued)

(i) Shenyang Commercial City Co., Ltd.

Shenyang Commercial City Co., Ltd., which is considered a material associate of the Group, is a strategic partner of the Group engaged in the retail industry and is accounted for using the equity method.

The following table illustrates the summarised financial information in respect of Shenyang Commercial City Co., Ltd. adjusted for any differences in accounting policies and reconciled to the carrying amount in the consolidated financial statements:

	31 December 2015 RMB'000	31 December 2014 RMB'000
Current assets	**1,677,425**	2,466,045
Non-current assets	**2,985,694**	3,103,557
Current liabilities	**(3,344,931)**	(4,069,630)
Non-current liabilities	**(13,887)**	(12,497)
Non-controlling interests of the associate	**(307,527)**	(308,375)
Net assets	**996,774**	1,179,100
Net assets, excluding goodwill	**996,774**	1,179,100
Reconciliation to the Group's interest in the associate:		
Proportion of the Group's ownership	**24.22%**	29.22%
Group's share of net assets of the associate, excluding goodwill	**241,419**	344,533
Goodwill on acquisition	**32,412**	39,103
Carrying amount of the investment	**273,831**	383,636

	2015 RMB'000	2014 RMB'000
Revenue	**549,822**	928,597
Profit/(loss) for the period	**(179,719)**	151,628
Other comprehensive income	**—**	—
Total comprehensive income/(loss) for the period	**(179,719)**	151,628
Fair value of the Group's investment	**1,279,581**	500,706

22. INVESTMENTS IN ASSOCIATES (continued)

(ii) Maoye Communication

Maoye Communication, which is considered a material associate of the Group, is a strategic partner of the Group engaged in the retail industry and is accounted for using the equity method.

The following table illustrates the summarised financial information in respect of Maoye Communication adjusted for any differences in accounting policies and reconciled to the carrying amount in the consolidated financial statements:

	31 December 2015 RMB'000	31 December 2014 RMB'000
Current assets	**1,387,722**	1,641,387
Non-current assets	**3,535,020**	2,129,658
Current liabilities	**(1,115,329)**	(639,850)
Non-current liabilities	**(597,000)**	(4,454)
Non-controlling interests of an associate	**—**	(3,773)
Net assets excluding non-controlling interests	**3,210,413**	3,122,968
Goodwill of an associate	**(793,787)**	(793,787)
Net assets, excluding goodwill	**2,416,626**	2,329,181
Reconciliation to the Group's interest in the associate:		
Proportion of the Group's ownership	**33.46%**	33.46%
Group's share of net assets of the associate, excluding goodwill	**808,603**	779,344
Goodwill on acquisition	**1,255,116**	1,255,116
Carrying amount of the investment	**2,063,719**	2,034,460

	2015 RMB'000	2014 RMB'000
Revenue	**2,505,446**	724,797
Profit for the period	**225,550**	19,403
Other comprehensive income	**—**	—
Total comprehensive income for the period	**225,550**	19,403
Dividend received	**9,949**	—
Fair value of the Group's investment	**3,304,228**	2,018,326

As at 24 September 2015, Maoye Holdings provided pledge for Maoye Communication to gain a loan of amount of RMB600 million. The carrying amount of pledged assets is RMB872 million. As at 31 December 2015, the assets are still pledged.

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23. AVAILABLE-FOR-SALE EQUITY INVESTMENTS

	2015 RMB'000	2014 RMB'000
Listed equity investments, at fair value	**1,336,823**	1,010,862
Unlisted equity investments, at cost	**195,242**	156,526
	1,532,065	1,167,388
Provision for impairment	**(5,885)**	(5,885)
	1,526,180	1,161,503

During the year, the gross gain in respect of the Group's available-for-sale equity investments recognised in other comprehensive income amounted to RMB105,025,000 (gross loss in 2014: RMB311,208,000), of which Nil (2014: RMB35,613,000) was reclassified from other comprehensive income to the statement of profit or loss for the year.

The above investments consist of investments in equity securities which were designated as available-for-sale financial assets and have no fixed maturity date or coupon rate.

As at 31 December 2015, certain unlisted equity investments with a carrying amount of RMB195,242,000 (2014: RMB156,526,000) were stated at cost less impairment because the range of reasonable fair value estimates was so significant that the directors were of the opinion that their fair value could not be measured reliably. The Group does not intend to dispose of them in the near future.

24. DEFERRED TAX

The movements in deferred tax assets during the year are as follows:

	Provisions and accruals RMB'000	Provision for retirement benefits RMB'000 (Restated)	Impairment of current assets RMB'000	Revaluation of financial assets held for trading RMB'000	Revaluation of available-for-sale equity investments RMB'000	Losses available for offsetting against future taxable profits RMB'000	Unrealised intercompany transaction profit RMB'000	Advance from customers RMB'000	Total RMB'000
At 1 January 2014	15,058	2,586	17,863	–	16,840	104,537	99,281	–	256,165
Deferred tax credited/(charged) to the consolidated statement of profit or loss during the year (note 14)	(4,107)	(44)	(4,567)	–	–	(15,866)	85,271	24,666	85,353
Deferred tax credited to equity during the year	–	–	–	–	(16,840)	–	–	–	(16,840)
Acquisition of a subsidiary	–	–	–	–	–	–	16,936	–	16,936
Disposal of a subsidiary	–		–	–	–	(2,907)	–	–	(2,907)
Deemed disposal of a subsidiary	(711)	–	(7,756)	–	–	(66)	(10,017)	–	(18,550)
At 31 December 2014	10,240	2,542	5,540	–	–	85,698	191,471	24,666	320,157
Deferred tax credited/(charged) to the consolidated statement of profit or loss during the year (note 14)	**(3,281)**	**(262)**	**4,654**	**13,555**	**–**	**(12,305)**	**151,600**	**2,766**	**156,727**
Acquisition of a subsidiary (note 39)	**1,584**	**–**	**3,380**	**–**	**–**	**1,894**	**5,317**	**–**	**12,175**
At 31 December 2015	**8,543**	**2,280**	**13,574**	**13,555**	**–**	**75,287**	**348,388**	**27,432**	**489,059**

For presentation purposes, certain deferred assets and liabilities have been offset in the statement of financial position. The following is an analysis of the deferred tax balances of the Group for financial reporting purposes:

	2015 RMB'000	2014 RMB'000
Net deferred tax assets recognised in the consolidated statement of financial position	**22,298**	24,666
	22,298	24,666

24. DEFERRED TAX (continued)

The Group had tax losses of approximately RMB808,916,000 as at 31 December 2015 (31 December 2014: RMB554,973,000), that will expire in one to five years for offsetting against future taxable profits.

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

	2015 RMB'000	2014 RMB'000
Tax losses	**507,768**	212,181
	507,768	212,181

Deferred tax assets have not been recognised in respect of these losses as they have arisen in subsidiaries that have been loss-making for some time and it is not considered probable that taxable profits will be available against which the tax losses can be utilised.

The Group has recognised deferred tax assets of approximately RMB64,259,000 as at 31 December 2015 (31 December 2014: RMB65,060,000), the utilisation of which is dependent on future taxable profits in excess of the profits arising from the reversal of existing taxable temporary differences. The amount of deferred tax assets is based on the profit forecast approved by the management of the Group.

Movements in deferred tax liabilities during the year are as follows:

	Fair value adjustment arising from acquisition of a subsidiary RMB'000	Revaluation of available-for-sale equity investments RMB'000	Deemed disposal of available-for-sale equity investments RMB'000	Deemed disposal of a subsidiary RMB'000	Amortisation of prepaid land lease prepayments RMB'000	Withholding taxes RMB'000	Capitalisation of borrowing costs RMB'000	Total RMB'000
At 1 January 2014	431,176	10,071	–	–	25,356	7,739	117,268	591,610
Acquisition of a subsidiary	153,219	–	–	–	–	–	7,653	160,872
Deemed disposal of a subsidiary	(62,133)	–	–	–	–	–	–	(62,133)
Deferred tax credited to equity during the year	–	52,058	–	–	–	–	–	52,058
Deferred tax charged/(credited) to the consolidated statement of profit or loss during the year (note 14)	(17,817)	–	8,903	263,781	(31)	13,237	87,133	355,206
At 31 December 2014	504,445	62,129	8,903	263,781	25,325	20,976	212,054	1,097,613
Acquisition of subsidiaries (note 39)	**56,959**	**–**	**–**	**–**	**–**	**–**	**–**	**56,959**
Deferred tax credited to equity during the year	**–**	**26,256**	**–**	**–**	**–**	**–**	**–**	**26,256**
Deferred tax charged/(credited) to the consolidated statement of profit or loss during the year (note 14)	**(23,939)**	**–**	**(1,523)**	**–**	**(15)**	**(12,482)**	**80,571**	**42,612**
At 31 December 2015	**537,465**	**88,385**	**7,380**	**263,781**	**25,310**	**8,494**	**292,625**	**1,223,440**

24. DEFERRED TAX (continued)

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 the PRC. 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 Mainland China and jurisdiction of the foreign investors. The Group is therefore liable to 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, the amount of undistributed profits for which deferred tax liabilities were not provided was RMB254,087,000 (2014: RMB218,004,000).

