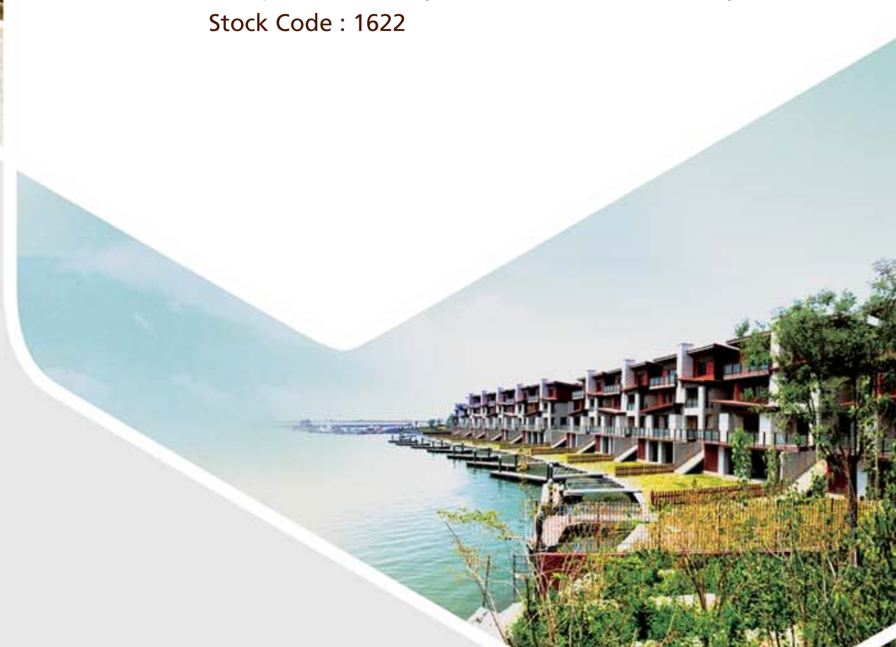
2015 ANNUAL REPORT

力高地产
REDCO REAL ESTATE

REDCO PROPERTIES GROUP LIMITED
力高地產集團有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock Code : 1622



CONTENTS

FINANCIAL HIGHLIGHTS

	For the year ended 31 December		
	2015	2014	Change
	RMB'000	RMB'000	(%)
Revenue	3,378,217	3,502,804	(3.6%)
Gross profit	1,088,246	946,257	15.0%
Profit before income tax	821,271	703,540	16.7%
Profit for the year	393,649	377,696	4.2%
Attributable to: Equity holders of the Company	401,030	347,203	15.5%
Total assets	13,195,623	9,570,862	37.9%
Cash and cash equivalents	1,689,142	951,480	77.5%
Total bank and other borrowings	3,220,540	2,761,444	16.6%
Earnings per share for profit attributable to equity holders of the Company			
– Basic and diluted (expressed in RMB cents per share)	24.53	22.14	10.8%

BOARD OF DIRECTORS

Executive Directors

Mr. HUANG Ruoqing
Mr. TANG Chengyong
Mr. HONG Duxuan

Independent Non-executive Directors

Dr. WONG Yau Kar, David BBS, JP
Mr. CHAU On Ta Yuen
Mr. YIP Tai Him
Mr. CHOW Kwong Fai, Edward JP

COMPANY SECRETARY

Mr. CHAN Hing Chau

AUTHORISED REPRESENTATIVES

Mr. HUANG Ruoqing
Mr. CHAN Hing Chau

AUDIT COMMITTEE

Mr. CHOW Kwong Fai, Edward JP *(Chairman)*
Mr. YIP Tai Him
Dr. WONG Yau Kar, David BBS, JP
Mr. CHAU On Ta Yuen

REMUNERATION COMMITTEE

Mr. YIP Tai Him *(Chairman)*
Mr. CHAU On Ta Yuen
Mr. HUANG Ruoqing

NOMINATION COMMITTEE

Mr. HUANG Ruoqing *(Chairman)*
Dr. WONG Yau Kar, David BBS, JP
Mr. CHAU On Ta Yuen

AUDITOR

PricewaterhouseCoopers

LEGAL ADVISORS

Sidley Austin
39th Floor, Two International Finance Centre
Central, Hong Kong

COMPLIANCE ADVISOR

Celestial Capital Limited
21/F, Low Block
Grand Millennium Plaza
181 Queen's Road Central
Hong Kong

REGISTERED OFFICE

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

HEADQUARTERS AND PRINCIPAL PLACE OF BUSINESS IN THE PRC

28th Floor, Block B, The Rongchao Tower
No. 6003 Yitian Road
CBD, Shenzhen
People's Republic of China

PRINCIPLE PLACE OF BUSINESS IN HONG KONG

Room 2001-2, Enterprise Square 3
39 Wang Chiu Road, Kowloon Bay
Kowloon, Hong Kong

CAYMAN ISLANDS PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Appleby Trust (Cayman) Ltd.
Clifton House, 75 Fort Street
P.O. Box 1350
Grand Cayman, KY1-1108
Cayman Islands

HONG KONG SHARE REGISTRAR

Computershare Hong Kong Investor Services Limited
Shops 1712-1716
17/F, Hopewell Centre
183 Queen's Road East
Wanchai
Hong Kong

PRINCIPAL BANKERS

Industrial and Commercial Bank of China
China Construction Bank
Bank of China
Agricultural Bank of China
Hang Seng Bank
Wing Lung Bank
Bank of China (Hong Kong) Limited

INVESTOR RELATIONS

Email: ir@redco.cn
Fax: (852) 2758 8392

STOCK CODE

1622

WEBSITE

www.redco.cn

Dear Shareholders,

Redco Properties Group Limited (the "**Company**") and its subsidiaries (the "**Group**") continued to achieve steady growth in 2015 by adhering to the principle of stable and pragmatic operation consistently. In 2015, leveraging the breeze of policy with "inventory elimination" as primary and basic theme, the release in upgrading demand was remarkable. The Group also captured this market trend firmly, through sensitive market research and judgment and aggressive marketing strategy, contracted sales realised for the full year amounted to approximately RMB4,056.9 million, representing an increase of 27.0% as compared to the same period of 2014. Although the real estate industry was still considered to be a stabiliser of the economy, however, the general depression, high inventory and intensified differentiation among cities of the industry remained unchanged in 2015. Under such circumstances, the Group actively brought in strategic investors to improve the debt structure, focused on projects with high-return for working capital, and supplemented by refined management measures to realise cost reduction and efficiency improvement, the competitiveness of the Group was further enhanced. In 2015, the profit attributable to equity holders increased by 15.5% to RMB401.0 million, return on average attributable equity was 19.0%.

BUSINESS REVIEW

Market and Sales Performance

In 2015, "inventory elimination" was the primary and basic theme of policies to adjust supply and stimulate demand at the same time. On the supply side, the central and local governments administered "limited supply" to resolve the oversupply problem by making structural adjustment at the source of land supply. On the demand side, the demand for housing purchases, particularly the release of upgrading demand, was effectively stimulated through various measures, such as lowering the down payment and interest rate, reducing taxes on transactions, relaxing conditions for borrowing provident funds and removing some restrictions on purchases and loans. Under the continuing stimulation of favourable policies, sales area of commercial housing properties nationwide in 2015 returned to the high level recorded in 2013. However, despite new peak levels were achieved in the scale of industry and results performance of enterprises, intensified differentiation among cities remained unchanged. Sales volume and prices in first-tier cities increased simultaneously, inventory pressure in second-tier cities such as Nanjing and Hefei reduced significantly, overall growth in sales in third- and fourth-tier cities were still clearly lagging behind first- and second-tier cities despite individual bright performance.

Based on the investment strategy of "primarily penetrating first-tier cities while further expanding in selected second-tier cities (擇優深耕二線,重點拓展一線)" established by the Group in 2014, the strategy was further enhanced to "expansion into the first-tier cities and further development into the strategically targeted second-tier cities (大力拓展一線城市,深耕已進入的強二線城市)", we continued to focus development on core cities such as Shenzhen, Guangzhou, Shanghai, Hefei, Nanchang, Jinan and Tianjin with high growth potential and strong demand, and continued adhering to the principle of improving the living environment of housing purchasers by constructing upgrading products for first-time purchasers and first-time upgraders. And the operating principles consistently upheld by the Group were also highly matched with the market development direction and demand in 2015, so that stable growth in results performance was achieved by the Group.

In 2015, the Group achieved contracted sales of RMB4,056.9 million, representing an increase of 27.0% over the previous year. The GFA completed and delivered during the year was 434,709 sq.m., representing a decrease of 16.8% over the previous year.

Financial Management

In 2015, the Group continued to maintain prudent and sound financial policies and timely introduced the Nanchang Municipal Public Real Estate Group Limited* (南昌市政公用房地產集團有限公司) as a strategic investor to improve debt structure, the net gearing ratio reduced to 23% in 2015 as compared with 42% in 2014..

Land Bank

Following the guidance of the investment planning strategy of "expansion into the first-tier cities and further development into the strategically targeted second-tier cities (大力拓展一線城市,深耕已進入的強二線城市)", the Group has clearly focused expansion and further developments on the key cities in the groups of cities located in the Pearl River Delta Region, Yangtze River Delta Region, middle reaches of the Yangtze River and the Bohai Rim region. The Group adhered to the following favourable strategies on land acquisition methods: (i) forming alliance(s) with state-owned enterprise(s) with strong capabilities to benefit from complementary advantages and obtain quality projects for principal operations; (ii) offering management experience for external replication by leveraging professional experience in the real estate development sector to acquire more projects in the same city or assist the government in developing first grade land parcels; (iii) improving and upgrading product lines constantly to enhance operation management standards persistently and leading the market in product capability and operational efficiency.

In 2015, the Group has acquired one additional land parcels for construction purpose in Jinan, with total planned GFA of 237,535 sq.m. An opportunity of venturing into Shanghai was captured in November, the planned expansion in first-tier cities by the Group increased from two to three cities, which was another successful action taken by the Group to reinforce the expansion plan for first-tier cities after its strategic venture into Guangzhou in 2014. As of 31 December 2015, the Group's total land bank amounted to 3,777,244 sq.m., forming the base for development by the Group in the next three to five years. In 2015, the Group's average land acquisition cost per sq.m. delivered was RMB917, accounting for 13.4% of the average selling price.

Brand Building

The Group has been upholding the operating philosophy of "signature architecture with tremendous honour (精端著造、傳世榮耀)" and has been striving to increase the profitability of the Group through enhancing our branding image. In 2015, the Group won a number of top class honours, including "2015 Top 10 Hong Kong Listed Domestic Developers Worthy of Investment (2015中國大陸在港上市房地產公司投資價值TOP 10)", "2015 Highest Growth Value Award (2015最具成長價值獎)" and "2015 Top 100 PRC Real Estate Companies in terms of overall strength (2015年中國房地產業綜合實力100強)", with brand building and penetration accumulated over the years, we believe the "Redco" brand has been established successfully in the cities targeted for further development by the Group.

Future Development

Outlook

Within the next five years, the Group aims to (i) be one of the top 100 real estate developers in the PRC with better performance; and (ii) become an integrated developer with regional brand recognition and leading market shares in the cities where we have dedicated efforts for further development. We believe that we can achieve the aforesaid objectives by adhering to the following strategies:

- adhere to the strategy of intensively developing cities and continue to develop the business opportunities captured in first-tier cities, including Shenzhen, Shanghai and Guangzhou, by way of diversified land acquisition strategies to gradually increase our market share; further develop the strategically selected second-tier cities to expand the coverage of projects and brand influence. The Group intends to insist on carefully studying the growth potential of land and carries out acquisitions at competitive costs. We will continue to prioritise our financial resources towards the opportunities which could maximise our profit. Meanwhile, the Group may also make strategic investment and acquisitions that could complement our operations as part of our expanding investment.
- adhere to a prudent financial strategy and continue to diversify financing channels.
- adhere to projects with high-return for the Group's working capital; rapidly enhance the overall competitiveness of the Group through adjusting the land bank structure reasonably, reinforcing the decision-making effect at front-end of value chain, effectively increasing the pace of development and construction, and implementing meticulous cost control on the basis of sales with collectible payment. We believe through these measures, the price premium of the Group in the land market and the sales market will be significantly enhanced.

- adhere to product line research and development and innovation to increase product competitiveness; focus on the development of residential properties with a rigid demand for quality and the need for improvement, complemented with our business assets in communities according to 80-20 rule so as to have complementary development of residential and commercial properties; synchronously implement commercial property product line research and development in order to have an optimal and diversified portfolio. We believe that such diversification of our product mix will enhance our ability to expand and will enable us to effectively respond to any macroeconomic policy affecting the PRC residential property sector.
- persist in forming alliance(s) with the partner(s) with strong capabilities that could complement each other; we believe that by leveraging the advantages of cooperative partner(s) in land acquisitions and financing costs, coupled with the Group's professional management experience and operational efficiency, would be favourable for creating the win-win situation for the Group and its partner(s).
- continue to reinforce the Group's brand building. We intend to:
  - adhere to provide quality products to enhance brand awareness and influence in cities;
  - focus on the innovative products by adopting a customer-oriented approach with a view to providing customers with excellent value;
  - strive to develop projects of city landmark properties by adhering to an approach to provide quality products;
  - effectively make use of the big data to fully leverage on the Internet platform, to develop innovative promotion channels and strategies and to attract potential large customers;
  - innovate the scope and extent of property services to increase customers' loyalty in quality property services;
- continue to enhance the policy of human resources, enhance and improve the performance and incentive system.

Huang Ruoqing
President

Hong Kong, the PRC
17 March 2016

BOARD OF DIRECTORS

The board (the "**Board**") of directors (the "**Directors**") of the Company currently consists of seven Directors, comprising three executive Directors and four independent non-executive Directors. The powers and duties of our Board include determining our business and investment plans, preparing our annual financial budgets and final reports, formulating proposals for profit distributions as well as exercising other powers, functions and duties as conferred by our Memorandum of Association (the "**Memorandum**") and Articles of Association of the Company (the "**Articles of Association**"). The biographical details of the Directors are as follows:-

Executive Directors

Mr. HUANG Ruoqing (黃若青) ("**Mr. Huang**"), aged 47, is our executive Director and the president. Mr. Huang has been a Director since 14 July 2008 and was re-designated as our executive Director on 14 January 2014. Mr. Huang is the authorised representative of the Company and the chairman of the nomination committee of the Company (the "**Nomination Committee**") and a member of the remuneration committee of the Company (the "**Remuneration Committee**"). Mr. Huang is responsible for the day-to-day management and operations of the Group, supervising the land acquisitions and overseeing project planning and execution of the Group. Mr. Huang is currently a director of Times International Development Company Limited ("**Times International**") and many of our subsidiaries. Mr. Huang received a bachelor's degree in architecture from Huaqiao University (華僑大學) in the PRC in July 1990. From August 1990 until he joined us in May 1994, Mr. Huang worked as an architecture designer, assistant architect and project manager successively in Quanzhou Construction Design Institute (泉州市建築設計院). Mr. Huang has over 24 years of experience in the real estate industry in the PRC, and he has received various awards, making him a new leader in the real estate industry in the PRC. Mr. Huang was appointed as a visiting professor at Jiangxi University of Finance and Economics (江西財經大學) in December 2015. By virtue of the Securities and Futures Ordinance (the "**SFO**"), Mr. Huang is deemed to be interested in 462,419,000 shares of the Company (the "**Shares**") held by Times International as at 31 December 2015. For further details, please refer to the section headed "Directors' and chief executive's interests and short positions in Shares, underlying Shares and debentures" in the directors' report.

Mr. TANG Chengyong (唐承勇) ("**Mr. Tang**"), aged 52, is an executive Director and our vice president. Mr. Tang has been a Director since 18 October 2013 and was re-designated as an executive Director on 14 January 2014. He is primarily responsible for project planning of the group as well as operation of our subsidiaries in Shandong. Mr. Tang has over 21 years of experience in the real estate industry in the PRC. Mr. Tang joined the Group as the general manager of Yantai Redco Development Co., Ltd. in August 2001, where he was responsible for the daily operation of this company. Mr. Tang was also successively appointed as the general manager of Jiangxi Man Wo Property Development Co., Ltd., Jiangxi Redco Property Development Co., Ltd., Redco Development (Jiangxi) Co., Ltd., Shandong Redco Real Estate Development Co., Ltd. and vice president of Redco (China) Real Estate Co., Ltd. from May 2006 to February 2012, where he was responsible for daily operation of these companies and overseeing various projects. He is also currently a director of many our subsidiaries. Prior to joining the Group, Mr. Tang was employed by Jiangsu Province Supply and Marketing Cooperative Real Estate Development Company (江蘇省供銷社房地產開發公司), a company primarily engaged in property development from March 1993 to August 2001 and his last position was deputy general manager and deputy director of department of economic development. Mr. Tang received a bachelor's degree in engineering from Shenyang Institute of Architectural Engineering (瀋陽建築工程學院) in the PRC in July 1986.

Mr. HONG Duxuan (洪篤煊) ("**Mr. Hong**"), aged 46, is an executive Director and our vice president. Mr. Hong has been a Director since 18 October 2013 and was re-designated as an executive Director on 14 January 2014. He is primarily responsible for the legal affairs, information technology, project investment and development of the group as well as operation of Redco Tianjin Real Estate Co., Ltd.. Mr. Hong has over 17 years of experience in handling legal affairs. Mr. Hong joined the Group as the director of the legal department of Redco (China) Real Estate Co., Ltd. in April 2003, where he was responsible for the legal affairs of this company. In January 2006, he was appointed as the general manager of Jiangxi Man Wo Property Development Co., Ltd. and Redco Development (Jiangxi) Co., Ltd., where he was responsible for the property development of the group in Jiangxi and since then he has been involved in the development of various projects including Crown International, Spain Standard and Sunshine Coast. He was also appointed as the vice president of Redco (China) Real Estate Co., Ltd. in January 2013, where he has been responsible for the investment of the group. Prior to joining the group, he worked as a partner in Fujian Co-effort Law Firm (福建協力律師事務所) from March 1996 to April 2003. Mr. Hong received a bachelor's degree in law from the China University of Political Science and Law (中國政法大學) in the PRC in June 1993.

Independent non-executive Directors

Dr. WONG Yau Kar, David BBS, JP (黃友嘉博士) ("**Dr. Wong**"), aged 58, has been an independent non-executive Director since 14 January 2014. Dr. Wong is a member of each of the audit committee of the Company (the "**Audit Committee**") and the Nomination Committee. Dr. Wong received a doctorate degree in Economics from the University of Chicago in 1987. Dr. Wong has extensive experience in manufacturing, direct investment and international trade. Dr. Wong is active in public service. He is a Hong Kong deputy of the 12th National People's Congress of the People's Republic of China (第十二屆全國人民代表大會). He is also Chairman of the Land and Development Advisory Committee, Mandatory Provident Fund Schemes Authority and Protection of Wages on Insolvency Fund Board. Dr. Wong was appointed a Justice of Peace (JP) in 2010 and was awarded a Bronze Bauhinia Star (BBS) in 2012 for his valuable contribution to the society.

Dr. Wong is currently an independent non-executive director of China Juhao Health Industry Corporation Limited (Stock code: 419), Concord New Energy Group Limited (Stock code: 182), Reorient Group Limited (Stock code: 376), Shenzhen Investment Limited (Stock code: 604) and Sinopec Kantons Holdings Limited (Stock code: 934). The shares of which are listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**"). Dr. Wong was a non-executive director of CIAM Group Limited (Stock Code: 378) during the period from July 2009 to 8 March 2015.

Mr. CHAU On Ta Yuen (周安達源) ("**Mr. Chau**"), aged 68, has been an independent non-executive Director since 14 January 2014. Mr. Chau is a member of each of the Audit Committee, the Nomination Committee and the Remuneration Committee. Mr. Chau received a bachelor's degree in Chinese language and literature from Xiamen University (廈門大學) in August 1968 in the PRC. Mr. Chau is currently a member of the Twelfth National Committee of the Chinese People's Political Consultative Conference, deputy officer of the Social and Legal Affairs Committee of the Chinese People's Political Consultative Conference (全國政協社會和法制委員會) and the vice chairman of the Ninth board of directors of the Hong Kong Federation of Fujian Association Ltd. Mr. Chau was also awarded the Bronze Bauhinia Star by the government of Hong Kong Special Administrative Region in July 2010.

Mr. Chau is currently a non-executive director and honorary chairman of China Ocean Shipbuilding Industry Group Limited (Stock code: 651), an executive director of ELL Enviornmental Holdings Limited (Stock code: 1395), and independent non-executive director of Good Fellow Resources Holdings Limited (Stock code: 109), Come Sure Group (Holdings) Limited (Stock code: 794) and Leyou Technologies Holdings Limited (Stock code: 1089). The shares of which are listed on the Main Board of the Stock Exchange.

Mr. YIP Tai Him (葉棣謙) ("**Mr. Yip**"), aged 45, has been an independent non-executive Director since 14 January 2014. Mr. Yip is the chairman of the Remuneration Committee and a member of the Audit Committee. Mr. Yip received a bachelor of arts (hons) degree in accountancy from the City Polytechnic of Hong Kong, now known as the City University of Hong Kong in September 1993 in Hong Kong. He has been a practising accountant in Hong Kong since 1999. Mr. Yip was admitted as a member of the Association of Chartered Certified Accountants in the United Kingdom and the Institute of Chartered Accountants in England and Wales in September 1996 and January 2006, respectively. He has approximately 20 years of experience in accounting, auditing and financial management. Mr. Yip is currently an independent non-executive director of the following companies, the shares of which are listed on the Main Board of the Stock Exchange.

Mr. Yip is currently and independent non-executive independent director of China Communication Telecom Service Company Limited (stock code: 8206), Vinco Financial Group Limited (stock code: 8340), GCL-Poly Energy Holdings Limited (stock code: 3800). The shares of which are listed on the Main Board/GEM board of the Stock Exchange. Mr. Yip was an independent non-executive director of the following companies, the shares of which are listed on the Main Board of the Stock Exchange:

Companies	Duration
Wing Lee Holdings Limited (Stock Code: 876)	February 2001 to June 2014
iOne Holdings Limited (Stock Code: 982)	April 2009 to July 2014
Larry Jewelry International Company Limited (Stock Code: 8351)	April 2014 to October 2014
China Star Cultural Media Group Limited (Stock Code: 8172)	December 2008 to April 2015

Mr. CHOW Kwong Fai, Edward JP (周光暉) ("**Mr. Chow**"), aged 63, has been an independent non-executive Director since 14 January 2014. Mr. Chow is the chairman of the Audit Committee. Mr. Chow received a bachelor's degree in business studies from Middlesex University (formerly known as Middlesex Polytechnic) in the United Kingdom in 1975. Mr. Chow is a fellow and council member of The Institute of Chartered Accountants in England and Wales and a past president of the Hong Kong Institute of Certified Public Accountants (HKICPA). Before elected president, he chaired the HKICPA's Corporate Governance Committee and Professional Accountants in Business (PAIB) Committee. He was a Deputy Chairman of The Hong Kong Institute of Directors from 2001 to 2008 and the Chairman of the PAIB Committee of the International Federation of Accountants (IFAC) from 2006 to 2008. Mr. Chow is currently a core member of the OECD/World Bank Asian Corporate Governance Roundtable, the Chairman of China Infrastructure Group, a non-executive director of the Urban Renewal Authority, a Deputy Chairman of the Business and Professionals Federation of Hong Kong, a member of the Eleventh Zhejiang Province Committee of the Chinese People's Political Consultative Conference, a member of the Election Committee of the Hong Kong Special Administrative Region and an expert advisor of the Accounting Standards Committee of the Ministry of Finance, the People's Republic of China. Mr. Chow is currently an independent non-executive director of Melco International Development Limited (Stock Code: 200).

Prior to entering the commercial sector, Mr. Chow spent 11 years working for two major accounting firms, Deloitte Haskins & Sells and Price Waterhouse (as they were then known), respecitvely in London and Hong Kong. Mr. Chow was appointed as a Justice of Peace by the Chief Executive of the Hong Kong Special Adminstrative Region in July 2008. Mr. Chow was also an awardee of the Directors of the Year Award 2010 in the non-executive director of listed companies (SEHK — Hang Seng Index Constituents) category, awarded by the Hong Kong Institute of Directors.

Save as disclosed above, none of the Directors has been involved in any of the events described under Rule 13.51(2) (h) to (v) of the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**") for the year ended 31 December 2015.

SENIOR MANAGEMENT

Mr. Li Dekun (李德坤) ("**Mr. Li**"), aged 39, is the Assistant President of the Group, in charge of engineering, operations, design, quality, property, information, etc., and served as general manager of the Group's Construction Operations Department. Mr. Lee has over 13 years of experience in the construction and operation management and corporate real estate projects. Mr. Lee joined the Group in October 2013 as Assistant President. Prior to joining the Group, Mr. Lee during June 2011 to July 2013 as a listed company on the Stock Exchange Kaisa Group Holdings Limited (stock code: 1638), deputy general manager of group strategy Operations Center, Deputy General Manager of Foshan, responsible for the strategic expansion of the headquarters and operations management, Foshan area real estate project development. During 2004 to 2011, Mr. Lee served in both the Stock Exchange listed companies in the real estate ("**China Overseas Development**", stock code: 688), R & F Properties (stock code: 2777), is responsible for engineering and operations management. Lee graduated from Department of Civil Engineering, Tsinghua University, bachelor's degree in 1999 and exemption into the Civil Engineering Department of the University of Hong Kong to pursue postgraduate studies in the master's degree in engineering in 2001. Mr. Lee also holds Registered Structure Engineer in China and Registered Geotechnical Engineer Practicing Certificate.

Mr. LIU Yaofeng (劉耀峰) ("**Mr. Liu**"), aged 38, is the Assistant President of the Group, assisting the President of the Group in relation to finance. Mr. Liu has around 15 years of experience in real estate finance and financial management. Mr. Liu joined the Group in July 2014 and served as the general manager of the Finance Management Center of Redco (China) Real Estate Co., Ltd., and was promoted to the position of Assistant President in January 2016. Prior to joining the Group, Mr. Liu was the general manager of Capital Operation Center of Shenzhen LVGEM Real Estate Development Co., Ltd from July 2013 to July 2014, where he was responsible for external finance and capital management of the whole group. From April 2008 to July 2013, he was successively the Senior Head of Finance and the Chief Finance Officer of the business department of Shenzhen CATIC Real Estate Co., Ltd* (中航地產股份有限公司) (stock code: 000043) where he was responsible for the finance of the group and the overall financial management of the theme real estate business department. In July 2009, Mr. Liu obtained a master degree in business administration (MBA) from Shanghai Jiao Tong University (上海交通大學) in the PRC.

