China Jinmao Holdings Group Limited

Annual Report 2015

(Incorporated in Hong Kong with limited liability)

Stock Code: 00817

UNLEASHING FUTURE VITALITY OF THE CITY

China Jinmao Holdings Group Limited
Annual Report 2015

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China Jinmao Holdings Group Limited ("China Jinmao") (Stock Code: 00817) is a platform enterprise under the real estate and hotel segments of Sinochem Group, one of the world's top 500 enterprises (ranking the 105th among the top 500 world's enterprises in 2015 by "Fortune"). On 17 August 2007, the Company was listed on the Main Board of the Stock Exchange of Hong Kong Limited. It is now one of the component stocks of the Hong Kong Hang Seng Composite Index. Sinochem Group is one of the state-owned enterprise that is approved by the State-owned Assets Supervision and Administration Commission to engage in property development and hotel operations as principal businesses.

Adhering to the core philosophy of Sinochem Group – "Creating Value and Pursuing Excellence", China Jinmao has insisted on the high-end positioning and the boutique line and accelerated to push forward service and finance innovation with a view to becoming a leading city integrated developer and operator in China.

Given our foresight on city potentials, China Jinmao integrates internationally leading quality resources and introduces reasonable and interactive concepts of city planning to achieve the overall enhancement in regional functions and city vitality. Currently, the Company has successfully entered five major core city regions, namely North China, East China, South China, Central China and Southwest China, and successfully built a series of high-end products featuring its "Jinmao" brand.

STRATEGIC UPGRADE – FROM "TWO-WHEEL DRIVEN" STRATEGY TO "TWO-WHEEL AND TWO-WING DRIVEN" STRATEGY

Based on the leading quality as the core strategy, China Jinmao will push forward its core businesses towards exponential growth and accelerate service and finance innovation with a view to achieving strategic upgrade from "two-wheel driven" strategy to "two-wheel and two-wing driven" strategy.

TWO-WHEEL STRATEGY – DEVELOPMENT + HOLDING

Continued to construct a balanced combination and constructive interaction between the two core businesses – property development and property holding, the property development business has expanded in an orderly manner, whereas the property holding business that covers hotels, retail and offices has grown steadily, thus reinforcing its landmark quality property positioning that features "exquisite quality, green health and smart technology".

TWO-WING STRATEGY – FINANCE + SERVICES

With respect to finance, the Company promotes the innovation of multi-channel capital operations, offers various forms of financial services innovation and enriches investment and financing channels to build a platform for property finance innovation.

With respect to service, the Company insists on a customer-oriented approach. While integrating the service resources and building internet platform, the Company has achieved service extension from the core businesses and has gradually established the image of a property developer that provides "multi-dimensional ancillary, premium value experience, convenient and carefree" services.

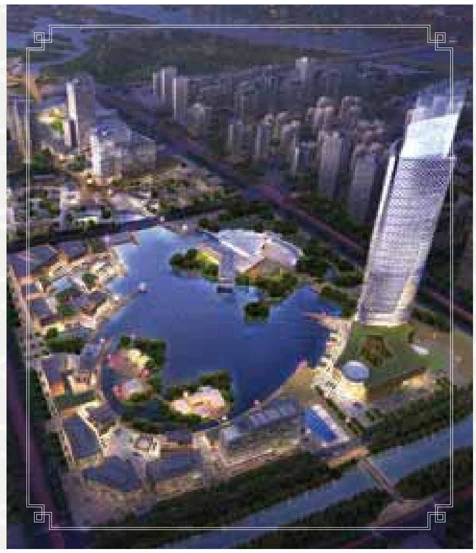
The "two-wheel" strategy which comprises property development and property holding is the foundation and strength of the Company's development, whereas the "two-wing driven" strategy which comprises finance and services is a new force to drive the Company's development. In the near term, China Jinmao will continue to adhere to its "two-wheel driven" strategy and capitalise on the finance and services innovation to allow its principal businesses to grow faster and better. In the foreseeable future, with the growth of finance business and property related services and increasingly established profitability, the "two-wing driven" strategy will become the new engine for China Jinmao's development.

CITY AND PROPERTY DEVELOPMENT

Strong Performance

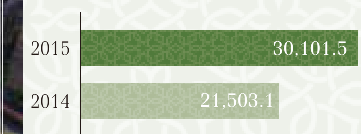
Property development projects and primary land development projects with a total gross floor area of approximately 11.88 million square metres and approximately 20.63 million square metres respectively

During the year, sales results of the projects were good and land reserves were expanded with the successful acquisitions in Beijing, Hangzhou, Ningbo, Nanjing and Foshan



CONTRACT SALES AMOUNT

(RMB million)



+40%

COMMERCIAL LEASING AND RETAIL OPERATIONS

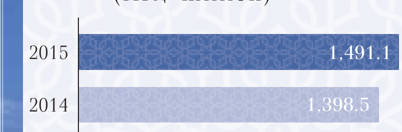
Stable Income

Six high-end investment properties with a total gross floor area of approximately 550,000 square metres

High rental level and high occupancy rate of investment properties, outperforming its peers

RENTAL REVENUE

(HK$ million)



+7%

HOTEL OPERATIONS

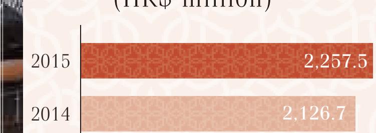
Industry Leader

Nine luxury hotels offering 3,667 guest rooms

Remarkable performance of hotel operations, outperforming its peers

HOTEL REVENUE

(HK$ million)



+6%

Major Event

January 2015

- The Company acquired the first batch of eight land parcels in Qingdao China-Europe International City Project.

May 2015

- The Company joined hands with Tencent to organise a strategic cooperation press conference pursuant to which both parties shall carry out comprehensive and profound cooperation in respect of product strategic upgrade and smart living exploration.

June 2015

- The Company introduced four strategic investors, namely, New China Life Insurance, GIC, Warburg Pincus and Mr. KWOK Ping Sheung, Walter.

August 2015

- The Company and China Rail Construction jointly acquired the land parcel for Beijing Fengtai Shiliuzhuang Project.
- Nanjing Qinglong Mountain International Ecological New City Project sold a land parcel for the first time.

September 2015

- The name of the Company was officially changed to "China Jinmao Holdings Group Limited" and the stock short name was changed to "China Jinmao".
- The Company acquired the land parcel for Ningbo Jiangdong Jinmao Palace Project.
- The signing ceremony of Qingdao Eden Project was held at the British Embassy in Beijing.
- The grand opening of Nanjing Jinmao Place was held.

October 2015

- The Company and Country Garden jointly acquired two land parcels in Beijing Fengtai Science Park.
- The Company acquired the land parcel of Nanjing Dongcheng Jinmao Residence Project.
- The Company acquired the land parcel for Foshan Green Island Lake Project.
- The Company acquired the land parcel for Hangzhou Binjiang Jinmao Palace Project.

November 2015

- Qingdao China-Europe International City Project was granted the first session "China-Europe Green and Smart City Technology Innovation Award" at the China-Europe Green and Smart City Forum.

December 2015

- The Company and China Center for Urban Development of National Development and Reform Commission ("NDRC") entered into the strategic cooperation agreement in Foshan.

2016

- The Company acquired the second batch of four land parcels for Qingdao China-Europe International City Project.
- The Company acquired the land parcel for Ningbo Yaofeng Project.
- The Company successfully issued US$500 million subordinated guaranteed perpetual capital securities.
- The Company acquired the land parcel of Tianjin Thermal Power Plant Project.

Corporate Information

COMPANY NAME

China Jinmao Holdings Group Limited

PRINCIPAL OFFICE

Rooms 4702-4703
47th Floor, Office Tower, Convention Plaza
No. 1 Harbour Road
Wan Chai, Hong Kong

NON-EXECUTIVE DIRECTORS

Mr. YANG Lin
Mr. CUI Yan
Mr. AN Hongjun

EXECUTIVE DIRECTORS

Mr. LI Congrui (Chief Executive Officer)
Mr. JIANG Nan (Chief Financial Officer)

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. LAU Hon Chuen, Ambrose, G.B.S., J.P.
Mr. SU Xijia
Mr. GAO Shibin

CHIEF FINANCIAL OFFICER

Mr. JIANG Nan

QUALIFIED ACCOUNTANT

Mr. LIAO Chi Chiun

COMPANY SECRETARY

Mr. LIAO Chi Chiun

AUTHORISED REPRESENTATIVES

Mr. LI Congrui
Mr. JIANG Nan

LEGAL ADVISORS

Latham & Watkins
18th Floor, One Exchange Square
8 Connaught Place
Central, Hong Kong

Tian Yuan Law Firm
10/F, CPIC PLAZA
28 Fengsheng Lane, Xicheng District
Beijing, People's Republic of China

AUDITORS

Ernst & Young
22nd Floor, CITIC Tower
1 Tim Mei Avenue, Central, Hong Kong

STOCK CODE

00817

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WEBSITE

www.chinajinmao.cn

Financial Highlights

	2015 (HK$ million)	2014 (HK$ million)	Percentage change (%)
Revenue	22,110.3	29,548.2	-25
Gross profit	8,549.2	11,558.8	-26
Profit attributable to owners of the parent – less: fair value gains on investment properties (net of deferred tax)	2,874.2	3,610.3	-20
Add: fair value gains on investment properties (net of deferred tax)	915.0	1,685.8	-46
Profit attributable to owners of the parent	3,789.2	5,296.1	-28
Total assets	158,899.7	138,025.8	15
Equity attributable to owners of the parent	40,042.8	37,650.4	6
Basic earnings per share (HK cents)	38.13	57.86	-34
Basic earnings per share – less fair value gains on investment properties (net of deferred tax) (HK cents)	28.92	39.44	-27
Dividend (HK cents) – final dividend per ordinary share	8.0	11.5	-30
Net debt-to-adjusted capital ratio (%)	51	56	N/A

Note: Net debt-to-adjusted capital ratio = (interest-bearing bank and other borrowings – cash and cash equivalents – restricted bank balances and pledged deposits – other financial assets (financial products))/(total equity + amount due to related parties).

Directors' Statement

"We will continue to strive to be a well-respected quality real estate leader, fully capitalise our strengths in areas of primary and secondary land development, complex development as well as property holding and operations to gradually establish our overall position as city operator, and endeavour to create a new city core by leveraging on our integrated competencies of planning and guidance, sector cultivation, residential development and ancillary facility construction. Based on our "two-wheel driven" operating strategy, we will further reinforce our two core business segments of property development and holding, and actively develop property services and finance innovation and effectively promote the upgrade of our "two-wheel and two-wing driven" operating strategy with a view to becoming the industry landmark displaying the features of "appropriate scale, high efficiency, leading quality and outstanding services".

LI Congrui
Executive Director and
Chief Executive Officer
(Assuming role and
the duties of Chairman)

DEAR SHAREHOLDERS,

On behalf of the board of directors (the "Board") of China Jinmao Holdings Group Limited ("China Jinmao" or the "Company"), I am pleased to present the annual results of the Company and its subsidiaries (the "Group", "we" or "us") for the year ended 31 December 2015 (the "Period under Review", the "Reporting Period" or the "Year").

During the Period under Review, the profit attributable to owners of the parent amounted to HK$3,789.2 million, representing a decrease of 28% from last year. Basic earnings per share amounted to HK38.13 cents. If the fair value gains on investment properties, net of deferred tax, are excluded, the profit attributable to owners of the parent would be HK$2,874.2 million, representing a decrease of 20% from last year. The Board has recommended the payment of a final dividend of HK8.0 cents per share, which will be subject to the approval of shareholders of the Company at the forthcoming annual general meeting.

The decrease in the profit attributable to owners of the parent was primarily attributable to the decrease in the sales properties delivered and settled in 2015 as compared to that of last year. Such decrease is mainly due to the in-depth adjustment of the real estate industry in 2014 which resulted in market volatility and the slump in the price and sales volume of the properties in a number of cities.

In 2015, the overall PRC economy maintained steady growth alongside with loosened monetary and credit policies. While the comprehensive in-depth reforms and the concept of "Rule of Law" continued to push forward, the state strategies such as new type of urbanisation and Beijing, Tianjin and Hebei ("JJJ") integration were implemented in an orderly manner. The overall real estate industry had picked up but revealed a structural divergence where the residential market in the first-tier and second-tier cities recovered. The market of office and commercial building performed steadily in general, but hotel operations continued to struggle. Faced with narrowing profit margin and intensifying competition, transformation and innovation have become the new trend for property developers.

Under such environment, the Group smoothly achieved the results targets by adhering to the "fast run, dare to think and swift move" development philosophy and the "proactive, sound, sustaining and healthy" general principle. All the business segments performed well with fast growth in sales amount. Land expansion progressed smoothly and stronger efforts were devoted to implement the "green strategy". The capability of speedy, healthy and sustainable growth was further strengthened.

As for city and property development, adhering to its strategic positioning of quality leading, the Group currently owns approximately 40 development projects in 13 cities nationwide such as Beijing and Shanghai, and occupies an area of approximately 6.0 million square metres for projects that have commenced or resumed construction. Focusing on the work principle of "stock clearance and quick return of proceeds" in 2015, the Group tackled the difficulties by refining systems, seizing market windows and implementing multiple measures. As a result, the Group recorded contracted sales amount exceeding RMB30 billion for the first time, representing an increase of 40% as compared with that of 2014, and its industry ranking was further enhanced. The overall gross profit margin was 39%, maintaining an industry leading position. Nanjing Qinglong Mountain International Ecological New City Project began to generate profit in the same year as it was put into development. The first launch of Shanghai Daning Jinmao Palace was a success with annual contracted sales amounting to RMB5,570 million and was ranked second in terms of residential sales in Shanghai in 2015, which has further enhanced Jinmao Palace series' influence in the first-tier cities. The Eden project, being the first in Asia to settle in Qingdao China-Europe International City successfully, effectively promoted the development of modernised new city in Qingdao High-Tech Zone. The grand opening of Lijiang Jinmao Richmond Town, which comprises high-end hotel, residence and commercial functions, promoted the development and upgrade of tourism in Lijiang jointly with the government.

As for commercial leasing, Grade A offices in core regions in cities such as Beijing, Shanghai and Nanjing continued to see a shortage in supply in 2015, the overall operating performance was satisfactory. Given that substantially all office buildings held by the Group are located at prime locations in first-tier and second-tier core cities, the performance targets such as overall revenue and profit set at the beginning of the Year were exceeded. In particular, Chemsunny World Trade Centre, Sinochem Tower in Beijing, Jin Mao Tower in Shanghai and the office portion of Nanjing Xuanwu Lake Jinmao Plaza all recorded a year-on-year increase in rental level with nearly full occupancy rate, which further consolidated our leading position in the market.

As for retail development and operation, the Group adhered to a mixed strategy of light and strong efforts. Shanghai J-Life and Sanya J-Life both attained full occupancy rate and a relatively high rental level, maintaining a leading position in the area of high-end commercial within their respective regions. Nanjing Jinmao Place, as the first city-level shopping mall, held its grand opening, successfully introduced renowned brands including Apple as tenant and achieved an occupancy rate of over 95% upon opening. This has effectively enhanced the influence of the brand of Jinmao retail business. The preparation and construction work of other commercial projects under construction such as Changsha Jinmao Place and Qingdao Jinmao Harbour Shopping Mall also progressed well. Our innovation cooperation business achieved milestone success in exploring asset-light management. Lijiang Luxury Parallel Import Centre and Nanjing Gourmet Arena were granted the "Best Innovative Tourism Commercial Property Project for 2015" and the "Shopping Mall Retailer Brand Award for 2015 at China Shopping Centre Industry", respectively.

As for hotel investments and operations, Jinmao (China) Investments Holdings Limited ("Jinmao Holdings") under the Group, as the operating platforms of hotel operations, focused on driving revenue while increasing efficiency and reducing costs, which further consolidated its competitive advantage in the high-end market. Grand Hyatt Shanghai, The Ritz-Carlton, Sanya and Westin Beijing, Chaoyang continued to maintain leading positions amongst their competitors in the region, whereas Hilton Sanya Resort & Spa and Westin Nanjing also topped the market rankings in their respective regions. The newly opened Hyatt Regency Chongming and Renaissance Beijing Wangfujing Hotel, operated stably in general. Grand Hyatt Lijiang – the Mountain Lodge in the scenic area was officially opened. The preparation work for opening of the hotel projects under construction progressed orderly as scheduled.

As for business innovation development, in 2015, the Group put active efforts in attempting Internet finance innovation and worked with the three major Internet service giants BAT to develop the innovative "Internet + Property" marketing model. The Group took Chongqing Daping Jinmao Residence as the pilot to establish the first property fund in China investing in community business. By introducing incubators such as iDreamSky and Amazon, the Group innovated a new model of profit earning.

In 2015, the Group continued its efforts in the acquisition of core resources such as land and capital funding. The additional development projects focused on first-tier and second-tier core cities. The Group entered the Foshan market for the first time and secured a number of quality land parcels in Beijing, Qingdao, Hangzhou, Ningbo, Nanjing and Foshan, which continued to replenish its land reserves. As for capital funding, the Group seized market windows and issued domestic corporate bonds with the principal amount of RMB2,200 million for the first time. The bonds were well received by investors and the coupon rate was fixed at a low level in the industry. The introduction of strategic investors through placing of new shares not only further optimised the capital structure, but also enhanced the capital strength of the Company.

In 2015, the Group continued to implement the "green strategy" as a crucial "soft power" in achieving innovative development and differentiated competition. During the Year, there were 36 additional projects granted the green label certification. With respect to city complexes development, Qingdao China-Europe International City was named "China-Europe International Low Carbon City Cooperation Model Project" by the Ministry of Housing and Urban-Rural Development. Nanjing Qinglong Mountain International Ecological New City was granted the "Global Human Settlements Award on Planning and Design". With respect to public buildings, the western site of Shanghai International Shipping Service Center was granted the First Class Award at the National Green Building Innovation Awards. With respect to residential properties, Shanghai Daning Jinmao Palace became the first green and high-tech residential project in China being granted China Three-Star Green Label and UK BREEAM Certification at the same time.

In addition to speedy business development, the Group also attaches great importance to fulfilling the social responsibility as a state-owned enterprise and a listed company. The Company successfully built green campuses at primary and secondary schools and kindergartens ancillary to the residential projects. Beijing Wangjing Jinmao Palace Jingshan School and Changsha Bocai Experiential Primary School obtained China Two-Star Green Label. The Group focused on three areas, namely community development, youth education and assistance to disadvantaged groups, and actively participated in various public welfare campaigns. The Group, for the first time, set up Changsha Jinmao Public Welfare Education Foundation to support education development in the Meixi Lake residential area and contributed to the community with practical actions and dedication in fulfilling its corporate social responsibility.

The year 2016 is a crucial year for China to build a middle-class society in an all-round way. While the macroeconomy will continue to maintain medium to fast growth, it is expected that the monetary and credit policies will remain loose. The financial market system will gradually improve and the innovative development and green development strategy will also be implemented in an orderly manner. As a pillar sector of the domestic economy, the outlook for the real estate industry remains promising. However, uncertainties remain amid challenging conditions on stock clearance and narrowing margins. Market concentration will further increase and the new trend of transformation and innovation will continue.

We are confident about the long-term development of the property market in China and we have formulated a feasible mid- and long-term plan for 2016-2025 to support our business development in the future. We will continue to strive to be a well-respected quality real estate leader, fully capitalise our strengths in areas of primary and secondary land development, complex development as well as property holding and operations to gradually establish our overall position as city operator, and endeavour to create a new city core by leveraging on our integrated competencies of planning and guidance, sector cultivation, residential development and ancillary facility construction. Based on our "two-wheel driven" operating strategy, we will further reinforce our two core business segments of property development and holding, and actively develop property services and finance innovation and effectively promote the upgrade of our "two-wheel and two-wing driven" operating strategy with a view to becoming the industry landmark displaying the features of "appropriate scale, high efficiency, leading quality and outstanding services".

On behalf of the Board, I would like to express our sincere gratitude to our customers, business partners, shareholders, and all employees of the Company. China Jinmao will continue to use its best endeavours and exert its innovative ideas to make progress and achieve better results with a view to creating greater value for its shareholders.

LI Congrui
Executive Director and Chief Executive Officer
(Assuming the role and duties of Chairman)

Hong Kong
22 March 2016

Honours and Awards

Major Integrated Awards

- In May 2015, the Company was named among the "2015 Top 10 Hong Kong Listed China Real Estate Developers in Overall Performance" (2015中國大陸在港上市房地產公司綜合實力TOP10) and "2015 Top 10 Hong Kong Listed China Real Estate Developers in Investment Value" (2015中國大陸在港上市房地產公司投資價值TOP10). This is the third year the Company has been granted these awards.
- In June 2015, the Company was ranked among the "12th China Blue Chip Real Estate Developers for 2015" (2015年度第十二屆中國藍籌地產) at the "12th China Blue Chip Real Estate Developer Annual Conference" organised by Economic Observer.
- In August 2015, the Company was ranked No.2 in 2015 China Green Property Developer (Commercial Properties) (2015中國綠色房企(商業地產)), No.3 in 2015 China Green Property Developer (Residential Properties) (2015中國綠色房企(住宅)) and among the 2015 Top 10 China Model Green Building Developers in Operation (2015中國綠色地產運行典範TOP10) at the "2015 China Green Companies Summit and 2015 Top 10 China Green Building Developers Award Presentation Ceremony (2015年中國綠色地產高峰論壇暨2015中國綠房企TOP10頒獎典禮) organised by Standard Rankings (標準排名) and China Investment Network.
- In December 2015, China Jinmao was named the "Most Powerful Property Brand" (最具爆發力的品牌房企) at the 7th China Real Estate Seminar and 2015 China Real Estate Annual Awards Presentation Ceremony (第七屆地產中國論壇暨2015中國房地產年度紅榜頒獎典禮) organised by house.china.com.cn of China Internet Information Center.
- In December 2015, China Jinmao was honoured the 2015 China Real Estate New Power Smart Enterprise Award (2015年度中國房產新勢力智慧企業獎) at the fourth Smart Real Estate Summit (智慧地產高峰論壇) organised by Tencent in 2015.

Major City and Property Development Awards

- In February 2015, Beijing Guangqu Jinmao Palace Project and Beijing Wangjing Jinmao Palace Project were granted the "Most Valuable Luxurious Residence" (最具典藏價值華宅) award at the real estate new vision ceremony from Sohu Focus; and Beijing Ya'ao Jinmao Residence and Beijing Yizhuang Jinmao Residence were granted the "Highest Regional Value Property" (最具區域價值樓盤) award at the real estate new vision ceremony from Sohu Focus.
- In July 2015, Building No.11 of Changsha Meixi Lake International R&D Centre Project (Green Centre) was granted the "Second Class Award of the 2015 Green Building Innovation Award" by the Ministry of Housing and Urban-Rural Development.
- In August 2015, Guangzhou Nansha Jinmao Harbour was named the "2015 China Best Investment Value Property" (2015中國最具投資價值樓盤) at the Boao Real Estate Forum (博鰲房產論壇) award presentation ceremony.
- In October 2015, Guangzhou Nansha Jinmao Harbour was named the "Landmark Property" (標桿樓盤) at the "2015 China Real Estate Billboard (2015年中國房地產風雲榜) organised by anjuke58.com.
- In October 2015, Nanjing Qinglong Mountain International Ecological New City Project was granted the "Global Human Settlements Award on Planning and Design" (全球人居環境規劃設計獎).
- In November 2015, Qingdao China-Europe International City Project was granted the "2015 China-Europe Green and Smart City Awards – Technology Innovation Award".
- In November 2015, Guangzhou Nansha Jinmao Harbour was honoured the "2015 Innovation Marketing Award" (2015年度創新營銷獎) at the Time Marketing Ceremony organised by Time Weekly.
- In December 2015, Changsha Jinmao Meixi Lake Project was granted the "Best Quality Property" (最佳品質樓盤獎) by house.sina.com.cn.
- In December 2015, Shanghai Daning Jinmao Palace was ranked No.1 in terms of sales amount in high-end residence in East China.

Major Hotel Awards

China Jin Mao (Group) Company Limited

- In April 2015, China Jin Mao (Group) Company Limited was titled the "Best Hotel Owner in China" (中國酒店業最佳業主) by the panel committee of China Hotel Starlight Awards.
- In September 2015, China Jin Mao (Group) Company Limited was titled the "2015 Best Hotel Owner in China" (2015年度中國最佳酒店業主) at the Golden Pillow Award of China Hotels.

Grand Hyatt Shanghai

- In June 2015, Grand Hyatt Shanghai received the "2015 Best MICE Hotel" award by Shanghai Daily.
- In October 2015, Grand Hyatt Shanghai received the "China Hotel Gold Star Award" by China Tourist Hotel Association.

Hyatt Regency Chongming

- In January 2015, Hyatt Regency Chongming won the "Extraordinary Journey of Chinese Media Travel Awards – 2014 Most Popular New Hotel" award presented by Eastern Daily.
- In June 2015, Hyatt Regency Chongming won the "Best City Resort Hotel" presented by Shanghai Daily.

Westin Beijing, Chaoyang

- In June 2015, Grange Grill of Westin Beijing, Chaoyang was granted the "2015 Riesling Weeks Most Popular Restaurant" (2015德國雷司令周最受歡迎餐廳獎) by Deutsche Weine.
- In June 2015, Westin Beijing, Chaoyang was granted the "China's Wine List of the Year" by China Sommelier Association.

Renaissance Beijing Wangfujing Hotel

- In January 2015, Renaissance Beijing Wangfujing Hotel received the "Best Business Brand Award" (最佳商務品牌獎) by Beijing News.
- In April 2015, Renaissance Beijing Wangfujing Hotel received the "2014 Best Guest Experience Award" (2014年度優秀住客體驗獎) by booking.com.

The Ritz-Carlton, Sanya

- In June 2015, The Ritz-Carlton, Sanya won the "Five Continents Diamond Awards – Best Resort Hotel" (五洲鑽石獎-最佳度假酒店) by World Hotel Association.
- In September 2015, The Ritz-Carlton, Sanya won the "Best Resort Hotel" award at the Golden Pillow Award of China Hotels.

Hilton Sanya Resort & Spa

- In August 2015, Hilton Sanya Resort & SPA was granted the "2015 Excellence Award" (2015年度卓越獎) by www.daodao.com.

JW Marriott Shenzhen

- In April 2015, JW Marriott Shenzhen was honoured the "Best Hotel Award" (最佳酒店獎) at the Shenzhen Restaurant Billboard organised by Shenzhen TV Station.

Westin Nanjing

- In June 2015, Westin Nanjin was honoured the "Award of Excellence of the Year" (年度卓越獎) by daodao.com, the world's largest travel website, for the fourth consecutive year.

Grand Hyatt Lijiang

- In April 2015, Grand Hyatt Lijiang was titled the "2015 Best Architectural Design Hotel" (2015最佳建築設計酒店) by Bund Magazine.
- In April, Grand Hyatt Lijiang was titled the "2014 Best New Hotel" (2014最佳新開業酒店) by MICE China.

Office and Other Project Awards

- In August 2015, Jin Mao Tower was named "Lujiazui Financial City Cultural Development Advanced Building" (陸家嘴金融城文化建設先進樓宇).
- In August 2015, Jin Mao Decoration was named among the "First Batch of AAA Credible Enterprises in the Construction and Decoration Industry in China for 2015" (2015年度首批全國建築裝飾行業AAA級信用企業) by China Building Decoration Association.
- In September 2015, China Jin Mao Property was named the "2015 Top 100 Enterprises in Property Management Overall Performance" (2015物業管理綜合實力百強企業) and the "Property Management and Green Energy Saving Model Enterprise" (物業管理綠色節能示範企業) at the first China Property Management Innovation Development Forum organised by Property Management Association.
- In September 2015, the "Gourmet Arena"of Nanjing Jinmao Place was granted the "Shopping Mall Retailer Brand Award for 2015 at China Shopping Centre Awards" (中購聯中國購物中心行業2015年度購物中心自營品牌獎).
- In September 2015, Changsha Jinmao Place won the "City Advancement Gold Award for 2015 at China Shopping Centre Awards" (購聯中國購物中心行業2015年度城市推動金獎).
- In December 2015, Lijiang J-Life received the "2015 Best Innovative Travel Commercial Property Project" (2015年度最佳創新旅遊商業地產項目) by www.guardian.cn.
- In January 2016, Lijiang Jinmao Richmond Town was granted the "Most Expected China Cultural Travel and Commercial New Landmark Award for 2016" (2016年最期待中國文化旅遊商業新地標大獎) for 2016 by China Real Estate Society.

Management Discussion and Analysis

General Overview

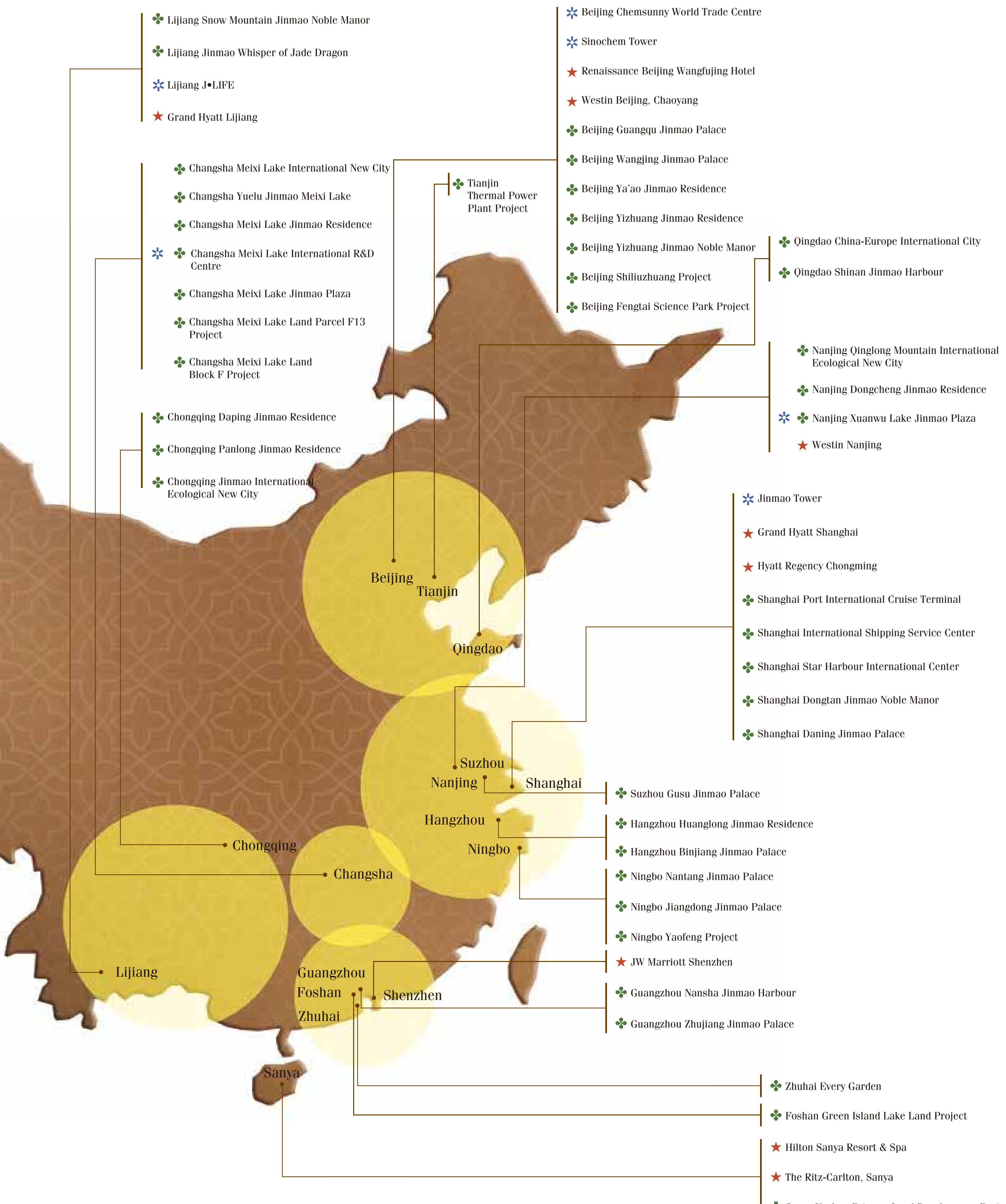
In 2015, the overall PRC economy maintained steady growth alongside with loosened monetary and credit policies. The overall real estate industry had picked up but revealed a structural divergence where the residential market in the first-tier and second-tier cities recovered. The market of office and commercial building performed steadily in general, but hotel operations continued to struggle. Faced with narrowing profit margin and intensifying competition, transformation and innovation have become the new trend for property developers. Faced with the new market environment, all employees of the Company worked persistently to overcome the obstacles. Adhering to the "proactive, sound, sustaining and healthy" general principle, the Company gradually enhanced its corporate value and core competitiveness through its proactive efforts and the pursuit of excellence to achieve one and another victory.

Reviewing 2015, each of the business segments of the Group progressed evenly with satisfactory performance. As for city and property development, the scale of development was gradually expanded. Throughout the year, a number of projects commenced sales successively with contracted sales amount of approximately RMB30,100 million, which further enhanced the industry ranking of the Group. All projects performed well. Among such projects, the first launch of Shanghai Daning Jinmao Palace was a success with annual contracted sales amounting to RMB5,570 million, which has further enhanced Jinmao Palace series' influence in the first-tier cities. Nanjing Qinglong Mountain International Ecological New City Project began to generate profit in the same year as it was put into development. Lijiang Jinmao Richmond Town was granted the "Most Expected China Cultural Travel and Commercial New Landmark Award for 2016" (2016年最期待中國文化旅遊商業新地標大獎) and the "Best Region of China Cultural Travel Award for 2015" (2015年度中國文化旅遊最佳區域大獎) as landmark representative of tourism and real estate industry in Lijiang. As for commercial leasing, the high-end office market in Beijing, Shanghai and Nanjing maintained good growth momentum with high occupancy rate and growing rental level. Two office buildings in Beijing and Jin Mao Tower in Shanghai recorded a year-on-year increase in rental level with nearly full occupancy. As for retail operations, Nanjing Jinmao Place, the first city shopping mall of the Company, had its grand opening and became the spotlight of Nanjing. The Group actively explored new model in community business taking Chongqing Daping Jinmao Residence as the pilot to establish the first property fund in China investing in community business. As for hotel operations, faced with market downturn, the Group actively coped with the impacts of the policies, flexibly adjusted the pricing strategy and kept on expanding sales channels. At the same time, the results of strict cost control began to bear fruit. The average revenue per available room of Hyatt Regency Chongming, Renaissance Beijing Wangfujing Hotel and Lijiang Grant Hyatt which were opened in 2014 gradually increased. Grand Hyatt Lijiang – the Mountain Lodge in the scenic area was officially opened in September 2015, and other established hotels maintained a leading position in their respective markets.

In September 2015, the name of the Company was officially changed from Franshion Properties (China) Limited to China Jinmao Holdings Group Limited. The Company also upgraded from a "two-wheel driven" operating strategy to a "two-wheel and two-wing driven" operating strategy where the Company focused on the two wings of "finance + services" in addition to its existing strategy of "development + holding" with a view to transforming from a property developer to an city integrated developer and operator.

In 2015, the Group continued to seize market opportunities and secured quality land parcels and capital funding. As for land acquisition, the Group acquired a number of quality land parcels in Beijing, Hangzhou, Nanjing, Ningbo and Qingdao, which continued to replenish its land reserves. As for capital funding, the Group seized the market windows and issued domestic corporate bonds with the principal amount of RMB2,200 million for the first time with coupon rate fixed at a low level in the industry. The introduction of strategic investors through placing of new shares not only further optimised the capital structure, but also enhanced the capital strength of the Company.

Looking forward, we are confident about the long-term development of the property market in China and we have formulated a feasible mid- and long-term plan for 2016-2025 to support our business development in the future. We will continue to strive to be a well-respected quality real estate leader, fully capitalise our strengths in areas of primary and secondary land development, complex development as well as property holding and operations to gradually establish our overall position as city operator, and endeavour to create a new city core by leveraging on our integrated competencies of planning and guidance, sector cultivation, residential development and ancillary facility construction. Based on our "two-wheel driven" operating strategy, we will further reinforce our two core business segments of property development and holding, and actively develop property services and finance innovation and effectively promote the upgrade of our "two-wheel and two-wing driven" operating strategy with a view to becoming the industry landmark displaying the features of "appropriate scale, high efficiency, leading quality and outstanding services".



City and Property Development Commercial Leasing and Retail Operations Hotel Operations

Management Discussion and Analysis

Project Overview

GENERAL INFORMATION BY SEGMENTS

Business segments	Gross floor area (square metres)	Number of guest rooms
Commercial leasing and retail operations	552,950	N/A
Hotel operations	574,993	3,667
City and property development	32,509,964	N/A
Total	33,637,907	3,667

Diagram 1: Segment overview
(Gross floor area: square metres)

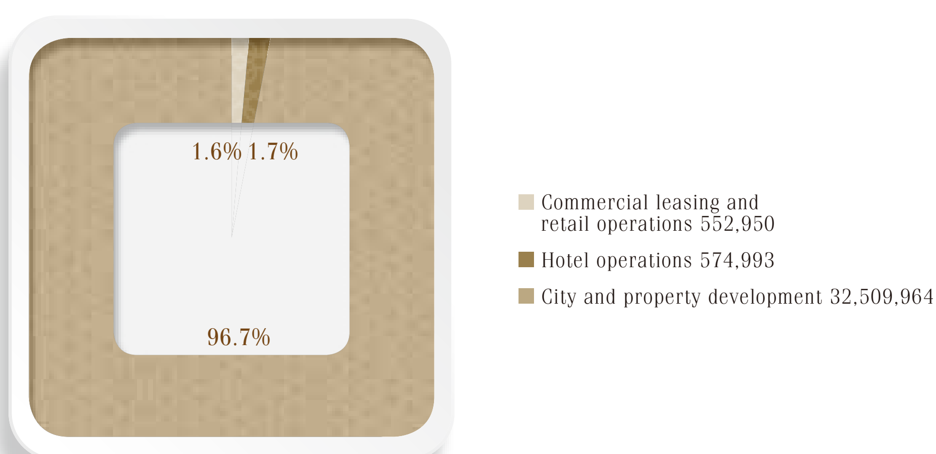


Diagram 2: City and property development
(Gross floor area: square metres)

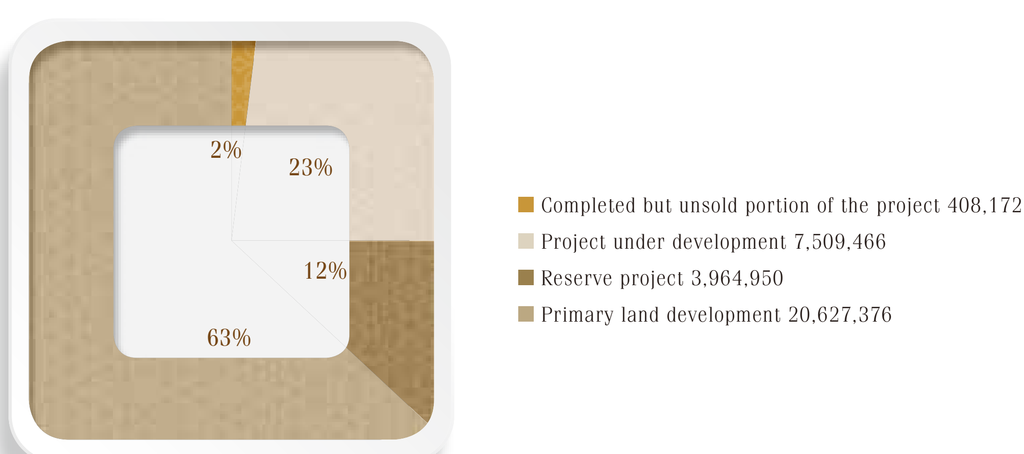


Diagram 3: Area held by commercial leasing and retail operations (Gross floor area: square metres)

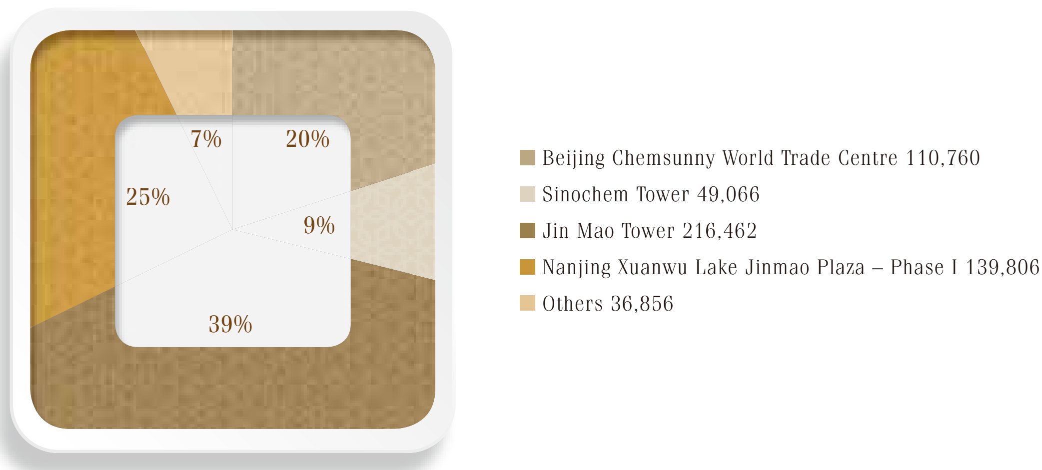
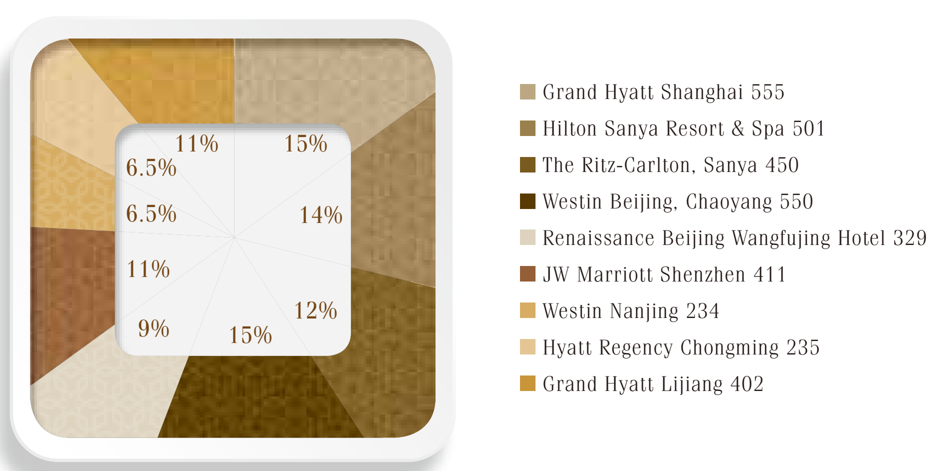


Diagram 4: Number of hotel rooms



1. COMMERCIAL LEASING AND RETAIL OPERATIONS PROJECTS

Name of project	Location	Site area (square metres)	Gross floor area (square metres)	Type of project	Type of operation	Equity attributable to the Group	Date of completion	Area unsold (square metres)	Area held (square metres)	Hotel area (square metres)
Beijing Chemsunny World Trade Centre	Xicheng District, Beijing, China	21,659	194,530	Office	Holding and selling	100%	2006	42,117	110,760	–
Sinochem Tower	Xicheng District, Beijing, China	5,833	49,066	Office	Holding	100%	1995	–	49,066	–
Jin Mao Tower (including hotel)	Pudong New Area, Shanghai, China	23,611	292,475	Office	Holding	66.53%	1999	–	216,462	76,013
Nanjing Xuanwu Lake Jinmao Plaza Phase I (including hotel)	Gulou District, Nanjing, Jiangsu Province, China	19,852	225,846	Complex	Holding and selling	(Note 2)	2011	6,854	139,806	32,514
Changsha Meixi Lake International R&D Centre	Xiangjiang New District, Changsha, Hunan Province, China	46,353	132,856	Office	Holding and selling	80%	2016	107,595	14,963 (Note 9)	–
Lijiang J-Life	Old Town, Lijiang, Yunnan Province, China	20,761	21,893	Commercial	Holding	100%	2014	–	21,893	–
Total			916,666					156,566	552,950	108,527

2. HOTEL OPERATION PROJECTS

Name of project	Location	Site area (square metres)	Gross floor area (square metres)	Type of project	Type of operation	Equity attributable to the Group	Date of completion	Number of guest rooms
Renaissance Beijing Wangfujing Hotel	Dongcheng District, Beijing, China	9,858	44,435	Hotel	Holding	66.53%	1995	329
Grand Hyatt Shanghai	Pudong New Area, Shanghai, China	(Note 1)	76,013	Hotel	Holding	66.53%	1999	555
Hilton Sanya Resort & Spa	Yalong Bay Resort, Sanya, Hainan Province, China	108,610	75,208	Hotel	Holding	66.53%	2006	501
The Ritz-Carlton, Sanya	Yalong Bay Resort, Sanya, Hainan Province, China	153,375	83,772	Hotel	Holding	66.53%	2008	450
Westin Beijing, Chaoyang	Chaoyang District, Beijing, China	8,642	77,945	Hotel	Holding	66.53%	2008	550
JW Marriott Shenzhen	Futian District, Shenzhen, Guangdong Province, China	4,471	51,730	Hotel	Holding	66.53%	2009	411
Westin Nanjing	Gulou District, Nanjing, Jiangsu Province, China	(Note 2)	32,514	Hotel	Holding	(Note 2)	2011	234
Hyatt Regency Chongming	Chongming County, Shanghai, China	(Note 3)	48,992	Hotel	Holding	66.53%	2014	235
Grand Hyatt Lijiang (Note 6)	Old Town, Lijiang, Yunnan Province, China	131,738	84,384	Hotel	Holding	66.53%	2014	402
Total			574,993					3,667

3. CITY AND PROPERTY DEVELOPMENT PROJECTS

Name of project	Location	Site area (square metres)	Gross floor area (square metres)	Type of project	Type of operation	Equity attributable to the Group	Date of completion	Area unsold (square metres)	Area held (square metres)	Hotel area (square metres)
A. Completed projects										
Site B of Shanghai Port International Cruise Terminal Project	Hongkou District, Shanghai, China	85,089	302,080	Commercial	Selling	50%	2011	–	–	–
Of which: Portion above ground of Building No.11 of Shanghai Port International Cruise Terminal	Hongkou District, Shanghai, China		6,165	Commercial	Selling	50%	2011	6,165	–	–
Zhuhai Every Garden	Xiangzhou District, Zhuhai, Guangdong Province, China	43,499	137,225	Residential	Selling	100%	2008	4,143	–	–
Beijing Guangqu Jinmao Palace Project	Chaoyang District, Beijing, China	155,918	368,342	Residential	Selling	100%	2014	75,516	–	–
Shanghai Dongtan Jinmao Noble Manor Project	Chongming Island, Shanghai, China	220,000	173,899	Commercial/ Residential	Holding and selling	100%	2014	76,568	–	(Note 3)
Changsha Yuelu Jinmao Meixi Lake	Xiangjiang New District, Changsha, Hunan Province, China	156,767	525,940	Commercial/ Residential	Selling	51%	2015	196,809	–	–
Total			1,513,651					359,201		–

For information of the completed but unsold portion of Beijing Chemsunny World Trade Centre and Nanjing Xuanwu Lake Jinmao Plaza Phase I, please see “1. COMMERCIAL LEASING AND RETAIL OPERATIONS PROJECTS”.

Name of project	Location	Site area (square metres)	Gross floor area (square metres)	Type of project	Type of operation	Equity attributable to the Group	Date of completion	Area unsold (square metres)	Area held (square metres)	Hotel area (square metres)
B. Projects under development										
Beijing Ya'ao Jinmao Residence and Beijing Wangjing Jinmao Palace Project	Chaoyang District, Beijing, China	92,768	395,831*	Residential	Selling	51%	2016	166,524	–	–
Beijing Yizhuang Jinmao Residence Project	Beijing Economic and Technological Development Area, Beijing, China	134,858	414,782*	Residential	Selling	100%	2016	377,113	–	–
Beijing Yizhuang Jinmao Noble Manor Project	Beijing Economic and Technological Development Area, Beijing, China	159,300	558,922*	Residential	Selling	25.5% and 50% (Note 5)	2019	558,922	N/A	N/A
Qingdao Shinan Jinmao Harbour Project	Shinan District, Qingdao, Shandong Province, China	131,202	513,189*	Commercial/ Residential	Holding and selling	100%	2017	298,790	61,295 (Note 8)	–
Qingdao China-Europe International City Project – First batch of land parcels	Prime Location, North Shore New Town, Qingdao, Shandong Province, China	277,586	480,626*	Commercial/ Residential	Selling	100%	2024	480,626	N/A	N/A
Shanghai International Shipping Service Center Project	Hongkou District, Shanghai, China	95,594	530,933*	Complex	Holding and selling	50%	2016	352,577	23,428 (Note 7)	–
Shanghai Star Harbour International Centre Project	Central Area of North Bund, Shanghai, China	40,577	426,060*	Complex	Holding and selling	50%	2017	223,102	202,958	N/A
Shanghai Daning Jinmao Palace Project	Zhabei District, Shanghai, China	96,429	289,200*	Residential	Selling	36%	2017	289,200	N/A	N/A
Suzhou Gusu Jinmao Palace Project	Gusu District, Suzhou, Jiangsu Province, China	86,018	342,422*	Residential	Selling	80%	2018	261,261	–	–
Hangzhou Huanglong Jinmao Residence Project	Gongshu District, Hangzhou, Zhejiang Province, China	61,160	242,300*	Commercial/ Residential	Selling	85%	2016	242,300	N/A	N/A
Ningbo Nantang Jinmao Palace Project	Haishu District, Ningbo, Zhejiang Province, China	62,458	225,160*	Commercial/ Residential	Selling	51%	2017	225,160	N/A	N/A
Chongqing Daping Jinmao Residence Project	Jiulongpo District, Chongqing, China	101,096	500,644*	Residential	Selling	100%	2016	232,798	–	–
Chongqing Panlong Jinmao Residence Project	Panlong Area, Jiulongpo District, Chongqing, China	47,036	300,000*	Commercial/ Residential	Selling	100%	2016	300,000	N/A	N/A
Chongqing Jinmao International Ecological New City Project	Yubei District, Chongqing, China	217,221	825,666*	Commercial/ Residential	Selling	45.465%	2021	825,666	N/A	N/A
Guangzhou Nansha Jinmao Harbour Project	Nansha District, Guangzhou, Guangdong Province, China	243,400	778,652*	Complex	Holding and selling	90%	2019	750,652	N/A	28,000
Changsha Meixi Lake Jinmao Plaza Project	Xiangjiang New District, Changsha, Hunan Province, China	152,995	954,770*	Complex	Holding and selling	100%	2016	799,471	106,707	48,592
Changshan Meixi Lake Jinmao Residence Project	Xiangjiang New District, Changsha, Hunan Province, China	154,607	485,577*	Commercial/ Residential	Selling	70%	2016	348,487	–	–
Lijiang Snow Mountain Jinmao Noble Manor Project	Ganhaizi, Jade Dragon Snow Mountain, Lijiang, Yunnan Province, China	54,027	18,887*	Commercial/ Residential	Holding and selling	100%	2017	18,887	N/A	N/A
Lijiang Jinmao Whisper of Jade Dragon Project	Lijiang World Heritage Park, Lijiang, Yunnan Province, China	363,938	207,902*	Residential	Selling	100%	2017	179,355	–	–
Sub-total			8,491,523					6,930,891	394,388	76,592

Name of project	Location	Site area (square metres)	Gross floor area (square metres)	Type of project	Type of operation	Equity attributable to the Group	Date of completion	Gross floor area unsold (square metres)
C. Land under development								
Nanjing Qinglong Mountain International Ecological New City Project	City Centre of Shangfang, Jiangning, Nanjing, Jiangsu Province, China	3,230,000	3,798,000*	Primary	Selling	80%	2020	3,578,645
Changsha Meixi Lake International New City Project Phase I	Xiangjiang New District, Changsha, Hunan Province, China	2,808,428	9,402,328*	Primary	Selling	80%	2017	2,623,024
Changsha Meixi Lake International New City Project Phase II	Xiangjiang New District, Changsha, Hunan Province, China	4,535,600	12,680,000*	Primary	Selling	70% (Note 4)	2020	12,680,000
Changsha Meixi Lake International New City Land Block A Project	Xiangjiang New District, Changsha, Hunan Province, China	276,322	828,966*	Primary	Selling	80%	2017	828,966
Sanya Yazhou Primary Land Development Project	Riverbank of Yanzao, Yazhou District, Sanya, Hainan Province, China	1,000,005	916,741*	Primary	Selling	51%	2018	916,741
Sub-total			27,626,035					20,627,376

Name of project	Location	Site area (square metres)	Gross floor area (square metres)	Type of project	Type of operation	Equity attributable to the Group	Date of completion	Area unsold (square metres)	Area held (square metres)	Hotel area (square metres)
D. Reserve projects										
Beijing Shiliuzhuang Project	Fengtai District, Beijing, China	84,985	220,404*	Residential	Selling	49%	2020	220,404	N/A	N/A
Beijing Fengtai Science Park Project Land Parcel A	Fengtai District, Beijing, China	29,500	177,662*	Office/ Commercial	Selling	49%	2018	177,662	N/A	N/A
Beijing Fengtai Science Park Project Land Parcel B	Fengtai District, Beijing, China	14,788	78,653*	Office/ Commercial	Selling	51%	2018	78,653	N/A	N/A
Tianjin Thermal Power Plant Project	Hedong District, Tianjin, China	125,926	407,313*	Complex	Selling	100%	2020	407,313	N/A	N/A
Qingdao China-Europe International City Project – Second batch of land parcels	Prime Location, North Shore New Town, Qingdao, Shandong Province, China	141,597	354,644*	Commercial/ Residential	Selling	100%	2021	354,644	N/A	N/A
Nanjing Xuanwu Lake Jinmao Plaza Project Phase II	Gulou District, Nanjing, Jiangsu Province, China	18,068	227,300*	Complex	Holding and selling	(Note 2)	2019	83,100	120,700	23,500
Nanjing Dongcheng Jinmao Residence	Jiangning, Nanjing, Jiangsu Province, China	34,923	118,880*	Residential	Selling	40%	2018	118,880	N/A	N/A
Hangzhou Binjiang Jinmao Palace	Binjiang District, Hangzhou, Zhejiang Province, China	72,219	248,371*	Residential	Selling	100%	2020	248,371	N/A	N/A
Ningbo Jiangdong Jinmao Palace	Jiangdong District, Ningbo, Zhejiang Province, China	93,646	315,850*	Residential	Selling	100%	2019	315,850	N/A	N/A
Ningbo Yaofeng Project	Haishu District, Ningbo, Zhejiang Province, China	51,214	173,609*	Residential	Selling	100%	2018	173,609	N/A	N/A
Changsha Meixi Lake Land Parcel F13 Project	Xiangjiang New District, Changsha, Hunan Province, China	18,543	191,264*	Commercial	Selling	100%	2019	191,264	N/A	N/A
Changsha Meixi Lake Land Block F Project	Xiangjiang New District, Changsha, Hunan Province, China	119,862	498,605*	Commercial/ Residential	Selling	100%	2019	498,605	N/A	N/A
Guangzhou Zhujiang Jinmao Palace	Liwan District, Guangzhou, Guangdong Province, China	47,367	314,321*	Residential	Selling	50%	2019	314,321	N/A	N/A
Foshan Green Island Lake Project	Chancheng District, Foshan, Guangdong Province, China	205,684	638,074*	Residential	Selling	100%	2021	638,074	N/A	N/A
Sub-total			3,964,950					3,820,750	120,700	23,500

For information of the properties under development of Changsha Meixi Lake International R&D Centre Project, please see "1. COMMERCIAL LEASING AND RETAIL OPERATIONS PROJECTS".

PROJECTS ACQUIRED SINCE 2015

Name of project	Location	Site area (square metres)	Gross floor area (square metres)	Type of project	Type of operation	Equity attributable to the Group	Date of completion	Area unsold (square metres)	Area held (square metres)	Hotel area (square metres)
Beijing Shiliuzhuang Project	Fengtai District, Beijing, China	84,985	220,404*	Residential	Selling	49%	2020	220,404	N/A	N/A
Beijing Fengtai Science Park Project Land Parcel A	Fengtai District, Beijing, China	29,500	177,662*	Office/ Commercial	Selling	49%	2018	177,662	N/A	N/A
Beijing Fengtai Science Park Project Land Parcel B	Fengtai District, Beijing, China	14,788	78,653*	Office/ Commercial	Selling	51%	2018	78,653	N/A	N/A
Tianjin Thermal Power Plant Project	Hedong District, Tianjin, China	125,926	407,313*	Complex	Selling	100%	2020	407,313	N/A	N/A
Qingdao China-Europe International City Project – First batch of land parcels	Prime Location, North Shore New Town, Qingdao, Shandong Province, China	277,586	480,626*	Commercial/ Residential	Selling	100%	2024	480,626	N/A	N/A
Qingdao China-Europe International City Project – Second batch of land parcel	Prime Location, North Shore New Town, Qingdao, Shandong Province, China	141,597	354,644*	Commercial/ Residential	Selling	100%	2021	354,644	N/A	N/A
Nanjing Qinglong Mountain International Ecological New City Project	City Centre of Shangfang, Jiangning, Nanjing, Jiangsu Province, China	3,230,000	3,798,000*	Primary	Selling	80%	2020	3,578,645	N/A	N/A
Nanjing Dongcheng Jinmao Residence	Jiangning, Nanjing, Jiangsu Province, China	34,923	118,880*	Residential	Selling	40%	2018	118,880	N/A	N/A
Hangzhou Binjiang Jinmao Palace	Binjiang District, Hangzhou, Zhejiang Province, China	72,219	248,371*	Residential	Selling	100%	2020	248,371	N/A	N/A
Ningbo Jiangdong Jinmao Palace	Jiangdong District, Ningbo, Zhejiang Province, China	93,646	315,850*	Residential	Selling	100%	2019	315,850	N/A	N/A
Ningbo Yaofeng Project	Haishu District, Ningbo, Zhejiang Province, China	51,214	173,609*	Residential	Selling	100%	2018	173,609	N/A	N/A
Changsha Meixi Lake Land Block F Project	Xiangjiang New District, Changsha, Hunan Province, China	119,862	498,605*	Commercial/ Residential	Selling	100%	2019	498,605	N/A	N/A
Foshan Green Island Lake Project	Chancheng District, Foshan, Guangdong Province, China	205,684	638,074*	Residential	Selling	100%	2021	638,074	N/A	N/A
Sub-total			7,510,691					7,291,336		

* Estimated gross floor area

(Note 1) Grand Hyatt Shanghai is situated in Jin Mao Tower

(Note 2) Westin Nanjing is situated in Nanjing Xuanwu Lake Jinmao Plaza. The Group holds 51% interest in Leading Holdings Limited which, through a 95.78% owned project company, owns Nanjing Xuanwu Lake Jinmao Plaza Phases I and II.

(Note 3) Hyatt Regency Chongming, held as to 66.53% interest by the Group, is situated in Shanghai Dongtan Jinmao Noble Manor.

(Note 4) The Company received an official letter from the Management Committee of Dahexi Pilot Zone in Changsha, confirming that the Company has been selected as the second investor of Changsha Meixi Lake Primary Development Phase II. According to the Confirmation Letter, the total investment required for the Company, as the second investor, to complete all its related works under the Project, is estimated to be 70% of the estimated investment of the Project. At the same time, the Company will be entitled to a full refund of its development costs, as well as a gain representing 70% of the appreciation of land within the area of the Project which is available for distribution to the investors.

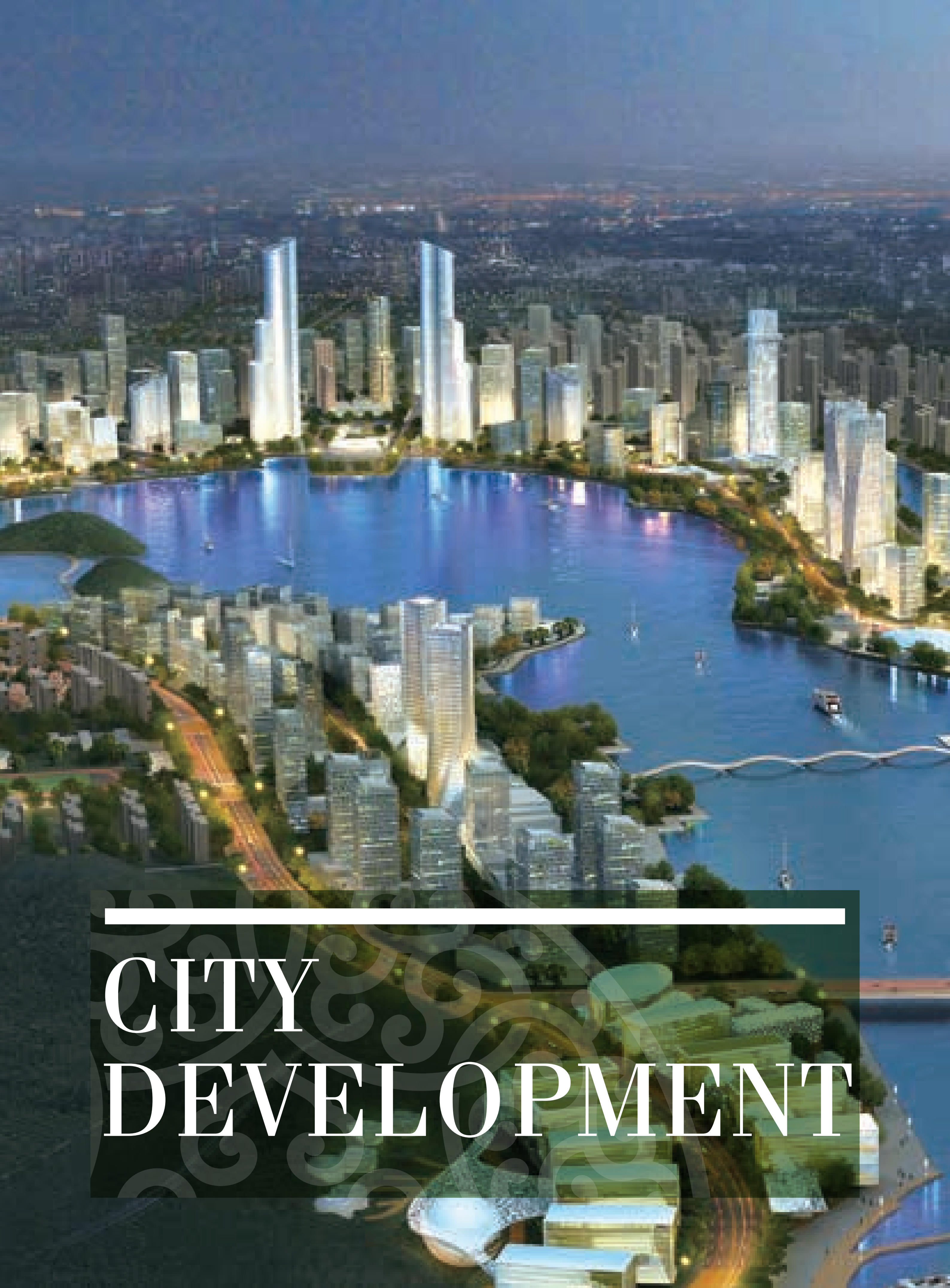
(Note 5) Beijing Yizhuang Jinmao Noble Manor is developed on the land parcels X87 and X91 in Beijing. Currently, the Group holds 25.5% interest in land parcel X87 (GFA: 259,234 square metres) and 50% interest in land parcel X91 (GFA: 299,688 square metres).