There are no income tax consequences attaching to the payment of dividends by the Company to its shareholders.

25. INVENTORIES

	2015	2014
	RMB'000	RMB'000
Merchandise for resale	**202,736**	186,282
Provision against slow-moving inventories	**(7,047)**	(7,083)
	195,689	179,199

Movements in the provision against slow-moving inventories are as follows:

	2015	2014
	RMB'000	RMB'000
At 1 January	**7,083**	2,391
Provision recognised during the year	**–**	6,179
Amount written off during the year	**(36)**	(1,487)
At 31 December	**7,047**	7,083

26. PROPERTIES UNDER DEVELOPMENT

	Notes	2015 RMB'000	2014 RMB'000
Land lease prepayments, at cost			
At 1 January		**3,296,541**	2,638,722
Additions		**—**	690,788
Refund of land lease prepayments		**(11,514)**	—
Acquisition of a subsidiary	39	**101,400**	187,056
Transfer from land lease prepayments	19	**—**	32,177
Transfer to land lease prepayments	19	**(335,997)**	(8,747)
Transfer to completed properties held for sale		**(184,928)**	(131,614)
Deemed disposal of a subsidiary		**—**	(111,841)
At 31 December		**2,865,502**	3,296,541
Development expenditure, at cost			
At 1 January		**3,763,158**	2,037,504
Additions		**1,269,522**	1,439,460
Transfer from property, plant and equipment	17	**—**	41,094
Transfer to property, plant and equipment	17	**(29,027)**	(134,819)
Transfer to completed properties held for sale		**(653,225)**	(348,818)
Acquisition of a subsidiary	39	**3,342**	960,997
Transfer to investment properties	18	**(37,211)**	—
Deemed disposal of a subsidiary		**—**	(232,260)
Impairment of properties under development	11	**(16,457)**	—
At 31 December		**4,300,102**	3,763,158
		7,165,604	7,059,699

The Group's properties under development are held under a medium term lease and are situated in Mainland China.

Details of the Group's properties under development pledged to secure the Group's interest-bearing bank loans are set out in note 33.

The Group is in the process of applying for the certificates for land use right included in properties under development with an aggregate carrying amount of approximately Nil as at 31 December 2015 (31 December 2014: RMB556,896,000).

27. EQUITY INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2015 RMB'000	2014 RMB'000
Listed equity investments, at market value	**250,535**	173

The above equity investments at 31 December 2014 and 2015 were classified as held for trading and were, upon initial recognition, designated by the Group as financial assets at fair value through profit or loss.

28. TRADE RECEIVABLES

The Group's revenue from the direct sales of merchandise are mainly on a cash basis. The credit terms offered to customers of the Group's sales of properties and other businesses are generally three months to one year. Each customer has a maximum credit limit. The Group seeks to maintain strict control over its outstanding receivables and has a credit control department to minimise credit risk. Overdue balances are reviewed regularly by senior management. In view of the aforementioned and the fact that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

An aged analysis of the trade receivables as at the end of the reporting period, based on the invoice dates, is as follows:

	2015 RMB'000	2014 RMB'000
Within 60 days	**4,599**	9,619
61 to 90 days	**281**	2,245
91 to 180 days	**1,157**	1,572
181 to 270 days	**533**	—
271 to 360 days	**2,966**	—
Over 360 days	**26,644**	452
	36,180	13,888
Impairment of trade receivables	**(15,477)**	(470)
	20,703	13,418

The balance of trade receivables mainly relates to sales of properties and other businesses.

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28. TRADE RECEIVABLES (continued)

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

	2015 RMB'000	2014 RMB'000
At 1 January	**470**	8,573
Acquisition of a subsidiary	**12,828**	—
Impairment losses recognised during the year	**2,246**	15,489
Amount reversed during the year	**(32)**	—
Amount written off during the year	**(35)**	(4,687)
Amount transferred out during the year	**—**	(18,905)
At 31 December	**15,477**	470

Included in the above provision for impairment of trade receivables as at 31 December 2015 was a provision for individually impaired trade receivables of RMB15,477,000 (31 December 2014: RMB470,000) with a gross carrying amount before provision of approximately RMB15,477,000 (31 December 2014: RMB470,000). The individually impaired trade receivables relate to customers that were in financial difficulties or were in default in both interests and/or principal payments and only a portion of the receivables is expected to be recovered.

The carrying amounts of the remaining trade receivables that were neither past due nor impaired relate to customers for whom there was no recent history of default.

29. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	2015 RMB'000	2014 RMB'000
Non-current assets		
Prepayments	**1,121,792**	437,158
Current assets		
Prepayments	**311,539**	259,682
Other receivables	**1,266,535**	753,816
	1,578,074	1,013,498
Impairment of other receivables	**(15,239)**	(14,607)
	1,562,835	998,891

Included in the Group's prepayments and other receivables under current assets as at 31 December 2015 were prepayments for operating lease rental expenses of RMB72,967,000 covering the period from January to December 2015 (31 December 2014: RMB71,858,000) and rental deposits of RMB15,619,000 (31 December 2014: RMB15,619,000), which were paid to certain fellow subsidiaries of the Company.

29. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES (continued)

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

	2015 RMB'000	2014 RMB'000
At 1 January	**14,607**	24,532
Acquisition of a subsidiary	**692**	—
Impairment losses recognised during the year (note 11)	**(57)**	34
Amount written off during the year	**(3)**	(9,959)
At 31 December	**15,239**	14,607

Included in the above provision for impairment of other receivables as at 31 December 2015 was a provision for individually impaired other receivables of approximately RMB15,239,000 (31 December 2014 RMB14,607,000) with a gross carrying amount of approximately RMB15,239,000 (31 December 2014: RMB14,607,000). The individually impaired other receivables relate to other debtors that were in financial difficulties or in default of payments. The Group does not hold any collateral or other credit enhancements over these balances.

The carrying amounts of the remaining other receivables that were neither past due nor impaired relate to other debtors for whom there was no recent history of default.

30. CASH AND CASH EQUIVALENTS AND PLEDGED DEPOSITS

		2015 RMB'000	2014 RMB'000
Cash and bank balances		**1,248,868**	662,069
Time deposits		**59,488**	54,949
		1,308,356	717,018
Less:	Pledged time deposits for bills payable	**—**	(150)
	Pledged time deposits for bank loans	**(10,868)**	(10,240)
	Pledged bank balances for construction in progress	**(33,128)**	(41,490)
	Pledged time deposits for housing fund loan	**(3,855)**	—
	Pledged bank balances for mortgage	**(11,637)**	(3,069)
Cash and cash equivalents		**1,248,868**	662,069

30. CASH AND CASH EQUIVALENTS AND PLEDGED DEPOSITS (continued)

The Group's cash and cash equivalents and pledged deposits were denominated in the following currencies:

	2015 RMB'000	2014 RMB'000
RMB	**1,274,650**	693,590
Hong Kong dollar	**30,835**	7,303
United States dollar	**2,859**	16,113
Great British pound	**12**	12
	1,308,356	717,018

At the end of the reporting period, the cash and bank balances of the Group denominated in Renminbi ("RMB") amounted to RMB1,274,650,000 (2014: RMB693,590,000). The RMB is not freely convertible into other currencies, however, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

Cash at banks earns interest at floating rates based on daily bank deposit rates. Time deposits are made for varying periods of between one month and six months depending on the immediate cash requirements of the Group, and earn interest at the respective time deposit rates. The bank balances and bank deposits are deposited with creditworthy banks with no recent history of default. The carrying amounts of the cash and cash equivalents and the pledged deposits approximate to their fair values.