Ms. LIANG Wanchan (梁婉嬋) ("**Ms. Liang**"), aged 38, is our general manager of the finance department. Ms. Liang is responsible for the corporate finance and accounting of the Group. She has over 14 years of experience in corporate finance and internal auditing. Ms. Liang joined the Group as the chief financial officer of Redco (China) Real Estate Co., Ltd. in November 2010 and she has been responsible for the corporate finance and accounting of the group. Prior to joining the Group, she had served as assistant director of finance and investment management department of Hopson Development Holdings Limited (合生創展集團有限公司), a company listed on the Stock Exchange (stock code: 754), from September 2002 to October 2010, during which she was responsible for financial management of the group. Ms. Liang received a bachelor s degree in economics from the Renmin University of China in the PRC in July 2000.

Mr. YANG Honghai (楊洪海) ("**Mr. Yang**"), aged 39, is our general manager of the design department. Mr. Yang is responsible for the design management of the Group. He has over 14 years of experience in design work and design management. Mr. Yang joined the Group as a deputy general manager of design management department of Redco (China) Real Estate Co., Ltd. in January 2012 and was promoted to the general manager in July 2012 and he has been responsible for the daily operation of our design management department since then. Prior to joining the Group, he had previously served as a deputy manager of design engineering department of Taihua Real Estate (China) Co., Ltd. (泰華房地產(中國)有限公司), a company primarily engaged in property development from November 2009 to January 2012, and he was responsible for daily management of the department of design and construction. From February 2004 to October 2009, he was a project manager in Shenzhen Chenshimin Architects Co., Ltd. (深圳市陳世民建築事務所有限公司), a company primarily engaged in the urban design business, where he was responsible for the primary and overall planning as well as programme design. Mr. Yang received a diploma in industrial and civil engineering from the East China Jiaotong University (華東交通大學) in the PRC in July 1998.

Mr. LIANG Wei (梁崴) ("**Mr. Liang**"), aged 39, is our general manager of the cost control department. Mr. Liang is responsible for the cost control of the Group. He has over 10 years of experience in accounting settlement and over six years of experience in cost management. Mr. Liang joined the Group as a deputy general manager of the cost control department of Redco (China) Real Estate Co., Ltd. in October 2011 and was promoted to the general manager in July 2012, where he has been responsible for cost control of the Group. Prior to joining the Group, Mr. Liang had served as a director of cost management department of Shanghai Xinwan Investment Development Co., Ltd. (上海新灣投資發展有限公司), a subsidiary of Kaisa Group Holdings Limited (佳兆業集團), a company listed on the Stock Exchange (stock code: 1638), from February 2008 to August 2011, during which he was responsible for cost control, tender and budget management. Mr. Liang received a diploma in engineering from the Yangtze University (長江大學) in the PRC in June 2005.

Company Secretary

CHAN Hing Chau (陳慶疇) ("**Mr. Chan**"), aged 36, has been our company secretary since 28 October 2013. Mr. Chan is the authorised representative of the Company. Mr. Chan joined the Group as the general manger of finance department of Redco Holdings (Hong Kong) Co., Limited in March 2013. Prior to joining the Group, Mr. Chan was with PricewaterhouseCoopers from December 2004 to March 2013, during which he was promoted to a manager of assurance department. Mr. Chan obtained his bachelor's degree of arts in accountancy from The Hong Kong Polytechnic University in November 2004 in Hong Kong. He was also qualified as a member of Hong Kong Institute of Certified Public Accountants in July 2008.

CORPORATE GOVERNANCE REPORT

The Board is pleased to present this Corporate Governance Report for the year ended 31 December 2015 (the "**Review Period**").

Maintaining high standards of business ethics and corporate governance has always been one of the Group's prime tasks. It believes that conducting the Group's businesses in a transparent and responsible manner and following good corporate governance practices serve its long-term interests and those of its Shareholders.

(A) CORPORATE GOVERNANCE PRACTICES

The Company has adopted the code provisions of the Corporate Governance Code (the "**CG Code**") as its own code to govern its corporate governance practices. The Company has been conducting its business according to the principles of the CG Code set out in Appendix 14 to the Listing Rules during the year ended 31 December 2015.

During the year ended 31 December 2015, the Company has complied with the code provisions of the CG Code with the exception of Code Provision A.2.1 as set out in the paragraph headed "Chairman and Chief Executive" below.

The Board will continue to review and monitor the practices of the Company with an aim to maintaining and improving a high standard of corporate governance practices.

(B) DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "**Model Code**") as set out in Appendix 10 to the Listing Rules as its code of conduct regarding Directors' securities transactions. In response to a specific enquiry made by the Company, all Directors confirmed that they have complied with the Model Code during the year ended 31 December 2015.

(C) DIRECTORS

Board Composition

The Board currently consists of seven Directors, comprising three executive Directors and four independent non-executive Directors. As at the date hereof, the composition of the Board is set out as follows:

Executive Directors

Mr. Huang Ruoqing
Mr. Tang Chengyong
Mr. Hong Duxuan

Independent non-executive Directors

Dr. Wong Yau Kar, David BBS, JP
Mr. Chau On Ta Yuen
Mr. Yip Tai Him
Mr. Chow Kwong Fai, Edward, JP

The biographical information of the Directors and the relationships between the members of the Board are set out and disclosed in the section headed "Directors and Senior Management Profiles" of this annual report.

Roles and Responsibilities

The Board is responsible for determining our business and investment plans, preparing our annual financial budgets and final reports, formulating proposals for profit distributions as well as exercising other powers, functions and duties as conferred by the Memorandum and Articles of Association. Responsibilities relating to implementing decisions of the Board, directing and co-ordinating the daily operation and management of the Company are delegated to the management.

Directors must dedicate sufficient time and attention to the Group's affairs. Besides, the Company also requested all Directors to disclose to the Company annually the number and the nature of offices held in public companies or organizations and other significant commitments with an indication of the time involved.

Attendance Records of the Directors

At the Board meetings, the Directors discussed and formulated overall strategies for the Company, discussed and approved the financial budgets, annual results, dividends and other significant transactions of the Group. Issues relating to the daily management and operations of the Group have been delegated to the management of the Group.

Notices of Board meetings were given to all Directors at least 14 days prior to the meetings and all Directors are entitled to include items which they think fit for discussion in the agenda of the meetings.

Draft and final versions of the minutes of the Board and the committees' meetings were sent to the Directors and the committees' members for their comment and records respectively in a timely manner.

The individual attendance record of each director at the meetings of the Board, the Nomination Committee, Remuneration Committee, Audit Committee and the general meeting of the Company held during the Review Period is set out below:

	Board	Audit Committee	Nomination Committee	Remuneration Committee	Annual general meeting held on 26 June 2015
Number of Meetings	4	2	1	1	1
Executive Directors					
Mr. HUANG Ruoqing	4/4	N/A	1/1	1/1	1/1
Mr. TANG Chengyong	4/4	N/A	N/A	N/A	1/1
Mr. HONG Duxuan	4/4	N/A	N/A	N/A	1/1
Independent Non-executive Director					
Dr. WONG Yau Kar, David BBS, JP	4/4	2/2	1/1	N/A	1/1
Mr. CHAU On Ta Yuen	4/4	2/2	1/1	1/1	1/1
Mr. YIP Tai Him	4/4	2/2	N/A	1/1	1/1
Mr. CHOW Kwong Fai, Edward JP	4/4	2/2	N/A	N/A	1/1

Apart from the regular Board meeting, Mr. Huang Ruoqing, the president of the Company, also held one meeting with the independent non-executive Directors without other executive Directors present during the year ended 31 December 2015.

Independence of the independent non-executive Directors

During the year ended 31 December 2015, in compliance with the requirement of Rule 3.10A of the Listing Rules, the Company has appointed four independent non-executive Directors in the Board, representing more than half of the Board, with two of them possessing appropriate professional qualifications or accounting or related financial management expertise. Based on the foregoing, the Board considers that the balance between executive Directors and independent non-executive Directors is reasonable and adequate to provide sufficient checks and balances that safeguard the interests of Shareholders and the Group as a whole.

The Company has received from each of the independent non-executive Directors a written confirmation of his independence pursuant to Rule 3.13 of the Listing Rules. The Board considers that all independent non-executive Directors independent. The Board believes that there is a strong independent element in the Board to safeguard the interest of Shareholders.

All Directors, including independent non-executive Directors, are clearly identified in all corporate communications of the Company. A list of Directors is available on the websites of the Company and the Stock Exchange and will be updated, where necessary.

Induction and Development

Directors must keep abreast of their collective responsibilities. All Directors received an induction package covering the regulatory obligations of a director of a listed company. The Company also plans to provide briefings and other training to develop and refresh the Directors' knowledge and skills. The Company shall provide (a) the Directors the update on the material changes to the Listing Rules and other applicable regulatory requirements; and (b) the employees of the Group abreast of updates in the anti-bribery laws and regulations. The Directors shall 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. Circulars and guidance notes may be issued to Directors and senior management of the Company where appropriate, to ensure awareness of best corporate governance practices.

The Company has put in place an on-going training and professional development programme for Directors. During the year ended 31 December 2015, all Directors received regular briefings and updates on the Group's business, operations, risk management and corporate governance matters. All Directors provided the Company with their respective training records pursuant to the CG Code.

(D) CHAIRMAN AND CHIEF EXECUTIVE

Pursuant to code provision A.2.1, the roles of chairman and chief executive should be separate and should not be performed by the same individual. During the Reporting Period, there is no Chairman in the Company. Mr. Huang Ruoqing has acted as President and is responsible for the day-to-day management and operations of the Group. The Board does not have the intention to fill the position of chairman at present and believes that the absence of a Chairman will not have adverse effect to the Company, as decisions of the Company will be made collectively by the executive Directors. The Board will keep reviewing the current structure of the Board and the need of appointment of a suitable candidate to perform the role of Chairman.

(E) ELECTION OF DIRECTORS

Each of the independent non-executive Directors entered into a letter of appointment with the Company for a term of three years with effect from 30 January 2014. Whereas, each of the executive Directors entered into a service contract with the Company under which they agreed to act as executive Directors for an initial term of three years commencing from January 2014.

Code provision A.4.2 states that all directors appointed to fill a casual vacancy shall be subject to election by shareholders at the first general meeting after appointment and that every director, including those appointed for a specific term, shall be subject to retirement by rotation at least once every three years. Three Directors will retire, and being qualified, have offered to be re-elected at the annual general meeting of the Company to be held on Friday, 24 June 2016 (the "**Annual General Meeting**").

(F) BOARD COMMITTEES

The Board is responsible for performing the corporate governance duties including:

a) to develop and review the Company's policies and practices on corporate governance and make recommendations to the Board;

b) to review and monitor the training and continuous professional development of Directors and senior management;

c) to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;

d) to develop, review and monitor the code of conduct applicable to Directors, senior management and employees of the Company; and

e) to review the Company's compliance with the CG Code and disclosure in this report.

During the year ended 31 December 2015, the Board reviewed the Company's corporate governance policies and practices, training and continuous professional development of Directors and senior management, the Company's policies and practices on compliance with legal and regulatory requirements, the compliance of the Model Code, and the Company's compliance with the CG Code and disclosure in 2014 corporate governance report of the Company.

In compliance with the CG Code, the Company established three committees, namely the Audit Committee, the Remuneration Committee and the Nomination Committee. Those committees perform their distinct roles in accordance with their respective terms of reference which are available on the websites of the Company and the Stock Exchange.

Audit Committee

The Company established an Audit Committee on 14 January 2014 with written terms of reference in compliance with Rule 3.21 of the Listing Rules and paragraph C3 of the CG Code. As at the date hereof, the Audit Committee consists of four independent non-executive Directors, namely Mr. Chow Kwong Fai, Edward, JP (being the chairman of the Audit Committee who has a professional qualification in accountancy), Mr. Yip Tai Him, Dr. Wong Yau Kar, David BBS, JP and Mr. Chau On Ta Yuen. The primary duties of the Audit Committee are to assist the Board by providing an independent view of the effectiveness of the financial reporting system, risk management and internal control systems of the Group, to oversee the audit process, to develop and review the policies of the Group and to perform other duties and responsibilities as assigned by the Board. In particular, the Audit Committee is empowered under its terms of reference to review any arrangement which may raise concerns about possible improprieties in financial reporting, internal control or other matters.

During the year ended 31 December 2015, two meetings of the Audit Committee were held to review annual results and report for the year ended 31 December 2014, interim financial results and report for the six months ended 30 June 2015, appointment of external auditors, the internal control of the Group and the amendments to the terms of reference of the Audit Committee in accordance with the amendments to Appendix 14 of the Listing Rules with effect from 1 January 2016. The external auditors attended the meetings. The attendance records of the Audit Committee are set out in the section headed "Attendance Records of the Directors".

Remuneration Committee

The Company established a Remuneration Committee on 14 January 2014 with written terms of reference in compliance with Rule 3.25 of the Listing Rules and paragraph B1 of the CG Code. The Remuneration Committee consists of three members, being Mr. Yip Tai Him, Mr. Chau On Ta Yuen and Mr. Huang Ruoqing, two of whom are independent non-executive Directors. The Remuneration Committee is chaired by Mr. Yip Tai Him. The primary duties of the Remuneration Committee include (but without limitation): (i) making recommendations to the Directors regarding the policy and structure for the remuneration of all the Directors and senior management and on the establishment of a formal and transparent procedure for developing remuneration policies; (ii) making recommendations to the Board on the remuneration packages of the Directors and senior management; (iii) reviewing and approving the management's remuneration proposals with reference to the Board's corporate goals and objectives; and (iv) considering and approving the grant of share options to eligible participants, if any, pursuant to the Share Option Scheme.

There is one meeting of the Remuneration Committee held during the year ended 31 December 2015 to review and make recommendations to the Board on the existing remuneration packages of all Directors and senior management. The attendance records of the Remuneration Committee are set out in the section headed "Attendance Records of the Directors".

The remuneration of senior management of the Company was within the following bands:

	Number of individuals	
The emolument bands (in RMB)	2014	2015
0-1,000,000	12	9
1,000,001-2,000,000	1	4

Nomination Committee

The Company established a Nomination Committee on 14 January 2014 with written terms of reference. The Nomination Committee consists of three members, being Mr. Huang Ruoqing, Mr. Wong Yau Kar, David BBS, JP and Mr. Chau On Ta Yuen. Two of the members are the independent non-executive Directors. The Nomination Committee is chaired by Mr. Huang Ruoqing. The primary function of the Nomination Committee is to make recommendations to the Board on the appointment of members of the Board.

There is one meeting of the Nomination Committee held during the year ended 31 December 2015 to assess the independence of independent non-executive Directors and review the re-appointment of Directors at the annual general meeting held on 26 June 2015. The attendance records of the Nomination Committee are set out in the section headed "Attendance Records of the Directors".

Further, the board diversity policy (the "**Policy**") was adopted by the Company on 28 January 2014. The purpose of the Policy is to set out the basic principles to be followed to ensure that the Board has the appropriate balance of skills, experience and diversity of perspectives necessary to enhance the effectiveness of the Board and to maintain high standards of corporate governance. Selection of Board candidates shall be based on a range of diversity perspectives with reference to the Company's business model and specific needs, including but not limited to gender, age, race, language, cultural background, educational background, industry experience and professional experience. The Nomination Committee shall review the policy and the measurable objectives at least annually, and as appropriate, to ensure the continued effectiveness of the Board.

On 28 January 2014, the Board discussed the above measurable objectives, including but not limited to skills, knowledge, professional experience and cultural and educational background, and agreed that these measurable objectives were achieved for the diversity of the Board which contributed to the corporate strategy and the business development of the Company.

(G) AUDITORS' REMUNERATION

The Board is responsible for presenting a balanced and clear assessment of the Group's performance and prospects. The Directors acknowledged their responsibility for preparing the accounts 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 basis.

A statement by the auditor of the Company in respect of their reporting responsibilities on the financial statements of the Group is set out in the independent auditor' report from pages 46.

The remuneration paid to PricewaterhouseCoopers, the Company's auditor for the year ended 31 December 2015 amounted to RMB2,859,000 and RMB464,000 in respect of the audit and non-audit services fees (including interim review service), respectively, during the year under review.

There is no disagreement between the Board and the Audit Committee regarding the selection, appointment, resignation or dismissal of external auditors.

(H) INTERNAL CONTROL

The Board is responsible for the internal control of the Group and for reviewing its effectiveness. Procedures have been designed for safeguarding assets against unauthorized use or disposition, the maintenance of proper accounting records for the provision of reliable financial information for internal use or for publication and the compliance of applicable laws, rules and regulations.

The Board adopted an anti-bribery policy with a specific focus on the Company's principal business, property development, and circulated such policy to the management of its various departments. The policy sets out suggestions and recommendations to handle suspected bribery activities as they arise under different circumstances, such as the standards and attitudes to be observed when dealing with governmental authorities and officials during the public tender, listing-for-sale and auction of land, with a view to preventing the Group or any of its senior management and employees to be implicated in bribery incidents.

During the Review Period, the Board conducted a review of the effectiveness of the internal control system of the Group. The assessment was made by discussion with the management of the Group, its external auditors and its internal control team and the review performed by the Audit Committee.

The Group's internal control team is responsible for regulating and reviewing the internal control and compliance-related matters of the Company and conducting comprehensive audits of all branches and subsidiaries of the Company on a regular basis.

(I) COMPANY SECRETARY

The Company appointed Mr. Chan Hing Chau as its company secretary. Mr. Chan has confirmed that for the year under review, he has taken no less than 15 hours of relevant professional training. The biographical details of Mr. Chan are set out on page 13 of this annual report.

Mr. Chan is an employee of the Company. He is also the General Manager of Finance Department of Redco Holdings (Hong Kong) Co., Limited which is the wholly-owned subsidiary of the Company.

(J) SHAREHOLDERS' RIGHT

Procedures for Shareholders to convene an extraordinary general meeting

- Any one or more Shareholders holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company (the "**Eligible Shareholder(s)**") shall at all times have the right, by written requisition to the Board or the company secretary of the Company (the "**Company Secretary**"), to require an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition, including making proposals or moving a resolution at the extraordinary general meeting.
- Eligible Shareholders who wish to convene an extraordinary general meeting for the purpose of making proposals or moving a resolution at the extraordinary general meeting must deposit a written requisition (the "**Requisition**") signed by the Eligible Shareholder(s) concerned to the principal place of business of the Company in Hong Kong at Level 54, Hopewell Centre, 183 Queen's Road East, Hong Kong, for the attention of the Company Secretary.
- The Requisition must state clearly the name of the Eligible Shareholder(s) concerned, his/her/their shareholding in the Company, the reason(s) to convene an extraordinary general meeting, the agenda proposed to be included and the details of the business(es) proposed to be transacted in the special general meeting, signed by the Eligible Shareholder(s) concerned.
- The Company will check the Requisition and the identity and the shareholding of each Eligible Shareholder will be verified with the Company's branch share registrar in Hong Kong. If the Requisition is found to be proper and in order, the Company Secretary will ask the Board to convene an extraordinary general meeting within 2 months and/or include the proposal or the resolution proposed by the Eligible Shareholder(s) at the extraordinary general meeting after the deposit of the Requisition. On the contrary, if the Requisition has been verified as not in order, the Eligible Shareholder(s) concerned will be advised of this outcome and accordingly, the Board will not call for an extraordinary general meeting and/or include the proposal or the resolution proposed by the Eligible Shareholder at the extraordinary general meeting.
- If within 21 days of the deposit of the Requisition the Board has not advised the Eligible Shareholder(s) of any outcome to the contrary and fails to proceed to convene such extraordinary general meeting, the Eligible Shareholder(s) himself/herself/themselves may do so in accordance with the Memorandum and Articles of Association, and all reasonable expenses incurred by the Eligible Shareholder(s) concerned as a result of the failure of the Board shall be reimbursed to the Eligible Shareholder(s) concerned by the Company.

Putting Forward Enquiries to the Board

Shareholders may put forward their written enquiries to the Board. In this regard, Shareholders may send those enquiries or requests as mentioned to the following:

Address:	Room 2001-2, Enterprise Square 3 39 Wang Chiu Road, Kowloon Bay Kowloon, Hong Kong
Fax:	(852) 2758 8392
Telephone:	(852) 2331 2839

Procedures for putting forward proposals at general meetings

There are no provisions allowing Shareholders to propose new resolutions at the general meetings under the Cayman Islands Companies Law (2012 Revision). However, Shareholders who wish to propose resolutions may follow Article 64 of the Articles of Association for requisitioning an extraordinary general meeting and including a resolution at such meeting. The requirements and procedures are set out in the section headed "Procedures for Shareholders to convene an extraordinary general meeting" in this report.

(K) INVESTOR RELATIONS

The management of the Company believes that effective and proper investor relations play a vital role in creating Shareholders' value, enhancing the corporate transparency as well as establishing market confidence. As such, the Company has adopted a stringent internal control system to ensure true, accurate and complete disclosure of information. The management of the Company has proactively taken and will continue to take the following measures to ensure effective Shareholders' communication and transparency:

- the President of the Company, the respective chairmen of Audit Committee, Remuneration Committee, Nomination Committee, or, in their absence, other members of the respective committees, will make themselves available at the annual general meetings to meet Shareholders and answer their enquiries;
- regularly update the Company's news and developments of the Company's website;
- arrange on-site visits to the Group's projects for potential investors and research analysts.

Through the above measures, the Company endeavors to communicate with the investment community and provide them with the latest development of the Group and the PRC real estate industry. The Company will disclose information in compliance with the Listing Rules, and publish periodic reports and announcements to the public in accordance with the relevant laws and regulations. The primary focus of the Company is to ensure information disclosure is timely, fair, accurate, truthful and complete, thereby enabling Shareholders, investors as well as the public to make rational and informed decisions.

There was no significant change in the Company's constitutional documents during the year ended 31 December 2015. Should there be such significant changes in the constitutional documents, the Company shall upload the revised version onto the websites of the Stock Exchange and the Company in due course.

The Board hereby presents its report together with the audited consolidated financial statements of the Group for the year ended 31 December 2015.

PRINCIPAL ACTIVITIES AND GEOGRAPHICAL ANALYSIS OF OPERATIONS

The Company is an investment holding company. The Group is principally engaged in the property development business in the People's Republic of China. During the year, there were no significant changes in the nature of the Group's principal activities.

The activities of the subsidiaries of the Company are set out in Note 13a to the consolidated financial statements.

An analysis of the Group's performance for the year by operating segments is set out in Note 5 to the consolidated financial statements.

BUSINESS REVIEW

Overview

The Group is an integrated property developer focusing on mid-to-high-end residential and commercial property development in the PRC. The Group has been upholding the operating philosophy of signature architecture with tremendous honour (精端著造、傳世榮耀) and has executed our multi-regional strategy through its sound and pragmatic approach to business, the forward-looking plans for strategic investment, quality products and operational efficiency. As of today, the Group became an integrated developer with competitiveness and regional brand recognition. For 2014 and 2015, our revenue was RMB3,502.8 million and RMB3,378.2 million, respectively. And our profit for the year ended 31 December 2014 and 2015, attributable to equity holders of the Company was RMB347.2 million and RMB401.0 million, respectively.

The Group has consistently persisted in a prudent financial strategy to maintain a reasonable capital structure and gearing level. In 2015, the Group introduced Nanchang Municipal Public Real Estate Group Limited* (南昌市政公用房地產集團有限公司) (the "**Nanchang Municipal**") as a strategic investor in a timely manner, thereby further improving its debt structure. As at 31 December 2014 and 2015, the Group's cash and cash equivalents were RMB951.5 million and RMB1,689.1 million, respectively and the net gearing ratio was 42% and 23%, respectively.

Following the execution of the investment strategy of expansion into the first-tier cities and further development into the strategically targeted second-tier cities (大力拓展一線城市，深耕已進入的強二線城市), we have successfully established our presence in various key cities with high growth potential for development in the Pearl River Delta Region, the Yangtze River Delta Region, middle reaches of the Yangtze River and the Bohai Rim, including Shenzhen, Guangzhou, Shanghai, Hefei, Nanchang, Jinan, Yantai, Tianjin and so forth. The Group has been adhering to a flavourable strategy of forming alliance(s) with state-owned enterprise(s) with strong capabilities, to provide professional management experience and acquiring quality land through product quality and operational efficiency. The Group acquires land through a flexible combination of bidding, auction and listing-for-sale, the acquisition and merger of new projects and urban renewal so as to ensure that the Group has the ability to support its expansion and primary land development.

In an increasingly competitive environment of the real estate industry, the Group, on one hand, constantly optimises its product mix to meet the market demand with high return for its working capital. On the other hand, the Group effectively reduces its operation costs through meticulous cost control and the diversification of financing channels so as to maintain a steady enhancement of the Group's overall competitiveness.

Following many years of establishing and strengthening the Group's brand, we believe that the Group has successfully established the "Redco" brand in the cities where we have put efforts in development:

- In 2015, the Group was recognised as "2015 Top 10 Hong Kong Listed Domestic Developers Worthy of Investment" (2015中國大陸在港上市房地產公司投資價值TOP 10) by the Enterprise Development Research Center of the State Council (國務院發展研究中心企業研究所), the Real Estate Research Institute of Tsinghua University (清華大學房地產研究所) and the China Index Academy (中國指數研究院).
- In 2015, the Group received the "2015 Highest Growth Value Award" (2015最具成長價值獎) from China Finance Summit Organising Committee (中國財經峰會組委會).
- In 2015, the Group was recognised as one of the "2015 Top 100 PRC Real Estate Companies" in terms of overall strength (2015年中國房地產業綜合實力100強) by Chinese Real Estate Federation (中國房地產業聯合會), China Industry Information Statistics Association (中國行業信息統計協會) and the Centrechina.com (焦點中國網).
- The Group was recognised as one of "Top 100 PRC Real Estate Developers" (中國房地產百強企業) by the Enterprise Development Research Center of the State Council (國務院發展研究中心企業研究所), the Real Estate Research Institute of Tsinghua University (清華大學房地產研究所) and the China Index Academy (中國指數研究院) for four consecutive years since 2010.
- In 2013, the Group was recognised as "2013 Top 10 Brands of South China Real Estate Companies" (2013中國華南房地產公司品牌價值TOP10) by the Enterprise Development Research Center of the State Council (國務院發展研究中心企業研究所), the Real Estate Research Institute of Tsinghua University (清華大學房地產研究所) and the China Index Academy (中國指數研究院).