(Note 6) Grand Hyatt Lijiang is held as to 66.53% interest by the Group. Grand Hyatt Lijiang in the urban area is situated in Lijiang Jinmao Richmond Town Project; whereas the Mountain Lodge in the scenic area is situated in Ganhaizi, Jade Dragon Snow Mountain.

(Note 7) The area held by Shanghai International Shipping Service Center refers to the retail properties under construction.

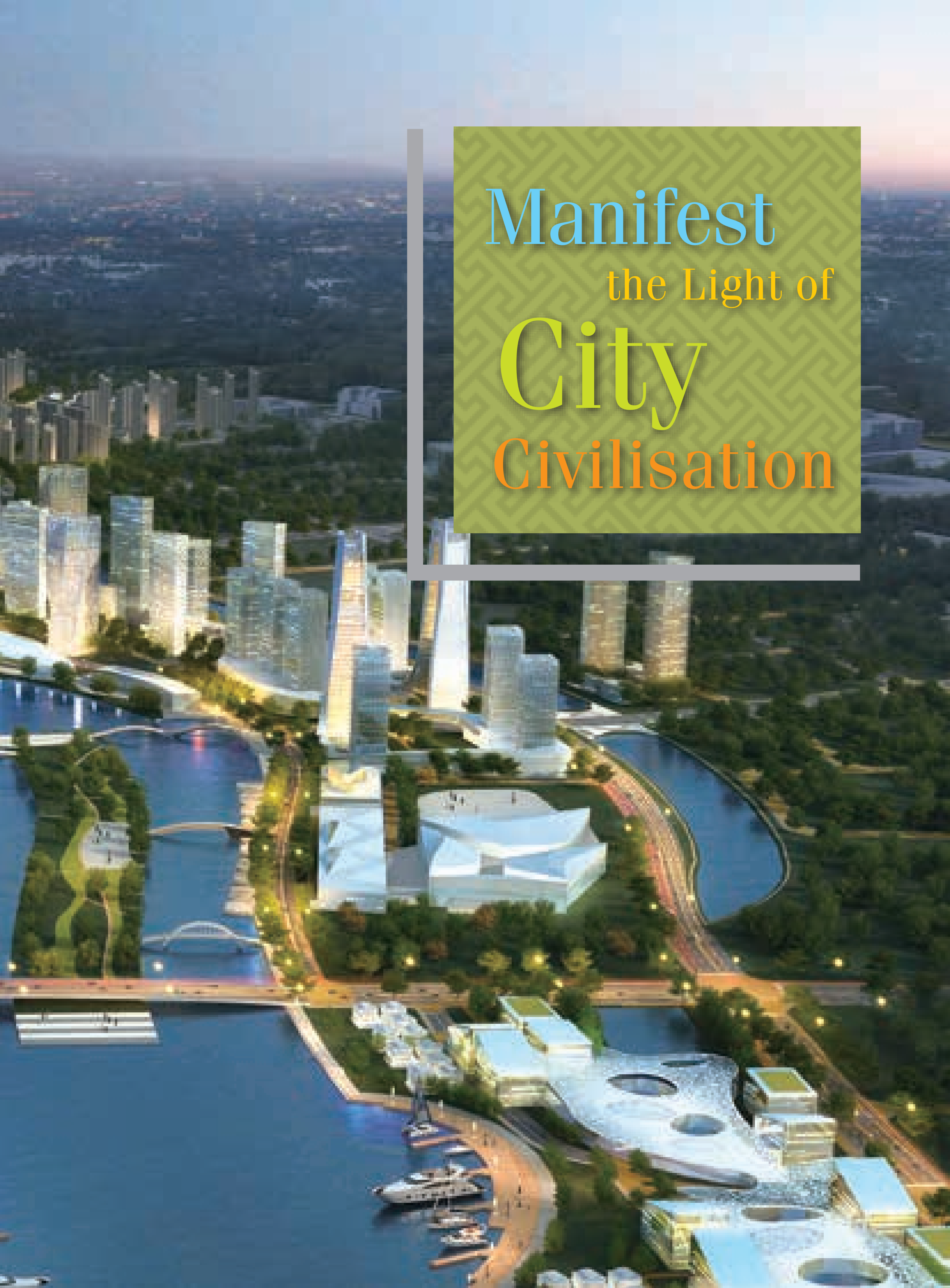
(Note 8) The area held by Qingdao Jinmao Harbour refers to the retail properties under construction.

(Note 9) Out of 122,558 square metres held by Changsha Meixi Lake International R&D Centre, the office premises in operation occupy an area of 14,963 square metres and the office premises under construction occupy an area of 107,595 square metres.

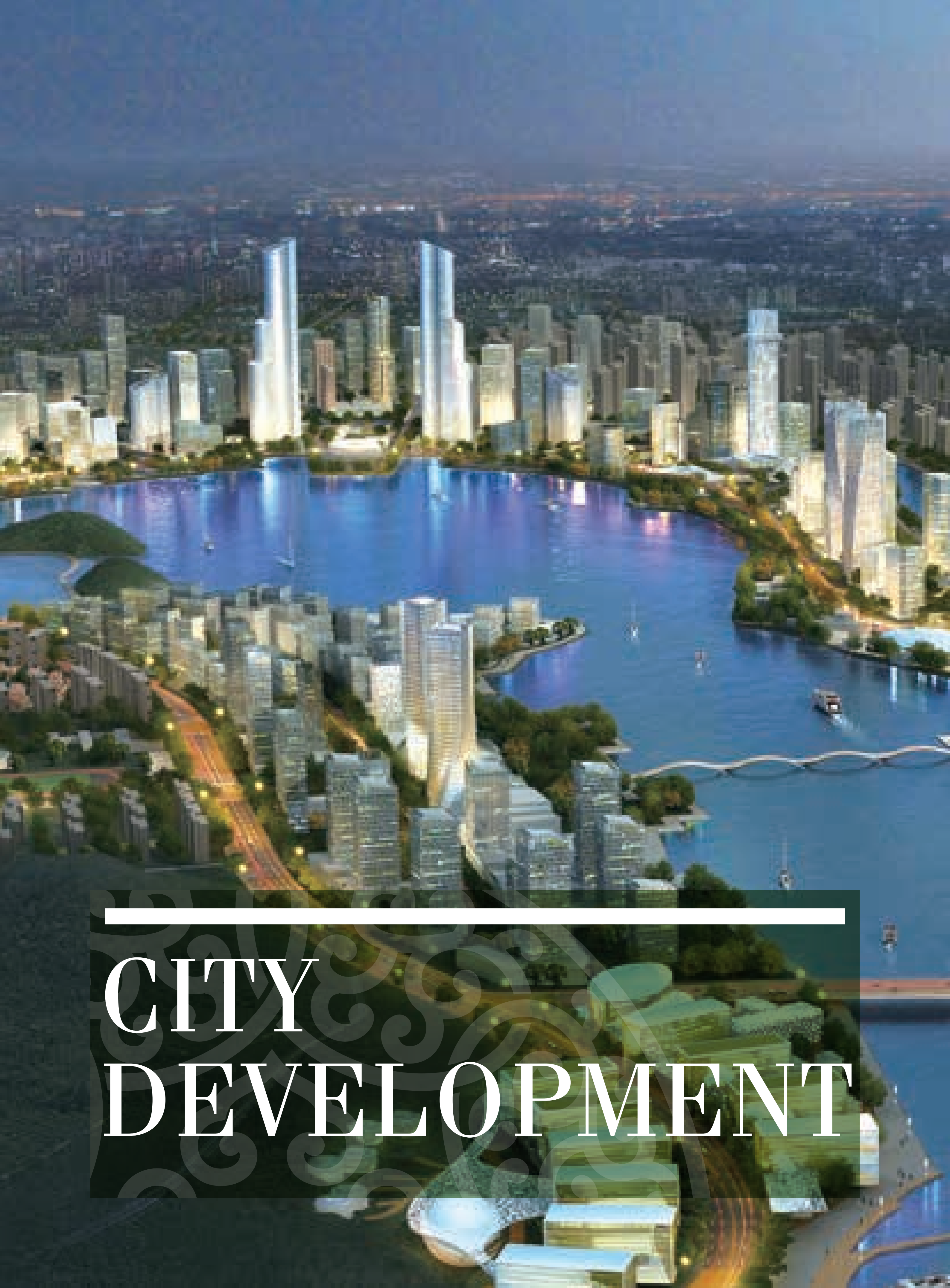


CITY DEVELOPMENT

Manifest the Light of City Civilisation



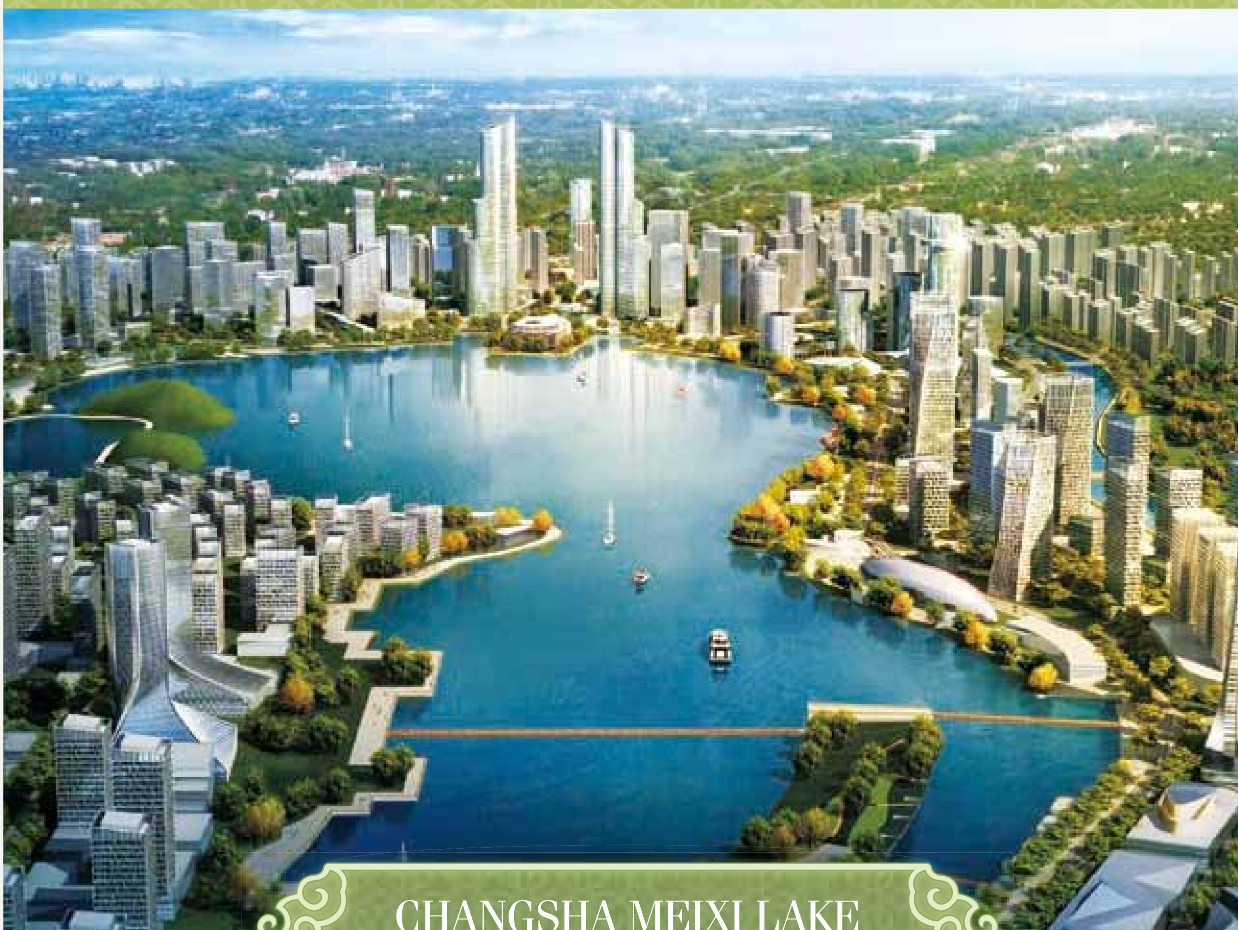
CITY DEVELOPMENT



CITY DEVELOPMENT

After all, we adhere to the forward-looking foresight and thinking to figure out detailed potentials in each region and apply innovative planning and design to every parcel of land. We have committed ourselves to highlight the civilization of modern city by means of architecture after all and continue to bring the future home and city dream into existence.

CITY DEVELOPMENT

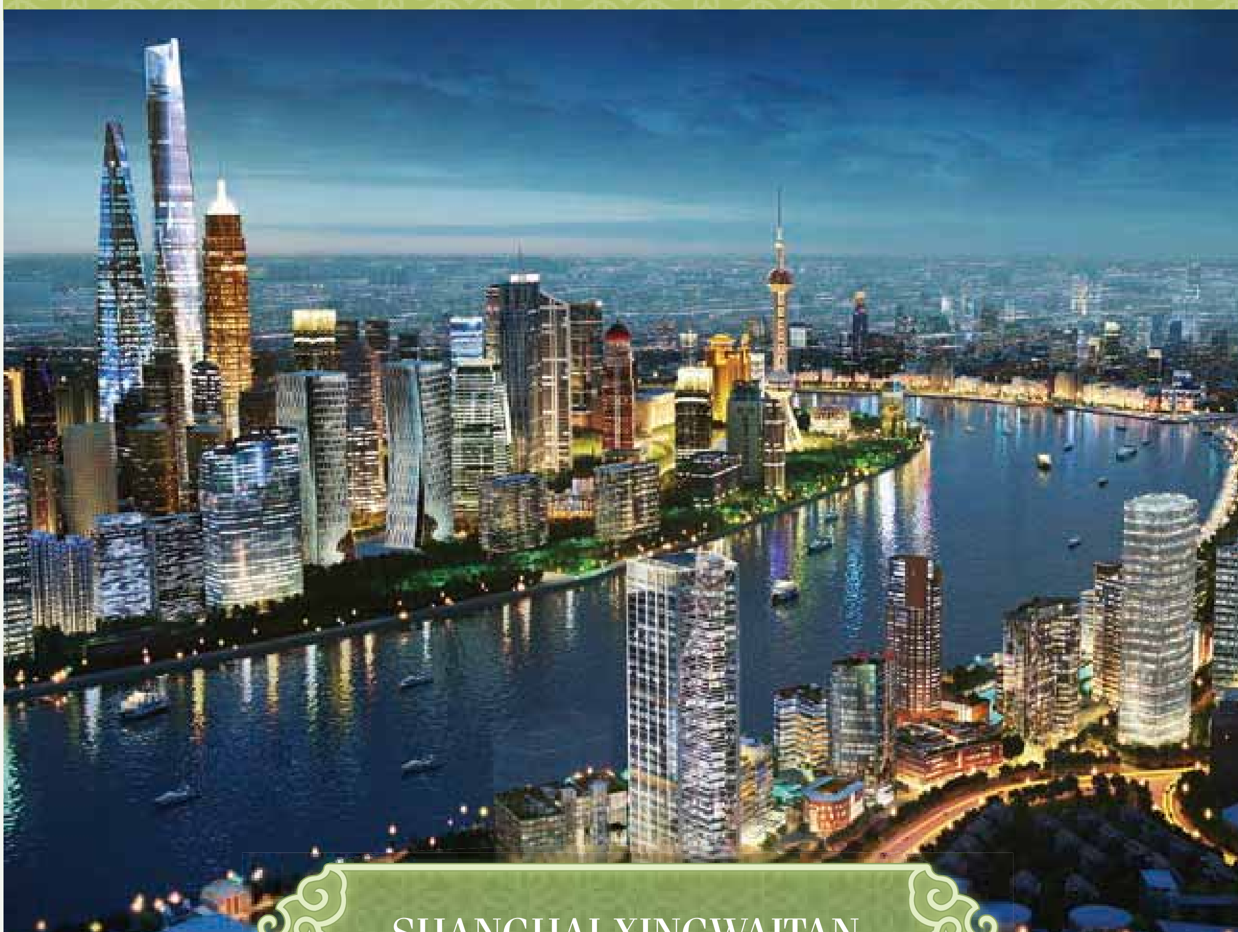


CHANGSHA MEIXI LAKE INTERNATIONAL NEW CITY

Meixi Lake International New City is located at the core region in Xiangjiang New District, Changsha, Hunan Province. Phase I of the project has Second Ring Road to the east, Third Ring Road to the west, Dragon King Harbour River to the north and Taohua Ridge of Yuelu Mountain Range to the south and surrounded by the 3,000-mu of Meixi Lake featuring the elements of mountains, lake, islets and city. Phase I of the project has a site area of approximately 11,452 mu and a total gross floor area of approximately 9.40 million square metres. Meixi Lake Land Block A, which is situated in the northwest of Phase I, has a site area of 414.9 mu and a gross floor area of approximately 830,000 square metres to satisfy the development demands in the northwest of Phase I. Phase II of the project, which is situated in the west of Phase I, has a total site area of 16,545 mu and a total gross floor area of approximately 12.68 million square metres, with Third Ring Road to the east, Yuelu Mountain Xiangbiwo Forest Park and Taohua Ridge Forest Park to the south, Tianlei Road to the north and Yuanjiachong Road North and Yuanjiachong Road South to the west. The project comprises a variety of premium segments including high-end residences, a super five-star hotel, Grade 5A office buildings, serviced apartments, a cultural and arts centre and a technology and innovation centre, and is a green and ecological region suitable for residence, business and leisure.

Following the planning principle of "being China's role model comparable to the world's standards", Changsha Meixi Lake International New City will be developed into an international new city with internationally acclaimed planning and design, scenic landscape and innovative operational management; a scientific and innovative new city that gathers corporate elites and shapes the new city growth engine; a low-carbon and environmentally friendly liveable eco-city; and an organically sustainable city that integrates with the functions of business introduction, nurturing and replication.

During the Period under Review, various works of the project progressed well. To create a "people-oriented" green new city, the Company will fully allocate the resources from various segments to this project.



SHANGHAI XINGWAITAN

Shanghai Xingwaitan is situated at the riverfront downtown of the North Bund in Hongkou with the business centres in the Old Bund to the west and Lujiazui's financial centres to the south, embracing the golden coastline of Huangpu River and enjoying enormous regional value.

The entire Xingwaitan Project, consisting of Shanghai Port International Cruise Terminal, Shanghai International Shipping Service Center and Shanghai Star Harbour International Centre, is planned to be developed into a high-quality commercial and office complex. Currently, 11 buildings of Shanghai Port International Cruise Terminal have been delivered and Shanghai International Shipping Service Center has secured a number of large state-owned enterprises as tenants. Xingwaitan is the largest green retail and office building project in China or even in Asia and has obtained the three-star green building design label certification from the Ministry of Housing and Urban-Rural Development of China, the LEED-CS gold certification from the U.S. Green Building Council ("USGBC") and the BREEAM outstanding category certification from Building Research Establishment ("BRE").

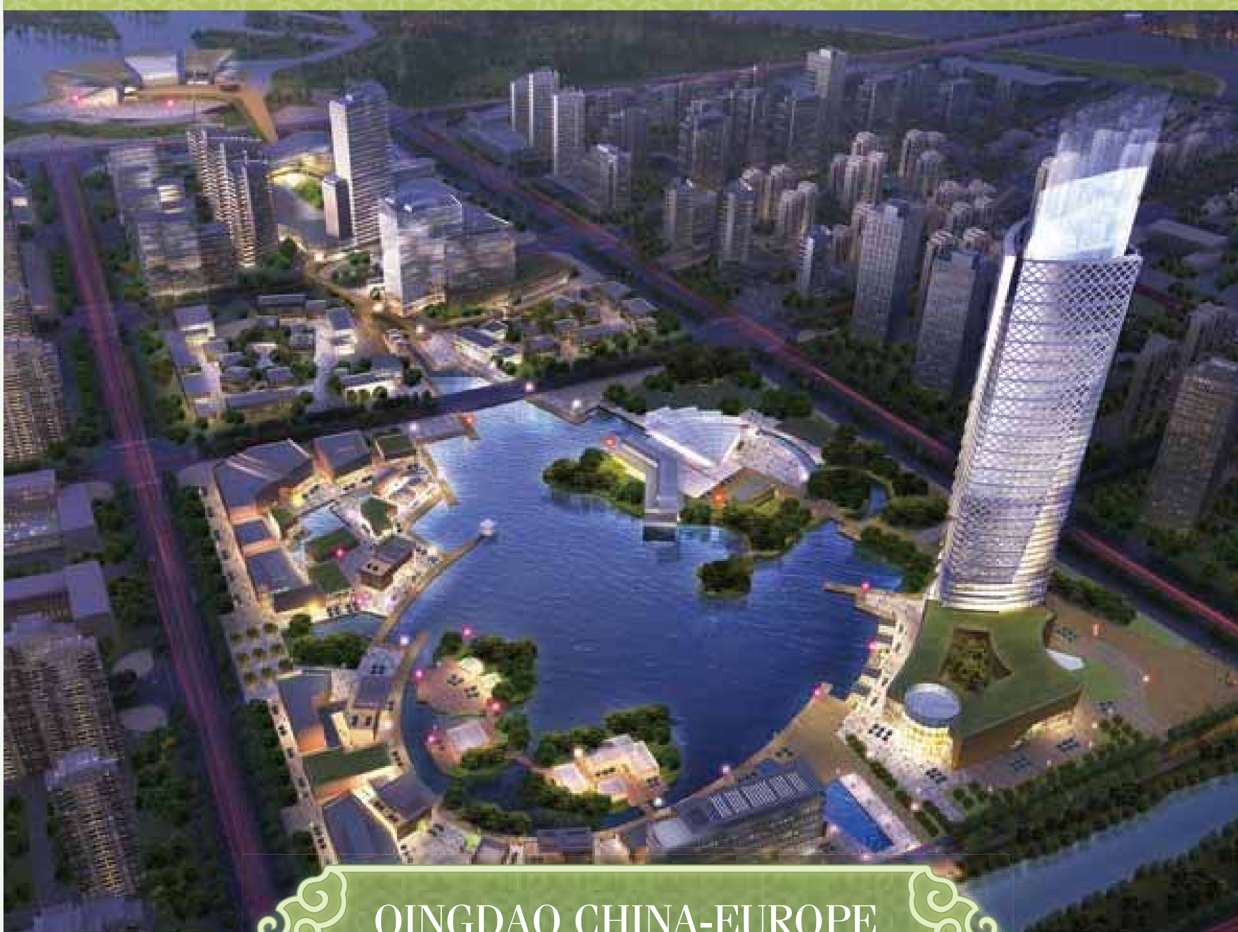
During the Period under Review, Shanghai International Shipping Service Center successfully delivered two office buildings and some parking spaces and the other works were well underway.

CITY DEVELOPMENT

NANJING QINGLONG MOUNTAIN INTERNATIONAL ECOLOGICAL NEW CITY

Qinglong Mountain International Ecological New City is located in the downtown area of Dongshan Vice City in Nanjing adjacent to the Qinglong – Dalian Mountain Range with a total site area of approximately 3.92 square kilometres and a total gross floor area of approximately 3.8 million square metres. The district performs a number of functions covering a CBD, quality residences, ancillary public infrastructure and scenic district. Its business segments include quality residence, a metropolitan commercial centre, a five-star hotel, office buildings and apartments. The project will be developed into China's model green new city comprising ecology, technology and culture and an internationalised smart and cultural city riding on sectors and quality location.

During the Period under Review, the development plan of the project progressed well. The project was granted the "Global Human Settlement Award on Planning and Design" (全球人居環境規劃設計獎) and two land parcels were successfully delivered. Various works were conducted in an orderly manner.

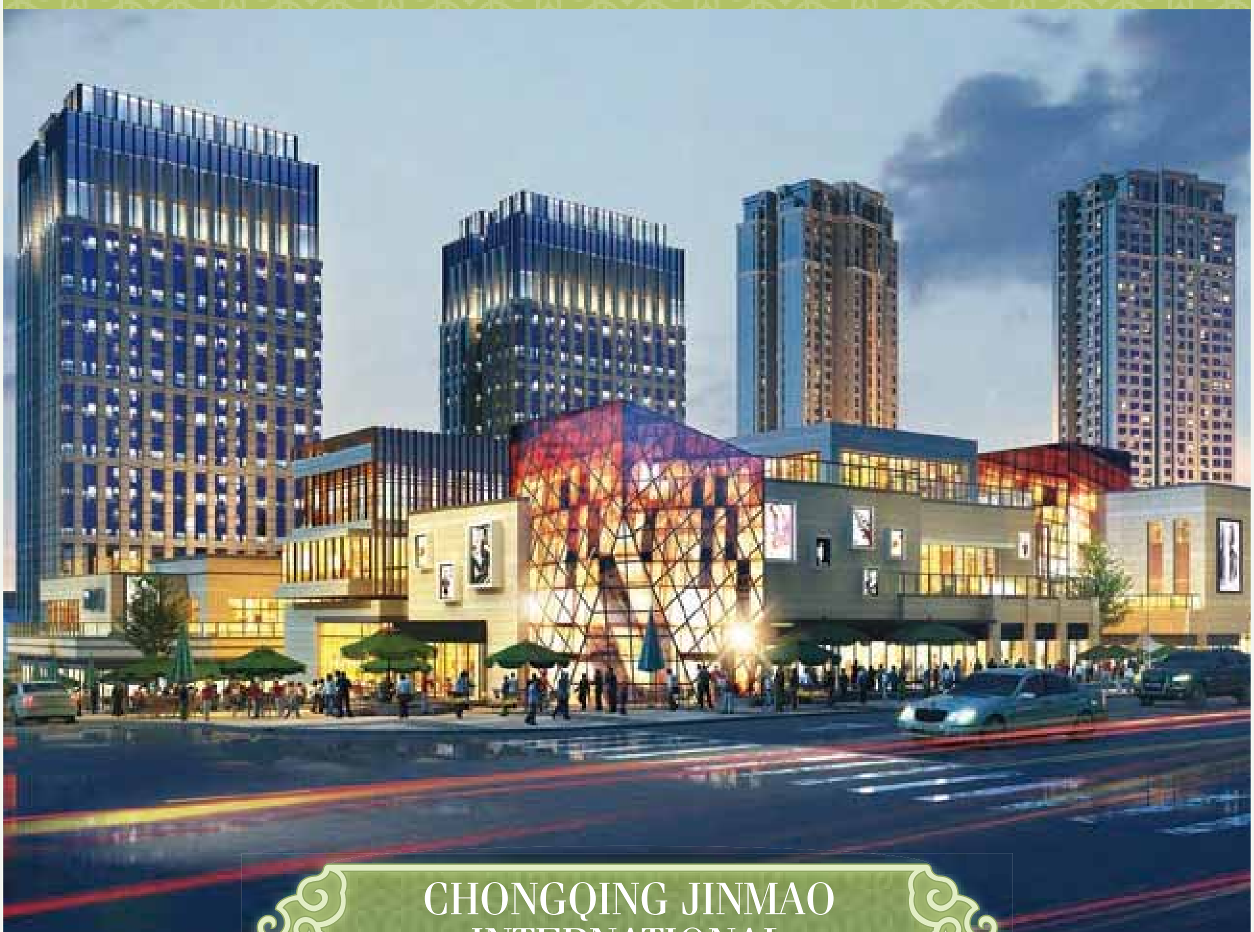


QINGDAO CHINA-EUROPE INTERNATIONAL CITY

Qingdao China-Europe International City is situated at Qingdao High-Tech Zone occupying a site area of 2,500 mu and a gross floor area of 4 million square metres. The project introduces the Eden conned the "Eighth Wonder of the World" and aims to be developed into a world-class tourism resort and leisure destination. As a city series 2.0 project operated by China Jinmao, China-Europe International City, comprising a variety of segments from garden villas, aqua front community, elite apartments, office headquarters to city plaza, will be developed into a diversified whole-resource internationalised community featuring ecology and intelligence.

During the Period under Review, the Group won the bid for the first batch of eight land parcels (with a total gross floor area of 480,626 square meters). The project progressed smoothly and was granted the "2015 China-Europe Green and Smart City Awards – Technology Innovation Award". The Group won the bid for the second batch of four land parcels (with a total gross floor area of 354,644 square metres) in 2016. The Group will blend into the lifestyles of China and Europe and create a green gold internationalised community comprising garden villas, aqua front community, office headquarters and city plaza.

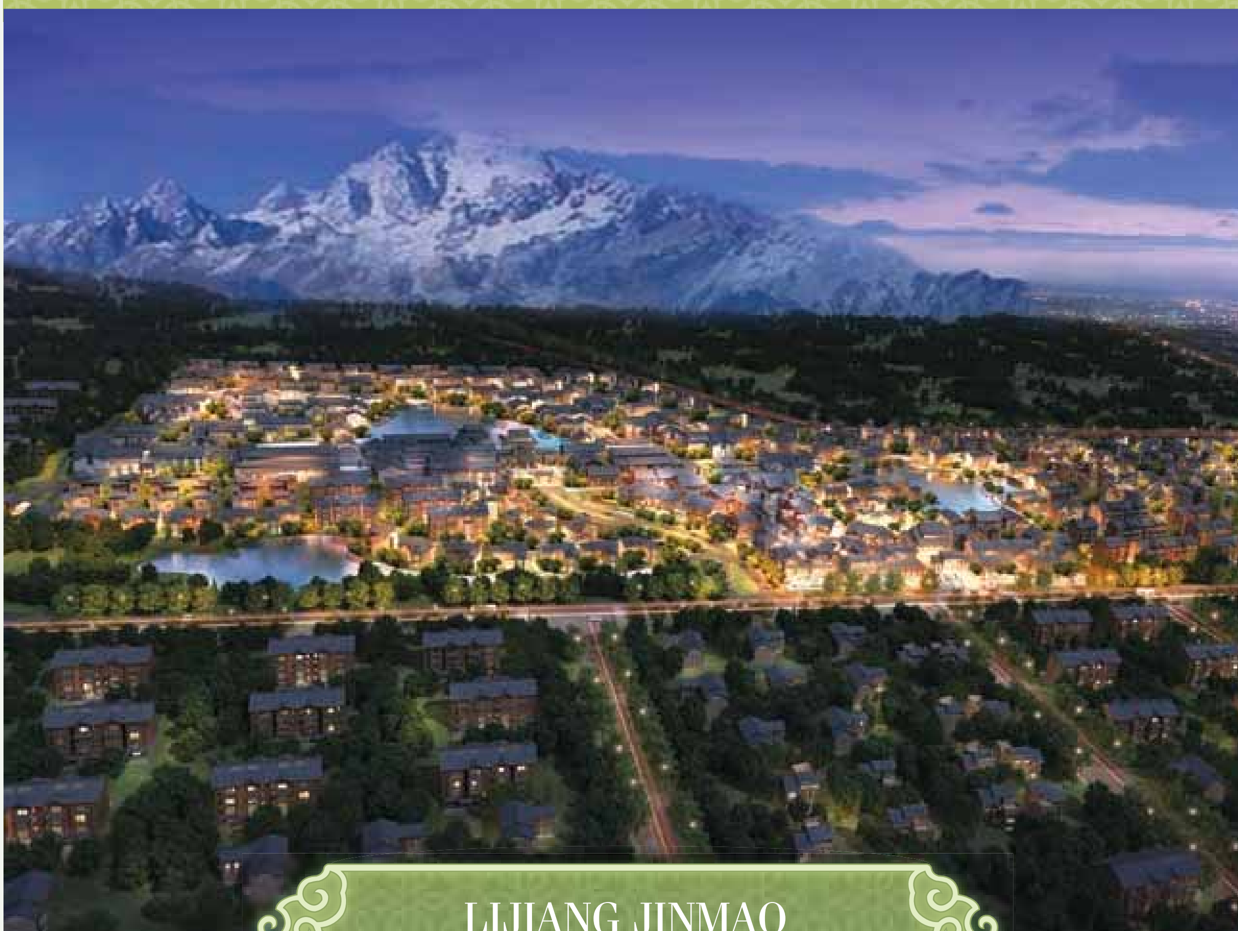
CITY DEVELOPMENT



CHONGQING JINMAO INTERNATIONAL ECOLOGICAL NEW CITY

Chongqing Jinmao International Ecological New City is at the downtown of Liangjiang new area adjacent to Yubei Central Park in Chongqing. The project, which has a site area of approximately 217,221 square metres and a total gross floor area of 825,666 square metres, covers various forms of segments including luxury residence, duplexes, townhouses, office buildings and themed commercial complexes. Unlike those situated in the area of traditional schools, the project caters for the needs throughout a child's growth and fulfils 28 key standards of six major systems, marking China's first landmark property project targeted at all aged below 18.

During the Period under Review, various works of the project were well underway. The Group will integrate with innovative service value system, comprehensive schooling amenities, convenient transport network and abundant natural resources into the project to shape the new city centre in Chongqing.



LIJIANG JINMAO RICHMOND TOWN

Jinmao Richmond Town is located in Lijiang – the only city with three cultural heritages in China and situated at the heart of the high-end vacation resort area at the foot of Jade Dragon Snow Mountain. The project, having a site area of approximately 855.96 mu, has mixed developments and established operations including Jinmao Whisper of Jade Dragon, Grant Hyatt Lijiang, Wutong Micro Hotel and Lijiang J-Life. Featuring the elements of culture, vitality, innovation and intelligence, it integrates the world's quality resources to develop an unprecedented model internationalised tourism industry new area in Lijiang and to produce "Lijiang's No.3 Town" in the new era following Dayan Old Town and Shuhe Old Town in Lijiang.

Featuring five major segments namely residence, hotel, retail, tourism and culture, the project will be developed into a one-stop ecological, cultural and travel destination in China and become the new city namecard in Lijiang. During the Period under Review, all key project nodes were completed on schedule and various works progressed steadily. The sales performance of Lijiang Jinmao Whisper of Jade Dragon was ranked first in Lijiang in terms of sales amount (unit price of more than RMB10,000), number of units and area for the year. The project received the "Most Expected China Cultural Travel and Commercial New Landmark Award for 2016" (2016年最期待中國文化旅遊商業新地標大獎) and the "Best Region of China Cultural Travel Award for 2015" (2015年度中國文化旅遊最佳區域大獎) as landmark representative of tourism and real estate industry in Lijiang.

PROPERTY DEVELOPMENT

Build for Solid Future Development

PROPERTY DEVELOPMENT

PROPERTY DEVELOPMENT

In our relentless pursuit of a habitat for arts and life philosophy, we focus on the future organic and endless growth of Chinese cities and high quality buildings, continuously reflect upon the relationship between the beauty of the present moment and the unlimited future, and through project development, business life, regional vitality and city prosperity put them into practice comprehensively.

府

Jin Mao Palace Series

Setting a new model in high-end quality living based on city centre and utilising exquisite craftsmanship

SHANGHAI DANING JINMAO PALACE

Shanghai Daning Jinmao Palace is located in between Inner Ring and Mid Ring Shanghai, internally embracing a 25,000 square metre-central private garden and externally facing Puxi's largest eco-park of 680,000 square metres, a full-dimension cluster of businesses of 1.50 million square metres and thirteen renowned schools for children at all ages. The project carries twelve state-of-the-art scientific and intelligent systems that meet the European standards, ushering in a new era in luxury residence for Shanghai.

During the Period under Review, Shanghai Daning Jinmao Palace had a number of sales launches that drew overwhelming response, which successfully enhanced its market value in the Daning region. Its annual contracted sales amounted to RMB5,570 million and was ranked second in terms of residential sales in Shanghai in 2015 and was ranked first in terms of high-end residential sales in East China, and therefore its landmark position in Shanghai's luxurious property market was further consolidated. The project progressed well and was named the only government recommended residential project by the State Council in the annual quality assessment of projects under construction in Shanghai.

OTHER PALACE SERIES PROJECTS

Beijing Guangqu Jinmao Palace

Beijing Wangjing Jinmao Palace

Suzhou Gusu Jinmao Palace

Hangzhou Binjiang Jinmao Palace

Ningbo Nantang Jinmao Palace

Ningbo Jiangdong Jinmao Palace

Changsha Meixi Lake Jinmao Palace, situated inside Changsha Meixi Lake Jinmao Plaza

Guangzhou Zhujiang Jinmao Palace

Jin Mao Residence Series

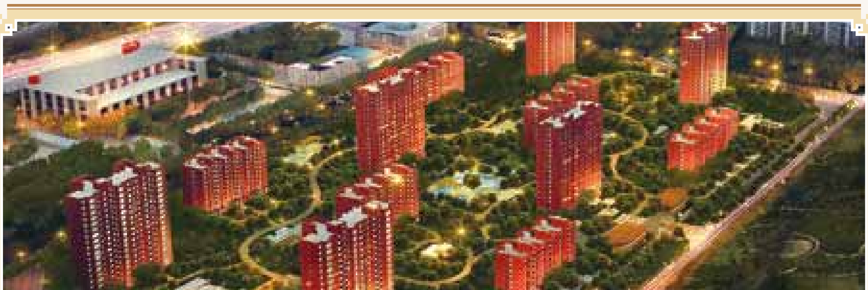
Creating a whole family, healthy and liveable model by providing a comprehensive range of residential amenities for the middle class

HANGZHOU HUANGLONG JINMAO RESIDENCE

Hangzhou Huanglong Jinmao Residence, which lies in an area where Huanglong's culture and education circle and Yintai's business circle intersect, enjoys 100% natural harbour tranquillity of Qinglong River and Yuhangtang River, accompanied by Hangzhou's Grade A Fantasy Ceria Kindergarten, Maiyuqiao Primary School and Wenjin Primary School. The project comprises high-rise buildings and commercial space along the streets aiming to shape a community of higher quality housing for the middle class in Hangzhou.

During the Period under Review, Hangzhou Huanglong Jinmao Residence remained a hot commodity with increase in both sales volume and selling price. All project nodes were completed on schedule.

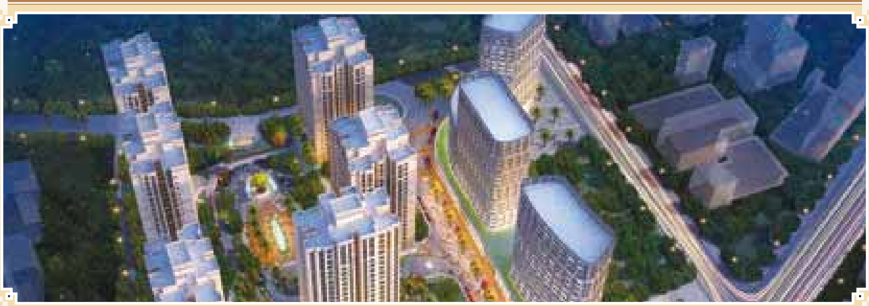
OTHER RESIDENCE SERIES PROJECTS



Beijing Ya'ao Jinmao Residence

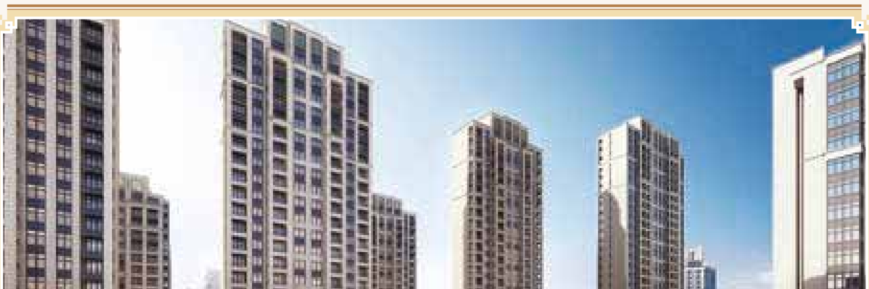
Beijing Yizhuang Jinmao Residence

Changsha Meixi Lake Jinmao Residence



Chongqing Daping Jinmao Residence

Chongqing Panlong Jinmao Residence



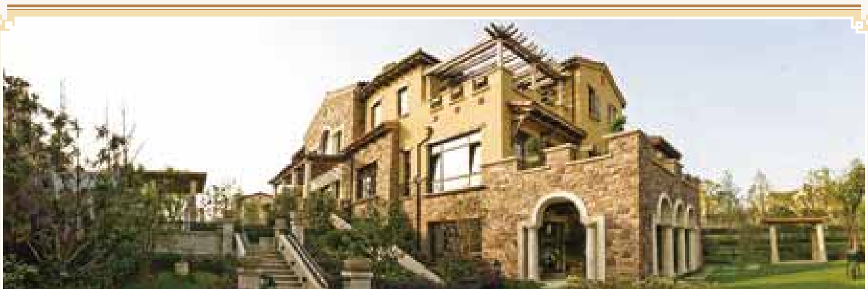
Nanjing Dongcheng Jinmao Residence

Jin Mao Noble Manor Series

Building a high-end residential community of super low-density and spacious housing to embrace a habitat of villa quality

BEIJING YIZHUANG JINMAO NOBLE MANOR

Beijing Yizhuang Jinmao Noble Manor, being part of Beijing Yizhuang Development Zone, faces Nanhaizi Park to the north, Green Corridor to the west and Xinfeng River to the south, and is surrounded by a pleasant environment. It, together with Yizhuang Jinmao Residence, will be jointly developed into "Jinmao Green Gold Mega Community" with an area of approximately 1 million square metres and segments including high-rise buildings, townhouses and feature businesses utilising twelve major scientific systems.



Other Noble Manor Series Projects

Shanghai Dongtan Jinmao Noble Manor

Lijiang Snow Mountain Jinmao Noble Manor

Jin Mao Mountain Series

Leading a new model of "exclusive high-end private resort" riding on unique mountain scenery

LIJIANG JINMAO WHISPER OF JADE DRAGON

Lijiang Jinmao Whisper of Jade Dragon, which is located in Lijiang Jinmao Richmond Town at the foot of Jade Dragon Snow Mountain where high-end resort hotels and recreational properties are gathered, is the closest to the only snow mountain golf course in the north hemisphere. As Lijiang's only high-end resort product enjoying the "lake view and exotic plant resources", Jinmao Whisper of Jade Dragon offers a magnificent landscape with a super high green area ratio which echoes the natural landscape of Jade Dragon Snow Mountain. Each villa enjoys the "view of mountain and the lake", bringing in abundant oxygen ions on a 24/7 basis.

During the Period under Review, the sales performance of the project was ranked first in Lijiang in terms of sales amount (unit price of more than RMB10,000), number of units and area for the year and all project nodes were completed on schedule.

Jin Mao Lake Series

Shaping extravagance residence with unique lakefront landscape leveraging on rare quality lakefront resources

CHANGSHA YUELU JINMAO MEIXI LAKE

Changsha Yuelu Jinmao Meixi Lake, which is located in the core region of Dahexi Pilot Zone, Changsha, facing a stunning lake view to its north and Taohua Ridge to its south, comprises a variety of residences from lower high-rise residences, large-flat residences to townhouses. Leveraging its excellent natural resources, well-developed transportation network, high-end commercial facilities and quality education resources, the project is shaped into an extravagance residence with unique lakefront landscape.

Jin Mao Harbour Series

Revealing premium harbourfront quality living by focusing on private seashore development in the city

GUANGZHOU NANSHA JINMAO HARBOUR

Guangzhou Nansha Jinmao Harbour is favourably located at the CBD of Nansha Pearl Bay in Guangzhou's Pilot Free Trade Zone with a hundred billion yuan worth municipal amenities in its vicinity. Surrounded by ten-mile waterfront mangroves, the Asian Games Stadium with an area of 30,000 square metres is at its west. The project comprises seven high-end segments including a loft, seaview apartments, seaview luxury residences, office premises, retail space, a five-star hotel and CEO residences.

During the Period under Review, the project had six sales launches and drew overwhelming response each time. Outperforming its peers within the region in terms of sell-through rate and selling price, it has successfully shaped a topnotch complex image in Nansha. The project was well underway and all project nodes were completed on schedule.

Other Harbour Series Projects

Qingdao Shinan Jinmao Harbour

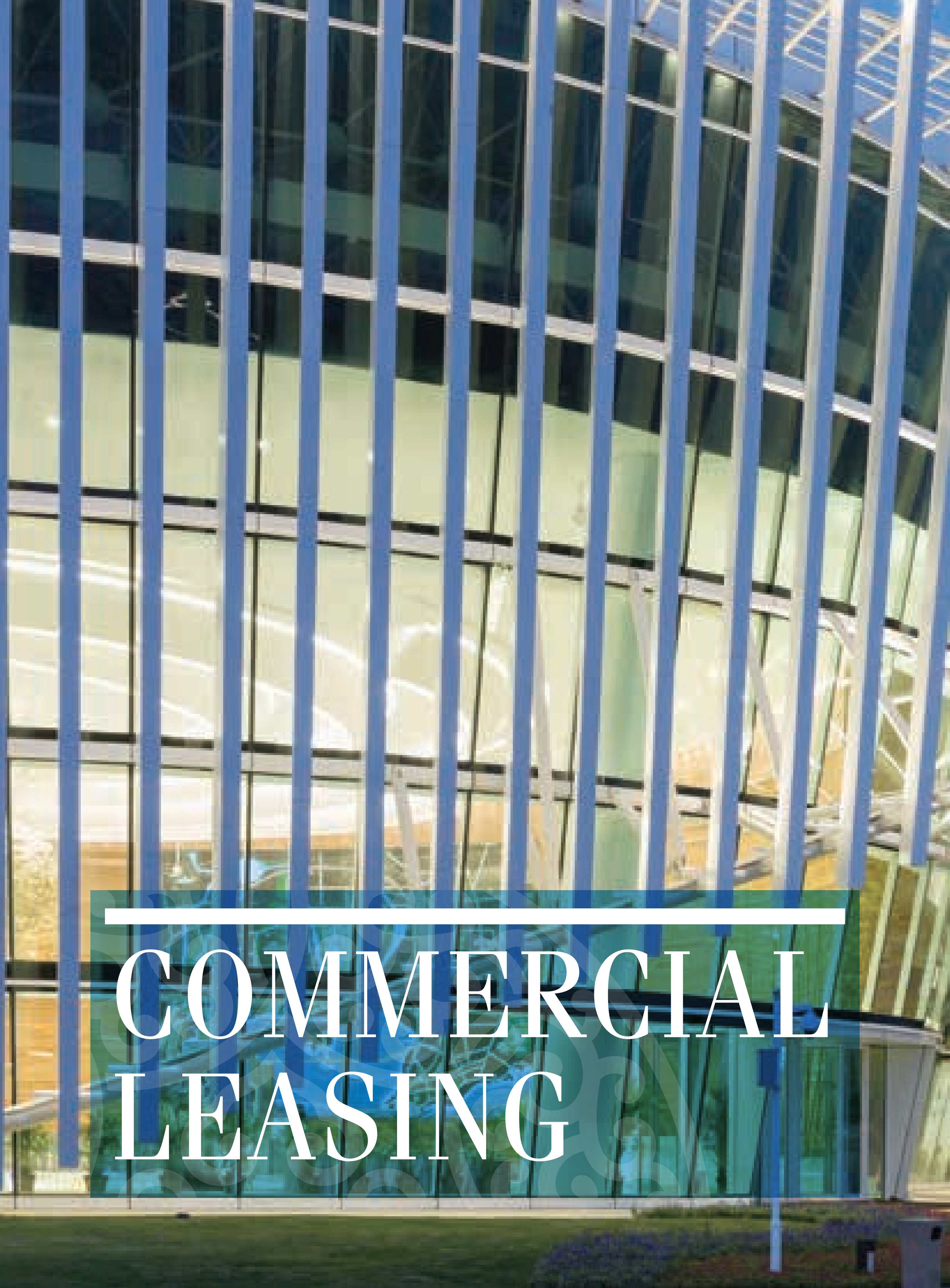
CHANGSHA MEIXI LAKE JINMAO PLAZA

Changsha Meixi Lake Jinmao Plaza is located in Xiangjiang New District, Changsha. Situated at the core region of the north bank of Meixi Lake International New City, which has Meixi Lake and Festival Island to the south, Metro Line No.2 (under construction) to the north and an international cultural and arts centre to the east, the project enjoys a favourable geographical location. It will be developed into a high-end large-scale city complex consisting of a five-star hotel, a shopping mall, office premises and residences.

During the Period under Review, Changsha Meixi Lake Jinmao Palace, which is situated inside Changsha Meixi Lake Jinmao Plaza, remained a hot commodity. Its unit selling price set a new record in luxury apartment in Changsha, which consolidated the position of Jinmao Plaza as Changsha's topnotch complex and Meixi Lake's landmark luxury residence. Currently, construction of the project is well underway and many large-scale corporations have also expressed strong intent of lease.

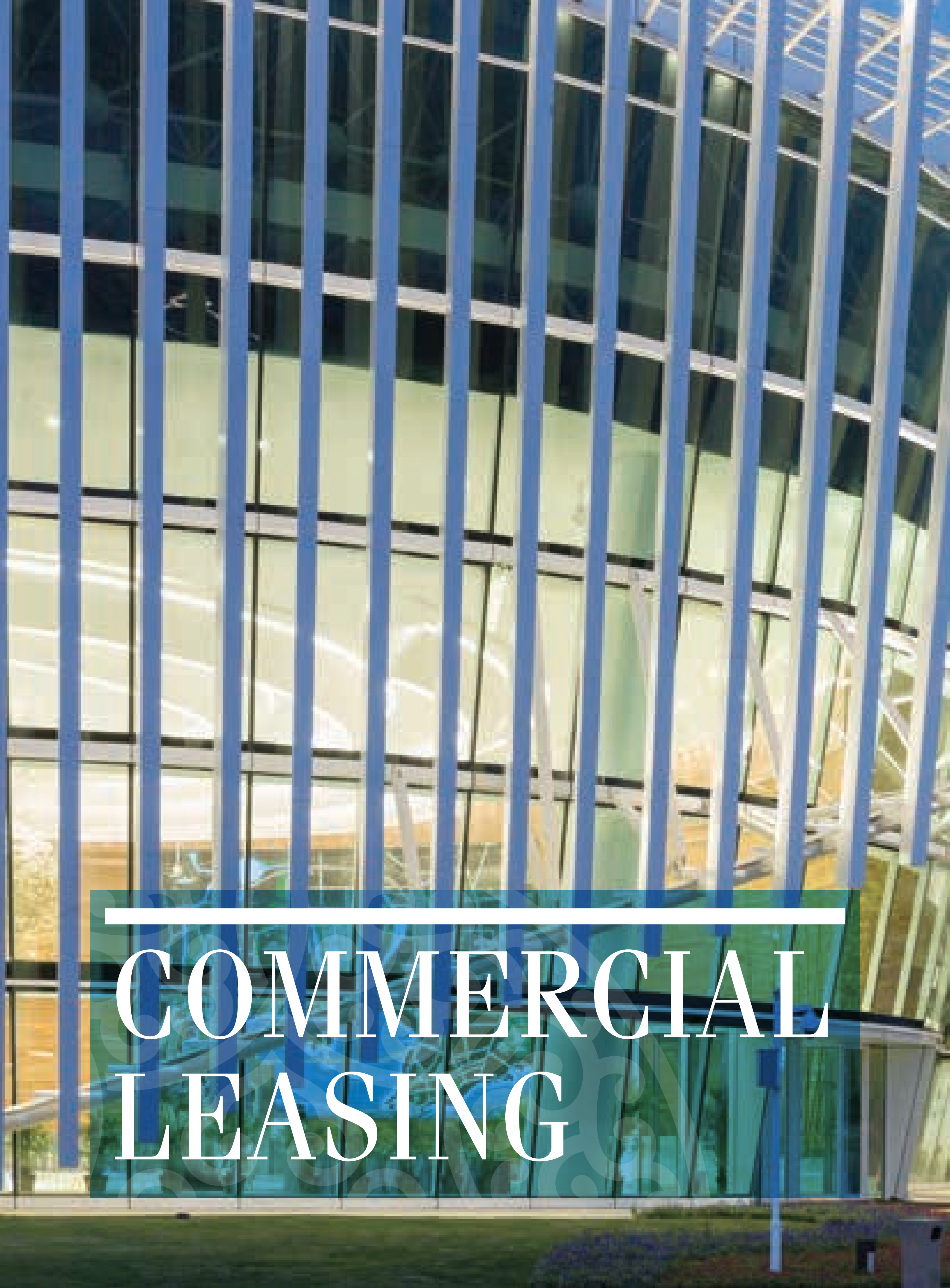
NANJING XUANWU LAKE JINMAO PLAZA

Nanjing Xuanwu Lake Jinmao Plaza, which is situated at the heart of Zhongyang Road, Gulou District in Nanjing and faces Xuanwu Lake, enjoys a unique natural landscape and abundant commercial and cultural resources and represents the perfect combination of Nanjing's city essence and international elements. The project comprises five major segments including a five-star hotel, Grade A office premises, an international shopping mall, pleasant view apartments and top luxury residences.



COMMERCIAL LEASING


Explore
Architecture
in its Prime



COMMERCIAL LEASING

COMMERCIAL LEASING

We have not only created benchmark properties that lead the industry, but also formed a driving force into the future, which guides us to create high quality real estate with sustainable development and continuous value enhancement under the mission of operational excellence.

COMMERCIAL LEASING

During the Period under Review, the leasing of various office projects of the Group performed well. The occupancy rate remained high with growing rental levels.

Occupancy rate of office buildings

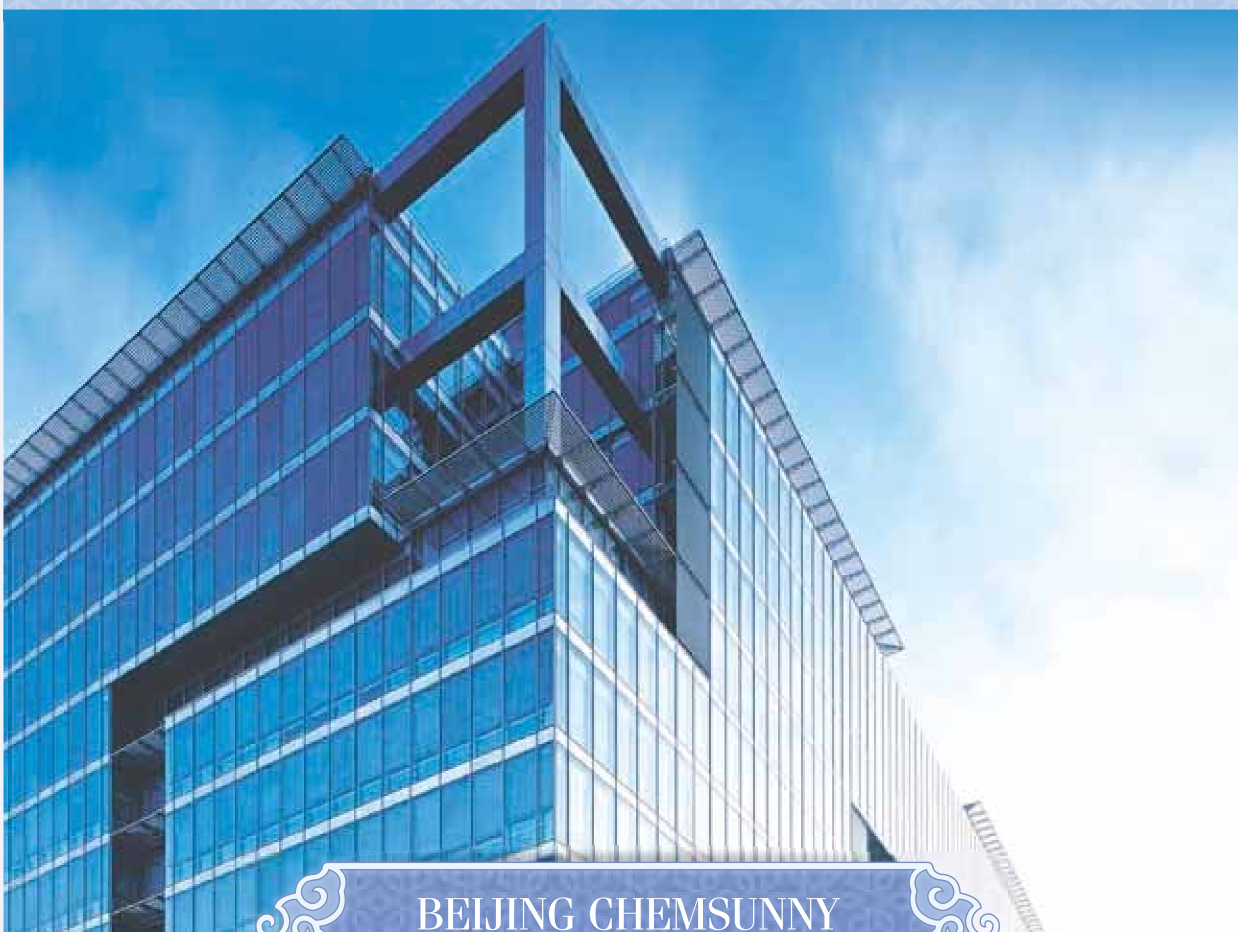
Name of project	Beijing Chemsunny World Trade Centre	Sinochem Tower	Jin Mao Tower – office portion	Nanjing Xuanwu Lake Jinmao Plaza Phase I – office portion	Changsha Meixi Lake International R&D Centre
2015	99.3%	100.0%	97.6%	99.9%	97.6%
2014	98.9%	96.8%	97.9%	100%	100%

Office premises under construction

Name of project	Location	Estimated gross floor area (square metres)	Type of project	Equity attributable to the Group	Estimated date of completion
Shanghai Star Harbour International Centre – office portion	Central Area of North Bund, Shanghai, China	92,994	Office	50%	2017
Nanjing Xuanwu Lake Jinmao Plaza Phase II – office portion	No. 201 Zhongyang Road, Gulou District, Nanjing, Jiangsu Province, China	72,200	Office	**	2019
Changsha Meixi Lake International R&D Centre Phase II and Phase III – office portion	Xiangjiang New District, Changsha, Hunan Province, China	107,595	Office	80%	2016
		272,789			

* Gross floor area and date of completion are the estimated results of the feasibility study.

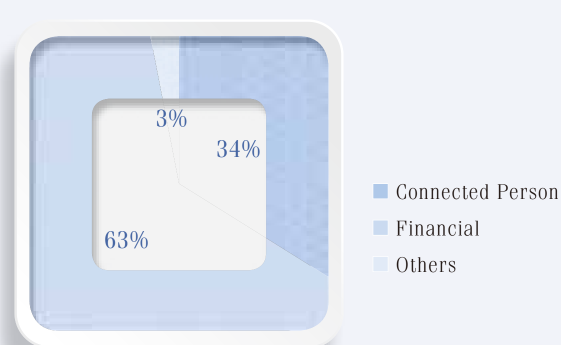
** The Group holds 51% interest in Leading Holdings Limited which, through a 95.78% owned project company, owns Nanjing Xuanwu Lake Jinmao Plaza Phases I and II.



BEIJING CHEMSUNNY WORLD TRADE CENTRE

Beijing Chemsunny World Trade Centre, which is situated on Fuxingmen Nei Avenue within the financial district of Beijing, is adjacent to West Chang'an Avenue and opposite to Financial Street. It is the first premium office building in China being granted China Three-Star Green Label and USGBC's LEED-EB platinum certification at the same time.