31. TRADE AND BILLS PAYABLES

An aged analysis of the trade and bills payables as at the end of the reporting period, based on the invoice date, is as follows:

	2015 RMB'000	2014 RMB'000
Within 90 days	**1,641,140**	1,666,599
91 to 180 days	**54,841**	159,381
181 to 360 days	**75,932**	182,218
Over 360 days	**255,478**	165,929
	2,027,391	2,174,127

The trade payables are non-interest-bearing and are normally settled within 90 days.

The Group's bills payable amounted to Nil as at 31 December 2015 (31 December 2014: RMB520,000).

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32. DEPOSITS RECEIVED, ACCRUALS AND OTHER PAYABLES

	2015 RMB'000	2014 RMB'000 (Restated)
Deferred income	**1,788,527**	1,889,616
Deposits received	**284,038**	223,068
Accrued operating lease rental expenses	**52,991**	46,861
Accrued utilities	**16,021**	13,369
Accrued liabilities	**294,953**	175,457
Accrued staff costs	**48,713**	56,478
Provision for coupon liabilities	**36,764**	9,516
Value-added tax and other tax payables	**(143,702)**	(244,188)
Payables for construction	**921,443**	438,547
Other payables	**1,121,337**	675,787
	4,421,085	3,284,511

The other payables are non-interest-bearing and will generally mature within one year.

Included in the Group's deposits received, accruals and other payables under current liabilities as at 31 December 2015 were accrued operating lease rental expenses of RMB52,991,000 covering the period from January to December 2015 (31 December 2014: RMB46,861,000) which will be received from certain fellow subsidiaries of the Company.

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33. INTEREST-BEARING BANK LOANS AND OTHER BORROWINGS

	2015			2014		
	Effective interest rate (%)	**Maturity**	**RMB'000**	Effective interest rate (%)	Maturity	RMB'000
Current						
Interest-bearing bank loans – secured	**5.00-6.90**	**2016**	**1,467,983**	6.30-8.80	2015	340,000
Current portion of long term interest-bearing bank loans – unsecured	**5.52-6.05**	**2016**	**1,498,579**	–	–	–
Current portion of long term interest-bearing bank loans – secured	**3.33-8.80 3.1 over LIBOR**	**2016**	**1,829,908**	5.00-5.30	2015	287,583
Other loans	**3.84-5.23**	**2016**	**2,996,710**	6.22-8.80	2015	1,197,637
			7,793,180			1,825,220
Non-current						
Non-current portion of interest-bearing bank loans – secured	**5.37-7.53**	**2017-2020**	**2,485,617**	3.33-8.80, 3.1 over LIBOR	2016-2020	3,619,735
Interest-bearing bank loans – unsecured	**6.70**	**2017**	**697,294**	5.52-6.70	2016-2017	2,189,323
US senior notes –secured	**7.75**	**2017**	**1,939,952**	7.75	2017	1,839,598
			5,122,863			7,648,656
			12,916,043			9,473,876

	2015	2014
	RMB'000	RMB'000
Analysed into:		
Bank and other loans repayable:		
Within one year	**7,793,180**	1,825,220
In the second year	**4,125,828**	2,847,883
In the third to fifth years, inclusive	**735,322**	4,394,148
Beyond five years	**261,713**	406,625
	12,916,043	9,473,876

33. INTEREST-BEARING BANK LOANS AND OTHER BORROWINGS (continued)

The Group's bank loans are secured by:

(a) certain land and buildings of the Group with a net carrying amount of approximately RMB1,167,705,000 (31 December 2014: RMB952,770,000);

(b) certain investment properties of the Group with a net carrying amount of approximately RMB3,670,000 (31 December 2014: RMB49,703,000);

(c) certain land lease prepayments of the Group with a net carrying amount of approximately RMB1,037,260,000 (31 December 2014: RMB741,454,000);

(d) certain completed properties held for sale of the Group with a net carrying amount of approximately RMB317,987,000 (31 December 2014: RMB317,987,000);

(e) certain properties under development of the Group with a net carrying amount of approximately RMB1,932,820,000 (31 December 2014: RMB349,612,000);

(f) certain stock of Chengshang with a fair value of RMB3,701,520,000. The margin maintenance point is 140%-150%. The performance guarantee ratio (value of underlying security divided by the total amount payable of the borrowings) is 260% at the financial year end.

Zhongzhao, Maoye Department Store Holdings Limited, Maoye China, Maoye Shangsha Investment Limited, Shenzhen Maoye Group, Mr. Huang Mao Ru and Mrs. Huang Jingzhang (spouse of Mr. Huang Mao Ru) have guaranteed certain of the Group's bank loans up to RMB2,042,040,800 (2014: RMB3,402,244,000) as at the end of the reporting period.

The Group had the following undrawn banking facilities:

	2015 **RMB'000**	2014 RMB'000
Amount of undrawn banking facilities	**483,525**	3,276,890

34. PROVISION FOR RETIREMENT BENEFITS

	2015 RMB'000	2014 RMB'000
Defined benefit obligations	**8,922**	9,850
Long-term retirement benefits	**198**	318
Less: current portion of retirement benefits	**1,068**	1,033
	8,052	9,135

The Group and the Company provide certain of the eligible staff with post-retirement benefits pursuant to a retirement benefit plan. The plan is funded solely by the Group on an actual payment basis.

The latest actuarial valuation of the plan was conducted as at 31 December 2015 in accordance with IAS 19 Employee Benefits. The present values of defined benefit obligations and current service costs are determined actuarially based on the projected unit credit method.

The principal actuarial assumptions used as at the end of the reporting period are as follows:

	2015	2014
Discount rate (%)	**3.65%**	3.65%
Expected rate of salary increases (%)	**15%**	15%

A quantitative sensitivity analysis for significant assumptions as at 31 December 2015 is shown below:

	Increase in rate%	**Increase/ (decrease) in net defined benefit obligation**	**Decrease in rate %**	**Increase/ (decrease) in net defined benefit obligation**
Discount rate	0.25%	(3,621)	0.25%	3,157
Future salary increase	1.00%	14,855	1.00%	(12,998)

The sensitivity analyses above have been determined based on a method that extrapolates the impact on net defined benefit obligation as a result of reasonable changes in key assumptions occurring at the end of the reporting period.

The total expenses recognised in the consolidated statements of profit or loss and comprehensive income in respect of the plan are as follows:

	2015 RMB'000	2014 RMB'000
Interest cost	**360**	437
Net benefit expenses	**360**	437
Recognised in Finance costs	**360**	437

34. PROVISION FOR RETIREMENT BENEFITS (continued)

The movements in the present value of the defined benefit obligations are as follows:

	2015 RMB'000	2014 RMB'000
At 1 January	**9,850**	9,900
Interest cost	**360**	437
Pension payments made	**(817)**	(1,084)
Benefit expenses recognised in other comprehensive income	**(471)**	597
At 31 December	**8,922**	9,850

The movements in the defined benefit obligations and the fair value of plan assets are as follows:

2014

		Pension cost charged to profit or loss			Remeasurement gains in other comprehensive income			
	1 January 2014 RMB'000	Net interest RMB'000	Sub-total included in profit or loss RMB'000	Benefit paid RMB'000	Actuarial changes arising from changes in financial assumptions RMB'000	Experience adjustments RMB'000	Sub-total included in other comprehensive income RMB'000	31 December 2014 RMB'000
Defined benefit obligations	9,900	437	437	(1,084)	732	(135)	597	9,850
Benefit liability	9,900	437	437	(1,084)	732	(135)	597	9,850

2015

		Pension cost charged to profit or loss			**Remeasurement gains in other comprehensive income**			
	1 January 2015 RMB'000	**Net interest RMB'000**	**Sub-total included in profit or loss RMB'000**	**Benefit paid RMB'000**	**Actuarial changes arising from changes in financial assumptions RMB'000**	**Experience adjustments RMB'000**	**Sub-total included in other comprehensive income RMB'000**	**31 December 2015 RMB'000**
Defined benefit obligations	**9,850**	**360**	**360**	**(817)**	**(335)**	**(136)**	**(471)**	**8,922**
Benefit liability	**9,850**	**360**	**360**	**(817)**	**(335)**	**(136)**	**(471)**	**8,922**

35. CONVERTIBLE BONDS

On 13 October 2010, the Company issued convertible bonds with a nominal value of HK$1,165,000,000.