Our Property Development Projects

As at 31 December 2015, our property portfolio comprised 19 property development projects with an aggregate gross floor area (the "**GFA**") of 3,777,243.6 square metres (the "**sq.m.**") under various stages of development in various cities in the PRC. The following table sets forth a summary of our property development projects as at 31 December 2015:

Project	Site area[1] *(sq.m.)*	Total GFA[2] *(sq.m.)*	Total GFA under various stage of development remaining unsold[3] *(sq.m.)*
NANCHANG			
Crown International 皇冠國際	53,673.2	271,040.4	—
Crowne Plaza Nanchang Riverside Hotel 力高皇冠假日酒店	4,636.7	57,986.8	57,986.8
Spain Standard 力高國際城	466,665.3	908,932.6	50,159.2
Riverside International 濱江國際	37,345.7	204,600.6	20,274.4
Bluelake County 瀾湖郡	135,285.0	286,794.7	214,904.3
Riverlake International 濱湖國際	68,373.0	205,846.3	175,053.5
Imperial Mansion 君御華府	41,994.5	109,826.6	109,826.6
Imperial Metropolis 君御都會	84,093.3	227,119.0	227,119.0
TIANJIN			
Sunshine Coast 陽光海岸	481,394.0	1,475,226.0	1,454,160.7
Land Lot Nos. A1 and A2 A1及A2號地塊	69,336.2	55,469.0	55,469.0
JINAN			
Redco International 力高國際	54,162.0	226,076.9	19,395.2
Splendid the Legend 盛世名門	51,675.2	205,813.6	9,265.8
Scenery Holiday 假日麗景	34,934.9	87,545.2	1,789.4
Bluelake County[4] 瀾湖郡[4]	68,066.0	237,534.7	237,534.7
YANTAI			
Sunshine Coast - Phase I 陽光海岸第一期	51,693.7	186,470.8	186,470.8

Project	Site area[1] *(sq.m.)*	Total GFA([2] *(sq.m.)*	Total GFA under various stage of development remaining unsold[3] *(sq.m.)*
HEFEI			
Mix Kingdom Redco 力高•共和城	395,596.4	871,735.3	317,972.9
Prince Royal Family 君御世家	88,025.5	299,699.5	299,699.5
XIANYANG			
Royal City - Phsae I 御景灣-第一期	69,466.8	237,012.8	162,521.8
SHENZHEN			
Royal International 君御國際	33,035.3	177,640.0	177,640.0
TOTAL			3,777,243.6

1. Information for "Site area" is based on relevant land use rights certificates, land grant contracts, tender documents, or other relevant agreements (as the case may be).

2. "Total GFA" is based on surveying reports, construction works commencement permits and/or construction works planning permits or the relevant land grant contract and/or public tender, listing-for-sale or auction confirmation letter.

3. "Total GFA under various stages of development remaining unsold" include the GFA of the completed projects remaining unsold, GFA of project under development and the GFA of projects for future development.

4. On 22 October 2015, the Group entered into a land grant contract relating to a new project in Jinan given that the Group won that the public tender. The total GFA remaining unsold included the area for residential properties, commercial properties, carparks, civil air defense carpark and ancillary. The total consideration for such acquisition is RMB321.1 million.

Financial Review

Revenue

Our revenue decreased by 3.6% to RMB3,378.2 million for the year ended 31 December 2015 from RMB3,502.8 million for the year ended 31 December 2014. This decrease was primarily due to a 16.8% decrease in our GFA delivered to 434,709 sq.m. for the year ended 31 December 2015 from 522,323 sq.m. for the year ended 31 December 2014. The decrease in our GFA delivered was primarily due to the decrease in GFA delivered for Redco International in Jinan, Mix Kingdom Redco, partially offset by an increase in the GFA delivered for Bluelake County in Nanchang and Sunshine Coast in Tianjin. Our recognised average selling price (the "**ASP**") for properties delivered increased to RMB6,828 for the year ended 31 December 2015 from RMB6,706 for the year ended 31 December 2014. The increase in our recognised ASP for properties delivered was primarily due to the increase in the revenue attributable to Bluelake County in Nanchang.

The following table sets out a breakdown of the Group's revenue, GFA delivered and recognised ASP by geographical segments:

	For the year ended 31 December					
	2015	2014	2015	2014	2015	2014
	Revenue (RMB'000)		*GFA Delivered (sq.m.)*		*Recognised ASP (RMB per sq.m.)*	
Greater Western Taiwan Straits Economic Zone	**1,899,987**	1,578,227	**255,043**	214,298	**7,450**	7,365
Central and Western Regions	**599,452**	715,864	**118,087**	155,549	**5,076**	4,602
Bohai Economic Rim						
- Primary land development*	**392,500**	—	**—**	—	**—**	—
- Properties sale	**468,537**	1,208,713	**61,579**	152,476	**7,609**	7,927
Pearl River Delta Region	**—**	—	**—**	—	**—**	—
Others	**17,741**	—	**—**	—	**—**	—
Subtotal	**3,378,217**	3,502,804	**434,709**	522,323	**6,828**	6,706

* *Primary land development represents the sea reclamation works in Tianjin.*

A summary of our segment results is set forth below:

- Greater Western Taiwan Straits Economic Zone: Our segment revenue for the Greater Western Taiwan Straits Economic Zone increased by 20.4% to RMB1,900.0 million for 2015 from RMB1,578.2 million for 2014. The increase was primarily attributable to the increase in GFA delivered for Bluelake County in Nanchang, a property development project for which we began to recognise revenue from sales in 2015, partially offset by the decrease in GFA delivered for Riverside International in Nanchang.
- Central and Western Regions: Our segment revenue for the Central and Western Regions decreased by 16.3% to RMB599.5 million for 2015 from RMB715.9 million for 2014. The decrease was primarily due to the decrease in the GFA delivered for Mix Kingdom Redco in Hefei.
- Bohai Economic Rim: Our segment revenue for the Bohai Economic Rim decreased by 28.8% to RMB861.0 million for 2015 from RMB1,208.7 million for 2014. The decrease was attributable to the decrease in GFA delivered for Redco International in Jinan, partially offset by the increase in GFA delivered for Sunshine Coast and the income generated from the sea reclamation works in Tianjin.

- Pearl River Delta Region: There was only one project in this region during the year which is still under development. There was no revenue for the two years ended 31 December 2014 and 2015.
- Others: It mainly represents our headquarters at Shenzhen and the revenue generated from the property management business which the Group acquired in January 2015.

Cost of sales

Cost of sales decreased by 10.4% to RMB2,290.0 million for 2015 from RMB2,556.5 million for 2014. This decrease was primarily due to the decrease in cost of properties sold as a result of the decrease in GFA delivered to 434,709 sq.m. for 2015 from 522,323 sq.m. for 2014, partially offset by (i) the decrease in average land costs per sq.m. delivered to RMB917 for 2015 from RMB1,004 for 2014; and (ii) the decrease in average construction costs per sq.m. delivered to RMB3,062 for 2015 from RMB3,366 for 2014.

The decrease in average land costs per sq.m. delivered was primarily due to the decrease in the GFA delivered for Redco International in Jinan with a relatively high land acquisition costs in 2015. The higher construction cost of Redco International in Jinan is mainly due to additional insulation works that need to be done for the outside walls of the residential properties in the cities throughout North China.

Gross profit

Gross profit increased by 15.0% to RMB1,088.2 million for 2015 from RMB946.3 million for 2014. Our gross profit margin increased to 32.2% for 2015 from 27.0% for 2014. This increase was primarily attributable to the higher gross profit margin for Spain Standard in Nanchang and the sea reclamation works in Tianjin in 2015.

Other gains/(losses), net

Other gains increased to RMB31.5 million for 2015 from a loss of RMB20.3 million for 2014. The other gains were primarily attributable to the exchange gains of RMB27.4 million in 2015 and exchange loss of RMB17.9 million in 2014.

Selling and marketing expenses

Selling and marketing expenses increased by 32.4% to RMB109.6 million for 2015 from RMB82.8 million for 2014. Selling and marketing expenses mainly represent the promotion of our properties. This increase was primarily due to the increase in the marketing promotion activities for the projects which has commenced, or will commence, sales in 2015 and 2016. The ratio of selling and marketing expenses to contracted sales of the Group slightly increased to 2.7% for 2015 from 2.6% for 2014.

General and administrative expenses

General and administrative expenses increased by 37.1% to RMB169.9 million for 2015 from RMB123.9 million for 2014. This increase was primarily due to the increase in employee benefit expenses and the share based payment expenses due to the issue of Shares in December 2015. The general and administrative expenses as a percentage of revenue increased to 5.0% for 2015 from 3.5% for 2014.

Impairment of goodwill

Impairment of goodwill increased by 7.7% to RMB26.6 million for 2015 from RMB24.7 million for 2014. Such goodwill represents certain premium paid in connection with our acquisition of an 80.0% equity interest in Changfeng Lianhua Real Estate Co., Ltd which holds Mix Kingdom Redco in Hefei and 100% equity interest in Jiangxi Hengfeng Property Services Co., Ltd which is engaged in the property management business.

Operating profit

As a result of the above, our operating profit increased by 17.2% to RMB813.7 million for 2015 from RMB694.4 million for 2014.

Finance income

Finance income decreased by 12.2% to RMB15.1 million for 2015 from RMB17.2 million for 2014. This decrease was primarily attributable to the decrease in interest income from bank deposits since the Group held lower average cash balances during the year.

Finance costs

Finance costs increased by 17.2% to RMB3.4 million for 2015 from RMB2.9 million for 2014 which mainly due to a 54.1% increase in the interest of the loan being capitalised in the properties under development, partially offset by the 53.7% increase in the interest expense due to the increase in borrowings during the year.

Share of loss of a joint venture

Share of loss of a joint venture decreased by 22.6% to RMB4.1 million for 2015 from RMB5.3 million for 2014. The decrease was primarily due to the decrease in share of loss related to Redco Industry (Jiangxi) Co., Limited, which holds the Crowne Plaza Nanchang Riverside Hotel in Nanchang, as a result of the improved performance of its hotel operations.

Profit before income tax

As a result of the above, profit before income tax increased by 16.7% to RMB821.3 million for 2015 from RMB703.5 million for 2014.

Income tax expense

Income tax expense increased by 31.2% to RMB427.6 million for 2015 from RMB325.8 million for 2014. The increase was primarily due to an increase in EIT as a result of increase in profit before tax, an increase in LAT as a result of the higher gross profit margin. The increase in the effective tax rate to 52.1% for 2015 from 46.3% for 2014 was primarily attributable to the increase in LAT provision and LAT paid to RMB149.8 million for 2015 from RMB87.3 million for 2014, which was mainly due to the relatively higher average gross profit achieved from the sales of the property development projects in 2015.

Profit for the year

As a result of the above, profit for the year increased slightly by 4.2% to RMB393.6 million for 2015 from RMB377.7 million for 2014. The profit for the year mainly arose from the profit in Greater Western Taiwan Straits Economic Zone for RMB361.8 million, Central and Western Regions for RMB63.9 million, Bohai Economic Rim for RMB124.6 million, partially offset by the loss in Pearl River Delta Region for RMB32.4 million and Others segment for RMB124.2 million.

Profit for the year attributable to the equity holders of the Company

As a result of the above, profit for the year attributable to equity holders of the Company increased by 15.5% to RMB401.0 million for 2015 from RMB347.2 million for 2014. Profit attributable to non-controlling interests decreased by 124.3% to a loss of RMB7.4 million for 2015 from RMB30.5 million for 2014 as we shared the profit for 2014 from the GFA delivered for Mix Kingdom Redco in which we hold a 80% equity interest, whereas for 2015, most of our loss comes from those projects in which we have 100% equity interest.

Liquidity and Capital Resources

Cash position

The Group had cash and cash equivalents of approximately RMB1,689.1 million (2014: RMB951.5 million) and restricted cash of RMB668.8 million (2014: RMB355.4 million) as at 31 December 2015. As at 31 December 2015, the Group's cash and cash equivalents were denominated in the Hong Kong dollar ("**HK$**"), RMB and the United States dollar ("**US$**").

Capital Structure

During the year ended 31 December 2015, the Group managed to strength its capital base through equity financing exercise. On 29 December 2015, the Group raised aggregate net proceeds of HK$778.3 million by way of subscription (the "**Subscription**") of 175,804,661 new ordinary shares of the Company (the "**Subscription Shares**") by Nanchang Municipal under specific mandate, at a subscription price of HK$4.43 per Subscription Share, representing a discount of approximately 16.10% to the closing price of HK$5.28 per Share as quoted on the Stock Exchange on 30 October 2015, being the last trading day immediately prior to the date of the subscription agreement dated 2 November 2015 (the "**Subscription Agreement**"). Completion of the Subscription was subject to certain conditions precedent, including but not limited to the independent Shareholders approving the specific mandate, the Subscription Agreement and the transactions contemplated thereunder at the extraordinary general meeting of the Company held on 25 December 2015. Details of which are set out in the circular of the Company dated 10 December 2015. The aggregate nominal value of the Subscription Shares amounted to HK$17,580,466.10. The net subscription price amounted to approximately HK$4.43 per Subscription Share. Apart from raising additional funds, the Subscription enables the Company to leverage on the networks of Nanchang Municipal for the development of the Company's business and enhancement of the Company's market competitiveness. To the best knowledge of the Directors, Nanchang Municipal is an integrated group principally engaged in real estate development and sales, municipal infrastructure, landscape engineering and provision of exhibition services and, as at the date of this report, held a 49% equity interest in 江西政力房地產開發有限公司 (Jiangxi Zhengli Property Development Co., Ltd*), an indirect non wholly-owned subsidiary of the Company. It is expected that approximately 90% of such net proceeds is intended to be used for development of new projects and approximately 10% is intended to be used as working capital of the Group for general corporate purposes. As at 31 December 2015, such proceeds have not been utilised by the Group.

Borrowings

The Group had borrowings of approximately RMB3,220.5 million (2014: RMB2,761.4 million) as at 31 December 2015. The following table sets out the maturity profile of the Group's borrowings as at the dates indicated.

	As at 31 December	
	2015	2014
	RMB'000	RMB'000
Amounts of borrowings that are repayable:		
- Within 1 year	**265,252**	538,219
- Between 1 and 2 years	**1,179,494**	1,211,001
- Between 2 and 5 years	**1,775,794**	1,012,224
	3,220,540	2,761,444

As at 31 December 2015, the Group's bank borrowings were denominated in RMB, HK$ and US$.

To further diversify the Company's financing channels, the Company as borrower entered into a facility agreement (the "**Facility Agreement**") with a group of financial institutions as lenders on 13 March 2015, pursuant to which the lenders have agreed to make available to the Company a US$ denominated transferrable term loan facility in an aggregate amount of US$65 million, with a term of 36 months from the date of such agreement and an interest rate equal to LIBOR plus 4.50% per annum. Such loan facility was subsequently increased to US$75 million following the participation of an acceded lender on 6 May 2015. It is provided in the Facility Agreement that an event of default will occur if, among other things, (a) Mr. Huang and Mr. Wong Yeuk Hung ("**Mr. Wong**") individually or collectively do not or cease to hold (directly or indirectly) 50% or more of the beneficial shareholding interest, carrying 50% or more of the voting rights, in the issued share capital of the Company; or (b) Mr. Huang is not or ceases to be the president and/or an executive director of the Company. Upon 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 (as defined in the Facility Agreement), by notice to the Company: (i) immediately cancel all or any part of the Commitments (as defined in the Facility Agreement); (ii) declare that all or part of the Loans (as defined in the Facility Agreement) together with interest accrued thereon, and all other amounts accrued or outstanding under the Finance Documents (as defined in the Facility Agreement) be immediately due and payable; (iii) declare that all or part of the Loans be payable on demand, where they shall immediately become payable on demand by the Facility Agent on the instructions of the Majority Lenders; and/or (iv) subject to the Intercreditor Agreement (as defined in the Facility Agreement), notify the Common Collateral Agent (as defined in the Facility Agreement) to exercise any or all of its rights, remedies, powers or discretions under the Finance Documents and in respect of the Transaction Security (as defined in the Facility Agreement).

On 23 December 2015, the Company completed the consent solicitation and obtained requisite consents from holders of its 13.75% senior notes due 2019 to certain proposed amendments to the provisions set out in the indentures which gives the Company greater flexibility to pursue business opportunities and implement its business plans in the future.

Other performance indicators

Net gearing ratio

As at 31 December 2015, the Group's net gearing ratio was 23% (2014: 42%). The gearing ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings less cash and bank balance (including cash and cash equivalents and restricted cash). Total capital is calculated as total equity, as shown in the consolidated balance sheet, plus net debt.

Net current assets and current ratio

As at 31 December 2015, the Group's net current assets amounted to approximately RMB5,518.3 million (2014: RMB4,008.6 million). The Group's current ratio, calculated as current assets divided by current liabilities, was approximately 1.7 times (2014: 1.8 times).

Cost of borrowings

The Group's average annual cost of borrowings (calculated by dividing total interest expenses incurred or capitalised by average borrowings during the relevant year) was 9.6% per annum in 2015 as compared with 9.2% per annum in 2014.

Contingent Liabilities

The Group had the following contingent liabilities in respect of financial guarantees on mortgage facilities at the end of each of the following reporting periods:

	As at 31 December	
	2015 RMB'000	2014 RMB'000
Guarantees in respect of mortgage facilities for certain purchasers of the Group's properties	3,409,724	2,801,078

The Group has arranged bank financing for certain purchasers of the Group's properties and provided guarantees to secure obligations of such purchasers for repayments. Such guarantees will terminate upon the earlier of (i) the transfer of the real estate ownership certificate to the purchaser which will generally occur within an average period of six months to three years from the completion of the guarantee registration; or (ii) the satisfaction of mortgage loans by the purchasers of the properties.

Pursuant to the terms of the guarantees, upon default of mortgage payments by these purchasers, the Group is responsible to repay the outstanding mortgage principal together with accrued interest and penalties owned by the defaulting purchasers to the banks and the Group is entitled to retain the legal title and take over the possession of the related properties. The Group's guarantees period starts from the date of grant of mortgage. The directors consider that the likelihood of default of payments by the purchases is minimal and their obligations are well covered by the value of the properties and therefore the fair value of financial guarantees is immaterial.

There are certain corporate guarantees provided by the Group's subsidiaries for each other in respect of borrowings as at 31 December 2014 and 2015. The Directors consider that the subsidiaries are able to sufficiently financially resourced to settle their obligations.

Save as disclosed above, the Group and the Company had no other significant contingent liabilities as at 31 December 2014 and 2015.

Charge over assets

As at 31 December 2015, the Group had aggregate banking facilities of approximately RMB3,463.0 million (2014: RMB2,119.2 million) for overdrafts, bank loans and trade financing. The Group had unused facilities of approximately RMB545.0 million as at 31 December 2015 (2014: RMB105.0 million).

These facilities were secured by certain properties under development held for sale and certain restricted cash provided by the Company's subsidiaries.

Significant Investments Held, Material Acquisitions and Disposals of Subsidiaries, Associates and Joint Ventures, and Future Plans for Material Investments or Capital Assets

(a) on 5 January 2015, 深圳力高宏業地產開發有限公司 (Shenzhen Redco Hongye Property Development Co., Ltd), a wholly-owned subsidiary of the Company, entered into a cooperation framework agreement with Shenzhen Pinghu Joint Stock Corporation* (深圳市平湖股份合作公司), pursuant to which both of the parties agreed to cooperate in the implementation of an urban renewal project (城市更新項目) at Jiangjunling in Longgang District, Shenzhen, the PRC (the "**Hongye Project**"). The land of the Hongye Project is located at the northeast corner of the juncture of Pinghu Avenue and Feng'an Road in Longgang District, Shenzhen, with a total site area of approximately 70,000 sq.m. As at 31 December 2015, the Hongye Project has not yet commenced. For further details, please refer to the announcement of the Company dated 5 January 2015. As at the date of this report, the Board remains positive on the prospects of the above investments. It is expected that the above investments will facilitate the Group's development in Shenzhen.

(b) on 7 August 2015, 深圳市力高大道置業有限公司 (Shenzhen Redco Dadao Real Estate Co., Ltd*), ("**Shenzhen Redco**") an indirect non-wholly owned subsidiary of the Company, as the purchaser and an independent third party as the vendor, among others, entered into a cooperation framework agreement pursuant to which, Shenzhen Redco agreed to purchase, and such vendor agreed to sell, 70% equity interest in 深圳市泰富華悦都會置業有限公司 (Shenzhen Topfar Yueduhui Property Co., Ltd*) ("**Shenzhen Topfar**") and saleable properties in respect of the development of a parcel of land in Ping Shan New District in Shenzhen and their ancillary facilities (other than the returnable properties) at a consideration of approximately RMB466 million (approximately HK$582 million), subject to adjustments. Upon completion of the said acquisition, Shenzhen Topfar will become an indirect non-wholly owned subsidiary of the Company. For further details, please refer to the announcement of the Company dated 7 August 2015. As at the date of this report, such acquisition is not yet completed as certain conditions precedent of such framework agreement had not been satisfied.

(c) on 22 October 2015, the Group had acquired a parcel of land in Jinan. Please refer to page 25 of this report for further details.

Save as disclosed in this report, there were no other significant investments held, no material acquisitions or disposals of subsidiaries, associates and joint ventures during the year ended 31 December 2015. Further, the Group will continue to purchase land located at the strategically selected cities, if thought fit. It is expected that the internal resources and bank borrowings will be sufficient to meet the necessary funding requirements. Save as disclosed, the Group did not have any future plans for significant investments or capital assets as at the date of this report.

Important events affecting the Group after the reporting period

Details of the important events affecting the Group after the reporting period are set out below:

(a) In February 2016, 天津力高盛業有限公司 (Tianjin Redco Shengye Investment Company Limited*) ("**Redco Shengye**"), a subsidiary of the Company, as the purchaser acquired 100% equity interest of 上海明昌置業有限公司 (Shanghai Mingchang Property Co., Ltd*) at approximately RMB415.5 million ("**Shanghai Mingchang**") from two parties independent from the Company and its connected persons (the "**Independent Third Parties**"). Subsequent to such completion, two Independent Third Parties collectively acquired 40% equity interest in Redco Shengye by way of injecting capital to Redco Shengye. As at the date of this report, Shanghai Mingchang was indirectly owned as to 60% by the Group and 40% by the two subscribers, respectively. Shanghai Mingchang is principally engaged in property development in the PRC and holds a parcel of land in the Wujiaochang, Yangpu District, Shanghai, China with a total site area and the total GFA of approximately 9,941 sq.m. and 52,357 sq.m., respectively. Such parcel of land is planned for developing commercial properties.

(b) On 17 March 2016, the Group acquired 51% equity interest of Nanchang Guogao Property Development Co., Ltd* (南昌國高房地產置業有限公司) ("**Nanchang Guogao**") by injecting capital of RMB117.3 million to Nanchang Guogao. As at the date of this report, Nanchang Guogao was held as to 51% by the Group and 49% by an Independent Third Party. Contract of grant of land use rights was entered into and modified by, among others, Nanchang Municipal Bureau of Land and Resources (南昌市國土資源局) and Nanchang Guogao as a result of a successful bid of the state-owned land use rights in respect of the parcel of land situated at East of Hongduda Road of Donghu District (東湖區洪都大道以東), West of Qingshanzhi Road (青山支路以西) and North of the Qingshan South Road (青山南路以北), Nanchang, the PRC (the "**Land**") at the consideration of approximately RMB455.5 million. As at the date of this report, balance of such consideration, being RMB227.7 million shall be payable by Nanchang Guogao before 30 December 2016. The Land covers a total site area and gross floor area of approximately 47,151 sq. m. and 150,883.2 sq. m. with a plot ratio ranging from 1 to 3.2 and is planned for commercial and residential use for a term of 40 years and 70 years, respectively.

Save as disclosed above, no other important events affecting the Group has taken place since 31 December 2015 and up to the date of this report.

Outlook

Within the next five years, the Group aims to (i) be one of the top 100 real estate developers in the PRC with better performance; and (ii) become an integrated developer with regional brand recognition and leading market shares in the cities where we have put efforts in development. We believe that we can achieve the aforesaid objectives by adhering to the following strategies:

- adhere to the strategy of intensively developing cities and continue to best capture the business opportunities in first tier cities, including Shenzhen, Shanghai and Guangzhou by way of diversified land acquisition strategies to gradually increase our market share and strengthen our brand; further develop the strategically selected second tier cities to expand the coverage of projects and brand influence. The Group intends to insist on carefully studying the growth potential of land and carries out acquisitions at competitive costs. We will continue to prioritise our financial resources towards the opportunities which could maximise our profit. Meanwhile, the Group may also make strategic investment and acquisitions that could complement our operations as part of our expanding investment.
- adhere to a prudent financial strategy and continue to diversify financing channels.
- adhere to projects with high-return for the Group's working capital; rapidly enhance the overall competitiveness of the Group through reasonably adjusting the land bank structure reasonably, reinforcing the front-end decision making, effectively increasing the pace of development and construction and implementing meticulous cost control on the basis of sales with collectible payment. We believe through this, the price premium of the Group in the land market and the sales market will be significantly enhanced.
- adhere to product line research and development and innovation to increase product competitiveness; focus on the development of residential properties with a rigid demand for quality and the need for improvement, complemented with our business assets in communities according to 80-20 rule so as to have complementary development of residential and commercial properties; synchronously implement commercial property product line research and development in order to have an optimal and diversified portfolio. We believe that such diversification of our product mix will enhance our ability to expand and will enable us to effectively respond to any macro-economic policy affecting the PRC residential property sector.
- persist in forming alliance(s) with the partner(s) with strong capacities that could complement each other; we believe that the leveraging on the ability of its partner(s) in land acquisitions and financing costs, coupled with the Group's professional management experience and operational efficiency would create the win-win situation for the Group and its partner(s).
- continue to reinforce the Group's brand building. We intend to:
  - adhere to provide quality products to enhance brand awareness and influence in cities;
  - focus on the innovative products by adopting a customer-oriented approach with a view to providing customers with excellent value;
  - strive to develop landmark properties by adhering to an approach to provide quality products;
  - effectively make use of the big data to fully leverage on the Internet platform, to have innovative promotion channels and strategies and to attract potential large customers;
  - innovate scope of the property service to increase customers' loyality with quality services;
- continue to enhance the policy of human resources, enhance and improve the performance and incentive system.