Tenant structure of Beijing Chemsunny World Trade Centre

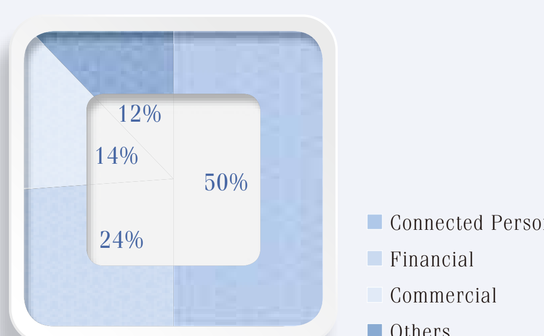


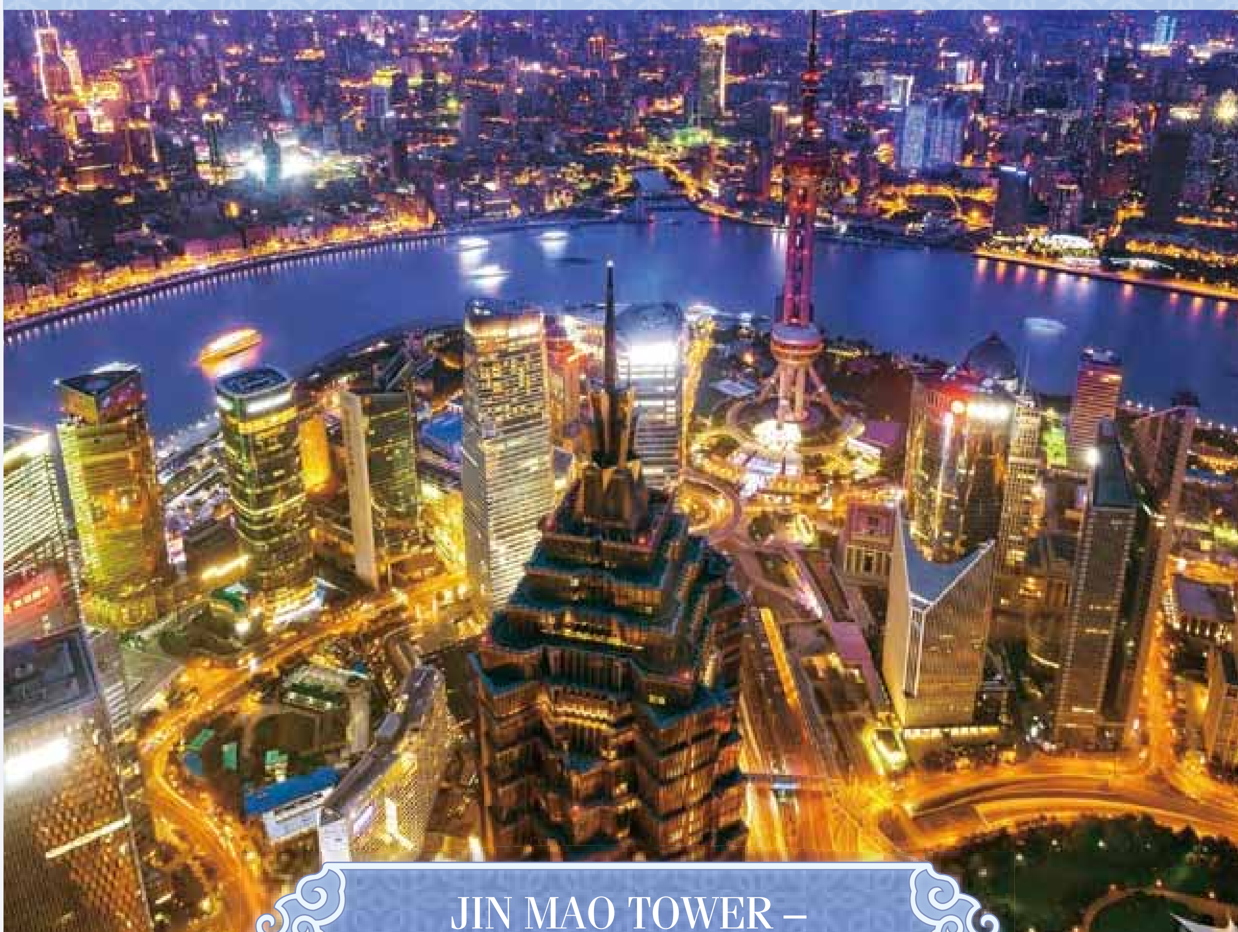
COMMERCIAL LEASING

SINOCHEM TOWER

Sinochem Tower, which is situated at the heart of Beijing on Fuxingmen Wai Avenue, the prime location of the business circle of Financial Street which is less than 50 metres away from the subway station of the Beijing Subway Line One, is an office building supported by sophisticated office facilities and personalised services.

Tenant structure of Sinochem Tower

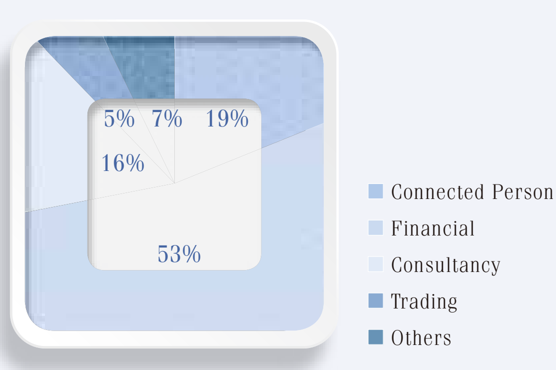




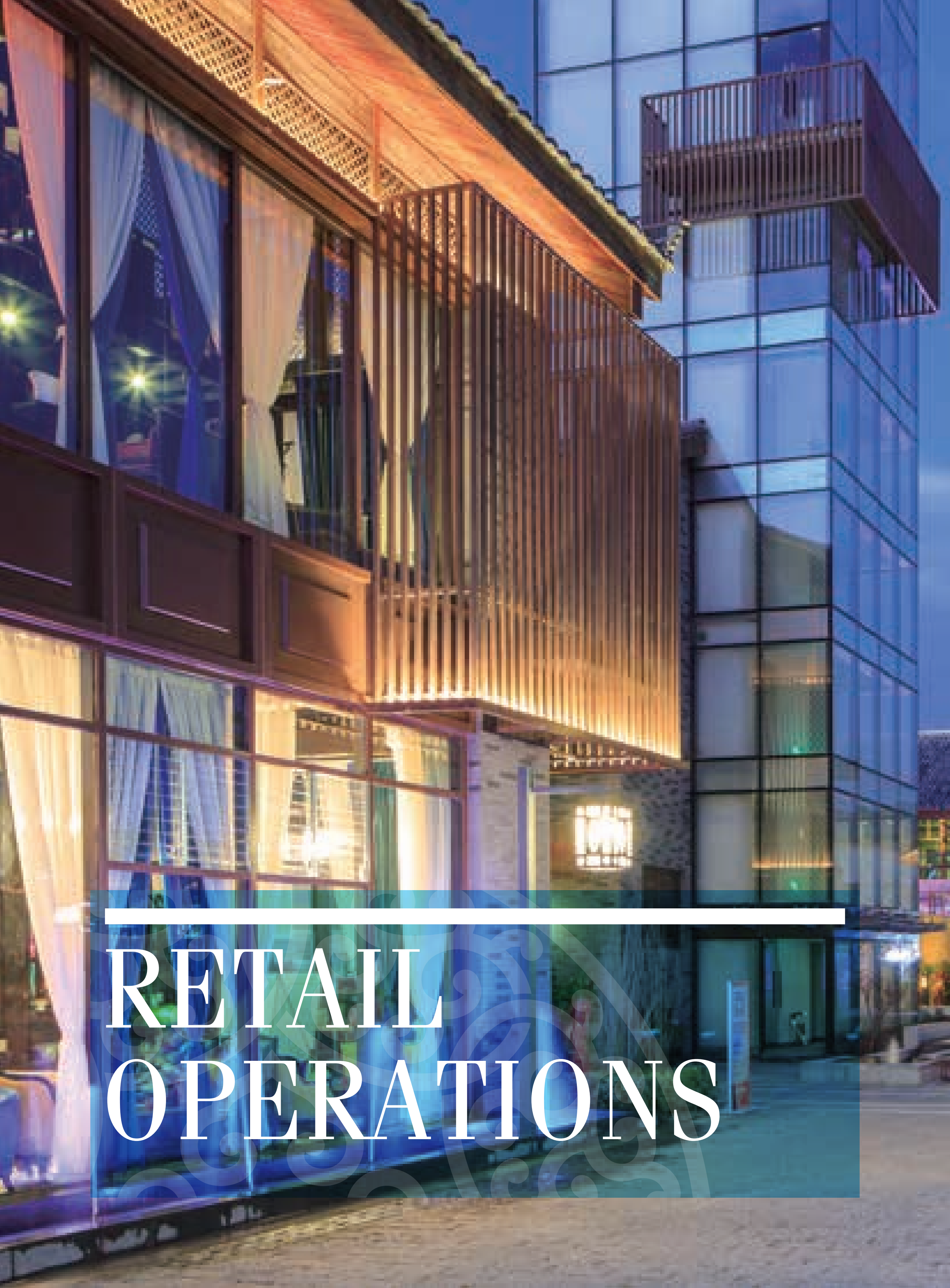
JIN MAO TOWER – OFFICE PORTION

Jin Mao Tower, which is situated at the Lujiazui Finance and Trade Zone of Pudong, Shanghai, is one of China's landmark buildings. The 420.5-metre-high 88-storey tower represents a perfect combination of China's traditional architectural techniques and the world's state-of-the-art technology. Its excellent location, along with its superior landmark effects, makes the tower one of the first choices as place of business in Shanghai for prestigious corporations at home and abroad.

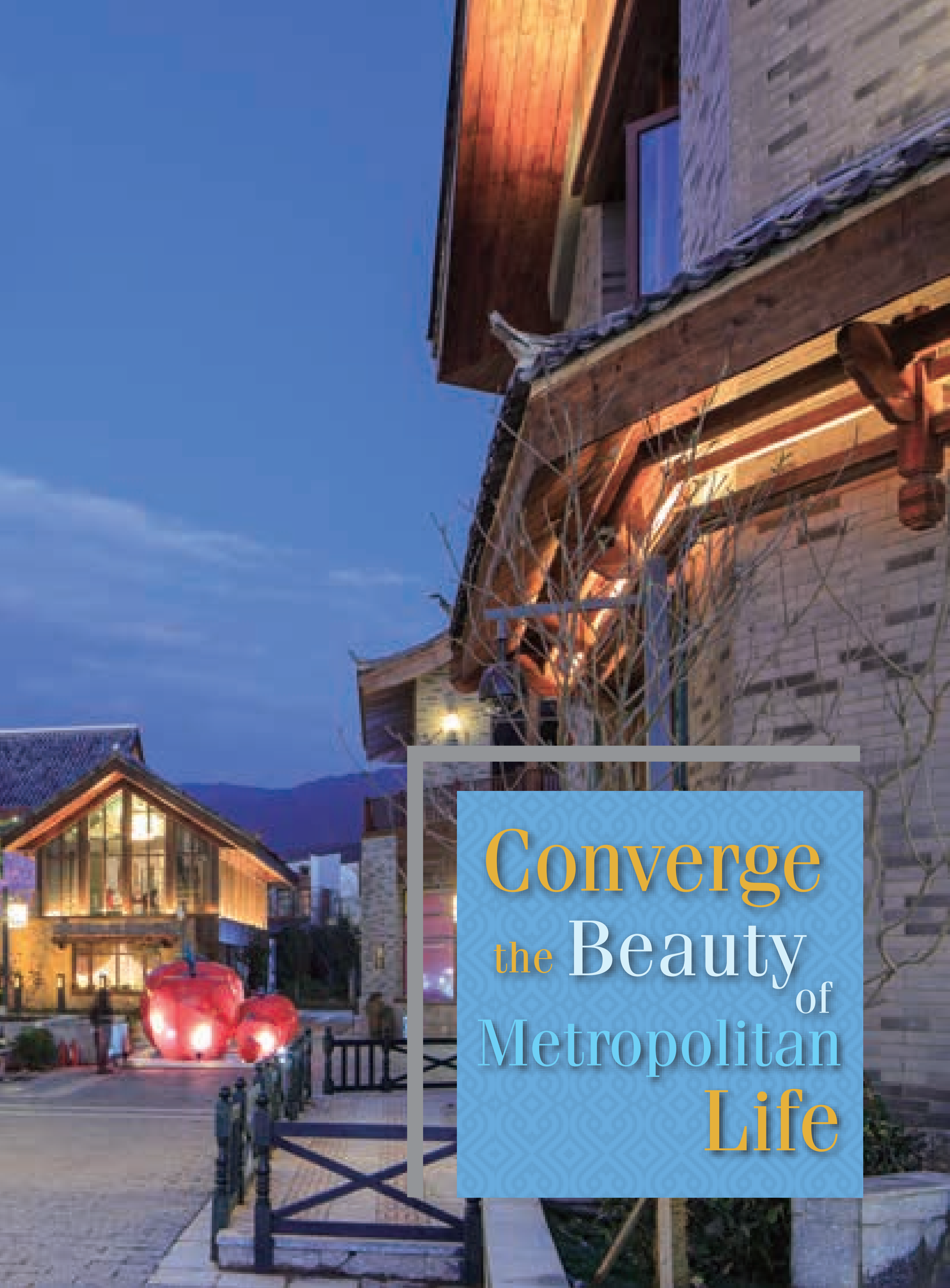
Tenant structure of Jin Mao Tower

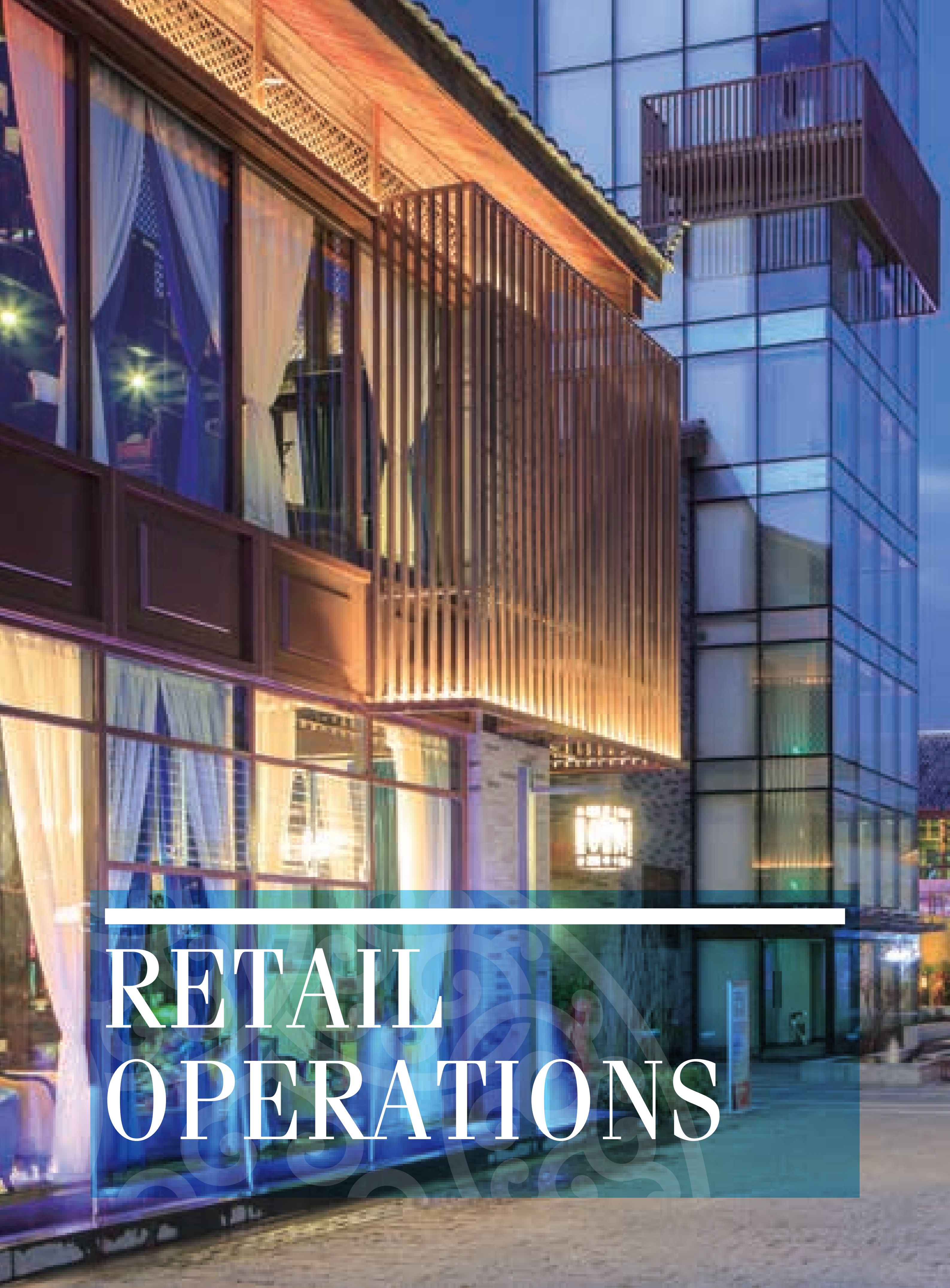


RETAIL OPERATIONS



Converge the Beauty of Metropolitan Life





RETAIL OPERATIONS

RETAIL OPERATIONS

We adhere to the concept of making ideal adaptation to local circumstances, strive for making changes, increase the project development and construction of the high-end retail operations, and redefine the business benchmark by means of forward looking design and all-rounded shopping experience in life.

RETAIL PROPERTIES UNDER CONSTRUCTION

Name of project	Location	Estimated gross floor area (square metres)	Type of project	Equity attributable to the Group	Estimated date of completion
Qingdao Shinan Jinmao Harbour Shopping Mall	West of Sichuan Road, Shinan District, Qingdao, Shandong Province, China	61,295	Commercial	100%	2016
Shanghai Star Harbour International Centre – commercial portion	Central Area of North Bund, Shanghai, China	109,964	Commercial	50%	2017
Nanjing Jinmao Place Phase II	No. 201 Zhongyang Road, Gulou District, Nanjing, Jiangsu Province, China	48,500	Commercial	**	2019
Changsha Jinmao Place***	Xiangjiang New District, Changsha, Hunan Province, China	106,707	Commercial	100%	2016
Shanghai International Shipping Service Center – commercial portion	Jie Fang 81 Ti Lan Qiao Street, Hongkou District, Shanghai, China	23,428	Commercial	50%	2016
		349,894			

* Gross floor area and date of completion area are the estimated results of the feasibility study.

** Nanjing Jinmao Place Phase II is situated in Nanjing Xuanwu Lake Jinmao Plaza Project Phase II. The Group holds 51% interest in Leading Holdings Limited which, through a 95.78% owned project company, owns Nanjing Xuanwu Lake Jinmao Plaza Phases I and II.

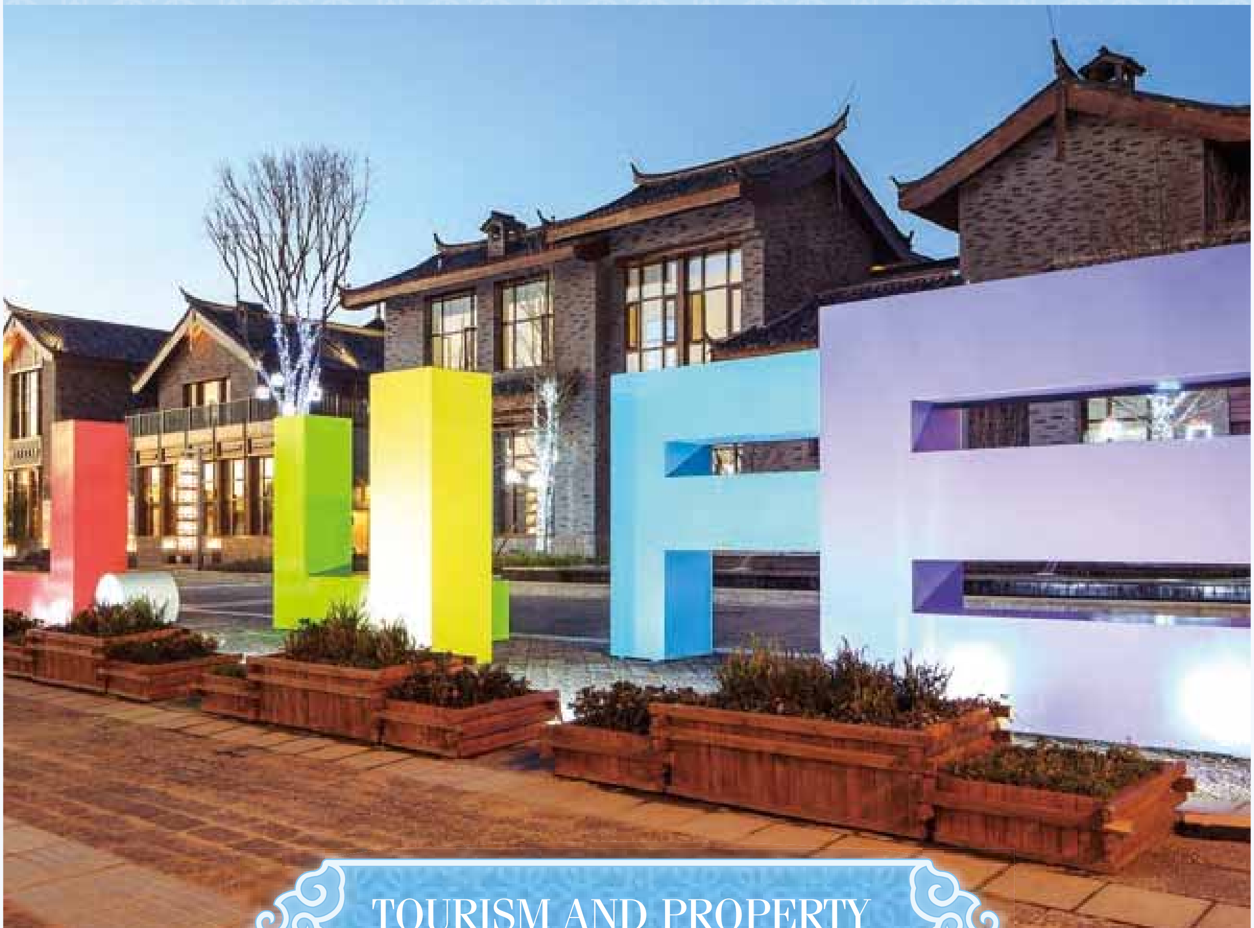
*** Changsha Jinmao Place is situated within Changsha Meixi Lake Jinmao Plaza Project.

CITY BUSINESS CENTRE

Nanjing Jinmao Place, which is located in Nanjing Xuanwu Lake Jinmao Plaza and situated at Xuanwu lakefront within Ming City Wall, embraces a distinctive natural landscape of mountains and the lake. The project, which commenced operation in 2015, represents the most unique and diversified high-end commercial complex in Nanjing.

Located inside Changsha Meixi Lake Jinmao Plaza, Changsha Jinmao Place, which is scheduled to commence operation in 2016, will be crafted into a family-friendly one-stop high-end shopping mall comprising shopping, leisure, entertainment and restaurants.

RETAIL OPERATIONS



TOURISM AND PROPERTY OPERATIONS

Situated in Jinmao Richmond Town at the foot of Jade Dragon Snow Mountain, Lijiang J-Life, which commenced operation in 2014, houses a number of segments including international cuisines, unique experiences and high-end retail shops, offering premium quality and one-stop resort experience for vacation travellers in Lijiang.

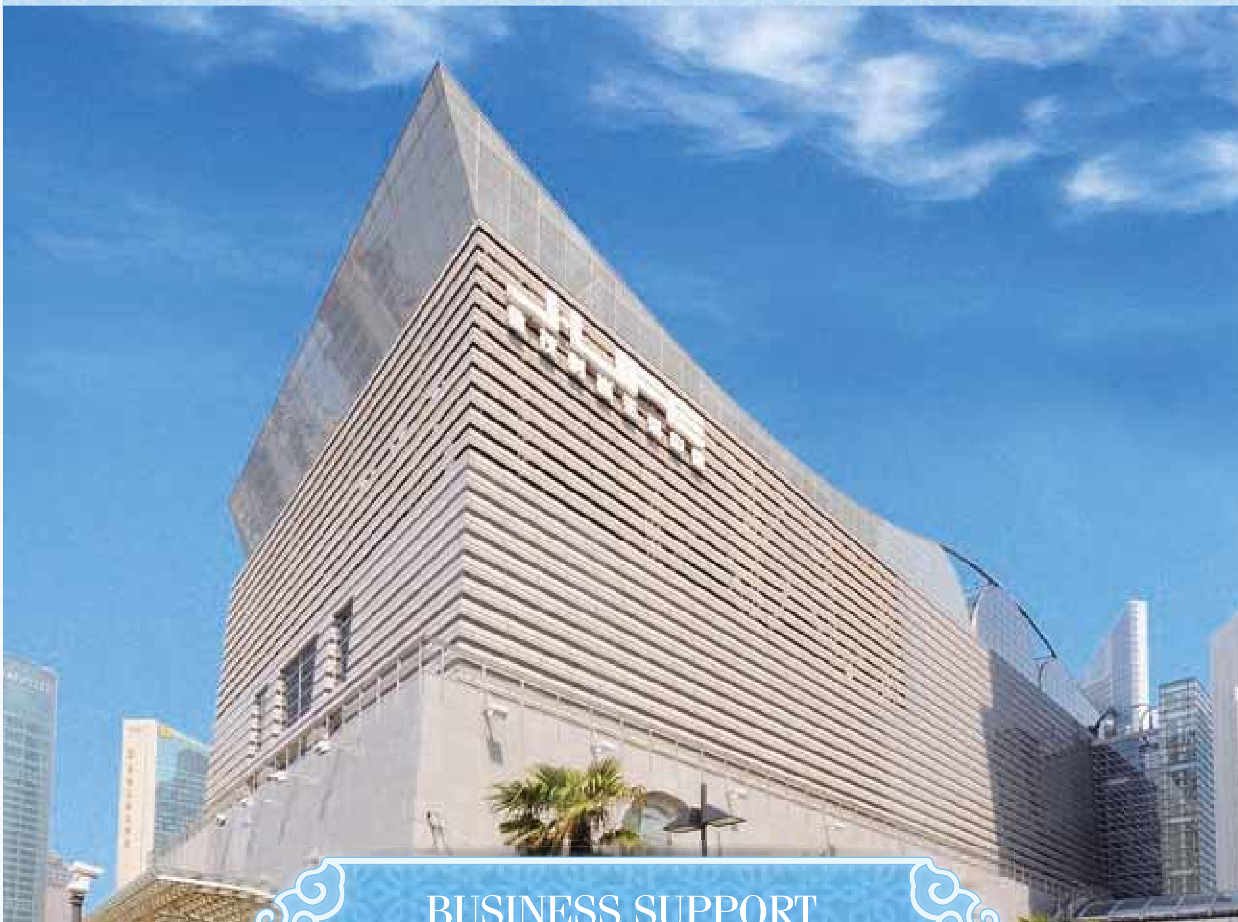
TOURISM AND PROPERTY OPERATIONS

Situated in The Ritz-Carlton, Sanya J-Life, which commenced operation in 2008, is the pioneer in introducing the world's first class brands to Hainan and is currently the most successful and the only luxury tourism boutique commercial project in China.

RETAIL OPERATIONS

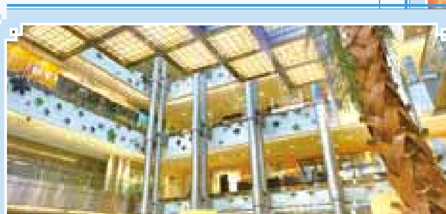
COMMUNITY OPERATIONS

Qingdao Shinan Jinmao Harbour Shopping Mall is located at the coastline of Jiaozhou Bay, Shinan District, Qingdao opposite to Huangdao Development Zone and Hongdao High-Tech Zone. The project is expected to commence operation in 2016 and represents Qingdao's latest design of harbourfront shopping mall in the closest proximity to the sea.



BUSINESS SUPPORT OPERATIONS

Located in the podium building of Jin Mao Tower, Shanghai J-Life, which commenced operation in 2005, is anchored by a variety of famous brands engaging in the provision of private nursing services, financial services, retailing services and Chinese and western catering services, bringing unique and personalised living services for high-end business customers.



HOTEL OPERATIONS

Begin the lead in Lofty Ambiance

HOTEL OPERATIONS

HOTEL OPERATIONS

We believe in the power of persistence and adhere to people-oriented hospitality, long-term service commitments and ultimate hardware standards. Our unfailing persistence transforms customer's expectation and recognition into a power which drives us to constant advancement.

HOTEL OPERATIONS

During the Year, with respect to the hotel operations segment, faced with market downturn and the overall decrease of the average room rate, the Group adopted flexible strategies to enhance the average occupancy rate. Meanwhile, the operating results of Hyatt Regency Chongming, Renaissance Beijing Wangfujing Hotel and Grant Hyatt Lijiang which were opened in 2014 gradually increased.

Average room rate, average occupancy rate and average revenue per available room (RMB) of each hotel for 2015

	Grand Hyatt Shanghai	Hilton Sanya Resort & Spa	The Ritz-Carlton, Sanya	Westin Beijing, Chaoyang	JW Marriott Shenzhen	Westin Nanjing	Hyatt Regency Chongming	Renaissance Beijing Wangfujing Hotel	Grand Hyatt Lijiang
Average room rate	1,515	1,433	2,453	1,179	1,028	790	982	751	867
Average occupancy rate	69.8%	68.7%	72.3%	79.9%	78.8%	62.9%	47.9%	65.5%	37.9%
Average revenue per available room	1,057	984	1,772	943	811	497	470	492	329

Average room rate, average occupancy rate and average revenue per available room (RMB) of each hotel for 2014

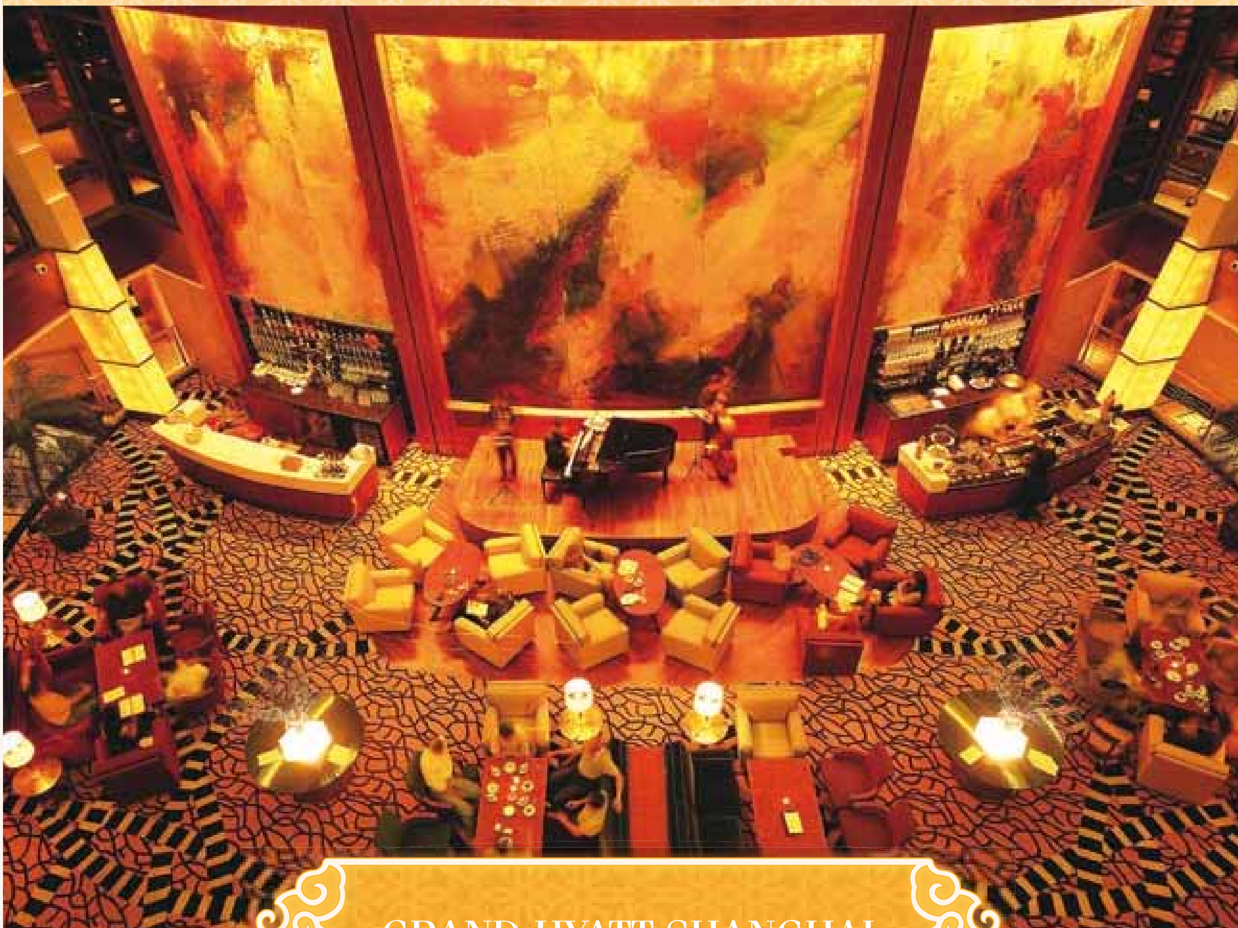
	Grand Hyatt Shanghai	Hilton Sanya Resort & Spa	The Ritz-Carlton, Sanya	Westin Beijing, Chaoyang	JW Marriott Shenzhen	Westin Nanjing	Hyatt Regency Chongming	Renaissance Beijing Wangfujing Hotel	Grand Hyatt Lijiang
Average room rate	1,572	1,529	2,661	1,215	1,060	861	892	668	875
Average occupancy rate	63.7%	70.7%	70.0%	77.9%	77.0%	66.8%	42.4%	34.7%	15.8%
Average revenue per available room	1,001	1,081	1,864	946	817	576	378	232	139

Hotels under construction

Name of project	Location	Estimated gross floor area (square metres)	Type of project	Equity attributable to the Group	Estimated date of completion	Estimated number of guest rooms
Nanjing Xuanwu Lake Jinmao Plaza Phase II Hotel	Gulou District, Nanjing, Jiangsu Province, China	23,500	Hotel	**	2019	200
Changsha Meixi Lake Jinmao Plaza Hotel	Xiangjiang New District, Changsha, Hunan Province, China	48,592	Hotel	100%	2016	350
Guangzhou Nansha Jinmao Harbour Hotel	Nansha District, Guangzhou, Guangdong Province, China	28,000	Hotel	90%	2019	270
		100,092				820

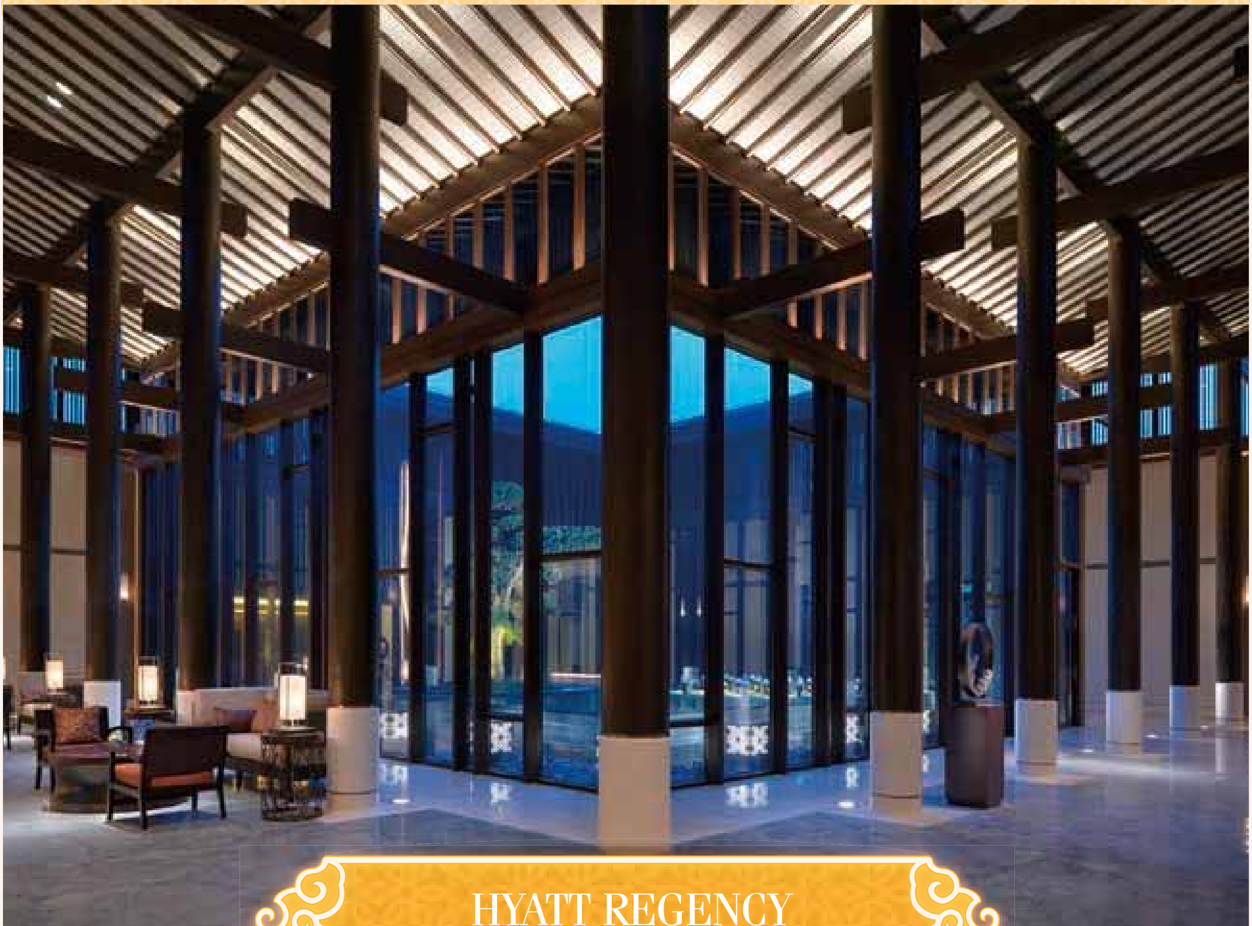
* Gross floor area and date of completion are the estimated results of the feasibility study.

** The Group holds 51% interest in Leading Holdings Limited which, through a 95.78% owned project company, owns Nanjing Xuanwu Lake Jinmao Plaza Phases I and II.



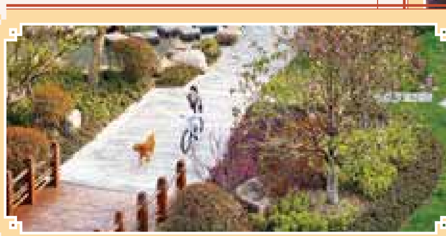
GRAND HYATT SHANGHAI

Situated on 53rd to 87th floors of Jin Mao Tower, Grand Hyatt Shanghai was opened in 1999. The hotel has successfully hosted a series of significant activities such as the Fortune Global Forum, APEC Conference, Asian Bankers' Annual Conference, Forbes' Global CEO Conference and Shanghai Expo, representing one of the landmark hotels in Pudong, Shanghai.



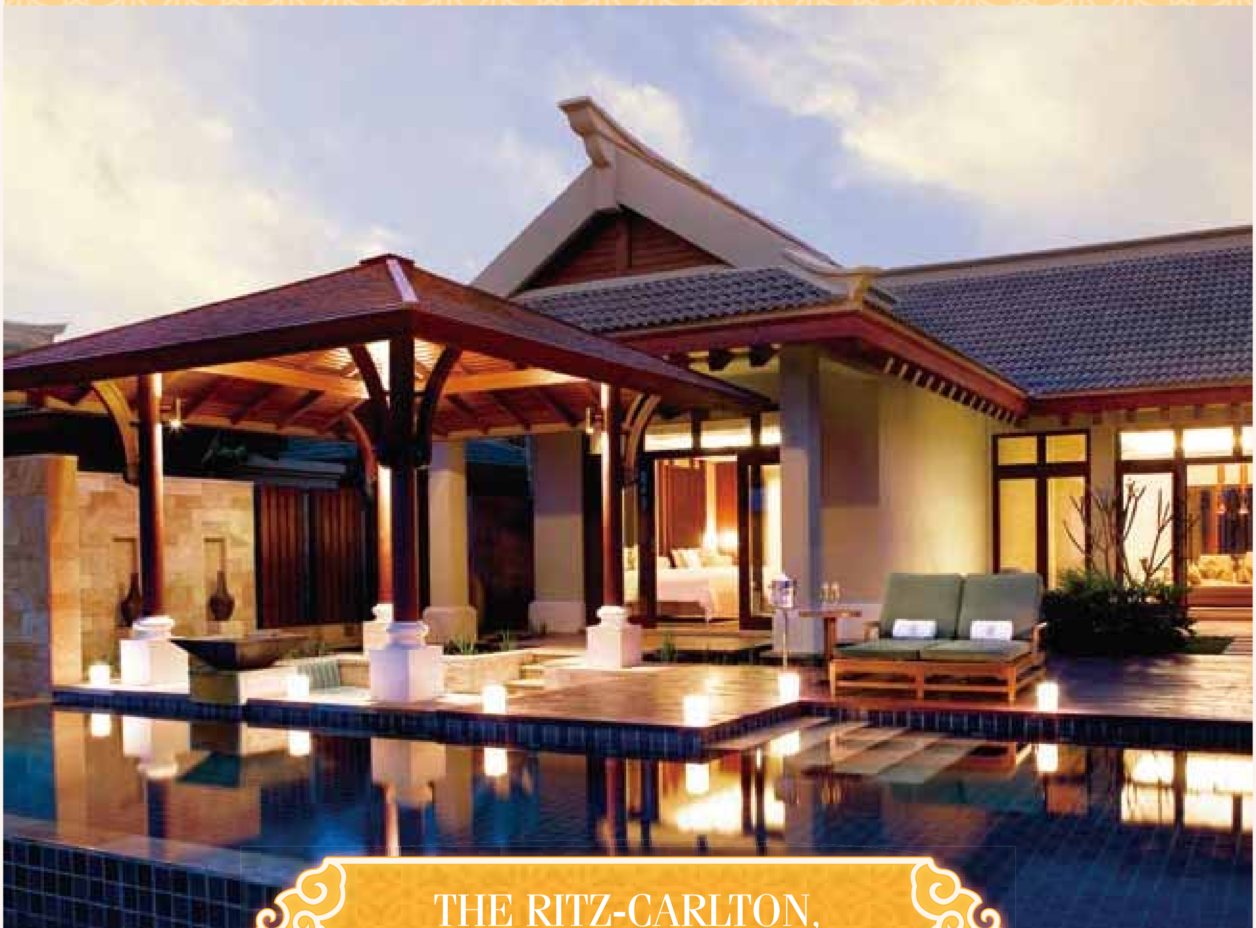
HYATT REGENCY CHONGMING

Hyatt Regency Chongming, which is located at the east of Chongming Island, being the third largest island in China, was opened in 2014. The hotel takes a modern Chinese style as its overall architectural design which magically blends with the surrounding eco-environment, thus generating a unique resort and vacation experience.



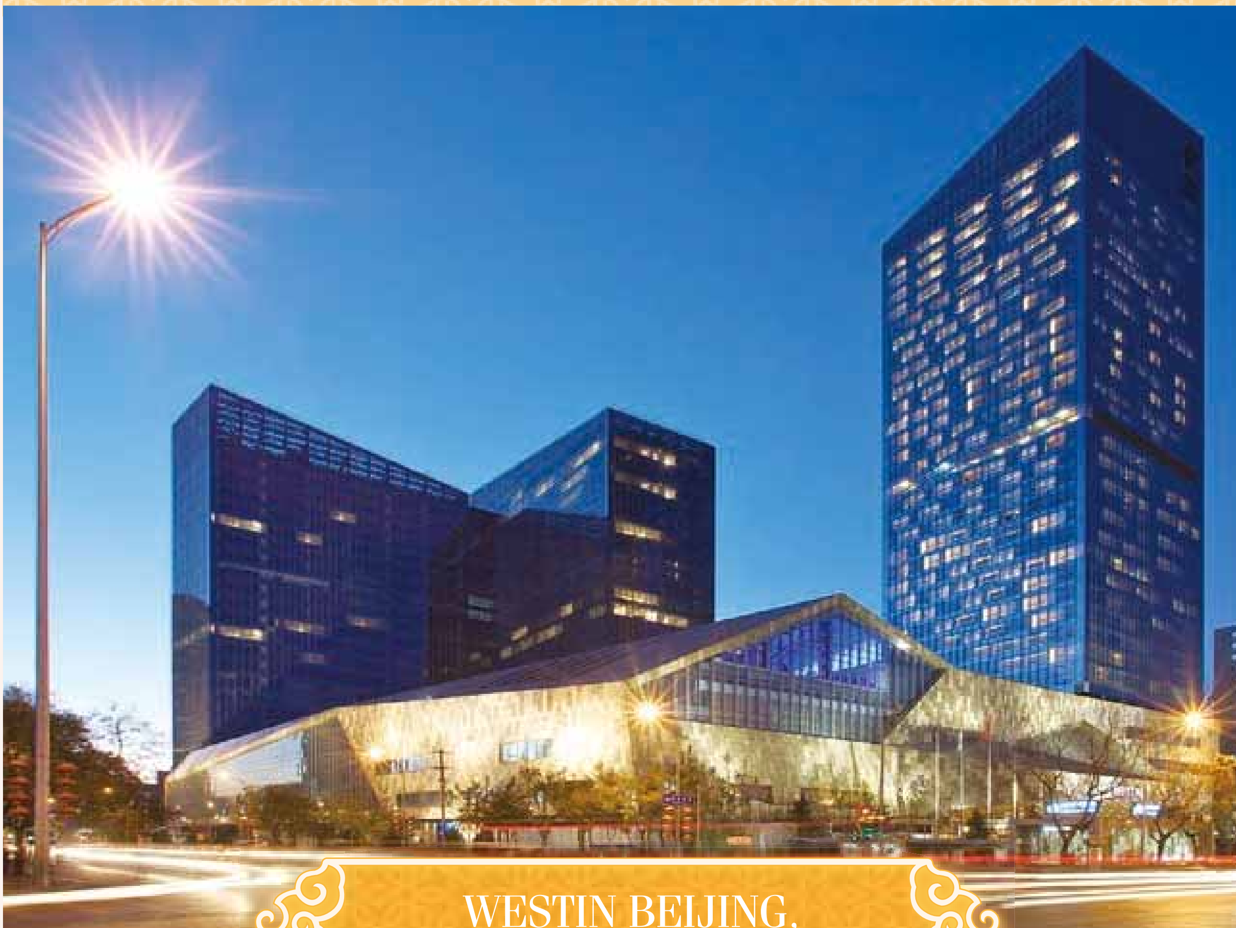
HILTON SANYA RESORT & SPA

Hilton Sanya Resort & Spa, which is situated at the enchanting Yalong Bay, Hainan, was opened in 2006. The hotel is designed and built with unique features and services to provide an "unparalleled Resort Experience", a basic concept embodying strong southern China's characteristics in its resort experience.



THE RITZ-CARLTON, SANYA

Situated at the charming Yalong Bay, Hainan, The Ritz-Carlton, Sanya was opened in 2008. The hotel has a number of luxury suites and villas with private housekeepers and independent swimming pools, all of which are situated between the fine and silvery white sand recesses and the conservation zone of the mangrove forest of Yalong Bay.

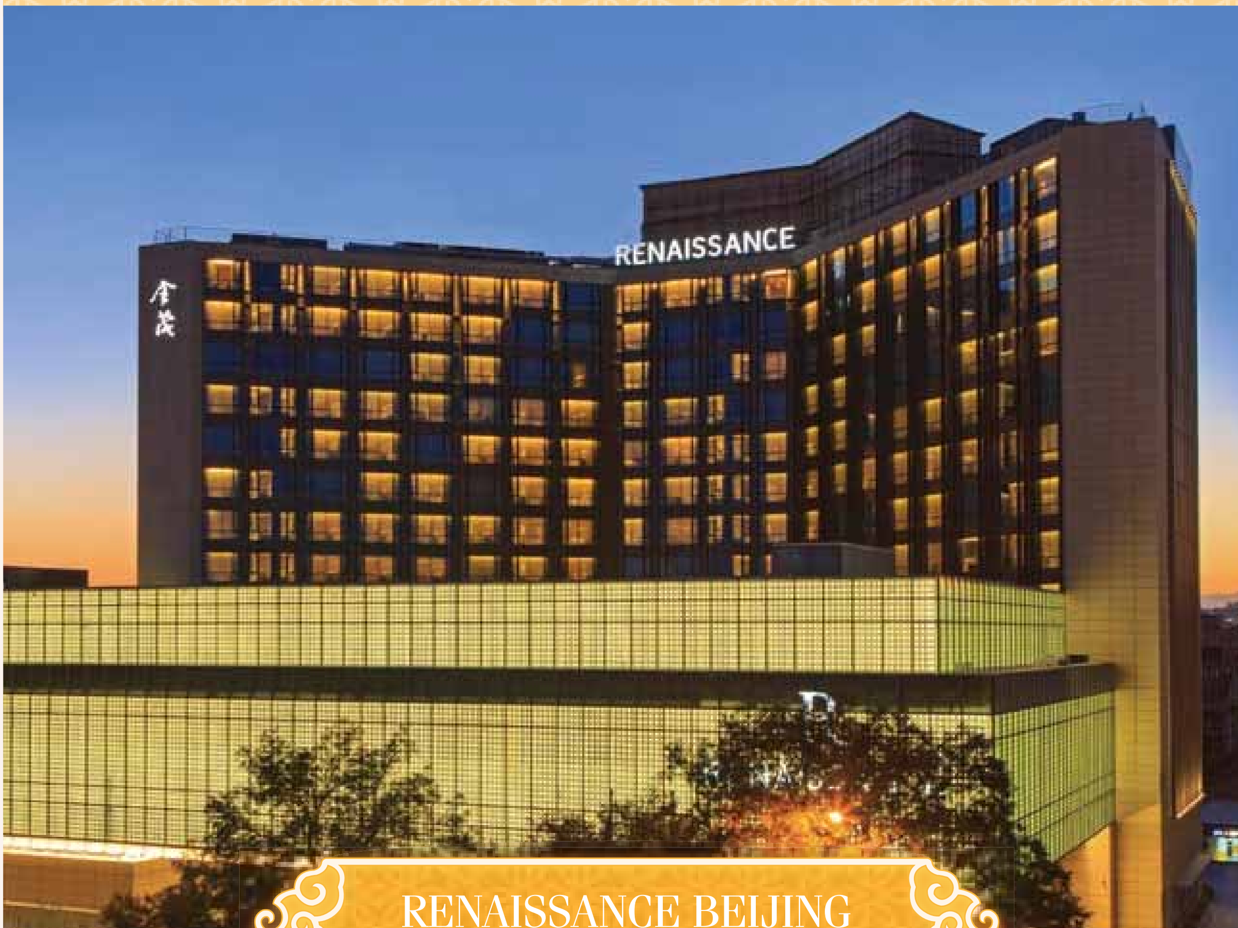


WESTIN BEIJING, CHAOYANG

Westin Beijing, Chaoyang, which is situated at Yansha Business Circle, Chaoyang District, Beijing and adjacent to Beijing's embassy area, is only 25 minutes' ride from Beijing Capital International Airport. Since its opening in 2008, the hotel has served numerous foreign heads of state and business elites, thereby establishing a high-end brand image.

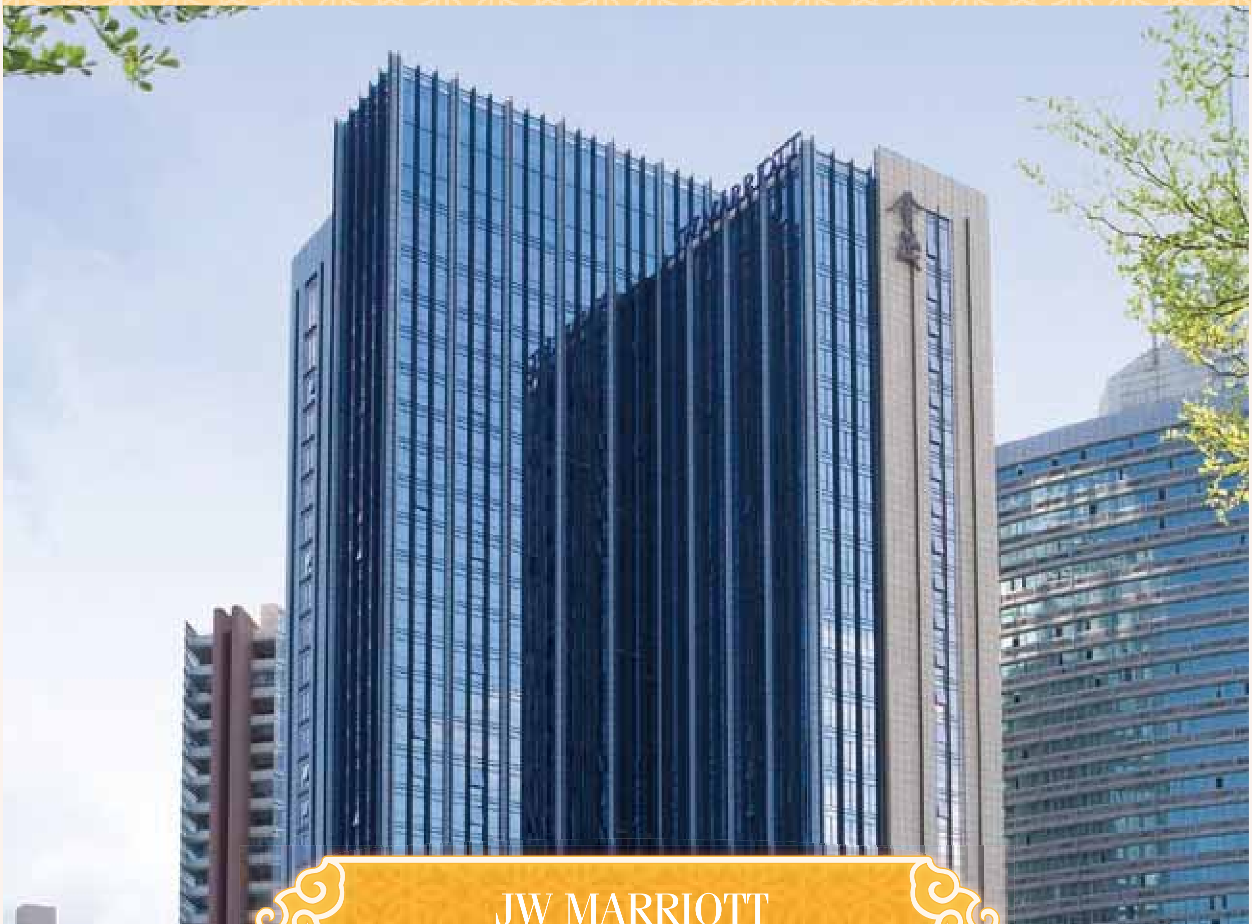
HOTEL OPERATIONS

Beijing



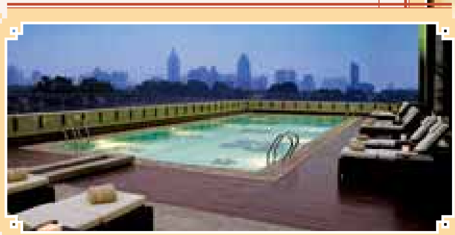
RENAISSANCE BEIJING WANGFUJING HOTEL

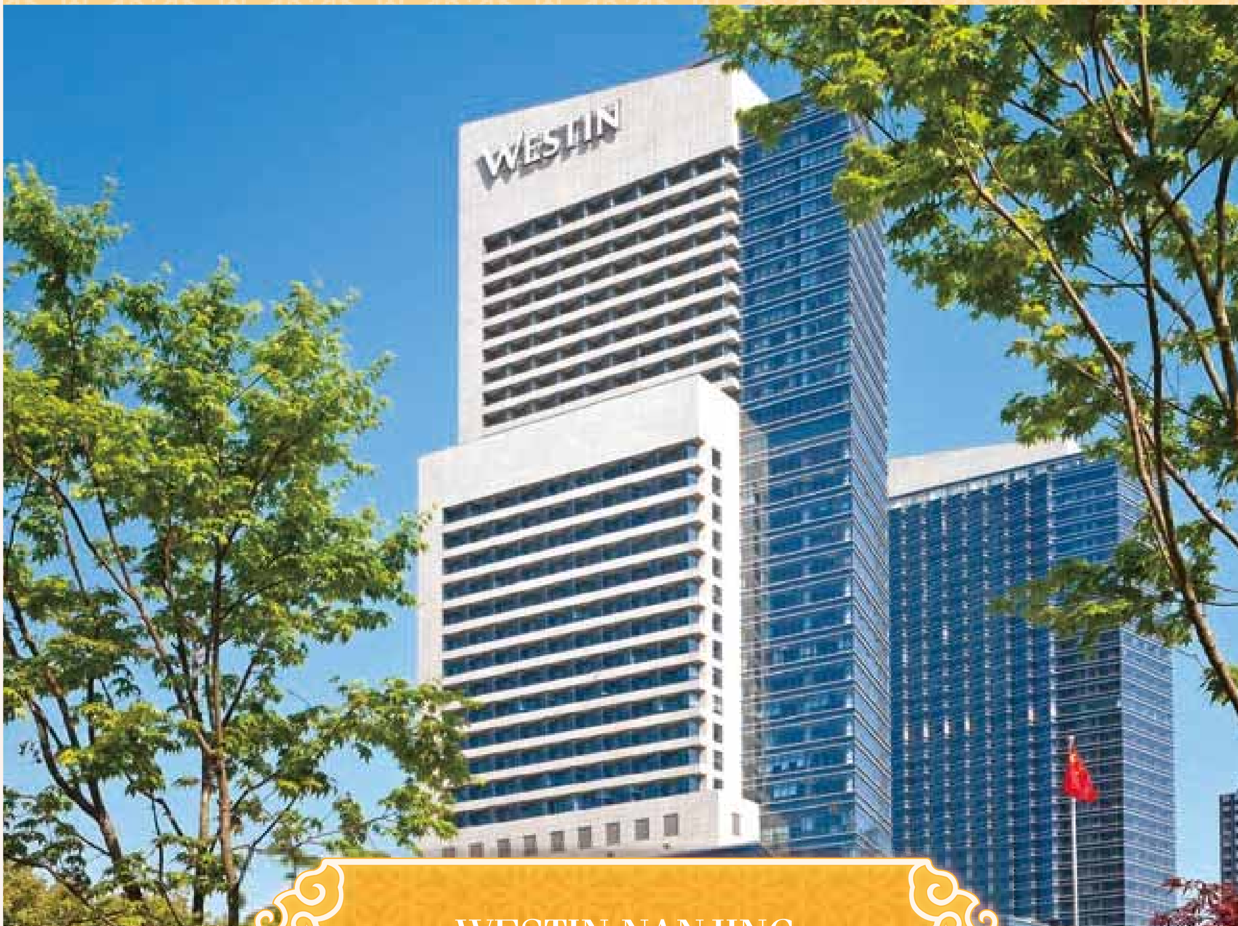
Renaissance Beijing Wangfujing Hotel, which is situated at Beijing's Wangfujing Avenue – Golden Street and adjacent to Tian'anmen Square and Palace Museum, was opened in 2014. The hotel adopts a unique and cutting-edge dual-wing architecture design with an endless spectacular palaces from the Ancient Wall of the Imperial City and The Forbidden City to the west and the modernised international metropolitan clusters in the central business district ("CBD") of Wangfujing to the east, blending the modern and classic into one.



JW MARRIOTT SHENZHEN

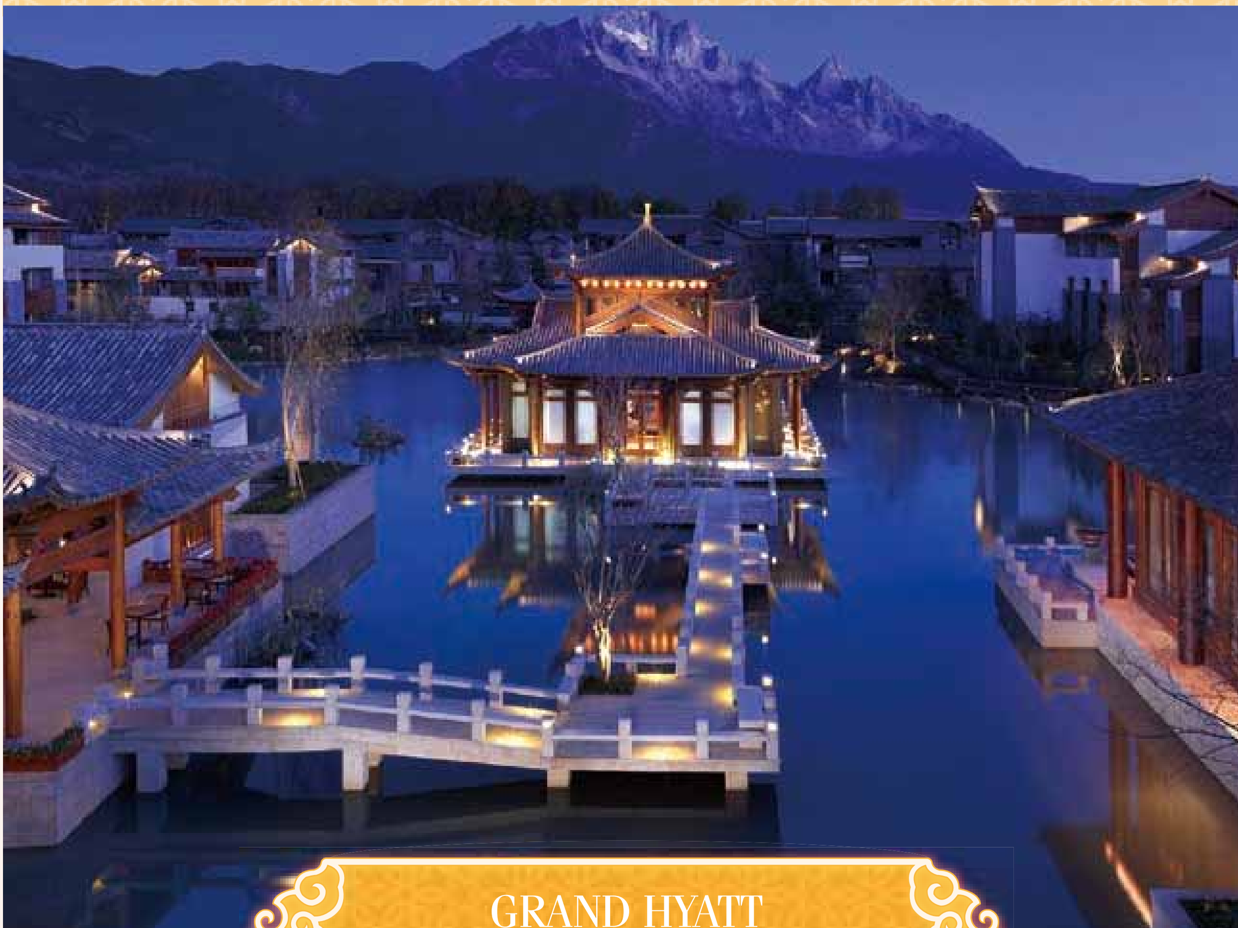
JW Marriott Shenzhen, which is located in Futian District, Shenzhen and in close proximity to the Shenzhen Golf Club, was opened in 2009. Its modern tropical design concept blends into the architectural style of the hotel and the seasonal characteristics of the South China city, making the hotel one of Shenzhen's landmark superior deluxe five-star business hotels.