Pursuant to the bond subscription agreement, the convertible bonds are:

(a) convertible at the option of the bondholders into ordinary shares on or after 23 November 2010 up to and including 3 October 2015, on the basis of one ordinary share with a nominal value of HK$0.1 each at an initial conversion price of HK$4.212, subject to adjustment in certain events;

(b) redeemable at the option of the bondholders at 100% of its principal amount together with interest accrued and unpaid to such date on 13 October 2013;

(c) redeemable at the option of the Company at any time after 13 October 2013 and prior to 13 October 2015 in whole, but not in part, of the convertible bonds for the time being outstanding at their principal amount together with interest accrued to the date fixed for redemption, provided that the closing price of the Company's shares for any 20 out of 30 consecutive trading days, the last of which occurs not more than five trading days prior to the date on which notice of such redemption is published, was at least 130% of the prevailing conversion price;

(d) redeemable at the option of the Company at any time prior to 13 October 2015 in whole, but not in part, of the convertible bonds for the time being outstanding at their principal amount together with interest accrued to the date fixed for redemption provided that prior to the date of notice of such redemption at least 90% of the principal amount of the convertible bonds originally issued has already been converted, redeemed or purchased and cancelled.

Unless previously redeemed, converted or purchased or cancelled, any convertible bonds not converted will be redeemed at 100% of their principal amount on 13 October 2015, together with accrued but unpaid interest. The bonds carry interest at a rate of 3% per annum, which is payable half-yearly in arrears on 13 April and 13 October.

The fair value of the liability component was estimated at the issuance date using an equivalent market interest rate for a similar bond without a conversion option. The residual amount is assigned as the equity component and is included in shareholders' equity. The convertible bonds have been split into the liability and equity components on the date of issuance and the movements of their carrying amounts during the year are as follows:

		Group	
	Liability component RMB'000	**Equity component RMB'000**	**Total RMB'000**
Carrying amount at 31 December 2014	—	55,538	55,538
Carrying amount at 31 December 2015	**—**	**55,538**	**55,538**

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36. ISSUED CAPITAL

	2015 HK$'000	2014 HK$'000
Issued and fully paid:		
5,141,635,000 (31 December 2014: 5,197,632,000) ordinary shares of HK$0.10 each	**514,164**	519,763
Equivalent to RMB'000	**460,270**	465,206

A summary of the transactions during the year with reference to the above movements in the Company's issued share capital is as follows:

	Number of shares in issue	Issued capital RMB'000	Share premium account RMB'000	Total RMB'000
At 1 January 2014	5,223,074,000	467,449	1,662,293	2,129,742
Repurchase and cancellation of shares	(25,442,000)	(2,243)	(24,151)	(26,394)
At 1 January 2015	**5,197,632,000**	**465,206**	**1,638,142**	**2,103,348**
Repurchase and cancellation of shares	**(55,997,000)**	**(4,936)**	**(61,850)**	**(66,786)**
At 31 December 2015	**5,141,635,000**	**460,270**	**1,576,292**	**2,036,562**

During the year, the movements in share capital were as follows:

The Company purchased 55,997,000 of its shares on the Hong Kong Stock Exchange for a consideration of HK$84,316,750 which was paid wholly out of retained profits in accordance with section 257 of the Hong Kong Companies Ordinance. The purchased shares were cancelled during the year and the total amount paid for the purchase of the shares of HK$84,316,750 has been charged to retained profits of the Company.

36. ISSUED CAPITAL (continued)

Details of the repurchases during the year are summarised as follows:

Date of repurchases	Number of ordinary shares repurchased	Purchase price paid per share Highest	Lowest	Aggregate consideration paid	
		HK$	HK$	HK$'000	RMB'000
2015/3/23	6,214,000	1.19	1.11	7,239	5,742
2015/3/24	3,550,000	1.18	1.16	4,172	3,307
2015/3/31	14,570,000	1.23	1.20	17,740	14,071
2015/4/1	2,970,000	1.25	1.22	3,683	2,922
2015/4/2	1,600,000	1.27	1.27	2,032	1,692
2015/6/18	9,779,000	1.79	1.73	17,296	13,656
2015/6/24	8,754,000	1,86	1.82	16,110	12,723
2015/6/25	8,560,000	1.89	1.83	16,044	12,673
	55,997,000			84,316	66,786

37. RESERVES

The amounts of the Group's reserves and the movements therein for the current and prior years are presented in the consolidated statement of changes in equity of the financial statements.

The contributed surplus of the Group represents the difference between the nominal value of share capital of the subsidiaries acquired pursuant to the Group reorganisation on 10 January 2008 and the nominal value of the shares in the Company issued in exchange therefor.

(i) Contributed surplus

The contributed surplus of the Group represents the difference of RMB77,000, being the excess of the nominal value of the shares and the contributed surplus of the subsidiaries acquired pursuant to the reorganisation (the "Reorganisation") in preparation for the listing of the Company's shares on the Main Board of The Stock Exchange of Hong Kong Limited in 2008 over the nominal value of the Company's shares issued in exchange therefor.

On 29 March 2012, Zhongzhao, a wholly-owned subsidiary of the Group, entered into an asset transfer agreement with the Group's non-wholly-owned subsidiary, Bohai Logistics. Pursuant to the agreement, Zhongzhao has agreed to transfer its 100% equity interest in Qinhuangdao Maoye to Bohai Logistics. As the consideration, Bohai Logistics has agreed to issue to Zhongzhao such a number of new shares of Bohai Logistics representing an aggregate value of RMB580,000,000 at an issue price of RMB5.45 per share. On 7 May 2012, Bohai Logistics assigned a cash dividend and the issue price adjusted to RMB5.43 per share. On 12 November 2012, the transaction had been completed and 106,813,996 new Bohai Logistics shares had been issued by Bohai Logistics to Zhongzhao. Thereafter, the equity interest of Zhongzhao in Bohai Logistics had increased from 29.90% to 46.70%. The difference of RMB1,729,000 being the excess of the norminal value of the new shares issued by Bohai Logistics over the norminal value of the 100% equity interest in Qinhuangdao Maoye was recognised as contributed surplus.

37. RESERVES (continued)

(ii) Statutory surplus reserve

Pursuant to the relevant PRC laws and regulations, Sino-foreign joint venture companies registered in the PRC are required to transfer a certain percentage, as approved by the board of directors, of their profit after income tax, as determined in accordance with PRC accounting rules and regulations, to the reserve fund, the enterprise expansion fund and the employee bonus and welfare fund. These funds are restricted as to use.

Pursuant to the relevant PRC laws and regulations, each wholly-owned foreign enterprise ("WOFE") registered in the PRC is required to transfer not less than 10% of its profit after tax, as determined in accordance with generally accepted accounting principles in the PRC ("PRC GAAP"), to the reserve fund, until the balance of the fund reaches 50% of the registered capital of that company. WOFEs registered in the PRC are required to transfer a certain percentage, as approved by the board of directors, of their profit after income tax to the employee bonus and welfare fund. These funds are restricted as to use.

In accordance with the relevant PRC laws and regulations, each PRC domestic company is required to transfer 10% of its profit after income tax, as determined in accordance with PRC GAAP, to the statutory common reserve, until the balance of the fund reaches 50% of the registered capital of that company. Subject to certain restrictions as set out in the relevant PRC regulations, the statutory common reserve may be used to offset against the accumulated losses, if any.