Employees and remuneration policies

As at 31 December 2015, the Group had a total of approximately 642 employees (2014: 653 employees). The remuneration of the employees (including directors' emoluments) amounted to approximately RMB111.1 million for the year ended 31 December 2015 (2014: RMB64.1 million). Remuneration of the Group's employees includes basic salaries, allowances, bonus and other employee benefits. The Group's remuneration policy for its Directors and senior management members was based on their experience, level of responsibility and general market conditions. Any discretionary bonus and other merit payments are linked to the profit performance of the Group and the individual performance of the Directors and senior management members. Further, the Group adopted the Share Option Scheme (as defined below) on 14 January 2014. Further information of the Share Option Scheme (as defined below) is available in this report. The Company provided on-the-job training, induction courses together with other training programmes for the employees at different positions to raise their professionalism during the year ended 31 December 2015.

PRINCIPAL RISKS AND UNCERTAINTIES

The Group's financial condition, results of operations, businesses and prospects may be affected by a number of risks and uncertainties. The followings are the key risks and uncertainties identified by the Group. There may be other risks and uncertainties which are not currently known to the Group or which may not be material now but could turn out to be material in the future.

Risks pertaining to the property market in the PRC

The Group's business and revenue growth is dependent on favourable economic conditions in the PRC, particularly the performance of the PRC residential property market in the cities in which the Group develops its property development projects, and therefore any potential decline in demand for properties, property sales or property prices in the PRC, particularly in the cities where the Group has operations, could have a material adverse effect on its business, results of operations and financial condition.

Operational Risks

The Group's operations are subject to a number of risk factors distinctive to the property related businesses. Shortages of materials, equipment and skilled labour, labour disputes, default on the part of its buyers, contractors and strategic business partners, natural catastrophes, adverse weather conditions, inadequacies or failures of internal processes or other external factors may have various levels of negative impact on the results of the Group's operations. Additionally, accidents may happen despite systems and policies set up for their prevention, which may lead to the Group's financial loss, litigation, or damage in reputation.

Further, property development is capital intensive in nature. The Group has financed its property development projects primarily through proceeds from sales of properties and bank borrowings. It may also access the capital markets to raise further financing. Its ability to obtain external financing in the future is subject to a variety of uncertainties, including the condition of the international and domestic financial markets and financing availability and general economic conditions in the PRC. If the Group fails to secure adequate financing or renew its existing loans prior to their expiry as a result of these governmental actions and policy initiatives, there may be a material adverse effect on the business, results of operations and financial condition of the Group.

Foreign Exchange Risks

As at 31 December 2015, the Group is exposed to foreign exchange risk primarily with respect to certain of its bank borrowings and senior notes which were denominated in HK$ and US$. RMB experienced certain fluctuation against HK$ and US$ during the year 2015 which is the major reason for the exchange differences recognised by the Group. The Group does not have a formal hedging policy and have not entered into any foreign currency exchange contracts or derivative transactions to hedge the foreign exchange risk.

ENVIRONMENTAL PROTECTION

As a responsible developer, the Group has endeavoured to comply with laws and regulations regarding environmental protection and adopted effective environmental measures to ensure that the conducting of the Group's business meets the applicable local standards and ethics in respect of environmental protection. The Group puts great emphasis in environmental protection and sustainable development. Through the establishment of an ever-improving management system, enhancement on procedure monitoring, energy conservation and environment protection were strongly promoted, leading to the remarkable achievement of environmental management.

Several measures have been implemented in order to mitigate environmental pollution, including the environmental protection as one of the key factor when we consider the major contractor in the contract tendering; we implemented the electronic approval system ("EAS" system) to reduce the use of paper in our working environment.

COMPLIANCE WITH LAWS AND REGULATIONS

Compliance procedures are in place to ensure adherence to applicable laws, rules and regulations in particular, those have significant impact on the Group. The Audit Committee is delegated by the Board to monitor the Group's policies and practices on compliance with legal and regulatory requirements and such policies are regularly reviewed. Any changes in the applicable laws, rules and regulations are brought to the attention of relevant employees and relevant operation units from time to time.

As far as the Company is aware, the Group has complied in material respects with the relevant laws and regulations which have a significant impact on the business and operations of the Company during the year ended 31 December 2015.

KEY RELATIONSHIPS WITH THE GROUP'S STAKEHOLDERS

Workplace Quality

The Group believes that the directors, senior management and employees of the Group are instrumental to the success of the Group and that their industry knowledge and understanding of the market will enable the Group to maintain the competitiveness in the market. As such, the Share Option Scheme was adopted by the Company for the purpose of providing incentives and rewards to the Eligible Participants (as defined below) who contributed to the success of the Group's operations.

The Group provides on the-job training and development opportunities to enhance its employees' career progression. Through different trainings, staff's professional knowledge in corporate operations, occupational and management skills are enhanced. The Group also organised staff-friendly activities for employees, such as annual dinner, to promote staff relationship.

The Group provides on providing a safe, effective and congenial working environment. Adequate arrangements, trainings and guidelines are implemented to ensure the working environment is healthy and safe. The Group provided health and safety communications for employees to present the relevant information and raise awareness of occupational health and safety issues.

The Group values the health and well-being of its staff. In order to provide employees with health coverage, its employees are entitled to medical insurance benefits.

Relationships with the Group's other stakeholders

The Group placed efforts in maintaining good relationships various financial institutions and banks given that the Group's business is capital intensive and require on-going funding for the development and growth of the Group's business.

Further, the Group aims at delivering constantly high standards of quality in the products to its customers in order to stay competitive.

During the year, there was no material and significant dispute between the Group and its financial institutions and/or customers.

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31 December 2015 are set out in the consolidated income statement on page 47.

The Directors do not recommend the payment of a final dividend for the year ended 31 December 2015 (2014: RMB64 million).

There is no arrangement that a Shareholder has waived or agreed to waive any dividends.

PRINCIPAL PROPERTIES

Details of the principal properties held for development and/or sale are set out on page 114 of this report.

SHARE ISSUED IN THE YEAR

During the year ended 31 December 2015, the Company issued the Subscription Shares as disclosed in the section headed "Business Review – Liquidity and Capital Resources – Capital Structure" in the directors' report. Save as disclosed above, there were no changes in the number of the issued Shares during the year ended 31 December 2015. Details of the Shares issued are set out in Note 20 to the consolidated financial statements.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Articles of Association or the laws of the Cayman Islands, stipulating that any new shares shall be offered according to the respective shareholding of the existing shareholders when new shares are issued.

DONATIONS

Charitable and other donations made by the Group during the year amounted to RMB4.10 million (2014: RMB2.00 million).

FIVE YEAR FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the last five financial years is set out on page 113 of this annual report.

MAJOR CUSTOMERS AND SUPPLIERS

For the year ended 31 December 2015, the Group's turnover attributable to the Group's five largest customers was less than 30%. For the year ended 31 December 2015, purchases from the Group's largest and the five largest suppliers accounted for approximately 33.1% (2014: 13.5%) and 58.8% (2014: 38.1%) of total cost of sales of the Group, respectively.

For the year ended 31 December 2015, none of the Directors or any of their close associates or any Shareholders of the Company, to the knowledge of the Directors, owns more than 5% of the issued Shares) has any interest in the above-mentioned suppliers and customers.

PURCHASE, SALE OR REDEMPTION OF SECURITIES

The Company has not redeemed any of the Shares during the year ended 31 December 2015. Save for the issuance of the Subscription Shares as disclosed in the section headed "Business Review – Liquidity and Capital Resources – Capital Structure" in the directors' report, neither the Company nor any of its subsidiaries has purchased or sold any of the Company's listed securities during the year ended 31 December 2015.

SHARE OPTION SCHEME

On 14 January 2014, the Company adopted a share option scheme (the "**Share Option Scheme**") whereby the Board may, at its discretion, offer to grant an option to subscribe for such number of new shares of the Company (the "**Shares**") to (a) full-time or part-time employees, executives or officers of the Company or any of its subsidiaries; (b) any directors (including independent non-executive Directors) of the Company or any of its subsidiaries; and (c) any advisers, consultants, suppliers, customers and agents to the Company or any of its subsidiaries (the "**Eligible Participants**") as described in the Share Option Scheme in order to serve as incentives or rewards for their contribution or potential contribution to the Company and/or any of its subsidiaries. Upon acceptance of the option, the grantee shall pay HK$1 (or an equivalent amount in RMB) to the Company by way of consideration for the grant.

(a) Maximum number of Shares available for issue

The maximum number of Shares in respect of which options may be granted under the Share Option Scheme and under any other share option schemes of the Company must not in aggregate exceed 160,000,000 Shares, representing 10% of the issued capital of the Company as at the date of this report, respectively, excluding for this purpose Shares which may have been issued upon the exercise of the options which have lapsed in accordance with the terms of the Share Option Scheme (or any other share option schemes of our Company). Subject to the issue of a circular by the Company and the approval of the Shareholders in general meeting and/or such other requirements prescribed under the Listing Rules from time to time, the Board may: (i) renew this limit at any time to 10% of the Shares in issue as of the date of the approval by the Shareholders in general meeting; and/or (ii) grant options beyond the 10% limit to Eligible Participants specifically identified by the Board.

Notwithstanding the foregoing, the Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other share option schemes of the Company at any time shall not exceed 30% of the Shares in issue from time to time. No options shall be granted under any schemes of the Company (including the Share Option Scheme) if this will result in the 30% limit being exceeded. The maximum number of Shares in respect of which options may be granted shall be adjusted, in such manner as the auditor of the Company or an approved independent financial adviser shall certify to be appropriate, fair and reasonable in the event of any alteration in the capital structure of the Company in accordance with the terms of the Share Option Scheme whether by way of consolidation, capitalisation issue, rights issue, sub-division or reduction of the share capital of the Company but in no event shall exceed the limit prescribed in this paragraph.

(b) Maximum number of options to each Eligible Participant

The total number of Shares issued and which may fall to be issued upon exercise of the options granted under the Share Option Scheme and any other share option schemes of the Company (including both exercised and outstanding options) to each Eligible Participant in any 12-month period up to the date of grant shall not exceed 1% of the Shares in issue as at the date of grant. Any further grant of options in excess of this 1% limit shall be subject to: (i) the issue of a circular by the Company which shall comply with Rules 17.03(4) and 17.06 of the Listing Rules containing the identity of the Eligible Participant, the numbers of and terms of the options to be granted (and options previously granted to such participant) the information as required under Rule 17.02(2)(d) and the disclaimer required under 17.02(4) of the Listing Rules; and (ii) the approval of the Shareholders in general meeting and/or other requirements prescribed under the Listing Rules from time to time with such Eligible Participant and his associates (as defined in the Listing Rules) abstaining from voting.

(c) Price of Shares

The subscription price of a Share in respect of any particular option granted under the Share Option Scheme shall be such price as the Board in its absolute discretion shall determine, save that such price will not be less than the highest of: (i) the official closing price of the Shares as stated in the Stock Exchange's daily quotation sheets on the date of grant, which must be a day on which the Stock Exchange is open for the business of dealing in securities; (ii) the average of the official closing prices of the Shares as stated in the Stock Exchange's daily quotation sheets for the five business days immediately preceding the date of grant; and (iii) the nominal value of a Share.

(d) Granting options to connected persons

Any grant of options to a Director, chief executive or substantial shareholder of the Company or any of their respective associates is required to be approved by the independent non-executive Directors (excluding any independent non-executive Director who is the grantee of the options). If the Board proposes to grant options to a substantial shareholder or any independent non-executive Director or their respective associates which will result in the number of Shares issued and to be issued upon exercise of options granted and to be granted (including options exercised, cancelled and outstanding) to such person in the 12-month period up to and including the date of such grant: (i) representing in aggregate over 0.1% or such other percentage as may be from time to time provided under the Listing Rules of the Shares in issue; and (ii) having an aggregate value in excess of HK$5 million or such other sum as may be from time to time provided under the Listing Rules, based on the official closing price of the Shares at the date of each grant, such further grant of options will be subject to the issue of a circular by the Company and the approval of the Shareholders in general meeting by way of a poll at which all connected persons of the Company shall abstain from voting in favor of the resolution concerning the grant of such options at the general meeting, and/or such other requirements prescribed under the Listing Rules from time to time. Any vote taken at the meeting to approve the grant of such options shall be taken as a poll.

(e) Time of exercise of Option and duration of the Share Option Scheme

An option may be exercised in accordance with the terms of the Share Option Scheme at any time after the date upon which the Option is deemed to be granted and accepted and prior to the expiry of 10 years from that date. The period during which an option may be exercised will be determined by the Board in its absolute discretion, save that no option may be exercised more than 10 years after it has been granted. No option may be granted more than 10 years after the date of approval of the Share Option Scheme. Subject to earlier termination by the Company in general meeting or by the Board, the Share Option Scheme shall be valid and effective for a period of 10 years from 14 January 2014.

(f) Present status of the Share Option Scheme

From the Listing Date and up to the date hereof, no option had been granted or agreed to be granted under the Share Option Scheme.

DIRECTORS

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

Executive Directors

Mr. HUANG Ruoqing*
Mr. TANG Chengyong*
Mr. HONG Duxuan*

Independent non-executive Directors

Dr. WONG Yau Kar, David BBS, JP
Mr. CHAU On Ta Yuen
Mr. YIP Tai Him
Mr. CHOW Kwong Fai, Edward JP

Biographical details of the Directors and senior management are set forth in the section headed "Directors and Senior Management Profiles of this report.

In accordance with Article 108(a) of the Articles of Association, one-third of the Directors for the time being shall retire from their offices by rotation provided that every Director shall be subject to retirement at an annual general meeting at least once every three years. As such, Mr. Tang, Mr. Yip and Mr. Chow shall retire from office and being eligible, offer themselves for re-election at the Annual General Meeting.

CONFIRMATION OF INDEPENDENCE

The Company has received, from each of the independent non-executive Directors, a confirmation of his independence pursuant to Rule 3.13 of the Listing Rules. The Company considers all the independent non-executive Directors independent.

DIRECTORS' SERVICE CONTRACTS

Each of the executive Directors entered into a service contract with the Company for a term of three years commencing from January 2014, the month on which the Shares of the Company were listed on the Main Board of the Stock Exchange. Such service contract can be terminated by either party thereto serving at least three months' notice prior to the expiry of the term thereof. Each of the independent non-executive Directors signed an appointment letter with the Company for a term of three years with effect from 30 January 2014.

None of the Directors (including any Director who may be proposed for re-election at the Annual General Meeting) has entered into any service agreement with the Company which is not determinable by the Group within one year without payment of compensation (other than statutory compensation).

DISCLOSURE OF INFORMATION ON DIRECTORS PURSUANT TO RULE 13.51B(1) OF THE LISTING RULES

Pursuant to Rule 13.51B(1) of the Listing Rules, the changes in information of the Directors subsequent to the date of the 2015 interim report of the Company are set out below:

Name of Director(s)	Details of the changes
Mr. Huang	• appointed as a visiting professor at Jiangxi University of Finance and Economics in December 2015

Save as disclosed above, there is no other change in the Directors' information required to be disclosed pursuant to Rule 13.51B (1) of the Listing Rules.

PERMITTED INDEMNITY PROVISION

Under the Articles of Association, Directors or other officers of the Company acting in relation to any of the affairs of the Company shall be indemnified from and against all actions, costs, charges, losses, damages and expenses which he/she may incur or sustain in or about the execution of his/her duties in his/her office, except such (if any) as he/she shall incur or sustain through his/her own fraud or dishonesty. The Company has arranged appropriate insurance cover in respect of legal action against its Directors and officers.

EQUITY-LINKED AGREEMENTS

Other than the Subscription Agreement as disclosed in the section headed "Business Review – Liquidity and Capital Resources – Capital Structure" in the directors' report and the Share Option Scheme, no equity-linked agreements that will or may result in the Company issuing Shares, or that require the Company to enter into any agreements that will or may result in the Company issuing Shares, were entered into by the Company during the year or subsisted at the end of the year.

RETIREMENT BENEFIT SCHEMES

The Group operates a mandatory provident fund scheme (the "**MPF Scheme**") in Hong Kong. The Group also participates in an employee social security plan as required by the regulations in the PRC, under which the Group is required to contribute a specific percentage of the payroll of its employees to the retirement scheme. Save as disclosed above, the Group has not operated any other retirement benefits schemes for the Group's employees.

CONTROLLING SHAREHOLDERS' INTERESTS IN COMPETITION BUSINESS

A deed of non-competition dated 17 January 2014 (the "**Deed of Non-Competition**") was entered into between the Company and the controlling Shareholders, namely Mr. Wong, Mr. Huang, Global Universe International Holdings Limited ("**Global Universe**") and Times International, who have undertaken to the Company (for itself and for the benefit of its subsidiaries) that it or he would not, and would procure that its or his associates (except any members of the Group) would not directly or indirectly, either on its or his own account or in conjunction with or on behalf of any person, firm or company, among other things, carry on, participate or be interested or engaged in or acquire or hold shares or interests (in each case whether as a shareholder, partner, principal, agent, director, employee or otherwise) in any companies or businesses that compete directly or indirectly with the property development and property investment business engaged by the Group, unless otherwise permitted according to the Deed of Non-Competition.

The Company has received an annual written confirmation from each of the controlling Shareholders in respect of the compliance by them and their associates with the Deed of Non-Competition.

The independent non-executive Directors have reviewed the Deed of Non-Competition and assessed whether the controlling Shareholders have abided by the non-competition undertaking. The independent non-executive Directors confirmed that the controlling Shareholders have not been in breach of the non-competition undertaking during the year ended 31 December 2015.

Save as disclosed, none of the Directors or their respective associates have any interests in any business that competed or is likely to compete with the Group's business (other than the Group's business) during the year ended 31 December 2015.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at 31 December 2015, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company or 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 were as follows:

Interest in the Company:

Name of Director	Nature of interest	Total number of Shares	Percentage of the Company's issued shares
Mr. Huang (Note 2)	Interest in controlled corporation	462,419,000(L)(Note 1)	26.04%

Notes:

(1) The letters "L" denotes the person's long position in the Shares.

(2) As at the date of this report, Mr. Huang beneficially owned 100% of the issued share capital of Times International and was deemed to be interested in the 462,419,000 Shares held by Times International pursuant to the SFO.

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

DIRECTORS' RIGHT TO ACQUIRE SHARES OR DEBENTURES

Save for the Share Option Scheme as disclosed in this annual report, at no time during the year ended 31 December 2015 was the Company, its subsidiaries, holding companies or fellow subsidiaries a party to any arrangements to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

SUBSTANTIAL SHAREHOLDERS' INTERESTS IN SECURITIES

As at 31 December 2015, so far as the Directors were aware of, the following persons' (other than the Directors and chief executive of the Company) interests or short position in the shares and underlying shares of the Company, being interests of 5% or more, as recorded in the register required to be kept pursuant to section 336 of the SFO were as follows:

Name	Nature of interest	Number of Shares	Long/ Short position	Percentage of the Company's issued shares
Mr. Wong (Note 1)	Interest in controlled corporation	693,629,000	Long Position	39.06%
Global Universe (Note 1)	Beneficial Owner	693,629,000	Long Position	39.06%
Times International (Note 2)	Beneficial Owner	462,419,000	Long Position	26.04%
Ms. Sze Kai Fei (Note 3)	Interest of spouse	693,629,000	Long Position	39.06%
Ms. Fan Huili (Note 4)	Interest of spouse	462,419,000	Long Position	26.04%
Shi Zheng Properties (Note 5)	Beneficial Owner	175,804,661	Long Position	9.9%
Nanchang Municipal (Note 5)	Interest in controlled corporation	175,804,661	Long Position	9.9%

Notes:

(1) As at the date of this report, the entire share capital of Global Universe, a company incorporated in the British Virgin Islands ("**BVI**") with limited liability, was held by Mr. Wong. By virtue of the SFO, Mr. Wong was deemed to be interested in the Shares held by Global Universe.

(2) The entire share capital of Times International, a company incorporated in the BVI with limited liability, was held by Mr. Huang. By virtue of the SFO, Mr. Huang was deemed to be interested in the 462,419,000 Shares held by Times International. Details of which are set out in the section headed "Directors and Chief Executive's interests and short positions in shares, underlying shares, and debentures" above.

(3) Ms. Sze Kai Fei is the spouse of Mr. Wong. By virtue of the SFO, Ms. Sze Kai Fei is deemed to be interested in the Shares held by Mr. Wong.

(4) Ms. Fan Huili is the spouse of Mr. Huang. By virtue of the SFO, Ms. Fan Huili is deemed to be interested in the Shares held by Mr. Huang.

(5) As at date of this report, the entire share capital of Shi Zheng Properties Investment Co., Limited ("**Shi Zheng Properties**"), a company incorporated in the BVI with limited liability, was held by Nanchang Municipal. By virtue of the SFO, Nanchang Municipal is deemed to be interested in the Shares held by Shi Zheng Properties.

As at 31 December 2015, direct or indirect interest in 10% or more of the issued voting shares of any member of the Group:

Name of subsidiary	Name of shareholder	Percentage of Interest
Redco Investment (International) Co., Limited	Top Plan (HK) Limited	50%
江西政力房地產開發有限公司 (Jiangxi Zhengli Property Development Co., Ltd*)	南昌市政公用房地產集團有限公司 (Nanchang Municipal Public Property Group Co., Ltd*)	49%
長豐聯華置業有限公司 (Changfeng Lianhua Real Estate Co., Ltd*)	福建群盛集團有限公司 (Fujian Qunsheng Group Co., Ltd*)	20%
咸陽力高房地產開發有限公司 (Xianyang Redco Property Development Co., Ltd*)	陳懷美 (Chen Huaimei*)	30%
江西力達房地產開發有限公司 (Jiangxi Lida Property Development Co., Ltd*)	江西力旭貿易有限公司 (Jiangxi Lixu Trading Co., Ltd*)	22%
江西怡居房地產開發有限公司 (Jiangxi Yiju Property Development Co., Ltd*)	南昌市國資置業有限公司 (Nanchang Guozi Zhiye Company Limited*)	49%
廣州青旅置業有限公司 (Guangzhou CYTSOTEL Real Estate Development Co., Ltd.*)	張亮 (Zhang Liang*)	14.4%
	韓小微 (Han Xiao Mei*)	19.6%
濟南力高偉盛地產開發有限公司 (Jinan Redco Wesheng Property Development Co., Ltd*)	深圳市嘉恒源置業有限公司 (Shenzhen Jia Heng Yuan Real Estate Co., Ltd.*)	20%
山東新廣友置業有限公司 (Shandong Xin Guangyou Properties Co., Limited*)	楊金峰 (Yang Jinfeng*)	49%

MANAGEMENT CONTRACTS

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

DIRECTORS' MATERIAL INTEREST IN TRANSACTIONS, ARRANGEMENTS AND CONTRACTS THAT ARE SIGNIFICANT IN RELATION TO THE COMPANY'S BUSINESS

Save as the transactions set out in Note 32 to the consolidated financial statements, no Director or an entity connected with the Directors had a material interest, either directly or indirectly, in any transaction, arrangement or contract of significance to the business of the Group to which the Company, its holding company, or any of its subsidiaries or fellow subsidiaries was a party subsisting during or at the end of the year.

CONNECTED TRANSACTIONS

During the year ended 31 December 2015, the Company entered into the Subscription Agreement with Nanchang Municipal on 2 November 2015 in respect of the Subscription. On 29 December 2015, the Group raised aggregate net proceeds of HK$778.3 million through the Subscription. Please refer to the section headed "Business Review – Liquidity and Capital Resources – Capital Structure" in this report for further details.

RELATED PARTY TRANSACTIONS

During the year ended 31 December 2015, the Group had certain related parties transactions under the applicable accounting standards. The related parties transactions constitute connected transactions/continuing connected transactions as defined under the Listing Rules. The Company confirmed that it has complied with the disclosure requirements in accordance with Chapter 14A of the Listing Rules.

CONTROLLING SHAREHOLDERS' INTEREST IN CONTRACTS

Save as the transactions as set out in Note 32 to the consolidated financial statements, no contracts of significance between the controlling shareholders of the Company or any of their subsidiaries and the Group has been made during the year ended 31 December 2015.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Wednesday, 22 June 2016 to Friday, 24 June 2016, both days inclusive, during which period no transfer of Shares will be registered. In order to be eligible to attend and vote at the Annual General Meeting, all transfer documents accompanied by the relevant share certificates must be lodged for registration with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong for registration not later than 4:30 p.m. on Tuesday, 21 June 2016.

SUFFICIENCY OF PUBLIC FLOAT

Based on information available to the Company and within the Directors' knowledge as at the date of this report, the Company has maintained the prescribed public float as required by the Listing Rules during the year ended 31 December 2015 and up to the date of this report.

AUDITOR

The financial statements have been audited by PricewahterhouseCoopers which has indicated its willingness to continue in office as the Group's external auditor for 2016 for Shareholders' approval at the Annual General Meeting.

PROFESSIONAL TAX ADVICE RECOMMENDED

If any shareholder of the Company is unsure about the taxation implications of purchasing, holding, disposing of, dealing in or the exercise of any rights in relation to the Shares, it is advised to consult an expert.

On behalf of the Board
Huang Ruoqing
Executive Director

17 March 2016

* for identification purposes only

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF REDCO PROPERTIES GROUP LIMITED
(incorporated in the Cayman Islands with limited liability)

We have audited the consolidated financial statements of Redco Properties Group Limited (the "**Company**") and its subsidiaries set out on pages 47 to 112, which comprise the consolidated balance sheet as at 31 December 2015, and the consolidated income statement, 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 Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

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

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

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

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

OPINION

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the 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 Hong Kong Financial Reporting Standards and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 17 March 2016

	Note	2015 RMB'000	2014 RMB'000 (Restated)
Revenue	5	3,378,217	3,502,804
Cost of sales	6	(2,289,971)	(2,556,547)
Gross profit		1,088,246	946,257
Other gains/(losses), net	7	31,533	(20,316)
Selling and marketing expenses	6	(109,601)	(82,821)
General and administrative expenses	6	(169,929)	(123,948)
Impairment of goodwill	12	(26,584)	(24,730)
Operating profit		813,665	694,442
Finance income	9	15,147	17,243
Finance costs	9	(3,396)	(2,850)
Finance income, net		11,751	14,393
Share of loss of a joint venture	14	(4,145)	(5,295)
Profit before income tax		821,271	703,540
Income tax expense	10	(427,622)	(325,844)
Profit for the year		393,649	377,696
Attributable to:			
Equity holders of the Company		401,030	347,203
Non-controlling interests		(7,381)	30,493
		393,649	377,696
Earnings per share for profit attributable to equity holders of the Company			
– Basic and diluted (Expressed in RMB cents per share)	30	24.53	22.14

The notes on pages 54 to 112 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2015

	2015 RMB'000	2014 RMB'000
Profit for the year	393,649	377,696
Other comprehensive loss		
Item that will not be reclassified subsequently to profit or loss		
– Exchange differences arising on translation of functional currency to presentation currency	(141,641)	(60,000)
Total other comprehensive loss	(141,641)	(60,000)
Total comprehensive income for the year	252,008	317,696
Attributable to:		
– Equity holders of the Company	260,144	287,209
– Non-controlling interests	(8,136)	30,487
Total comprehensive income for the year	252,008	317,696

The notes on pages 54 to 112 are an integral part of these consolidated financial statements.