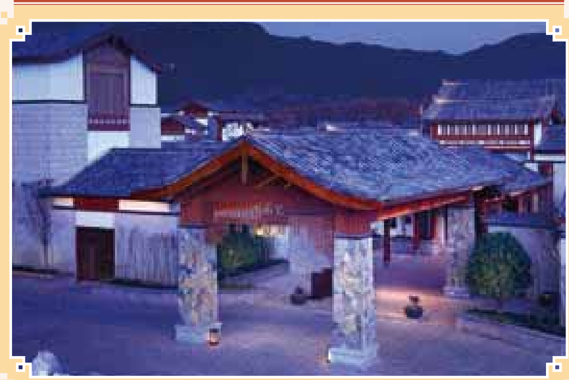
WESTIN NANJING

Westin Nanjing, which is located on 23rd to 35th floors of the South Tower in Nanjing Xuanwu Lake Jinmao Plaza, was opened in 2011. The hotel has 234 guest rooms each overlooking a panoramic view of Xuanwu Lake and Purple Mountain.



GRAND HYATT LIJIANG

Grand Hyatt Lijiang in the urban area, which was opened in 2014, is situated inside Jinmao Richmond Town at the northern end of Shangri-La Avenue and connects to J-Life's exquisite commercial portion and premium quality villas. The Mountain Lodge in the scenic area, which was opened in September 2015, is situated in Ganhaizi, Jade Dragon Snow Mountain. The hotels perfectly integrate the elements of Naxi culture and modern comfort, creating an impeccable space for clients to admire the magnificent snow mountain view from their room.



FINANCE AND SERVICES

Share the joy of Cooperation

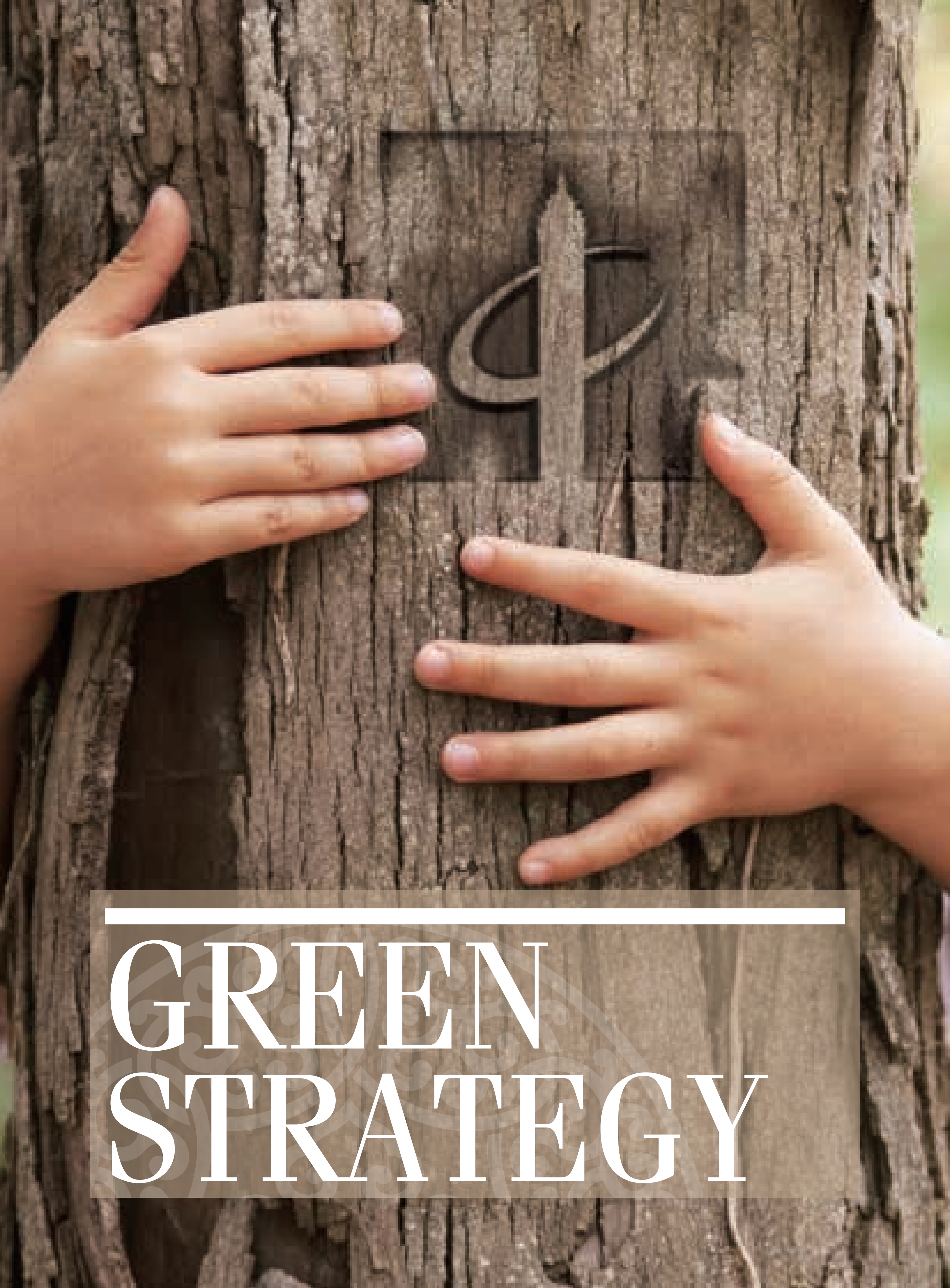
FINANCE AND SERVICES

Business expansion driven by capital operation and finance innovation

In the future, the Company will push ahead its efforts of capital operation in all segments, namely, residences, office premises, retail, hotels, properties and renovation, riding on China Jinmao's and Jinmao Holdings' existing dual listing status to build an independent property fund platform and enrich investment and financing channels, to support the expansion of core businesses and generate new profit points. At the same time, it will also actively explore different types of finance innovation including community spending finance to boost project sales. In addition, it will also actively explore financial equity investments and upstream and downstream property related sector investments to interact positively with development of the Company's core businesses and contribute favourable investment gains.

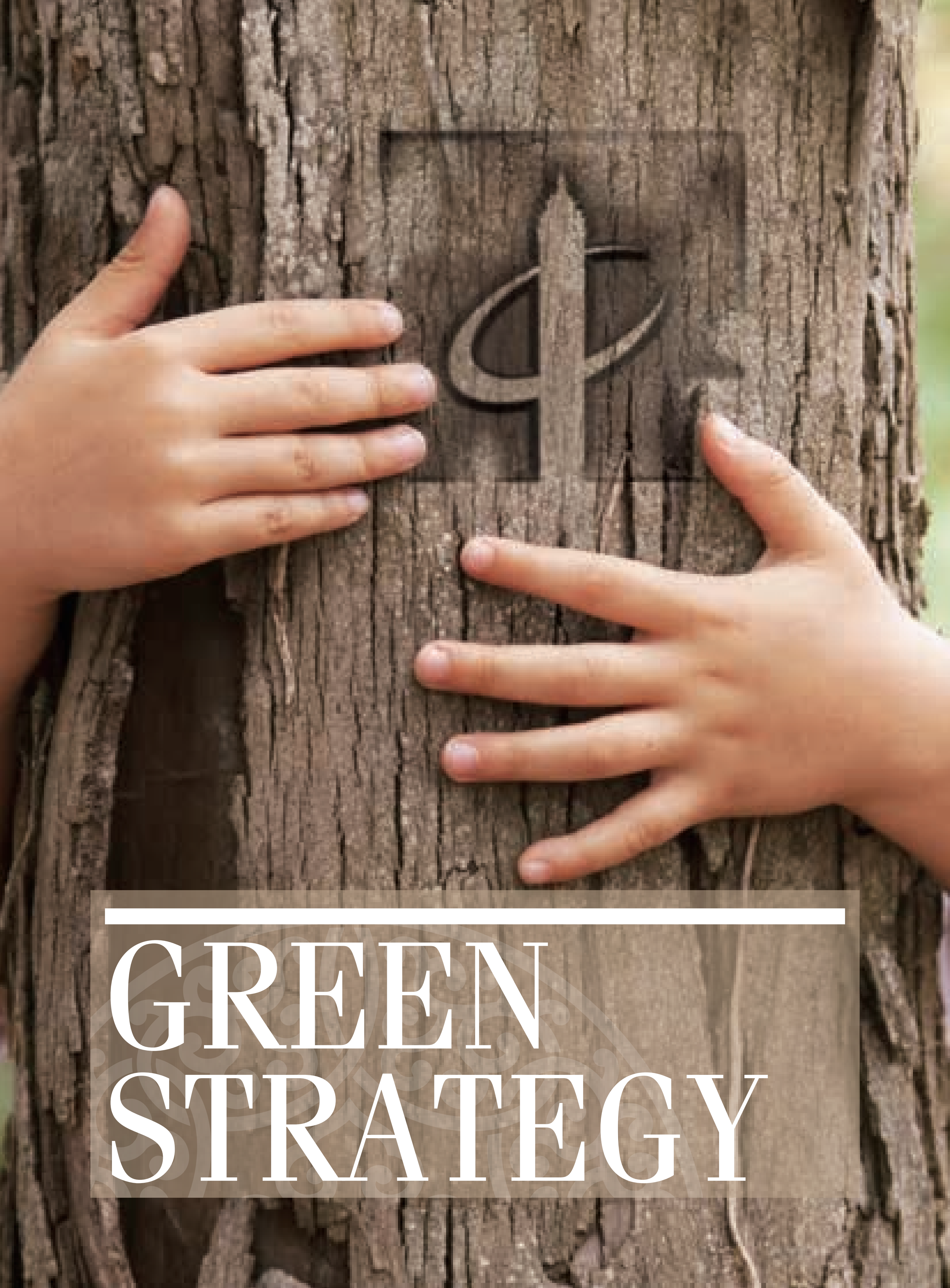
Unique features shaped by customer-oriented and innovative services

China Jinmao will, by adhering to the customer-oriented approach, promote the commercial and hotel management output, expand fund and property management services and explore the potential of the services business sector. Meanwhile, it will overcome the business barriers and adopt a new vision of customer service while promoting resource integration and building a full-cycle membership system service platform for living, work and life that cater customers' to transform from provision of "products" to provision of both "products and services" with a view to gradually shaping the unique features property developer which provides "multi-dimensional ancillary, premium value experience, convenient and carefree' services".



GREEN STRATEGY

Create the Dream of Green China


GREEN
STRATEGY

GREEN STRATEGY

We are a responsible corporate citizen that implements green development strategies. We endeavour to become the industry benchmark and the paradigm enterprise in application for green development. We integrate the leading quality resources and introduce the best concept to more cities in China. We look forward to working with various parties in the community in building our corporate image as a responsible, green and quality property developer and becoming a well-respected and leading quality property developer!

DESCRIPTION

In 2015, the Group continued to implement the "green strategy" as a crucial "soft power" in achieving innovative development and differentiated competition. According to the 2015 China Green Real Estate Development Report published by China Real Estate Business, the Group was ranked No.1 and No.4 among the top 10 property operators and top 10 green property developers, respectively. During the Year, there were 36 additional projects granted the green label certification. Among them, the western site of Shanghai Daning Jinmao Palace became the first green and high-tech residential project in China being granted China Three-Star Green Label and UK BREEAM Certification at the same time and received wide acclaim and recognition from the market and industry. Adhering to the positioning of "Green Gold City Operator", Qingdao China-Europe International City Project, being developed by China Jinmao together with the Low Carbon Eco-City Research Center of Chinese Society for Urban Studies ("CSUSIBR"), was named "China-Europe International Low Carbon City Cooperation Model Project" by the Ministry of Housing and Urban-Rural Development, whereas Nanjing Qinglong Mountain International Ecological New City, which follows the core concept of "cloud community and green living" and covers 30 green eco-planning indicators, was granted the golden globe award by the United Nations Environment Programme and invited to the award presentation ceremony held at the United Nations Headquarters. On the other hand, China Jinmao initiated the establishment of Beijing Jinmao Green Building Technology Co., Ltd. (北京金茂綠建科技有限公司) to integrate the green light and heavy assets across the Group and various green resources in the industry and actively explore the opportunities in building an innovative system of green technology and finance, representing an important milestone of the Group in this new era of transformation and innovation.

MAJOR ACTIVITIES AND HONOURS

1. China Jinmao participated in the 11th Conference on Green Building in China and was granted the "Leadership Award in China Green Building"

The two-day 11th Conference on Green and Energy-Efficient Building in China & New Technologies and Products Expo – the annual grand conference of the construction industry, was held in Beijing on 24 March 2015. As leader of green building, China Jinmao attended the conference for the fifth time in a row. Chief Executive Officer Mr. LI Congrui delivered a speech at the opening ceremony. On 25 March 2015, China Jinmao organised the "Green Building Development in the Big Data Era" forum and drew widespread response.

At the green building conference, the first batch of winners of the "Leadership Award in China Green Building" was officially announced. China Jinmao was among the four property developers granted with the award. The "Leadership Award in China Green Building" is founded by the Green and Energy-Efficient Building Committee of Chinese Society for Urban Studies for the purpose of setting a role model for green building development and driving the sustainable development of green building nationwide. As an integral part of the CSUS Awards, only enterprises which have made extraordinary contributions to the development of green building are granted with such award.

Chief Executive Officer Mr. LI Congrui delivered a speech at the opening ceremony

2. Nanjing Qinglong Mountain International Ecological New City Project was granted the "Global Human Settlements Award on Planning and Design"

On 29 October 2015, the 10th anniversary "Sustainable Cities and Human Settlements Award" of United Nations Environment Programme was held at the United Nations Headquarters in New York. China Jinmao's Nanjing Qinglong Mountain International Ecological New City was granted the "Global Human Settlements Award on Planning and Design". This composition award is presented to developers of urban settlements with the greatest influence in green building and sustainability worldwide. Being awarded such award reflects the important contributions made by China Jinmao to the urban development in China as a city operator.

3. Qingdao China-Europe International City was granted the first "China-Europe Green and Smart City Awards – Technology Innovation Award"

During 24 to 26 November 2015, the first China-Europe Green and Smart City Forum jointly organised by the China Urban Center for Urban Development and the "Prospect and Innovation Foundation" in France was held at the AsiaWorld-Expo in Hong Kong. Qingdao China-Europe International City invested and developed by China Jinmao stood out from the competitors and received the "2015 China-Europe Green and Smart City Awards – Technology Innovation Award".

4. Other awards in 2015

- Western Site of Shanghai International Shipping Service Center was granted the First Class Award at the 2015 National Green Building Innovation Awards
- Phase II of Changsha Meixi Lake International R&D Centre was granted the Second Class Award at the 2015 Green Building Innovation Awards
- No.2 in China Green Property Developer (Commercial Properties) for 2015 and No.3 in China Green Property Developer (Residential Properties) for 2015 by *China Investment Network*
- No.1 among top 10 China Green Building Operators for 2015 by *China Real Estate Business*

MODEL PROJECTS

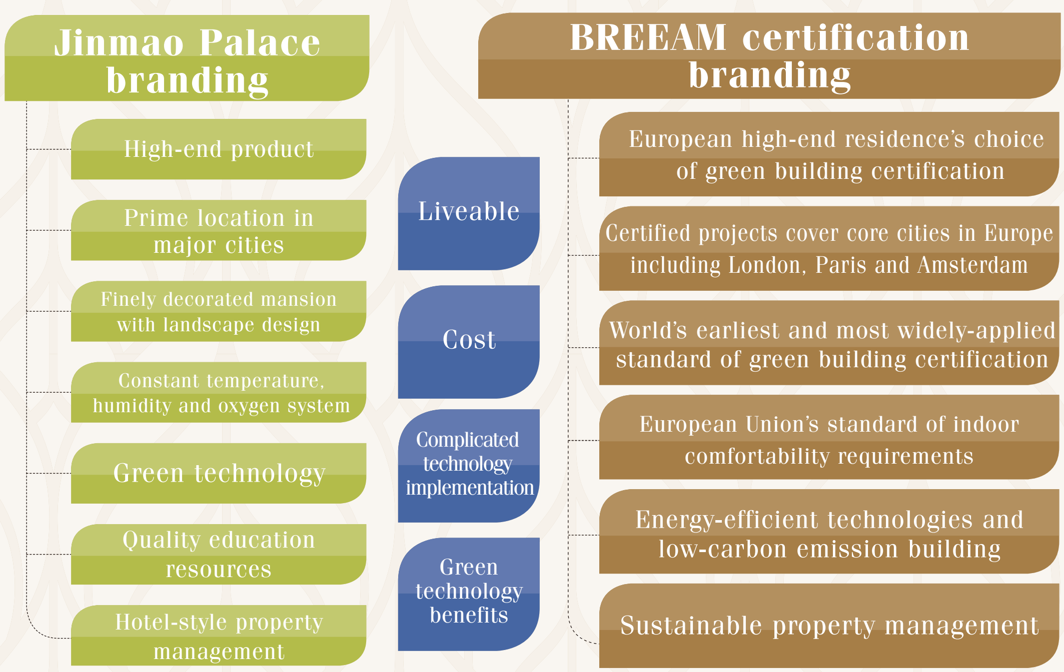
1. Nanjing Qinglong Mountain International Ecological New City

The project is located in the downtown area of Dongshan Vice City in Nanjing adjacent to the Qinglong – Dalian Mountain Range with a total site area of approximately 3.92 square kilometres. Currently, the project has completed the preparation of the detailed regulatory plans and the approval procedures. On this basis, the urban design is enhanced to form a "one-heart, two-axis, four-corridor and multi-block" overall space structure. Targeting at building a national green eco-city area, green eco-indicators and green eco-segment planning are prepared. The project, which covers the areas of economy, community, building, transportation, energy, water resources, solid wastes and culture, will utilise the intelligent information technologies into every segment based on the concept of "cloud community", and carry out statistical analyses on carbon emission, energy and runoff coefficient to build a large database for real-time supervision of and adjustment to the land parcels by the developer.

2. Shanghai Daning Jinmao Palace

Shanghai Daning Jinmao Palace Project is located in between Inner Ring and Mid Ring Shanghai. Being the first green residential project that is granted the UK BREEAM certification, it is widely acclaimed by the market and customers. Mr. Jaya Skandamoorthy, director of BREEAM China, considered that, as the first residential project in China that is granted the BREEAM certification, Shanghai Daning Jinmao Palace, having the building design features of geothermal pump system, new air purification system, anti-smog system, capillary pipeline network, high performance constant temperature and heat resistance system, green construction materials and purified soft water system, and implementing twelve European technology systems, has established itself as the model project of sustainability that meets the international standards and can be replicated in other residential projects in China.

Daning Jinmao Palace's Green Positioning



VISION OF GREEN DEVELOPMENT

The year 2015 was a crucial year of China Jinmao for strategic and comprehensive upgrade, and also a year of exploring proactive business innovation and transformation. Under the growth principle and policy environment of "innovation, coordination, greening, openness and sharing" under the central government's 13th Five-Year Plan, the green strategy of the Company also actively set its path of innovation. In 2015, the Company established the "Green Building Company" preparation team to formulate "China Jinmao Green Building Company Development Report" after various researches, site visits, exchanges and internal and external discussions with a view to becoming a leading integrated service provider in the energy-efficient building area in China. Targeting at completing the initial public offering ("IPO") and listing within a five-year timeframe, the Company is principally engaged in the residence's green technology integration, regional energy centre, urban renewal and green district restructuring, coupled with finance innovation through the establishment of industry green building investment fund, to shape the green strategy into another strategic support for China Jinmao's mid- to long-term business development.

REVIEW ON OVERALL RESULTS OF THE COMPANY

For the year ended 31 December 2015, profit attributable to owners of the parent amounted to HK$3,789.2 million, representing a decrease of 28% compared with HK$5,296.1 million in 2014. Excluding the effect of fair value gains on investment properties, net of deferred tax, the profit attributable to owners of the parent would be HK$2,874.2 million, representing a decrease of 20% compared with HK$3,610.3 million in 2014.

REVENUE

For the year ended 31 December 2015, the revenue of the Group was HK$22,110.3 million, representing a decrease of 25% compared with HK$29,548.2 million in 2014.

Revenue by business segments

	For the year ended 31 December				
	2015		2014		
	HK$ million	Percentage of the total revenue (%)	HK$ million	Percentage of the total revenue (%)	Year-on-year change (%)
City and property development	17,896.6	81	25,545.2	86	(30)
Commercial leasing and retail operations	1,491.1	7	1,398.5	5	7
Hotel operations	2,257.5	10	2,126.7	7	6
Others	465.1	2	477.8	2	(3)
Total	22,110.3	100	29,548.2	100	(25)

In 2015, revenue from city and property development of the Group decreased by 30% over that of 2014 to approximately HK$17,896.6 million and accounted for 81% of the total revenue, which was mainly attributable to the decrease in sales properties delivered and settled as compared with that of last year. Revenue from commercial leasing and retail operations grew by 7% compared with that of last year and accounted for 7% of the total revenue, which was primarily due to the performance growth of a number of the Group's office buildings. Revenue from hotel operations increased by 6% from 2014 and accounted for 10% of the total revenue, which was primarily attributable to the revenue contribution from the newly opened Hyatt Regency Chongming, Renaissance Beijing Wangfujing Hotel and Grand Hyatt Lijiang. Others (primarily including the property-related revenues arising from the observation deck on the 88th floor of Jin Mao Tower, property management and building decoration) accounted for 2% of the total revenue, representing a decrease of 3% over that of last year, which was mainly due to the decrease in revenue from the building decoration business.

COST OF SALES AND GROSS PROFIT MARGIN

Cost of sales of the Group for the year ended 31 December 2015 was approximately HK$13,561.1 million (2014: HK$17,989.4 million) and the overall gross profit margin of the Group in 2015 was 39%, which remained the same as compared with that of last year.

The gross profit margin of city and property development and hotel operations decreased as compared with that of 2014; the gross profit margin of commercial leasing and retail operations remained the same as compared with that of 2014. Gross profit margin of other business sectors decreased as compared with that of last year.

Gross profit margin by business segments

	For the year ended 31 December	
	2015 Gross profit margin (%)	2014 Gross profit margin (%)
Overall	39	39
City and property development	34	36
Commercial leasing and retail operations	90	90
Hotel operations	46	48
Others	16	19

OTHER INCOME AND GAINS

Other income and gains of the Group for the year ended 31 December 2015 decreased by 5% from HK$2,855.0 million in 2014 to approximately HK$2,724.9 million. The decrease was mainly due to the decrease in the fair value gain of investment properties arising from the investment properties held by the Group. The fair value gain on investment properties arising from the investment properties held by the Group amounted to HK$1,238.3 million, representing a decrease of 46% as compared with HK$2,286.5 million in 2014.

SELLING AND MARKETING EXPENSES

Selling and marketing expenses of the Group for the year ended 31 December 2015 increased by 7% to HK$979.6 million from HK$914.6 million in 2014, mainly due to the increase in selling and marketing expenses of Qingdao China-Europe International City Project, Chongqing Panlong Jinmao Residence Project, Guangzhou Nansha Jinmao Harbour Project and Ningbo Nantang Jinmao Palace Project. Selling and marketing expenses comprise primarily the advertising expenses, commissions paid to the relevant sales agencies and other expenses in relation to market promotion incurred in the Group's daily operations. Selling and marketing expenses accounted for 4% (2014: 3%) of the Group's total revenue.

ADMINISTRATIVE EXPENSES

Administrative expenses of the Group for the year ended 31 December 2015 amounted to HK$1,537.7 million, representing a decrease of 8% from HK$1,678.7 million in 2014. The decrease was mainly attributable to the Group's effective cost control during 2015. Administrative expenses mainly comprise staff costs, consultancy fees, entertainment expenses, general office expenses and depreciation expenses. Administrative expenses accounted for 7% (2014: 6%) of the Group's total revenue.

FINANCE COSTS

Total interest expense of the Group for the year ended 31 December 2015 was HK$2,757.2 million, representing an increase of 7% from HK$2,572.0 million in 2014, mainly attributable to the new issuance of bonds and increase in loans during the year. For the year ended 31 December 2015, interest expense capitalised by the Group amounted to HK$2,189.4 million, representing an increase of 62% from HK$1,350.1 million in 2014, mainly due to the increase in capitalisation of interest expense on general borrowings during the year. Accordingly, finance cost for the year ended 31 December 2015 amounted to HK$567.9 million, representing a decrease of 54% from HK$1,221.9 million from last year.

INCOME TAX EXPENSE

The Group had an income tax expense of HK$2,870.6 million for the year ended 31 December 2015, representing a decrease of 26% from HK$3,884.0 million in 2014. The decrease in income tax expense was primarily attributable to the decrease in the PRC corporate income tax expenses (current and deferred) due to the decrease in the profit before tax during the year. The Group's effective income tax rate for 2015 was 36% (2014: 37%), which decreased slightly from last year.

PROFIT ATTRIBUTABLE TO OWNERS OF THE PARENT

For the year ended 31 December 2015, profit attributable to owners of the parent amounted to HK$3,789.2 million, representing a decrease of 28% compared with HK$5,296.1 million in 2014. Profit attributable to owners of the parent excluding fair value gains on investment properties, net of deferred tax, amounted to HK$2,874.2 million, a decrease of 20% compared with HK$3,610.3 million in 2014.

The decrease in the profit attributable to owners of the parent was primarily attributable to the decrease in the sales properties delivered and settled in 2015 as compared to that of last year. Such decrease is mainly due to the in-depth adjustment of the real estate industry in 2014 which resulted in market volatility and the slump in the price and sales volume of the properties in a number of cities.

Basic earnings per share for the year were HK38.13 cents, a decrease of 34% compared with HK57.86 cents in 2014. The decrease in basic earnings per share was primarily attributable to the decrease in the profit attributable to owners of the parent for the year and the increase in weighted average number of ordinary shares in issue during the year used in the calculation of basic earnings per share. Basic earnings per share excluding fair value gains on investment properties, net of deferred tax, was HK28.92 cents (2014: HK39.44 cents).

In October 2010, the Group issued perpetual convertible securities in the amount of US$600 million, resulting in a dilution of earnings per share. Upon dilution, earnings per share of the Company amounted to HK32.56 cents (2014: HK48.96 cents).

Comparison of profit attributable to owners of the parent before and after fair value gains on investment properties, net of deferred tax

	For the year ended 31 December 2015 (HK$ million)	2014 (HK$ million)	Year-on-year change (%)
Profit attributable to owners of the parent	3,789.2	5,296.1	(28)
Less: fair value gains on investment properties, net of deferred tax	(915.0)	(1,685.8)	(46)
Profit attributable to owners of the parent excluding fair value gains on investment properties, net of deferred tax	2,874.2	3,610.3	(20)
Basic earnings per share (in HK cents)	38.13	57.86	(34)
Basic earnings per share excluding fair value gains on investment properties, net of deferred tax (in HK cents)	28.92	39.44	(27)

PROPERTY, PLANT AND EQUIPMENT

As at 31 December 2015, property, plant and equipment amounted to HK$14,607.6 million, representing an increase of 18% from HK$12,423.3 million as at 31 December 2014, primarily due to the capital expenditure of hotels under construction and owner-occupied office premises.

PREPAID LAND LEASE PAYMENTS

As at 31 December 2015, prepaid land lease payments amounted to HK$2,834.5 million, representing an increase of 47% from HK$1,929.1 million as at 31 December 2014, primarily due to the increase in prepaid land lease payments of hotels under construction and owner-occupied office premises.

INVESTMENT PROPERTIES

As at 31 December 2015, investment properties of the Group comprised the Central and West Towers and some floors of the East Tower of Beijing Chemsunny World Trade Centre, offices of Jinmao Tower (for lease), Sinochem Tower, office portion of Nanjing Xuanwu Lake Jinmao Plaza and Nanjing Jinmao Place, Changsha Meixi Lake International R&D Centre and Lijiang J•Life. Investment properties increased from HK$24,356.1 million as at 31 December 2014 to HK$25,165.0 million as at 31 December 2015. The increase was mainly due to the appreciation of investment properties.

PROPERTIES UNDER DEVELOPMENT

As at 31 December 2015, the current portion of properties under development comprised property development costs incurred by properties under development which have been pre-sold or are intended for sale and expected to be completed within one year from the end of the reporting period, whereas the non-current portion of properties under development comprised property development costs incurred by properties under development which have not yet been pre-sold and are expected to be completed after one year from the end of the reporting period.

As at 31 December 2015, the properties under development (current and non-current) amounted to HK$45,622.1 million, which was substantially the same as compared with HK$46,078.6 million as at 31 December 2014.

INVESTMENTS IN JOINT VENTURES

The investments in joint ventures increased from HK$119.2 million as at 31 December 2014 to HK$1,161.4 million as at 31 December 2015, mainly attributable to the increase in investment in Guangzhou Zhujiang Jinmao Palace Project during 2015.

INVESTMENTS IN ASSOCIATES

As at 31 December 2015, the investments in associates mainly refer to the Group's 36% interest in Shanghai Daning Jinmao Palace Project.

PROPERTIES HELD FOR SALE

As at 31 December 2015, the properties held for sale amounted to HK$7,539.9 million, which was substantially the same as compared with HK$7,618.9 million as at 31 December 2014.

LAND UNDER DEVELOPMENT

The land under development (current and non-current) increased from HK$12,960.1 million as at 31 December 2014 to HK$18,382.3 million as at 31 December 2015, mainly attributable to the land costs of Nanjing Qinglong Mountain International Ecological New City Project.

TRADE RECEIVABLES

As at 31 December 2015, trade receivables amounted to HK$3,040.5 million, representing a decrease of 15% from HK$3,593.2 million as at 31 December 2014, which was primarily attributable to the receipt of receivables from property sales during the year.

TRADE PAYABLES

As at 31 December 2015, trade payables were HK$13,815.6 million, representing an increase of 70% compared with HK$8,130.6 million as at 31 December 2014, which was mainly due to the increase in land premium payable and construction cost as a result of the Group's business expansion.

INTEREST-BEARING BANK AND OTHER BORROWINGS

As at 31 December 2015, interest-bearing bank and other borrowings (including current and non-current) were HK$48,977.8 million, representing an increase of 5% over HK$46,759.3 million as at 31 December 2014. The increase in interest-bearing bank and other borrowings was primarily due to the increase in external loans used for new project development and issue of domestic corporate bonds.

Analysis of interest-bearing bank and other borrowings

	As at 31 December 2015 (HK$ million)	2014 (HK$ million)	Year-on-year change (%)
Interest-bearing bank and other borrowings (including current and non-current)	48,977.8	46,759.3	5
Less: pledged deposits	–	(6.3)	–
Interest-bearing bank and other borrowings, net of pledged deposits	48,977.8	46,753.0	5

GEARING RATIO

The Group monitors its capital on the basis of the net debt-to-adjusted capital ratio. This ratio is calculated as net debt divided by adjusted capital. Net debt is calculated as total interest-bearing bank and other borrowings less other financial assets (financial products), restricted bank balances, pledged deposits and cash and cash equivalents. Adjusted capital comprises all components of equity as well as the amounts due to related parties. The Group aims to maintain the net debt-to-adjusted capital ratio at a reasonable level. The net debt-to-adjusted capital ratio as at 31 December 2015 and 31 December 2014 were as follows:

	As at 31 December 2015 (HK$ million)	2014 (HK$ million)
Interest-bearing bank and other borrowings (including current and non-current)	48,977.8	46,759.3
Less: cash and cash equivalents	(13,126.1)	(12,454.6)
restricted bank balances and pledged deposits	(3,291.2)	(1,598.3)
other financial assets – financial products	(47.7)	–
Net debt	32,512.8	32,706.4
Total equity	58,902.6	56,332.6
Add: amounts due to related parties	5,107.9	2,104.9
Adjusted capital	64,010.5	58,437.5
Net debt-to-adjusted capital ratio	51%	56%

LIQUIDITY AND CAPITAL RESOURCES

The Group's cash is primarily used to pay for capital expenditure, construction costs, land costs (principally the payment of land grant fees and relocation costs), infrastructure costs, consulting fees paid to architects and designers and finance costs, as well as the Group's indebtedness, amounts due to and loans from related parties, and fund working capital and normal recurring expenses. The Group has financed its liquidity requirements primarily through internal resources, bank and other borrowings, issue of perpetual convertible securities, issue of senior notes, issue of domestic corporate bonds and issue of new shares.

As at 31 December 2015, the Group had cash and cash equivalents of HK$13,126.1 million, mainly denominated in RMB, HK dollar and US dollar (as at 31 December 2014: HK$12,454.6 million).

As at 31 December 2015, the Group had total interest-bearing bank and other borrowings of HK$48,977.8 million compared to HK$46,759.3 million as at 31 December 2014. An analysis of the interest-bearing bank and other borrowings of the Group is set out as follows:

	As at 31 December	
	2015 (HK$ million)	2014 (HK$ million)
By term:		
Within 1 year	8,574.7	4,072.5
In the second year	14,200.4	6,515.4
In the third to fifth years, inclusive	17,553.7	27,621.7
Over five years	8,649.0	8,549.7
Total	48,977.8	46,759.3

Interest-bearing bank and other borrowings of approximately HK$8,574.7 million were repayable within one year and shown under current liabilities. All of the Group's borrowings are denominated in RMB, HK dollar and US dollar. As at 31 December 2015, save as interest-bearing bank and other borrowings of approximately HK$20,084.6 million that bore interest at fixed rates, other interest-bearing bank and other borrowings bore interest at floating rates. There is no material seasonal effect on the Group's borrowing requirements.

As at 31 December 2015, the Group had banking facilities of HK$55,569.1 million denominated in RMB, HK dollar and US dollar. The amount of banking facilities utilised was HK$29,713.1 million.

The Group's net cash inflow of HK$1,205.5 million for the year ended 31 December 2015 consisted of:

A net cash inflow of HK$9,158.9 million from operating activities, which was mainly attributable to the proceeds derived from the sales of properties, property rental and revenue from hotel operations etc., was partially offset by payment of land and construction costs, marketing expenses, administrative expenses and tax charge.

A net cash outflow of HK$12,116.8 million from investing activities, which was mainly attributable to the investment expenditure, advances of loans to joint ventures and associates and expenditure on construction of property, plant and equipment.

A net cash inflow of HK$4,163.3 million from financing activities, which was mainly attributable to the issuance of domestic corporate bonds by the Group, contribution from non-controlling shareholders, new bank loans and other borrowings, proceeds from exercise of share options and issuance of new shares, was partially offset by repayments of bank and other borrowings, payment of interests, payment of dividends for 2014 and acquisition of non-controlling interests.

PLEDGE OF ASSETS

As at 31 December 2015, the Group's interest-bearing bank and other borrowings were secured by the Group's property, plant and equipment of HK$3,183.7 million, properties under development of HK$17,671.7 million, properties held for sale of HK$222.1 million, land use rights of HK$1,132.6 million, investment properties of HK$14,194.0 million and trade receivables of HK$15.0 million.

CONTINGENT LIABILITIES

As at 31 December 2015, the Group has provided guarantees in respect of mortgage facilities for certain purchasers of the Group's properties amounting to approximately HK$14,538.7 million (2014: HK$8,409.9 million).

MARKET RISK

The Group's assets are predominantly in the form of land use rights, land under development, properties under development, properties held for sale and investment properties. In the event of a severe downturn in the property market in Mainland China, these assets may not be readily realised.

INTEREST RATE RISK

The Group is exposed to interest rate risk resulting from fluctuations in interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long term debt obligations. Increase in interest rates will increase the interest expenses relating to the Group's outstanding floating rate borrowings and increase the cost of new debt. Fluctuations in interest rates may also lead to significant fluctuations in the fair value of the Group's debt obligations. The Group does not currently use any derivative instruments to manage the interest rate risk.

FOREIGN EXCHANGE EXPOSURE RISK

Substantially all of the Group's revenue and costs are denominated in RMB. The Group reports its financial results in HK dollars. As a result, the Group is exposed to the risk of fluctuations in foreign exchange rates. The Group has not currently engaged in hedging to manage its currency risk. To the extent the Group decides to do so in the future, the Group cannot assure that any future hedging activities will protect the Group from fluctuations in exchange rates.

Investor Relations Report

INVESTOR RELATIONS ACTIVITIES FOR 2015

January

Participated in the investors meeting held by DBS in Singapore

Participated in the investors meeting held by BNP Paribas in Hong Kong

Participated in the investors meeting held by Deutsche Bank in Beijing

Participated in the investors meeting held by UBS in Hong Kong

March

Announced annual report for 2014

– Held press conference

– Held analysts meeting

Participated in non-deal related roadshows in Hong Kong and Singapore

April

Participated in the investors meeting held by UBS in Hong Kong

May

Participated in the investors meeting held by HSBC in Shanghai

Participated in the investors meeting held by Deutsche Bank in Singapore

June

Participated in the investors meeting held by Citibank in Hong Kong

Participated in non-deal related roadshows in Hong Kong, Singapore and Japan

INVESTOR RELATIONS ACTIVITIES FOR 2015

July

Participated in the investors meeting held by Deutsche Bank in Singapore

August

Announced interim report for 2015

– Held press conference

– Held analysts meeting

Participated in non-deal related roadshows in Hong Kong, Singapore and London

September

Participated in the investors meeting held by Nomura Securities in Shanghai

October

Participated in the investors meeting held by Jefferies in Hong Kong

November

Participated in the investors meeting held by Bank of America Merrill Lynch in Beijing

Participated in the investors meeting held by Credit Suisse in Shanghai

Participated in the investors meeting held by Morgan Stanley in Singapore

COMMUNICATION WITH SHAREHOLDERS

The Company considers that communication of high efficiency is essential for establishing sound interaction with its shareholders successfully. The Company has been committed to providing its existing and potential investors with accurate and timely information, and keeping a close two-way communication by various means, thereby enhancing the transparency of information disclosure. The Company attaches great importance to the communications with shareholders and public investors to ensure them to have a good channel for voicing their opinions and advice on the Company's performance. At the same time, the Company may also explain the operating conditions of the projects and their development strategies.

The Company has maintained a sound two-way communication with its shareholders, and provides information to shareholders mainly through the following channels:

- The Company's annual report, interim report and circulars – they are distributed to shareholders and investors pursuant to the Rules Governing the Listing of Securities (the "Listing Rules") on the Stock Exchange of Hong Kong Limited (the "Stock Exchange") as well as analysts who are interested in the Company's performance;

- Annual general meeting – the Chairman and other senior management of the Company are present at the meeting, answering shareholders' inquiries and exchanging opinions with them;

- The Company's interim and annual results announcement conferences – announce the Company's interim and annual results and respond to the inquiries from investors and the media;

- Disclosure of the Company's information initiatively – the Company will, through different means, including investors meetings, extraordinary shareholders' meetings, telephone interviews, press releases and media interviews etc., announce material information about the Company to the market in a timely manner and in compliance with the relevant requirements, including the Listing Rules of the Stock Exchange and the Guidelines on Disclosure of Inside Information, and respond to inquiries by investors and analysts in a timely manner;

- Periodic meetings with institutional investors and securities analysts initiatively – provide information in relation to the Company's latest business development to attract more attention from the market. The management of the Company regularly participates in global non-deal related roadshow activities held after the publication of annual reports and interim reports to respond to queries related to the Company's development strategies and market outlook. These measures provide overseas shareholders with an opportunity to discuss with the management of the Company;

- Arrange on-site visit – by following-up the development progress of each project, arranging direct on-site visit of various projects of the Company as appropriate for investors and analysts, enabling them to have communication with the management, to promote investors' understanding of the Company's development.

In 2015, the Company's management participated in various investors meetings held across the world and global non-deal related roadshows (including those in Hong Kong, Singapore. Japan and the UK), to broaden its communication with global and Hong Kong investors. During the Year, the Company hosted around 100 institutional investors and over 100 investors visited its project sites in Beijing, Shanghai, Ningbo and Hangzhou.

FEEDBACK FROM INVESTORS

The Company regards investors' feedback as highly important. During the Year, the Company conducted several summaries and analyses on opinions from investors and analysts to have an understanding of the effectiveness of its investor relations function in a timely manner. The Company will further improve the quality of communication based on the investors' feedback to facilitate better communication with investors and analysts in future.

MARKET RECOGNITION AND HONOURS

In 2015, China Jinmao's 2014 annual report gained 9 awards at the 29th International ARC Awards with four gold prizes among which. It is worth noting that, China Jinmao won two gold prizes and two silver prizes in the election of "Awards for Overall Annual Report" among the fiercest competition and became the major Hong Kong listed real estate enterprise which received the greatest number and gold-content of prizes in 2014. The efforts of the Company's investor relations team and the information disclosure of the Company are widely recognised in the industry.

PROSPECTS OF OUR INVESTOR RELATIONS WORK

The Company will continue to progressively strengthen its efforts on investor relations to facilitate better communication with public investors and analysts. The Company is committed to make sure of full compliance with the disclosure obligations provided in the Listing Rules and other applicable laws and regulations. In terms of compliance, we will continue to deliver to the investors all over the world the Company's latest information and to enhance the Group's corporate governance standards and transparency in order to gain more trust and support from investors.

CONTACT DETAILS FOR INVESTORS

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852-28299518
Fax: 86-10-59369901
E-mail: franshion@sinochem.com

Corporate Social Responsibility Report

BUILDING THE GOLD QUALITY FOR OUR CUSTOMERS

Adhering to the mission that "customer's demand is our pursuit", the Group strengthens its quality control, improves its customer relationship management system and reinforces its four areas of infrastructure development, namely, spirit and culture, organisational structure, system procedures and IT informatisation development. Seizing the management of its three core segments including sales launch, property delivery and Jinmao Place membership, the Group has organised 788 customer events with a variety of themes, including the "12 December Jinmao caring for your family customer promotion", "Thanksgiving event for property owners in Chinese New Year", "You and me – Qingdao property owner appreciation meeting" and "Jinmao Richmond Town Mid-Autumn Festival property owner appreciation meeting" to enhance customer satisfaction. During the year, the overall customer satisfaction increased by 17% over that in 2014.

Strengthening quality control: The Group has comprehensively implemented a quality control principle in the ratio of 50%, 40% and 10% quality control as to before, during and after the identification of deficiency to create an enhanced mixed quality control product and to thoroughly push ahead the improvement in overall project quality of the Group. In addition to quarterly quality control review, the Group conducts joint inspection and guidance, regular screening of landmark projects to share excellent management experience and to carry out exchange visits. The Group also strengthens the feedback system on project audit to urge those substandard units to effectively carry out rectification. During the year, the average performance of the project's onsite testing and surveying increased by 6% year-on-year, whereas the overall quality grew by more than 10% year-on-year.

Promoting innovation: The Group has joined hands with Tencent to begin the "Internet + Property" smart home era. While forging ahead towards the three major directions of hard power + soft power + cloud service, the Group makes use of the mobile Internet to realise an unconventional innovation of products and services.

CONTRIBUTING A CULTURE OF GREEN FOR OUR ENVIRONMENT

The Group regards the green strategy as an integral part of our corporate strategy and actively explores a green management model to apply the cutting-edge green building concept and state-of-the-art green and low-carbon technology across the whole life cycle of the building with the view of leading the green development of the industry. In 2015, the Group's Nanjing Qinglong Mountain International Ecological New City Project won the "Global Human Settlements Award on Planning and Design".

Developing green and environmentally-friendly building: As at 31 December 2015, the Group has obtained accumulatively 103 green certifications with total green building area of 3.50 million square metres and accumulated green energy-saving investments exceeding RMB200 million. Based on the PRC government's new urbanisation targets and requirements, the Group actively explores a Chinese styled- eco-city development model. Among which, Qingdao China-Europe International City Project has kicked off the ecological research on 13 topics including energy, water resources, ventilation corridor and eco-environment. In March 2015, it was named the "China-Europe International Low Carbon Model Project", an international cooperation model project between China and the European Union, by the Ministry of Housing and Urban-Rural Development.

Sharing green management experience: The Group participated in the 11th Conference on Green Building in China and organised the "New Green Building Development in the Big Data Era" forum to discuss how to integrate mobile online technology with the design, development and operational management of green building with guests so as to achieve energy-efficient and smart living.

Disseminating green and environmentally-friendly concept: The Group joined hands with Cdoon to organise "Green Run Challenge China" and set up ten regionals in nine cities including Beijing, Shanghai, Suzhou, Ningbo, Hangzhou, Changsha, Chongqing, Nanjing and Guangzhou, attracting more than 10,000 runners nationwide to join the race.

TAKING A WIN-WIN PATH WITH OUR BUSINESS PARTNERS

Sticking to the principle of "mutual growth and shared responsibilities", the Group forms a community of interests with all stakeholders to strengthen cooperation with government authorities, financial institutions, academic institutions and industry peers through resource integration, power convergence, shared responsibilities and co-creation of value to jointly build a responsibility value chain of sustainability.

Strengthening strategic cooperation: The Group attaches great importance to building an efficient and professional strategic cooperation model with business partners and reinforcing the mutual trust and benefit and win-win cooperation relationship. The Group has entered into a strategic cooperation memorandum of understanding with New China Life Insurance to carry out strategic cooperation on areas such as property development, capital operation and channel as well as customer sharing to generate complementary strengths. The Group has also entered into a strategic cooperation agreement with China Publishing Group, pursuant to which, both parties shall take Qingdao China-Europe International City as the pilot to build it into a state-level cultural industry park.

Deepening supplier management: The Group endeavours to strengthen the development of a whole-process contractor management system from pre-assessment, tender and bidding, qualification assessment, approach management, onsite management to post evaluation, and implements upward management and front end management. To carry out ongoing performance evaluation, in 2015, the Group carried out the vendor performance evaluation of more than 1,000 contracts, which remained basically the same as the ratio of quality vendors to disqualified vendors in 2014 with a slight increase in the percentage of good vendors.

BUILDING A HAPPY HOME FOR OUR EMPLOYEES

By establishing an employee philosophy of "co-creation, co-sharing and shared-growth", the Group regards the employees as its most valuable asset. Attaching great importance to and showing respect to people, the Group endeavours to build a team of professionals who have "standing on the ground with passion; a broad view of the industry; great work ethics and professional expertise" to achieve co-development between the enterprise and the employees.

Safeguarding employees' interest: The Group adheres to the principle of equal employment and treats employees in fairness regardless of nationality, ethnicity, race, gender, religion and cultural background. Child labour is strictly prohibited and all forms of forced and mandatory labour are resisted from the Group. The Group takes a proactive approach towards the recruitment of fresh graduates and minority groups. It also offers an equal career path for women and increases the proportion of female members in the management.

Protecting employee benefits: The Group provides competitive remuneration packages and strengthens the interaction between remuneration and work performance to stimulate the employees' work initiatives. The remuneration system comprises mainly of the salary, as supplemented by various forms of allocation and a mid- to long-term incentive system where the remuneration is determined based on competence, performance appraisal and position compatibility, and is reviewed regularly according to market rates. The Group actively promotes the long-term incentive system such as share option scheme to share the achievements with its employees. The Group strives to enhance the system of employee benefits for the interests of employees. In addition to various basic social security benefits, the Group provides a variety of employee benefits including corporate annuity and supplementary medical insurance to safeguard the work and life of employees from multiple perspectives.

Enhancing democratic management: The Group attaches great importance to democratic management, democratic participation and democratic supervision to carry forward the development of labour unions at different levels and to enhance the transparency of democratic management and factory operations by way of employee representative meeting. In addition, through establishing the terms of reference, organisational system and working system of the employee representative meeting, the Group further regulates the level of transparency of the factory operations in terms of contents, procedures and forms in an effort to enhance the level of democratic management.

Safeguarding employees' safety: While thoroughly implementing the "iron fist" requirements of Sinochem Group, the Group strengthens the alert system, executes the "calling for halt" system and promotes the integration of assessment and focused assistance to ensure that the Group maintains the safety conditions in general. The Group carries out major inspection and rectification of safety production and increases the inspection and rectification efforts on potential safety hazards. Through assessment of development projects and property holdings, the Group identified 1,659 potential safety hazards and issues and made 245 rectification proposals.

Strengthening cultural development: To promote the core values of our corporate culture, the Group provides corporate culture trainings on a rolling basis to increase employees' understanding and awareness of our corporate culture. The "Manual on Core Values" has been revised and published across the Group. A display wall of cultural identity has been set up within the office area to disseminate our corporate culture. We have also opened a public channel – Jinmao Culture via WeChat public account and published the third issue of "Jinmao Gangsters" to actively promote positivity and good practice.

Caring for employees: The Group has organised a variety of content-rich activities such as the "Beautiful Line" employee election, new group name ideas, soccer league, basketball competition, jogging contest, speech day and summer carnival. 10,112 employees participated in these activities. The Group has a high regard for employee care, assistance and condolence. Birthday parties and other festive events are held for employees at the Group's headquarters and all business units. In times of heavy smog, we also provided masks and lung cleansing tea for our employees.

DELIVERING BOUNDLESS LOVE FOR OUR COMMUNITY

The Group regards itself as part of the city and comprehensively maintains a close relationship between its own development and urban development through active participation in social public welfare service to establish the image of a good corporate citizen.

Promoting regional development: The Group will join hands with Qingdao High-Tech Zone, Qingdao City Construction Investment Group and the U.K. Eden Project to jointly build a world-class ecological leisure and travel resort – Eastern Eden. The project is complementary to the deficiency of seasonal concentration in Qingdao's tourism with a view to promoting the leisure travel business of Qingdao all year round. Featuring the elements of culture, vitality, innovation and intelligence, Lijiang Jinmao Richmond Town gathers the world's quality resources to develop an unprecedented model new area of internationalised tourism industry in Lijiang and to produce "Lijiang's No.3 Town" in the new era following Dayan Old Town and Shuhe Old Town in Lijiang.

Passionate in public welfare: The Group and all of its branching business units are engaged in ongoing public welfare and charitable events. Not only does it provide supplies to the underprivileged, but also cares for them mentally. The Business Department of Jinmao Commerce has organised a volunteer event themed "Show your love; pass the warmth" and visited the disabled children at Shanghai Guangci Disabled Children Welfare Centre in Fengxian district, Shanghai. Jinmao Changsha Co., Ltd. has also organised a condolence activity with love heart, sending gifts and supplies to the teachers of a number of primary and secondary schools in Meixi Lake district, Changsha and to more than 40 low-income families in the surrounding areas. Jinmao Guangzhou Co., Ltd. has organised the "Spread the warmth to the elderly in winter" campaign and visited the singleton seniors at Tanwei Village Home for the Respectable Aged.

Profile of Directors and Senior Management

Mr. LI Congrui

Mr. YANG Lin

Mr. CUI Yan

Mr. JIANG Nan

Mr. LAU Hon Chuen

Mr. SU Xijia

Mr. GAO Shibin

Mr. AN Hongjun

DIRECTORS

Mr. LI Congrui
Executive Director and Chief Executive Officer

Mr. LI, who was born in March 1971, has been the Vice President of the Company since April 2009 and the executive Director of the Company since June 2011. Mr. LI has been serving as the executive Director and Chief Executive Officer of the Company since January 2013. Mr. LI also holds positions in a number of subsidiaries of the Company and has been serving as the non-executive director of Jinmao (China) Investments Holdings Limited and Jinmao (China) Investments Manager Limited since 25 March 2014. He also has been serving as the chairman of Sinochem Franshion Properties (Beijing) Co., Ltd. and a director of Jinmao Investment Management (Shanghai) Co., Ltd., and Jinmao Investment (Changsha) Co., Ltd. Mr. LI joined Sinochem Group in 1997, and had held various senior management positions in Shanghai Orient Terminal Co., Ltd. and Sinochem International Industrial Corp. From 2003 and prior to joining the Company, Mr. LI was the director and the general manager of Zhoushan State Oil Reserve Base Company Limited. Mr. LI has over 10 years of experience in strategy management, corporate governance, organisational construction, appraisal and analysis on project investment, project management and large project construction. Mr. LI obtained a bachelor's degree in Petroleum Geology and Exploration from the Petroleum Department of China University of Geosciences (Wuhan) in 1994. He earned a master's degree in Petroleum Development from the Research Institute of Petroleum Exploration & Development in 1997 and an executive master's degree in Business Administration from China Europe International Business School (CEIBS) in 2007.

Mr. YANG Lin
Non-executive Director

Mr. YANG, who was born in January 1964, joined the Company in February 2014, and serves as a non-executive Director. Mr. YANG joined Sinochem Group in 1994 and had held various positions, including deputy general manager of the finance and accounting department, general manager of the finance department, deputy general manager of the investment and development department, general manager of the fund management department, deputy chief accountant of Sinochem Group, and deputy chief financial officer of Sinochem Corporation. Mr. YANG is currently the chief accountant of Sinochem Group and the chief financial officer of Sinochem Corporation. He also holds directorships and senior management positions in various subsidiaries and/or affiliates of Sinochem Group. Mr. YANG was a supervisor of China

State Construction Engineering Corporation Limited, a company listed on the Shanghai Stock Exchange (stock code: 601668), from 2007 to 2010. Since October 2009, Mr. YANG has been a non-executive director of Far East Horizon Limited (of which Sinochem Group is a substantial shareholder (stock code: 03360)). Mr. YANG has been a director of Sinochem International Corporation, a subsidiary of Sinochem Group listed on the Shanghai Stock Exchange (stock code: 600500) since June 2010. Mr. YANG has been a non-executive director of Sinofert Holdings Limited (stock code: 00297), a subsidiary of Sinochem Group since August 2010. Mr. YANG has over ten years' experience in fund management. Mr. YANG worked at Siemens AG and Wella AG from 1993 to 1994. Mr. YANG graduated from Tianjin University of Commerce with a bachelor's degree in Commercial Enterprise Management in 1985. He pursued a study of enterprise management courses in University of Stuttgart in Germany from 1990 to 1993.

Mr. CUI Yan
Non-executive Director

Mr. CUI, who was born in January 1970, joined the Company in June 2015, and serves as a non-executive Director. Mr. CUI joined Sinochem Group in 2002 and worked in the industrial mechanical business department of Sinochem International Tendering Co., Ltd. Prior to that, Mr. CUI worked in the import business department of China Industrial Machinery Import and Export Corporation. Since 2008, Mr. CUI has served as the general manager of the industrial mechanical business department of Sinochem International Tendering Co., Ltd, and the assistant general manager and deputy general manager of Sinochem International Tendering Co., Ltd. In 2010, Mr. CUI served as the deputy general manager of the human resources department of Sinochem Group. Mr. CUI is currently serving as the general manager of the human resources department of Sinochem Group. Mr. CUI has nearly 20 years of experience in marketing and corporate governance. Mr. CUI graduated from the Beijing Institute of Technology, majoring in mechanical design and manufacturing, and received his bachelor's degree and master's degree in 1991 and 1994, respectively.

Mr. JIANG Nan
Executive Director and Chief Financial Officer

Mr. JIANG, who was born in April 1973, joined the Company in January 2006 as the Chief Financial Officer of the Company and has been involved in the day-to-day management of the Company since then. Mr. JIANG served as an executive Director of the Company from 2007 to 2011, and has been an executive Director of the Company since 25 August 2015. Mr. JIANG also holds positions in a number of subsidiaries of the Company and has been the non-executive director of Jinmao (China) Investments Holdings Limited and Jinmao (China) Investments Manager Limited since 25 March 2014. He is in charge of the Company's accounting and financing, capital market, investor relations, strategy and budget assessment. He joined Sinochem Group in August 1995 and worked in the Finance Department of Sinochem Group from 1995 to 2002. He was the Treasurer of Sinochem Hong Kong from August 2002 to January 2006, responsible for handling the financial management and investment projects and operation of the overseas funds of Sinochem Group. Mr. JIANG has approximately 20 years of experience in corporate finance and accounting management. Mr. JIANG earned a bachelor's degree in finance from China Institute of Finance in 1995 and a master's degree in finance from Central University of Finance and Economics in 2003. He obtained the Accounting Qualification Certificate in 1999 and is now a member of the Association of International Accountants (AIA).

Mr. LAU Hon Chuen, Ambrose
Independent non-executive Director, G.B.S., J.P.

Mr. LAU, who was born in July 1947, has been an independent non-executive Director of the Company since March 2007. He is a senior partner of Messrs. Chu & Lau, Solicitors & Notaries. Mr. LAU is currently a standing committee member of the National Committee of the Chinese People's Political Consultative Conference. He is also a Justice of the Peace. In 2001, Mr. LAU was awarded the "Gold Bauhinia Star" by the Hong Kong Government. Mr. LAU is currently an independent non-executive director of the following listed companies: Brightoil Petroleum (Holdings) Limited, Glorious Sun Enterprises Ltd., Yuexiu Property Co., Ltd., Yuexiu Transport Infrastructure Limited, Joy City Property Limited (formerly known as The Hong Kong Parkview Group Ltd.) and The People's Insurance Company (Group) of China Limited. He served as an independent non-executive director of Beijing Enterprises Holdings Limited between 1997 and 2008; an independent non-executive director of Qin Jia Yuan Media Services Co., Ltd. between 2003 to 2012. He is also the director of OCBC Wing Hang Bank Ltd., Bank of China Group Insurance Co., Ltd., BOC Group Life Assurance Co. Ltd., Nanyang Commercial Bank, Ltd., Chu & Lau Nominees Ltd., Sun Hon Investment & Finance Ltd., Wydoff Ltd., Wytex Ltd., Wyman Investments Limited, Trillions Profit Nominees & Secretarial Services Limited and Helicoin Limited. Mr. LAU also served as the chairman of the Central and Western District Board between 1988 and 1994, the president of the Law Society of Hong Kong from 1992 to 1993, the member of the Bilingual Laws Advisory Committee between 1988 and 1997 and the member of the Legislative Council of Hong Kong from 1995 to 2004 (between 1997 and 1998 he was a member of the Provisional Legislative Council). Mr. LAU obtained a Bachelor of Laws degree from the University of London in 1969. He is a solicitor of the High Court of Hong Kong, an attesting officer appointed by Ministry of Justice, the PRC and a notary public.

Mr. SU Xijia
Independent non-executive Director

Mr. SU, who was born in September 1954, has been an independent non-executive Director of the Company since March 2007. He was an assistant professor in 1996 and was subsequently promoted as an associate professor in the Department of Accountancy of City University of Hong Kong. He joined China Europe International Business School (CEIBS) in July 2010. Currently, he is a professor of accounting in CEIBS. His research focuses on corporate governance and auditing practices of the PRC listed companies. He has also been appointed as the special researcher by the CICPA since 2005. He has given lectures at China Securities Regulatory Commission, Shanghai Stock Exchange, Shenzhen Stock Exchange, major commercial banks and various universities in China. He was an independent director of Shenzhen SEG Co., Ltd. and Shenzhen Topray Solar Co., Ltd. from 2002 to 2008, and from 2007 to 2010, respectively. He was an independent director of World Union Property Consultancy (China) Limited from 2007 to 2013, and an independent director of Huazhong Holdings Company Limited from 2011 to 2013. He currently serves as an independent director of Sundy Land Investment Co., Ltd. Mr. SU has over 20 years of experience in corporate governance and accounting practice. Mr. SU earned a bachelor's degree in Accounting from Xiamen University in 1982. He obtained his PhD degree from Concordia University of Canada in 1996.

Mr. GAO Shibin
Independent non-executive Director

Mr. GAO, who was born in March 1964, has been an independent non-executive Director of the Company since November 2015. Mr. GAO served as an independent non-executive Director of the Company from July 2007 to June 2011. He is concurrently a China board member of the Royal Institution of Chartered Surveyors. Mr. GAO worked for the Beijing office of Jones Lang LaSalle from April 2003 to May 2008 and was a national director before departure. He served as the managing director for China of Standard Chartered Asia Real Estate Fund Management Company from June 2008 to September 2009. He was the managing director of Tishman Speyer Properties from October 2009 to October 2015. Mr. GAO worked as a project manager, a senior business manager and a senior investment manager for several investment and project management companies in the UK, Hong Kong and Canada between 1996 and 2003. Mr. GAO has over 20 years of experience in real estate development and investment, real estate finance and asset management. Mr. GAO obtained a bachelor's degree in civil engineering and a master's degree in building economics and management from Tsinghua University in 1987 and 1989, respectively. He obtained his PhD degree in property development and management from the University of Manchester in the UK in 1998. Mr. GAO is a member of the Royal Institution of Chartered Surveyors and an assessor of this institution membership qualification.

Mr. AN Hongjun
Non-executive Director

Mr. AN, who was born in July 1975, has been a non-executive Director of the Company since November 2015. Mr. AN joined New China Asset Management Corporation Limited in May 2010 successively as the deputy general manager of the project investment department (in charge of daily operations) and the general manager of the international business department. He has been an executive director and the president of New China Asset Management (Hong Kong) Limited since April 2013. Prior to joining New China Asset Management Corporation Limited, Mr. AN had held various positions, including project manager, macro researcher and research analyst, in Northeast Securities Co., Ltd., The People's Insurance Company (Group) of China Limited and China Life Franklin Asset Management Company Limited. Mr. AN has 13 years' practical experience in securities, insurance and investment sectors, and has mastered a general knowledge in macroeconomic, securities investment and real estate industries, and developed an in-depth study in corporate governance, development strategy, etc. Mr. AN obtained his bachelor's degree in economics at Jilin University in 1998, and the master's degree in economics at Jilin University in 2002, and then the doctor's degree in economics at Jilin University in 2006. Mr. AN obtained the Securities Practitioner Qualification Certificate issued by the Securities Association of China and the license to carry on businesses including advising on securities and asset management granted by Securities and Futures Commission of Hong Kong.