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38. PARTLY-OWNED SUBSIDIARIES WITH MATERIAL NON-CONTROLLING INTERESTS

Details of the Group's main subsidiaries that have material non-controlling interests are set out below:

	2015	2014
Percentage of equity interests held by non-controlling interests:		
Chengshang	**31.94%**	31.94%
Zhanye	**49%**	49%

	2015 **RMB'000**	2014 RMB'000
Profit/(loss) for the year allocated to non-controlling interests:		
Chengshang	**17,851**	47,342
Zhanye	**(35,656)**	(82)
Dividends paid to non-controlling interests at the reporting dates:		
Chengshang	**9,111**	16,399
Accumulated balances of non-controlling interests at the reporting dates:		
Chengshang	**553,267**	544,527
Zhanye	**238,307**	273,963

The following tables illustrate the summarised financial information of the above subsidiaries. The amounts disclosed are before any inter-company eliminations:

2015	**Chengshang** **RMB'000**	**Zhanye** **RMB'000**
Revenue and other income	**681,903**	**—**
Cost and expenses	**(606,960)**	**(68,653)**
Tax	**(19,071)**	**(4,114)**
Profit/(loss) for the year	**55,872**	**(72,767)**
Total comprehensive income/(loss) for the year	**2,695**	**—**
Current assets	**110,981**	**911,966**
Non-current assets	**3,020,930**	**4,248**
Current liabilities	**(1,336,459)**	**(806,670)**
Non-current liabilities	**(246,938)**	**—**
Net cash flows from operating activities	**112,556**	**21,132**
Net cash flows used in investing activities	**(711,938)**	**(2,181)**
Net cash flows from/(used in) financing activities	**535,207**	**(21,059)**
Net decrease in cash and cash equivalents	**(64,175)**	**(2,108)**

38. PARTLY-OWNED SUBSIDIARIES WITH MATERIAL NON-CONTROLLING INTERESTS (continued)

2014	Chengshang RMB'000	Zhanye RMB'000
Revenue and other income	750,453	—
Cost and expenses	(535,777)	(167)
Tax	(64,106)	—
Profit/(loss) for the year/period	150,570	(167)
Total comprehensive income/(loss) for the year	150,570	(167)
Current assets	174,971	933,592
Non-current assets	2,348,285	245
Current liabilities	(690,345)	(614,165)
Non-current liabilities	(515,374)	(140,000)
Net cash flows from/(used in) operating activities	206,474	(5,433)
Net cash flows used in investing activities	(14,166)	(245)
Net cash flows used in financing activities	(181,143)	(17,281)
Net increase/(decrease) in cash and cash equivalents	11,165	(22,959)

39. BUSINESS COMBINATION

On 18 September 2015, Zhongzhao, a wholly-owned subsidiary of the Company, succeeded in the bid for the acquisition of Maoye Holdings' shares offered for sale by Maoye Communication, an associate of Zhongzhao, through an auction at a consideration of RMB1,405,875,700. On 29 September 2015. Zhongzhao entered into an acquisition agreement, pursuant to which Zhongzhao agreed to acquire, and Maoye Communication agreed to sell, Maoye Holdings' shares. On 24 October 2015, the shares of Maoye Holdings had been registered under Zhongzhao, and this date was recognised as the acquisition date. Also the profits generated by Maoye Holdings from January 2015 to October 2015 of RMB53,000,000, which according to the contract is the profits of transition period, should be included as part of the consideration. Thus the total consideration amounts to RMB1,458,875,700.

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39. BUSINESS COMBINATION (continued)

The fair values of the identifiable assets and liabilities of Maoye Holdings as at the date of acquisition were as follows:

	Notes	Fair value recognised on acquisition RMB'000
Property, plant and equipment	17	510,809
Investment properties	18	379,360
Land lease prepayments	19	327,345
Other intangible assets	21	7,301
Available-for-sale equity investments		5,000
Prepayments		128,368
Deferred tax assets	24	12,175
Inventories		21,664
Completed properties held for sale		266,755
Properties under development	26	104,742
Trade receivables		16,058
Prepayments and other receivables		17,736
Due from related parties		1,437
Pledged deposit		29,861
Cash and cash equivalents		236,637
Trade and bills payables		(165,943)
Deposits received, accruals and other payables		(367,657)
Due to related parties		(119)
Defferred tax liabilities	24	(56,959)
Income tax payable		(15,694)
		1,458,876
Total identifiable net assets at fair value		1,458,876
Satisfied by cash		1,458,876

The fair values of the trade receivables and prepayments and other receivables as at the date of acquisition amounted to RMB16,058,000 and RMB17,736,000, respectively.

None of the goodwill recognised is expected to be deductible for income tax purposes.

39. BUSINESS COMBINATION (continued)

An analysis of the cash flows in respect of the acquisition of a subsidiary is as follows:

	RMB'000
Cash consideration	(1,458,876)
Due to an associate	755,935
Cash and cash equivalents acquired	236,637
Net outflow of cash and cash equivalents included in cash flows from investing activities	(466,304)
Transaction costs of the acquisition included in cash flows from operating activities	(1,406)
	(467,710)

Since the acquisition, Maoye Holdings contributed a gain of RMB12,926,000 to the consolidated profit of the Group for the year ended 31 December 2015.

Had the combination taken place at the beginning of the year, the profit of the Group for the year would have been RMB216,614,000.

40. OPERATING LEASE ARRANGEMENTS

(a) As lessor

The Group leases its investment properties (note 18) and subleases its leased assets under operating lease arrangements, with leases negotiated for terms ranging from one to fourteen years.

The Group had total future minimum lease receivables under non-cancellable operating leases with its tenants falling due as follows:

	2015	2014
	RMB'000	RMB'000
Within one year	**241,750**	116,679
In the second to fifth years, inclusive	**594,805**	205,132
After five years	**477,291**	74,663
	1,313,846	396,474

40. OPERATING LEASE ARRANGEMENTS (continued)

(b) As lessee

The Group leases certain of its department stores and office premises under non-cancellable operating lease arrangements. Leases for properties are negotiated for terms ranging from one to eighteen years.

The Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	2015	2014
	RMB'000	RMB'000
Within one year	**221,056**	172,474
In the second to fifth years, inclusive	**735,680**	497,488
After five years	**1,786,172**	167,533
	2,742,908	837,495

41. COMMITMENTS

In addition to the operating lease commitments as set out in note 40(b) above, the Group had the following capital commitments:

	2015	2014
	RMB'000	RMB'000
Contracted, but not provided for, in respect of land and buildings	**3,136,124**	3,669,944

Notes to Financial Statements

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42. RELATED PARTY TRANSACTIONS AND BALANCES

(a) In addition to the transactions detailed elsewhere in these financial statements, the Group had the following material transactions with related parties during the year:

	2015 **RMB'000**	2014 RMB'000
(1) Recurring transactions		
Operating lease rental expenses charged by:		
Shenzhen Maoye Group (i) & (v)	**23,361**	22,732
Zhong Zhao Investment (Group) Limited (中兆投資(集團)有限公司) (i) & (v)	**16,740**	8,537
Shenzhen Oriental Times Industry Co., Ltd. (深圳市東方時代廣場實業有限公司) (i) & (v)	**71,120**	57,089
Shenzhen Chongde Real Estate Co., Ltd. (深圳市崇德地產有限公司) (i) & (v)	**153**	305
Shenzhen Maoye Property Business Co., Ltd. (深圳市茂業物業經營有限公司) (i) & (v)	**6,933**	6,481
Chongqing Maoye Real Estate Co., Ltd. (重慶茂業地產有限公司) (i) & (v)	**25,630**	25,759
Shenzhen Friendship Trading Centre Co., Ltd. ("Shenzhen Friendship") (深圳友誼貿易中心有限公司) (iv) & (v)	**22,443**	26,509
	166,380	147,412
Management fee income from the operation of department stores:		
Wuxi Maoye Department Store Co., Ltd. (無錫茂業百貨有限公司) (i) & (vi)	**4,365**	4,350
Shenyang Maoye Property Company Limited Jinlang Branch ("Shenyang Jinlang") (瀋陽茂業置業有限公司金廊分公司) (i) & (vi)	**–**	2,924
Changzhou Taifu (i) & (vi)	**31**	65
	4,396	7,339
Management fee expenses from the operation of a department store:		
Commercial City (ii) & (vii)	**515**	54

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42. RELATED PARTY TRANSACTIONS AND BALANCES (continued)

(a) In addition to the transactions detailed elsewhere in these financial statements, the Group had the following material transactions with related parties during the year: (continued)

	2015	2014
	RMB'000	RMB'000
(2) Non-recurring transactions		
Banking facilities guaranteed by:		
Shenzhen Maoye Group (i) & (viii)	**1,670,000**	1,250,000
Mr. Huang Mao Ru and Mrs. Huang Jingzhang jointly and severally (iii) & (viii)	**800,000**	1,600,000
	2,470,000	2,850,000

(i) They are fellow subsidiaries of the Company.