	Note	2015 RMB'000	2014 RMB'000
ASSETS			
Non-current assets			
Property, plant and equipment	11	36,178	17,424
Goodwill	12	49,535	70,761
Interest in a joint venture	14	165,231	178,329
Deferred income tax assets	15	58,445	32,667
		309,389	299,181
Current assets			
Completed properties held for sale	16	1,237,046	1,142,338
Properties under development for sale	17	7,218,874	5,090,627
Trade and other receivables, deposits and prepayments	18	1,788,400	1,468,741
Amounts due from non-controlling interests	31	158,615	168,824
Income tax recoverable		125,398	94,228
Restricted cash	19	668,759	355,443
Cash and cash equivalents	19	1,689,142	951,480
		12,886,234	9,271,681
Total assets		13,195,623	9,570,862
EQUITY			
Capital and reserves attributable to the Company's equity holders			
Share capital	20	139,632	125,808
Reserves	21	2,383,306	1,569,019
		2,522,938	1,694,827
Non-controlling interests		370,760	346,647
Total equity		2,893,698	2,041,474

	Note	2015 RMB'000	2014 RMB'000
LIABILITIES			
Non-current liabilities			
Borrowings, secured	22	2,750,027	2,152,224
Deferred income tax liabilities	15	183,943	114,090
		2,933,970	2,266,314
Current liabilities			
Trade and other payables	23	2,990,763	1,894,932
Borrowings, secured	22	470,513	609,220
Amounts due to non-controlling interests	31	349,900	749,458
Amounts due to a related party	32	161,109	5,000
Receipts in advance	24	2,949,214	1,679,121
Income tax liabilities		446,456	325,343
		7,367,955	5,263,074
Total liabilities		10,301,925	7,529,388
Total equity and liabilities		13,195,623	9,570,862

The consolidated financial statements on pages 47 to 112 were approved for issue by the Board of Directors on 17 March 2016 and were signed on its behalf:

HUANG Ruoqing
Director

HONG Duxuan
Director

The notes on pages 54 to 112 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Note	Attributable to owners of the Company			Non-controlling interests	Total equity
		Share capital RMB'000	Reserves RMB'000	Total RMB'000	RMB'000	RMB'000
Balance at 1 January 2014		—	888,945	888,945	262,560	1,151,505
Comprehensive income						
– Profit for the year		—	347,203	347,203	30,493	377,696
Other comprehensive income						
– Exchange differences arising on translation of functional currency to presentation currency		—	(59,994)	(59,994)	(6)	(60,000)
Total comprehensive income for the year		—	287,209	287,209	30,487	317,696
Transactions with owners						
Acquisition of a subsidiary		—	—	—	10,000	10,000
Capital injection from non-controlling interests		—	—	—	43,600	43,600
Issue of new shares pursuant to the global offering	20(c)	31,452	717,221	748,673	—	748,673
Capitalisation issue	20(b)	94,356	(94,356)	—	—	—
Dividends relating to 2013, paid		—	(230,000)	(230,000)	—	(230,000)
Total transactions with owners, recognised directly in equity		125,808	392,865	518,673	53,600	572,273
Balance at 31 December 2014		125,808	1,569,019	1,694,827	346,647	2,041,474

	Note	Attributable to owners of the Company				
		Share capital RMB'000	Reserves RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
Balance at 1 January 2015		125,808	1,569,019	1,694,827	346,647	2,041,474
Comprehensive income						
– Profit for the year		—	401,030	401,030	(7,381)	393,649
Other comprehensive income						
– Exchange differences arising on translation of functional currency to presentation currency		—	(140,886)	(140,886)	(755)	(141,641)
Total comprehensive income/(loss) for the year		—	260,144	260,144	(8,136)	252,008
Transactions with owners						
Issue of new shares pursuant to placing agreement	20(d)	13,824	618,558	632,382	—	632,382
Non-controlling interests arising on business combination	26	—	—	—	47,406	47,406
Change in ownership interests in subsidiaries without change in control		—	(415)	(415)	415	—
Dividends relating to 2014, paid		—	(64,000)	(64,000)	(15,572)	(79,572)
Total transactions with owners, recognised directly in equity		13,824	554,143	567,967	32,249	600,216
Balance at 31 December 2015		139,632	2,383,306	2,522,938	370,760	2,893,698

The notes on pages 54 to 112 are an integral part of these consolidated financial statements.

	Note	Year ended 31 December 2015 RMB'000	2014 RMB'000
Cash flows from operating activities			
Net cash generated from/(used in) operations	25	203,308	(1,363,325)
Income tax paid		(293,604)	(234,560)
Net cash used in operating activities		(90,296)	(1,597,885)
Cash flows from investing activities			
Additions of property, plant and equipment		(26,055)	(12,158)
Acquisitions of subsidiaries, net of cash acquired	26	(27,513)	109
Proceed for disposal of property, plant and equipment	25	695	305
Interest received	9	15,147	17,243
Net cash (used in)/generated from investing activities		(37,726)	5,499
Cash flows from financing activities			
Proceeds from bank borrowings		2,253,557	2,082,461
Repayment of bank borrowings		(1,909,227)	(1,521,876)
Issue of new shares		632,382	748,673
Issue of senior notes		—	745,945
Repayment from non-controlling interests		10,210	8,085
Advance from non-controlling interests		165,765	7,844
Repayment to a related party		(5,000)	—
Advance from a related party		161,109	—
Repayment from shareholders and directors		—	132,464
Advance from/(repayment to) a joint venture		10,273	(58,563)
Repayment from a related party		—	894
Interest paid		(374,312)	(243,565)
Dividend paid		(79,572)	(230,000)
Contributions from non-controlling interests of a subsidiary		—	43,600
Net cash generated from financing activities		865,185	1,715,962
Net increase in cash and cash equivalents		737,163	123,576
Cash and cash equivalents at beginning of year		951,480	827,804
Currency translation differences		499	100
Cash and cash equivalents at end of the year	19	1,689,142	951,480

The notes on pages 54 to 112 are an integral part of these consolidated financial statements.

1 GENERAL INFORMATION

Redco Properties Group Limited (the "**Company**") was incorporated in the Cayman Islands on 14 July 2008 as an exempted company with limited liability under the Cayman Companies Law. The address of its registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands.

The Company is an investment holding company and its subsidiaries (together with the Company, referred to as the "**Group**") are principally engaged in property development business in the People's Republic of China (the "**PRC**"). The Company is listed on the Main Board of The Stock Exchange of Hong Kong Limited ("**SEHK**").

These consolidated financial statements are presented in Renminbi ("**RMB**"), unless otherwise stated.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied during all the years presented, unless otherwise stated.

2.1 Basis of preparation

The consolidated financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("**HKFRS**") issued by the Hong Kong Institute of Certified Public Accountants ("**HKICPA**") and under the historical cost convention.

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

2.1.1 Amended standards adopted by the Group

The following amended standards have been adopted by the Group for the first time for the financial year beginning on or after 1 January 2015 and none of them has material impact on the Group:

HKAS 19 (Amendment)	Defined Benefit Plans: Employee Contribution
HKFRSs (Amendment)	Annual improvements to HKFRSs 2010 – 2012 cycle
HKFRSs (Amendment)	Annual improvements to HKFRSs 2011 – 2013 cycle

In addition, the disclosure requirements of the revised Rules Governing the Listing Securities on the SEHK ("**Listing Rules**") came into effect from 31 December 2015. Amongst these, the Listing Rules require financial statements to comply with the disclosure requirements of the new Hong Kong Companies Ordinance (Cap. disclosure 622) and its supporting Regulations that came into operation during the financial year, as a result, there are changes to presentation and disclosures of certain information in the consolidated financial statements.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

2.1 Basis of preparation – continued

2.1.2 New and amended standards not yet adopted by the Group

Up to the date of issue of this report, the HKICPA has issued the following new and amended standards and which are relevant to the Group's operations but are not yet effective for the annual accounting period beginning on 1 January 2015 and which have not been early adopted by the Group:

HKAS 1 (Amendment)	Disclosure initiative (1)
HKAS 16 and HKAS 38 (Amendment)	Clarification of Acceptable Methods of Depreciation and Amortisation (1)
HKAS 27 (Amendment)	Equity Method in Separate Financial Statements (1)
HKFRS 9	Financial Instruments (2)
HKFRS 10 and HKAS 28 (Amendment)	Sale or Contribution of Assets between an Investor and its Associate and Joint Venture (3)
HKFRS 10, HKFRS 12 and HKAS 28 (Amendment)	Investment entities: applying the consolidation exception (1)
HKFRS 11 (Amendment)	Joint Arrangements - Accounting for Acquisitions of Interests in Joint Operation (1)
HKFRS 14	Regulatory Deferral Accounts (1)
HKFRS 15	Revenue from Contracts with Customers (2)
HKFRSs (Amendment)	Annual improvements to HKFRSs 2012 - 2014 cycle (1)

(1) Effective for the Group for annual period beginning on 1 January 2016.
(2) Effective for the Group for annual period beginning on 1 January 2018.
(3) Effective date to be determined.

The Group has completed an assessment of the impact of the above new and amended standards that became effective since 1 January 2016 and in the process of assessing the impact of others and considers that they will not have any significant impact on the results of the Group's operations and financial position. The Group plans to adopt the above new and amended standards when they become effective.

2.1.3 Comparative figures

The Group adopts the classification of the following financial statement items in the consolidated income statement with effect from 1 January 2015:

Exchange differences had been included in "other gains/(losses), net". Comparative figure of exchange losses of approximately RMB17,870,000 which had been included in "general and administrative expenses" in prior year's financial statements have been reclassified to "other gains/(losses), net".

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

2.2 Subsidiaries

2.2.1 Consolidation

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis. Non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation are measured at either fair value or the present ownership interests' proportionate share in the recognised amounts of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at their acquisition date fair value, unless another measurement basis is required by HKFRS.

Acquisition-related costs are expensed as incurred.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill (Note 2.7). If the total of consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the consolidated income statement.

Intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated. When necessary, amounts reported by subsidiaries have been adjusted to conform with the Group's accounting policies.

2.2.2 Separate financial statements

Investments in subsidiaries are accounted for at cost less impairment. Cost includes directly attributable costs of investment. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

Impairment testing of the investments in subsidiaries is required upon receiving dividends from these investments if the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

2.3 Joint arrangements

The Group has applied HKFRS 11 to the joint arrangement. Under HKFRS 11 investment in a joint arrangement are classified as either a joint operation or a joint venture depending on the contractual rights and obligations of the investor. The Group has assessed the nature of its joint arrangement and determined it to be a joint venture. The joint venture is accounted for using the equity method.

Under the equity method of accounting, interest in a joint venture is initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses and movements in other comprehensive income. When the Group's share of losses in a joint venture equals or exceeds its interest in the joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the joint venture), the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the joint venture.

Unrealised gains on transactions between the Group and its joint venture are eliminated to the extent of the Group's interest in the joint venture. Unrealised losses are also eliminated unless the transactions provide evidence of an impairment of the asset transferred. Accounting policies of the joint venture have been changed where necessary to ensure consistency with the policies adopted by the Group.

2.4 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker ("**CODM**"). The CODM, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Executive Directors that make strategic decisions.

2.5 Foreign currency translation

(i) Functional and presentation currency

Items included in the consolidated financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "**functional currency**"). The Company's functional currency is Hong Kong dollars ("**HK$**"), and the consolidated financial statements are presented in RMB, which is the Company's and the Group's presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transaction. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the consolidated income statement.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the consolidated income statement within "finance income" and "finance costs". All other foreign exchange gains and losses are presented in the consolidated income statement within "other gain/(losses), net".

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

2.5 Foreign currency translation – continued

(iii) Group companies

The results and financial positions of all the group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- share capital is translated at the historical rate;
- income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which cash income and expenses are translated at the rate on the dates of the transactions); and
- all resulting exchange differences are recognised in other comprehensive income.

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

2.6 Property, plant and equipment

Property, plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the consolidated income statement during the financial period in which they are incurred.

Depreciation on property, plant and equipment is calculated using the straight-line method to allocate their costs to their residual values over their estimated useful lives, as follows:

Leasehold improvement	shorter of the lease term or useful lives
Furniture and office equipment	3 to 5 years
Motor vehicles	3 to 5 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 2.8).

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within "other gains/(losses), net" in the consolidated income statement.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

2.7 Goodwill

Goodwill arises on the acquisition of a subsidiary and represents the excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identified net assets acquired.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash-generating units ("**CGUs**"), or groups of CGUs, that is expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the group at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level.

Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of the CGU containing the goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs of disposal. Any impairment is recognised immediately as an expense and is not subsequently reversed.

2.8 Impairment of investment in a joint venture and non-financial assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

The Group applies the impairment assessment requirement of HKAS 39 to determine whether it is necessary to recognise any additional impairment loss in respect to its net investment in joint venture. Impairment testing of the interest in a joint venture is required upon receiving dividends from the investment if the dividend exceeds the total comprehensive income of the joint venture in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill. Impairment losses and reversal, if any, are recognised in accordance with HKAS 36.

2.9 Properties under development for sale and completed properties for sale

Properties under development for sale and completed properties held for sale are included in current assets at the lower of cost and net realisable value. Development cost of property comprises construction costs, depreciation of machinery and equipment, amortisation of land use rights, borrowing costs on qualifying assets and professional fees incurred during the development period. Upon completion, the properties are transferred to completed properties held for sale.

Net realisable value takes into account the price ultimately expected to be realised, less applicable variable selling expenses and the anticipated costs to completion.

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

2.10 Financial assets

2.10.1 Classification

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

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for the amounts that are settled or expected to be settled more than 12 months after the end of the reporting period. These are classified as non-current assets. The Group's loans and receivables comprise "trade receivables", "other receivables, deposits and prepayments", "amounts due from non-controlling interests", "restricted cash" and "cash and cash equivalents" in the consolidated balance sheet.

2.10.2 Recognition and measurement

Loans and receivables are recognised initially at fair value and subsequently carried at amortised cost using the effective interest method.

2.11 Offsetting financial instruments

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

2.12 Impairment of financial assets

Assets carried at amortised cost

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a "loss event") and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

2.12 Impairment of financial assets – continued

The criteria that the Group uses to determine that there is objective evidence of an impairment loss include:

- Significant financial difficulty of the issuer or obligor;
- A breach of contract, such as a default or delinquency in interest or principal payments;
- The Company, for economic or legal reasons relating to the borrower's financial difficulty, granting to the borrower a concession that the lender would not otherwise consider;
- It becomes probable that the borrower will enter bankruptcy or other financial reorganisation;
- The disappearance of an active market for that financial asset because of financial difficulties; or
- Observable data indicating that there is a measurable decrease in the estimated future cash flows from a portfolio of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the portfolio, including:

  (i) adverse changes in the payment status of borrowers in the portfolio;

  (ii) national or local economic conditions that correlate with defaults on the assets in the portfolio.

The Group first assesses whether objective evidence of impairment exists. For loans and receivables category, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in the consolidated income statement. If a loan or held-to-maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the Group may measure impairment on the basis of an instrument's fair value using an observable market price.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in the consolidated income statement.

2.13 Cash and cash equivalents

In the consolidated statement of cash flows, cash and cash equivalents include cash in hand, deposits held at call with banks, and other short-term highly liquid investments with original maturities of three months or less.

2.14 Trade and other receivables

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. If collection of trade and other receivables is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

2.15 Share capital

Ordinary shares are classified as equity.

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

2.16 Trade and other payables

Trade and other payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade payables are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2.17 Borrowings

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

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

2.18 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

2.19 Current and deferred income tax

The tax expense for the year comprises current and deferred income tax. Tax is recognised in the consolidated income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company's subsidiaries and a joint venture operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the deferred tax liabilities are not recognised if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

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

Deferred income tax liabilities are provided on taxable temporary differences arising on investments in subsidiaries and a joint venture, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax assets are recognised on deductible temporary differences arising from investments in subsidiaries and a joint venture only to the extent that it is probable the temporary difference will reverse in the future and there is sufficient taxable profit available against which the temporary difference can be utilised.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

2.20 Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Group's activities. Revenue is shown net of discounts.

The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the Group's activities as described below. The Group bases its estimates of return on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

(i) Sale of properties

Revenue from sale of properties is recognised when the significant risks and rewards of the properties are transferred to the buyers, which is when the construction of the relevant properties have been completed, notification of delivery of properties have been issued to the buyers and collectability of related receivables pursuant to the sale agreements is reasonably assured. Deposits and instalments received on properties sold prior to transfer of the significant risks and rewards of the properties are included as receipt in advance under current liabilities.

(ii) Service income

The Group provides sea reclamation services and property management services. For service income, revenue is recognised in the accounting period in which the services are rendered, by reference to the stage of completion of the construction and assessed on the basis of actual services provided as a proportion of the total services to be provided.

(iii) Interest income

Interest income is recognised using the effective interest method.

2.21 Employee benefits

(i) Pension obligations

The Group operates a mandatory provident fund scheme ("**MPF Scheme**") in Hong Kong. The assets of the MPF Scheme are held in a separate trustee-administered fund. Both the Group and the employees are required to contribute 5% of the employees relevant income up to a maximum of HK$1,500 per employee per month.

The Group also participates in an employee social security plan (the "**Plan**") as required by the regulations in the PRC. The Group is required to make welfare contributions to the Plan which is based on certain percentage of the employees' relevant income.

The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

2.21 Employee benefits – continued

(ii) Bonus plans

The expected cost of bonus plan is recognised as a liability when the Group has a present legal or constructive obligation as a result of services rendered by employees and a reliable estimate of the obligation can be made.

Liabilities for bonus plans are expected to be settled within 12 months and are measured at the amounts expected to be paid when they are settled.

2.22 Borrowing costs

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

2.23 Financial guarantee liabilities

Financial guarantee contracts are contracts that require the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due, in accordance with the terms of a debt instrument. Such financial guarantees are given to banks, financial institutions and other bodies on behalf of subsidiaries to secure loans, overdrafts and other banking facilities.

Financial guarantees are initially recognised in the consolidated financial statements at fair value on the date the guarantee was given. The fair value of a financial guarantee at the time of signature is zero because all guarantees are agreed on arm's length terms, and the value of the premium agreed corresponds to the value of the guarantee obligation. No receivable for the future premiums is recognised. Subsequent to initial recognition, the Group's liabilities under such guarantees are measured at the higher of the initial amount, less amortisation of fees recognised in accordance with HKAS 18, and the best estimate of the amount required to settle the guarantee. These estimates are determined based on experience of similar transactions and history of past losses, supplemented by management's judgement. The fee income earned is recognised on a straight-line basis over the life of the guarantee. Any increase in the liability relating to guarantees is reported in the consolidated income statement within general and administrative expenses.

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

2.24 Leases

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

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

2.25 Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Group's and the Company's financial statements in the period in which the dividends are approved by the Company's shareholders or directors, where appropriate.

3 FINANCIAL RISK MANAGEMENT

3.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: liquidity risk, credit risk and market risk (including foreign currency risk and cash flow and fair value interest rate risk). The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. Risk management is carried out by management of each individual entity within the Group.

(i) Liquidity risk

In managing the liquidity risk, the Group regularly and closely monitors its current and expected liquidity requirements to maintain its rolling cash flow at a level which is considered adequate by the Group to finance the Group's operations and to maintain sufficient cash to meet its business development requirements.

Management has periodically prepared cash flow projections and the Group has a number of alternative plans to offset the potential impact on the Group's business development and current operation, should there be circumstances that the anticipated cash flow may be affected by any unexpected changes in the PRC economic conditions. The Company's directors consider that the Group will be able to maintain sufficient financial resources to meet its needs. Unused facilities of the Group as of 31 December 2015 and 2014 have been disclosed in Note 29.

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet dates to the contractual maturity dates. The amounts disclosed in the table are the contractual undiscounted cash flows and the earliest date the Group and the Company can be required to pay.

Specifically, for term loans which contain a repayment on demand clause which can be exercised at the bank's sole discretion, the analysis shows the cash outflow based on the earliest period in which the entity can be required to pay, that is if the lenders were to invoke their unconditional rights to call the loans with immediate effect. The maturity analysis for other bank borrowings is prepared based on the scheduled repayment dates.

3 FINANCIAL RISK MANAGEMENT – CONTINUED

3.1 *Financial risk factors – continued*

(i) Liquidity risk – continued

	On demand RMB'000	Less than 1 year RMB'000	Between 1 and 2 years RMB'000	Between 2 and 5 years RMB'000	Total RMB'000
At 31 December 2015					
Term loans subject to repayment on demand clause	226,206	—	—	—	226,206
Bank borrowings and interest payments	—	411,724	1,259,928	787,780	2,459,432
Senior notes and interest payments	—	111,611	111,611	1,034,943	1,258,165
Trade and other payables	—	2,933,792	—	—	2,933,792
Amounts due to a related party	—	161,109	—	—	161,109
Amounts due to non-controlling interests	—	349,900	—	—	349,900
Financial guarantees (Note 28)	—	740,924	1,583,501	1,085,299	3,409,724
	226,206	4,709,060	2,955,040	2,908,022	10,798,328

	On demand RMB'000	Less than 1 year RMB'000	Between 1 and 2 years RMB'000	Between 2 and 5 years RMB'000	Total RMB'000
At 31 December 2014					
Term loans subject to repayment on demand clause	90,724	—	—	—	90,724
Bank borrowings and interest payments	—	691,630	1,244,364	284,255	2,220,249
Senior notes and interest payments	—	105,005	105,005	1,078,686	1,288,696
Trade and other payables	—	1,849,016	—	—	1,849,016
Amounts due to a related party	—	5,000	—	—	5,000
Amounts due to non-controlling interests	—	749,458	—	—	749,458
Financial guarantees (Note 28)	—	1,378,513	1,089,063	333,502	2,801,078
	90,724	4,778,622	2,438,432	1,696,443	9,004,221

3 FINANCIAL RISK MANAGEMENT – CONTINUED

3.1 Financial risk factors – continued

(i) Liquidity risk – continued

The table below analyses the term loans with a repayment on demand clause based on agreed scheduled repayments set out in the loan agreements. The amounts include interest payments computed using contractual rates.

	Less than 1 year RMB'000	Between 1 and 2 years RMB'000	Between 2 and 5 years RMB'000	Over 5 years RMB'000	Total RMB'000
31 December 2015	48,371	27,033	182,125	—	257,529
31 December 2014	22,847	73,137	—	—	95,984

(ii) Credit risk

Credit risk arises from bank deposits, trade receivables, other receivables and amounts due from non-controlling interests.

For trade and other receivables and amounts due from non-controlling interests, the Group assessed the credit quality of the counterparties by taking into account their financial position, credit history and other factors. Management also regularly reviews the recoverability of these receivables and follow up the disputes or amounts overdue, if any. The directors are of the opinion that the risk of default by counterparties is low.

The Group's credit risk is concentrated on its customer in relation to sea reclamation services. While as at 31 December 2015, approximately 89.9% of the Group's trade receivables were due from this customer.

The Group reviews the recoverable amount of each individual trade receivable balance at each reporting date to ensure that adequate impairment losses are made for irrecoverable amounts.

All the bank deposits are placed with banks with sound credit ratings to mitigate the risk. The Group does not hold any collateral as security.

The Group typically provides guarantees to banks in connection with the customers' borrowing of mortgage loans to finance their purchase of properties for an amount up to 70% of the total purchase price of the property. If a purchaser defaults on the payment of its mortgage loan during the guarantee period, the bank holding the guarantee may demand the Group to repay the outstanding amount under the loan and any interest accrued thereon. Under such circumstances, the Group is able to retain the customers' deposit and resell the property to recover any amounts paid by the Group to the bank. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

3 FINANCIAL RISK MANAGEMENT – CONTINUED

3.1 Financial risk factors – continued

(iii) Foreign exchange risk

The Group mainly operates in the PRC with most of the transactions settled in RMB. Foreign exchange risk arises when future commercial transactions or recognised assets and liabilities are denominated in a currency that is not the entity's functional currency. The Group is exposed to foreign exchange risk primarily with respect to HK$ and United States dollars ("**US$**").

The Group's assets and liabilities, and transactions arising from its operations primarily do not expose it to material foreign exchange risk. Other than certain bank balances and bank borrowings, the Group's assets and liabilities are primarily denominated in RMB. The Group generates RMB from sales in the PRC to meet its liabilities denominated in RMB. The Group does not hedge its exposure to the foreign currencies.

During the year ended 31 December 2015, the Group recorded other comprehensive loss of exchange differences arising from translation of functional currency to presentation currency of RMB141,641,000 (2014: RMB60,000,000), attributable to the depreciation of the RMB against HK$ and US$. The translation risk is not hedged.

As at 31 December 2015 and 2014, certain of the Group's cash and bank balances were denominated in HK$ and US$, details of which have been disclosed in Note 19.

As at 31 December 2015 and 2014, the Group was exposed to foreign exchange risk primarily with respect to certain of its amounts due from fellow subsidiaries and trade and other payables which were denominated in HK$ and US$, details of which have been disclosed in Note 23.

RMB depreciation against HK$ and US$ during the year is the major reason for the exchange differences recognised by the Group. Further appreciation of HK$ and US$ against RMB will affect the Group's financial position and results of operations.

The following table shows that, if RMB had strengthened/weakened by 5% against HK$, with all other variables held constant, post-tax profit for the year change, mainly as a result of foreign exchange gains/losses on translation of HK$ denominated amounts due from/(to) fellow subsidiaries and trade and other payables.

	2015 RMB'000	2014 RMB'000
Post-tax profit increase/(decrease)		
RMB strengthened by 5%	6,906	(25,365)
RMB weakened by 5%	(6,906)	25,365

The US$ denominated borrowings (Note 22) is in the Company which functional currency is HK$, since HK$ is pegged to US$, there is no significant foreign exchange risk with respect to US$.

3 FINANCIAL RISK MANAGEMENT – CONTINUED

3.1 Financial risk factors – continued

(iv) Cash flow and fair value interest rate risks

The Group's income and operating cash flows are substantially independent of changes in market interest rates. Except for bank deposits with variable interest, the Group has no other significant interest-bearing assets.