Profile of Directors and Senior Management


Ms. LAN Haiqing


Mr. GAI Jiangao


Mr. SONG Liuyi


Ms. REN Yanhua


Mr. LIU Feng


Mr. WEN Xiong


Mr. LIN Huaiwen


Mr. XIE Wei


Mr. LIAO Chi Chiun

OTHER SENIOR MANAGEMENT

Ms. LAN Haiqing

Ms. LAN, who was born in July 1966, has been a Vice President of the Company since December 2007. Ms. LAN successively served as the deputy general manager and general manager of Sinochem Qingdao Golden Beach Hotel from May 1997 to March 2002, the general manager and chairman of Wangfujing Hotel Management Co., Ltd. between March 2002 and December 2007. She is currently a director of Sinochem Franshion Properties (Beijing) Co., Ltd., Jinmao Investment (Changsha) Co., Ltd. and the chairman of Sinochem International Property and Hotel Management Co., Ltd. Ms. LAN has over 20 years of hotel management experience and has accumulated extensive experience in the appraisal and analysis of investments, product positioning and project operational management of real estate complex projects. Ms. LAN graduated from Ocean University of China and Shandong University with an executive master's degree in Business Administration in 1988 and 1998, respectively, and obtained a master's degree from Les Roches School of Hospitality Management in Switzerland in June 2000.

Mr. GAI Jiangao

Mr. GAI, who was born in November 1974, has been a Vice President of the Company since January 2007 and the General Counsel of the Company since October 2011. Mr. GAI joined Sinochem Group in July 2000, in charge of litigation matters and legal matters in real estate industry, and served as the deputy general manager of the Legal Department from November 2005 to January 2007. Prior to joining Sinochem Group, he worked in Rong Bao Zhai, responsible for risk control and auction of artistic products from July 1997 to June 2000. He has approximately 20 years of experience in corporate legal affairs. Mr. GAI earned a Bachelor of Laws degree from the Capital University of Economics and Business in 1997. He obtained an executive master's degree in Business Administration from Guanghua School of Management, Peking University in 2010. He qualified as a PRC lawyer in March 2000, as in-house legal counsel in January 2003, respectively, and has been an associated member of Hong Kong Institute of Chartered Secretaries since July 2008.

Mr. SONG Liuyi

Mr. SONG, who was born in November 1975, joined the Company as Assistant President of the Company in May 2011 and has been the Vice President of the Company since January 2013. Mr. SONG joined Sinochem Group in 2001, worked at the investment business department of Sinochem International Company Limited, investment department of Sinochem Group and president office of Sinochem Group, and has been the assistant to the head of president office of Sinochem Group. Mr. SONG obtained a bachelor's degree in High Polymer Materials and processing from the Beijing Institute of Technology in 1998 and a master's degree in Materials from the Beijing Institute of Technology in 2001, respectively.

Ms. REN Yanhua

Ms. REN, who was born in June 1972, has been a Vice President of the Company since August 2013. Ms. REN joined China Jin Mao (Group) Company Limited ("Jin Mao Group") in November 2003 and served as the deputy general manager of Jin Mao Group in November 2011. During her office with Jin Mao Group, Ms. REN had held the positions of general manager of the commercial development department of Jin Mao Group, general manager of Jin Mao (Sanya) Tourism Co., Ltd., general manager of Jin Mao Beijing Real Estate Co., Ltd. and general manager of Jin Mao Sanya Resort Co., Ltd. (金茂三亞度假有限公司), as well as the owner's representative of Westin Beijing, Chaoyang, The Ritz-Carlton, Sanya, Hilton Sanya Resort & Spa and Grand Hyatt Shanghai under Jin Mao Group. Ms. REN has extensive and innovative management experience in hotel and retail business development and operation. She has been successively accredited as Mall China Professional Elite (中購聯職業精英) and March 8 Red Banner Holder in Shanghai (上海市三八紅旗手). Ms. REN graduated from Heilongjiang University with a college degree in foreign affairs secretary and obtained an executive master's degree in Business Administration from Fudan University in 2009.

Mr. LIU Feng

Mr. LIU, who was born in April 1969, has been a Vice President of the Company since August 2013. Mr. LIU joined Jin Mao Group in July 2000 and had held a number of senior positions including secretary to the president office, deputy general manager of the investment management department, general manager of the operational management department, chief operation officer of Jin Mao Group and deputy general manager of Jin Mao Group. During such period, Mr. LIU also served as the owner's representative of Hilton Sanya Resort & Spa, The Ritz-Carlton, Sanya and JW Marriot Shenzhen under Jin Mao Group. Prior to joining Jin Mao Group, Mr. LIU was the assistant translator in No.59322 Troop of People's Liberation Army and legal assistant at Fudan Law Office. Mr. LIU has been general manager of Sanya Yazhouwan Economic Development Co., Ltd. since May 2012. Mr. LIU graduated from Fudan University with a bachelor's degree in International Politics in July 1992 and a master's degree in International Relations in July 1997. In 2003, he earned a master's degree in Laws from the University of Connecticut.

Mr. WEN Xiong

Mr. WEN, who was born in July 1969, has been a Vice President of the Company since July 2014. Mr. WEN served as the Party committee member and deputy director of Changsha Municipal Bureau of Land and Resources from August 2003 to July 2014. He worked at the Management Committee of Changsha Dahexi Pilot Zone as Party working committee member and head of the state planning department from June 2008 to July 2014. Mr. WEN obtained a bachelor's degree in Philosophy and Logic from Nankai University in July 1991, a master's degree in Law from Hunan Normal University in June 2002 and a doctor's degree in Management from Hunan Agricultural University in June 2011.

Mr. LIN Huaiwen

Mr. LIN, who was born in January 1962, has been a Vice President of the Company since December 2014. Mr. LIN served as the president and general architect at Lin Huaiwen Architectural Design Ltd. from April 1992 to April 1995. He served as vice president and deputy general architect at the Architectural Design and Research Institute, Shenzhen Branch of Tsinghua University from January 1998 to July 2000. He served as vice managing director and deputy general architect of the Shenzhen Tsinghua Yuan Architectural Design Co., Ltd. from July 2000 to January 2007. He served as the chairman of Shenzhen Shuimu Tsinghua Design Co., Ltd. from January 1998 to April 2013. He was the general manager of the design and management department of Vanke Group from April 2013 to December 2014. Mr. LIN has attained the PRC Class 1 Registered Architect Qualification. He is well-versed in design and has more than 30 years experience of design and management. Mr. LIN obtained a bachelor's degree in Architecture from Tsinghua University in July 1984.

Mr. XIE Wei

Mr. XIE, who was born in March 1974, has been a Vice President of the Company since October 2015. Mr. XIE served as the general manger of Beijing Vanke Property Management Co., Ltd. (北京萬科物業管理有限公司) from 2001 to 2015 and has been concurrently the assistant general manager of the property affairs department of Vanke Group since September 2010. Mr. XIE is a senior engineer and registered property manager, as well as a member of Chartered Institute of Housing (英國皇家特許房屋經理人學會). He is currently the executive director of China Property Management Institute and deputy director of China Property Management Institute, Beijing and Qingdao. Mr. XIE has accumulated more than 20 years practical experience in property management. He obtained a bachelor's degree in Industrial and Civil Architecture in 1994 from Xi'an University of Architecture and Technology and obtained a bachelor's degree in Business Administration from Greenwich University in 2002 and a master's degree in Business Administration from Nankai University in 2012.

Mr. LIAO Chi Chiun

Mr. LIAO, who was born in January 1968, has been the Chief Accountant of the Company, Qualified Accountant and Company Secretary since March 2007. Prior to joining the Company, he served as an accountant of S E A Holdings Ltd between 1997 and 2006. He has over 15 years of experience in Hong Kong and PRC accounting practice relating to property leasing and development. Mr. LIAO earned a BA (Hons) degree in Accounting from De Montfort University, England in 1995. He is a fellow member of the Association of Chartered Certified Accountants and also an associate member of the HKICPA.

Corporate Governance Report

CODE ON CORPORATE GOVERNANCE

Since its establishment, the Company has been committed to enhancing the level of its corporate governance. The Company has adopted its own code on corporate governance practice which sets out all code provisions, except as described below, and most of the recommended best practices set out in the Corporate Governance Code in Appendix 14 to the Listing Rules ("Corporate Governance Code"). The Company will continue to improve its corporate governance practices, focusing on maintenance and enhancement of a quality board, sound internal control and high transparency to shareholders, so as to increase the confidence of shareholders in the Company. The Company believes that good corporate governance is crucial to maintain its long-term healthy and sustainable development and is vital for the interests of its shareholders.

Provision A.4.2 of the Corporate Governance Code stipulates that a Director appointed to fill a casual vacancy shall be subject to re-election by shareholders at the first general meeting after the appointment, while the Articles of Association of the Company provides that such a Director may be elected by the shareholders at the first annual general meeting after the appointment. There is minor difference between the practice of the Company and that of the Corporate Governance Code, and the Company believes that the election by the shareholders at the first annual general meeting after the appointment of the Director who fills casual vacancy will not affect adversely the normal operations of the Company.

In 2015, the Company complied with all provisions of its own code on corporate governance.

BOARD OF DIRECTORS

The Board is accountable to the shareholders and is responsible for the Group's overall strategy, internal control and risk management. In order to fulfil its responsibilities, the Board has established and adhered to explicit operating policies and procedures, reporting hierarchy and delegated authority. The management is authorised to handle the daily operation of the Group.

The Board is responsible for managing the overall business of the Company and overseeing the functions performed by the subordinate special committees. In particular, the internal control practices are mainly reflected in the following areas:

- management and control of the Group's assets, liabilities, revenues and expenditures as well as proposing changes in areas critical to the Group's performance;

- strategic capital investments and new projects – through stringent project review and approval process, purchasing and tendering procedures and diligent assessment of its implementation upon completion;

- financial and operational performance – through overall strategic planning as well as the implementation and maintenance of the monitoring system for financial and optimised performance management;

- management of relationship with stakeholders of the Company – through frequent communication with partners, governments, customers and other parties who have legal interests in the business of the Company;

- risk management – through continuous review of the reports from the Audit and Risk Management Department to identify, evaluate and appropriately manage the risks faced by the Company; and

- corporate governance – formulation and review of the Company's corporate governance policies and practices; review and monitoring of the training and continuous professional development of Directors and senior management; review and monitoring of the Company's policies and practices in compliance with the laws and regulatory requirements; as well as review of the Company's compliance with the Corporate Governance Code and disclosure in the Corporate Governance Report.

With respect to Board diversity, the Directors have different professional backgrounds, providing professional advice to the Company in their respective area of expertise. As of the date of this report, the Board consisted of the following eight Directors. The term of office of each of the Directors is three years from their respective dates of appointment:

Non-executive Directors

Mr. YANG Lin
Mr. CUI Yan
Mr. AN Hongjun

Executive Directors

Mr. LI Congrui (Chief Executive Officer)
Mr. JIANG Nan (Chief Financial Officer)

Independent Non-executive Directors

Mr. LAU Hon Chuen, Ambrose
Mr. SU Xijia
Mr. GAO Shibin

Mr. HE Cao, who was formerly an executive Director, the Chairman of the Board and the chairman of the Strategy and Investment Committee, having reached the retirement age, has resigned from the Board and the positions in the special committee under the Board with effect from 9 October 2015. Each of **Ms. SHI Dai** and **Mr. HE Binwu** has resigned from her/his positions as the Director of the Company and the member of the relevant special committees under the Board due to her/his other business commitments which require more of her/his dedication with effect from 10 June 2015 and 25 August 2015 respectively.

Mr. LIU Hongyu has resigned as an independent non-executive Director of the Company and a member of the relevant special committees in accordance with the "Opinions on Further Regulation on Party and Political Leaders and Cadres Working Part-time (Holding Offices) in Enterprises (《關於進一步規範黨政領導幹部在企業兼職(任職)問題的意見》)" promulgated by the Organisation Department of the Central Committee of the Communist Party of China with effect from 16 November 2015. Since the resignation of Mr. LIU Hongyu, the number of members of the Board of the Company has decreased from nine to eight, including two executive Directors, four non-executive Directors and two independent non-executive Directors, and the number of independent non-executive Directors has fallen below the minimum requirement under Rule 3.10(1) of the Listing Rules and the requirement under Rule 3.10A of the Listing Rules that the number of independent non-executive Directors shall account for at least one-third of the members of the Board. The Board later appointed Mr. GAO Shibin as an independent non-executive Director of the Company on 30 November 2015 to fill the vacancy arising from the resignation of Mr. LIU Hongyu. From 30 November 2015, the Company has re-complied with the requirements under Rule 3.10(1) and Rule 3.10A of the Listing Rules.

Mr. CAI Xiyou was appointed by the Board as a non-executive Director of the Company and the Chairman of the Company on 9 October 2015 and later resigned on 15 March 2016.

The Directors resigned above have confirmed that they have no disagreement with the Board and there are no matters relating to their resignation that need to be brought to the attention of the shareholders.

Mr. CUI Yan was appointed by the Board as a non-executive Director of the Company and a member of the Remuneration and Nomination Committee on 10 June 2015. **Mr. JIANG Nan** was appointed by the Board as an executive Director of the Company and a member of the Strategy and Investment Committee on 25 August 2015. **Mr. AN Hongjun** was appointed by the Board as a non-executive Director of the Company and a member of the Strategy and Investment Committee on 11 November 2015. **Mr. GAO Shibin** was appointed by the Board as an independent non-executive Director of the Company and a member of each of the Strategy and Investment Committee, the Audit Committee and the Independent Board Committee on 30 November 2015. According to the Articles of Association of the Company, the Directors appointed above shall be subject to election by the shareholders at the forthcoming annual general meeting.

As at the date of this report, the composition of the special committees under the Board of the Company is as follows:

Audit Committee: Mr. SU Xijia (Chairman), Mr. YANG Lin and Mr. GAO Shibin

Remuneration and Nomination Committee: Mr. LAU Hon Chuen, Ambrose (Chairman), Mr. CUI Yan and Mr. SU Xijia

Strategy and Investment Committee: Mr. LI Congrui (Chairman), Mr. JIANG Nan, Mr. GAO Shibin and Mr. AN Hongjun

Independent Board Committee: Mr. LAU Hon Chuen, Ambrose (Chairman), Mr. SU Xijia and Mr. GAO Shibin

Save as disclosed above, there were no other changes of Directors of the Company during the Period under Review and as at the date of this report.

Biographical details of the Directors are set out from pages 95 to 99 of this report. The Board members have no financial, business, family or other material/relevant relationships with each other. The Company has arranged appropriate insurance coverage in respect of legal actions against its Directors and reviews the coverage of the insurance every year.

The Board has a balanced composition. Each Director possesses the knowledge, experience and expertise required for the business operation and development of the Group. All Directors are aware that they are severally and collectively accountable to the shareholders. They also fulfil their duties and responsibilities diligently to make contribution to the outstanding results of the Group.

The current non-executive Directors are not involved in the Company's daily management but they provide the Company with a wide range of expertise and experience. Their participation in Board and committee meetings brings independent judgment on issues relating to the Group's strategies, performance, conflicts of interest and management procedures, to ensure adequate checks and balances are provided and the interests of all shareholders are taken into account. The Board believes that the balance between executive and non-executive Directors is reasonable and adequate to safeguard the interests of shareholders, other related parties and the Group.

Save as the circumstance where the number and ratio of independent non-executive Directors fell below the requirements under Rule 3.10(1) and Rule 3.10A of the Listing Rules during the period from 16 November 2015 to 29 November 2015 due to the resignation of Mr. LIU Hongyu as stated above, during the Period under Review and as at the date of this report, the Company has three independent non-executive Directors in compliance with the requirements under the Listing Rules that the number of independent non-executive Directors shall account for at least one-third of the members of the Board and at least one of them shall have appropriate financial management expertise. Each independent non-executive Director has confirmed his independence to the Company, and the Company is of the view that these Directors are independent of the Company under the guidelines set out in Rule 3.13 of the Listing Rules.

The Directors have access to appropriate business documents and information about the Company on a timely basis. The Directors have free access to the management for enquiries and to obtain further information when required. All Directors and the special committees under the Board also have recourse to external legal counsels and other professionals for independent advice at the Company's expense as and when the need arises.

The Directors actively participate in continuous professional development, develop and refresh their knowledge and skills to ensure that their contributions to the Board remain informed and relevant. During the Period under Review, all of the Directors participated in various trainings organised by the Company, including the "New Director Orientation". The Directors also participated in a number of external trainings and conferences. Mr. LI Congrui attended the conferences including the "PRC Real Estate Finance Annual Conference 2015" (2015中國不動產金融年會) and the "11th International Conference on Green and Energy-Efficient Building & New Technology and Product Expo" (第十一屆國際綠色建築與建築節能大會); Mr. LAU Hon Chuen, Ambrose participated in the featured trainings including the "Introduction to the Commercial Affairs Reform in Guangdong Province" (廣東省商事制度改革解讀), "Favourable Policies for Economic Transformation under New Normal" (新常態下經濟轉型發展的制度支撐), "Anti-Money Laundering" and "Cyber Security"; Mr. SU Xijia participated in the featured training relating to corporate governance held by The Hong Kong Institute of Directors; Mr. GAO Shibin participated in the seminars and forums such as the "Asset Securitisation Practice and Real Estate Enterprise M&A" (資產證券化實務和房地產企業併購業務), "Housing Inventory Digestion and Supply Reform" (消化房地產庫存與供給側改革), "Asset Management Practice – Raffles Case Analysis" (資產管理實務 － 來福仕案例分析) and "From Urbanisation to Globalisation – Future of China" (城市化到全球化 － 中國的未來). He also read a number of books such as "Open the Secret of Business and Future from 0 to 1" (從0到1，開啟商業與未來的秘密), "21st Century Capital Theory" (21世紀資本論), "Out of Control" (失控) and "US Property Giant Donald Trump's Investment Class" (美國房地產大亨唐納德•特朗普的投資課); Mr. AN Hongjun participated in the 22nd CLSA Investors' Forum and attended more than 20 meetings where topics are related to China's and Asia's economic development, investment outlook and prospect analysis, such as "China: Inclusion Pathway and its Impact on Asia and Emerging Market Mandates".

BOARD MEETINGS

The Board meets regularly and Board meetings are held at least four times a year to review the financial performance of the Company, significant issues and other matters that require decisions of the Board.

The Company has made proper arrangements to give all Directors the opportunity to present matters for discussion in the agenda of each Board meeting. All Directors are given an agenda and relevant documents prior to each Board meeting.

The Board office of the Company assists in preparing agenda for Board meetings and ensures that all applicable rules and regulations regarding the meetings are followed.

Apart from the consent obtained through circulation of 15 written resolutions to all Board members, during the Period under Review, the Board held five meetings in total, at which the Directors considered and approved significant matters, including the 2014 annual report and the 2015 interim report of the Company, share placement and introduction of strategic investors, issue of domestic corporate bonds, co-investment programme pilot proposal, domestic fund multi-platform establishment proposal, annual mandate for the issue of onshore and offshore financing loans and certain long-term mandates, appointment of Directors and senior management, change of company name and proposed adoption of new Articles of Association, amendment to the Audit Committee Governance Code, hearing of report on the work of internal audit (including internal control), hearing of report on introduction of strategic investors and placement of new shares, hearing of report on Nanjing Qinglong Mountain International Ecological New City Project, and mid- to long-term strategic plans of the Company for 2016 to 2025 and operational plans and budget for 2016. Attendance of each Director at such Board meetings during 2015 is set out below:

Position	Name	Meetings attended in person	Meetings attended by proxy	Attendance rate
Non-executive Director	Mr. CAI Xiyou*	1/1	0	100%
Non-executive Director	Mr. YANG Lin	5/5	0	100%
Non-executive Director	Ms. SHI Dai*	0/1	1	0%
Non-executive Director	Mr. CUI Yan*	4/4	0	100%
Non-executive Director	Mr. AN Hongjun*	1/1	0	100%
Executive Director	Mr. HE Cao*	3/3	0	100%
Executive Director	Mr. LI Congrui	5/5	0	100%
Executive Director	Mr. HE Binwu*	2/2	0	100%
Executive Director	Mr. JIANG Nan*	3/3	0	100%
Independent non-executive Director	Mr. LAU Hon Chuen, Ambrose	4/5	0	80%
Independent non-executive Director	Mr. SU Xijia	5/5	0	100%
Independent non-executive Director	Mr. LIU Hongyu*	3/4	1	75%
Independent non-executive Director	Mr. GAO Shibin*	1/1	0	100%

* Mr. CAI Xiyou was a Director of the Company during the period from 9 October 2015 to 14 March 2016; Mr. CUI Yan was appointed as a Director of the Company with effect from 10 June 2015; Mr. AN Hongjun was appointed as a Director of the Company with effect from 11 November 2015; Mr. JIANG Nan was appointed as a Director of the Company with effect from 25 August 2015; Mr. GAO Shibin was appointed as a Director of the Company with effect from 30 November 2015. Ms. SHI Dai ceased to be a Director of the Company with effect from 10 June 2015; Mr. HE Cao ceased to be a Director of the Company with effect from 9 October 2015; Mr. HE Binwu ceased to be a Director of the Company with effect from 25 August 2015; Mr. LIU Hongyu ceased to be a Director of the Company with effect from 16 November 2015.

The Directors are given sufficient information both at meetings and at regular intervals so that they can maintain effective control over strategic, financial, operational, compliance and corporate governance issues. They also have unrestricted access to independent professional advice and the advice and services from the Company Secretary to ensure compliance with all procedures of the Board meetings. The Company Secretary keeps detailed minutes of each meeting of the Board and the subordinate committees, which are available to all Directors for review anytime.

The Company continuously updates all Directors on the latest developments regarding the Listing Rules and other applicable regulatory requirements to ensure compliance with the requirements by the Directors, and to maintain good corporate governance practices.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

During the Period under Review, the positions of Chairman and Chief Executive Officer are held by different persons.

Mr. HE Cao was appointed as a non-executive Director of the Company and the Chairman of the Company on 13 February 2009 and resigned on 17 September 2009. He was appointed as an executive Director, Vice Chairman and Chief Executive Officer of the Company on 18 September 2009 and resigned as the Chief Executive Officer and was re-designated as an executive Director and the Chairman of the Company on 16 January 2013. Later he resigned from the above positions on 9 October 2015. Mr. CAI Xiyou was appointed as a non-executive Director of the Company and the Chairman of the Company on 9 October 2015, and then resigned on 15 March 2016. Mr. LI Congrui was appointed as the Vice President of the Company in April 2009 and has been served as an executive Director of the Company since 17 June 2011. He resigned as the Vice President of the Company and was re-designated as an executive Director and the Chief Executive Officer on 16 January 2013.

There is a clear division of these two positions of Chairman and Chief Executive Officer of the Company to ensure a balanced distribution of power and authority. The Chairman of the Company is responsible for leading and supervising the operation of the Board and providing leadership to the Board in terms of formulating overall strategies, business directions and policies of the Company. The Chairman of the Company also makes effective plans for Board meetings and ensures that the Board acts in the best interests of the Company and its shareholders. The Chief Executive Officer of the Company is responsible for the daily operation of the Company, formulation and execution of policies of the Company, and is accountable to the Board for the overall operation of the Company. The Chief Executive Officer also advises the Board on any significant developments and issues.

As stated in the announcement of the Company dated 15 March 2016, due to the resignation of Mr. CAI Xiyou, the Board has resolved that Mr. LI Congrui, an executive Director and the Chief Executive Officer, is authorised to assume the role and duties of the Chairman during the period commencing from 15 March 2016, and will end on the date of appointment of new Chairman of the Company by the Board.

RULES FOR NOMINATION, APPOINTMENT, RE-ELECTION AND REMOVAL OF DIRECTORS AND BOARD DIVERSITY

The Company has a set of formal, prudent and transparent procedures for the appointment and succession of Directors. According to the Articles of Association of the Company, a Director shall be appointed or removed by an ordinary resolution at the general meeting; the Board has the right to appoint any Director to fill a casual vacancy or appoint a new member to the Board, subject to re-election by the shareholders at the first annual general meeting immediately after the appointment. All Directors (including executive and non-executive Directors) of the Company are appointed for a term of three years. A Director may be re-elected at the general meeting after expiration of its term.

According to the Articles of Association of the Company, a Director shall be recommended by the Board or be nominated by any shareholder (other than the person to be nominated) of the Company who is entitled to exercise voting rights at a general meeting during the period from the date of despatch of the notice of the general meeting to 7 days before the date of such general meeting. The Remuneration and Nomination Committee of the Company may also provide advice to the Board in respect of the nomination. Qualifications and competence of the nominees should be taken into consideration during nomination.

To achieve sustainable and balanced development, the Company considers that having a diversified Board is crucial to fulfil its strategic objectives and achieve sustainable development. In determining the composition of the Board, the Company seeks to achieve Board diversity through the consideration of a number of factors. All Board appointments will be based on meritocracy, and candidates will be considered against objective criteria, having due regard for the benefits of diversity on the Board. The selection of candidates by the Company is based on a number of criteria on diversity, including but not limited to gender, age, cultural and educational background, professional experience, skills, knowledge and length of service. The ultimate decision will be based on merit and contribution that the selected candidates will bring to the Board. During the Reporting Period, the Remuneration and Nomination Committee made recommendations to the Board with respect to the appointment of Directors having due regard of the above diversity requirements. For future appointment and re-appointment, the Remuneration and Nomination Committee will also make recommendations to the Board with respect to the appointment of Directors according to the diversity policy of the Company so as to achieve Board diversity.

RESPONSIBILITIES OF DIRECTORS

Each Director is required to keep abreast of his responsibilities as a Director and of the operation and business activities of the Company. Non-executive Directors have the same duties of care and skills as executive Directors.

The non-executive Directors of the Company have sufficient experience and talent and fully participate in the Board to fulfil the functions specified in the provisions A.6.2(a) to (d) of the Corporate Governance Code.

RESPONSIBILITY IN RESPECT OF THE FINANCIAL STATEMENTS

The Board is responsible for the preparation of financial statements of each financial year, which give a true and fair view of the operating results and financial status of the Company. In preparing the financial statements, the Directors of the Company have selected and applied appropriate accounting policies, and have made prudent and reasonable judgments.

The statement of the auditors of the Company about their reporting responsibilities on the financial statements is set out in the "Independent Auditors' Report" on page 145.

THE SPECIAL COMMITTEES UNDER THE BOARD

In order to review the specific matters, the Company has established four special Committees under the Board, namely the Remuneration and Nomination Committee, the Audit Committee, the Independent Board Committee and the Strategy and Investment Committee.

REMUNERATION AND NOMINATION COMMITTEE

As at the date of this report, the members of the Remuneration and Nomination Committee of the Company are Mr. LAU Hon Chuen, Ambrose (independent non-executive Director), Mr. CUI Yan (non-executive Director) and Mr. SU Xijia (independent non-executive Director). The chairman of the Remuneration and Nomination Committee is Mr. LAU Hon Chuen, Ambrose.

The functions of the Remuneration and Nomination Committee include:

– to review the size and composition of the Board at least annually based on the operation, scale of assets and shareholding structure of the Company, and make recommendations to the Board;

– to examine the standards and procedures for election of candidates for Directors and senior management and make recommendations; review the qualifications and abilities of candidates for directorship and management and make recommendations;

– to assess the independence of independent non-executive Directors;

– to make recommendations to the Board on the remuneration policies, share option/incentive schemes for Directors and senior management and on the establishment of formal and transparent procedures for developing such policies; and

– to determine, with delegated responsibility, the remuneration packages of all executive Directors and senior management; to review and approve the management's remuneration proposals with reference to the Board's corporate strategies, policies and objectives; and make recommendations in respect of the remuneration of the non-executive Directors to the Board.

The Remuneration and Nomination Committee may seek professional advice if necessary and will be provided with sufficient resources to perform its duties.

In 2015, the Remuneration and Nomination Committee's nomination, appointment, determination of remuneration packages and approval of incentive proposals included the following:

– for the purposes of strengthening and consolidating the human resources and improving the governance structure of the Company, approved the new appointment of one executive Director, three non-executive Directors and one independent non-executive Director of the Company after careful consideration of the experience and expertise of the candidates and taking into account the resignation of Directors, and submitted such recommendations to the Board for review and approval;

– assessed the performance of executive Directors;

– determined the remuneration packages of Directors and senior management based on the results performance of the Company and with reference to the market rates; and

– made recommendations to the Board with respect to the appointment of Directors according to the policies and procedures for nomination of Directors with due regards to election and recommendation criteria including gender, age, cultural and educational background, professional experience, skills and knowledge.

The Remuneration and Nomination Committee held one meeting and entered into eight written resolutions in 2015. Attendance of each member at the meetings is set out below:

Position	Name	Meetings attended in person	Meetings attended by proxy	Attendance rate
Independent non-executive Director	Mr. LAU Hon Chuen, Ambrose	1/1	0	100%
Independent non-executive Director	Mr. SU Xijia	1/1	0	100%
Non-executive Director	Ms. SHI Dai*	0/0	0	–
Non-executive Director	Mr. CUI Yan*	1/1	0	100%

* Ms. SHI Dai has ceased to be a non-executive Director of the Company and a member of the Remuneration and Nomination Committee since 10 June 2015. Mr. CUI Yan was appointed as a non-executive Director of the Company and a member of the Remuneration and Nomination Committee with effect from 10 June 2015.

THE AUDIT COMMITTEE

The Audit Committee of the Company is responsible for communicating with management and internal and external auditors, as well as reviewing and overseeing the Company's financial reporting and audit procedures jointly with them. As at the date of this report, the members of the Audit Committee are Mr. SU Xijia (independent non-executive Director), Mr. YANG Lin (non-executive Director) and Mr. GAO Shibin (independent non-executive Director). The chairman of the Audit Committee is Mr. SU Xijia. Mr. GAO Shibin was appointed as a new member of the Audit Committee by the Board on 30 November 2015. As Mr. LIU Hongyu resigned as a member of the Audit Committee on 16 November 2015, there were only two members in the Audit Committee during the period from 16 November 2015 to 29 November 2015, which fell below the minimum requirement of three members under Rule 3.21 of the Listing Rules. Following the appointment of Mr. GAO Shibin as a member of the Audit Committee of the Company on 30 November 2015, the Company has re-complied with the requirement under Rule 3.21 of the Listing Rules.

All members of the Audit Committee have financial backgrounds which enable them to precisely assess the financial conditions, compliance and risk exposure of the Company, as well as to impartially perform their duties and responsibilities.

The functions of the Audit Committee include:

- to make recommendation to the Board on the appointment, re-appointment and removal of the external auditors, to approve the remuneration and terms of engagement of the external auditors, and to deal with any issues in respect of resignation or dismissal of the auditors;

- to discuss the nature and scope of audit and the relevant reporting responsibilities with external auditors before auditing, and to review and examine whether the external auditors are independent and objective and whether the audit procedures are effective according to applicable standards;

- to develop and implement policies on the engagement of external auditors for non-audit services, and report and make recommendations to the Board with respect to any actions to be taken or areas of improvement;

- to monitor integrity of financial statements, reports and accounts of the Company, interim reports and quarterly reports (if any), and to review significant opinions regarding financial reporting contained therein, to consider any material matters or unusual matters that are reflected or are required to be reflected in such reports and accounts, and to consider any matters proposed by the person in charge of accounting and finance work, compliance officer or auditors of the Company as appropriate;

- to review the finance control of the Company and review the risk management and internal control system of the Company, to discuss the risk management and internal control system with the management, to ensure that the management has performed its duties in establishing an effective system, and to examine the material investigation findings and management's responses in respect of risk management and internal control matters;

- to ensure coordination between internal and external auditors, and to ensure that the internal audit function is adequately resourced and has appropriate standing within the Company, and to review and monitor its effectiveness;

– to review the Company's financial and accounting policies and practices, to review the external auditors' management letter, to respond to any queries raised by the management and the Board, and to report to the Board as necessary;

– to establish a system for direct reporting by employees of the Company, through which they can conduct investigations on usual conditions if it considers necessary and appropriate and report to the Board as necessary. The committee shall also be entitled to ensure that proper arrangements are in place for fair and independent investigation of these matters and for appropriate follow-up action; and

– to act as the key representative body for overseeing the Company's relations with the external auditors.

In 2015, financial reporting and internal control reviews undertaken by the Audit Committee included the following:

– reviewed the integrity and accuracy of the 2014 annual report, the 2015 interim report and formal announcements relating to the Group's financial performance;

– reviewed the 2014 work report and 2015 work plans for internal audit and internal control of the Company;

– reviewed the means of communication between the external auditors and the internal audit department; and

– reviewed the annual pre-audit results, profit forecast, audit strategies and significant issues for 2015.

The Audit Committee held three meetings and entered into one written resolution in 2015. Attendance of each member at the meetings is set out below:

Position	Name	Meetings attended in person	Meetings attended by proxy	Attendance rate
Independent non-executive Director	Mr. SU Xijia	3/3	0	100%
Independent non-executive Director	Mr. LIU Hongyu*	2/2	0	100%
Independent non-executive Director	Mr. GAO Shibin*	1/1	0	100%
Non-executive Director	Mr. YANG Lin	3/3	0	100%

* Mr. LIU Hongyu ceased to be an independent non-executive Director of the Company and a member of the Audit Committee with effect from 16 November 2015. Mr. GAO Shibin was appointed as an independent non-executive Director of the Company and the member of the Audit Committee with effect from 30 November 2015.

The Chief Financial Officer, the qualified accountant and the auditors of the Company attended all these meetings including the three meetings which reviewed the completeness and accuracy of the Company's 2014 annual report, 2015 interim report and formal announcements relating to the Group's financial performance.

INDEPENDENT BOARD COMMITTEE

As at the date of this report, the members of the Independent Board Committee of the Company are Mr. LAU Hon Chuen, Ambrose, Mr. SU Xijia and Mr. GAO Shibin. The chairman of the Independent Board Committee is Mr. LAU Hon Chuen, Ambrose. All members are independent non-executive Directors.

The functions of the Independent Board Committee include:

– to discuss whether the Company should exercise the independent options granted by Sinochem Group to the Company pursuant to the Non-Competition Undertaking dated 26 July 2007, and to discuss any business in connection with the Non-Competition Undertaking or any reconstruction business in relation to the properties held by Sinochem Group, and the new business opportunities or property reconstruction opportunities of which the Company is notified by Sinochem Group in writing;

– to formulate and implement policies in relation to the appointment of an independent financial adviser or other professional advisers regarding the exercise of options and pursuit of new opportunities;

– for the connected transactions and transactions subject to independent shareholders' approval under the Listing Rules, or spin-off listing arrangements subject to approval under the Listing Rules, to examine whether the terms thereunder are fair and reasonable, and in the interest of the Group and its shareholders as a whole, and to make recommendations to the Board; and

– to review continuing connected transactions every year and make confirmation in the annual reports and accounts of the Company.

The Independent Board Committee held one meeting and entered into two written resolutions in 2015, to consider the outstanding Shimao Investment independent option granted by Sinochem Group to the Company, and resolved not to exercise the option of Shimao Investment for the time being and to make relevant disclosure in the 2014 annual report and 2015 interim report; and confirmed various continuing connected transactions of the Company for 2014. Attendance of each member at the meetings is set out below:

Position	Name	Meetings attended in person	Meetings attended by proxy	Attendance rate
Independent non-executive Director	Mr. LAU Hon Chuen, Ambrose	1/1	0	100%
Independent non-executive Director	Mr. SU Xijia	1/1	0	100%
Independent non-executive Director	Mr. LIU Hongyu*	1/1	0	100%
Independent non-executive Director	Mr. GAO Shibin*	0/0	0	–

* Mr. LIU Hongyu ceased to be an independent non-executive Director of the Company and a member of the Independent Board Committee with effect from 16 November 2015. Mr. GAO Shibin was appointed as an independent non-executive Director of the Company and the member of the Independent Board Committee with effect from 30 November 2015.

STRATEGY AND INVESTMENT COMMITTEE

As at the date of the report, the members of the Strategy and Investment Committee of the Company are executive Directors Mr. LI Congrui and Mr. JIANG Nan, non-executive Director Mr. AN Hongjun and independent non-executive Director Mr. GAO Shibin. The chairman of the Strategy and Investment Committee is Mr. LI Congrui.

The functions of the Strategy and Investment Committee include:

– to study and formulate the Company's growth strategies, and supervise and monitor management's execution of the Company's growth strategies;

– to review the new project investment proposals submitted by the management according to the Company's growth strategies; and

– to review the proposals on the establishment of departments in the headquarters submitted by the management.

The Strategy and Investment Committee held 10 meetings and entered into 12 written resolutions in 2015, to consider the tender for the land parcel 2-1 in Ningfeng, Jiangdong District, Ningbo; the tender for the land parcel in Shiliuzhuang, Fengtai District, Beijing; the tender for the land parcels 1-3, 5, 6 and 9 in Green Island Lake, Chancheng District, Foshan, Guangdong Province; the tender for western land parcel No.1 Shangfang, Nanjing; the tender for land parcels 28A and 28B in Fengtai Science Park, Beijing; the tender for land parcel central unit R21-06 in Binjiang district, Hangzhou and the tender for land parcel HS14-02-1a in Yaofeng Residential District, Ningbo, as well as three resolutions about equity cooperation. Attendance of each member at the meetings is set out below:

Position	Name	Meetings attended in person	Meetings attended by proxy	Attendance rate
Executive Director	Mr. HE Cao*	6/6	0	100%
Executive Director	Mr. LI Congrui	10/10	0	100%
Executive Director	Mr. HE Binwu*	6/6	0	100%
Executive Director	Mr. JIANG Nan*	4/4	0	100%
Independent non-executive Director	Mr. LIU Hongyu*	9/9	0	100%
Independent non-executive Director	Mr. GAO Shibin*	1/1	0	100%
Non-executive Director	Mr. AN Hongjun*	1/1	0	100%

* Mr. HE Cao ceased to be a Director of the Company and the chairman of the Strategy and Investment Committee with effect from 9 October 2015. Each of Mr. HE Binwu and Mr. LIU Hongyu ceased to be a Director of the Company and a member of the Strategy and Investment Committee with effect from 25 August 2015 and 16 November 2015 respectively. Each of Mr. JIANG Nan, Mr. AN Hongjun and Mr. GAO Shibin was appointed as a Director of the Company and a member of the Strategy and Investment Committee with effect from 25 August 2015, 11 November 2015 and 30 November 2015 respectively.

EXTERNAL AUDITORS

In 2015, the remuneration paid/payable to the Company's auditors, Ernst & Young, amounted to a total of HK$10,856,000, of which HK$4,960,000 was for audit service fees of the Group's financial statements, HK$3,515,000 was audit service fees of certain subsidiaries of the Group (including annual audit service fees of Jinmao Investments and Jinmao Holdings), HK$543,000 was related to the Group's issuance of bonds, HK$900,000 was for review service fees of the Group's interim financial information, HK$600,000 was for review service fees of the interim financial statements of Jinmao Investments and Jinmao Holdings, HK$188,000 was for tax service fees, HK$100,000 for service fees of continuing connected transactions of the Company, and HK$50,000 was for continuing connected transaction service fees of Jinmao Holdings.

INTERNAL CONTROL

The Board takes full responsibilities for maintaining sound and effective internal controls to safeguard the Company's assets and shareholders' interests. The Directors confirm that the Company has in place comprehensive internal audit functions and, through its internal control department, conducts regular audits, including annual routine audit and special audit where the scope of audit covers all aspects including the execution of the Group's internal regulations and procedures, finance, tender and procurement, project quality and marketing to prevent assets from inappropriate use. The Company also maintains proper accounts and ensure that the regulations are complied with. In 2015, the internal audit department of the Company carried out five routine audits and two special audits. In addition, the internal control department of the Company also undertake the functions of risk management.

As to risk management, the Company has formulated the "Risk Management Standards" to regulate and strengthen the risk management works of the Company, and prepare a comprehensive set of risk identification, assessment and management procedures through collecting risk related information, conducting risk assessments, formulating and implementing risk management strategies and resolutions as well as supervising risk management. On the basis of completing the risk identification work, the Company will push ahead its follow-up and inspection efforts and focus on rationalising the risk related information of the Company on a monthly basis in addition to following-up on risk management measures based on the risks identified.

As to internal control system, the Company has formulated the "Internal Control Manual". Its internal control department is responsible for specific internal control assessment and supervision. Through regular internal audit and accountability system inspection, and the requirement of regular self-inspection of internal control system of the companies comprising the Group, the Company has achieved regular and constant internal control. In addition, the internal control system comprehensively includes the major matters of operations and focuses on the high risk areas to avoid material omission and deficiency so that the smooth operation of the Company's internal control system is ensured.

The Directors of the Company all consider that the Group's existing risk management and internal control system is effective and adequate.

INSIDE INFORMATION

The Company has taken prudent measures in handling inside information, for which the Company has formulated effective systems and measures. Personnel who have access to such inside information must ensure that the information is kept confidential, and should not, in any manner, divulge the information of the Company. Consultants and intermediaries engaged by the Company have all entered into strict confidentiality agreements with the Company.

COMPLIANCE WITH THE MODEL CODE

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") contained in Appendix 10 to the Listing Rules to regulate directors' securities transactions. Having made specific enquiries of all Directors, all Directors have confirmed that they have complied with the requirements set out in the Model Code for the year ended 31 December 2015.

All the employees of the Group shall comply with "Administrative Rules for Securities Transactions by the Employees of China Jinmao" formulated by the Company with reference to the requirements set out in Appendix 10 of the Listing Rules in their dealings in the securities of the Company.

RIGHTS OF SHAREHOLDERS

Shareholders have right to raise questions and make suggestions on the business of the Company. All shareholders shall have equal rights according to their respective shareholding and assume corresponding obligations. Shareholders are entitled to get access to and participate in the material matters of the Company as prescribed by laws, administrative regulations and the Articles of Association of the Company.

Moving a Resolution at an Annual General Meeting

Pursuant to Section 615 of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), a shareholder may submit a written requisition to move a resolution at an annual general meeting if it has received requests that it do so from -

(a) the members of the company representing at least 2.5% of the total voting rights of all the members who have a right to vote on the resolution at the annual general meeting to which the requests relate; or

(b) at least 50 members who have a right to vote on the resolution at the annual general meeting to which the requests relate.

A request -

(a) may be sent to the company in hard copy form or in electronic form;

(b) must identify the resolution of which notice is to be given;

(c) must be authenticated by the person or persons making it; and

(d) must be received by the company not later than -

 (i) six weeks before the annual general meeting to which the requests relate; or

 (ii) if later, the time at which notice is given of that meeting.

Proposing a candidate for election as a Director

Pursuant to Article 77(2)(b) in the Articles of Association of the Company, if a shareholder wishes to propose a person other than a retiring Director for election as a Director at a general meeting, the shareholder should give the Company Secretary a notice of his intention to propose a resolution for the appointment or reappointment of the person as the Director of the Company and a notice executed by that person of his willingness to be appointed or re-appointed, no earlier than the day after the despatch of the notice of the general meeting and no later than seven days prior to the date fixed for such general meeting.

Convening an extraordinary general meeting

Pursuant to Section 566 of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), a general meeting may be called upon if the company has received requests to do so from members of the company representing at least 5% of the total voting rights of all the members having a right to vote at general meetings.

(a) A request -

 (i) must state the general nature of the business to be dealt with at the meeting;

 (ii) may include the text of a resolution that may properly be moved and is intended to be moved at the meeting;

(b) Requests may consist of several documents in like form; and

(c) A request -

 (i) may be sent to the company in hard copy form or in electronic form; and

 (ii) must be authenticated by the person or persons making it.

Shareholders' enquiries to the Board

Enquiries from shareholders for the Board may be directed to us by the means as stated in the section under "Corporate Information" in this report.

GENERAL MEETING

The Company maintains and facilitates exchange and communication between shareholders and the Board through a number of communication methods, including general meetings, announcements and circulars to shareholders. The Company held an annual general meeting on 10 June 2015 to review and approve the audited financial statements, the Directors' report and the auditor's report for the year ended 31 December 2014; to declare the final dividend for the year ended 31 December 2014; to re-elect Mr. HE Cao as an executive Director of the Company; to authorise the Board of the Company to determine the remuneration of Directors of the Company; to re-appoint Ernst & Young as auditors of the Company and authorise the Board to determine their remuneration; and to review and approve the general mandate to issue shares and repurchase shares. Save as non-executive Directors Mr. YANG Lin and Mr. CUI Yan and independent non-executive Director Mr. LIU Hongyu who were unable to attend the meeting due to other business commitments, all of the remaining Directors attended the annual general meeting held on 10 June 2015.

An extraordinary general meeting of the Company was held on 25 August 2015 to consider and approve the change of English name of the Company from "Franshion Properties (China) Limited" to "China Jinmao Holdings Group Limited" and the change of Chinese name of the Company from "方興地產（中國）有限公司" to "中國金茂控股集團有限公司", and the adoption of the new Articles of Association to align the constitution of the Company with the provisions of the Companies Ordinance (Cap. 622 of the Laws of Hong Kong), which came into effect on 3 March 2014. Save as independent non-executive Directors Mr. LAU Hon Chuen, Ambrose and Mr. LIU Hongyu, and non-executive Director Mr. YANG Lin who were unable to attend the meeting due to other business commitments, all of the remaining Directors attended the extraordinary general meeting.

Report of the Directors

The Board presents its report and the audited financial statements of the Group for the year ended 31 December 2015.

PRINCIPAL ACTIVITIES

The Company is an investment holding company, and the principal activities of its subsidiaries are development of, investment in and operation of real estate projects, focusing on city and property development, hotel operations, commercial leasing and retail operations. Details of the subsidiaries of the Company are set out in note 1 to the financial statement.

BUSINESS REVIEW

For details of the future business development, business operations and major risks faced by the Company during the Reporting Period, please refer to the section headed "Directors' Statement" from pages 8 to 11, and the section headed "Management Discussion and Analysis" from pages 14 to 87 in this report.

For details of the environmental policies and performance of the Company during the Reporting Period, please refer to the "Green Strategy" in the section headed "Management Discussion and Analysis" from pages 72 to 79 in this report.

For details of the material relationship between the Company and its employees, customers, suppliers and other persons of significant influence to the Company during the Reporting Period, please refer to the section headed under "Corporate Social Responsibility Report" from pages 91 to 94 in this report.

Taking into account the laws, regulations, policies and documents that have a material impact on the business of the Company, including but not limited to the "Land Administration Law of the People's Republic of China", "Urban Real Estate Administration Law of the People's Republic of China", "Bidding Law of the People's Republic of China", "Measures on the Administration of Sale of Commodity Houses", "Company Law of the People's Republic of China" and foreign-invested related laws and regulations, as well as the documents issued by relevant government authorities from time to time including the State Administration of Foreign Exchange, Ministry of Housing and Urban-Rural Development, Ministry of Finance, China Securities Regulatory Commission and the People's Bank of China, the Company confirmed that, during the Reporting Period, there were no circumstances of administrative punishments or inspections by relevant government authorities as a result of violation of laws, regulations, policies and documents that have a material impact on the business of the Company, and the Company and its subsidiaries were in compliance with all applicable laws and regulations. The Company has in place comprehensive administration standards and approval procedures for legal affairs. In 2015, the Group reviewed and approved a total of 12,270 contracts according to the standardised procedures via the office automation platform with a rate of 100% of the contracts reviewed by legal specialists, and avoided contract default risks through ongoing supervision of contract execution. In addition, in 2015, the Company organised 43 trainings of legal promulgation for employees and published the latest laws, regulations, policies and documents from time to time as risk reminders. The Company also revised the "China Jinmao Legal Risk Prevention and Management Manual" with an aim to carry out system rationalisation regarding the laws, regulations, policies and documents that have a material impact on the Company in the areas of land resources requisition, project construction, property sales and property services; and provided operational guidelines on compliance to ensure effective operation of the legal risk prevention and management system of the Company by ensuring that the employees of the Company are aware of and comply with the relevant laws and regulations upon discharge of duties.

RESULTS AND DIVIDENDS

Details of the Group's results for the year ended 31 December 2015 are set out in the consolidated statement of profit or loss on page 147 of this report.

The Board recommended the payment of a final dividend of HK8.0 cents per ordinary share for the year ended 31 December 2015. The proposed final dividend shall be subject to approval of shareholders at the forthcoming annual general meeting. No interim dividend was paid for the period ended 30 June 2015. The Company will give a notice of closure of its register of members in relation to the entitlement to the final dividend and the right to attend and vote at the annual general meeting once the date of the annual general meeting is determined.

SHARE CAPITAL AND SHARE OPTIONS

As at 31 December 2015, the total issued share capital of the Company was 10,671,810,609 ordinary shares.

As stated in the announcements of the Company dated 9 June 2015 and 17 June 2015, pursuant to the general mandate granted to the Directors at the 2013 annual general meeting of the Company, the Company and the placing agents entered into a placing agreement on 9 June 2015, and completed the placing on 17 June 2015. A total of 1,600,000,000 placing shares (representing approximately 14.99% of the issued share capital of the Company as enlarged by the placing) have been allotted and issued to the placees (i.e. New China Life Insurance Company Ltd., GIC Private Limited, Earn Max Enterprises Limited and Dynasty Hill Holdings Limited) at the placing price of HK$2.73 per share. The net proceeds from the placing amounted to approximately HK$4,348 million, which are intended to be used as general working capital of the Group and for potential investments to be identified and to refinance outstanding debt. Upon completion of the placing, the total issued share capital of the Company increased from 9,071,180,009 ordinary shares to 10,671,180,009 ordinary shares. The Company applied for trading halt on 9 June 2015 when the placing agreement was entered into. The closing price of the shares of the Company as at 8 June 2015 was HK$3.03 per share.

The net proceeds from the placing amounted to approximately HK$4,348 million. As of the date of this report, the proceeds were mainly used for payment of the 2014 final dividend of the Company of approximately HK$1,030 million and repayment of bank loans of approximately HK$3,179 million.

Details of movement in the Company's share capital and share options in 2015 are set out in notes 35 and 36 to the financial statements respectively.

RESERVES

Movements in reserves of the Company and of the Group in 2015 are set out in note 49 to the financial statements and in the consolidated statement of changes in equity, respectively.

DISTRIBUTABLE RESERVES

As at 31 December 2015, the Company's reserves available for distribution, calculated in accordance with the provisions of Sections 291, 297 and 299 of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), amounted to HK$3,080,077,000, of which HK$853,745,000 has been proposed as a final dividend for the Year. In addition, the Company's share capital in the amount of HK$6,109,789,000, being the amount of the share premium which has become part of the share capital pursuant to the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), may be distributed in the form of fully paid bonus shares.

MAJOR CUSTOMERS AND SUPPLIERS

Sales to major customers and purchases from major suppliers of the Group in the Year are set out below:

	For the year ended 31 December 2015 Percentage of total turnover (%)
Five largest customers	26%
The largest customer	11%

	Percentage of total purchase (%)
Five largest suppliers	25%
The largest supplier	11%

The above five largest customers and five suppliers of the Group are all independent third parties. To the best knowledge of the Directors, none of the Directors of the Company or any of their associates or any shareholders who own more than 5% of the Company's issued share capital had any interest in the Group's five largest customers or five largest suppliers.

BANK AND OTHER BORROWINGS

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

CHARITABLE CONTRIBUTIONS

During the Year, the subsidiaries in Beijing and Changsha of the Company made education related donations for public good totalling RMB2,200,000 for school projects.

PROPERTY, PLANT AND EQUIPMENT AND INVESTMENT PROPERTIES

Details of movements in the property, plant and equipment and investment properties of the Group during the Year are set out in notes 13 and 17 to the financial statements, respectively.

FINANCIAL SUMMARY

A summary of the published results and assets, liabilities and non-controlling interests of the Group for the last five financial years, as extracted from the audited financial statements, is set out on page 248 of this report. The summary does not form part of the audited financial statements.

DIRECTORS OF THE LISTED COMPANY AND ITS SUBSIDIARIES

During the Year and as of the date of this report, the Directors of the Company include:

Non-executive Directors

Mr. CAI Xiyou (appointed on 9 October 2015, resigned on 15 March 2016 afterwards)
Mr. YANG Lin
Ms. SHI Dai (resigned on 10 June 2015)
Mr. CUI Yan (appointed on 10 June 2015)
Mr. AN Hongjun (appointed on 11 November 2015)

Executive Directors

Mr. HE Cao (resigned on 9 October 2015)
Mr. LI Congrui
Mr. HE Binwu (resigned on 25 August 2015)
Mr. JIANG Nan (appointed on 25 August 2015)

Independent Non-executive Directors

Mr. LAU Hon Chuen, Ambrose
Mr. SU Xijia
Mr. LIU Hongyu (resigned on 16 November 2015)
Mr. GAO Shibin (appointed on 30 November 2015)

During the Year and as at the date of this report, the list of directors of the Company's subsidiaries is published on the website of the Company www.chinajinmao.cn.

DIRECTORS' SERVICE CONTRACTS

As at 31 December 2015, none of the Directors had a service contract with the Company or any of its subsidiaries which is not terminable within one year without payment of compensation other than statutory compensation.

SENIOR MANAGEMENT

Biographical details of the current senior management of the Company are set out on pages 100 to 103 of this report.

REMUNERATION OF DIRECTORS AND SENIOR MANAGEMENT

The Directors' remuneration is determined by reference to Directors' duties and responsibilities, individual performance and the results of the Group.

For the year ended 31 December 2015, details of the remuneration of the Directors and senior management of the Company are set out in notes 8, 9 and 43(b) to the financial statements. There was no arrangement under which a Director waived or agreed to waive any remuneration during the Year.

DIRECTORS' (OR THEIR CONNECTED ENTITIES') INTERESTS IN MATERIAL TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

No transaction, arrangement or contract of significance to which the Company or its controlling shareholder or any of their respective subsidiaries was a party and in which a Director (or his connected entities) had a material interest, whether directly or indirectly, subsisted as at 31 December 2015 or at any time during the Year. The Company did not provide any loan to any of the Directors or the management personnel of the Company during the Year.

CONTROLLING SHAREHOLDERS' INTERESTS IN CONTRACTS

Sinochem Group is the ultimate controlling shareholder of the Company. The contracts of significance entered into between Sinochem Group and its subsidiaries, Sinochem Hong Kong (Group) Company Limited ("Sinochem Hong Kong") and the Company or its subsidiaries are mainly agreements of connected transactions and continuing connected transactions conducted between them, and the Non-Competition Undertaking between Sinochem Group and the Company dated 26 July 2007, as detailed in sections headed "Connected Transactions", "Continuing Connected Transactions" and "Compliance with Non-Competition Agreement" below.

COMPLIANCE WITH NON-COMPETITION AGREEMENT

Sinochem Group has provided its written confirmation in respect of Sinochem Group and its subsidiaries' (other than those which form part of the Group) compliance with its obligations under the Non-competition Undertaking during 2015.

EMPLOYEES AND REMUNERATION POLICIES

For details regarding the employees and remuneration policies of the Group during the Year, please refer to the section headed "Corporate Social Responsibility Report – Building A Happy Home for Our Employees" on pages 92 – 93 of this report.

RETIREMENT SCHEME

The Group contributes on a monthly basis to various defined contribution retirement benefit schemes (the "Retirement Schemes") administrated and organised by the relevant municipal and provincial governments in the PRC. The municipal and provincial governments undertake to assume the retirement benefit obligations payable to all retired employees under these schemes and the Group has no further undertakings for post-retirement benefits to the employees beyond the contributions made.

The Group also participates in a mandatory provident fund scheme (the "MPF Scheme") required by the government of Hong Kong, which is a defined contribution retirement benefit scheme. Contributions to these schemes are expenses as incurred.

Neither the Retirement Schemes nor the MPF Scheme has any requirement concerning forfeited contributions.

Contributions to the retirement benefit schemes by the Group for the year ended 31 December 2015 were HK$149,483,000.

MANAGEMENT CONTRACT

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

SHARE OPTION SCHEME

On 22 November 2007, the Company adopted a share option scheme (the "Scheme"), the purpose of which is to enhance the commitment of the participants to the Company and encourage them to pursue the objectives of the Company. An amendment of the Scheme was approved and adopted by the Board on 23 August 2012.

According to the terms of the Scheme of the Company, the Board shall at its absolute discretion grant to any participant a certain number of options at a subscription price at any time within 10 years after the adoption date of the Scheme. Participants, i.e. recipients of the options granted, include any existing executive or non-executive Directors of any member of the Group and any senior management, key technical and professional personnel, managers and employees of any member of the Group, but do not include any independent non-executive Directors of the Company.

The number of shares to be issued at any time upon exercise of all options granted under the Scheme and other share option schemes of the Company shall not in aggregate exceed 10% of the then issued share capital of the Company. Accordingly, the Company may issue up to 491,526,400 shares to the participants under the Scheme, representing 4.61% of the issued share capital of the Company as at the date of this report.

Unless an approval of shareholders is obtained at a general meeting, if the total number of shares issued and shares which may fall to be issued upon exercise of the options (including exercised, cancelled and outstanding options) granted under the Scheme and any other share option schemes of the Company to a participant in any 12-month period in aggregate exceeds 1% of the issued share capital of the Company at any time, no further options shall be granted to such participant. Upon acceptance of the grant, the grantee undertakes that he/she will, at the request of the Company, pay a consideration of HK$1 or equivalent (to be determined on the date when the offer of the grant is accepted) to the Company for acceptance of the offer of the grant of the option.

More details of the Scheme are set out in note 36 to the financial statements.

GRANT AND EXERCISE OF OPTIONS

On 5 May 2008, 5,550,000 share options were granted to eligible participants by the Company at the exercise price of HK$3.37 for each share of the Company to be issued, being the average closing price of the shares on the Hong Kong Stock Exchange for the five consecutive trading days immediately preceding the grant date of such options. Such options shall vest the earliest after two years from the date of grant of options. The share options will only vest if the pre-set performance targets of the Group, the division of the grantee and the grantee are achieved. Otherwise, the share options shall lapse.

On 30 April 2010, the Remuneration and Nomination Committee of the Board of the Company approved the vesting of 40% of the share options granted in May 2008 by the Company according to the Scheme, the performance review results of the grantees of share options and the Explanation on the Fulfilment of Conditions of Share Options of Franshion Properties for 2009 provided by the independent professional advisor.

On 13 June 2011, the Remuneration and Nomination Committee of the Board of the Company approved and confirmed the lapse and cancellation of 30% of the share options granted in May 2008 by the Company on 5 May 2011 according to the Scheme and the Explanation on the Fulfilment of Conditions of Share Options with Reference to the Results of Franshion Properties for 2010 provided by the Financial Management Department of the Company, as the performance review results for 2010 did not meet the target performance results.

On 17 May 2012, the Remuneration and Nomination Committee of the Board of the Company approved and confirmed the lapse and cancellation of the remaining 30% of the share options granted in May 2008 by the Company on 5 May 2012 according to the Scheme and the Explanation on the Fulfilment of Conditions of Share Options with Reference to the Results of Franshion Properties for 2011 provided by the Financial Management Department of the Company, as the performance review results for 2011 did not meet the target performance results.

On 28 November 2012, 58,267,500 share options were granted to eligible participants by the Company at the exercise price of HK$2.44 for each share of the Company to be issued, being the closing price of the shares on the Hong Kong Stock Exchange on the grant date of such options. Such options shall vest the earliest after two years from the date of grant of the options. The share options will only vest if the pre-set performance targets of the Group, the division of the grantee and the grantee are achieved. Otherwise, the share options shall lapse.

On 4 November 2014, the Remuneration and Nomination Committee of the Board of the Company approved the release of lock-up restrictions on the grantees that fulfil the conditions on a pro rata basis up to 30% of the share options granted in November 2012 by the Company (where the percentage may decrease on a pro rata basis depending on the rating of the individual performance assessment of the grantees) according to the Scheme (the amendment to which was approved by the Board on 23 August 2012), results of performance assessment of grantees of share options, and the "Explanation on the Fulfilment of Conditions of First Vest with respect to Share Options Batch Two granted by Franshion Properties" provided by the external independent professional advisor.

On 20 November 2015, the Remuneration and Nomination Committee of the Board of the Company approved the release of lock-up restrictions on the grantees that fulfil the conditions on a pro rata basis up to 30% of the share options granted in November 2012 by the Company (where the percentage may decrease on a pro rata basis depending on the rating of the individual performance assessment of the grantees) according to the Scheme (the amendment to which was approved by the Board on 23 August 2012), results of performance assessment of grantees of share options, and the "Explanation on the Fulfilment of Conditions of Second Vest with respect to Share Options granted by China Jinmao in 2012" provided by the external independent professional advisor.

The following share options were outstanding under the Scheme during the year ended 31 December 2015:

		Number of share options								
Name or category of grantees	As at 1 January 2015	Granted during the period	Exercised during the period	Cancelled during the period	Lapsed during the period	As at 31 December 2015	Date of grant of share options	Exercise period of share options (both days inclusive)	Exercise price of share options (HK$)	Closing price of the shares of the Company immediately preceding the grant date (HK$)
Directors										
Mr. HE Cao [Note 1]	450,000	–	–	–	–	450,000	28 November 2012	28 November 2014 to 27 November 2019	2.44	2.45
	450,000	–	–	–	–	450,000	28 November 2012	28 November 2015 to 27 November 2019	2.44	2.45
	600,000	–	–	–	–	600,000	28 November 2012	28 November 2016 to 27 November 2019	2.44	2.45
Mr. LI Congrui	435,000	–	–	–	–	435,000	28 November 2012	28 November 2014 to 27 November 2019	2.44	2.45
	435,000	–	–	–	–	435,000	28 November 2012	28 November 2015 to 27 November 2019	2.44	2.45
	580,000	–	–	–	–	580,000	28 November 2012	28 November 2016 to 27 November 2019	2.44	2.45
Mr. HE Binwu [Note 2]	194,980	–	–	–	(194,980)	–	5 May 2008	5 May 2010 to 4 May 2015	3.37	3.36
	348,000	–	–	–	–	348,000	28 November 2012	28 November 2014 to 27 November 2019	2.44	2.45
	435,000	–	–	–	(435,000)	–	28 November 2012	28 November 2015 to 27 November 2019	2.44	2.45
	580,000	–	–	–	(580,000)	–	28 November 2012	28 November 2016 to 27 November 2019	2.44	2.45
Mr. JIANG Nan [Note 3]	168,610	–	–	–	(168,610)	–	5 May 2008	5 May 2010 to 4 May 2015	3.37	3.36
	435,000	–	–	–	–	435,000	28 November 2012	28 November 2014 to 27 November 2019	2.44	2.45
	435,000	–	–	–	–	435,000	28 November 2012	28 November 2015 to 27 November 2019	2.44	2.45
	580,000	–	–	–	–	580,000	28 November 2012	28 November 2016 to 27 November 2019	2.44	2.45
Sub total	363,590	–	–	–	(363,590)	–	5 May 2008	5 May 2010 to 4 May 2015	3.37	3.36
	5,763,000	–	–	–	(1,015,000)	4,748,000	28 November 2012	28 November 2014 to 27 November 2019	2.44	2.45
Employees in aggregate	816,680	–	–	–	(816,680)	–	5 May 2008	5 May 2010 to 4 May 2015	3.37	3.36
	10,278,600	–	(3,400,520)	–	(1,320,000)	5,558,080	28 November 2012	28 November 2014 to 27 November 2019	2.44	2.45
	12,088,200	–	(218,600)	–	(4,750,440)	7,119,160	28 November 2012	28 November 2015 to 27 November 2019	2.44	2.45
	16,117,600	–	–	–	(3,220,000)	12,897,600	28 November 2012	28 November 2016 to 27 November 2019	2.44	2.45
Total	1,180,270	–	–	–	(1,180,270)	–	5 May 2008	5 May 2010 to 4 May 2015	3.37	3.36
	44,247,400	–	(3,619,120)	–	(10,305,440)	30,322,840	28 November 2012	28 November 2014 to 27 November 2019	2.44	2.45

Note 1: Mr. HE Cao ceased to be an executive Director of the Company with effect from 9 October 2015, but since he remained a director in some subsidiaries of the Company, 1,500,000 share options granted to him as grantee on 28 November 2012 remained valid as at 31 December 2015. As of the date of this report, Mr. HE has resigned from all positions held within the Group, 600,000 share options granted but not vested have lapsed.