(ii) It is an associate of the Company.

(iii) Mr. Huang Mao Ru is a director of this company.

(iv) Mr. Zhong Pengyi, an executive director of the Company, is a shareholder of Shenzhen Friendship.

(v) The operating lease rental expenses charged by the fellow subsidiaries of the Company were determined based on the underlying contracts as agreed between the Group and these fellow subsidiaries.

(vi) The management fee income from the operation of a department store was determined based on the underlying contracts as agreed between the Group and the fellow subsidiaries of the Company.

(vii) The management fee expenses from the operation of a department store was determined based on the underlying contracts as agreed between the Group and the associate of the Company.

(viii) Certain of the Group's bank loans were guaranteed by a fellow subsidiary of the Company, Mr. Huang Mao Ru and Mrs. Huang Jingzhang jointly and severally.

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42. RELATED PARTY TRANSACTIONS AND BALANCES (continued)

(b) The Group had the following balances with related parties:

	2015 RMB'000	2014 RMB'000
Due from related parties		
Due from fellow subsidiaries	**147,475**	128,653
Due from a non-controlling shareholder of a subsidiary	**858**	339
Due from an associate	**3,228**	3,888
Due from a company significantly influenced by a director of the Company	**147,401**	—
	298,962	132,880
Due to related parties		
Due to fellow subsidiaries	**10,084**	9,252
Due to a non-controlling shareholder of a subsidiary	**—**	64,842
Due to a company significantly influenced by a director of the Company	**68**	—
Due to an associate	**755,935**	—
	766,087	74,094

Included in the balances due from related parties and due to related parties as at 31 December 2015 were amounts of approximately RMB298,962,000 (31 December 2014: RMB132,880,000) and RMB10,084,000 (31 December 2014: RMB9,252,000), respectively, which are trade in nature, unsecured, interest-free and repayable on demand. The remaining balances with the fellow subsidiaries and other related parties are non-trade in nature, unsecured, interest-free and repayable on demand.

The carrying amounts of the remaining balances with related parties that were neither past due nor impaired relate to related parties for whom there was no recent history of default.

The carrying amounts of the balances with related parties approximate to their fair values.

42. RELATED PARTY TRANSACTIONS AND BALANCES (continued)

(c) Compensation of key management

	2015 RMB'000	2014 RMB'000
Salaries and allowances	**3,542**	4,820
Retirement benefits	**139**	124
	3,681	4,944

Further details of directors' remuneration are included in note 8.

The related party transactions in respect of items 42(a) (1) and 42(a) (2) above also constitute connected transactions or continuing connected transactions as defined in Chapter 14A of the Listing Rules.

(d) Commitments with related parties

The Group leases certain of its department stores and office premises from related parties under non-cancellable operating lease arrangements. Leases for properties are negotiated for terms ranging from one to four years.

The Group had total future minimum lease payments to related parties under non-cancellable operating leases falling due as follows:

	2015 RMB'000	2014 RMB'000
Within one year	**164,872**	143,162
In the second to fifth years, inclusive	**537,819**	384,146
After five years	**1,459,758**	—
	2,162,449	527,308

Outstanding balances with related parties:

(i) Details of the Group's loans to its associate as at the end of the reporting period are included in note 43 to the financial statements.

(ii) Details of the Group's pledge provided for an associate as at the end of the reporting period is disclosed in notes 22 to the financial statements.

43. LOANS AND RECEIVABLES

	2015	2014
	RMB'000	RMB'000
Commercial City	**12,219**	–
	12,219	–

Pursuant to the agreements between Commercial City and Shenzhen Maoye Shangsha signed on 12 January 2015, 4 February 2015 and 1 August 2015, Shenzhen Maoye Shangsha agreed to provide loans to Commercial City for repayment of bank loans, with amounts of RMB70,000,000, RMB100,000,000 and RMB50,000,000, respectively, with a fixed annual interest rate of 10%.

These loans along with the accumulated interest would be repaid by Commercial City on demand of Shenzhen Maoye Shangsha before 25 January 2015, 30 March 2015 and 1 February 2016, respectively.

Commercial City has repaid the loans with amounts of RMB100,000,000 on 12 February 2015, RMB70,000,000 on 26 March 2015 and RMB40,000,000 on 7 September 2015. The interest expense occurred from the above loans were RMB1,030,000, RMB330,000 and RMB859,000 respectively, totalling RMB2,219,000. On 31 December 2015, the current loans and receivables were RMB12,219,000.

44. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at the end of the reporting period are as follows:

2015

Financial assets	**Financial assets at fair value through profit or loss-held for trading RMB'000**	**Loans and receivables RMB'000**	**Available-for-sale financial assets RMB'000**	**Total RMB'000**
Investments in associates	–	2,337,550	–	2,337,550
Available-for-sale equity investments	–	–	1,526,180	1,526,180
Trade receivables	–	20,703	–	20,703
Financial assets included in prepayments, deposits and other receivables	–	1,251,296	–	1,251,296
Equity investments at fair value through profit or loss	250,535	–	–	250,535
Due from related parties	–	298,962	–	298,962
Pledged deposits	–	59,488	–	59,488
Cash and cash equivalents	–	1,248,868	–	1,248,868
	250,535	5,216,867	1,526,180	6,993,582

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44. FINANCIAL INSTRUMENTS BY CATEGORY (continued)

Financial liabilities	**Financial liabilities at amortised cost RMB'000**
Trade and bills payables	**2,027,391**
Financial liabilities included in other payables and accruals	**1,818,053**
Due to related parties	**766,087**
Interest-bearing bank loans and other borrowings	**12,916,043**
	17,527,574

2014

Financial assets	Financial assets at fair value through profit or loss-held for trading RMB'000	Loans and receivables RMB'000	Available-for-sale financial assets RMB'000	Total RMB'000
Available-for-sale equity investments	–	–	1,161,503	1,161,503
Trade receivables	–	13,418	–	13,418
Financial assets included in prepayments, deposits and other receivables	–	739,209	–	739,209
Equity investments at fair value through profit or loss	173	–	–	173
Due from related parties	–	132,880	–	132,880
Pledged deposits	–	54,949	–	54,949
Cash and cash equivalents	–	662,069	–	662,069
	173	1,602,525	1,161,503	2,764,201

44. FINANCIAL INSTRUMENTS BY CATEGORY (continued)

Financial liabilities	Financial liabilities at amortised cost RMB'000 (Restated)
Trade and bills payables	2,174,127
Financial liabilities included in other payables and accruals	1,191,020
Due to related parties	74,094
Interest-bearing bank loans and other borrowings	9,473,876
	12,913,117

45. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

The carrying amounts and fair values of the Group's financial instruments, other than those with carrying amounts that reasonably approximate to fair values, are as follows:

	Carrying amounts		Fair values	
	2015	2014	**2015**	2014
	RMB'000	RMB'000	**RMB'000**	RMB'000
Financial assets				
Available-for-sale investments – listed equity investments	**1,526,180**	1,161,503	**1,526,180**	1,161,503
Equity investments at fair value through profit or loss	**250,535**	173	**250,535**	173
	1,776,715	1,161,676	**1,776,715**	1,161,676
Financial liabilities				
Interest-bearing bank loans and other borrowings	**12,916,043**	9,473,876	**12,916,043**	9,473,876
	12,916,043	9,473,876	**12,916,043**	9,473,876

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45. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (continued)

Management has assessed that the fair values of cash and cash equivalents, the current portion of pledged deposits, trade receivables, trade and bills payables, financial assets included in prepayments, deposit and other receivables, financial liabilities included in other payables and accruals, amounts due from/to related parties, dividend receivable and amounts due from/to subsidiaries approximate to their carrying amounts largely due to the short term maturities of these instruments.

The Group's finance department headed by the finance manager is responsible for determining the policies and procedures for the fair value measurement of financial instruments. The finance manager reports directly to the chief financial officer and the audit committee. At each reporting date, the finance department analyses the movements in the value of financial instruments and determines the major inputs applied in the valuation. The valuation is reviewed and approved by the chief financial officer. The valuation process and results are discussed with the audit committee twice a year for interim and annual financial reporting.