The Group's exposure to changes in interest rates is mainly attributable to its borrowings from bank. Bank borrowings of variable rates expose the Group to cash flow interest rate risk. The senior notes at a fixed rate expose the Group to fair value interest rate risk. The Group has not hedged its cash flow and fair value interest rate risk. The interest rate and terms of repayments of borrowings are disclosed in Note 22.

Management does not anticipate significant impact to the senior notes resulted from the changes in market interest rates. Moreover, given the stability of the interest rate in the recent financial market, in the opinion of the directors, the exposure of the senior notes to fair value interest rate risk is considered to be low. Therefore no sensitivity analysis is performed.

Management does not anticipate significant impact to interest-bearing assets resulted from the changes in interest rates, because the interest rates of bank deposits are not expected to change significantly.

At 31 December 2015 and 2014, if interest rates on borrowings at floating rates had been 100 basis points higher/lower with all other variables held constant, the post-tax profit and capitalised interest for the years ended 31 December 2015 and 2014 would have changed as follows:

	2015 RMB'000	2014 RMB'000
Post-tax profit (decrease)/increase		
– 100 basis points higher	(28)	(24)
– 100 basis points lower	28	24
Capitalised interest increase/(decrease)		
– 100 basis points higher	2,530	1,910
– 100 basis points lower	(2,530)	(1,910)

3 FINANCIAL RISK MANAGEMENT – CONTINUED

3.2 Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The Group manages the capital structure and makes adjustment to it in light of changes in economic condition.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt or to obtain bank and other borrowing.

The Group monitors capital on the basis of the gearing ratio. Gearing ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings less cash and bank balance (including cash and cash equivalent and restricted cash). Total capital is calculated as total equity, as shown in the consolidated balance sheet, plus net debt. The gearing ratios at 31 December 2015 and 2014 were as follows:

	2015 RMB'000	2014 RMB'000
Total borrowings (Note 22)	3,220,540	2,761,444
Less: cash and cash equivalents and restricted cash (Note 19)	(2,357,901)	(1,306,923)
Net debt	862,639	1,454,521
Total equity	2,893,698	2,041,474
Total capital	3,756,337	3,495,995
Gearing ratio	23%	42%

3.3 Fair value estimation

The nominal value less estimated credit adjustments of trade receivables, other receivables, cash and cash equivalents, amounts due from non-controlling interests, trade and other payables and current portion of bank borrowings are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments or based on the current bid price in the market. All the resulting fair value estimates are included in level 3 of the fair value hierarchy.

The Group does not have any financial instruments that are measured at fair value.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS – CONTINUED

4.1 Development costs directly attributable to property development activities

The Group allocates portions of land and development costs to properties held for sale and under development. As certain of the Group's property development projects are developed and completed by phases, the budgeted development costs of the whole project are dependent on the estimate on the outcome of total development. Based on the experience and the nature of the development undertaken, the management makes estimates and assumptions concerning the future events that are believed to be reasonable under the circumstances. Given the uncertainties involved in the property development activities, the related actual results may be higher or lower than the amount estimated at the end of the reporting period. Any change in estimates and assumptions would affect the Group's operating performance in future years.

4.2 Provision for impairment of properties held or under development for sale

The management makes provision for impairment of properties held or under development for sale based on the estimate of the recoverable amount of the properties. Given the volatility of the property market in the PRC, the actual recoverable amount may be higher or lower than the estimate made as at the end of the reporting period. Any increase or decrease in the provision would affect the Group's operating performance in future years.

4.3 Current taxation and deferred taxation

The Group is subject to taxation in the PRC. Judgement is required in determining the amount of the provision for taxation and the timing of payment of the related taxation. There are transactions and calculations for which the ultimate tax determination is uncertain (for example, certain expenses such as entertainment and advertising expenses may not be finally deductible) during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the periods in which such determination are made.

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

4.4 Land appreciation tax

PRC land appreciation tax is levied at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds of sales of properties less deductible expenditures including land cost, borrowing costs and all property development expenditures.

The subsidiaries of the Group engaging in property development business in the PRC are subject to land appreciation taxes, which have been included in the income tax expenses. However, the implementation of these taxes varies amongst various PRC cities and the Group has not finalised its land appreciation tax returns with various tax authorities. Accordingly, significant judgement is required in determining the amount of land appreciation and its related taxes. The Group recognises these liabilities based on management's best estimates. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax expenses and provisions of land appreciation taxes in the period in which such determination is made.

4 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS – CONTINUED

4.5 Estimated impairment of goodwill

The Group tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy stated in Note 2.7. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of estimates (Note 12).

4.6 Accruals for construction cost of public facilities

The Group is required to construct certain public facilities in connection with obtaining certain land use rights for construction of properties in the PRC. The Group estimates the accruals for these costs for construction based on historical actual construction costs as adjusted for the effect of inflation. The Group regularly updates the construction schedules of public facilities and reviews the adequacy of the accrued balance.

4.7 Share based payment

The fair value of the shares granted require judgement in determining the expected volatility of the share price, the dividends expected on the shares, and the risk-free interest rate.

5 REVENUE AND SEGMENT INFORMATION

The Executive Directors have been identified as the CODM. Management determines the operating segments based on the Group's internal reports, which are submitted to the Executive Directors for performance assessment and resources allocation.

The Executive Directors consider the business from a geographical perspective and assesses the performance of property development in four reportable operating segments, namely Greater Western Taiwan Straits Economic Zone, Central and Western Regions, Bohai Economic Rim, Pearl River Delta Region and Others. The Group's sea reclamation services and hotel operations are considered together with the property development segments and included in the relevant geographic operating segment. "Others" segment represents provision of design services to group companies, corporate support functions, property management services (services provided to both internal or external customers) and investment holdings businesses.

5 REVENUE AND SEGMENT INFORMATION – CONTINUED

The Executive Directors assess the performance of the operating segments based on a measure of segment results. This measurement basis excludes the effects of depreciation, share of loss of a joint venture, finance income, finance costs and income tax expense from the operating segments. Other information provided, except as noted below, to the Executive Directors is measured in a manner consistent with that in the consolidated financial statements.

	Greater Western Taiwan Straits Economic Zone RMB'000	Central and Western Regions RMB'000	Bobai Economic Rim RMB'000	Pearl River Delta Region RMB'000	Others RMB'000	Total RMB'000
Year ended 31 December 2015						
Total revenue	1,899,987	599,452	861,037	—	48,994	3,409,470
Less: Inter-segment revenue	—	—	—	—	(31,253)	(31,253)
Revenue (from external customers)	1,899,987	599,452	861,037	—	17,741	3,378,217
Segment results	605,514	137,807	187,691	(31,595)	(77,195)	822,222
Depreciation	(1,376)	(641)	(2,878)	(847)	(2,815)	(8,557)
Operating profits/(losses)	604,138	137,166	184,813	(32,442)	(80,010)	813,665
Share of loss of a joint venture	(4,145)	—	—	—	—	(4,145)
Finance income	8,836	1,274	1,399	477	3,161	15,147
Finance costs	—	—	—	—	(3,396)	(3,396)
Income tax expense	(247,058)	(74,548)	(61,628)	(479)	(43,909)	(427,622)
Profits/(losses) for the year	361,771	63,892	124,584	(32,444)	(124,154)	393,649
At 31 December 2015						
Total segment assets	4,322,212	2,402,640	3,903,785	1,826,270	736,352	13,191,259
Other unallocated corporate assets						4,364
Total assets						13,195,623
Additions to:						
Property, plant and equipment	21,755	268	2,455	227	1,238	25,943
Goodwill	—	—	935	—	4,423	5,358
Total segment liabilities	(3,384,496)	(1,925,119)	(1,171,363)	(1,260,397)	(2,560,550)	(10,301,925)

5 REVENUE AND SEGMENT INFORMATION – CONTINUED

	Greater Western Taiwan Straits Economic Zone RMB'000	Central and Western Regions RMB'000	Bobai Economic Rim RMB'000	Pearl River Delta Region RMB'000	Others RMB'000	Total RMB'000
Year ended 31 December 2014						
Total revenue	1,604,327	715,864	1,208,713	—	11,430	3,540,334
Less: Inter-segment revenue	(26,100)	—	—	—	(11,430)	(37,530)
Revenue (from external customers)	1,578,227	715,864	1,208,713	—	—	3,502,804
Segment results	505,030	142,134	134,465	(13,688)	(68,425)	699,516
Depreciation	(1,148)	(544)	(1,690)	(373)	(1,319)	(5,074)
Operating profits/(losses)	503,882	141,590	132,775	(14,061)	(69,744)	694,442
Share of loss of a joint venture	(5,295)	—	—	—	—	(5,295)
Finance income	8,118	703	2,857	228	5,337	17,243
Finance costs	—	—	—	—	(2,850)	(2,850)
Income tax expense	(192,083)	(52,698)	(35,087)	(1,624)	(44,352)	(325,844)
Profits/(losses) for the year	314,622	89,595	100,545	(15,457)	(111,609)	377,696
At 31 December 2014						
Total segment assets	3,584,027	1,721,712	2,551,919	1,386,674	321,063	9,565,395
Other unallocated corporate assets						5,467
Total assets						9,570,862
Additions to:						
Property, plant and equipment	2,411	937	1,474	2,324	5,012	12,158
Acquisition of properties under development for sale	22,538	—	—	—	—	22,538
Total segment liabilities	(3,472,551)	(1,234,058)	(1,198,713)	(666,306)	(957,760)	(7,529,388)

5 REVENUE AND SEGMENT INFORMATION – CONTINUED

	2015 RMB'000	2014 RMB'000
Breakdown of revenue		
Sales of properties	2,967,976	3,502,804
Sea reclamation services	392,500	—
Property management services	17,741	—
	3,378,217	3,502,804

During year ended 31 December 2015, the Group's revenue is concentrated on its customer in relation to sea reclamation services. Revenue recognised for this customer amounted to 11.6% of the Group's revenue.

Geographical information

Revenue by geographical location is determined on the basis of the location of sales of properties or services rendered.

Non-current assets by geographical location are determined based on the location of the relevant assets.

The Group's non-current assets are mainly located in the PRC.

6 EXPENSES BY NATURE

Expenses included in cost of sales, selling and marketing expenses and general and administrative expenses are analysed as follows:

	2015 RMB'000	2014 RMB'000 (Restated)
Auditor's remuneration		
– Audit services	2,859	2,126
– Non-audit services	464	2,087
Cost of properties	2,086,534	2,359,463
Depreciation of property, plant and equipment (Note 11)	8,557	5,074
Employee benefit expenses (Note 8)	111,118	64,078
Entertainment	8,764	10,315
Marketing and advertising costs	76,794	66,358
Operating lease payments	1,220	1,181
Office and travelling expenses	34,224	23,971
Business taxes and surcharges	173,681	197,084
Land use and real estate taxes	6,817	3,187
Legal and professional fees	11,741	13,495
Donation	4,095	2,003
Other selling and marketing and general and administrative expenses	42,633	12,894
Total cost of sales, selling and marketing expenses and general and administrative expenses	2,569,501	2,763,316

7 OTHER GAINS/(LOSSES), NET

	2015 RMB'000	2014 RMB'000 (Restated)
Gain on disposal of property, plant and equipment	528	52
Exchange gains/(losses)	27,375	(17,870)
Penalties income/(expenses)	1,000	(1,876)
Other gains/(losses)	2,630	(622)
	31,533	(20,316)

The exchange gain mainly arises from the year end re-translation of RMB-denominated monetary assets, comprising mainly inter-company balances, on the balance sheets of the companies within the Group which use HK$ as their functional currency. Subsequently, when these balance sheets are translated into RMB, the presentation currency of the Group, a corresponding debit arises, and this is included in other comprehensive loss under the caption of "Exchange differences arising on translation of functional currency to presentation currency".

8 EMPLOYEE BENEFIT EXPENSES

	2015 RMB'000	2014 RMB'000
Salaries and allowances	75,029	46,418
Sale commission and bonuses	17,256	5,346
Pension costs (Note a)	8,912	5,777
Other staff welfare	9,921	6,537
	111,118	64,078

(a) Pension cost - Defined Contribution Plan

Employees in the Group's PRC subsidiaries are required to participate in a defined contribution retirement scheme administrated and operated by the local municipal government. The Group's PRC subsidiaries contribute funds which are calculated on certain percentage of the average employee salary as agreed by local municipal government to the scheme to fund the retirement benefits of the employees.

The Group also participates in a pension scheme under the rules and regulations of the MPF Scheme for all employees in Hong Kong. The contributions to the MPF Scheme are based on minimum statutory contribution requirement of 5% of eligible employees' relevant aggregate income, subject to a ceiling of HK$1,500 per month per head.

Details of the retirement scheme contributions, which have been dealt with in the consolidated income statement of the Group, are as follows:

	2015 RMB'000	2014 RMB'000
Gross scheme contributions	8,912	5,777

8 EMPLOYEE BENEFIT EXPENSES – CONTINUED

(b) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for the year ended 31 December 2015 include three (2014: two) directors whose emoluments are reflected in the analysis presented in note 35. The emoluments payable to the remaining two (2014: three) individuals during the year are as follows:

	2015 RMB'000	2014 RMB'000
Salaries and other short-term benefits	2,463	3,156
Retirement scheme contributions	50	92
	2,513	3,248

The emoluments fall within the following bands:

	2015	2014
Nil to HK$1,000,000 (equivalent to RMB813,350)	1	1
HK$1,000,001 to HK$2,000,000 (equivalent to RMB813,351 to RMB1,626,700)	1	2

9 FINANCE INCOME AND COSTS

	2015 RMB'000	2014 RMB'000
Finance income from bank deposits	15,147	17,243
Finance costs on borrowings	374,312	243,565
Less: finance costs capitalised in qualifying assets	(370,916)	(240,715)
	3,396	2,850
Weighted average interest rate on capitalised borrowings (per annum)	9.63%	9.18%

10 INCOME TAX EXPENSE

Subsidiaries established and operating in the PRC are subject to PRC corporate income tax at the rate of 25% for the year ended 31 December 2015 (2014: 25%).

No provision has been made for Hong Kong profits tax as the companies in Hong Kong did not generate any assessable profits for the year ended 31 December 2015 (2014: Nil).

PRC land appreciation tax is levied at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds of sales of properties less deductible expenditures including costs of land and development and construction expenditures.

	2015 RMB'000	2014 RMB'000
Current income tax		
PRC corporate income tax	233,730	209,939
PRC land appreciation tax	149,817	87,271
Deferred income tax (Note 15)	44,075	28,634
	427,622	325,844

The tax on the Group's profit before income tax differs from the theoretical amount that would arise by applying the statutory tax rate in the PRC to profits of the group companies as follows:

	2015 RMB'000	2014 RMB'000
Profit before income tax	821,271	703,540
Calculated at PRC Corporate income tax rate of 25%	205,318	175,885
Expenses not deductible for tax purpose	60,956	31,390
Income not subject to taxation	(808)	(1,242)
Unrecognised tax losses	6,040	10,006
Provision for land appreciation tax	149,817	87,271
Tax effect on land appreciation tax	(37,454)	(21,818)
Tax effect of withholding tax on the distributable profits of the Group's PRC subsidiaries	43,753	44,352
Income tax expense	427,622	325,844

11 PROPERTY, PLANT AND EQUIPMENT

	Leasehold improvement RMB'000	Furniture and office equipment RMB'000	Motor vehicles RMB'000	Total RMB'000
Year ended 31 December 2014				
Opening net book amount	1,546	5,267	4,997	11,810
Additions	2,372	3,015	6,771	12,158
Acquisition of a subsidiary	—	98	260	358
Disposals	—	(149)	(104)	(253)
Depreciation	(1,402)	(1,838)	(3,169)	(6,409)
Exchange differences	—	(239)	(1)	(240)
Closing net book amount	2,516	6,154	8,754	17,424
As at 31 December 2014				
Cost	5,724	12,018	19,336	37,078
Accumulated depreciation	(3,208)	(5,864)	(10,582)	(19,654)
Net book amount	2,516	6,154	8,754	17,424
Year ended 31 December 2015				
Opening net book amount	2,516	6,154	8,754	17,424
Additions	21,976	2,106	1,861	25,943
Acquisitions of subsidiaries (Note 26)	176	1,378	107	1,661
Disposals	—	(4)	(163)	(167)
Depreciation	(2,812)	(2,573)	(3,410)	(8,795)
Exchange differences	2	14	96	112
Closing net book amount	21,858	7,075	7,245	36,178
As at 31 December 2015				
Cost	27,944	15,568	19,433	62,945
Accumulated depreciation	(6,086)	(8,493)	(12,188)	(26,767)
Net book amount	21,858	7,075	7,245	36,178

11 PROPERTY, PLANT AND EQUIPMENT – CONTINUED

Depreciation charges were capitalised or expensed in the following categories in the consolidated balance sheet and the consolidated income statement:

	2015 RMB'000	2014 RMB'000
Properties under development for sale	238	1,335
General and administrative expenses (Note 6)	8,557	5,074
	8,795	6,409

12 GOODWILL

	RMB'000
Year ended 31 December 2014	
Opening net book amount	95,491
Impairment of goodwill	(24,730)
Closing net book amount	70,761
Year ended 31 December 2015	
Opening net book amount	70,761
Addition (Note 26)	5,358
Impairment of goodwill	(26,584)
Closing net book amount	49,535

Impairment tests for goodwill

Goodwill is allocated to the Group's cash-generating units (CGUs) as follows:

	2015 RMB'000	2014 RMB'000
Mix Kingdom Redco		
– West phase 1	3,918	3,918
– West phase 4	—	22,161
– West phase 5	44,682	44,682
Shandong Xin Guangyou Propertie Co., Limited	364	—
Jinan Redco Weisheng Property Development Co., Ltd	571	—
	49,535	70,761

12 GOODWILL – CONTINUED

The Group acquired several subsidiaries which are engaged in property development and property management in the PRC. Goodwill represents the excess of consideration transferred over the Group's interest in net fair value of the net identifiable assets, liabilities and contingent liabilities of the acquire. The recoverable amount of all CGUs is determined based on value-in-use calculations. These calculations use pre-tax cash flow projections based on financial budgets approved by management covering a five-year period. Management expects cash flows beyond the five-year period are minimal.

The key assumptions used for value-in-use calculations for the year ended 31 December 2015 for Mix Kingdom Redco is as follows:

	West phase 1	West phase 4	West phase 5
Sales price per sq.m (RMB)	6,190	6,179	5,796
Construction cost per sq.m (RMB)	2,905	3,239	3,300
Gross margin	55%	55%	43%
Discount rate	10%	10%	10%

Management determined budgeted gross margin based on past performance and its expectations of market development. The discount rates used are pre-tax and reflect specific risks relating to the relevant business.

The key assumptions used for value-in-use calculations for the year ended 31 December 2014 for Mix Kingdom Redco is as follows:

	West phase 1	West phase 4	West phase 5
Sales price per sq.m (RMB)	6,190	6,082	5,796
Construction cost per sq.m (RMB)	2,905	3,239	3,300
Gross margin	55%	55%	43%
Discount rate	12%	12%	12%

The directors are of the view that there was impairment on goodwill during the year ended 31 December 2015:

	2015 RMB'000	2014 RMB'000
Mix Kingdom Redco		
– West phase 3	—	5,836
– West phase 4	22,161	—
– East phase 1A	—	1,490
– East phase 1B	—	146
– East phase 3	—	17,258
Jiangxi Hengfeng Property Services Co., Ltd	4,423	—
	26,584	24,730

For the other CGUs, the calculated recoverable amounts exceed the respective carrying amounts.

A rise in discount rate to 12% will remove the remaining headroom.

13 SUBSIDIARIES

(a) Details of the principal subsidiaries at 31 December 2015 are set out below:

Name of companies		Place of incorporation/ establishment	Kind of legal entity	Principal activities and place of operation	Particulars of issued share capital and debt securities	Proportion of ordinary shares directly held by parent(%)	Proportion of ordinary shares held by the group(%)	Proportion of ordinary shares held by non-controlling interests(%)
力高地產控股有限公司	Redco Properties Holdings Limited	The British Virgin Islands ("BVI")	Limited liability company	Investment holding	2 ordinary shares of 1 US dollar each, US$2	100%	100%	–
力創國際發展有限公司	Power Creation International Development Limited	BVI	Limited liability company	Investment holding	100 ordinary shares of 1 US dollar each, US$100	–	100%	–
富宏控股有限公司	Max Income Holdings Limited	BVI	Limited liability company	Investment holding	1 ordinary shares of 1 US dollar each, US$1	–	100%	–
利達集團有限公司	Maxprofit Globe Holdings Limited	BVI	Limited liability company	Investment holding	100 ordinary shares of 1 US dollar each, US$100	–	100%	–
力泉國際投資有限公司	Power Spring International Investments Limited	BVI	Limited liability company	Investment holding	1 ordinary shares of 1 US dollar each, US$1	–	100%	–
銘高國際控股有限公司	Top Glory International Holdings Limited	BVI	Limited liability company	Investment holding	1 ordinary shares of 1 US dollar each, US$1	–	100%	–
匯高投資發展有限公司	Hui Gao Investments Development Limited	BVI	Limited liability company	Investment holding	1 ordinary shares of 1 US dollar each, US$1	–	100%	–
盛高置業投資有限公司	Top Thrive Real Estates Investments Limited	BVI	Limited liability company	Investment holding	1 ordinary shares of 1 US dollar each, US$1	–	100%	–
力嘉國際投資有限公司	Li Jia International Investments Limited	BVI	Limited liability company	Investment holding	1 ordinary shares of 1 US dollar each, US$1	–	100%	–
偉力國際發展有限公司	Wei Li International Developments Limited	BVI	Limited liability company	Investment holding	1 ordinary shares of 1 US dollar each, US$1	–	100%	–
創高環球投資有限公司	Top Creation Worldwide Investments Limited	BVI	Limited liability company	Investment holding	1 ordinary shares of 1 US dollar each, US$1	–	100%	–
力高集團(香港)有限公司	Redco Holdings (Hong Kong) Co., Limited	Hong Kong	Limited liability company	Investment holding	100,000 ordinary shares of 1 HK dollar each, HK$100,000	–	100%	–
力盛國際投資有限公司	Power Thrive International Investment Limited	Hong Kong	Limited liability company	Investment holding	1 ordinary shares of 1 HK dollar each, HK$1	–	100%	–
力高投資(國際)有限公司	Redco Investment (International) Co., Limited (Note (i))	Hong Kong	Limited liability company	Investment holding	10,000 ordinary shares of 1 HK dollar each, HK$10,000	–	50%	50%
興達國際實業有限公司	Bloom Trend International Industrial Limited	Hong Kong	Limited liability company	Investment holding	1 ordinary shares of 1 HK dollar each, HK$1	–	100%	–
力高實業投資有限公司	Redco Industrial Investment Limited	Hong Kong	Limited liability company	Investment holding	1 ordinary shares of 1 HK dollar each, HK$1	–	100%	–

13 SUBSIDIARIES – CONTINUED

(a) Details of the principal subsidiaries at 31 December 2015 are set out below: – continued

Name of companies		Place of incorporation/ establishment	Kind of legal entity	Principal activities and place of operation	Particulars of issued share capital and debt securities	Proportion of ordinary shares directly held by parent(%)	Proportion of ordinary shares held by the group(%)	Proportion of ordinary shares held by non-controlling interests(%)
達榮國際投資有限公司	Fame Step International Investment Limited	Hong Kong	Limited liability company	Investment holding	1 ordinary shares of 1 HK dollar each, HK$1	–	100%	–
香港泉高投資有限公司	Hong Kong Spring Top Investments Limited	Hong Kong	Limited liability company	Investment holding	1 ordinary shares of 1 HK dollar each, HK$1	–	100%	–
香港御高投資有限公司	Hong Kong Royal Lofty Investment Limited	Hong Kong	Limited liability company	Investment holding	1 ordinary shares of 1 HK dollar each, HK$1	–	100%	–
力高置業(香港)有限公司	Redco Properties (Hong Kong) Company Limited	Hong Kong	Limited liability company	Investment holding	1 ordinary shares of 1 HK dollar each, HK$1	–	100%	–
香港濱江實業有限公司	Hong Kong Binjiang Industrial Limited	Hong Kong	Limited liability company	Investment holding	150,000,000 ordinary shares of 1 HK dollar each, HK$150,000,000	–	100%	–
香港榮力發展有限公司	Hong Kong Wing Power Developments Limited	Hong Kong	Limited liability company	Investment holding	1 ordinary shares of 1 HK dollar each, HK$1	–	100%	–
康利投資(國際)有限公司	Hong Lee Investment (International) Company Limited	Hong Kong	Limited liability company	Investment holding	1 ordinary shares of 1 HK dollar each, HK$1	–	100%	–
江西萬和房地產開發有限公司	JiangXi Man Wo Property Develoment Co., Ltd	PRC	Wholly owned foreign enterprise	Property development in the PRC	Registered HK$300,000,000 Paid up HK$300,000,000	–	100%	–
江西力高房地產開發有限公司	JiangXi Redco Property Development Co., Ltd	PRC	Limited liability company	Property development in the PRC	Registered RMB100,000,000 Paid up RMB100,000,000	–	100%	–
力高置業(江西)有限公司	Redco Development (JiangXi) Co., Ltd (Note (ii))	PRC	Wholly owned foreign enterprise	Property development in the PRC	Registered HK$150,000,000 Paid up HK$150,000,000	–	50%	50%
長豐聯華置業有限公司	Changfeng Lianhua Real Estate Co., Ltd	PRC	Limited liability company	Property development in the PRC	Registered RMB50,750,000 Paid up RMB50,750,000	–	80%	20%
山東恒嘉置業有限公司	Shandong Hengjia Real Estate Co., Ltd	PRC	Limited liability company	Property development in the PRC	Registered RMB10,000,000 Paid up RMB10,000,000	–	100%	–
山東力高房地產開發有限公司	Shandong Redco Real Estate Development Co., Ltd	PRC	Sino-foreign equity joint venture	Property development in the PRC	Registered HK$100,000,000 Paid up HK$100,000,000	–	100%	–
力高(天津)地產有限公司	Redco (Tingjin) Real Estate Co., Ltd	PRC	Wholly owned foreign enterprise	Property development in the PRC	Registered HK$490,000,000 Paid up HK$490,000,000	–	100%	–
咸陽力高房地產開發有限公司	Xianyang Redco Property Development Co., Ltd	PRC	Limited liability company	Property development in the PRC	Registered RMB20,000,000 Paid up RMB20,000,000	–	70%	30%
江西崇德房地產開發有限公司	Jiang Xi Chong De Real Estate Development Co., Ltd	PRC	Wholly owned foreign enterprise	Property development in the PRC	Registered HK$200,000,000 Paid up HK$200,000,000	–	100%	–