Note 2: Mr. HE Binwu ceased to be an executive Director of the Company with effect from 25 August 2015 and 580,000 share options granted to him as grantee on 28 November 2012 lapsed during the Year.

Note 3: Mr. JIANG Nan was appointed as an executive Director of the Company with effect from 25 August 2015.

Note 4: The number of share options granted on 5 May 2008 was adjusted on 18 March 2009 when the rights issue became unconditional. Further details of the rights issue are set out in note 36 to the financial statements.

DIRECTORS AND CHIEF EXECUTIVES' INTERESTS IN SHARES OR UNDERLYING SHARES OF THE COMPANY

Save as disclosed below, as at 31 December 2015, none of the Directors and chief executive of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) which were required to be notified to the Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO, or which were required, pursuant to section 352 of the SFO, to be recorded in the register referred to therein, or which were required, pursuant to the Model Code as set out in the Listing Rules, to be notified to the Company and the Hong Kong Stock Exchange.

Name	Capacity	Number of shares held	Number of underlying shares held (note)	Approximate percentage of the issued share capital
Mr. LI Congrui	Beneficial owner	–	1,450,000(L)	0.0136%
Mr. JIANG Nan	Beneficial owner	–	1,450,000(L)	0.0136%

(L) Denotes long positions

Note: Represents the underlying shares subject to share options which are unlisted physically settled equity derivatives.

SUBSTANTIAL SHAREHOLDERS' INTERESTS

So far as is known to the Directors of the Company, as at 31 December 2015, the following persons (other than the Directors or chief executive of the Company) had interests and short positions in the shares, or underlying shares of the Company which were required to be notified to the Company pursuant to Divisions 2 and 3 of Part XV of the SFO, or which were required, pursuant to section 336 of the SFO, to be recorded in the register referred to therein, or which had already been notified to the Company and the Hong Kong Stock Exchange:

Name of the substantial shareholder	Long/short position	Capacity/nature of Interests	Number of ordinary shares	Approximate percentage of the issued share capital
Sinochem Hong Kong (Group) Company Limited ("Sinochem Hong Kong")	Long position	Beneficial owner	5,759,881,259	53.97%
Sinochem Corporation	Long position	Interest of controlled corporation (note 1)	5,759,881,259	53.97%
Sinochem Group	Long position	Interest of controlled corporation (note 1)	5,759,881,259	53.97%
New China Asset Management (Hong Kong) Co., Ltd.	Long position	Beneficial owner	1,013,762,000	9.50%
New China Life Insurance Company Ltd.	Long position	Interest of controlled corporation (note 2)	1,013,762,000	9.50%
New China Asset Management Co., Ltd.	Long position	Interest of controlled corporation (note 2)	1,013,762,000	9.50%
Earn Max Enterprises Limited	Long position	Beneficial owner	764,073,277	7.16%
Warburg Pincus Private Equity X, L.P.	Long position	Interest of controlled corporation (note 3)	764,073,277	7.16%
Warburg Pincus X, L.P.	Long position	Interest of controlled corporation (note 3)	764,073,277	7.16%
Warburg Pincus X, LLC	Long position	Interest of controlled corporation (note 3)	764,073,277	7.16%
Warburg Pincus Partners LLC	Long position	Interest of controlled corporation (note 3)	764,073,277	7.16%
Warburg Pincus & Co.	Long position	Interest of controlled corporation (note 3)	764,073,277	7.16%
GIC Private Limited	Long position	Investment manager	748,376,034	7.01%

Note 1: Sinochem Group holds 98% equity interests in Sinochem Corporation, which in turn holds the entire equity interests in Sinochem Hong Kong. For the purpose of the SFO, Sinochem Group and Sinochem Corporation are both deemed to be interested in the shares beneficially owned by Sinochem Hong Kong.

Note 2: New China Asset Management (Hong Kong) Co., Ltd. is held by New China Asset Management Co., Ltd. as to 60% and New China Life Insurance Company Ltd. as to 40%. New China Asset Management Co., Ltd. is held by New China Life Insurance Company Ltd. as to 99.40%. For the purpose of the SFO, New China Asset Management Co., Ltd. and New China Life Insurance Company Ltd. are both deemed to be interested in the shares beneficially owned by New China Asset Management (Hong Kong) Co., Ltd.

Note 3: Earn Max Enterprises Limited is 96.90% controlled by Warburg Pincus Private Equity X, L.P., which is ultimately wholly controlled by Warburg Pincus & Co. through Warburg Pincus Partners LLC, Warburg Pincus X, LLC and Warburg Pincus X, L.P., all being directly or indirectly wholly controlled by Warburg Pincus & Co. For the purpose of the SFO, each of Warburg Pincus & Co., Warburg Pincus Partners LLC, Warburg Pincus X, LLC, Warburg Pincus X, L.P. and Warburg Pincus Private Equity X, L.P. is deemed to be interested in the shares beneficially owned by Earn Max Enterprises Limited.

Save as disclosed above, as at 31 December 2015, the Directors of the Company were not aware of any person (other than the Directors or chief executive of the Company) had interest or short position in the shares or underlying shares of the Company which were required to be notified to the Company pursuant to Divisions 2 and 3 of Part XV of the SFO, or which were required, pursuant to section 336 of the SFO, to be recorded in the register referred to therein, or which had already been notified to the Company and the Hong Kong Stock Exchange.

CONTINUING CONNECTED TRANSACTIONS

During the Period under Review, the Company entered into non-exempt continuing connected transactions, including:

I. Continuing connected transactions exempt from independent shareholders' approval requirements:

1 Framework lease agreement between Jin Mao Group and Sinochem Group;

2 Framework lease agreement between the Company and Sinochem Group.

II. Continuing connected transactions approved by independent shareholders:

3 Entrustment loan framework agreement between Shanghai Yin Hui Real Estate Development Company Limited ("Shanghai Yin Hui"), the Company and Shanghai International Port (Group) Co., Ltd. ("SIPG");

4 Loan framework agreement between Beijing Franshion Sunac Property Development Co., Ltd. ("Franshion Sunac"), Shanghai Tuofeng Investment Consulting Co., Ltd. ("Shanghai Tuofeng"), Tianjin Sunac Aocheng Investment Co., Ltd. ("Tianjin Aocheng") and Beijing Sunac Hengji Property Development Co., Ltd. ("Beijing Hengji");

5 Entrustment loan framework agreement between Jinmao Investment (Changsha) Co., Ltd. ("Jinmao Changsha"), Shanghai Jinmao Economic Development Co., Ltd. ("Jinmao Development") and Changsha CSC Investment Co., Ltd. ("CSC Changsha");

6 Renewed framework financial service agreement between the Company and Sinochem Finance Co., Ltd. ("Sinochem Finance").

For these continuing connected transactions, the Company confirmed that it had complied with the requirements under Chapter 14A of the Listing Rules. During the Year, when conducting these continuing connected transactions, the Company had complied with the pricing policies and instructions formulated upon such transactions were entered into. Set out below is a summary of all these transactions:

I. CONTINUING CONNECTED TRANSACTIONS EXEMPT FROM INDEPENDENT SHAREHOLDERS' APPROVAL REQUIREMENTS

1 Framework lease agreement between Jin Mao Group and Sinochem Group

In preparation for the separate listing of Jinmao Holdings on the Main Board of the Hong Kong Stock Exchange, on 13 June 2014, Jin Mao Group and Sinochem Group entered into a framework lease agreement (the "Jin Mao Framework Lease Agreement") with Sinochem Group with respect to the lease of the relevant units in Jin Mao Tower. The Jin Mao Framework Lease Agreement, which took effect upon the listing of Jinmao Holdings on 2 July 2014, is valid for a period of three years. For the three years ending 31 December 2016, the annual transaction caps (including rent, property management fee and other charges) are approximately RMB97.6 million, RMB116.8 million and RMB145.4 million respectively.

Jin Mao Group is a non wholly-owned subsidiary of the Company. Sinochem Group is the ultimate controlling shareholder of the Company and hence a connected person of the Company. Accordingly, the Jin Mao Framework Lease Agreement and the transactions contemplated thereunder constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules. For the year ended 31 December 2015, the transaction amount under the Jin Mao Framework Lease Agreement did not exceed the annual cap.

Please refer to the sub-section under "Framework lease agreement between the Company and Sinochem Group" below for further details.

2 Framework lease agreement between the Company and Sinochem Group

The Company and Sinochem Group entered into two framework agreements for lease of properties in Beijing Chemsunny World Trade Centre and Sinochem Tower and Jin Mao Tower on 31 December 2008 and 31 July 2009, respectively (the "original framework lease agreements"). In order to streamline and optimise the regulation of the leasing relationship in respect of the relevant units in Beijing Chemsunny World Trade Centre, Sinochem Tower and Jin Mao Tower between the Company (and its subsidiaries) and Sinochem Group (and its associates), the Company entered into a comprehensive framework lease agreement ("New Framework Lease Agreement") with Sinochem Group in place of the two original framework lease agreements on 11 November 2011. The New Framework Lease Agreement was considered and approved by the independent shareholders of the Company at the extraordinary general meeting held on 22 December 2011. The New Framework Lease Agreement is valid for a term of 10 years commencing from 1 January 2012. Pursuant to the New Framework Lease Agreement:

(1) The two original framework lease agreements shall be terminated on 31 December 2011 and the New Framework Lease Agreement shall take effect on 1 January 2012.

(2) Pursuant to the two original framework lease agreements, all the existing individual lease agreements in respect of the relevant units in Beijing Chemsunny World Trade Centre and Sinochem Tower in Beijing, China and the relevant units in Jin Mao Tower in Shanghai, China entered into between the Company (and its subsidiaries) and Sinochem Group (and its associates) respectively shall be included in and regulated by the New Framework Lease Agreement upon the termination of the original framework lease agreements.

(3) The rent under the New Framework Lease Agreement shall be determined based on the relevant specific lease agreement, which includes the property management fee of relevant units and various miscellaneous expenses actually incurred, including but not limited to car parking space rent, car parking space management fee, car parking space fee, utilities fee, fuel charges, phone bills and overtime air-conditioning charges, maintenance fee and catering fee (if applicable). The rent shall be paid by the lessee in accordance with the provisions in the specific lease agreement.

(4) On 3 November 2014, taking into consideration of the estimated transaction amount under Jin Mao Lease Framework Agreement (please refer to the section headed "Framework lease agreement between Jin Mao Group and Sinochem Group" above for details), the annual caps (including rent, property management fee and other charges) prescribed by the Company for the two years ending 31 December 2016 fixed with respect to the leased properties under the New Lease Framework Agreement amounted to RMB443.6 million and RMB493.8 million, respectively.

In 2015, details of the New Framework Lease Agreement and the transactions contemplated under the individual lease agreements are as follows:

Connected person	Nature of transaction	Effective period	Currency	Transaction amount in 2015
1. 11 subsidiaries of Sinochem Group	Lease of relevant units in Jin Mao Tower from the Group			100,361,045
1A International Far Eastern Leasing Co., Ltd.	Lease of relevant units in Jin Mao Tower from the Group	2006 to 2017	RMB	52,729,304
1B Sinochem International (Holdings) Co., Ltd.	Lease of relevant units in Jin Mao Tower from the Group	2007 to 2016	RMB	27,938,557
1C Manulife-Sinochem Life Insurance Co., Ltd.	Lease of relevant units in Jin Mao Tower from the Group	2007 to 2017	RMB	9,511,851
1D Shanghai Sinochem-Stolt Shipping Co., Ltd.	Lease of relevant units in Jin Mao Tower from the Group	2009 to 2016	RMB	1,023,887
1E Sinochem Crop Care Co., Ltd.	Lease of relevant units in Jin Mao Tower from the Group	2011 to 2016	RMB	2,692,989
1F Hainan Sinochem Shipping Co., Ltd.	Lease of relevant units in Jin Mao Tower from the Group	2012 to 2016	RMB	1,474,037
1G Jiangsu Sinorgchem Technology Co., Ltd.	Lease of relevant units in Jin Mao Tower from the Group	2012 to 2016	RMB	194,670
1H Shanghai Aoxing International Shipping Management Co., Ltd.	Lease of relevant units in Jin Mao Tower from the Group	2012 to 2016	RMB	1,715,324
1I Shanghai Safe-Transport Chemical Logistics Co., Ltd.	Lease of relevant units in Jin Mao Tower from the Group	2013 to 2016	RMB	849,078
1J Shanghai Newport China Tank Containers Co., Ltd.	Lease of relevant units in Jin Mao Tower from the Group	2013 to 2016	RMB	1,081,123
1K Sinochem International Logistics Co., Ltd.	Lease of relevant units in Jin Mao Tower from the Group	2013 to 2016	RMB	1,150,225

Connected person	Nature of transaction	Effective period	Currency	Transaction amount in 2015
2. Sinochem Group and its 12 subsidiaries	Lease of relevant units in Beijing Chemsunny World Trade Centre from the Group			**224,344,045**
2A Sinochem Group	Lease of relevant units in Beijing Chemsunny World Trade Centre from the Group	2007 to 2017	RMB	8,722,529
2B Sinochem Corporation	Lease of relevant units in Beijing Chemsunny World Trade Centre from the Group	2007 to 2017	RMB	84,651,089
2C Sinochem Fertilizer Company Limited	Lease of relevant units in Beijing Chemsunny World Trade Centre from the Group	2007 to 2017	RMB	24,024,807
2D Sinochem International Oil Company	Lease of relevant units in Beijing Chemsunny World Trade Centre from the Group	2007 to 2017	RMB	32,435,540
2E Sinochem International Industrial Company	Lease of relevant units in Beijing Chemsunny World Trade Centre from the Group	2007 to 2017	RMB	1,049,644
2F Sinochem Petroleum Exploration and Production Co., Ltd.	Lease of relevant units in Beijing Chemsunny World Trade Centre from the Group	2007 to 2017	RMB	15,469,822
2G China Foreign Economy and Trade & Investment Co., Ltd.	Lease of relevant units in Beijing Chemsunny World Trade Centre from the Group	2007 to 2017	RMB	31,304,839
2H International Far Eastern Leasing Co., Ltd.	Lease of relevant units in Beijing Chemsunny World Trade Centre from the Group	2007 to 2017	RMB	8,804,587
2I Sinochem Finance Co., Ltd.	Lease of relevant units in Beijing Chemsunny World Trade Centre from the Group	2008 to 2017	RMB	8,431,714
2J New XCL (China) Co., Ltd.	Lease of relevant units in Beijing Chemsunny World Trade Centre from the Group	2011 to 2017	RMB	1,736,945
2K Dalian Total Consultancy Ltd.	Lease of relevant units in Beijing Chemsunny World Trade Centre from the Group	2012 to 2017	RMB	175,593
2L Sinochem Insurance Brokers (Beijing) Co., Ltd.	Lease of relevant units in Beijing Chemsunny World Trade Centre from the Group	2013 to 2017	RMB	7,536,936

Connected person	Nature of transaction	Effective period	Currency	Transaction amount in 2015
3. 11 subsidiaries of Sinochem Group	Lease of relevant units in Sinochem Tower from the Group			44,301,420
3A Sinochem Corporation	Lease of relevant units in Sinochem Tower from the Group	2007 to 2016	RMB	3,177,656
3B Sinochem International Tendering Co., Ltd.	Lease of relevant units in Sinochem Tower from the Group	2007 to 2016	RMB	8,655,968
3C Sinochem Plastics Company	Lease of relevant units in Sinochem Tower from the Group	2007 to 2018	RMB	8,773,217
3D China National Seed Group Corp.	Lease of relevant units in Sinochem Tower from the Group	2007 to 2017	RMB	7,453,257
3E Manulife-Sinochem Life Insurance Co., Ltd.	Lease of relevant units in Sinochem Tower from the Group	2006 to 2016	RMB	5,836,742
3F Sinochem Energy-Saving and Environmental Protection Holding (Beijing) Co., Ltd.	Lease of relevant units in Sinochem Tower from the Group	2013 to 2016	RMB	551,580
3G Sinochem International (Holdings) Co., Ltd., Beijing Branch	Lease of relevant units in Sinochem Tower from the Group	2007 to 2016	RMB	3,560,803
3H Sinochem International Oil Company	Lease of relevant units in Sinochem Tower from the Group	2010 to 2016	RMB	26,400
3I China Foreign Economy and Trade & Investment Co., Ltd.	Lease of relevant units in Sinochem Tower from the Group	2010 to 2018	RMB	2,503,628
3J Sinochem Asset Management Company	Lease of relevant units in Sinochem Tower from the Group	2013 to 2017	RMB	3,137,164
3K Fortune International Winery (Beijing) Co., Ltd.	Lease of relevant units in Sinochem Tower from the Group	2014 to 2016	RMB	625,005
Total				369,006,510

Sinochem Group is the ultimate controlling shareholder of the Company and is therefore a connected person of the Company. Accordingly, the New Framework Lease Agreement and the transactions contemplated thereunder constitute the continuing connected transactions of the Company under Chapter 14A of the Listing Rules. For the year ended 31 December 2015, the transaction amount under the New Framework Lease Agreement did not exceed the annual cap.

II. CONTINUING CONNECTED TRANSACTIONS APPROVED BY INDEPENDENT SHAREHOLDERS

3 Entrustment loan framework agreement between Shanghai Yin Hui with the Company and SIPG

On 12 November 2012, Shanghai Yin Hui entered into the framework agreement (the "Original Yin Hui Framework Agreement") with its shareholders, namely the Company and SIPG, pursuant to which Shanghai Yin Hui agreed to provide entrustment loans to the Company and SIPG (or their respective designated wholly-owned subsidiaries) based on the same terms and conditions and in proportion to their respective shareholdings in Shanghai Yin Hui. On 25 June 2014, Shanghai Yin Hui entered into the new framework agreement (the "New Yin Hui Framework Agreement") with the Company and SIPG in place of the Original Yin Hui Framework Agreement in order to, inter alia, revise the maximum daily balance and interest rate of the loans to be provided by Shanghai Yin Hui. The Original Yin Hui Framework Agreement has been terminated upon entering into the New Yin Hui Framework Agreement, and all the existing entrustment loan agreements entered into by the parties pursuant to the Original Yin Hui Framework Agreement are included in and regulated by the New Yin Hui Framework Agreement. Under the New Yin Hui Framework Agreement, the actual interest rate of each of the entrustment loans shall be determined by reference to the prevailing benchmark interest rates of RMB demand deposits for financial institutions published by the People's Bank of China (the "PBOC"). The parties shall enter into entrustment loan agreements with relevant financial institutions separately according to the terms and conditions set out in the New Yin Hui Framework Agreement. The New Yin Hui Framework Agreement shall be valid for a term of three years. During the term of the New Yin Hui Framework Agreement, the maximum daily balance (including the accrued interest) of the loans to be provided by Shanghai Yin Hui to SIPG (including its designated wholly-owned subsidiaries) is RMB1,600 million. For the year ended 31 December 2015, the transaction amount did not exceed the annual cap.

Shanghai Yin Hui, owned as to 50% by each of the Company and SIPG, is a non-wholly-owned subsidiary of the Company. SIPG is the substantial shareholder of Shanghai Yin Hui and is therefore a connected person of the Company. Accordingly, the provision of entrustment loans by Shanghai Yin Hui to SIPG (or its designated wholly-owned subsidiaries) constitutes the provision of financial assistance by the Company to a connected person, and therefore constitutes a continuing connected transaction of the Company under Chapter 14A of the Listing Rules. The New Yin Hui Framework Agreement has obtained written consent from Sinochem Hong Kong (immediate controlling shareholder of the Company currently holding approximately 53.97% interest in the Company).

4 Loan framework agreement between Franshion Sunac, Tianjin Aocheng and Beijing Hengji

On 15 October 2013, Franshion Sunac entered into the framework agreement (the "Original Sunac Framework Agreement") with its shareholders, namely Shanghai Tuofeng, Tianjin Aocheng and Beijing Hengji, pursuant to which Franshion Sunac agreed to provide loans to Shanghai Tuofeng, Tianjin Aocheng and Beijing Hengji based on the same terms and conditions and in proportion to their respective shareholdings in Franshion Sunac. On 25 June 2014, Franshion Sunac entered into the new framework agreement (the "New Sunac Framework Agreement") with Shanghai Tuofeng, Tianjin

Aocheng and Beijing Hengji in place of the Original Sunac Framework Agreement in order to, inter alia, revise the maximum daily balance and interest rate of the loans to be provided by Franshion Sunac. The Original Sunac Framework Agreement has been terminated upon entering into the New Sunac Framework Agreement, and all the existing loan agreements entered into by the parties pursuant to the Original Sunac Framework Agreement are included in and regulated by the New Sunac Framework Agreement. Under the New Sunac Framework Agreement, the actual interest rates of each of the loans shall be determined by reference to the prevailing benchmark interest rates of RMB demand deposits for financial institutions published by the PBOC. As Tianjin Aocheng and Beijing Hengji are owned by the same effective controller, Tianjin Aocheng agreed to designate Beijing Hengji to receive on its behalf the loans to be provided by Franshion Sunac to Tianjin Aocheng under the framework agreement. Tianjin Aocheng and Beijing Hengji are jointly and severally liable for the repayment of the loans (including any accrued interest) received by Beijing Hengji on behalf of Tianjin Aocheng. Franshion Sunac shall enter into specific loan agreements separately with Shanghai Tuofeng and Beijing Hengji according to the terms and conditions set out in the New Sunac Framework Agreement. The New Sunac Framework Agreement is valid for a term of three years. During the term of the New Sunac Framework Agreement, the maximum daily balance (including the accrued interest) of the loans to be provided by Franshion Sunac to Tianjin Aocheng and Beijing Hengji is RMB1,200 million. For the year ended 31 December 2015, the transaction amount did not exceed the annual cap.

Shanghai Tuofeng is a wholly-owned subsidiary of the Company. Franshion Sunac, owned as to 51%, 24% and 25% by Shanghai Tuofeng, Tianjin Aocheng and Beijing Hengji respectively, is a non-wholly-owned subsidiary of the Company. Tianjin Aocheng and Beijing Hengji are the substantial shareholders of Franshion Sunac and are therefore connected persons of the Company. Accordingly, the provision of loans by Franshion Sunac to Tianjin Aocheng and Beijing Hengji constitutes the provision of financial assistance by the Company to a connected person, and therefore constitutes a continuing connected transaction of the Company under Chapter 14A of the Listing Rules. The New Sunac Framework Agreement has obtained written consent from Sinochem Hong Kong (immediate controlling shareholder of the Company currently holding approximately 53.97% interest in the Company).

5 Entrustment loan framework agreement between Jinmao Changsha, Jinmao Development and CSC Changsha

On 21 October 2013, Jinmao Changsha entered into the framework agreement (the "Original Changsha Framework Agreement") with its shareholders, namely Jinmao Development and CSC Changsha, pursuant to which Jinmao Changsha agreed to provide entrustment loans to Jinmao Development (or its designated non-connected subsidiaries of the Company) and CSC Changsha (or any one of its designated shareholders) based on the same terms and conditions and in proportion to their respective shareholdings in Jinmao Changsha. On 25 June 2014, Jinmao Changsha entered into the new framework agreement (the "New Changsha Framework Agreement") with Jinmao Development and CSC Changsha in place of the Original Changsha Framework Agreement in order to, inter alia, revise the maximum daily balance and interest rate of the loans to be provided by Jinmao Changsha. The Original Changsha Framework Agreement has been terminated upon entering into the New Changsha Framework Agreement, and all the existing entrustment loan agreements entered into by the parties pursuant to the Original Changsha Framework Agreement are included in and regulated by the New Changsha Framework Agreement. Under the New Changsha Framework Agreement, the actual interest rate of each of the loans shall be determined by reference to the prevailing benchmark interest rates of RMB demand deposits for financial institutions published by the PBOC. The parties shall enter into entrustment loan agreements separately with relevant financial institutions according to the terms and conditions set out in the New Changsha Framework Agreement. The New Changsha Framework Agreement is valid for a term of three years. During the term of the New Changsha Framework Agreement, the maximum daily balance (including the accrued interest) of the loans to be provided by Jinmao Changsha to CSC Changsha (or any one of its designated shareholders) is RMB1,200 million. For the year ended 31 December 2015, the transaction amount did not exceed the annual cap.

Jinmao Development is a wholly-owned subsidiary of the Company. Jinmao Changsha, owned as to 80% and 20% respectively by Jinmao Development and CSC Changsha, is a non-wholly-owned subsidiary of the Company. CSC Changsha is the substantial shareholder of Jinmao Changsha and is therefore a connected person of the Company. Accordingly, the provision of entrustment loans by Jinmao Changsha to CSC Changsha (or any one of its designated shareholders) constitutes the provision of financial assistance by the Company to a connected person, and therefore constitutes a continuing connected transaction of the Company under Chapter 14A of the Listing Rules. The New Changsha Framework Agreement has obtained written consent from Sinochem Hong Kong (immediate controlling shareholder of the Company currently holding approximately 53.97% interest in the Company).

6 Renewed framework financial service agreement between the Company and Sinochem Finance

The framework financial service agreement entered into between the Company and Sinochem Finance on 11 November 2011 was expired on 3 December 2014. On 3 November 2014, the Company and Sinochem Finance entered into a renewed framework financial service agreement ("Renewed Framework Financial Service Agreement"), pursuant to which, the Company and its subsidiaries will, as it considers necessary, continue to use the financial services provided by Sinochem Finance on a non-exclusive basis, including deposit services, loan services, entrustment loans, settlement services, guarantee services, internet banking services and any other financial services as approved by China Banking Regulatory Commission, and pay the relevant interests and service fees to or receive deposit interests from Sinochem Finance. The relevant fees and loan interests shall be determined at a rate no higher than the standards as set by the PBOC from time to time or market price, and the deposit interests shall be determined at a rate no lower than the standards as set by the PBOC from time to time or market price. The settlement and guarantee services are provided free of charge. The term of the Renewed Framework Financial Service Agreement is three years. For each of the three years ending 31 December 2017, the cap on the maximum daily balance for deposit at Sinochem Finance shall be RMB2,800 million. The deposit service under the Renewed Framework Financial Service Agreement (including the maximum daily balance) was considered and approved at the extraordinary general meeting of the Company held on 5 December 2014.

Sinochem Finance is a subsidiary of Sinochem Group, the ultimate controlling shareholder of the Company, and is therefore a connected person of the Company. Under the Listing Rules, the provision of financial services to the Company by Sinochem Finance constitutes a continuing connected transaction of the Company. For the year ended 31 December 2015, the transaction amount did not exceed the annual cap.

CONNECTED TRANSACTIONS

During the Period under Review, the non-exempt one-time connected transactions (exempt from independent shareholders' approval requirements) of the Company were as follows:

1 Capital contribution to a subsidiary of the Company

On 15 February 2015, the Company, Xincheng LP and Fubao Investment Management Limtied ("Fubao") (each as a subscriber) and Step Fancy Investments Limited ("Step Fancy") (as the issuer) and its two subsidiaries, Year Fine Limited ("Year Fine") and Chongqing Xingqian Real Estate Co., Ltd. ("Chongqing Xingqian") entered into the share subscription agreement, pursuant to which, Step Fancy agreed to issue, and the Company, Xincheng LP and Fubao respectively agreed to subscribe for 3, 9.2 and 36.8 new shares of Step Fancy, representing 54%, 9.2% and 36.8% of the enlarged share capital of Step Fancy upon completion of the transaction. On the same date, the Company, Xincheng LP, Fubao, Step Fancy, Year Fine and Chongqing Xingqian entered into the shareholders' agreement, which regulates the management and operation of Step Fancy, Year Fine and Chongqing Xingqian as well as the rights and obligations of the shareholders of Step Fancy upon completion of the transaction. The subscription price payable by the Company is RMB32,183,500, whereas the subscription prices payable by Xincheng LP and Fubao are RMB98,696,200 and RMB394,784,700, respectively. Prior to completion of the transaction, Step Fancy has issued a total of 51 shares, and is a wholly-owned subsidiary of the Company. Upon completion of the transaction, the shareholding of the Company in Step Fancy will be diluted from 100% to 54% of the enlarged share capital of Step Fancy, which constitutes a deemed disposal of interest in Step Fancy under the Listing Rules.

Fubao is a wholly-owned subsidiary of Ping An Real Estate Company Limited ("Ping An Real Estate"). As at 15 February 2015, Ping An Trust Co., Ltd. ("Ping An Trust") is a connected person of the Company by virtue of it being a substantial shareholder of a subsidiary of the Company. Each of Ping An Real Estate and Ping An Trust is a subsidiary of Ping An Insurance (Group) Company of China, Ltd. As such, Fubao is an associate of Ping An Trust and is therefore a connected person of the Company. Accordingly, the transaction constitutes a connected transaction of the Company. As the applicable percentage ratios in respect of the transaction are more than 1% but less than 5%, the transaction is subject to the reporting and announcement requirements but exempt from the independent shareholders' approval requirements under Chapter 14A of the Listing Rules. The above capital contribution transaction has been completed on 16 February 2015.

2 Acquisition of equity interests held by a connected person

On 25 December 2015, Beijing Xingmao Properties Co., Ltd. ("Xingmao Properties"), a wholly-owned subsidiary of the Company, and Ping An Trust entered into the equity transfer agreement, pursuant to which Ping An Trust agreed to sell, and Xingmao Properties agreed to acquire, 49% equity interest in Beijing Franshion Yicheng Properties Limited ("Yicheng Properties") for a total consideration of RMB985,500,000. Upon completion of the transaction, Xingmao Properties will hold 100% equity interest in Yicheng Properties.

Prior to completion of the above transaction, Yicheng Properties is held as to 51% and 49% by Xingmao Properties and Ping An Trust, respectively, and is an indirect non-wholly owned subsidiary of the Company. Ping An Trust is a substantial shareholder of Yicheng Properties and is therefore a connected person of the Company. As such, the transaction constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules. As the applicable percentage ratios in respect of the transaction are more than 1% but less than 5%, the transaction is subject to the reporting and announcement requirements but exempt from the independent shareholders' approval requirement under Chapter 14A of the Listing Rules.

For these connected transactions, the Company confirmed that it had complied with the requirements under Chapter 14A of the Listing Rules.

CONFIRMATION OF INDEPENDENT NON-EXECUTIVE DIRECTORS

In the opinion of the independent non-executive Directors of the Company, the continuing connected transactions for the year ended 31 December 2015 were entered into by the Group:

- in the ordinary and usual course of its business;
- on normal commercial terms; and
- in accordance with the relevant agreements governing such transactions on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole.

The auditors of the Company have been engaged to report on the above connected transactions of the Company in accordance with the Hong Kong Standard on Assurance Engagements 3000, Assurance Engagements other than Audits or Reviews of Historical Financial Information with reference to Practice Note 740, *Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules* issued by the Hong Kong Institute of Certified Public Accountants. The Board of Directors has received an unqualified letter from the auditors of the Company in accordance with Rule 14A.56 of the Listing Rules containing the auditors' findings and conclusion on the above continuing connected transactions of the Group, stating that the auditors have not noticed that any of these continuing connected transactions:

- have not been approved by the Board of Directors of the Company;
- (for the connected transactions involving the provision of goods or services by the Group) have not been entered into in accordance with the pricing policies of the Group in all material aspects;
- have not been entered into in accordance with the terms of the relevant agreements governing such continuing connected transactions in all material aspects; and
- have exceeded the relevant caps for the year ended 31 December 2015.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of its Directors, as at the date of this report, there is sufficient public float of not less than 25% of the Company's total issued share capital as required under the Listing Rules.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

Save as the share placement (details of which are set out in "Share Capital and Share Options" under the section headed "Report of the Directors" in this report), during the Period under Review, none of the Company or any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

ISSUANCE OF GUARANTEED NOTES

1 Issue of domestic corporate bonds

As stated in the announcements of the Company dated 1 December 2015, 7 December 2015 and 11 December 2015, Jinmao Investment Management (Shanghai) Co., Ltd. (formerly known as Franshion Properties Investment Management (Shanghai) Co., Ltd. (金茂投資管理（上海）有限公司，前稱為方興地產投資管理（上海）有限公司), a wholly-owned subsidiary of the Company incorporated in the PRC, completed the issue of five-year domestic corporate bonds with an aggregate principal amount of RMB2,200,000,000 to qualified investors on 10 December 2015. The corporate bonds are guaranteed by the Company. The final coupon rate of the corporate bonds was fixed at 3.55% based on the book-building process with the lead underwriters. The Company intends to use the proceeds from the issue of corporate bonds for repayment of loans of its subsidiaries from financial institutions and for replenishment of its general working capital. The securities were listed and traded on the Shanghai Stock Exchange with effect from 28 December 2015. During the Reporting Period, the Group did not redeem/cancel any of these corporate bonds.

2 Issue of perpetual capital securities

As stated in the announcements of the Company dated 1 February 2016, 2 February 2016 and 4 February 2016, the Company and Franshion Brilliant Limited (as the issuer), a wholly-owned subsidiary of the Company, entered into the a placing agency agreement with Standard Chartered Bank on 29 January 2016 in connection with the placement of the 6% subordinated guaranteed perpetual capital securities with the aggregate principal amount of US$350,000,000, and entered into a placing agency agreement on 2 February 2016 in connection with the placement of the additional 6% subordinated guaranteed perpetual capital securities with the aggregate principal amount of US$150,000,000. The securities are irrevocably guaranteed by the Company. The issue was completed on 4 February 2016. The net proceeds of the issue of the securities by the Company, after deduction of underwriting commissions and other estimated expenses, amounted to approximately US$499.4 million, which were intended to be used for refinancing of outstanding indebtedness, working capital and other general corporate purposes. As of the date of this report, the Group did not redeem/cancel any of these securities.

REVIEW OF THE OPTION OVER SHIMAO INVESTMENT BY THE INDEPENDENT BOARD COMMITTEE

A meeting was held by the Independent Board Committee comprising all independent non-executive Directors of the Company on 22 March 2016 to review its decision made on 19 August 2015 not to exercise, for the time being, the option to acquire Sinochem Group's 15% interest in China Shimao Investment Company Limited ("Shimao Investment").

The Independent Board Committee has carefully reviewed the relevant information of Shimao Investment, taking into account the facts that Sinochem Group is a financial investor of Shimao Investment and owns a minority and passive interest in it only, and that the Company has a relatively high overall total debt position currently where the funds of the Company are mainly used for expanding the land reserve for development segments to accelerate the asset turnover ratio and the recovery of cash receivables. Recently, the Company has made significant progress in land reserve and the projects that are about to commence and have commenced construction include Shanghai Star Harbour International Centre Project, Nanjing Qinglong Mountain International Ecological New City Project, Qingdao China-Europe International City Project and Chongqing Jin Mao International Ecological New City Project, Beijing Shiliuzhuang Project. Ningbo Yaofeng Project along with Phase I and Phase II development of Changsha Meixi Lake International New City Project, which are large-scale development projects with long development cycle and huge demand for funds. The Company considers the acquisition of Shimao Investment at the moment would pose greater challenges to the Company in various aspects, including manpower and financial capacity. As such, the independent non-executive Directors unanimously agreed that the exercise of the option over Shimao Investment at this moment is not in line with the Company's prudent investment policy, and is not in the best interests of the Company and the shareholders as a whole.

The Independent Board Committee unanimously resolved not to exercise the option to acquire Sinochem Group's 15% interest in Shimao Investment at this moment. As disclosed in the prospectus and the announcement dated 9 April 2010 of the Company, the Independent Board Committee would continue to review the option over Shimao Investment at the time when the interim and annual reports of the Company are to be released.

REVIEW BY AUDIT COMMITTEE

The Audit Committee has reviewed with the management and the auditors of the Company the accounting principles and practices adopted by the Company, and discussed with them the audit, internal control and financial reporting matters of the Company, including review of the financial statements for 2015. The 2015 financial statements prepared in accordance with Hong Kong Financial Reporting Standards were audited by Ernst & Young based on the Hong Kong Standards on Auditing. Ernst & Young issued unqualified opinion on the 2015 financial statements.

MATERIAL ACQUISITIONS AND DISPOSALS

During the Period under Review, save as disclosed in the section headed "Connected Transactions" above, there was no material acquisitions and disposals entered into by the Company.

MATERIAL LITIGATION

For the year ended 31 December 2015, the Company was not subject to any material litigation that could have an adverse impact on the Company.

EVENT AFTER THE REPORTING PERIOD

Save as the issuance of perpetual capital securities (details of which are set out in "Issuance of Guaranteed Notes" under the section headed "Report of the Directors" in this report), there were no material events after the Period under Review of the Group.

AUDITORS

The financial statements of the Group have been audited by Ernst & Young, who has offered itself for re-appointment. A resolution will be proposed at the forthcoming annual general meeting to re-appoint Ernst & Young as the auditors of the Company.

On Behalf of the Board
LI Congrui
Executive Director and Chief Executive Officer
Assuming the role and duties of Chairman

Independent Auditors' Report

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To the members of China Jinmao Holdings Group Limited
(Incorporated in Hong Kong with limited liability)

We have audited the consolidated financial statements of China Jinmao Holdings Group Limited (formerly known as Franshion Properties (China) Limited) (the "Company") and its subsidiaries set out on pages 147 to 247, which comprise the consolidated statement of financial position as at 31 December 2015, and the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Directors' responsibility for the consolidated financial statements

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

Auditors' responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. Our report is made solely to you, as a body, in accordance with section 405 of the Hong Kong Companies Ordinance, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

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

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

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

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 Hong Kong Companies Ordinance.

Ernst & Young
Certified Public Accountants
Hong Kong

22 March 2016

Consolidated Statement of Profit or Loss

Year ended 31 December 2015

	Notes	2015 HK$'000	2014 HK$'000
REVENUE	5	22,110,309	29,548,154
Cost of sales		(13,561,140)	(17,989,374)
Gross profit		8,549,169	11,558,780
Other income and gains	5	2,724,902	2,855,023
Selling and marketing expenses		(979,602)	(914,632)
Administrative expenses		(1,537,701)	(1,678,744)
Other expenses and losses, net		(109,904)	(26,160)
Finance costs	7	(567,872)	(1,221,891)
Share of profits and losses of:			
Joint ventures		(16,173)	(1,322)
Associates		(89,665)	(31,430)
PROFIT BEFORE TAX	6	7,973,154	10,539,624
Income tax expense	10	(2,870,584)	(3,884,026)
PROFIT FOR THE YEAR		5,102,570	6,655,598
Attributable to:			
Owners of the parent		3,789,236	5,296,054
Non-controlling interests		1,313,334	1,359,544
		5,102,570	6,655,598
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	12	HK cents	HK cents
Basic		38.13	57.86
Diluted		32.56	48.96

Consolidated Statement of Comprehensive Income

Year ended 31 December 2015

	2015 HK$'000	2014 HK$'000
PROFIT FOR THE YEAR	5,102,570	6,655,598
OTHER COMPREHENSIVE (LOSS)/INCOME		
Other comprehensive loss to be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	(5,181,343)	(159,525)
Other comprehensive income not to be reclassified to profit or loss in subsequent periods:		
Gains on property revaluation	20,847	–
Income tax effect	(5,212)	–
Net other comprehensive income not to be reclassified to profit or loss in subsequent periods	15,635	–
OTHER COMPREHENSIVE LOSS FOR THE YEAR, NET OF TAX	(5,165,708)	(159,525)
TOTAL COMPREHENSIVE (LOSS)/INCOME FOR THE YEAR	(63,138)	6,496,073
Attributable to:		
Owners of the parent	(261,367)	5,141,322
Non-controlling interests	198,229	1,354,751
	(63,138)	6,496,073

Consolidated Statement of Financial Position

31 December 2015

	Notes	2015 HK$'000	2014 HK$'000 (Restated)
NON-CURRENT ASSETS			
Property, plant and equipment	13	14,607,589	12,423,321
Properties under development	14	22,440,895	27,759,430
Land under development	15	12,814,409	9,559,660
Investment properties	17	25,165,011	24,356,129
Prepaid land lease payments	18	2,834,450	1,929,100
Intangible assets	19	41,248	42,099
Investments in joint ventures	20	1,161,418	119,179
Investments in associates	21	1,735,091	1,741,976
Due from non-controlling shareholders	28	–	126,760
Due from a related party	25	2,868,398	3,134,851
Deferred tax assets	33	1,204,841	1,132,436
Other long term receivable	24	223,800	–
Other financial assets	26	40,004	42,485
Total non-current assets		85,137,154	82,367,426
CURRENT ASSETS			
Properties under development	14	23,181,183	18,319,131
Properties held for sale	16	7,539,877	7,618,885
Land under development	15	5,567,890	3,400,450
Inventories	22	88,795	80,510
Trade receivables	23	3,040,460	3,593,182
Prepayments, deposits and other receivables	24	6,838,932	4,473,867
Due from related parties	25	10,468,700	3,565,803
Prepaid tax		475,316	342,946
Other financial assets	26	144,127	210,739
Restricted bank balances	27	3,291,179	1,591,921
Pledged deposits	27	–	6,338
Cash and cash equivalents	27	13,126,058	12,454,570
Total current assets		73,762,517	55,658,342
CURRENT LIABILITIES			
Trade payables	29	13,815,628	8,130,573
Other payables and accruals	30	22,636,142	15,108,067
Interest-bearing bank and other borrowings	31	8,574,743	4,072,485
Due to related parties	25	5,107,916	2,104,929
Tax payable		1,807,919	2,093,927
Provision for land appreciation tax	32	2,263,328	2,392,926
Total current liabilities		54,205,676	33,902,907
NET CURRENT ASSETS		19,556,841	21,755,435
TOTAL ASSETS LESS CURRENT LIABILITIES		104,693,995	104,122,861
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings	31	40,403,082	42,686,861
Deferred tax liabilities	33	5,388,293	5,103,429
Total non-current liabilities		45,791,375	47,790,290
Net assets		58,902,620	56,332,571

	Notes	2015 HK$'000	2014 HK$'000 (Restated)
EQUITY			
Equity attributable to owners of the parent			
Share capital	35	19,631,341	15,271,278
Perpetual convertible securities	34	4,588,000	4,588,000
Other reserves	37	15,823,458	17,791,139
		40,042,799	37,650,417
Non-controlling interests		18,859,821	18,682,154
Total equity		58,902,620	56,332,571

Li Congrui
Director

Jiang Nan
Director

Consolidated Statement of Changes in Equity

	Notes	Share capital HK$'000 (note 35)	Share premium account HK$'000 (note 35)	Perpetual convertible securities HK$'000 (note 34)	Capital reserve HK$'000 (note 37)	PRC statutory surplus reserve HK$'000 (note 37)	Exchange fluctuation reserve HK$'000	Asset revaluation reserve HK$'000 (note 37)	Share option reserve HK$'000 (note 37)	Retained profits HK$'000	Total HK$'000	Non-controlling interests HK$'000	Total equity HK$'000
At 1 January 2014		9,161,489	6,109,789	4,588,000	(2,157,966)	1,265,585	4,462,766	130,970	20,318	9,980,933	33,561,884	13,657,572	47,219,456
Profit for the year		–	–	–	–	–	–	–	–	5,296,054	5,296,054	1,359,544	6,655,598
Other comprehensive loss for the year:													
Exchange differences on translation of foreign operations		–	–	–	–	–	(154,732)	–	–	–	(154,732)	(4,793)	(159,525)
Total comprehensive income for the year		–	–	–	–	–	(154,732)	–	–	5,296,054	5,141,322	1,354,751	6,496,073
Perpetual convertible securities' distributions	34	–	–	–	–	–	–	–	–	(317,424)	(317,424)	–	(317,424)
Final 2013 dividend declared		–	–	–	–	–	–	–	–	(870,342)	(870,342)	–	(870,342)
Shares repurchased	35	–	–	–	–	–	–	–	–	(208,411)	(208,411)	–	(208,411)
Transition to no-par value regime	35	6,109,789	(6,109,789)	–	–	–	–	–	–	–	–	–	–
Changes in the ownership interests in Jinmao (China) Investments Holdings Limited("JCIHL")	37	–	–	–	439,537	–	–	–	–	–	439,537	3,033,171	3,472,708
Distribution guarantee	37	–	–	–	(160,991)	–	–	–	–	–	(160,991)	–	(160,991)
Partial disposal of a subsidiary without loss of control		–	–	–	3,557	–	–	–	–	–	3,557	281,610	285,167
Capital contribution from non-controlling shareholders		–	–	–	43,783	–	–	–	–	–	43,783	1,513,505	1,557,288
Deemed disposal of subsidiaries	39	–	–	–	–	–	–	–	–	–	–	(127,546)	(127,546)
Dividends declared to non-controlling shareholders		–	–	–	–	–	–	–	–	–	–	(1,030,909)	(1,030,909)
De-registration of a subsidiary		–	–	–	–	(899)	–	–	–	899	–	–	–
Disposal of a subsidiary		–	–	–	–	(43,397)	–	–	–	43,397	–	–	–
Equity-settled share option arrangements	36	–	–	–	–	–	–	–	17,502	–	17,502	–	17,502
Transfer of share option reserve upon the forfeiture or expiry of share options		–	–	–	–	–	–	–	(7,126)	7,126	–	–	–
Transfer from retained profits		–	–	–	–	636,985	–	–	–	(636,985)	–	–	–
At 31 December 2014		15,271,278	–	4,588,000	(1,832,080)	1,858,274	4,308,034	130,970	30,694	13,295,247#	37,650,417	18,682,154	56,332,571

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

	Notes	Share capital HK$'000 (note 35)	Perpetual convertible securities HK$'000 (note 34)	Capital reserve HK$'000 (note 37)	PRC statutory surplus reserve HK$'000 (note 37)	Exchange fluctuation reserve HK$'000	Asset revaluation reserve** HK$'000 (note 37)	Share option reserve HK$'000 (note 37)	Retained profits HK$'000	Total HK$'000	Non-controlling interests HK$'000	Total equity HK$'000
At 1 January 2015		15,271,278	4,588,000	(1,832,080)	1,858,274	4,308,034	130,970	30,694	13,295,247	37,650,417	18,682,154	56,332,571
Profit for the year		–	–	–	–	–	–	–	3,789,236	3,789,236	1,313,334	5,102,570
Other comprehensive loss for the year:												
Exchange differences on translation of foreign operations		–	–	–	–	(4,066,238)	–	–	–	(4,066,238)	(1,115,105)	(5,181,343)
Gains on property revaluation, net of tax		–	–	–	–	–	15,635	–	–	15,635	–	15,635
Total comprehensive income for the year		–	–	–	–	(4,066,238)	15,635	–	3,789,236	(261,367)	198,229	(63,138)
Perpetual convertible securities' distributions	34	–	–	–	–	–	–	–	(317,424)	(317,424)	–	(317,424)
Final 2014 dividend declared		–	–	–	–	–	–	–	(1,227,197)	(1,227,197)	–	(1,227,197)
Acquisition of non-controlling interests		–	–	(195,082)	–	–	–	–	–	(195,082)	(1,083,264)	(1,278,346)
Issue of new shares	35	4,348,305	–	–	–	–	–	–	–	4,348,305	–	4,348,305
Partial disposal of subsidiaries without loss of control		–	–	(6,128)	–	–	–	–	–	(6,128)	1,960,071	1,953,943
Capital contribution from non-controlling shareholders		–	–	–	–	–	–	–	–	–	25,333	25,333
Dividends declared to non-controlling shareholders		–	–	32,503	–	–	–	–	–	32,503	(922,702)	(890,199)
Exercise of share options	36	11,758	–	–	–	–	–	(2,926)	–	8,832	–	8,832
Equity-settled share option arrangements	36	–	–	–	–	–	–	9,940	–	9,940	–	9,940
Transfer of share option reserve upon the forfeiture or expiry of share options		–	–	–	–	–	–	(9,948)	9,948	–	–	–
Transfer from retained profits		–	–	–	377,375	–	–	–	(377,375)	–	–	–
At 31 December 2015		19,631,341	4,588,000	(2,000,787)*	2,235,649*	241,796*	146,605*	27,760*	15,172,435*	40,042,799	18,859,821	58,902,620

* These reserve accounts comprise the consolidated other reserves of HK$15,823,458,000 (2014: HK$17,791,139,000) in the consolidated statement of financial position.

** The asset revaluation reserve arose from a change in use from an owner-occupied property to an investment property carried at fair value.

Consolidated Statement of Cash Flows

	Notes	2015 HK$'000	2014 HK$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		7,973,154	10,539,624
Adjustments for:			
Finance costs	7	567,872	1,221,891
Share of losses of joint ventures and associates		105,838	32,752
Interest income	5	(523,462)	(367,845)
Other investment income	5	(155,680)	(130,298)
Loss on disposal of items of property, plant and equipment	6	4,611	2,754
(Reversal of impairment)/impairment of trade receivables	6,23	(2,698)	23,282
Impairment of other receivables	6	32	19
Fair value gains on investment properties	5,17	(1,238,306)	(2,286,463)
Fair value gains on transfers from properties held for sale to investment properties	5	(347,453)	–
Depreciation	6,13	373,217	311,524
Recognition of prepaid land lease payments	6,18	65,645	56,490
Amortisation of intangible assets	6,19	11,292	8,926
Gain on deemed disposal of subsidiaries	5,39	–	(1,703)
Loss on disposal of a subsidiary	6	–	105
Equity-settled share option expense	6,36	9,940	17,502
		6,844,002	9,428,560
Increase in properties under development		(15,804,922)	(25,536,628)
Decrease in properties held for sale		10,891,443	14,165,566
Increase in land under development		(5,785,742)	(2,693,552)
Increase in inventories		(8,285)	(48,933)
Decrease in trade receivables		555,420	585,550
(Increase)/decrease in prepayments, deposits and other receivables		(2,159,450)	1,346,234
Decrease/(increase) in amounts due from related parties		40,313	(2,335,868)
Increase in trade payables		5,685,055	2,826,403
Increase/(decrease) in other payables and accruals		8,043,883	(2,911,621)
Increase/(decrease) in amounts due to related parties		3,002,987	(1,338,675)
Effect of exchange rate changes, net		163,328	31,536
Cash generated from/(used in) operations		11,468,032	(6,481,428)
Interest received		462,795	349,694
PRC corporate income tax paid		(1,770,224)	(1,576,565)
Land appreciation tax paid		(1,001,703)	(888,163)
Net cash flows from/(used in) operating activities		9,158,900	(8,596,462)

	Notes	2015 HK$'000	2014 HK$'000
CASH FLOWS FROM INVESTING ACTIVITIES			
Other investment income received from unlisted investments		155,680	130,298
Purchases of items of property, plant and equipment		(1,176,401)	(1,473,392)
Proceeds from disposal of items of property, plant and equipment		5,485	7,203
Proceeds from disposal of intangible assets		–	2,251
Additions to investment properties	17	(29,690)	(24,037)
Additions to prepaid land lease payments	18	(4,665)	(399)
Additions to intangible assets	19	(12,830)	(23,789)
Increase in other financial assets		(144,127)	(85,803)
Deemed disposal of subsidiaries	39	(119)	(1,379,755)
Investments in joint ventures		(1,088,946)	(6,195)
Investments in associates		–	(529,535)
Advances of loans to joint ventures and associates		(6,687,379)	(4,352,996)
Advances of loans to non-controlling shareholders		(634,630)	(1,241,667)
Increase in entrustment loans to third parties		(806,225)	–
Decrease/(increase) in pledged deposits		6,338	(6,338)
Increase in restricted bank deposits		(1,699,258)	(1,288,521)
Net cash flows used in investing activities		(12,116,767)	(10,272,675)
CASH FLOWS FROM FINANCING ACTIVITIES			
Issue of new shares upon placing		4,348,305	–
Issue of new shares upon exercise of options		8,832	–
Proceeds from issue of domestic corporate bonds		2,726,155	–
New bank and other borrowings		22,261,643	35,585,972
Repayment of bank and other borrowings		(21,371,894)	(19,906,064)
Interest paid		(2,722,807)	(2,538,998)
Repurchase of shares	35	–	(208,411)
Dividends paid		(1,227,197)	(870,342)
Dividends paid to non-controlling shareholders		(351,586)	(185,355)
Acquisition of non-controlling interests		(1,169,966)	–
Capital contribution from non-controlling shareholders		25,333	1,557,288
Changes in the ownership interests in JCIHL	37	–	3,472,708
Proceeds from partial disposal of a subsidiary without loss of control		1,953,943	285,167
Perpetual convertible securities' distributions paid		(317,424)	(317,424)
Net cash flows from financing activities		4,163,337	16,874,541
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		1,205,470	(1,994,596)
Cash and cash equivalents at beginning of year		12,454,570	14,489,962
Effect of foreign exchange rate changes, net		(533,982)	(40,796)
CASH AND CASH EQUIVALENTS AT END OF YEAR		13,126,058	12,454,570
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and bank balances	27	12,332,879	10,866,959
Non-pledged time deposits with original maturity of within three months when acquired		728,766	1,458,961
Non-pledged time deposits with original maturity of over three months when acquired with option to withdraw upon demand similar to demand deposits		64,413	128,650
Cash and cash equivalents as stated in the statement of financial position	27	13,126,058	12,454,570

1. CORPORATE AND GROUP INFORMATION

China Jinmao Holdings Group Limited (formerly known as Franshion Properties (China) Limited) (the "Company") is a limited liability company incorporated in Hong Kong on 2 June 2004 under the Hong Kong Companies Ordinance. The registered office of the Company is located at Rooms 4702-03, 47/F, Office Tower, Convention Plaza, 1 Harbour Road, Wanchai, Hong Kong. Its shares have been listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") since 17 August 2007.

During the year, the Company and its subsidiaries (collectively referred to as the "Group") were involved in the following principal activities:

- city and property development
- commercial leasing and retail operations
- hotel operations
- provision of property management, design and decoration services

In the opinion of the directors, the immediate holding company of the Company is Sinochem Hong Kong (Group) Company Limited, a company incorporated in Hong Kong, and the ultimate holding company of the Company is Sinochem Group, a company established in the People's Republic of China (the "PRC") and is a state-owned enterprise under the supervision of the State-owned Assets Supervision and Administration Commission in the PRC.

Information about subsidiaries

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

Company name	Place of incorporation/ registration and operations	Issued ordinary share capital/ paid-up capital	Percentage of equity attributable to the Company Direct	Percentage of equity attributable to the Company Indirect	Principal activities
Shanghai Pudong Jinxin Real Estate Development Co., Ltd. ("Pudong Jinxin")*	The PRC/ Mainland China	USD5,600,000	50%#	–	Investment holding
Shanghai International Shipping Service Center Co., Ltd. ("SISSC")*	The PRC/ Mainland China	RMB3,150,000,000	50%#	–	Property development
Sinochem Franshion Property (Beijing) Co., Ltd.***	The PRC/ Mainland China	USD635,000,000	100%	–	Property development
Shanghai Yin Hui Real Estate Development Co., Ltd. ("Shanghai Yin Hui")*	The PRC/ Mainland China	RMB1,355,000,000	50%#	–	Property development
Qingdao Franshion Development Co., Ltd. ("Qingdao Franshion")**	The PRC/ Mainland China	RMB100,000,000	–	100%	Investment holding

1. CORPORATE AND GROUP INFORMATION (Continued)

Information about subsidiaries (Continued)

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

Company name	Place of incorporation/ registration and operations	Issued ordinary share capital/ paid-up capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
Chongqing Xingtuo Development Co., Ltd.***	The PRC/ Mainland China	USD200,000,000	–	100%	Property development
Chongqing Xinghao Development Co., Ltd.***	The PRC/ Mainland China	USD135,000,000	–	100%	Property development
Chongqing Xingqian Properties Development Co., Ltd.*	The PRC/ Mainland China	RMB2,884,540,000	–	45%@	Property development
Qingdao Xingchuang Development Co., Ltd.**	The PRC/ Mainland China	USD150,000,000	–	100%	Property development
Jinmao Hangzhou Property Development Co., Ltd.***	The PRC/ Mainland China	RMB1,600,000,000	–	100%	Property development
Foshan Maoxing Development Co., Ltd.**	The PRC/ Mainland China	RMB10,000,000	–	100%	Property development
Ningbo Xingmao Property Development Co., Ltd.***	The PRC/ Mainland China	USD350,000,000	–	100%	Property development
Changsha Xingye Property Development Co., Ltd.**	The PRC/ Mainland China	USD150,000,000	–	100%	Property development
Changsha Qianjing Property Development Co., Ltd.**	The PRC/ Mainland China	RMB8,000,000	–	100%	Property development
Nanjing Xingtuo Investment Co., Ltd.**	The PRC/ Mainland China	RMB3,000,000,000	–	80%	Land development
Jin Mao (Shanghai) Real Estate Co., Ltd.**	The PRC/ Mainland China	RMB1,010,000,000	–	100%	Property development
Beijing Chemsunny Property Co., Ltd.***	The PRC/ Mainland China	USD102,400,000	50%	50%	Property investment
Sinochem Jin Mao Property Management (Beijing) Co., Ltd.*	The PRC/ Mainland China	RMB5,000,000	85%	15%	Property management

1. CORPORATE AND GROUP INFORMATION (Continued)

Information about subsidiaries (Continued)

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

Company name	Place of incorporation/ registration and operations	Issued ordinary share capital/ paid-up capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
Sinochem International Property and Hotels Management Co., Ltd.***	The PRC/ Mainland China	RMB387,600,000	25%	75%	Property management
Wangfujing Hotel Management Co., Ltd.***	The PRC/ Mainland China	USD73,345,000	–	66.53%	Hotel operation
China Jin Mao Group Co., Ltd.***	The PRC/ Mainland China	RMB2,635,000,000	–	66.53%	Hotel operation and property investment
Shanghai Jin Mao Construction & Decoration Co., Ltd.**	The PRC/ Mainland China	RMB50,000,000	–	100%	Provision of building decoration services
Jin Mao (Beijing) Real Estate Co., Ltd.**	The PRC/ Mainland China	RMB1,600,000,000	–	66.53%	Hotel operation
Jin Mao Sanya Resort Hotel Co., Ltd.**	The PRC/ Mainland China	RMB300,000,000	–	66.53%	Hotel operation
Beijing Franshion Rongchuang Properties Limited** ("Franshion Rongchuang")	The PRC/ Mainland China	RMB100,000,000	–	51%	Property development
Changsha Jin Mao Meixi Lake International Plaza Properties Limited***	The PRC/ Mainland China	USD600,000,000	–	100%	Property development
Changsha Meixi Lake International Research and Development Limited**	The PRC/ Mainland China	RMB10,000,000	–	80%	Property development
Changsha Xing Mao Investment Co., Ltd.**	The PRC/ Mainland China	RMB10,000,000	–	100%	Investment holding
Sanya Yazhouwan Economic Development Co., Ltd. ("Sanya Yazhouwan")**	The PRC/ Mainland China	RMB160,000,000	–	51%	Land development

1. CORPORATE AND GROUP INFORMATION (Continued)

Information about subsidiaries (Continued)

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

Company name	Place of incorporation/ registration and operations	Issued ordinary share capital/ paid-up capital	Percentage of equity attributable to the Company Direct	Indirect	Principal activities
Jin Mao Sanya Tourism Co., Ltd.**	The PRC/ Mainland China	RMB500,000,000	–	66.53%	Hotel operation
Jin Mao Shenzhen Hotel Investment Co., Ltd.**	The PRC/ Mainland China	RMB700,000,000	–	66.53%	Hotel operation
Jin Mao (Li Jiang) Properties Co., Ltd.**	The PRC/ Mainland China	RMB100,000,000	–	100%	Property development
Jin Mao (Li Jiang) Hotel Investment Co., Ltd.**	The PRC/ Mainland China	RMB100,000,000	–	66.53%	Property development
Jin Mao Investment (Changsha) Co., Ltd. ("Jin Mao Changsha")**	The PRC/ Mainland China	RMB3,750,000,000	–	80%	Land development
Franshion Development Limited	British Virgin Islands/ Hong Kong	USD1	100%	–	Investment holding
Franshion Investment Limited	British Virgin Islands/ Hong Kong	USD1	100%	–	Investment holding
Franshion Brilliant Limited	British Virgin Islands/ Hong Kong	USD1	100%	–	Investment holding
Changsha Franshion Shengrong Properties Limited ("Franshion Shengrong")**	The PRC/ Mainland China	RMB500,160,000	–	51%	Property development
Changsha Meixi Lake Jin Yue Properties Limited**	The PRC/ Mainland China	RMB150,000,000	–	70%	Property development
Franshion Properties (Suzhou) Limited***	The PRC/ Mainland China	USD395,000,000	–	80%	Property development
Franshion Properties (Ningbo) Limited***	The PRC/ Mainland China	USD254,000,000	–	51%	Property development
Shanghai Xingwaitan Development and Construction Limited ("Shanghai Xingwaitan")*	The PRC/ Mainland China	RMB6,000,000,000	–	50%#	Property development

1. CORPORATE AND GROUP INFORMATION (Continued)

Information about subsidiaries (Continued)

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

Company name	Place of incorporation/ registration and operations	Issued ordinary share capital/ paid-up capital	Percentage of equity attributable to the Company Direct	Indirect	Principal activities
Beijing Franshion Yicheng Properties Limited ("Franshion Yicheng")**	The PRC/ Mainland China	RMB1,742,800,000	–	100%	Property development
Nanjing International Group Limited**	The PRC/ Mainland China	RMB1,246,237,500	–	49%@	Property development, hotel operation and property investment
JCIHL&	Cayman Islands/ Hong Kong	HK$2,000,000	66.53%	–	Investment holding
Guangzhou Xingtuo Properties Limited**	The PRC/ Mainland China	RMB2,260,000,000	–	90%	Property development
Changsha Jinmao City Construction Limited**	The PRC/ Mainland China	RMB2,962,500,000	–	100%	Land development
Franshion Properties (Hangzhou) Limited**	The PRC/ Mainland China	RMB1,882,350,000	–	85%	Property development

* Registered as Sino-foreign joint ventures under PRC law

** Registered as limited liability companies under PRC law

*** Registered as wholly-foreign-owned entities under PRC law

& Ordinary shares of JCIHL are stapled to units of a trust namely Jinmao Investments which are listed on the Main Board of The Stock Exchange of Hong Kong Limited (note 37). JCIHL and its subsidiaries are collectively referred to as the JCIHL Group.