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

The fair values of interest-bearing bank and other borrowings have been calculated by discounting the expected future cash flows using rates currently available for instruments on similar terms, credit risk and remaining maturities. The fair value of the liability portion of the convertible bonds is estimated using an equivalent market interest rate for a similar convertible bond.

The fair values of listed equity investments are based on quoted market prices.

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45. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS (continued)

Fair value hierarchy

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments:

Assets measured at fair value

As at 31 December 2015

	Fair value measurement using			
	Quoted prices in active markets Level 1 RMB'000	**Significant observable inputs Level 2 RMB'000**	**Significant unobservable inputs Level 3 RMB'000**	**Total RMB'000**
Financial assets at fair value through profit or loss:				
Trading securities	**250,535**	**–**	**–**	**250,535**
Available-for-sale equity investments:				
Equity shares	**1,526,180**	**–**	**–**	**1,526,180**
	1,776,715	**–**	**–**	**1,776,715**

As at 31 December 2014

	Fair value measurement using			
	Quoted prices in active markets Level 1 RMB'000	Significant observable inputs Level 2 RMB'000	Significant unobservable inputs Level 3 RMB'000	Total RMB'000
Financial assets at fair value through profit or loss:				
Trading securities	173	–	–	173
Available-for-sale equity investments:				
Equity shares	1,161,503	–	–	1,161,503
	1,161,676	–	–	1,161,676

The Group did not have any financial liabilities measured at fair value as at 31 December 2015 (2014: Nil).

During the year, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into and out of Level 3 for both financial assets and financial liabilities (2014: Nil).

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46. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise interest-bearing bank loans, amounts due from/to related parties, and cash and cash equivalents. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial assets and liabilities such as trade receivables and trade payables, which arise directly from its operations.

The main risks arising from the Group's financial instruments are interest rate risk, foreign currency risk, credit risk, liquidity risk and equity price risk. The board of directors reviews and agrees policies for managing each of these risks and they are summarised below.

Interest rate risk

The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's debt obligations with floating interest rates.

The effective interest rates and terms of repayment of the interest-bearing bank loans of the Group are set out in note 33 above.

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, with all other variables held constant, of the Group's profit before tax (through the impact of floating rate borrowings) and the Group's equity during the year.

	Increase/ (decrease) in basis points	Increase/ (decrease) in profit before tax RMB'000	Increase/ (decrease) in equity* RMB'000
31 December 2015			
RMB	**100**	**(40,230)**	**—**
RMB	**(100)**	**40,230**	**—**
31 December 2014			
RMB	100	(44,311)	—
RMB	(100)	44,311	—

* Excluding retained profits

46. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Foreign currency risk

The Group's exposure to foreign currency risk primarily relates to the Group's foreign interest-bearing bank borrowings, the currencies of which are different from the functional currencies.

It is the Group's policy to negotiate the terms of the hedge derivatives to match the terms of the hedged item to maximize hedge effectiveness.

The following table demonstrates the sensitivity at the end of the reporting period to a reasonably possible change in the USD exchange rate, with all other variables held constant, of the Group's profit before tax (due to changes in fair value of monetary assets and liabilities).

	Increase/ (decrease) in USD rate	Increase/ (decrease) in profit before (or after) tax
	%	RMB'000
2015		
If RMB weakens against the United States dollar	(5%)	(147,203)
If RMB strengthens against the United States dollar	5%	147,203
2014		
If RMB weakens against the United States dollar	(5%)	(150,226)
If RMB strengthens against the United States dollar	5%	150,226

Credit risk

The Group's sales of merchandise are mainly on a cash basis. For credit sales, the Group trades only with recognised and creditworthy third parties. In addition, receivable balances are monitored on an ongoing basis and the Group's exposure to bad debts is not significant.

The credit risk of the Group's other financial assets, which mainly comprise cash and cash equivalents, available-for-sale equity investments, amounts due from associates and fellow subsidiaries and other receivables, arises from default of the counterparty, with a maximum exposure equal to the carrying amounts of these financial assets.

Since the Group trades only with recognised and creditworthy third parties, there is no requirement for collateral. There are no significant concentrations of credit risk within the Group as the customer bases of the Group's trade receivables are dispersed. Further quantitative data in respect of the Group's exposure to credit risk arising from trade and other receivables are disclosed in notes 28 and 29, respectively.

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46. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Liquidity risk

The Group's policy is to maintain sufficient cash and cash equivalents and have available funding through bank and other borrowings to meet its working capital requirements.

The Group monitors its risk to a shortage of funds using a recurring liquidity planning tool. This tool considers the maturity of both its financial instruments and financial assets (e.g., trade receivables) and projected cash flows from operations.

The maturity profile of the Group's financial liabilities as at the end of the reporting period, based on the contractual undiscounted payments, was as follows:

	31 December 2015			
	On demand RMB'000	Less than 1 year RMB'000	Over 1 year RMB'000	Total RMB'000
Trade and bills payables	—	2,027,391	—	2,027,391
Deposits received, accruals and other payables	—	1,784,061	—	1,784,061
Due to related parties	766,087	—	—	766,087
Interest-bearing bank and other borrowings	—	9,475,395	4,596,748	14,072,143
	766,087	13,286,847	4,596,748	18,649,682

	31 December 2014			
	On demand RMB'000	Less than 1 year RMB'000 (Restated)	Over 1 year RMB'000	Total RMB'000 (Restated)
Trade and bills payables	—	2,174,127	—	2,174,127
Deposits received, accruals and other payables	—	1,191,020	—	1,191,020
Due to related parties	74,094	—	—	74,094
Interest-bearing bank and other borrowings	—	2,363,898	8,230,506	10,594,404
	74,094	5,729,045	8,230,506	14,033,645

46. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Equity price risk

Equity price risk is the risk that the fair values of equity securities decrease as a result of changes in the level of equity indices and the value of individual securities. The Group is exposed to equity price risk arising from individual listed equity investments classified as available-for-sale equity investments (note 23) and equity investments at fair value through profit or loss (note 27). The Group's listed equity investments are listed on the Shenzhen and Shanghai stock exchanges and are valued at quoted market prices at the end of the reporting period.

Capital management

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise shareholders' value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Group is not subject to any externally imposed capital requirements. No changes were made in the objectives, policies or processes for managing capital during the years ended 31 December 2015 and 2014.

The Group monitors capital using a gearing ratio, which is net debt divided by capital plus net debt. Net debt is calculated as interest-bearing bank loans and other borrowings less cash and cash equivalents and pledged deposits. Capital includes the liability component of convertible bonds and equity attributable to owners of the parent. The Group's policy is to keep the gearing ratio at a reasonable level. The gearing ratios as at 31 December 2015 and 2014 were as follows:

	2015 **RMB'000**	2014 RMB'000 (Restated)
Interest-bearing bank loans and other borrowings	**12,916,043**	9,473,876
Less: Cash and cash equivalents and pledged deposits	**(1,308,356)**	(717,018)
Net debt	**11,607,687**	8,756,858
Equity attributable to owners of the parent	**7,442,967**	7,141,989
Adjusted capital	**7,442,967**	7,141,989
Capital and net debt	**19,050,654**	15,898,847
Gearing ratio	**61%**	55%

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46. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Equity price risk (continued)

The market equity indices for the following stock exchanges, at the close of business of the nearest trading day in the year to the end of the reporting period, and their respective highest and lowest points during the year were as follows:

	31 December 2015	**Year ended 31 December 2015 High/low**	31 December 2014	Year ended 31 December 2014 High/low
Shenzhen – A Share Index	**2,416**	**2,466/2,415**	1,479	1,479/1,455
Shanghai – A Share Index	**3,704**	**3,748/3,703**	3,389	3,394/3,308

The following table demonstrates the sensitivity to every 5% change in the fair values of the listed equity investments, with all other variables held constant and before any impact on tax, based on their carrying amounts at 31 December 2015 and 2014.