13 SUBSIDIARIES – CONTINUED

(a) Details of the principal subsidiaries at 31 December 2015 are set out below: – continued

Name of companies		Place of incorporation/ establishment	Kind of legal entity	Principal activities and place of operation	Particulars of issued share capital and debt securities	Proportion of ordinary shares directly held by parent(%)	Proportion of ordinary shares held by the group(%)	Proportion of ordinary shares held by non-controlling interests(%)
煙台力高置業有限公司	Yantai Redco Develoment Co., Ltd	PRC	Wholly owned foreign enterprise	Property development in the PRC	Registered US$48,000,000 Paid up US$48,000,000	–	100%	–
力高(中國)地產有限公司	Redco (China) Real Estate Co., Ltd	PRC	Sino-foreign equity joint venture	Property development in the PRC	Registered HK$100,000,000 Paid up HK$100,000,000	–	100%	–
深圳興居貿易有限公司	Shenzhen Xingju Trading Co., Ltd	PRC	Limited liability company	Trading in the PRC	Registered RMB1,000,000 Paid up RMB1,000,000	–	100%	–
深圳市今典設計顧問有限公司	Shenzhen Jindian Design Consulting Co., Ltd	PRC	Limited liability company	Construction design consulting in the PRC	Registered RMB500,000 Paid up RMB500,000	–	100%	–
深圳創信工程造價諮詢有限公司	Shenzhen Chuangxin Construction Cost Consulting Co., Ltd	PRC	Limited liability company	Construction cost consulting in the PRC	Registered RMB1,000,000 Paid up RMB1,000,000	–	100%	–
深圳市力高大道置業有限公司	Shenzhen Redco Dadao Real Estate Co., Ltd	PRC	Limited liability company	Property development in the PRC	Registered RMB50,000,000 Paid up RMB50,000,000	–	51%	49%
江西政力房地產開發有限公司	Jiangxi Zhengli Property Development Co., Ltd	PRC	Limited liability company	Property development in the PRC	Registered RMB200,000,000 Paid up RMB200,000,000	–	51%	49%
江西力達房地產開發有限公司	Jiangxi Lida Property Development Co., Ltd	PRC	Limited liability company	Property development in the PRC	Registered RMB20,000,000 Paid up RMB20,000,000	–	78%	22%
江西怡居房地產開發有限公司	Jiangxi Yiju Property Development Co., Ltd	PRC	Limited liability company	Property development in the PRC	Registered RMB80,000,000 Paid up RMB80,000,000	–	51%	49%
深圳力高宏業地產開發有限公司	Shenzhen Redco Hongye Property Development Co., Ltd	PRC	Limited liability company	Property development in the PRC	Registered RMB10,000,000 Paid up Nil	–	100%	–
合肥力高宏業地產開發有限公司	Hefei Redco Hongye Property Development Co., Ltd	PRC	Limited liability company	Property development in the PRC	Registered RMB50,000,000 Paid up RMB50,000,000	–	100%	–
天津力高宏業投資有限公司	Tianjin Redco Hongye Investment Company Limited	PRC	Limited liability company	Investment holding	Registered US$298,000,000 Paid up US$198,000,000	–	100%	–
天津力高基業有限公司	Tianjin Redco Jiye Company Limited	PRC	Limited liability company	Operation and management of cultural tourism project in the PRC	Registered RMB1,217,064,630 Paid up RMB1,023,680,241.37	–	100%	–
廣州青旅置業有限公司	Guangzhou CYTSOTEL Real Esate Development Co., Ltd	PRC	Limited liability company	Property development in the PRC	Registered RMB25,000,000 Paid up RMB25,000,000	–	60%	40%
山東力高江浩房地產有限公司	Shandong Redco Jianghao Real Estate Co., Ltd	PRC	Limited liability company	Property development in the PRC	Registered RMB100,000,000 Paid up RMB100,000,000	–	100%	–
天津力高興業文化傳播有限公司	Tianjin Redco Xingye Cultural Dissemination Company Limited	PRC	Wholly owned foreign enterprise	Cultural product design consulting in the PRC	Registered RMB600,000,000 Paid up RMB197,369,509.38	–	100%	–

13 SUBSIDIARIES – CONTINUED

(a) Details of the principal subsidiaries at 31 December 2015 are set out below: – continued

Name of companies		Place of incorporation/ establishment	Kind of legal entity	Principal activities and place of operation	Particulars of issued share capital and debt securities	Proportion of ordinary shares directly held by parent(%)	Proportion of ordinary shares held by the group(%)	Proportion of ordinary shares held by non-controlling interests(%)
天津力高盛業有限公司	Tianjin Redco Shengye Investment Company Limited	PRC	Wholly owned foreign enterprise	Operation and management of cultural tourism project in the PRC	Registered RMB100,000,000 Paid up RMB100,000,000	–	100%	–
江西恒豐行物業服務有限公司	Jiangxi Hengfeng Property Services Co., Ltd	PRC	Limited liability company	Property management in the PRC	Registered RMB5,000,000 Paid up RMB5,000,000	–	100%	–
合肥群盛物業管理服務有限公司	Hefei Qunsheng Property Services Co., Ltd	PRC	Limited liability company	Property management in the PRC	Registered RMB3,000,000 Paid up RMB3,000,000	–	100%	–
深圳市御高物業管理有限公司	Shenzhen Yugao Property Managemet Co., Ltd	PRC	Limited liability company	Property management in the PRC	Registered RMB500,000 Paid up RMB500,000	–	100%	–
深圳市力高基業地產開發有限公司	Shenzhen Redco Jiye Property Development Co., Ltd	PRC	Limited liability company	Property development in the PRC	Registered RMB10,000,000 Paid up Nil	–	100%	–
濟南力高偉盛地產開發有限公司	Jinan Redco Weisheng Property Development Co., Ltd	PRC	Sino-foreign equity joint venture	Property development in the PRC	Registered RMB100,000,000 Paid up RMB100,000,000	–	70%	30%
濟南力高宏盛地產開發有限公司	Jinan Redco Hongsheng Property Development Co., Ltd	PRC	Limited liability company	Property development in the PRC	Registered RMB18,734,600 Paid up Nil	–	100%	–
山東新廣友置業有限公司	Shandong Xin Guangyou Properties Co., Limited	PRC	Limited liability company	Property development in the PRC	Registered RMB36,734,600 Paid up RMB36,734,600	–	51%	49%
江西海祥房地產開發有限公司	Jiangxi Haixiang Property Development Co., Ltd	PRC	Limited liability company	Property development in the PRC	Registered RMB10,000,000 Paid up Nil	–	100%	–

13 SUBSIDIARIES – CONTINUED

(a) Details of the principal subsidiaries at 31 December 2015 are set out below: – continued

(i) Although the Group owns not more than half of the equity interest in Redco Investment (International) Co., Limited ("**Redco Investment**"), it is able to control the financing and operating decisions since the Group and the other shareholder agreed that the directors of the Group have the casting vote in the Board of Directors' meeting for resolution of operating and major decisions. Consequently, the Group consolidates Redco Investment.

(ii) Although the Group owns not more than half of the equity interest in Redco Development (Jiangxi) Co., Ltd ("**Redco Development**"), it is able to control more than one half of the voting rights by virtue of the fact that 3 out of 5 directors are elected by the Group. Consequently, the Group consolidates Redco Development.

(iii) The English names of PRC companies referred to above in this note represent management's best efforts in translating the Chinese names of those companies as no English names have been registered or available.

(b) Amounts due from/(to) subsidiaries are unsecured, interest-free and repayable on demand. The carrying amounts are denominated in RMB and approximate their fair values (Note 3.3).

(c) Set out below are the summarised financial information of Redco Development that have non-controlling interests that are material to the Group:

Summarised balance sheet

	Redco Development	
	2015 RMB'000	2014 RMB'000
Current		
Assets	444,887	454,133
Liabilities	(206,085)	(214,906)
Total net current assets and net assets	238,802	239,227

13 SUBSIDIARIES – CONTINUED

(c) Set out below are the summarised financial information of Redco Development that have non-controlling interests that are material to the Group: – continued

Summarised income statement

	Redco Development	
	2015 RMB'000	2014 RMB'000
Revenue	4,316	60,612
(Loss)/profit before income tax	(426)	52,716
Income tax expense	—	(15,995)
Total comprehensive (losses)/income	(426)	36,721
(Loss)/profit allocated to non-controlling interests	(213)	18,361

Summarised cash flows

	Redco Development	
	2015 RMB'000	2014 RMB'000
Net cash used in operating activities	(3,106)	(8,314)
Net decrease in cash and cash equivalents	(3,106)	(8,314)
Cash and cash equivalents at beginning of year	12,091	20,405
Cash and cash equivalents at end of year	8,985	12,091

The information above is before inter-company eliminations.

14 INTEREST IN A JOINT VENTURE

(a) Interest in a joint venture

	2015 RMB'000	2014 RMB'000
At beginning of the year	168,553	173,848
Share of loss	(4,145)	(5,295)
Net asset attributable to the Group's 50% interest	164,408	168,553
Unrealised gain from the transaction with a joint venture	(24,780)	(26,100)
At end of the year	139,628	142,453
Amount due from a joint venture	25,603	35,876
	165,231	178,329

Note: The amount due from a joint venture is interest-free, unsecured and has no fixed repayment terms. The carrying amount approximates its fair value (Note 3.3). The amount due from a joint venture is denominated in RMB.

The unrealised gain is resulted from the sales of properties from Redco Development (JinangXi) Co., Ltd to the joint venture during the year ended 31 December 2014.

For the year ended 31 December 2015, the joint venture still holds the property and a portion of unrealized gain is reversed due to sales of properties to external parties.

(b) Nature of interest in a joint venture

Name of entity	Place of establishment principal/ place of business	% of ownership directly held interest 2015	2014	Nature of the relationship	Measurement method
Redco Industry (Jiangxi) Co., Limited	PRC	50%	50%	Note 1	Equity

Note 1: Redco Industry (Jiangxi) Co., Limited was a wholly owned foreign enterprise incorporated on 28 July 2010. The principal activity is hotel operations in the PRC.

14 INTEREST IN A JOINT VENTURE – CONTINUED

(c) Summarised financial information for a joint venture

Set out below is the summarised financial information of Redco Industry (Jiangxi) Co., Limited which is material to the Group.

Summarised balance sheet

	2015 RMB'000	2014 RMB'000
Current		
Cash and cash equivalents	16,944	17,676
Other current assets (excluding cash)	34,216	73,077
Total current assets	51,160	90,753
Other current liabilities (including trade payables)	(64,940)	(105,839)
Total current liabilities	(64,940)	(105,839)
Total net current liabilities	(13,780)	(15,086)
Non-current		
Assets	362,596	384,192
Financial liabilities	(20,000)	(32,000)
Total non-current assets	342,596	352,192
Net assets	328,816	337,106
Net assets attributable to the Group's 50% interest (Note a)	164,408	168,553

Summarised income statement

	2015 RMB'000	2014 RMB'000
Revenue	97,796	95,068
Depreciation	(21,385)	(20,103)
Operating loss	(7,177)	(8,052)
Interest income	44	23
Interest expenses	(1,563)	(2,560)
Tax credit	407	—
Total comprehensive loss	(8,289)	(10,589)

No dividend has been paid or declared by the joint venture since its establishment.

15 DEFERRED INCOME TAX

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes relate to the same tax authority. The analysis of deferred tax liabilities, net, is as follows:

	2015 RMB'000	2014 RMB'000
Deferred income tax assets		
– to be recovered within 12 months	51,976	28,471
– to be recovered after more than 12 months	6,469	4,196
	58,445	32,667
Deferred income tax liabilities		
– to be settled within 12 months	(80,166)	(44,230)
– to be settled after more than 12 months	(103,777)	(69,860)
	(183,943)	(114,090)
Deferred tax liabilities, net	(125,498)	(81,423)

The movements on the net deferred income tax liabilities are as follows:

	2015 RMB'000	2014 RMB'000
At beginning of year	(81,423)	(52,789)
Charged to the consolidated income statement (Note 10)	(44,075)	(28,634)
At end of year	(125,498)	(81,423)

Deferred tax assets:

	Unrealised profit RMB'000	Tax losses RMB'000	Provisions RMB'000	Total RMB'000
At 1 January 2014	—	27,008	—	27,008
Credited/(charged) to consolidated income statement	6,525	(866)	—	5,659
At 31 December 2014	6,525	26,142	—	32,667
At 1 January 2015	6,525	26,142	—	32,667
(Charged)/credited to consolidated income statement	(330)	13,941	12,167	25,778
At 31 December 2015	6,195	40,083	12,167	58,445

15 DEFERRED INCOME TAX – CONTINUED

Deferred tax liabilities:

	Fair value gain on acquisition of a subsidiary RMB'000	Interest capitalised RMB'000	Withholding tax RMB'000	Total RMB'000
At 1 January 2014	34,058	1,988	43,751	79,797
(Credited)/charged to consolidated income statement	(9,828)	16,769	27,352	34,293
At 31 December 2014	24,230	18,757	71,103	114,090
At 1 January 2015	**24,230**	**18,757**	**71,103**	**114,090**
(Credited)/charged to consolidated income statement	**(1,958)**	**28,308**	**43,503**	**69,853**
At 31 December 2015	**22,272**	**47,065**	**114,606**	**183,943**

Deferred income tax assets are recognised for tax losses carried forward to the extent that the realisation of the related benefit through future taxable profits is probable. As at 31 December 2015 and 2014, the unrecognised tax losses are as follows:

	2015 RMB'000	2014 RMB'000
Expiry date in:		
2015	**—**	393
2016	**1,583**	1,349
2017	**3,313**	3,313
2018	**3,746**	3,413
2019	**46,440**	40,025
2020	**25,243**	—
No expiry date	**15,369**	15,369
	95,694	63,862

During the year, tax losses amounting to RMB393,000 (2014: RMB378,000) expired.

Pursuant to the relevant PRC corporate income tax rules and regulations, deferred tax on withholding tax is imposed on declared dividends in respect of profits earned by the Group's PRC subsidiaries from 1 January 2008.

Deferred income tax liabilities of approximately RMB45,087,000 (2014: RMB45,087,000) for the year ended 31 December 2015 have not been provided for in the consolidated balance sheet in respect of temporary differences attributable to accumulated profits of Group's certain PRC subsidiaries as the Group controls the dividend policy of these PRC subsidiaries and it is probable that these temporary differences will not be reversed in the foreseeable future.

16 COMPLETED PROPERTIES HELD FOR SALE

	2015 RMB'000	2014 RMB'000
Amount comprised:		
Land use rights	409,942	248,838
Construction costs and capitalised expenditures	755,584	845,606
Interest capitalised	71,520	47,894
	1,237,046	1,142,338

Completed properties held for sale are all located in the PRC.

17 PROPERTIES UNDER DEVELOPMENT FOR SALE

	2015 RMB'000	2014 RMB'000
Within normal operating cycle included under current assets		
Amount comprised:		
Land use rights	4,350,186	3,042,602
Construction costs and capitalised expenditures	2,425,735	1,828,632
Interest capitalised	442,953	219,393
	7,218,874	5,090,627

The properties under development for sale are all located in the PRC.

	2015 RMB'000	2014 RMB'000
Properties under development for sale:		
Expected to be completed and available for sale after more than 12 months	3,325,663	4,482,772
Expected to be completed and available for sale within 12 months	3,893,211	607,855
	7,218,874	5,090,627
Pledged as collateral for the Group's borrowings	3,544,042	3,598,935

18 TRADE RECEIVABLES, OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	2015 RMB'000	2014 RMB'000
Trade receivables (Note a)	44,266	—
Accrued contract revenue (Note b)	392,500	—
	436,766	—
Other receivables	691,636	408,941
Deposits with local real estate associations (Note c)	285,202	118,810
Deposits with labour department	6,097	9,304
Deposits with treasury bureau	25,023	3,966
	1,007,958	541,021
Prepaid business tax and surcharges	116,475	54,168
Prepayment for construction costs	40,164	24,945
Prepayment for land use rights	187,037	848,607
	1,351,634	1,468,741
	1,788,400	1,468,741

Note:

(a) Trade receivables mainly arise from service income from sales of properties. Proceeds in respect of sales of properties are to be received in accordance with the terms of the related sales and purchase agreements and credit term are generally not granted to customers. The ageing analysis of trade receivables at the balance sheet dates based on revenue recognition date was as follows:

	2015 RMB'000	2014 RMB'000
0 - 30 days	43,222	—
31 - 60 days	9	—
61 - 90 days	1,035	—
	44,266	—

As at 31 December 2015, trade receivables of RMB35,966,000(2014: Nil) were overdue but not impaired. These receivables relate to certain customers that are financially viable. Based on past experience, management believes that no provision for impairment is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully receivable.

The ageing analysis of these trade receivables is as follows:

	2015 RMB'000	2014 RMB'000
0 - 30 days	34,922	—
31 - 60 days	9	—
61 - 90 days	1,035	—
	35,966	—

18 TRADE RECEIVABLES, OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS – CONTINUED

Note:

(b) Accrued contract revenue arises from the Group's sea reclamation service. As at 31 December 2015, the corresponding receivable balance is not yet billed.

(c) The deposits with local real estate associations, mainly included deposits with Jinan Housing Repairment Fund Management Center (濟南市住房維修資金管理中心) in connection with the retention of the quality for properties construction as required by the relevant regulations in respect of the Group's property development projects in Jinan.

(d) The carrying amounts of trade receivables, other receivables, deposits and prepayments approximate their fair values (Note 3.3) due to short maturity and are unsecured, interest-free and repayable on demand.

(e) The carrying amounts of the Group's trade receivables and other receivables are all denominated in RMB.

19 CASH AND CASH EQUIVALENTS AND RESTRICTED CASH

	2015 RMB'000	2014 RMB'000
Cash at bank and on hand	1,689,142	951,480
Restricted cash	668,759	355,443
Cash and cash equivalents and restricted cash	2,357,901	1,306,923

The carrying amounts of the Group's cash and cash equivalents and restricted cash are equivalent to their fair values and are denominated in the following currencies:

	2015 RMB'000	2014 RMB'000
RMB	2,353,026	1,294,855
HK$	3,888	9,911
US$	987	2,157
	2,357,901	1,306,923

The cash and cash equivalents and restricted cash denominated in RMB are deposited with banks in the PRC. The remittance of such balances out of the PRC is subject to the rules and regulations of foreign exchange control promulgated by the PRC government.

Restricted cash comprises (i) guaranteed deposits for the mortgage loan facilities granted by banks to purchasers of the Group's properties, (ii) guaranteed deposits for constructions of properties from certain property development companies of the Group that are required to place certain amount of presale proceeds of properties in designated bank accounts in accordance with relevant documents issued by State-Owned Land and Resource Bureau, and (iii) other bank deposits that are restricted in use as collateral for banking facilities of the Group.

20 SHARE CAPITAL

	Number of Share	Par value (HK$0.1 per share) HK$	RMB'000 Equivalent
Authorised:			
As at 1 January 2013 and 31 December 2013	3,800,000	380,000	318
Increase of authorised share capital (Note a)	4,996,200,000	499,620,000	418,581
As at 31 December 2015 and 2014	5,000,000,000	500,000,000	418,899
Issued and fully paid:			
As at 1 January 2014	200	20	—
Capitalisation issue (Note b)	1,199,999,800	119,999,980	94,356
Issue of new shares pursuant to the global offering (Note c)	400,000,000	40,000,000	31,452
As at 31 December 2014	1,600,000,000	160,000,000	125,808
Issue of new shares pursuant to placing agreement (Note d)	175,804,661	17,580,466	13,824
As at 31 December 2015	1,775,804,661	177,580,466	139,632

Note:

(a) Pursuant to written resolutions of the Company's shareholders passed on 14 January 2014, the Company's authorised ordinary share capital was increased to HK$500,000,000 by the creation of an additional 4,996,200,000 shares of HK$0.1 each, ranking pari passu with the existing shares of the Company in all respects.

(b) On 14 January 2014, pursuant to the resolution of the then shareholders of the Company, it was approved for the Company to issue 1,199,999,800 ordinary shares of HK$0.1 each to such shareholders by way of capitalisation of HK$119,999,980 (equivalent to RMB94,356,000) from the share premium account upon listing of the Company's shares on the Hong Kong Stock Exchange (the "**Capitalisation issue**"). Such shares were issued on 30 January 2014, being the date on which dealings in the shares of the Company first commenced on the Hong Kong Stock Exchange.

(c) On 30 January 2014, the Company issued a total of 400,000,000 ordinary shares of HK$0.1 each at a price of HK$2.5 per share as a result of the completion of the Initial Global Offering. Net proceeds of the Initial Global Offering amounted to HK$952,154,305 (equivalent to RMB748,673,000) representing gross proceeds of HK$1,000,000,000 (equivalent to RMB786,300,000) less listing expenses of HK$47,845,695 (equivalent to RMB37,627,000). Of the net proceeds of HK$952,154,305 (equivalent to RMB748,673,000), an amount of HK$40,000,000 (equivalent to RMB31,452,000) representing the par value of share issued was credited to share capital account and the remaining HK$912,154,305 (equivalent to RMB717,221,000) was credited to share premium account. Number of total issued shares of the Company was increased to 1,600,000,000 upon completion of the Initial Global Offering and the Capitalisation issue.

20 SHARE CAPITAL – CONTINUED

Note:

(d) On 29 December 2015, the Company issued subscription shares (the "**Subscription Shares**") pursuant to a subscription agreement dated 2 November 2015 to Nanchang Municipal Public Real Estate Group Limited (南昌市政公用房地產集團有限公司) (the "**Subscriber**") with a total of 175,804,661 ordinary shares of HK$0.1 each at a subscription price of HK$4.43 per share. Proceeds amounted to HK$778,814,648 (equivalent to RMB612,382,000). Of the proceeds, an amount of HK$17,580,466 (equivalent to RMB13,824,000) representing the par value of share issued was credited to share capital account and the remaining HK$761,234,182 (equivalent to RMB598,558,000) was credited to share premium account. The Group has also engaged an independent professional valuer to perform valuation of the fair value of the shares granted. The main parameters in the valuation include expected volatility of share price, dividends expected on the shares, and the risk free interest rate. Based on the valuation report, the Group recognised RMB20,000,000 of share based payment expense, being the difference between the fair value of shares granted and consideration received. Such expense is debited to general and administrative expenses and credited to share premium account. Number of total issued shares of the Company was increased to 1,775,804,661 upon completion of the subscription of shares.

The subscriber undertakes to the Company that it shall not sell any of the shares during one year after 29 December 2015 (the "**Completion Date**").

Wong Yeuk Hung, a major shareholder of the Group, provided an undertaking to the Subscriber in relation to future share price performance of the Company (Note 32(b) (ii)).

Pursuant to a deed of undertaking, Mr. Wong undertakes to compensate the Subscriber by cash in full the shortfall if on the first anniversary of the Completion Date, the Subscriber remains the holder of all Subscription Shares and is not in breach of its lock-up undertaking under the subscription agreement. The shortfall will be determined with reference to the target market price of the Subscription Shares on or about the first anniversary of the Completion Date. The target price is set at 120% of the subscription price. To the best knowledge, information and belief of the Company, the target price contemplated under a deed of undertaking was determined with reference to the market price of the Subscription Shares, the Company's historical performances, business prospects and the Subscriber's expected return.

21 RESERVES

	Share premium RMB'000	Exchange reserve RMB'000	Statutory reserve RMB'000	Merger reserve RMB'000	Other reserves RMB'000	Retained earnings RMB'000	Total RMB'000
At 1 January 2014	—	105,630	97,661	134,402	—	551,252	888,945
Comprehensive income							
Profit for the year	—	—	—	—	—	347,203	347,203
Other comprehensive income/(loss)							
Exchange differences arising on translation of functional currency to presentation currency	—	(59,994)	—	—	—	—	(59,994)
Transfer to statutory reserve	—	—	62,707	—	—	(62,707)	—
Total comprehensive income/(loss)	—	(59,994)	62,707	—	—	284,496	287,209
Transactions with owner:							
Issue of new share pursuant to the global offering	717,221	—	—	—	—	—	717,221
Capitalisation issue	(94,356)	—	—	—	—	—	(94,356)
Dividend relating to 2013, paid	—	—	—	—	—	(230,000)	(230,000)
Total transactions with owners, recognised in equity	622,865	—	—	—	—	(230,000)	392,865
At 31 December 2014	622,865	45,636	160,368	134,402	—	605,748	1,569,019
Comprehensive income							
Profit for the year	—	—	—	—	—	401,030	401,030
Other comprehensive loss							
Exchange differences arising on translation of functional currency to presentation currency	—	(140,886)	—	—	—	—	(140,886)
Transfer to statutory reserve	—	—	31,241	—	—	(31,241)	—
Total comprehensive income/(loss)	—	(140,886)	31,241	—	—	369,789	260,144
Transactions with owner:							
Issue of new share pursuant to placing agreement (Note 20d)	618,558	—	—	—	—	—	618,558
Change in ownership interests in subsidiary without change in control	—	1	—	—	(416)	—	(415)
Dividend relating to 2014, paid	—	—	—	—	—	(64,000)	(64,000)
Total transactions with owners, recognised in equity	618,558	1	—	—	(416)	(64,000)	554,143
At 31 December 2015	1,241,423	(95,249)	191,609	134,402	(416)	911,537	2,383,306

22 BORROWINGS

	2015 RMB'000	2014 RMB'000
Long-term bank borrowings, secured	1,953,097	1,405,000
Senior Notes due 2019, secured	796,930	747,224
Non-current borrowings, secured	2,750,027	2,152,224
Portion of term loan from bank, secured		
– due for repayment within one year, secured	244,307	460,107
– due for repayment within one year which contain a repayment on demand clause, secured	20,945	19,722
– due for repayment after one year which contain a repayment on demand clause, secured	205,261	71,001
Short-term bank borrowings, secured	—	58,390
Current bank borrowings, secured	470,513	609,220
Total borrowings	3,220,540	2,761,444

Bank borrowings are secured by certain properties under development for sale of RMB3,544,042,000 (2014: RMB3,598,935,000) (Note 17).

Bank borrowings mature from 2016 to 2020, and bear interest from 3.55% to 12% (2014: 2.3% to 12%) per annum.