The Group controls the board of directors of this entity by virtue of its power to cast the majority of votes at meetings of the board, and therefore has the power to exercise control over the entity's operating and financing activities.

@ This entity is a subsidiary of a non-wholly-owned subsidiary of the Company and, accordingly, is accounted for as a subsidiary by virtue of the Company's control over it.

The English names of certain of the above companies represent the best efforts by management of the Company in directly translating the Chinese names of these companies as no English names have been registered or available.

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

2.1 BASIS OF PREPARATION

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"), accounting principles generally accepted in Hong Kong and the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for investment properties and certain other financial assets which have been measured at fair value. These financial statements are presented in Hong Kong dollars and all values are rounded to the nearest thousand except when otherwise indicated.

Basis of consolidation

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

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

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

(b) rights arising from other contractual arrangements; and

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

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

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

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

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

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

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

The nature and the impact of each amendment is described below:

(a) Amendments to HKAS 19 apply to contributions from employees or third parties to defined benefit plans. The amendments simplify the accounting for contributions that are independent of the number of years of employee service, for example, employee contributions that are calculated according to a fixed percentage of salary. If the amount of the contributions is independent of the number of years of service, an entity is permitted to recognise such contributions as a reduction of service cost in the period in which the related service is rendered. The amendments have had no impact on the Group as the Group does not have defined benefit plans.

(b) The *Annual Improvements to HKFRSs 2010-2012 Cycle* issued in January 2014 sets out amendments to a number of HKFRSs. Details of the amendments that are effective for the current year are as follows:

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

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

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

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (Continued)

(c) The *Annual Improvements to HKFRSs 2011-2013 Cycle* issued in January 2014 sets out amendments to a number of HKFRSs. Details of the amendments that are effective for the current year are as follows:

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

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

HKAS 40 *Investment Property*: Clarifies that HKFRS 3, instead of the description of ancillary services in HKAS 40 which differentiates between investment property and owner-occupied property, is used to determine if the transaction is a purchase of an asset or a business combination. The amendment is applied prospectively for acquisitions of investment properties. The amendment has had no impact on the Group as the Group did not acquire any investment properties during the year and so this amendment is not applicable.

In addition, the requirements of Part 9 "Accounts and Audit" of the Hong Kong Companies Ordinance (Cap. 622) came into effect for the first time during the current financial year. The main impact to the financial statements is on the presentation and disclosure of certain information in the financial statements.

2.3 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS

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

HKFRS 9	*Financial Instruments*[2]
Amendments to HKFRS 10 and HKAS 28 (2011)	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[4]
Amendments to HKFRS 10, HKFRS 12 and HKAS 28 (2011)	*Investment Entities: Applying the Consolidation Exception*[1]
Amendments to HKFRS 11	*Accounting for Acquisitions of Interests in Joint Operations*[1]
HKFRS 14	*Regulatory Deferral Accounts*[3]
HKFRS 15	*Revenue from Contracts with Customers*[2]
Amendments to HKAS 1	*Disclosure Initiative*[1]
Amendments to HKAS 16 and HKAS 38	*Clarification of Acceptable Methods of Depreciation and Amortisation*[1]
Amendments to HKAS 16 and HKAS 41	*Agriculture: Bearer Plants*[1]
Amendments to HKAS 27 (2011)	*Equity Method in Separate Financial Statements*[1]
Annual Improvements 2012-2014 Cycle	Amendments to a number of HKFRSs[1]

1 Effective for annual periods beginning on or after 1 January 2016

2 Effective for annual periods beginning on or after 1 January 2018

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

4 No mandatory effective date determined but available for adoption

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

In September 2014, the HKICPA issued the final version of HKFRS 9, bringing together all phases of the financial instruments project to replace HKAS 39 and all previous versions of HKFRS 9. The standard introduces new requirements for classification and measurement, impairment and hedge accounting. The Group expects to adopt HKFRS 9 from 1 January 2018. The Group is currently assessing the impact of the standard.

The amendments to HKFRS 10 and HKAS 28 (2011) address an inconsistency between the requirements in HKFRS 10 and in HKAS 28 (2011) in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require a full recognition of a gain or loss when the sale or contribution of assets between an investor and its associate or joint venture constitutes a business. For a transaction involving assets that do not constitute a business, a gain or loss resulting from the transaction is recognised in the investor's profit or loss only to the extent of the unrelated investor's interest in that associate or joint venture. The amendments are to be applied prospectively.

2.3 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS (Continued)

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

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

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

(i) the materiality requirements in HKAS 1;

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

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

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

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

2.3 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS (Continued)

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Investments in associates and joint ventures

An associate is an entity in which the Group has a long term interest of generally not less than 20% of the equity voting rights and over which it is in a position to exercise significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

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

The Group's investments in associates and joint ventures are stated in the consolidated statement of financial position at the Group's share of net assets under the equity method of accounting, less any impairment losses.

Adjustments are made to bring into line any dissimilar accounting policies that may exist.

The Group's share of the post-acquisition results and other comprehensive income of associates and joint ventures is included in the consolidated statement of profit or loss and consolidated other comprehensive income, respectively. In addition, when there has been a change recognised directly in the equity of the associate or joint venture, the Group recognises its share of any changes, when applicable, in the consolidated statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and its associates or joint ventures are eliminated to the extent of the Group's investments in the associates or joint ventures, except where unrealised losses provide evidence of an impairment of the assets transferred. Goodwill arising from the acquisition of associates or joint ventures is included as part of the Group's investments in associates or joint ventures.

If an investment in an associate becomes an investment in a joint venture or vice versa, the retained interest is not remeasured. Instead, the investment continues to be accounted for under the equity method. In all other cases, upon loss of significant influence over the associate or joint control over the joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments in associates and joint ventures (Continued)

When an investment in an associate or a joint venture is classified as held for sale, it is accounted for in accordance with HKFRS 5. *Non-current Assets Held for Sale and Discontinued Operations.*

Interests in joint operations

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement.

The Group recognises in relation to its interest in a joint operation:

- its assets, including its share of any assets held jointly;
- its liabilities, including its share of any liabilities incurred jointly;
- its revenue from the sale of its share of the output arising from the joint operation;
- its share of the revenue from the sale of the output by the joint operation; and
- its expenses, including its share of any expenses incurred jointly.

The assets, liabilities, revenues and expenses relating to the Group's interest in a joint operation are accounted for in accordance with the HKFRSs applicable to the particular assets, liabilities, revenues and expenses.

Business combinations and goodwill

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

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

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Business combinations and goodwill (Continued)

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

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

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

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

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

Fair value measurement

The Group measures its investment properties, derivative financial instruments and certain financial assets at the end of each reporting period. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fair value measurement (Continued)

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

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 – based on quoted prices (unadjusted) in active markets for identical assets or liabilities
Level 2 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly
Level 3 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Impairment of non-financial assets

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

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to the statement of profit or loss in the period in which it arises, unless the asset is carried at a revalued amount, in which case the impairment loss is accounted for in accordance with the relevant accounting policy for that revalued asset.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Impairment of non-financial assets (Continued)

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

Related parties

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

(a) the party is a person or a close member of that person's family and that person

- (i) has control or joint control over the Group;
- (ii) has significant influence over the Group; or
- (iii) is a member of the key management personnel of the Group or of a parent of the Group;

or

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

- (i) the entity and the Group are members of the same group;
- (ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);
- (iii) the entity and the Group are joint ventures of the same third party;
- (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
- (v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;
- (vi) the entity is controlled or jointly controlled by a person identified in (a);
- (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and
- (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property, plant and equipment and depreciation

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

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

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

Hotel properties	1.7% – 9.5%
Leasehold improvements	18% – 20%
Buildings	2% – 5%
Furniture, fixtures and office equipment	3.8% – 33.3%
Motor vehicles	8.3% – 20%

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

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

Construction in progress represents a building under construction or equipment under installation or testing, which is stated at cost less any impairment losses, and is not depreciated. Cost comprises the direct costs of construction/equipment and capitalised borrowing costs on related borrowed funds during the period of construction. Construction in progress is reclassified to the appropriate category of property, plant and equipment when completed and ready for use.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investment properties

Investment properties are interests in land and buildings (including the leasehold interest under an operating lease for a property which would otherwise meet the definition of an investment property) held to earn rental income and/or for capital appreciation, rather than for use in the production or supply of goods or services or for administrative purposes; or for sale in the ordinary course of business. Such properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the end of the reporting period.

Gains or losses arising from changes in the fair values of investment properties are included in the statement of profit or loss in the year in which they arise.

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

For a transfer from investment properties to owner-occupied properties or inventories, the deemed cost of a property for subsequent accounting is its fair value at the date of change in use. If a property occupied by the Group as an owner-occupied property becomes an investment property, the Group accounts for such property in accordance with the policy stated under "Property, plant and equipment and depreciation" up to the date of change in use, and any difference at that date between the carrying amount and the fair value of the property is accounted for as a revaluation with surplus credited to the asset revaluation reserve and deficit charged to the statement of profit or loss. For a transfer from inventories to investment properties, any difference between the fair value of the property at that date and its previous carrying amount is recognised in the statement of profit or loss.

Intangible assets (other than goodwill)

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

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

Computer software

Purchased computer software is stated at cost less any impairment losses and is amortised on the straight-line basis over its estimated useful lives of 5 to 10 years.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Operating leases

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

Prepaid land lease payments under operating leases are initially stated at cost and subsequently recognised on the straight-line basis over the lease terms.

Land under development

Land under development is stated at the lower of cost and net realisable value and comprises the compensation for land requisition, project costs, other preliminary infrastructure costs, borrowing costs, professional fees and other costs directly attributable to such land under development during the development period.

Land under development which has been pre-sold or intended for sale and is expected to be completed within one year from the end of the reporting period is classified under current assets. Net realisable value takes into account the Group's proceeds derived from the sale of land under development by government authorities, less costs to completion and the costs to be incurred in realising the revenue derived from the sale of land under development based on prevailing market conditions.

Properties under development

Properties under development are stated at the lower of cost and net realisable value and comprise construction costs, borrowing costs, professional fees and other costs directly attributable to such properties incurred during the development period.

Properties under development which have been pre-sold or intended for sale and are expected to be completed within one year from the end of the reporting period are classified under current assets. On completion, the properties are transferred to properties held for sale.

Properties held for sale

Properties held for sale are stated at the lower of cost and net realisable value.

Cost of properties held for sale is determined by an apportionment of total land and building costs attributable to the unsold properties.

Net realisable value is determined by reference to the sales proceeds of properties sold in the ordinary course of business, less applicable variable selling expenses, or by management's estimates based on the prevailing market conditions, on an individual property basis.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments and other financial assets

Initial recognition and measurement

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

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

Subsequent measurement

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

Financial assets at fair value through profit or loss

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

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

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

Derivatives embedded in host contracts are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not held for trading or designated as at fair value through profit or loss. These embedded derivatives are measured at fair value with changes in fair value recognised in the statement of profit or loss. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss category.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments and other financial assets (Continued)

Loans and receivables

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

Available-for-sale financial investments

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

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

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

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

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Derecognition of financial assets

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

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

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

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

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

Impairment of financial assets

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

Financial assets carried at amortised cost

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Impairment of financial assets (Continued)

Financial assets carried at amortised cost (Continued)

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

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

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

Assets carried at cost

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

Available-for-sale financial investments

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

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

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Available-for-sale financial investments (Continued)

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

In the case of debt instruments classified as available for sale, impairment is assessed based on the same criteria as financial assets carried at amortised cost. However, the amount recorded for impairment is the cumulative loss measured as the difference between the amortised cost and the current fair value, less any impairment loss on that investment previously recognised in the statement of profit or loss. Future interest income continues to be accrued based on the reduced carrying amount of the asset using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded as part of finance income. Impairment losses on debt instruments are reversed through the statement of profit or loss if the subsequent increase in fair value of the instruments can be objectively related to an event occurring after the impairment loss was recognised in the statement of profit or loss.

Financial liabilities

Initial recognition and measurement

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

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

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

Subsequent measurement

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

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are acquired for the purpose of repurchasing in the near term. This category includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by HKAS 39. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on liabilities held for trading are recognised in the statement of profit or loss. The net fair value gain or loss recognised in the statement of profit or loss does not include any interest charged on these financial liabilities.

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Financial liabilities (Continued)

Loans and borrowings

After initial recognition, interest-bearing bank and other borrowings are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in the statement of profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

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

Derecognition of financial liabilities

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

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

Offsetting of financial instruments

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

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the weighted average basis. Net realisable value is based on estimated selling prices less any estimated costs to be incurred to completion and disposal.

Cash and cash equivalents

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

For the purpose of the consolidated statement of financial position, cash and cash equivalents comprise cash on hand and at banks, including term deposits, and assets similar in nature to cash, which are not restricted as to use.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Provisions

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

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

Income tax

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

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

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

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

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

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

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

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

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Income tax (Continued)

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

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

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

Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the costs, which it is intended to compensate, are expensed.

Where the grant relates to an asset, the fair value is credited to a deferred income account and is released to the statement of profit or loss over the expected useful life of the relevant asset by equal annual instalments or deducted from the carrying amount of the asset and released to the statement of profit or loss by way of a reduced depreciation charge.

Revenue recognition

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

(a) from the sale of completed properties, when the significant risks and rewards of ownership of the properties are transferred to the purchasers, that is when the construction of the relevant properties has been completed and the properties have been delivered to the purchasers pursuant to the sales agreement, and the collectability of related receivables is reasonably assured;

(b) from land development, when the risks and rewards in connection with the land development are transferred, that is when the related construction works have been completed as well as land is sold, and the collectability of the proceeds from land sales is reasonably assured;

(c) hotel and other service income, in the period in which such services are rendered;

(d) rental income, on a time proportion basis over lease terms, except for contingent rental income which is recognised when it arises, where premiums received to terminate leases are recognised in the statement of profit or loss when they arise;

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue recognition (Continued)

(e) from the rendering of property management services, in the period in which such services are rendered;

(f) from the rendering of services, on the percentage of completion basis, as further explained in the accounting policy for "Contracts for services" below;

(g) interest income, on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset; and

(h) dividend income, when the shareholders' right to receive payment has been established.

Contracts for services

Contract revenue on the rendering of services comprises the agreed contract amount. Costs of rendering services comprise labour and other costs of personnel directly engaged in providing the services and attributable overheads.

Revenue from the rendering of services is recognised based on the percentage of completion of the transaction, provided that the revenue, the costs incurred and the estimated costs to completion can be measured reliably. The percentage of completion is established by reference to the costs incurred to date as compared to the total costs to be incurred under the transaction. Where the outcome of a contract cannot be measured reliably, revenue is recognised only to the extent that the expenses incurred are eligible to be recovered.

Provision is made for foreseeable losses as soon as they are anticipated by management. Where contract costs incurred to date plus recognised profits less recognised losses exceed progress billings, the surplus is treated as an amount due from contract customers. Where progress billings exceed contract costs incurred to date plus recognised profits less recognised losses, the surplus is treated as an amount due to contract customers.

Share-based payments

The Company operates a share option scheme for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Employees (including directors) of the Group receive remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments ("equity-settled transactions").

The cost of equity-settled transactions with employees for grants is measured by reference to the fair value at the date at which they are granted. The fair value is determined by an external valuer using the Black-Scholes model, further details of which are given in note 36 to the financial statements.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Share-based payments (Continued)

The cost of equity-settled transactions is recognised in employee benefit expense, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognised for equity-settled transactions at the end of each reporting period until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The charge or credit to the statement of profit or loss for a period represents the movement in the cumulative expense recognised as at the beginning and end of that period.

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Group's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

For awards that do not ultimately vest because non-market performance and/or service conditions have not been met, no expense is recognised. Where awards include a market or non-vesting condition, the transactions are treated as vesting irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified, if the original terms of the award are met. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payments, or is otherwise beneficial to the employee as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. This includes any award where non-vesting conditions within the control of either the Group or the employee are not met. However, if a new award is substituted for the cancelled award, and is designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of earnings per share.

Pension schemes

The Group operates a defined contribution Mandatory Provident Fund retirement benefit scheme (the "MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance for all of its employees who are eligible to participate in the MPF Scheme. Contributions are made based on a percentage of the employees' basic salaries and are charged to the statement of profit or loss as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group's employer contributions vest fully with the employees when contributed into the MPF Scheme.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Pension schemes (Continued)

The employees of the Group's subsidiaries which operate in Mainland China are required to participate in a central pension scheme operated by the local municipal government. The subsidiaries are required to contribute certain percentages of their payroll costs to the central pension scheme. The contributions are charged to the statement of profit or loss as they become payable in accordance with the rules of the central pension scheme.

Borrowing costs

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

Where funds have been borrowed generally, and used for the purpose of obtaining qualifying assets, a weighted average capitalisation rate of 5.16% has been applied to the expenditure on the group level.

Dividends

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

Foreign currencies

These financial statements are presented in Hong Kong dollars, which is the Company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of the reporting period. Differences arising on settlement or translation of monetary items are recognised in the statement of profit or loss.

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Foreign currencies (Continued)

The functional currency of all subsidiaries, joint ventures, associates and joint operations operating in Mainland China is Renminbi ("RMB"). As at the end of the reporting period, the assets and liabilities of these entities are translated into Hong Kong dollars at the exchange rates prevailing at the end of the reporting period and their statements of profit or loss are translated into Hong Kong dollars at the weighted average exchange rates for the year.

The resulting exchange differences are recognised in other comprehensive income and accumulated in the exchange fluctuation reserve. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in the statement of profit or loss.

For the purpose of the consolidated statement of cash flows, the cash flows of all subsidiaries and joint operations operating in Mainland China are translated into Hong Kong dollars at the exchange rates ruling at the dates of the cash flows. Frequently recurring cash flows of overseas subsidiaries which arise throughout the year are translated into Hong Kong dollars at the weighted average exchange rates for the year.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

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

Judgements

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

Operating lease commitments – Group as lessor

The Group has entered into commercial property leases on its investment property portfolio. The Group has determined, based on an evaluation of the terms and conditions of the arrangements, that it retains all the significant risks and rewards of ownership of these properties which are leased out on operating leases.

Classification between investment properties and owner-occupied properties

The Group determines whether a property qualifies as an investment property, and has developed criteria in making that judgement. Investment property is a property held to earn rentals or for capital appreciation or both. Therefore, the Group considers whether a property generates cash flows largely independently of the other assets held by the Group. Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes. If these portions could be sold separately or leased out separately under a finance lease, the Group accounts for the portions separately. If the portions could not be sold separately, the property is an investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes. Judgement is made on an individual property basis to determine whether ancillary services are so significant that a property does not qualify as an investment property.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (Continued)

Judgements (Continued)

Classification between investment properties and properties held for sale

The Group develops properties held for sale and properties held to earn rentals and/or for capital appreciation or both. Judgement is made by management in determining whether a property is designated as an investment property or a property held for sale. The Group considers its intention for holding the properties at the early development stage of the related properties. During the course of construction, the related properties under construction are accounted for as properties under development if the properties are intended for sale after completion. Upon completion of construction, properties under development are transferred to completed properties held for sale and are stated at cost. Properties under construction are accounted for as investment properties if the properties are intended to be held to earn rentals and/or for capital appreciation after completion.

Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

Impairment of trade and other receivables

The provision policy for impairment of trade and other receivables of the Group is based on the ongoing evaluation of the collectability, aged analysis of the outstanding receivables and management's judgement. A considerable amount of judgement is required in assessing the ultimate realisation of these receivables, including creditworthiness and the past collection history of each customer. If the financial conditions of the customers of the Group were to deteriorate, resulting in an impairment of their ability to make payments, additional allowances may be required.

Estimation of fair value of investment properties

In the absence of current prices in an active market for similar properties, the Group considers information from a variety of sources, including:

(a) current prices in an active market for properties of a different nature, condition or location, adjusted to reflect those differences;

(b) recent prices of similar properties on less active markets, with adjustments to reflect any changes in economic conditions since the date of the transactions that occurred at those prices; and

(c) discounted cash flow projections based on reliable estimates of future cash flows, supported by the terms of any existing lease and other contracts and (when possible) by external evidence such as current market rents for similar properties in the same location and condition, and using discount rates that reflect current market assessments of the uncertainty in the amount and timing of the cash flows.

The carrying amount of investment properties at 31 December 2015 was HK$25,165,011,000 (2014: HK$24,356,129,000). Further details, including the key assumptions used for the fair value measurement, are given in note 17 to the financial statements.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (Continued)

Estimation uncertainty (Continued)

Carrying amount of land under development

The Group's land under development is stated at the lower of cost and net realisable value. Based on the Group's recent experience and the nature of the subject land development, the Group makes estimates of cost allocated to each parcel of land under development, and its net realisable value, i.e., the revenue to be derived from the land under development for sale by government authorities, less costs to completion and the costs to be incurred in realising the revenue from the sale of land under development based on prevailing market conditions.

If the cost is higher than the estimated net realisable value, provision for the excess of cost of land under development over its net realisable value should be made. Such provision would require the use of judgement and estimates. Where the expectation is different from the original estimate, the carrying value and provision for land under development in the periods in which such estimate is changed will be adjusted accordingly. The carrying amount of land under development at 31 December 2015 was HK$18,382,299,000 (2014: HK$12,960,110,000). Further details are given in note 15 to the financial statements.

Measurement of cost from land development

Development costs of land are recorded as land under development during the construction stage and an apportionment of these costs will be recognised in the statement of profit or loss upon the recognition of the revenue of the land under development. Before the final settlement of the development costs and other costs relating to the land under development, these costs are accrued by the Group based on management's best estimate.

Where the final settlement of costs and the related cost allocation is different from the initial estimates, any increase or decrease in the development costs and other costs would affect profit or loss in future years.

Impairment of non-financial asset (other than goodwill)

The Group assesses whether there are any indicators of impairment for all non-financial assets at the end of each reporting period. Indefinite life intangible assets are tested for impairment annually and at other times when such an indicator exists. Other non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. An impairment exists when the carrying value of an asset or a cash-generating until exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The calculation of the fair value less costs of disposal is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

Deferred tax assets

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. The carrying value of deferred tax assets relating to recognised tax losses at 31 December 2015 was HK$263,587,000 (2014:HK$197,795,000). The amount of unrecognised tax losses at 31 December 2015 was HK$975,300,000 (2014:HK$798,460,000). Further details are contained in note 33 to the financial statements.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (Continued)

Estimation uncertainty (Continued)

Recognition and allocation of construction cost on properties under development

Development costs of properties are recorded as properties under development during the construction stage and will be transferred to completed properties held for sale upon completion. An apportionment of these costs will be recognised in the statement of profit or loss upon the recognition of the sale of the properties. Before the final settlement of the development costs and other costs relating to the sale of the properties, these costs are accrued by the Group based on management's best estimate.

When developing properties, the Group may divide the development projects into phases. Specific costs directly related to the development of a particular phase are recorded as the cost of such phase. Common costs are allocated to individual phases based on the estimated saleable area of the entire development project.

Where the final settlement of costs and the related cost allocation is different from the initial estimates, any increase or decrease in the development costs and other costs would affect profit or loss in future years. The carrying amount of properties under development at 31 December 2015 was HK$45,622,078,000 (2014: HK$46,078,561,000). Further details are given in note 14 to the financial statements.

PRC corporate income tax

The Group is subject to income taxes in the PRC. As a result of the fact that certain matters relating to the income taxes have not been confirmed by the local tax bureau, objective estimate and judgement based on currently enacted tax laws, regulations and other related policies are required in determining the provision for income taxes to be made. Where the final tax outcome of these matters is different from the amounts originally recorded, the differences will impact on the income tax and tax provisions in the period in which the differences realise. The carrying amount of income tax payable at 31 December 2015 was HK$1,807,919,000 (2014: HK$2,093,927,000).

PRC land appreciation tax ("LAT")

The Group is subject to LAT in the PRC. The provision for LAT is based on management's best estimates according to the understanding of the requirements set forth in the relevant PRC tax laws and regulations. The actual LAT liabilities are subject to the determination by the local tax authorities upon the completion of the Group's property development projects. The Group has not finalised its LAT tax returns and payments with the local tax authorities for its property development projects. When the final outcome is determined, it may be different from the amounts that were initially recorded, and any differences will affect the current income tax expense and LAT provision in the period which LAT is ascertained. The carrying amount of provision for LAT at 31 December 2015 was HK$2,263,328,000 (2014: HK$2,392,926,000). Further details are given in note 32 to the financial statements.

Estimation of net realisable value for properties held for sale and inventories

Properties held for sale and inventories are stated at the lower of cost and net realisable value. The net realisable value is assessed with reference to market conditions and prices existing at the end of the reporting period and is determined by the Group having taken suitable external advice and in light of recent market transactions. The carrying amounts of properties held for sale and inventories at 31 December 2015 were HK$7,539,877,000 (2014: HK$7,618,885,000) and HK$88,795,000 (2014: HK$80,510,000), respectively.

4. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on the products and services they provide and has four reportable operating segments as follows:

(a) the city and property development segment develops city complexes and properties and develops land;

(b) the commercial leasing and retail operations segment leases office and retail commercial premises;

(c) the hotel operations segment provides hotel accommodation services, food and beverage; and

(d) the "others" segment mainly comprises the provision of property management, design and decoration services, and the operation of an observation deck.

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment profit, which is a measure of adjusted profit before tax. The adjusted profit before tax is measured consistently with the Group's profit before tax except that interest income, other investment income and finance costs as well as head office and corporate expenses are excluded from such measurement.

Segment assets exclude deferred tax assets, prepaid tax, pledged deposits, restricted bank balances, cash and cash equivalents, certain other financial assets and other unallocated head office and corporate assets.

Segment liabilities exclude interest-bearing bank and other borrowings and related interest payables, tax payable, provision for land appreciation tax, deferred tax liabilities and other unallocated head office and corporate liabilities.

Intersegment sales and transfers are transacted in accordance with the terms and conditions mutually agreed by the parties involved.

The Group's operations are mainly conducted in Mainland China. Management considered there is one reportable geographic segment as all revenues from external customers are generated in Mainland China and the Group's significant non-current assets are located in Mainland China.

4. OPERATING SEGMENT INFORMATION (Continued)

Year ended 31 December 2015	City and property development HK$'000	Commercial leasing and retail operations HK$'000	Hotel Operations HK$'000	Others HK$'000	Total HK$'000
Segment revenue:					
Sales to external customers	17,896,623	1,491,136	2,257,460	465,090	22,110,309
Intersegment sales	–	49,259	–	629,163	678,422
	17,896,623	1,540,395	2,257,460	1,094,253	22,788,731
Reconciliation:					
Elimination of intersegment sales					(678,422)
Total revenue					22,110,309
Segment results	5,555,367	2,238,549	291,393	26,525	8,111,834
Reconciliation:					
Elimination of intersegment results					(171,822)
Interest income					523,462
Other investment income					155,680
Corporate and other unallocated expenses					(78,128)
Finance costs					(567,872)
Profit before tax					7,973,154
Segment assets	111,056,550	25,747,477	16,549,029	934,983	154,288,039
Reconciliation:					
Elimination of intersegment assets					(38,446,358)
Corporate and other unallocated assets					43,057,990
Total assets					158,899,671
Segment liabilities	49,771,704	2,453,321	8,259,510	817,444	61,301,979
Reconciliation:					
Elimination of intersegment liabilities					(39,210,025)
Corporate and other unallocated liabilities					77,905,097
Total liabilities					99,997,051
Other segment information:					
Share of (losses)/profits of joint ventures	(20,235)	–	–	4,062	(16,173)
Share of losses of associates	(89,665)	–	–	–	(89,665)
Depreciation and amortisation	16,694	18,198	325,175	24,442	384,509
Recognition of prepaid land lease payments	–	–	65,535	110	65,645
Loss on disposal of items of property, plant and equipment	8	1,688	2,878	37	4,611
Impairment losses (reversed)/recognised in the statement of profit or loss	(9)	(3,553)	81	815	(2,666)
Fair value gains on investment properties	–	1,238,306	–	–	1,238,306
Fair value gains on transfer from properties held for sale to investment properties	–	347,453	–	–	347,453
Investments in associates	1,735,091	–	–	–	1,735,091
Investments in joint ventures	1,115,053	–	–	46,365	1,161,418
Capital expenditure*	242,031	476,166	550,085	5,301	1,273,583

4. OPERATING SEGMENT INFORMATION (Continued)

Year ended 31 December 2014	City and property development HK$'000	Commercial leasing and retail operations HK$'000	Hotel Operations HK$'000	Others HK$'000	Total HK$'000
Segment revenue:					
Sales to external customers	25,545,226	1,398,468	2,126,655	477,805	29,548,154
Intersegment sales	–	16,453	–	510,896	527,349
	25,545,226	1,414,921	2,126,655	988,701	30,075,503
Reconciliation:					
Elimination of intersegment sales					(527,349)
Total revenue					29,548,154
Segment results	8,229,402	3,116,830	79,293	38,676	11,464,201
Reconciliation:					
Elimination of intersegment results					(49,113)
Interest income					367,845
Other investment income					130,298
Corporate and other unallocated expenses					(151,716)
Finance costs					(1,221,891)
Profit before tax					10,539,624
Segment assets	93,352,598	27,218,066	17,842,701	831,657	139,245,022
Reconciliation:					
Elimination of intersegment assets					(34,475,347)
Corporate and other unallocated assets					33,256,093
Total assets					138,025,768
Segment liabilities	34,656,181	3,258,354	7,866,087	740,720	46,521,342
Reconciliation:					
Elimination of intersegment liabilities					(32,979,573)
Corporate and other unallocated liabilities					68,151,428
Total liabilities					81,693,197
Other segment information:					
Share of (losses)/profits of joint ventures	(4,501)	–	–	3,179	(1,322)
Share of losses of associates	(31,430)	–	–	–	(31,430)
Depreciation and amortisation	16,410	15,084	272,926	16,030	320,450
Recognition of prepaid land lease payments	–	–	56,378	112	56,490
Loss on disposal of items of property, plant and equipment	589	1,818	–	347	2,754
Impairment losses (reversed)/recognised in the statement of profit or loss	(272)	22,652	(92)	1,013	23,301
Fair value gains on investment properties	–	2,286,463	–	–	2,286,463
Investments in associates	1,741,976	–	–	–	1,741,976
Investments in joint ventures	74,078	–	–	45,101	119,179
Capital expenditure*	206,742	39,613	1,226,353	71,541	1,544,249

* Capital expenditure consists of additions to property, plant and equipment, intangible assets, prepaid land lease payments and investment properties.

4. OPERATING SEGMENT INFORMATION (Continued)

Information about major customers

During the year, revenue of HK$2,506,650,000 was derived from sales by the city and property development segment to a single customer, while in 2014, there was no revenue from a single customer which accounted for 10% or more of the Group's revenue.

5. REVENUE, OTHER INCOME AND GAINS

Revenue represents the gross proceeds from the sale of properties and land development, net of business tax; gross rental income from investment properties, net of business tax; income from hotel operations, property management and related services rendered, net of business tax; and an appropriate proportion of contract revenue of service contracts during the year.

An analysis of the Group's revenue, other income and gains is as follows:

	Notes	2015 HK$'000	2014 HK$'000
Revenue			
Sale of properties		16,315,936	21,895,188
Land development		1,580,687	3,650,038
Gross rental income		1,491,136	1,398,468
Hotel operations		2,257,460	2,126,655
Others		465,090	477,805
		22,110,309	29,548,154
Other income			
Interest income		523,462	367,845
Other investment income		155,680	130,298
Government grants*		167,182	47,366
Default penalty income**		186,193	3,109
		1,032,517	548,618
Gains			
Fair value gains on investment properties	17	1,238,306	2,286,463
Fair value gains on transfers from properties held for sale to investment properties		347,453	–
Gain on deemed disposal of subsidiaries	39	–	1,703
Foreign exchange differences, net		57,155	17,894
Others		49,471	345
		1,692,385	2,306,405
		2,724,902	2,855,023

* Various government grants have been received from the relevant authorities for the Group's businesses conducted in certain cities in Mainland China. There are no unfulfilled conditions or contingencies relating to these grants.

** Default penalty income has been received from the other contracting parties for breach of contract.

6. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging/(crediting):

	Notes	2015 HK$'000	2014 HK$'000
Cost of properties sold		11,086,569	14,381,196
Cost of land development		718,105	1,969,073
Cost of services provided		1,756,466	1,639,105
Direct operating expenses (including repairs and maintenance) arising on rental-earning investment properties		155,267	143,934
Depreciation	13	373,217	311,524
Amortisation of intangible assets	19	11,292	8,926
Minimum lease payments under operating leases		33,630	36,075
Recognition of prepaid land lease payments	18	65,645	56,490
Auditors' remuneration		4,960	4,400
Employee benefit expense (including directors' and chief executive's remuneration (note 8)):			
Wages and salaries		1,109,375	1,163,146
Equity-settled share option expense	36	9,940	17,502
Pension scheme contributions (defined contribution schemes)		149,483	128,900
Less: Amount capitalised		(26,253)	(23,383)
Net pension scheme contributions*		123,230	105,517
		1,242,545	1,286,165
Foreign exchange differences, net		(57,155)	(17,894)
Loss on disposal of items of property, plant and equipment**		4,611	2,754
Loss on disposal of a subsidiary**		–	105
(Reversal of impairment)/impairment of trade receivables**	23	(2,698)	23,282
Impairment of other receivables**		32	19
Provision for penalty claim**		107,959	–

* At 31 December 2015, the Group had no forfeited contributions available to reduce its contributions to the pension schemes in future years (2014: Nil).

** These items are included in "Other expenses and losses, net" in the consolidated statement of profit or loss.

7. FINANCE COSTS

An analysis of finance costs is as follows:

	2015 HK$'000	2014 HK$'000
Interest on bank and other loans, notes and bonds	2,712,212	2,479,664
Interest on an amount due to a fellow subsidiary (note 43(a))	37,965	67,612
Interest on an amount due to the immediate holding company (note 43(a))	7,045	24,705
Total interest expense	2,757,222	2,571,981
Less: Interest capitalised	(2,189,350)	(1,350,090)
	567,872	1,221,891

8. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION

Directors' and chief executive's remuneration for the year, disclosed pursuant to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") 383(1)(a), (b), (c) and (f) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation, is as follows:

	Group	
	2015 HK$'000	2014 HK$'000
Fees	1,080	1,080
Other emoluments:		
Salaries, allowances and benefits in kind	7,631	6,828
Performance related bonuses*	7,840	6,808
Equity-settled share option expense	1,249	1,296
Pension scheme contributions	728	711
	17,448	15,643
	18,528	16,723

* Certain executive directors of the Company are entitled to bonus payments which are determined with reference to the performance of the Group's operations.

In prior years, certain directors were granted share options, in respect of their services to the Group, under the share option scheme of the Company, further details of which are set out in note 36 to the financial statements. The fair value of such options, which has been recognised in the statement of profit or loss over the vesting period, was determined as at the date of grant and the amount included in the financial statements for the current year is included in the above directors' and chief executive's remuneration disclosures.

8. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION (Continued)

(a) Independent non-executive directors

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

	2015 HK$'000	2014 HK$'000
Mr. Lau Hon Chuen, Ambrose	360	360
Mr. Su Xijia	360	360
Mr. Liu Hongyu[(i)]	330	360
Mr. Gao Shibin[(ii)]	30	–
	1,080	1,080

i Mr. Liu Hongyu resigned as an independent non-executive director of the Company with effect from 16 November 2015.

ii Mr. Gao Shibin was appointed as an independent non-executive director of the Company on 30 November 2015.

There were no other emoluments payable to the independent non-executive directors during the year (2014: Nil).

(b) Executive directors, non-executive directors and the chief executive

	Fees HK$'000	Salaries, allowances and benefits in kind HK$'000	Performance related bonuses HK$'000	Equity-settled share option expense HK$'000	Pension scheme contributions HK$'000	Total remuneration HK$'000
2015						
Executive directors:						
Mr. He Cao[(i)]	–	2,187	2,976	492	288	5,943
Mr. Li Congrui[(vii)]	–	2,393	2,599	475	335	5,802
Mr. He Binwu[(ii)]	–	2,299	1,489	114	–	3,902
Mr. Jiang Nan[(ii)]	–	752	776	168	105	1,801
	–	7,631	7,840	1,249	728	17,448
Non-executive directors:						
Mr. Cai Xiyou[(i)]	–	–	–	–	–	–
Mr. Yang Lin[(iii)]	–	–	–	–	–	–
Ms. Shi Dai[(iv)]	–	–	–	–	–	–
Mr. Cui Yan[(iv)]	–	–	–	–	–	–
Mr. An Hongjun[(vi)]	–	–	–	–	–	–
	–	–	–	–	–	–
	–	7,631	7,840	1,249	728	17,448

8. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION (Continued)

(b) Executive directors, non-executive directors and the chief executive (Continued)

	Fees HK$'000	Salaries, allowances and benefits in kind HK$'000	Performance related bonuses HK$'000	Equity-settled share option expense HK$'000	Pension scheme contributions HK$'000	Total remuneration HK$'000
2014						
Executive directors:						
Mr. He Cao[(i)]	–	2,340	2,674	451	373	5,838
Mr. Li Congrui[(vii)]	–	2,098	2,474	436	338	5,346
Mr. He Binwu[(ii)]	–	2,390	1,660	409	–	4,459
	–	6,828	6,808	1,296	711	15,643
Non-executive directors:						
Mr. Yang Lin[(iii)]	–	–	–	–	–	–
Ms. Shi Dai[(iv)]	–	–	–	–	–	–
Ms. Li Xuehua[(v)]	–	–	–	–	–	–
	–	–	–	–	–	–
	–	6,828	6,808	1,296	711	15,643

i Mr. He Cao retired as the chairman and an executive director of the Company with effect from 9 October 2015. Mr. Cai Xiyou was appointed as the chairman and a non-executive director of the Company with effect from 9 October 2015 and resigned as the chairman and a non-executive director of the Company with effect from 15 March 2016.

ii Mr. He Binwu resigned as an executive director of the Company with effect from 25 August 2015. Mr. Jiang Nan has been appointed as an executive director of the Company with effect from 25 August 2015.

iii Mr. Yang Lin was appointed as the non-executive director of the Company on 26 February 2014.

iv Ms. Shi Dai resigned as a non-executive director of the Company with effect from 10 June 2015. Mr. Cui Yan has been appointed as a non-executive director of the Company with effect from 10 June 2015.

v Ms. Li Xuehua resigned as a non-executive director of the Company with effect from 11 June 2014.

vi Mr. An Hongjun has been appointed as a non-executive director of the Company with effect from 11 November 2015.

vii Mr. Li Congrui was authorised to assume the role and duties of the chairman of the Company with effect from 15 March 2016.

There was no arrangement under which a director or the chief executive waived or agreed to waive any remuneration during the year (2014: Nil).

9. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees during the year included three directors including the chief executive (2014: three directors including the chief executive), details of whose remuneration are set out in note 8 above. Details of the remuneration of the remaining two (2014: two) highest paid employees who are neither a director nor chief executive of the Company are as follows:

	2015 HK$'000	2014 HK$'000
Salaries, allowances and benefits in kind	3,124	3,562
Performance related bonuses	3,738	3,739
Equity-settled share option expense	550	796
Pension scheme contributions	733	577
	8,145	8,674

The number of non-director and non-chief executive highest paid employees whose remuneration fell within the following bands is as follows:

	Number of employees 2015	2014
HK$2,500,001 to HK$3,000,000	–	–
HK$3,500,001 to HK$4,000,000	1	1
HK$4,000,001 to HK$4,500,000	1	–
HK$4,500,001 to HK$5,000,000	–	1
	2	2

In prior years, share options were granted to two non-director and non-chief executive highest paid employees in respect of their services to the Group, further details of which are included in the disclosures in note 36 to the financial statements. The fair value of such options, which has been recognised in the statement of profit or loss over the vesting period, was determined as at the date of grant and the amount included in the financial statements for the current year is included in the above non-director and non-chief executive highest paid employees' remuneration disclosures.

10. INCOME TAX

	Notes	2015 HK$'000	2014 HK$'000
Current			
PRC corporate income tax			
Charge for the year		1,533,630	2,208,498
(Overprovision)/underprovision in prior years		(7,624)	4,186
PRC land appreciation tax	32	885,498	1,093,786
		2,411,504	3,306,470
Deferred	33	459,080	577,556
Total tax charge for the year		2,870,584	3,884,026

10. INCOME TAX (Continued)

Hong Kong profits tax

No provision for Hong Kong profits tax has been made as the Group did not generate any assessable profits arising in Hong Kong during the year (2014: Nil).

PRC corporate income tax

PRC corporate income tax has been provided at the rate of 25% (2014: 25%) on the taxable profits of the Group's PRC subsidiaries.

PRC land appreciation tax ("LAT")

According to the requirements of the Provisional Regulations of the PRC on LAT (中華人民共和國土地增值稅暫行條例) effective from 1 January 1994 and the Detailed Implementation Rules on the Provisional Regulations of the PRC on LAT (中華人民共和國土地增值稅暫行條例實施細則) effective from 27 January 1995, all gains arising from a transfer of real estate property in Mainland China effective from 1 January 1994 are subject to LAT at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds from the sale of properties less deductible expenditures including borrowing costs and all property development expenditures.

A reconciliation of the tax expense applicable to profit/(loss) before tax at the statutory rates for the jurisdictions in which the Company and the majority of its subsidiaries are domiciled to the tax expense at the effective tax rates, and a reconciliation of the applicable rates (i.e., the statutory tax rates) to the effective tax rates, are as follows:

2015

	Hong Kong		Mainland China		Total	
	HK$'000	%	HK$'000	%	HK$'000	%
Profit/(loss) before tax	(443,174)		8,416,328		7,973,154	
Tax at the statutory income tax rate	(73,124)	16.5	2,104,082	25.0	2,030,958	25.5
Adjustment in respect of current tax of previous periods	–	–	(7,624)	(0.1)	(7,624)	(0.1)
Profits and losses attributable to joint ventures and associates	–	–	26,459	0.3	26,459	0.3
Income not subject to tax	(74,740)	16.9	(14,476)	(0.2)	(89,216)	(1.1)
Expenses not deductible for tax	147,864	(33.4)	43,247	0.5	191,111	2.4
Tax losses utilised from previous periods	–	–	(21,874)	(0.3)	(21,874)	(0.3)
Tax losses not recognised	–	–	51,223	0.6	51,223	0.6
Write-down of deferred tax assets previously recognised	–	–	25,424	0.3	25,424	0.3
LAT (note 32)	–	–	885,498	10.6	885,498	11.2
Tax effect of LAT	–	–	(221,375)	(2.6)	(221,375)	(2.8)
Tax charge at the Group's effective rate	–	–	2,870,584	34.1	2,870,584	36.0

10. INCOME TAX (Continued)

2014

	Hong Kong HK$'000	%	Mainland China HK$'000	%	Total HK$'000	%
Profit/(loss) before tax	(991,129)		11,530,753		10,539,624	
Tax at the statutory income tax rate	(163,536)	16.5	2,882,688	25.0	2,719,152	25.8
Adjustment in respect of current tax of previous periods	–	–	4,186	–	4,186	–
Profits and losses attributable to joint ventures and associates	–	–	8,188	0.1	8,188	0.1
Income not subject to tax	(23,528)	2.4	(4,067)	–	(27,595)	(0.3)
Expenses not deductible for tax	187,064	(18.9)	19,112	0.2	206,176	2.0
Tax losses utilised from previous periods	–	–	(8,690)	(0.1)	(8,690)	(0.1)
Tax losses not recognised	–	–	134,711	1.2	134,711	1.3
Write-down of deferred tax assets previously recognised	–	–	27,559	0.2	27,559	0.3
LAT (note 32)	–	–	1,093,786	9.5	1,093,786	10.4
Tax effect of LAT	–	–	(273,447)	(2.4)	(273,447)	(2.6)
Tax charge at the Group's effective rate	–	–	3,884,026	33.7	3,884,026	36.9

The share of tax attributable to joint ventures and associates amounting to HK$2,214,000 (2014: HK$2,259,000) is included in "Share of profits and losses of joint ventures and associates" in the consolidated statement of profit or loss.

11. DIVIDENDS

	2015 HK$'000	2014 HK$'000
Proposed final – HK8.0 cents (2014: HK11.5 cents) per ordinary share	853,745	1,042,842

The actual amount of the 2014 final dividend paid during the year ended 31 December 2015 was HK$1,227,197,000.

The proposed final dividend for the year is subject to the approval of the Company's shareholders at the forthcoming annual general meeting.

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

The calculation of the basic earnings per share amount is based on the profit for the year attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 9,938,244,662 (2014: 9,153,714,656) in issue during the year.

The calculation of the diluted earnings per share amount is based on the profit for the year attributable to ordinary equity holders of the parent. The weighted average number of ordinary shares used in the calculation is the number of ordinary shares in issue during the year, as used in the basic earnings per share calculation, and the weighted average number of ordinary shares assumed to have been issued on the deemed conversion of the Group's perpetual convertible securities into ordinary shares. As the impact of the Company's share options outstanding had an anti-dilutive effect on the basic earnings per share amount presented, they were not accounted for in the calculation of the diluted earnings per share amount.

The calculations of basic and diluted earnings per share are based on:

	2015 HK$'000	2014 HK$'000
Earnings		
Profit attributable to ordinary equity holders of the parent used in the basic earnings per share calculation	3,789,236	5,296,054

	Number of shares 2015	2014
Shares		
Weighted average number of ordinary shares in issue during the year used in the basic earnings per share calculation	9,938,244,662	9,153,714,656
Effect of dilution – weighted average number of ordinary shares:		
Perpetual convertible securities	1,698,788,321	1,662,385,714
	11,637,032,983	10,816,100,370

13. PROPERTY, PLANT AND EQUIPMENT

	Hotel properties HK$'000	Leasehold improvements HK$'000	Buildings HK$'000	Furniture, fixtures and office equipment HK$'000	Motor vehicles HK$'000	Construction in progress HK$'000	Total HK$'000
31 December 2015							
At 1 January 2015:							
Cost	9,475,353	25,735	632,491	2,039,546	84,420	2,426,928	14,684,473
Accumulated depreciation and impairment	(1,134,763)	(25,118)	(77,221)	(976,066)	(47,984)	–	(2,261,152)
Net carrying amount	8,340,590	617	555,270	1,063,480	36,436	2,426,928	12,423,321
At 1 January 2015, net of accumulated depreciation and impairment	8,340,590	617	555,270	1,063,480	36,436	2,426,928	12,423,321
Additions	8,458	–	2,202	33,121	8,954	1,173,663	1,226,398
Disposals	(2,216)	–	(27,248)	(1,774)	(536)	–	(31,774)
Depreciation provided during the year	(202,430)	(475)	(22,409)	(138,014)	(9,889)	–	(373,217)
Gain on properties revaluation in relation to the transfer to investment properties	–	–	20,847	–	–	–	20,847
Transfer to investment properties (note 17)	–	–	(35,442)	–	–	(423,190)	(458,632)
Transfer from properties under development (note 14)	–	–	–	–	–	2,541,734	2,541,734
Transfers	689,979	–	–	14,298	–	(704,277)	–
Exchange realignment	(506,989)	(16)	(30,136)	(58,321)	(2,068)	(143,558)	(741,088)
At 31 December 2015, net of accumulated depreciation and impairment	8,327,392	126	463,084	912,790	32,897	4,871,300	14,607,589
At 31 December 2015:							
Cost	9,589,400	24,233	546,285	1,955,346	85,421	4,871,300	17,071,985
Accumulated depreciation and impairment	(1,262,008)	(24,107)	(83,201)	(1,042,556)	(52,524)	–	(2,464,396)
Net carrying amount	8,327,392	126	463,084	912,790	32,897	4,871,300	14,607,589

13. PROPERTY, PLANT AND EQUIPMENT (Continued)

	Hotel properties HK$'000	Leasehold improvements HK$'000	Buildings HK$'000	Furniture, fixtures and office equipment HK$'000	Motor vehicles HK$'000	Construction in progress HK$'000	Total HK$'000
31 December 2014							
At 1 January 2014:							
Cost	6,903,968	27,985	494,134	1,704,880	79,426	3,697,660	12,908,053
Accumulated depreciation and impairment	(982,501)	(17,956)	(58,913)	(889,517)	(43,329)	(7,104)	(1,999,320)
Net carrying amount	5,921,467	10,029	435,221	815,363	36,097	3,690,556	10,908,733
At 1 January 2014, net of accumulated depreciation and impairment	5,921,467	10,029	435,221	815,363	36,097	3,690,556	10,908,733
Additions	62,671	8	5,983	334,341	13,744	1,079,277	1,496,024
Disposals	(3,485)	–	(1,809)	(1,264)	(3,399)	–	(9,957)
Depreciation provided during the year	(155,124)	(7,195)	(22,330)	(116,986)	(9,889)	–	(311,524)
Deemed disposal of subsidiaries (note 39)	–	–	–	(399)	–	–	(399)
Transfer from investment properties (note 17)	–	–	130,456	–	–	–	130,456
Transfer from properties under development (note 14)	–	–	–	–	–	241,489	241,489
Transfers	2,525,844	(2,156)	9,258	34,231	–	(2,567,177)	–
Exchange realignment	(10,783)	(69)	(1,509)	(1,806)	(117)	(17,217)	(31,501)
At 31 December 2014, net of accumulated depreciation and impairment	8,340,590	617	555,270	1,063,480	36,436	2,426,928	12,423,321
At 31 December 2014:							
Cost	9,475,353	25,735	632,491	2,039,546	84,420	2,426,928	14,684,473
Accumulated depreciation and impairment	(1,134,763)	(25,118)	(77,221)	(976,066)	(47,984)	–	(2,261,152)
Net carrying amount	8,340,590	617	555,270	1,063,480	36,436	2,426,928	12,423,321

At 31 December 2015, certain of the Group's hotel properties and buildings and construction in progress included in property, plant and equipment with an aggregate net carrying amount of approximately HK$3,183,657,000 (2014: HK$1,033,014,000), were pledged to secure bank loans granted to the Group (note 31).

14. PROPERTIES UNDER DEVELOPMENT

	Notes	2015 HK$'000	2014 HK$'000
Carrying amount at 1 January		46,078,561	44,031,911
Additions		17,508,529	26,316,899
Transfer to property, plant and equipment	13	(2,541,734)	(241,489)
Transfer to properties held for sale		(11,438,228)	(16,097,524)
Transfer (to)/from prepaid land lease payments	18	(1,076,945)	16,383
Deemed disposal of subsidiaries	39	–	(7,804,009)
Exchange realignment		(2,908,105)	(143,610)
Carrying amount at 31 December		45,622,078	46,078,561
Current portion		(23,181,183)	(18,319,131)
Non-current portion		22,440,895	27,759,430

At 31 December 2015, certain of the Group's properties included in properties under development with a net carrying amount of approximately HK$17,671,748,000 (2014: HK$23,959,378,000) were pledged to secure bank loans granted to the Group (note 31).

15. LAND UNDER DEVELOPMENT

Land under development represents the project cost, land requisition cost, compensation cost and other preliminary infrastructure costs in relation to the Group's land development projects in Changsha Meixi Lake, Nanjing Shangfang and Sanya Yazhouwan (the "Projects") which are situated in Mainland China. Though the Group does not have the ownership title or land use right to such land, the Group is given the right to carry out construction and preparation works in respect of land infrastructure and ancillary public facilities as well as other development works in the Projects. When the land plots are sold by the local government, the Group is entitled to receive from the local authorities the land development fee.

	2015 HK$'000	2014 HK$'000
Carrying amount at 1 January	12,960,110	9,711,609
Additions	7,085,592	5,232,443
Recognised during the year	(718,105)	(1,969,073)
Exchange realignment	(945,298)	(14,869)
Carrying amount at 31 December	18,382,299	12,960,110
Current portion	(5,567,890)	(3,400,450)
Non-current portion	12,814,409	9,559,660

16. PROPERTIES HELD FOR SALE

All the properties held for sale are stated at cost. The Group's properties held for sale are situated in Mainland China.

At 31 December 2015, certain of the Group's properties included in properties held for sale with a net carrying amount of approximately HK$222,062,000 (2014: HK$259,288,000) were pledged to secure bank loans granted to the Group (note 31).

17. INVESTMENT PROPERTIES

	Notes	2015 HK$'000	2014 HK$'000
Carrying amount at 1 January		24,356,129	22,018,464
Additions		29,690	24,037
Net gain from a fair value adjustment	5	1,238,306	2,286,463
Transfer from properties held for sale		598,684	218,813
Transfer from/(to) owner-occupied properties	13	458,632	(130,456)
Exchange realignment		(1,516,430)	(61,192)
Carrying amount at 31 December		25,165,011	24,356,129

The Group's investment properties consist of eight commercial properties in Mainland China. The directors of the Company have determined that the investment properties consist of one class of asset, i.e., commercial, based on the nature, characteristics and risks of each property. The Group's investment properties were revalued individually on 31 December 2015 based on valuations performed by DTZ Debenham Tie Leung Limited, Shanghai Cairui Real Estate Land Appraisal Co., Ltd. and Beijing Renda Real Estate Appraisal Co., Ltd., independent professionally qualified valuers, at HK$25,165,011,000 (2014: HK$24,356,129,000). Each year, the Group's management decides to appoint which external valuers to be responsible for the external valuations of the Group's properties. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. The Group's management has discussions with the valuer on the valuation assumptions and valuation results twice a year when the valuation is performed for interim and annual financial reporting.

These investment properties are leased under operating leases, further summary details of which are included in note 41(a) to the financial statements.

At 31 December 2015, certain of the Group's investment properties with a carrying value of HK$14,194,038,000 (2014: HK$12,280,547,000) were pledged to secure bank loans granted to the Group (note 31).

17. INVESTMENT PROPERTIES (Continued)

Fair value hierarchy

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

	Fair value measurement as at 31 December 2015 using		
	Significant observable inputs (Level 2) HK$'000	Significant unobservable inputs (Level 3) HK$'000	Total HK$'000
Recurring fair value measurement for:			
Commercial properties	45,969	25,119,042	25,165,011

	Fair value measurement as at 31 December 2014 using		
	Significant observable inputs (Level 2) HK$'000	Significant unobservable inputs (Level 3) HK$'000	Total HK$'000
Recurring fair value measurement for:			
Commercial properties	56,535	24,299,594	24,356,129

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

Reconciliation of fair value measurements categorised within Level 3 of the fair value hierarchy:

	Commercial properties HK$'000
Carrying amount at 1 January 2014	21,961,737
Additions	24,037
Net gain from a fair value adjustment	2,286,463
Transfer from properties held for sale	218,813
Transfer to owner-occupied properties	(130,456)
Exchange realignment	(61,000)
Carrying amount at 31 December 2014 and 1 January 2015	24,299,594
Additions	29,690
Net gain from a fair value adjustment	1,238,306
Transfer from properties held for sale	598,684
Transfer from owner-occupied properties	458,632
Exchange realignment	(1,505,864)
Carrying amount at 31 December 2015	25,119,042

17. INVESTMENT PROPERTIES (Continued)

Fair value hierarchy (Continued)

Below is a summary of the valuation techniques used and the key inputs to the valuation of investment properties:

	Valuation techniques	Significant unobservable inputs	Range or weighted average 2015	2014
Property 1(a)-Beijing Chemsunny World Trade Centre-Office	Term and reversion method	Term yield	6.00%	6.50%
		Reversionary yield	6.50%	7.00%
		Market rent (per square metre ("sqm") per annum ("p.a."))	HK$6,107	HK$5,925
Property 1(b)-Beijing Chemsunny World Trade Centre-Retail	Term and reversion method	Term yield	6.00%	6.50%
		Reversionary yield	6.50%	7.00%
		Market rent (per sqm p.a.)	HK$10,884	HK$10,380
Property 2(a)-Sinochem Tower-Office	Term and reversion method	Term yield	6.00%	6.50%
		Reversionary yield	6.50%	7.00%
		Market rent (per sqm p.a.)	HK$3,553	HK$3,394
Property 2(b)-Sinochem Tower-Retail	Term and reversion method	Term yield	6.00%	6.50%
		Reversionary yield	6.50%	7.00%
		Market rent (per sqm p.a.)	HK$3,464	HK$3,182
Property 2(c)-Sinochem Tower-Warehouse*	Term and reversion method	Term yield	–	6.50%
		Reversionary yield	–	7.00%
		Market rent (per sqm p.a.)	–	HK$1,591
Property 3(a)-Jinmao Tower-Office	Term and reversion method	Term yield	4.50%	4.50%
		Reversionary yield	5.00%	5.00%
		Market rent (per sqm p.a.)	HK$4,643	HK$4,713
		Price per sqm	N/A	HK$71,923
Property 3(b)-Jinmao Tower-Retail	Term and reversion method	Term yield	4.50%	4.50%
		Reversionary yield	5.00%	5.00%
		Market rent (per sqm p.a.)	HK$11,944	HK$8,031
		Price per sqm	N/A	HK$122,713
Property 3(c)-Jinmao Tower-Car parks	Term and reversion method	Term yield	3.50%	3.50%
		Reversionary yield	4.00%	4.00%
		Market rent (per unit per p.a.)	HK$14,557	HK$14,775
Property 4(a)-Zhuhai Every Garden-Club house	Term and reversion method	Term yield	6.25%	6.25%
		Reversionary yield	6.50%	6.50%
		Market rent (per sqm p.a.)	HK$642	HK$621

17. INVESTMENT PROPERTIES (Continued)

Fair value hierarchy (Continued)

	Valuation techniques	Significant unobservable inputs	Range or weighted average 2015	2014
Property 4(b)-Zhuhai Huayuan Building -2nd Floor	Term and reversion method	Term yield	5.50%	5.75%
		Reversionary yield	6.00%	6.25%
		Market rent (per sqm p.a.)	HK$851	HK$864
Property 5(a)-Nanjing Xuanwu Lake Jin Mao Plaza-Retail	Term and reversion method	Term yield	5.50%	N/A
		Reversionary yield	6.00%	N/A
		Market rent (per sqm p.a.)	HK$10,332	N/A
Property 5(a)-Nanjing Xuanwu Lake Jin Mao Plaza-Retail	Discounted cash flow method	Estimated rental value (per sqm p.a)	N/A	HK$501 - HK$9,679 (HK$2,319)
		Rental growth p.a.	N/A	0.00%-13.00% (5.00%)
		Long term vacancy rate	N/A	5.00%
		Discount rate	N/A	5.00%-7.00%(7.00%)
Property 5(b)-Nanjing Xuanwu Lake Jin Mao Plaza-Office	Term and reversion method	Term yield	5.00%	N/A
		Reversionary yield	5.50%	N/A
		Market rent (per sqm p.a.)	HK$2,464	N/A
Property 5(b)-Nanjing Xuanwu Lake Jin Mao Plaza-Office	Discounted cash flow method	Estimated rental value (per sqm p.a)	N/A	HK$1,798 - HK$2,351 (HK$2,031)
		Rental growth p.a.	N/A	0.00%-5.00% (2.50%)
		Long term vacancy rate	N/A	5.00%
		Discount rate	N/A	5.50%-7.00% (7.00%)
Property 5(c)-Nanjing Xuanwu Lake Jin Mao Plaza-Car parks	Term and reversion method	Term yield	5.50%	N/A
		Reversionary yield	6.00%	N/A
		Market rent (per sqm p.a.)	HK$8,958	N/A
Property 5(c)-Nanjing Xuanwu Lake Jin Mao Plaza-Car parks	Discounted cash flow method	Estimated rental value (per unit p.a)	N/A	HK$9,092 - HK$12,123 (HK$10,191)
		Rental growth p.a.	N/A	5.90%-7.70% (6.60%)
		Long term vacancy rate	N/A	8.00%-15.00% (12.46%)
		Discount rate	N/A	1.50%

17. INVESTMENT PROPERTIES (Continued)

Fair value hierarchy (Continued)

	Valuation techniques	Significant unobservable inputs	Range or weighted average 2015	2014
Property 6-Changsha Meixi Lake International R&D Centre	Discounted cash flow method	Estimated rental value (per sqm p.a)	HK$1,181	HK$876
		Rental growth p.a.	0.00%-3.00% (3.00%)	0.00%-3.00% (3.00%)
		Long term vacancy rate	4.11%	4.20%
		Discount rate	6.00%	5.00%-6.50% (6.00%)
Property 7-Lijiang J-LIFE	Term and reversion method	Term yield	6.00%	6.00%
		Reversionary yield	6.50%	6.50%
		Market rent (per sqm p.a.)	HK$2,464	HK$1,349
Property 8-Shanghai International Shipping Service Center-Commercial	Market comparable method	Price per sqm	HK$80,873	N/A

* This year the warehouse of Sinochem Tower was included in the valuation of the retail of Sinochem Tower.