Group		**Increase/ decrease in profit before tax RMB'000**	**Increase/ decrease in equity* RMB'000**
31 December 2015			
Equity investments listed in:			
Shanghai	– available-for-sale	**—**	**63,494**
	– at fair value through profit or loss	**—**	**—**
Shenzhen	– available-for-sale	**—**	**—**
	– at fair value through profit or loss	**11,930**	**—**
31 December 2014			
Equity investments listed in:			
Shanghai	– available-for-sale	—	48,136
	– at fair value through profit or loss	—	—
Shenzhen	– available-for-sale	—	—
	– at fair value through profit or loss	—	—

* Excluding retained profits

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47. EVENTS AFTER THE REPORTING PERIOD

(i) From 4 January 2016 to 22 January 2016, the Group got bank loans with the amount of RMB1.7 billion which were pledged by its self-owned securities, including 198 million shares of Maoye Communication, and 14.68 million shares of Da Shang group Co., Ltd.. As at 4 January, the Group got a bank loan with the amount of RMB230 million, which was pledged by its self-owned buildings.

(ii) As at 6 January 2016, Shenzhen Maoye Shangsha, a subsidiary of the Group, issued corporate bonds amount of RMB2.8 billion.

(iii) As at 19 February 2016, Chengshang, a subsidiary of the Group, entered into negotiations with an independent third party in relation to the acquisition of certain equity interests in Inner Mongolia Victoria Commercial (Group) Co., Ltd ("Inner Mongolia Victoria"). Inner Mongolia Victoria is a company established in the People's Republic of China and the principal business of which is operating a department store, a supermarket and commercial real estate.

(iv) As at 16 October 2015, Chengshang Holding has entered into the Agreement with Renhe Industrial (Group) Co., Ltd for the acquisition of the equity interests of Chengdu Renhe Spring Department Store Limited and has entered into the Agreement with Grand Collection Co., Ltd for the acquisition of the equity interests of Chengdu Qingyang District Renhe Spring Department Store Limited. Pursuant to the agreements, the proposed cash consideration for Chengdu Renhe Spring Department Store Limited is RMB742,325,100 and the proposed cash consideration for Chengdu Qingyang District Renhe Spring Department Store Limited is RMB1,732,092,300. As at 23 February 2016 and 26 February, the Group delegated directors to Chengdu Qingyang District Renhe Spring Department Store Limited and Chengdu Renhe Spring Department Store Limited, accomplishing the acquisition of the two department stores.

(v) As at 26 February 2016, Chengshang has allotted and issued shares to Shenzhen Maoye Shangsha, Demao investment Company (LP) and Hezhengmao investment Company (LP). The purpose of this private placement is to gain the equity of Shenzhen Department Store Co., Ltd, Shenzhen Maoye Department Store Shennan Co., Ltd, Shenzhen Maoye Department Store Huaqiangbei Co., Ltd., Shenzhen Maoye Oriental Times Department Store Co., Ltd., and Zhuhai Maoye Department Store Co., Ltd. After the private placement, the issued shares of Chengshang increased to 1,731,982,546 shares.

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31 December 2015

48. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

Information about the statement of financial position of the Company at the end of the reporting period is as follows:

	31 December 2015 RMB'000	31 December 2014 RMB'000
NON-CURRENT ASSETS		
Investments in subsidiaries	**139,761**	139,761
CURRENT ASSETS		
Prepayments and other receivables	**—**	200
Dividend receivable	**1,170,997**	1,102,634
Due from subsidiaries	**4,040,648**	4,375,924
Pledged deposits	**10,867**	10,240
Cash and cash equivalents	**12,134**	11,036
Total current assets	**5,234,646**	5,500,034
CURRENT LIABILITIES		
Other payables and accruals	**34,611**	3,456
Due to subsidiaries	**158,140**	12,503
Due to the immediate holding company	**7,914**	—
Interest-bearing bank loans	**999,754**	—
Total current liabilities	**1,200,419**	15,959
NET CURRENT ASSETS	**4,034,227**	5,484,075
TOTAL ASSETS LESS CURRENT LIABILITIES	**4,173,988**	5,623,836
NON-CURRENT LIABILITIES		
Interest-bearing bank loans and other borrowings	**1,939,952**	3,020,635
Total non-current liabilities	**1,939,952**	3,020,635
Net assets	**2,234,036**	2,603,201
Equity		
Issued capital	**460,270**	465,206
Equity component of convertible bonds (note)	**55,538**	55,538
Reserves (note)	**1,718,228**	2,082,457
Total equity	**2,234,036**	2,603,201

48. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (continued)

Note:

A summary of the Company's reserves is as follows:

	Share premium account RMB'000	Equity component of convertible bonds RMB'000	Capital redemption reserve RMB'000	Contributed surplus RMB'000	Exchange fluctuation reserve RMB'000	Retained profits RMB'000	Total RMB'000
Balance at 1 January 2014	1,662,293	56,546	20,474	152,671	(302,413)	235,254	1,824,825
Total comprehensive income for the year	–	–	–	–	9,831	580,200	590,031
Repurchase and cancellation of shares	(24,151)	–	2,243	–	–	(2,243)	(24,151)
Repurchase of convertible bonds	–	(1,008)	–	–	–	–	(1,008)
Final 2013 dividend	–	–	–	–	–	(123,571)	(123,571)
Interim 2014 dividend paid	–	–	–	–	–	(128,131)	(128,131)
At 31 December 2014	1,638,142	55,538	22,717	152,671	(292,582)	561,509	2,137,995
Total comprehensive loss for the year	**–**	**–**	**–**	**–**	**132,833**	**(296,738)**	**(163,905)**
Repurchase and cancellation of shares	**(61,850)**	**–**	**4,936**	**–**	**–**	**(4,936)**	**(61,850)**
Final 2014 dividend	**–**	**–**	**–**	**–**	**–**	**(45,171)**	**(45,171)**
Interim 2015 dividend paid	**–**	**–**	**–**	**–**	**–**	**(93,303)**	**(93,303)**
At 31 December 2015	**1,576,292**	**55,538**	**27,653**	**152,671**	**(159,749)**	**121,361**	**1,773,766**

The Company's contributed surplus represents the excess of the fair value of the shares of the subsidiaries acquired, over the previous nominal value of the Company's shares issued in exchange therefor.

49. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 14 March 2016.

Corporate Information

BOARD OF DIRECTORS

Executive Directors
Mr. Huang Mao Ru *(Chairman and CEO)*
Mr. Zhong Pengyi *(Vice Chairman)*
Ms. Wang Fuqin *(Vice President)*
Mr. Wang Bin

Independent Non-executive Directors
Mr. Chow Chan Lum
Mr. Pao Ping Wing
Mr. Leung Hon Chuen

REGISTERED OFFICE

Floor 4, Willow House, Cricket Square
P.O. Box 2804, Grand Cayman KY1-1112
Cayman Islands

HEAD OFFICE IN THE PRC

38/F, World Finance Centre
4003 Shennan East Road, Shenzhen, PRC

PLACE OF BUSINESS IN HONG KONG

Room 3301, 33/F
Office Tower Convention Plaza
No.1 Harbour Road, Wanchai, Hong Kong

COMPANY SECRETARY

Ms. Soon Yuk Tai *(FCS, FCIS)*

AUDIT COMMITTEE

Mr. Chow Chan Lum *(Chairman)*
Mr. Pao Ping Wing
Mr. Leung Hon Chuen

REMUNERATION COMMITTEE

Mr. Pao Ping Wing *(Chairman)*
Mr. Chow Chan Lum
Ms. Wang Fuqin

NOMINATION COMMITTEE

Mr. Huang Mao Ru *(Chairman)*
Mr. Chow Chan Lum
Mr. Pao Ping Wing

AUTHORIZED REPRESENTATIVES PURSUANT TO THE LISTING RULES

Ms. Wang Fuqin
Mr. Wang Bin

AUTHORIZED REPRESENTATIVES PURSUANT TO THE HONG KONG COMPANIES ORDINANCE

Mr. Wang Bin
Ms. Soon Yuk Tai *(FCS, FCIS)*

HONG KONG SHARE REGISTRAR AND TRANSFER OFFICE

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

PRINCIPAL BANKERS

Bank of China
Industrial and Commercial Bank of China
China Construction Bank
Agricultural Bank of China
The Bank of East Asia (China) Limited

COMPANY WEBSITE

www.maoye.cn

STOCK CODE

848

茂業國際控股有限公司
MAOYE INTERNATIONAL HOLDINGS LIMITED