The amounts based on the scheduled repayment dates set out in the loan agreements and the maturities of the Group's total borrowings at the respective balance sheet dates (i.e. ignoring the effect of any repayment on demand clause) are shown below:

	2015 RMB'000	2014 RMB'000
Amounts of borrowings that are repayable:		
– Within 1 year	265,252	538,219
– Between 1 and 2 years	1,179,494	1,211,001
– Between 2 and 5 years	1,775,794	1,012,224
Total borrowings	3,220,540	2,761,444

The carrying amounts of the Group's bank borrowings approximate their fair values (Note 3.3) as they are either at prevailing market interest rate or due to their short maturities and are denominated in the following currencies:

	2015 RMB'000	2014 RMB'000
RMB	1,725,870	1,771,890
US$	1,268,464	747,224
HK$	226,206	242,330
	3,220,540	2,761,444

22 BORROWINGS – CONTINUED

On 1 August 2014, the Company issued 13.75% senior notes due 2019 with an aggregate nominal value of US$125,000,000 at par value (the "**Senior Notes due 2019**"). The interest is payable semi-annually in arrears. The net proceeds, after deducting the direct issuance costs, amounted to approximately US$121,500,000 (equivalent to RMB741,877,000). The Senior Notes due 2019 will mature on 1 August 2019. The Company, at its option, can redeem the Senior Notes due 2019 (i) in whole, or in part, on or after 1 August 2017 at the redemption price equal to 106.8750% before 1 August 2018 and 103.4375% thereafter of the principal amount plus accrued and unpaid interest and (ii) in whole but not in part, prior to 1 August 2017 at redemption price equal to 100% of the principal amount plus a premium and accrued and unpaid interest. The Senior Notes due 2019 are secured by the shares of certain subsidiaries of the Company which are incorporated outside the PRC. The Senior Notes due 2019 are listed on the Hong Kong Stock Exchange.

As disclosed in the Company's announcement dated 23 December 2015, the Group incurred cost of RMB2,166,000 for a change to a more favourable covenant term of senior notes due 2019, such expense is included in "general and administrative expenses". Also, on 18 November 2015, there was a change to a more favourable covenant term of one of the Group's bank borrowings.

23 TRADE AND OTHER PAYABLES

	2015 RMB'000	2014 RMB'000
Trade payables (Note a)	1,448,599	1,305,160
Accruals and other payables	807,170	543,856
Land use right payable	678,023	—
Other taxes payables	55,723	44,577
Salary payables	1,248	1,339
	2,990,763	1,894,932

Note:

(a) The ageing analysis of the trade payables based on invoice date was as follows:

	2015 RMB'000	2014 RMB'000
0 - 30 days	1,223,261	754,567
31 - 60 days	73,144	110,097
61 - 90 days	26,801	141,922
Over 90 days	125,393	298,574
	1,448,599	1,305,160

(b) The carrying amounts of the Group's trade and other payables approximate their fair values (Note 3.3) due to their short maturities and are denominated in the following currencies:

	2015 RMB'000	2014 RMB'000
US$	46,505	43,810
RMB	2,883,794	1,759,067
HK$	3,493	46,139
	2,933,792	1,849,016

24 RECEIPTS IN ADVANCE

The Group starts sales of properties and collection of proceeds from customers before the properties are completed and ready for delivery. Such proceeds from customers are recorded as advanced proceeds received from customers before the relevant sales are recognised.

25 NOTE TO CONSOLIDATED STATEMENT OF CASH FLOWS

Reconciliation of profit for the year to net cash generated from/(used in) operations:

	2015 RMB'000	2014 RMB'000
Profit for the year	393,649	377,696
Income tax expense	427,622	325,844
Depreciation on property, plant and equipment	8,557	5,074
Finance income	(15,147)	(17,243)
Finance costs	3,396	2,850
Gain on disposal of property, plant and equipment	(528)	(52)
Share of loss of a joint venture	4,145	5,295
Impairment of goodwill	26,584	24,730
(Realisation of unrealised gain)/unrealised gain from the transaction with a joint venture	(1,320)	26,100
Exchange differences	(27,375)	(60,574)
Operating profit before working capital change	819,583	689,720
Completed properties held for sale	(94,708)	(575,805)
Properties under development for sale	(1,757,093)	(909,754)
Trade and other receivables and prepayments	(181,419)	458,350
Receipts in advance	1,270,093	(981,592)
Trade and other payables	460,168	178,903
Restricted cash	(313,316)	(223,147)
Net cash generated from/(used in) operations	203,308	(1,363,325)

In the consolidated statement of cash flows, proceeds from disposals of property, plant and equipment comprise:

	2015 RMB'000	2014 RMB'000
Net book amount (Note 11)	167	253
Net gain on disposals of property, plant and equipment (Note 7)	528	52
Proceeds from disposal of property, plant and equipment	695	305

26 BUSINESS COMBINATION

(a) On 13 January 2015, the Group completed the acquisition of 100% equity interest of Jiangxi Hengfeng Property Services Co., Ltd (江西恒豐行物業服務有限公司) ("Hengfeng"). The following table summarises the consideration paid for Hengfeng, the fair value of assets acquired, liabilities assumed and the non-controlling interest at the acquisition date.

	RMB'000
Cash consideration	5,000
Less: Goodwill	(4,423)
Fair value of identifiable net assets	577

Recognised amounts of identifiable assets acquired and liabilities assumed:

	RMB'000
Property, plant and equipment (Note 11)	388
Prepayments, deposits and other receivables	2,703
Cash and cash equivalents	26,890
Accruals and other payables	(29,404)
Total identifiable net assets	577

The carrying amounts approximate their fair values (Note 3.3) at the date of acquisition.

The revenue and net results contributed by Hengfeng during the period from 13 January 2015 to 31 December 2015 is not significant to the Group. If the acquisition had occurred on 1 January 2015, the Group's revenue and profit for the year ended 31 December 2015 would have no significant changes.

	RMB'000
Purchase consideration settled in cash	5,000
Cash and cash equivalents in the subsidiary acquired	(26,890)
Net cash inflow on acquisition	(21,890)

26 BUSINESS COMBINATION – CONTINUED

(b) On 24 July 2015, the Group completed the acquisition of 51% equity interest of Shandong Xin Guangyou Properties Co., Limited (山東新廣友置業有限公司) ("Xin Guangyou"). The following table summarises the consideration paid for Xin Guangyou, the fair value of assets acquired, liabilities assumed and the non-controlling interest at the acquisition date.

	RMB'000
Cash consideration	18,735
Add: Non-controlling interest	17,651
Less: Goodwill	(364)
Fair value of identifiable net assets	36,022

Recognised amounts of identifiable assets acquired and liabilities assumed:

	RMB'000
Property, plant and equipment (Note 11)	142
Prepayments, deposits and other receivables	27,134
Cash and cash equivalents	28,749
Accruals and other payables	(20,003)
Total identifiable net assets	36,022

The carrying amounts approximate their fair values (Note 3.3) at the date of acquisition.

The revenue and net results contributed by Xin Guangyou during the period from 24 July 2015 to 31 December 2015 is not significant to the Group. If the acquisition had occurred on 1 January 2015, the Group's revenue and profit for the year ended 31 December 2015 would have no significant change.

	RMB'000
Purchase consideration settled in cash	18,735
Cash and cash equivalents in the subsidiary acquired	(28,749)
Net cash inflow on acquisition	(10,014)

26 BUSINESS COMBINATION – CONTINUED

(c) On 31 October 2015, the Group completed the acquisition of 70% equity interest of Jinan Redco Weisheng Property Development Co., Ltd (濟南力高偉盛地產開發有限公司) ("**Weisheng**"). The following table summarises the consideration paid for Weisheng, the fair value of assets acquired, liabilities assumed and the non-controlling interest at the acquisition date.

	RMB'000
Cash consideration	70,000
Add: Non-controlling interest	29,755
Less: Goodwill	(571)
Fair value of identifiable net assets	99,184

Recognised amounts of identifiable assets acquired and liabilities assumed:

	RMB'000
Property, plant and equipment (Note 11)	1,131
Prepayments, deposits and other receivables	108,403
Cash and cash equivalents	10,583
Accruals and other payables	(20,933)
Total identifiable net assets	99,184

The carrying amounts approximate their fair values (Note 3.3) at the date of acquisition.

The revenue and net results contributed by Weisheng during the period from 31 October 2015 to 31 December 2015 is not significant to the Group. If the acquisition had occurred on 1 January 2015, the Group's revenue and profit for the year ended 31 December 2015 would have no significant change.

	RMB'000
Purchase consideration settled in cash	70,000
Cash and cash equivalents in the subsidiary acquired	(10,583)
Net cash outflow on acquisition	59,417

27 COMMITMENTS

Capital Commitments

	2015 RMB'000	2014 RMB'000
Contracted but not provided for:		
Land	—	894,441
Property development expenditures	1,765,619	2,423,589
	1,765,619	3,318,030

Operating Lease Commitments

At 31 December 2015, the Group had future aggregate minimum lease payments under non-cancellable operating lease in respect of office as follows:

	2015 RMB'000	2014 RMB'000
No later than one year	1,220	1,181

28 FINANCIAL GUARANTEES AND CONTINGENT LIABILITIES

(a) Guarantees on mortgage facilities

The Group had the following contingent liabilities in respect of financial guarantees on mortgage facilities at the end of each of the following reporting periods:

	2015 RMB'000	2014 RMB'000
Guarantees in respect of mortgage facilities for certain purchasers of the Group's properties	3,409,724	2,801,078

The Group has arranged bank financing for certain purchasers of the Group's properties and provided guarantees to secure obligations of such purchaser for repayments. Such guarantees will terminate upon the earlier of (i) the transfer of the real estate ownership certificate to the purchaser which will generally occur within an average period of six months to three years from the completion of the guarantee registration; or (ii) the satisfaction of mortgage loans by the purchasers of the properties.

Pursuant to the terms of the guarantees, upon default of mortgage payments by these purchasers, the Group is responsible to repay the outstanding mortgage principal together with accrued interest and penalties owed by the defaulting purchasers to the banks and the Group is entitled to retain the legal title and take over the possession of the related properties. The Group's guarantee period starts from the date of grant of mortgage. The directors consider that the likelihood of default of payments by the purchasers is minimal and their obligations are well covered by the value of the properties and therefore the fair value of financial guarantees is immaterial.

(b) There are certain corporate guarantees provided by the Group's subsidiaries for each other in respect of borrowings (Note 22) as at 31 December 2015 and 2014. The directors consider that the subsidiaries are able to sufficiently financially resourced to settle their obligations.

Save as disclosed above, the Group and the Company had no other significant contingent liabilities as at 31 December 2015 (2014: Nil).

29 BANKING FACILITIES AND PLEDGE OF ASSETS

As at 31 December 2015, the Group had aggregate banking facilities of approximately RMB3,463,000,915 (2014: RMB2,119,220,000) for overdrafts and bank loans. There were unused facilities of approximately RMB545,000,000 as at the same date (2014: RMB105,000,000).

As at 31 December 2015 and 2014, the borrowings of the Group were secured by (i) corporate guarantees of the Company; and (ii) certain land and properties under development for sale provided by the Group's subsidiaries.

The Senior Notes due 2019 are secured by shares of certain subsidiaries of the Company which are incorporated outside the PRC.

30 EARNINGS PER SHARE

The basic earnings per share for the year ended 31 December 2015 is calculated based on the profit attributable to the equity holders of the Company.

	2015	2014
Profit attributable to equity holders of the Company (RMB'000)	401,030	347,203
Weighted average number of shares in issue	1,600,963,313	1,568,219,178
Adjustment for bonus element arising from issuance of subscription shares	33,300,850	—
	1,634,264,163	1,568,219,178
Basic earnings per share (RMB cents)	24.53	22.14

Diluted earnings per share is equal to basic earnings per share as there was no dilutive potential share outstanding in both years presented.

The weighted average number of ordinary shares for the purpose of basic earnings per share for the year ended 31 December 2015 has been adjusted to reflect 175,804,661 ordinary shares issued upon placement on 29 December 2015 as disclosed in Note 20(d).

31 AMOUNTS DUE FROM/(TO) NON-CONTROLLING INTERESTS

The amounts due from/(to) non-controlling interests are interest-free, unsecured, repayable on demand. The carrying values approximate their fair values (Note 3.3) and are denominated in RMB.

32 RELATED PARTY TRANSACTIONS

The Group is controlled by Wong Yeuk Hung and Huang Ruoqing, who own 39.1% and 26% of the Company's shares respectively.

Major related parties that had transactions with the Group were as follows:

Related parties	Relationship with the Company
Redco Industry (Jiangxi) Co., Limited* 力高實業 (江西) 有限公司	A joint venture
Wong Yeuk Hung 黃若虹	A major shareholder of the Group
Huang Ruoqing 黃若青	A major shareholder and director of the Group
Hefei Redco Asset Operation Managmenet Co., Ltd 合肥力高資產經營管理有限公司	A company controlled by Mr Huang
Max Power Properties Holding Limited 力達置業控股有限公司	A company controlled by Mr Wong and Mr Huang

* For identification purpose only

(a) Balances with related parties

	2015 RMB'000	2014 RMB'000	Nature
Amounts due to related companies			
– Hefei Redco Asset Operation Management Co., Ltd	—	5,000	Non-trade
– Max Power Properties Holding Limited	161,109	—	Non-trade
	161,109	5,000	

As at 31 December 2015, the amount due to a related party was denominated in HK$ (2014: RMB). The carrying values approximate their fair values (Note 3.3) and are interest-free, unsecured, repayable on demand.

	2015 RMB'000	2014 RMB'000	Nature
Amounts due from a joint venture			
– Redco Industry (Jiangxi) Co., Limited	25,603	35,876	Non-trade

As at 31 December 2015 and 2014, the amount due to a joint venture was denominated in RMB. The carrying values approximate their fair values (Note 3.3) and are interest-free, unsecured, repayable on demand.

32 RELATED PARTY TRANSACTIONS – CONTINUED

(b) Transactions with related parties

(i) During the years ended 31 December 2015 and 2014, the Group had the following transactions with its joint venture which were carried out in the normal course of the Group's business and on terms as agreed between the transacting parties.

	2015 RMB'000	2014 RMB'000
Sales of properties to a joint venture	—	57,240

(ii) During the year ended 31 December 2015, Wong Yeuk Hung provided an undertaking to the subscriber in relation to a share subscription arrangement of the Company (Note 20(d)).

(iii) During the year ended 31 December 2015, there was a repayment from the joint venture of RMB10,273,000.

(iv) During the year ended 31 December 2015, there was a repayment to Hefei Redco Asset Operation Management Co., Ltd of RMB5,000,000 and there was a cash advance from Max Power Properties Holding Limited of RMB161,109,000 which is interest-free, unsecured and repayment on demand.

(c) Key management compensation

Key management includes executive directors and top management. The compensation paid or payable to key management for employee services is shown below:

	2015 RMB'000	2014 RMB'000
Salaries, bonus and other benefits	5,831	5,088
Pension costs - defined contribution plan	226	217
	6,057	5,305

Save as disclosed above and the transactions and balances detailed in Notes 8 to the consolidated financial statements, the Group had no material transactions and outstanding balances with related parties during the years ended 31 December 2015 and 2014.

33 DIVIDENDS

	2015 RMB'000	2014 RMB'000
Interim dividend – Nil (2014: Nil) per share	—	—
Proposed final dividend – Nil (2014: RMB4 cents) per share	—	64,000
	—	64,000

The final dividend of RMB64,000,000 that related to the year ended 31 December 2014 was declared on 19 March 2015 and paid on 13 July 2015.

The directors do not recommend payment of any final dividend for the year ended 31 December 2015.

34 BALANCE SHEET AND RESERVE MOVEMENT OF THE COMPANY

Balance sheet of the Company

	Note	2015 RMB'000	2014 RMB'000
ASSETS			
Non-current asset			
Investment in a subsidiary		389,362	389,362
Current assets			
Prepayments		548	260
Amounts due from subsidiaries		2,597,501	1,874,116
Cash and cash equivalents		1,637	306
		2,599,686	1,874,682
Total assets		2,989,048	2,264,044
EQUITY			
Capital and reserves attributable to the Company's equity holders			
Share capital		139,632	125,808
Reserves	(a)	1,529,654	1,085,912
Total equity		1,669,286	1,211,720
LIABILITIES			
Non-current liability			
Borrowings		1,174,157	747,224
Current liabilities			
Accrued expense		49,863	46,137
Borrowings		94,306	151,607
Amount due to a subsidiary		1,436	107,356
		145,605	305,100
Total liabilities		1,319,762	1,052,324
Total equity and liabilities		2,989,048	2,264,044

The balance sheet of the Company was approved for issue by the Board of Directors on 17 March 2016 and were signed on its behalf:

HUANG Ruoqing
Director

HONG Duxuan
Director

34 BALANCE SHEET AND RESERVE MOVEMENT OF THE COMPANY – CONTINUED

Note (a): Reserve movement of the Company

	Share premium RMB'000	Contribution surplus RMB'000	Exchange reserve RMB'000	Retained earnings/ (accumulated losses) RMB'000	Total RMB'000
At 1 January 2014	—	390,766	(1,268)	190,162	579,660
Comprehensive income					
Profit for the year	—	—	—	114,308	114,308
Other comprehensive loss					
Currency translation differences	—	—	(921)	—	(921)
Total comprehensive (loss)/income	—	—	(921)	114,308	113,387
Transactions with owner:					
Issue of new share pursuant to the global offering	717,221	—	—	—	717,221
Capitalisation issue	(94,356)	—	—	—	(94,356)
Dividend relating to 2013, paid	—	—	—	(230,000)	(230,000)
Total transactions with owners, recognised in equity	622,865	—	—	(230,000)	392,865
At 31 December 2014	622,865	390,766	(2,189)	74,470	1,085,912
Comprehensive income					
Loss for the year	—	—	—	(169,907)	(169,907)
Other comprehensive gain					
Currency translation differences	—	—	59,091	—	59,091
Total comprehensive income/(loss)	—	—	59,091	(169,907)	(110,816)
Transactions with owner:					
Issue of new share pursuant to placing agreement	618,558	—	—	—	618,558
Dividend relating to 2014, paid	—	—	—	(64,000)	(64,000)
Total transactions with owners, recognised in equity	618,558	—	—	(64,000)	554,558
At 31 December 2015	1,241,423	390,766	56,902	(159,437)	1,529,654

35 BENEFITS AND INTERESTS OF DIRECTORS (DISCLOSURES REQUIRED BY SECTION 383 OF THE HONG KONG COMPANIES ORDINANCE (CAP. 622), COMPANIES (DISCLOSURE OF INFORMATION ABOUT BENEFITS OF DIRECTOR) REGULATION (CAP. 622G) AND LISTING RULES

(a) *Directors' and chief executive's emoluments*

The remuneration of each director and the chief executive is set out below:

For the year ended 31 December 2015:

Emoluments paid or receivable in respect of a person's services as a director, whether of the company or its subsidiary undertaking:

Name	Fees	(Note a) Salary	Discretionary bonuses	Employer's contribution to a retirement benefit scheme	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Executive Directors					
Mr. HUANG Ruoqing	—	1,220	—	15	1,235
Mr. TANG Chengyong	—	935	460	60	1,455
Mr. HONG Duxuan	—	937	460	59	1,456
Independent non-executive directors					
Dr. WONG Yau Kar, David BBS, JP	203	—	—	—	203
Mr. CHAU On Ta Yuan	203	—	—	—	203
Mr. YIP Tai Him	203	—	—	—	203
Mr. CHOW Kwong Fai, Edward JP	244	—	—	—	244
	853	3,092	920	134	4,999

35 BENEFITS AND INTERESTS OF DIRECTORS (DISCLOSURES REQUIRED BY SECTION 383 OF THE HONG KONG COMPANIES ORDINANCE (CAP. 622), COMPANIES (DISCLOSURE OF INFORMATION ABOUT BENEFITS OF DIRECTOR) REGULATION (CAP. 622G) AND LISTING RULES – CONTINUED

(a) Directors' and chief executive's emoluments – continued

For the year ended 31 December 2014:

Emoluments paid or receivable in respect of a person's services as a director, whether of the company or its subsidiary undertaking:

Name	Fees RMB'000	(Note a) Salary RMB'000	Discretionary bonuses RMB'000	Employer's contribution to a retirement benefit scheme RMB'000	Total RMB'000
Executive Directors					
Mr. HUANG Ruoqing	—	1,089	—	13	1,102
Mr. TANG Chengyong	—	835	—	45	880
Mr. HONG Duxuan	—	812	—	41	853
Independent non-executive directors					
Dr. WONG Yau Kar, David BBS, JP	182	—	—	—	182
Mr. CHAU On Ta Yuan	182	—	—	—	182
Mr. YIP Tai Him	182	—	—	—	182
Mr. CHOW Kwong Fai, Edward JP	218	—	—	—	218
	764	2,736	—	99	3,599

Note a: Salary received by the executive directors included all emoluments paid or receivable in respect of directors' services in connection with the management of the Company and its subsidiary undertakings.

Note b: Saved as disclosed in Note 35(a), the directors did not receive or will not receive any other retirement benefits or termination benefits during the year (2014: Nil).

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

No significant transactions, arrangements and contracts in relation to the Group's business to which the Company was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

36 NON-CASH TRANSACTION

As at 31 December 2014, the Group had an amount due to a non-controlling interest (a 49% shareholder of Jiangxi Zhengli Property Development Co., Ltd (江西政力房地開發有限公司, "**Jiangxi Zhengli**")) of RMB565,323,000. During the year ended 31 December 2015, the non-controlling interest transferred its entire interest in "Jiangxi Zhengli" to its fellow subsidiary. Accordingly, the amount due to non-controlling interest has been reclassified to trade and other payable in the consolidated balance sheet.

A summary of the results and of the assets and liabilities and non-controlling interests of the Group for the last five financial years, as extracted from the audited financial statements and the Company's prospectus dated 21 January 2014, is set out below:

	2011 RMB'000	2012 RMB'000	2013 RMB'000	2014 RMB'000	2015 RMB'000
Revenue	1,355,999	1,550,942	2,984,586	3,502,804	3,378,217
Gross profit	269,134	458,164	966,127	946,257	1,088,246
Operating profit	168,074	322,613	825,822	694,442	813,665
Profit before income tax	162,229	316,361	829,335	703,540	821,271
Profit for the year	101,961	164,957	400,890	377,696	393,649
Attributable to:					
Equity holders of the Company	85,420	65,771	400,179	347,203	401,030
Non-controlling interests	16,541	99,186	711	30,493	(7,381)
	101,961	164,957	400,890	377,696	393,649
Non-Current Assets	339,531	338,880	285,470	299,181	309,389
Current Assets	4,517,028	5,602,505	7,716,116	9,271,681	12,886,234
Current Liabilities	3,257,266	4,199,468	5,790,284	5,263,074	7,367,995
Non-current Liabilities	934,693	907,989	1,059,797	2,266,314	2,933,970
Total Equity	664,600	833,928	1,151,505	2,041,474	2,893,698

PROPERTY PROFILE

Project	City	% of interest attributable to the Group	Actual/ Expected completion date	Address	Project type
Crown International	Nanchang	50%	Q4 2011	No.288 Yanjiang Middle Avenue, Xihu District, Nanchang, Jiangxi Province, PRC	Residential and commercial
Crown Plaza Nanchang Riverside Hotel (Note)	Nanchang	50%	Q3 2011	Nos. 258 and 266 Yanjiang Middle Avenue, Xihu District, Nanchang, Jiangxi Province, PRC	Commercial
Spain Standard	Nanchang	100%	Q4 2014	Jinsha 2nd Road, Xianghu Xin Cheng, Nanchang County, Nanchang, Jiangxi Province, PRC	Residential and commercial
Riverside International	Nanchang	100%	Q4 2014	Intersection of Binjian Road and Yujin Road, Chaoyang Xin Cheng, Xihu District, Nanchang, Jiangxi Province, PRC	Residential and commercial Residential and commercial
Bluelake County	Nanchang	100%	Q3 2016	South of Lian'an Road, East of Cheng'an Road, Xianghu Xin Cheng, Nanchang County, Nanchang, Jiangxi Province, PRC	
Riverlake International	Nanchang	51%	Q2 2017	West of Chuangxin First Road, North and east of Planned Road, South of Provincial Academy of Scienes, Gaoxin District, Nanchang, Jiangxi Province, PRC	Residential and commercial
Imperial Metropolis	Nanchang	51%	Q4 2017	Lianhua Road, Nanchang County, Nan Chang, Jiangxi Province, PRC	Residential and commercial
Imperial Mansion	Nanchang	78%	Q4 2016	Lianhua Road, Nanchang County, Nan Chang, Jiangxi Province, PRC	Residential and commercial
Sunshine Coast	Tianjin	100%	Q4 2028	South of Haibin Avenue, Binhai Tourism District, Tianjin, PRC	Residential and commercial
Land Lot Nos. A1 and A2	Tianjin	100%	Q2 2018	Land Lot Nos. A1 and A2, Binhai Tourism District, Tianjin, PRC	Residential and commercial
Redco International	Jinan	100%	Q2 2014	North of Hanyuan Avenue, East of Tiyu West Road, Lixia District, Jinan, Shandong Province, PRC	Residential and commercial
Splendid the Legend	Jinan	100%	Q2 2013	No.99 Sankongqiao Street, Tianqiao District, Jinan, Shandong Province, PRC	Residential and commercial
Scenery Holiday	Jinan	100%	Q1 2012	No.111 Huayuan Road, Lixia District, Jinan, Shandong Province, PRC	Residential and commercial
Bluelake County	Jinan	80%	Q4 2018	North of Sushan Road, West of Dongyu Avenue, Tianqiao District Jinan, Shandong Province	Residential and commercial
Sunshine Coast – Phase I	Yantai	100%	Q2 2016	East of Nongda Road, Gaoxin District, Yantai, Shandong Province, PRC	Residential and commercial
Mix Kingdom Redco	Hefei	80%	Q2 2017	Mengcheng North Road, Shuangfeng Industrial Zone, Changfeng County, Hefei, Anhui Province, PRC	Residential and commercial
Prince Royal Family	Hefei	100%	Q2 2017	East of Fengshan Road, south of Tianshui Road, Xinzhan District, Hefei City, Anhui Province, the PRC	Residential and commercial
Royal City - Phase I	Xianyang	70%	Q3 2017	Zhonghua West Road, Gaoxin District, Xiangyang, Shaanxi Province, PRC	Residential and commercial
Royal International	Shenzhen	51%	Q2 2016	Lot No. G11337-0095, Pingshan New District, Shenzhen, Guangdong Province, PRC	Residential and commercial

Note:

Crown Plaza Nanchang Riverside Hotel was held by 力高實業(江西)有限公司 (Redco Industry (Jiangxi) Co., Limited*), a joint venture of the Company as at the date of this report.

* for identification purposes only