The term and reversion method measures the fair value of the property by taking into account the rental income derived from the existing leases with due allowance for the reversionary income potential of the leases, which are then capitalised into the value at appropriate rates.

A significant increase (decrease) in the term yield and the reversionary yield in isolation would result in a significant decrease (increase) in the fair value of the investment properties. A significant increase (decrease) in the market rent would result in a significant increase (decrease) in the fair value of the investment properties.

Under the discounted cash flow method, fair value is estimated using assumptions regarding the benefits and liabilities of ownership over the asset's life including an exit or terminal value. This method involves the projection of a series of cash flows on a property interest. A market-derived discount rate is applied to the projected cash flow in order to establish the present value of the income stream associated with the asset. The exit yield is normally separately determined and differs from the discount rate.

The duration of the cash flows and the specific timing of inflows and outflows are determined by events such as rent reviews, lease renewal and related reletting, redevelopment or refurbishment. The appropriate duration is driven by market behaviour that is a characteristic of the class of property. The periodic cash flow is estimated as gross income less vacancy, non-recoverable expenses, collection losses, lease incentives, maintenance costs, agent and commission costs and other operating and management expenses. The series of periodic net operating income, along with an estimate of the terminal value anticipated at the end of the projection period, is then discounted.

A significant increase (decrease) in the estimated rental value and the market rent growth rate per annum in isolation would result in a significant increase (decrease) in the fair value of the investment properties. A significant increase (decrease) in the long term vacancy rate and the discount rate in isolation would result in a significant decrease (increase) in the fair value of the investment properties. Generally, a change in the assumption made for the estimated rental value is accompanied by a directionally similar change in the rent growth per annum and the discount rate and an opposite change in the long term vacancy rate.

17. INVESTMENT PROPERTIES (Continued)

Fair value hierarchy (Continued)

Under the market comparable method (or market comparable approach), a property's fair value is estimated based on comparable transactions. Although property interests are not homogeneous, the International Valuation Standards Council considers the market approach most commonly applied. "In order to compare the subject of the valuation with the price of other real property interests that have been recently exchanged or that may be currently available in the market, it is usual to adopt a suitable unit of comparison. Units of comparison that are commonly used include analysing sales prices by calculating the price per square meter of a building or per hectare for land. Other units used for price comparison where there is sufficient homogeneity between the physical characteristics include a price per room or a price per unit of output, eg, crop yields. A unit of comparison is only useful when it is consistently selected and applied to the subject property and the comparable properties in each analysis."

The market comparable approach is based upon the principle of substitution under which a potential buyer will not pay more for the property than it will cost to buy a comparable substitute property. In theory, the best comparable sale would be an exact duplicate of the subject property and would indicate, by the known selling price of the duplicate, the price for which the subject property could be sold. The unit of comparison applied by the Group is the price per square metre. The market comparable approach is often used in combination with either the discounted cash flow or the term and reversion method as many inputs to these methods are based on market comparison.

A significant increase (decrease) in the price per square metre would result in a significant increase (decrease) in the fair value of the investment properties.

18. PREPAID LAND LEASE PAYMENTS

	Notes	2015 HK$'000	2014 HK$'000
Carrying amount at 1 January		1,991,107	2,070,858
Additions		4,665	399
Transfer from/(to) properties under development	14	1,076,945	(16,383)
Recognised during the year	6	(65,645)	(56,490)
Exchange realignment		(113,755)	(7,277)
Carrying amount at 31 December		2,893,317	1,991,107
Current portion included in prepayments, deposits and other receivables	24	(58,867)	(62,007)
Non-current portion		2,834,450	1,929,100

At 31 December 2015, certain of the Group's prepaid land lease payments with a net carrying amount of HK$1,132,633,000 (2014: HK$231,487,000) were pledged to secure bank loans granted to the Group (note 31).

19. INTANGIBLE ASSETS

	Computer software HK$'000	Others HK$'000	Total HK$'000
31 December 2015			
At 1 January 2015:			
Cost	93,623	7,131	100,754
Accumulated amortisation and impairment	(56,709)	(1,946)	(58,655)
Net carrying amount	36,914	5,185	42,099
Cost at 1 January 2015, net of accumulated amortisation and impairment	36,914	5,185	42,099
Additions	12,830	–	12,830
Amortisation provided during the year	(10,790)	(502)	(11,292)
Exchange realignment	(2,237)	(152)	(2,389)
At 31 December 2015	36,717	4,531	41,248
At 31 December 2015:			
Cost	100,466	6,845	107,311
Accumulated amortisation and impairment	(63,749)	(2,314)	(66,063)
Net carrying amount	36,717	4,531	41,248

	Computer software HK$'000	Others HK$'000	Total HK$'000
31 December 2014			
At 1 January 2014:			
Cost	70,760	9,611	80,371
Accumulated amortisation and impairment	(48,419)	(2,162)	(50,581)
Net carrying amount	22,341	7,449	29,790
Cost at 1 January 2014, net of accumulated amortisation and impairment	22,341	7,449	29,790
Additions	23,789	–	23,789
Disposals	(254)	(1,997)	(2,251)
Deemed disposal of subsidiaries (note 39)	(257)	–	(257)
Amortisation provided during the year	(8,685)	(241)	(8,926)
Exchange realignment	(20)	(26)	(46)
At 31 December 2014	36,914	5,185	42,099
At 31 December 2014:			
Cost	93,623	7,131	100,754
Accumulated amortisation and impairment	(56,709)	(1,946)	(58,655)
Net carrying amount	36,914	5,185	42,099

20. JOINT OPERATIONS AND INVESTMENTS IN JOINT VENTURES

Investments in joint ventures

	2015 HK$'000	2014 HK$'000
Share of net assets	1,161,418	119,179

The amounts due from and to joint ventures are disclosed in note 25 to the financial statements.

All of the Group's investments in joint ventures are indirectly held by the Company.

The joint ventures of the Group are considered not individually material and the following table illustrates the aggregate financial information of the joint ventures:

	2015 HK$'000	2014 HK$'000
Share of the joint ventures' loss for the year	(16,173)	(1,322)
Share of the joint ventures' total comprehensive loss for the year	(16,173)	(1,322)
Aggregate carrying amount of the Group's investments in the joint ventures	1,161,418	119,179

Joint operations

On 11 May 2010, the Company entered into a framework cooperation agreement with Qingdao Urban Construction Investment (Group) Co., Ltd. ("Qingdao Urban Investment Group") pursuant to which the Company and Qingdao Urban Investment Group intended to jointly develop the Lanhai Xingang City project located in Qingdao, the PRC.

On 5 November 2010, Qingdao Franshion, an indirect wholly-owned subsidiary of the Company was established for the purpose of operating the Lanhai Xingang City project, and Qingdao Urban Investment Group entered into a capital increase agreement pursuant to which Qingdao Franshion agreed to inject RMB1 billion into Qingdao Lanhai Xingang City Properties Co., Ltd. ("Lanhai Xingang City"), a wholly-owned subsidiary of Qingdao Urban Investment Group, by way of capital injection to subscribe for its new registered capital.

On 28 July 2011, Qingdao Franshion completed the acquisition of a 50% equity interest in Lanhai Xingang City through contributing RMB1 billion to its newly registered capital. On the same day, Qingdao Franshion and Qingdao Urban Investment Group entered into a supplementary agreement pursuant to which Lanhai Xingang City agreed to establish two branches, in which branch 1 would be unilaterally managed and controlled by Qingdao Franshion in respect of the development of the Southern region with a land area of 200 mu (the "Southern Region") and branch 2 would be unilaterally managed and controlled by Qingdao Urban Investment Group in respect of the development of the Northern region with a total land area of 140 mu (the "Northern Region"). The land use right certificate in connection with the Southern Region is registered under the name of Lanhai Xingang City.

The Group assessed this supplementary arrangement as joint operations and recognised the assets, liabilities and revenue and expenses of branch 1 as the Group is given the rights to the assets and has obligations for the liabilities of branch 1 pursuant to the terms of the supplementary agreement.

20. JOINT OPERATIONS AND INVESTMENTS IN JOINT VENTURES (Continued)

Joint operations (Continued)

The following table illustrates the summarised financial information of branch 1 of Lanhai Xingang City recognised in the Group's consolidated financial statements:

	2015 HK$'000	2014 HK$'000
Non-current assets		
Property, plant and equipment	1,385	3,557
Properties under development	713,278	1,679,898
Intangible assets	44	–
Total non-current assets	714,707	1,683,455
Current assets		
Properties held for sale	177,285	785,407
Properties under development	1,872,492	515,653
Prepayments, deposits and other receivables	71,509	19,611
Prepaid tax	77,135	48,812
Restricted bank balances	152,694	144,016
Cash and cash equivalents	76,381	6,876
Total current assets	2,427,496	1,520,375
Current liabilities		
Trade payables	430,577	422,919
Other payables and accruals	1,337,837	511,962
Total current liabilities	1,768,414	934,881
Net current assets	659,082	585,494
Total assets less current liabilities	1,373,789	2,268,949
Non-current liabilities		
Deferred tax liabilities	–	779
Net assets	1,373,789	2,268,170

	2015 HK$'000	2014 HK$'000
Revenue	704,973	2,299,343
Cost of sales	(553,960)	(1,623,119)
Gross profit	151,013	676,224
Other income and gains	2,909	3,068
Selling and marketing expenses	(36,632)	(48,942)
Administrative expenses	(11,507)	(21,341)
Profit before tax	105,783	609,009
Income tax	(30,758)	(159,362)
Profit for the year	75,025	449,647

21. INVESTMENTS IN ASSOCIATES

	2015 HK$'000	2014 HK$'000
Share of net assets	1,735,091	1,741,976

The amounts due from and to associates are disclosed in note 25 to the financial statements.

All of the Group's investments in on associates are indirectly held by the Company.

The associates of the Group are considered not individually material and the following table illustrates the aggregate financial information of the associates:

	2015 HK$'000	2014 HK$'000
Share of the associates' loss for the year	(89,665)	(31,430)
Share of the associates' total comprehensive loss for the year	(89,665)	(31,430)
Aggregate carrying amount of the Group's investments in the associates	1,735,091	1,741,976

22. INVENTORIES

	2015 HK$'000	2014 HK$'000
Raw materials	66,890	56,045
Consumables and tools	983	1,677
Hotel merchandise	17,305	19,250
Trading stock	3,617	3,538
	88,795	80,510

23. TRADE RECEIVABLES

	2015 HK$'000	2014 HK$'000
Trade receivables	3,046,983	3,611,779
Impairment	(6,523)	(18,597)
	3,040,460	3,593,182

23. TRADE RECEIVABLES (Continued)

Consideration in respect of properties sold is receivable in accordance with the terms of the related sale and purchase agreements, whilst the Group's trading terms with its customers in relation to the provision of hotel, decoration and other services are mainly on credit, except for new customers, where payment in advance is normally required. The credit period is generally one to three months for major customers. Each customer has a maximum credit limit.

The Group seeks to maintain strict control over its outstanding receivables and overdue balances are reviewed regularly by senior management. In view of the aforementioned and the fact that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

An aged analysis of the trade receivables as at the end of the reporting period is as follows:

	2015 HK$'000	2014 HK$'000
Within 1 month	2,851,736	1,263,609
1 to 3 months	40,390	92,414
4 to 6 months	2,156	762,196
6 months to 1 year	146,178	662,837
Over 1 year	–	812,126
	3,040,460	3,593,182

The Group has pledged trade receivables of approximately HK$15,038,000 (2014: HK$8,721,000) to secure a bank loan granted to the Group (note 31).

The movements in provision for impairment of trade receivables are as follows:

	2015 HK$'000	2014 HK$'000
At 1 January	18,597	19,533
Impairment losses (reversed)/recognised (note 6)	(2,698)	23,282
Amount written off as uncollectible	(8,756)	(24,149)
Exchange realignment	(620)	(69)
	6,523	18,597

Included in the above provision for impairment of trade receivables is a provision for individually impaired trade receivables of HK$6,523,000 (2014: HK$18,597,000) with a carrying amount before provision of HK$6,523,000 (2014: HK$18,597,000).

The individually impaired trade receivables relate to customers that were in financial difficulties or were in default.

23. TRADE RECEIVABLES (Continued)

The aged analysis of the trade receivables that are not individually nor collectively considered to be impaired is as follows:

	2015 HK$'000	2014 HK$'000
Neither past due nor impaired	3,032,018	2,776,209
Less than 1 month past due	7,449	567,290
1 to 3 months past due	115	201
Over 3 months past due	878	249,482
	3,040,460	3,593,182

Receivables that were neither past due nor impaired relate to a large number of diversified customers for whom there was no recent history of default.

Receivables that were past due but not impaired relate to a number of independent customers that have a good track record with the Group. Based on past experience, the directors of the Company are of the opinion that no provision for impairment is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable.

At 31 December 2015, the Group's trade receivables included amounts due from contract customers of HK$222,185,000 (2014: HK$121,227,000), being the difference between the contract costs incurred for the rendering of services, plus recognised profits less recognised losses to date, of HK$800,010,000 (2014: HK$781,748,000), and the progress billing amount of HK$577,825,000 (2014: HK$660,521,000).

24. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	2015 HK$'000	2014 HK$'000
Prepayments	1,079,664	575,083
Deposits	2,437,544	1,254,728
Other receivables	295,626	179,345
Due from non-controlling shareholders	2,148,779	2,166,677
Entrusted loans to third parties (current portion)	818,452	236,027
Prepaid land lease payments (note 18)	58,867	62,007
	6,838,932	4,473,867

None of the above assets is past due. The financial assets included in the above balances relate to receivables for which there was no recent history of default.

The amounts due from non-controlling shareholders are unsecured, interest-free and repayable within one year, except for the amounts of HK$1,524,505,000, in aggregate, which bear interest at rates from 0.35% to 6.60% per annum (2014: HK$1,820,598,000, in aggregate, which bore interest at rates from 0.35% to 8.54% per annum).

The current balances of entrustment loans to third parties are unsecured amounts of HK$343,757,000, HK$328,240,000 and HK$146,455,000, bearing interest at rates of 12%, 5.5% and 4.35% per annum, respectively (2014: HK$236,027,000, bearing interest at a rate of 6% per annum) and receivable within one year.

The non-current balance of entrustment loan to a third party of HK$223,800,000 is unsecured, bears interest at a rate of 5.5% per annum and is repayable in year 2018 (2014: Nil).

25. BALANCES WITH RELATED PARTIES

An analysis of the balances with related parties is as follows:

	2015 HK$'000	2014 HK$'000
Current:		
Due from related parties:		
Ultimate holding company	–	2
Intermediate holding company	1,476	9,531
Immediate holding company	1,381	1,008
Fellow subsidiaries	1,977	2,062
Associates	425,836	169,479
Joint ventures	10,038,030	3,383,721
	10,468,700	3,565,803
Non-current:		
Due from a related party:		
An associate	2,868,398	3,134,851
	2,868,398	3,134,851
Due to related parties:		
Ultimate holding company	2,590	2,512
Intermediate holding company	26,210	23,332
Immediate holding company	4,262,720	1,986,867
Fellow subsidiaries	91,611	86,304
Associates	716,160	13
Joint ventures	8,625	5,901
	5,107,916	2,104,929

The current balances of due from related parties are unsecured, interest-free and are repayable on demand, except for the amounts of HK$146,779,000 (2014: HK$23,197,000) and HK$975,033,000 (2014: HK$1,027,788,000) which bear interest at rates of 7% and 6.9% per annum, respectively. The non-current balance of due from a related party is unsecured, bears interest at a rate of 9% and is not repayable within one year.

26. OTHER FINANCIAL ASSETS

	2015 HK$'000	2014 HK$'000
Non-current balance	40,004	42,485
Current balance	144,127	210,739
	184,131	253,224

The current balance of other financial assets as at 31 December 2015 included (1) a right to acquire non-controlling interests of 49% interests in Franshion Shengrong, which was measured at fair value of HK$96,383,000 (2014: HK$102,359,000), and (2) financial products with original maturity of within three months when acquired from banks of HK$47,744,000 (2014: Nil).

26. OTHER FINANCIAL ASSETS (Continued)

In addition, the current balance of other financial assets as at 31 December 2014 included a right to acquire non-controlling interests of 49% interests in Franshion Yicheng, which was measured at fair value of HK$108,380,000. On 25 December 2015, the Group has exercised such right.

The non-current balance of other financial assets represented the amounts recoverable from non-controlling shareholders as estimated by management in relation to the acquisition of Sanya Yazhouwan in 2012. The balance is not repayable within one year.

27. CASH AND CASH EQUIVALENTS AND PLEDGED DEPOSITS

	Note	2015 HK$'000	2014 HK$'000
Cash and bank balances		12,332,879	10,866,959
Time deposits		4,084,358	3,185,870
		16,417,237	14,052,829
Less:			
Pledged time deposits for short term bank loans	31	–	(6,338)
Restricted bank balances		(3,291,179)	(1,591,921)
		(3,291,179)	(1,598,259)
Cash and cash equivalents		13,126,058	12,454,570

At 31 December 2015, the cash and bank balances of the Group denominated in RMB amounted to HK$11,212,284,000 (2014: HK$7,992,568,000). The RMB is not freely convertible into other currencies, however, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short term time deposits are made for varying periods of within one year depending on the immediate cash requirements of the Group, and earn interest at the respective short term time deposit rates. The bank balances and pledged deposits are deposited with creditworthy banks with no recent history of default.

Included in the Group's cash and cash equivalents are deposits of HK$3,335,556,000 (2014: HK$1,155,471,000) placed with Sinochem Group Finance Co., Ltd. ("Sinochem Finance"), a financial institution approved by the People's Bank of China. The interest rates on these deposits ranged from 0.35% to 1.62% per annum (2014: 0.385% to 1.62%). Further details of the interest income attributable to the deposits placed with Sinochem Finance are set out in note 43(a) to the financial statements.

28. DUE FROM NON-CONTROLLING SHAREHOLDERS

The non-current balance of amounts due from non-controlling shareholders as at 31 December 2014, which were secured and bore interest at a rate of 8.54% per annum, were repaid to the Group during the year ended 31 December 2015.

29. TRADE PAYABLES

An aged analysis of the trade payables as at the end of the reporting period is as follows:

	2015 HK$'000	2014 HK$'000
Within 1 year or on demand	13,197,119	7,722,149
Over 1 year	618,509	408,424
	13,815,628	8,130,573

The trade payables are non-interest-bearing and are normally settled on 60-day terms.

30. OTHER PAYABLES AND ACCRUALS

	Note	2015 HK$'000	2014 HK$'000
Other payables		2,567,507	2,442,232
Receipts in advance		16,527,564	9,609,777
Accruals		237,644	84,125
Due to non-controlling shareholders		3,098,735	2,809,421
Dividend payable to non-controlling shareholders		204,692	1,521
Distribution guarantee	37	–	160,991
		22,636,142	15,108,067

Other payables are non-interest-bearing with an average term of not more than one year.

The amounts due to non-controlling shareholders as at 31 December 2015 are unsecured, interest-free and are repayable on demand.

31. INTEREST-BEARING BANK AND OTHER BORROWINGS

Group

	2015			2014		
	Effective interest rate (%)	Maturity	HK$'000	Effective interest rate (%)	Maturity	HK$'000
Current						
Bank loans, secured	4.35-5.70	2016	71,616	5.60-5.70	2015	132,464
Bank loans, unsecured	1.59-10.56	2016	3,198,222	3.65-6.00	2015	2,151,272
Current portion of long term bank loans, secured	4.41-7.05	2016	3,027,526	5.54-7.05	2015	1,677,200
Current portion of long term other loans, unsecured*	5.25-5.78	2016	21,485	6.55	2015	12,676
Current portion of long term bank loans, unsecured	3.40-7.07	2016	2,255,894	6.15-7.07	2015	98,873
			8,574,743			4,072,485
Non-current						
Bank loans, secured	4.41-7.05	2017-2030	13,226,592	5.54-7.05	2016-2025	15,180,549
Bank loans, unsecured	2.33-7.07	2017-2018	7,458,195	2.34-7.07	2016-2026	10,533,025
Other loans, unsecured*	5.25-5.78	2017-2020	453,557	6.40-6.55	2016-2017	240,844
Notes, unsecured	4.83-6.85	2017-2022	16,649,452	4.83-6.85	2017-2022	16,732,443
Domestic corporate bonds, unsecured	3.55	2020	2,615,286	–	–	–
			40,403,082			42,686,861
			48,977,825			46,759,346

* The balance represents amounts due to a fellow subsidiary of the Company.

	2015 HK$'000	2014 HK$'000
Analysed into:		
Bank loans repayable:		
Within one year	8,553,258	4,059,809
In the second year	8,913,349	6,509,110
In the third to fifth years, inclusive	8,526,875	16,062,971
Beyond five years	3,244,563	3,141,493
	29,238,045	29,773,383
Other borrowings repayable:		
Within one year	21,485	12,676
In the second year	5,287,045	6,338
In the third to fifth years, inclusive	9,026,866	11,558,689
Beyond five years	5,404,384	5,408,260
	19,739,780	16,985,963
	48,977,825	46,759,346

31. INTEREST-BEARING BANK AND OTHER BORROWINGS (Continued)

Notes:

(a) The Group's loan facilities amounting to HK$55,569,084,000 (2014: HK$53,003,608,000), of which HK$29,713,088,000 (2014: HK$31,294,503,000) had been utilised as at the end of the reporting period, are secured by the Group's property, plant and equipment, properties under development, properties held for sale, investment properties, prepaid land lease payments, trade receivables and time deposits.

(b) Certain of the Group's bank loans are secured by:

(i) mortgages over certain of the Group's property, plant and equipment, which had an aggregate net carrying value at the end of the reporting period of approximately HK$3,183,657,000 (2014: HK$1,033,014,000);

(ii) mortgages over certain of the Group's properties under development, which had an aggregate carrying amount at the end of the reporting period of approximately HK$17,671,748,000 (2014: HK$23,959,378,000);

(iii) mortgages over certain of the Group's properties held for sale, which had an aggregate carrying amount at the end of the reporting period of HK$222,062,000 (2014: HK$259,288,000);

(iv) mortgages over certain of the Group's investment properties, which had an aggregate carrying value at the end of the reporting period of approximately HK$14,194,038,000 (2014: HK$12,280,547,000);

(v) mortgages over certain of the Group's prepaid land lease payments, which had an aggregate carrying amount at the end of the reporting period of HK$1,132,633,000 (2014: HK$231,487,000);

(vi) mortgages over certain of the Group's trade receivables, which had an aggregate carrying amount at the end of the reporting period of HK$15,038,000 (2014: HK$8,721,000); and

(vii) the pledge of certain of the Group's time deposits, which had an aggregate carrying amount at the end of the reporting period of Nil (2014: HK$6,338,000).

(c) Except for the bank and other borrowings amounting to approximately HK$22,885,096,000 (2014: HK$22,539,707,000) which are denominated in United States dollars and HK$3,279,682,000 (2014: HK$3,391,768,000) which are denominated in Hong Kong dollars, all bank and other borrowings are denominated in RMB.

32. PROVISION FOR LAND APPRECIATION TAX

	HK$'000
At 1 January 2014	2,193,118
Charged to the statement of profit or loss during the year (note 10)	1,093,786
Payment during the year	(868,558)
Transfer from prepaid tax	(31,341)
Exchange realignment	5,921
At 31 December 2014 and 1 January 2015	2,392,926
Charged to the statement of profit or loss during the year (note 10)	885,498
Payment during the year	(733,828)
Transfer from prepaid tax	(93,715)
Exchange realignment	(187,553)
At 31 December 2015	2,263,328

PRC land appreciation tax

According to the requirements of the Provisional Regulations of the PRC on LAT (中華人民共和國土地增值稅暫行條例) effective from 1 January 1994, and the Detailed Implementation Rules on the Provisional Regulations of the PRC on LAT (中華人民共和國土地增值稅暫行條例實施細則) effective from 27 January 1995, all income arising from the sale or transfer of state-owned land use rights, buildings and their attached facilities in Mainland China is subject to LAT at progressive rates ranging from 30% to 60% of the appreciation value, with an exemption for the sale of ordinary residential properties (普通標準住宅) if their appreciation values do not exceed 20% of the sum of the total deductible items.

Effective from 1995, the local tax bureau requires the prepayment of LAT on the pre-sales and sales proceeds of property development. According to the relevant tax notices issued by local tax authorities, the Group is required to pay LAT in advance at 1% to 3.5% on the sales and pre-sales proceeds of the Group's properties.

The Group has estimated, made and included in taxation a provision for LAT according to the requirements set out in the relevant PRC tax laws and regulations. The actual LAT liabilities are subject to the determination by the tax authorities upon completion of the property development projects. The tax authorities might disagree with the basis on which the provision for LAT is calculated.

33. DEFERRED TAX

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

Deferred tax liabilities

	Revaluation of properties HK$'000	Depreciation allowance in excess of related depreciation HK$'000	Fair value adjustment arising from acquisition of subsidiaries HK$'000	Withholding taxes HK$'000	Accrued interest income HK$'000	Others HK$'000	Total HK$'000
At 1 January 2014	3,112,060	455,325	811,876	74,021	–	2,317	4,455,599
Deferred tax charged to the statement of profit or loss during the year (note 10)	566,291	47,538	–	–	39,616	34,367	687,812
Exchange realignment	(7,504)	(1,359)	(2,745)	(73)	150	122	(11,409)
Gross deferred tax liabilities at 31 December 2014 and 1 January 2015	3,670,847	501,504	809,131	73,948	39,766	36,806	5,132,002
Deferred tax charged to the statement of profit or loss during the year (note 10)	390,502	47,681	–	–	65,355	84,122	587,660
Deferred tax charged to the statement of comprehensive income during the year	5,212	–	–	–	–	–	5,212
Exchange realignment	(231,522)	(31,216)	(47,235)	(4,317)	(4,979)	(5,569)	(324,838)
Gross deferred tax liabilities at 31 December 2015	3,835,039	517,969	761,896	69,631	100,142	115,359	5,400,036

33. DEFERRED TAX (Continued)

Deferred tax assets

	Provision for LAT HK$'000	Losses available for offsetting against future taxable profits HK$'000	Unrealised profit arising from intra-group transactions HK$'000	Others HK$'000	Total HK$'000
At 1 January 2014	548,280	193,695	237,570	74,353	1,053,898
Deferred tax credited to the statement of profit or loss during the year (note 10)	61,700	4,737	35,914	7,905	110,256
Exchange realignment	(1,620)	(637)	(748)	(140)	(3,145)
Gross deferred tax assets at 31 December 2014 and 1 January 2015	608,360	197,795	272,736	82,118	1,161,009
Deferred tax (charged)/ credited to the statement of profit or loss during the year (note 10)	(8,135)	80,618	62,867	(6,770)	128,580
Exchange realignment	(35,184)	(14,826)	(19,875)	(3,120)	(73,005)
Gross deferred tax assets at 31 December 2015	565,041	263,587	315,728	72,228	1,216,584

For presentation purposes, certain deferred tax assets and liabilities have been offset in the consolidated statement of financial position.

The following is an analysis of the deferred tax balances of the Group for financial reporting purposes:

	2015 HK$'000	2014 HK$'000
Net deferred tax assets recognised in the consolidated statement of financial position	1,204,841	1,132,436
Net deferred tax liabilities recognised in the consolidated statement of financial position	(5,388,293)	(5,103,429)
	(4,183,452)	(3,970,993)

The Group also has tax losses arising in Mainland China of HK$975,300,000 (2014: HK$798,460,000) that will expire in one to five years for offsetting against future taxable profits. Deferred tax assets have not been recognised in respect of these losses as they have arisen in subsidiaries that have been loss-making for some time and it is not considered probable that taxable profits will be available against which the tax losses can be utilised.

33. DEFERRED TAX (Continued)

Pursuant to the PRC Corporate Income Tax Law, a 10% withholding tax is levied on dividends declared to foreign investors from the foreign investment enterprises established in Mainland China. The requirement is effective from 1 January 2008 and applies to earnings after 31 December 2007. A lower withholding tax rate may be applied if there is a tax treaty between Mainland China and the jurisdiction of the foreign investors. For the Group, the applicable rate is 5%. The Group is therefore liable for withholding taxes on dividends distributed by those subsidiaries established in Mainland China in respect of earnings generated from 1 January 2008.

At 31 December 2015, the Group recognised deferred tax liabilities of approximately HK$69,631,000 (2014: HK$73,948,000) for withholding taxes that would be payable on the unremitted earnings of the Group's subsidiaries established in Mainland China. In the opinion of the directors, it is not probable that the remaining unremitted earnings of the Group's subsidiaries, joint ventures and joint operations will be distributed in the foreseeable future. The aggregate amount of temporary differences associated with investments in subsidiaries, joint ventures and joint operations in Mainland China for which deferred tax liabilities have not been recognised totalled approximately HK$17,317,082,000 at 31 December 2015 (2014: HK$12,892,914,000).

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

34. PERPETUAL CONVERTIBLE SECURITIES

On 12 October 2010, Franshion Capital Limited, a direct wholly-owned subsidiary of the Company, issued perpetual convertible securities with a nominal value of US$600 million (equivalent to HK$4,655,166,000). There was no movement in the number of perpetual convertible securities during the year. The direct transaction costs attributable to the perpetual convertible securities amounted to HK$67,166,000.

The perpetual convertible securities are convertible at the option of the holders of perpetual convertible securities into ordinary shares of the Company at any time on or after 11 October 2011 at the initial conversion price of HK$2.83 per ordinary share of the Company. While the perpetual convertible securities confer a right to receive distributions at 6.8% per annum, Franshion Capital Limited may, at its sole discretion, elect to defer a distribution pursuant to the terms of the perpetual convertible securities. The conversion price is adjusted from HK$2.83 to HK$2.80 per ordinary share with effect from 20 June 2014, being the date immediately after the record date fixed for the purpose of determining shareholder' entitlement to the 2013 final dividends. The conversion price is adjusted from HK$2.80 to HK$2.74 per ordinary share with effect from 18 July 2015, being the date immediately after the record date fixed for the purpose of determining shareholders' entitlement to the 2014 final dividends.

The perpetual convertible securities have no maturity date and are redeemable at the option of Franshion Capital Limited at any time after 11 October 2015 at 110% of the outstanding principal amount, together with all outstanding arrears of distribution (if any) and the distribution accrued to the date fixed for redemption. The perpetual convertible securities are also redeemable at the option of the holders of perpetual convertible securities upon any delisting or prolonged suspension (for a period of 90 consecutive days) arising from or as a result of an application to the Stock Exchange having been initiated or made by the Company or such delisting or prolonged suspension having been effected or imposed through any other means controlled by the Company or otherwise resulting from any action of the Company.

In the opinion of the directors, the Group is able to control the delivery of cash or other financial assets to the holders of perpetual convertible securities due to redemption other than an unforeseen liquidation of the Company or Franshion Capital Limited. Accordingly, the perpetual convertible securities are classified as equity instruments.

35. SHARE CAPITAL

Shares

	2015 HK$'000	2014 HK$'000
Issued and fully paid:		
10,671,810,609 (2014: 9,068,191,489) ordinary shares	10,671,811	9,068,191

A summary of movements in the Company's share capital is as follows:

	Number of shares in issue	Share capital HK$'000	Share premium account HK$'000	Total HK$'000
At 1 January 2014	9,161,489,489	9,161,489	6,109,789	15,271,278
Transition to no-par value regime on 3 March 2014 (note (a))	–	6,109,789	(6,109,789)	–
Shares repurchased	(93,298,000)	–	–	–
At 31 December 2014 and 1 January 2015	9,068,191,489	15,271,278	–	15,271,278
Issue of new shares (note (b))	1,600,000,000	4,348,305	–	4,348,305
Share options exercised (note (c))	3,619,120	11,758	–	11,758
At 31 December 2015	10,671,810,609	19,631,341	–	19,631,341

Notes:

(a) In accordance with the transitional provisions set out in section 37 of Schedule 11 to the Hong Kong Companies Ordinance (Cap. 622), on 3 March 2014, any amount standing to the credit of the share premium account has become part of the Company's share capital.

(b) The Company issued 1,600,000,000 new shares at the placing price of HK$2.73 per share on 17 June 2015, with net proceeds of approximately HK$4,348,305,000.

(c) The subscription rights attaching to 3,619,120 share options were exercised at the subscription price of HK$2.44 per share (note 36), resulting in the issue of 3,619,120 shares for a total cash consideration, before expenses, of HK$8,832,000. An amount of HK$2,926,000 was transferred from the share option reserve to share capital upon the exercise of the share options.

Share options

Details of the Company's share option scheme and the share options issued under the scheme are included in note 36 to the financial statements.

36. SHARE OPTION SCHEME

The Company operates a share option scheme (the "Scheme") for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Eligible participants of the Scheme include the Company's executive and non-executive directors and the Group's senior management, key technical and professional personnel, managers and employees, but do not include the Company's independent non-executive directors. The Scheme became effective on 22 November 2007 and, unless otherwise cancelled or amended, will remain in force for 10 years from that date.

The maximum number of unexercised share options currently permitted to be granted under the Scheme is an amount equivalent, upon their exercise, to 10% of the shares of the Company in issue at any time. The maximum number of shares issuable under share options to each eligible participant in the Scheme within any 12-month period is limited to 1% of the shares of the Company in issue at any time. Any further grant of share options in excess of this limit is subject to shareholders' approval in a general meeting.

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

The offer of a grant of share options may be accepted within 28 days from the date of offer, upon payment of a nominal consideration of HK$1 in total by the grantee. The exercise and exercisability of the share options is related to the performance of individuals and of the Company. The board of directors will determine performance targets concerned and set out in the grant notice. The share options granted will become exercisable after two years from the grant date or a later date as set out in the relevant grant notice, and in any event shall end not later than seven years from the grant date but subject to the provisions for early termination of employment.

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

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

36. SHARE OPTION SCHEME (Continued)

The following share options were outstanding under the Scheme during the year:

	2015 Weighted average exercise price HK$ per share	2015 Number of options	2014 Weighted average exercise price HK$ per share	2014 Number of options
At 1 January	2.46	45,427,670	2.46	56,599,270
Forfeited during the year	2.44	(10,305,440)	2.44	(11,171,600)
Exercised during the year	2.44	(3,619,120)	–	–
Expired during the year	3.37	(1,180,270)	–	–
At 31 December	2.43	30,322,840	2.46	45,427,670

The weighted average share price at the date of exercise for share options exercised during the year was HK$2.97 per share (2014: No share options were exercised.)

The exercise prices and exercise periods of the share options outstanding as at the end of the reporting period are as follows:

2015

Number of options	Exercise price* HK$ per share	Exercise period
7,226,080	2.44	28 November 2014 to 27 November 2019
8,439,160	2.44	28 November 2015 to 27 November 2019
14,657,600	2.44	28 November 2016 to 27 November 2019
30,322,840		

2014

Number of options	Exercise price* HK$ per share	Exercise period
1,180,270	3.37	5 May 2010 to 4 May 2015
13,274,220	2.44	28 November 2014 to 27 November 2019
13,274,220	2.44	28 November 2015 to 27 November 2019
17,698,960	2.44	28 November 2016 to 27 November 2019
45,427,670		

* The exercise price of the share options is subject to adjustment in the case of rights or bonus issues, or other similar changes in the Company's share capital.

36. SHARE OPTION SCHEME (Continued)

The fair value of the share options granted during the year ended 31 December 2012 was HK$51,858,000 (HK$0.89 each), of which the Group recognised a share option expense of HK$9,940,000 (2014: HK$17,502,000) during the year ended 31 December 2015.

The fair value of the share options granted during the year ended 31 December 2008 was HK$7,604,000, which was fully recognised in prior years.

The 3,619,120 share options exercised during the year resulted in the issue of 3,619,120 ordinary shares of the Company and new share capital of HK$8,832,000 (before issue expenses), as further detailed in note 35 to the financial statements.

At the end of the reporting period, the Company had 30,322,840 share options outstanding under the Scheme. The exercise in full of the outstanding share options would, under the present capital structure of the Company, result in the issue of 30,322,840 additional ordinary shares of the Company and additional share capital of HK$73,988,000 (before issue expenses).

37. RESERVES

The amounts of the Group's reserves and the movements therein for the current and prior years are presented in the consolidated statement of changes in equity on pages 151 to 152 of the financial statements.

Capital reserve

The capital reserve represents additional contribution made by the shareholders of the Company's subsidiaries and, in the case of an acquisition of an additional equity interest in a non-wholly-owned subsidiary, the difference between the cost of acquisition and the non-controlling interests acquired.

On 2 July 2014, the Company completed a spin-off and separate listing of JCIHL effected by way of a listing of 600,000,000 share stapled units jointly issued by Jinmao Investments and JCIHL (the "Share Stapled Units") on the Main Board of The Stock Exchange of Hong Kong Limited at a unit price of HK$5.35 (the "IPO"). The total IPO proceeds, before share issue expenses, amounted to HK$3,210,000,000. On 24 July 2014, in connection with the partial exercise of the over-allotment options by the joint global coordinators of the IPO, 69,397,000 Share Stapled Units were sold by the Company at a price of HK$5.35 per Share Stapled Unit. Following the completion of the IPO and exercise of over-allotment options, the Company's equity interest in JCIHL decreased from 100% to 66.53% and the Company retains control over JCIHL. The Group therefore recognised the change in the ownership interest in JCIHL amounting HK$439,537,000 in the consolidated capital reserve during the year ended 31 December 2014.

37. RESERVES (Continued)

Capital reserve (Continued)

In connection with the IPO, the Company agreed to provide a distribution guarantee to the trustee-manager of Jinmao Investments (the "Trustee-Manager") (for the benefit of the holders of Share Stapled Units) that the aggregate distributions to be made by the Trustee-Manager to the holders of Share Stapled Units (including the Company) for the period from the listing date of Share Stapled Units to 31 December 2014 would be an amount which represents an annualised distribution amount of not less than HK$960,000,000 for the financial year ended 31 December 2014. The actual distribution guarantee amount (from 2 July 2014 to 31 December 2014) is HK$481,000,000, of which a guarantee amount of HK$160,991,000 payable to holders of Share Stapled Units (other than the Company) was recognised in the consolidated capital reserve during the year ended 31 December 2014. Such distribution guarantee payable to holders of Share Stapled Units (other than the Company) of HK$160,991,000 was paid by the Company on 30 June 2015.

PRC statutory surplus reserve

Transfers from retained profits to the statutory surplus reserve were made in accordance with the relevant PRC rules and regulations and the articles of association of the Group's subsidiaries established in Mainland China and were approved by the board of directors of the respective subsidiaries.

The statutory surplus reserve can be used to cover previous years' losses, if any, and may be converted into capital in proportion to equity holders' existing equity holding, provided that the balance after such conversion is not less than 25% of their registered capital.

Asset revaluation reserve

The asset revaluation reserve arose from the change in use from owner-occupied properties to investment properties carried at fair value.

Share option reserve

The share option reserve comprises the fair value of share options granted which are yet to be exercised, as further explained in the accounting policy for share-based payments in note 2.4 to the financial statements. The amount will either be transferred to the share premium account when the related options are exercised, or be transferred to retained profits should the related options expire or be forfeited.

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

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

	SISSC HK$'000	Shanghai Yin Hui HK$'000	Shanghai Xingwaitan HK$'000	JCIHL Group HK$'000
2015				
Percentage of equity interest held by non-controlling interests	50%	50%	50%	33.47%
Profit/(loss) for the year allocated to non-controlling interests	341,995	295,080	(1,100)	176,456
Dividends declared to non-controlling interests	–	–	–	189,410
Accumulated balances of non-controlling interests at the reporting date	2,183,234	2,084,942	3,565,994	2,767,609

	SISSC HK$'000	Shanghai Yin Hui HK$'000	Shanghai Xingwaitan HK$'000	JCIHL Group HK$'000
2014				
Percentage of equity interest held by non-controlling interests	50%	50%	50%	33.47%
(Loss)/profit for the year allocated to non-controlling interests	(4,510)	279,444	(829)	(14,852)
Accumulated balances of non-controlling interests at the reporting date	1,970,162	2,008,042	3,788,198	3,045,580

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

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

	SISSC HK$'000	Shanghai Yin Hui HK$'000	Shanghai Xingwaitan HK$'000	JCIHL Group HK$'000
2015				
Revenue	2,138,998	911,690	–	2,973,963
Total expenses	(1,455,009)	(321,530)	(2,200)	(2,431,371)
Profit/(loss) for the year	683,989	590,160	(2,200)	542,592
Total comprehensive income/(loss) for the year	426,144	347,063	(444,406)	(249,213)
Current assets	5,997,753	1,438,141	8,517,717	1,187,588
Non-current assets	3,296,526	4,466,177	11,168	20,564,925
Current liabilities	(4,516,020)	(1,619,273)	(457,461)	(5,499,011)
Non-current liabilities	(411,792)	(187,690)	(939,435)	(7,925,234)
Net cash flows from/(used in) operating activities	88,380	1,811,404	(661,689)	1,353,825
Net cash flows used in investing activities	(107)	(1,871,709)	(1,148)	(677,669)
Net cash flows from/(used in) financing activities	846,614	(20,073)	627,326	(934,388)
Net increase/(decrease) in cash and cash equivalents	934,887	(80,378)	(35,511)	(258,232)

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

	SISSC HK$'000	Shanghai Yin Hui HK$'000	Shanghai Xingwaitan HK$'000	JCIHL Group HK$'000
2014				
Revenue	536	1,698,605	–	2,761,146
Total expenses	(9,556)	(1,139,716)	(1,659)	(1,854,037)
(Loss)/profit for the year	(9,020)	558,889	(1,659)	907,109
Total comprehensive (loss)/income for the year	(22,451)	550,366	(27,372)	866,579
Current assets	6,861,038	4,385,013	8,616,959	1,362,904
Non-current assets	1,166	2,186,208	10,004	21,277,458
Current liabilities	(2,110,617)	(2,775,912)	(692,015)	(5,470,669)
Non-current liabilities	(811,264)	–	(358,553)	(8,062,924)
Net cash flows (used in)/from operating activities	(1,634,174)	447,614	(395,680)	2,312,726
Net cash flows used in investing activities	(97)	(5)	(199)	(1,175,455)
Net cash flows from/(used in) financing activities	1,585,092	–	357,196	(1,209,166)
Net (decrease)/increase in cash and cash equivalents	(49,179)	447,609	(38,683)	(71,895)

39. DEEMED DISPOSAL OF SUBSIDIARIES

During the years ended 31 December 2015 and 2014, the Group lost control over certain subsidiaries upon capital injections from third party investors into these then subsidiaries. As at 31 December 2015 and 2014, these investees were measured and disclosed as investments in an associate and joint ventures in the consolidated statement of financial position.

Details of the financial impacts are summarised below:

	Notes	2015 HK$'000	2014 HK$'000
Net assets disposed of:			
Property, plant and equipment	13	–	399
Intangible assets	19	–	257
Other non-current assets		–	184
Cash and cash equivalents		119	1,379,755
Properties under development	14	–	7,804,009
Prepayments		543,174	–
Other current assets		–	6,726
Trade payables		–	(104)
Other payables and accruals		(531,358)	(4,373,894)
Interest-bearing bank and other borrowings		–	(4,609,609)
Non-controlling interests		–	(127,546)
		11,935	80,177
Fair value of interests retained by the Group		11,935	81,880
Gain on deemed disposal of subsidiaries	5	–	1,703
Satisfied by:			
Cash		–	–

An analysis of the net outflow of cash and cash equivalents in respect of the deemed disposal of subsidiaries is as follows:

	2015 HK$'000	2014 HK$'000
Cash consideration	–	–
Cash and cash equivalents disposed of	(119)	(1,379,755)
Net outflow of cash and cash equivalents in respect of the deemed disposal of subsidiaries	(119)	(1,379,755)

40. CONTINGENT LIABILITIES

At the end of the reporting period, the Group has provided guarantees in respect of mortgage facilities for certain purchasers of the Group's properties amounting to approximately HK$14,538,748,000 (2014: HK$8,409,881,000).

41. OPERATING LEASE ARRANGEMENTS

(a) As lessor

The Group leases its investment properties (note 17) under operating lease arrangements, with leases negotiated for terms ranging from one to ten years. The terms of the leases generally also require the tenants to pay security deposits and provide for periodic rent adjustments according to the then prevailing market conditions.

At the end of the reporting period, the Group had total future minimum lease receivables under non-cancellable operating leases with its tenants falling due as follows:

	2015 HK$'000	2014 HK$'000
Within one year	1,359,335	1,149,761
In the second to fifth years, inclusive	1,247,569	1,246,680
After five years	49,688	32,143
	2,656,592	2,428,584

(b) As lessee

The Group leases certain of its office properties under operating lease arrangements. Leases for properties are negotiated for terms ranging from one to five years.

At the end of the reporting period, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	2015 HK$'000	2014 HK$'000
Within one year	28,695	39,816
In the second to fifth years, inclusive	14,148	36,187
	42,843	76,003

42. COMMITMENTS

In addition to the operating lease commitments detailed in note 41(b) above, the Group had the following commitments at the end of the reporting period:

	2015 HK$'000	2014 HK$'000
Contracted, but not provided for:		
Properties under development	18,641,716	12,547,061
Land under development	1,059,291	367,855
Property, plant and equipment	12,772	112,808
Capital contributions to joint ventures	191,573	–
	19,905,352	13,027,724

43. RELATED PARTY TRANSACTIONS

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

	Notes	2015 HK$'000	2014 HK$'000
Fellow subsidiaries:			
Rental income*	(i)	292,444	277,760
Property management fee income*	(i)	27,499	25,336
Interest expense	(ii)	37,965	67,612
Interest income	(iii)	5,256	8,914
The immediate holding company:			
Rental expense	(i)	6,448	3,834
Interest expense	(ii)	7,045	24,705
The intermediate holding company:			
Rental income*	(i)	93,036	81,191
Property management fee income*	(i)	10,121	16,667
The ultimate holding company:			
Rental income*	(i)	9,771	9,023
Property management fee income*	(i)	473	413
Joint ventures:			
Sales of land**	(i)	452,816	–
Interest income	(iv)	101,135	123
Consulting fee expense	(i)	20,114	–
Rental income	(i)	365	323
Property management fee income	(i)	44	–
Associates:			
Interest income	(iv)	276,928	167,864
Interest expense	(v)	1,452	–

Notes:

(i) These transactions were carried out in accordance with the terms and conditions mutually agreed by the parties involved.

(ii) The interest expense was charged at rates ranging from 3.915% to 6% (2014: 5.04% to 9%) per annum.

(iii) The interest income was determined at rates ranging from 0.35% to 1.62% (2014: 0.385% to 1.62%) per annum.

(iv) The interest income was determined at rates ranging from 6.9% to 9% (2014: 6.9% to 9%) per annum.

(v) The interest expense was charged at a rate of 7% (2014: Nil) per annum.

* These related party transactions also constitute continuing connected transactions as defined in Chapter 14A of the Listing Rules.

** After elimination of unrealised profits.

43. RELATED PARTY TRANSACTIONS (Continued)

(b) Compensation of key management personnel of the Group

	2015 HK$'000	2014 HK$'000
Short term employee benefits	37,743	32,569
Post-employment benefits	2,645	3,071
Equity-settled share option expense	2,846	3,536
Total compensation paid to key management personnel	43,234	39,176

The number of non-director and non-chief executive, key management personnel whose remuneration fell within the following bands is as follows:

	Number of key management personnel	
	2015	2014
Nil to HK$1,000,000	1	–
HK$1,000,001 to HK$1,500,000	1	1
HK$1,500,001 to HK$2,000,000	–	–
HK$2,000,001 to HK$2,500,000	1	–
HK$2,500,001 to HK$3,000,000	1	1
HK$3,000,001 to HK$3,500,000	1	1
HK$3,500,001 to HK$4,000,000	3	3
HK$4,000,001 to HK$4,500,000	1	–
HK$4,500,001 to HK$5,000,000	–	1
	9	7

Further details of directors' and the chief executive's emoluments are included in note 8 to the financial statements.

(c) Transactions and balances with other state-owned entities

The Group is indirectly controlled by the PRC government and operates in an economic environment predominated by entities directly or indirectly owned or controlled by the government through its agencies, affiliates or other organisations (collectively "State-owned Entities" ("SOEs")). During the year, the Group had transactions with other SOEs including, but not limited to, borrowings, deposits, the sale of properties developed, the provision of property lease and management service and the provision of sub-contracting services. The directors of the Company consider that these transactions with other SOEs are activities conducted in the ordinary course of business and that the dealings of the Group have not been significantly or unduly affected by the fact that the Group and the other SOEs are ultimately controlled or owned by the PRC government. The Group has also established pricing policies for its products and services and such pricing policies do not depend on whether or not the customers are SOEs.

44. FINANCIAL INSTRUMENTS BY CATEGORY

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

	2015			2014		
	Financial assets at fair value through profit or loss HK$'000	Loans and receivables HK$'000	Total HK$'000	Financial assets at fair value through profit or loss HK$'000	Loans and receivables HK$'000	Total HK$'000
Financial assets						
Trade receivables	–	3,040,460	3,040,460	–	3,593,182	3,593,182
Financial assets included in prepayments, deposits and other receivables (note 24)	–	5,924,201	5,924,201	–	3,836,777	3,836,777
Due from related parties	–	13,337,098	13,337,098	–	6,700,654	6,700,654
Due from non-controlling shareholders	–	–	–	–	126,760	126,760
Other financial assets	184,131*	–	184,131	253,224*	–	253,224
Restricted bank balances	–	3,291,179	3,291,179	–	1,591,921	1,591,921
Pledged deposits	–	–	–	–	6,338	6,338
Cash and cash equivalents	–	13,126,058	13,126,058	–	12,454,570	12,454,570
	184,131	38,718,996	38,903,127	253,224	28,310,202	28,563,426

* These other financial assets were designated as financial assets at fair value through profit or loss upon initial recognition.

	2015 Financial liabilities at amortised cost HK$'000	2014 Financial liabilities at amortised cost HK$'000
Financial liabilities		
Trade payables	13,815,628	8,130,573
Financial liabilities included in other payables and accruals (note 30)	5,870,934	5,414,165
Due to related parties	5,107,916	2,104,929
Interest-bearing bank and other borrowings	48,977,825	46,759,346
	73,772,303	62,409,013

45. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

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

	Carrying amounts		Fair values	
	2015 HK$'000	2014 HK$'000	2015 HK$'000	2014 HK$'000
Financial assets				
Other financial assets (current)				
– call option	96,383	210,739	96,383	210,739
Other financial assets (non-current)	40,004	42,485	40,004	42,485
	136,387	253,224	136,387	253,224
Financial liabilities				
Interest-bearing bank and other borrowings	48,977,825	46,759,346	50,231,606	47,473,590

Management has assessed that the fair values of cash and cash equivalents, pledged deposits, restricted bank balances, trade receivables, amounts due from non-controlling shareholders, financial assets included in prepayments, deposits and other receivables, financial products included in other financial assets, trade payables, financial liabilities included in other payables and accruals, and amounts due from/to related parties approximate to their carrying amounts largely due to the short term maturities of these instruments.

The Group's finance department is responsible for determining the policies and procedures for the fair value measurement of financial instruments.

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

The fair values of interest-bearing bank and other borrowings except for notes have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. The fair value of notes is based on quoted market prices. The Group's own non-performance risk for interest-bearing bank and other borrowings as at 31 December 2015 was assessed to be insignificant.

The fair value of a call option included in current other financial assets has been estimated using the residual method. The residual method measures the fair value of the property by deducting the estimated development costs including outstanding construction costs, marketing expense and developer profit from the gross development value assuming that it was completed as of the valuation date. The fair value of non-current other financial assets has been estimated using a discounted cash flow valuation model based on assumptions that are not supported by observable market prices or rates. The valuation requires the directors to make estimates about the expected future cash flows including expected future dividends. The directors believe that the estimated fair values resulting from the valuation technique, which are recorded in the consolidated statement of financial position, are reasonable and that they were the most appropriate values at the end of the reporting period.

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

Below is a summary of significant unobservable inputs to the valuation of financial instruments together with a quantitative sensitivity analysis as at 31 December 2015 and 2014:

	Valuation techniques	Significant unobservable inputs	Sensitivity of fair value to the input
Other financial assets Non-current balance	Discounted cash flow method	Discount rate for cash flows	5% (2014: 5%) increase (decrease) in discount rate would result in decrease (increase) in fair value by HK$406,000(2014: HK$340,000)
Other financial assets Current balance – Call option	Residual method	Average selling price per sqm for the property, taking into account location and properties' quality	5% (2014: 5%) increase (decrease) in average selling price would result in increase (decrease) in fair value by HK$1,104,000(2014:HK$10,711,000)
		Construction cost, taking into account management's experience and estimated budget	5% (2014: 5%) increase (decrease) in construction cost would result in decrease (increase) in fair value by HK$3,999,000(2014: HK$8,941,000)

Fair value hierarchy

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

Assets measured at fair value:

Fair value measurement using significant unobservable inputs (Level 3)

	2015 HK$'000	2014 HK$'000
Other financial assets (current) – call option	96,383	210,739
Other financial assets (non-current)	40,004	42,485
	136,387	253,224

The Group's assets were neither categorised in Level 1 nor Level 2 as at 31 December 2015 (2014: Nil).

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

Fair value hierarchy (Continued)

The movements in fair value measurements within Level 3 during the year are as follows:

	2015 HK$'000	2014 HK$'000
Other financial assets:		
At 1 January	253,224	151,377
Purchases	–	102,359
Disposals	(108,380)	–
Exchange realignment	(8,457)	(512)
At 31 December	136,387	253,224

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

Liabilities measured at fair value:

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

Assets for which fair values are disclosed:

The Group did not have any financial assets that were not measured at fair value in the statement of financial position but for which the fair value is disclosed as at 31 December 2015 (2014: Nil).

Liabilities for which fair values are disclosed:

As at 31 December 2015

	Fair value measurement using			
	Quoted prices in active markets (Level 1) HK$'000	Significant observable inputs (Level 2) HK$'000	Significant unobservable inputs (Level 3) HK$'000	Total HK$'000
Interest-bearing bank and other borrowings	20,518,518	29,713,088	–	50,231,606

As at 31 December 2014

	Fair value measurement using			
	Quoted prices in active markets (Level 1) HK$'000	Significant observable inputs (Level 2) HK$'000	Significant unobservable inputs (Level 3) HK$'000	Total HK$'000
Interest-bearing bank and other borrowings	17,446,687	30,026,903	–	47,473,590

46. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise bank loans and other borrowings and cash and short term deposits. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial assets and liabilities such as trade receivables and payables, which arise directly from its operations.

It is, and has been throughout the year under review, the Group's policy that no trading in financial instruments shall be undertaken.

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

Interest rate risk

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

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

	Increase/ (decrease) in basis points	Increase/ (decrease) in profit before tax HK$'000
31 December 2015		
RMB	25	(45,198)
USD	25	(19,356)
HK$	25	(8,665)
RMB	(25)	45,198
USD	(25)	19,356
HK$	(25)	8,665
31 December 2014		
RMB	27	(54,946)
USD	27	(19,294)
HK$	27	(9,250)
RMB	(27)	54,946
USD	(27)	19,294
HK$	(27)	9,250

The sensitivity analysis above has been determined assuming that the change in interest rates had occurred at the end of the year and had applied the exposure to interest rate risk to those bank and other borrowings in existence at that date. The estimated percentage increase or decrease represents management's assessment of a reasonably possible change in interest rates over the year until the end of the next reporting period.

46. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

Foreign currency risk

All of the Group's turnover and substantially all of the Group's operating expenses are denominated in RMB, which is currently not a freely convertible currency. The PRC Government imposes controls on the convertibility of RMB into foreign currencies and, in certain cases, the remittance of currencies out of Mainland China. Shortages in the availability of foreign currencies may restrict the ability of the Group's PRC subsidiaries to remit sufficient foreign currencies to pay dividends or other amounts to the Group.

Under existing PRC foreign exchange regulations, payments of current account items, including dividends, trade and service-related foreign exchange transactions, can be made in foreign currencies without the prior approval from the State Administration of Foreign Exchange by complying with certain procedural requirements. However, the approval from appropriate PRC Governmental authorities is required where RMB is to be converted into foreign currencies and remitted out of Mainland China to pay capital account items, such as the repayment of bank loans denominated in foreign currencies.

Currently, the Group's PRC subsidiaries may purchase foreign currencies for settlement of current account transactions, including the payment of dividends to the Company, without the prior approval of the State Administration of Foreign Exchange. The Group's PRC subsidiaries may also retain foreign currencies in their current accounts to satisfy foreign currency liabilities or to pay dividends. Since foreign currency transactions on the capital account are still subject to limitations and require the approval from the State Administration of Foreign Exchange, this could affect the ability of the Group's subsidiaries to obtain the required foreign currencies through debt or equity financing, including by means of loans or capital contributions.

The Group's financial assets and liabilities are not subject to foreign currency risk, except for certain short term deposits and interest-bearing borrowings denominated in United States dollars. The fluctuations in the exchange rates of RMB against foreign currencies could affect the Group's results of operations.

There are limited hedging instruments available in Mainland China to reduce the Group's exposure to exchange rate fluctuations between RMB and other currencies. To date, the Group has not entered into any hedging transactions in an effort to reduce the Group's exposure to foreign currency exchange risk. While the Group may decide to enter into hedging transactions in the future, the availability and effectiveness of these hedges may be limited, and the Group may not be able to hedge the Group's exposure successfully, or at all.

46. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

Foreign currency risk (Continued)

The following table demonstrates the sensitivity at the end of the reporting period to a reasonably possible change in the exchange rate between HK$ and United States dollars ("US$") on the Group's profits for the years ended 31 December 2015 and 2014.

Increase/(decrease) in US$ rate	Group Increase/ (decrease) in profit for the year 2015 HK$'000	Increase/ (decrease) in profit for the year 2014 HK$'000
+1%	(224,089)	(209,105)
-1%	224,089	209,105

The following table demonstrates the sensitivity at the end of the reporting period to a reasonably possible change in the exchange rate between RMB and US$ on the Group's profits for the years ended 31 December 2015 and 2014.

Increase/(decrease) in US$ rate	Group Increase/ (decrease) in profit for the year 2015 HK$'000	Increase/ (decrease) in profit for the year 2014 HK$'000
+5%	27,906	55,825
-5%	(27,906)	(55,825)

Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk arising from its land development revenue, the sale of properties, leasing activities, the provision of hotel and property management services and its financing activities, including deposits with banks and financial institutions and derivatives. Credit risk is managed by requiring tenants to pay rentals in advance. Outstanding tenants' receivables are regularly monitored. The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial asset.

46. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

Liquidity risk

Due to the capital intensive nature of the Group's business, the Group ensures that it maintains sufficient cash and credit facilities to meet its liquidity requirements. The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank loans and other interest-bearing loans. In the opinion of the directors, most of the borrowings that mature within one year are able to be renewed and the Group is expected to have adequate source of funding to finance and manage its liquidity position.

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

	2015				
	Within 1 year or on demand HK$'000	More than 1 year but less than 2 years HK$'000	More than 2 years but less than 5 years HK$'000	More than 5 years HK$'000	Total HK$'000
Interest-bearing bank and other borrowings	10,854,040	16,037,908	20,487,680	9,410,908	56,790,536
Trade payables	13,815,628	–	–	–	13,815,628
Other payables	5,870,934	–	–	–	5,870,934
Due to related parties	5,107,916	–	–	–	5,107,916
	35,648,518	16,037,908	20,487,680	9,410,908	81,585,014

	2014				
	Within 1 year or on demand HK$'000	More than 1 year but less than 2 years HK$'000	More than 2 years but less than 5 years HK$'000	More than 5 years HK$'000	Total HK$'000
Interest-bearing bank and other borrowings	11,806,495	13,144,998	39,474,800	14,792,673	79,218,966
Trade payables	8,130,573	–	–	–	8,130,573
Other payables	5,414,165	–	–	–	5,414,165
Due to related parties	2,104,929	–	–	–	2,104,929
	27,456,162	13,144,998	39,474,800	14,792,673	94,868,633

46. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

Capital management

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, and to provide an adequate return to shareholders by pricing products and services commensurately with the level of risk.

The Group manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, issue new shares or sell assets to reduce debt. The Group is not subject to any externally imposed capital requirements. No changes were made in the objectives, policies or processes for managing capital during the years ended 31 December 2015 and 31 December 2014.

The Group monitors capital on the basis of the net debt-to-adjusted-capital ratio. This ratio is calculated as net debt divided by adjusted capital. Net debt is calculated as total interest-bearing bank and other borrowings (as shown in the statement of financial position) less cash and cash equivalents, restricted bank balances and pledged deposits and certain other financial assets included in current assets. Adjusted capital comprises all components of equity (including non-controlling interests) and amounts due to related parties. The Group aims to maintain the net debt-to-adjusted-capital ratio at a reasonable level. The net debt-to-adjusted-capital ratios as at the end of the reporting periods were as follows:

	Notes	2015 HK$'000	2014 HK$'000
Interest-bearing bank and other borrowings	31	48,977,825	46,759,346
Less: Cash and cash equivalents	27	(13,126,058)	(12,454,570)
Restricted bank balances and pledged deposits	27	(3,291,179)	(1,598,259)
Certain other financial assets included in current assets	26	(47,744)	–
Net debt		32,512,844	32,706,517
Total equity		58,902,620	56,332,571
Add: Amounts due to related parties	25	5,107,916	2,104,929
Adjusted capital		64,010,536	58,437,500
Net debt-to-adjusted-capital ratio		50.8%	56.0%

47. EVENT AFTER THE REPORTING PERIOD

On 29 January 2016, Franshion Brilliant Limited (the "Issuer"), a wholly owned subsidiary of the Company, proposed to issue subordinate guaranteed perpetual capital securities in the aggregate principal amount of US$350,000,000 (the "Initial Securities"). The securities confer a right to receive distribution at 6% per annum payable semi-annually in arrears beginning on 4 August 2016.

On 2 February 2016, the Issuer proposed to issue additional subordinate guaranteed perpetual capital securities on the terms of the Initial Securities, in the aggregate principal amount of US$150,000,000. They are to be consolidated and form a single series with the Initial Securities and to be issued together.

On 4 February 2016, the proposed issue and placing of subordinate guaranteed perpetual capital securities in the aggregate principal amount of US$500,000,000 were completed.

48. COMPARATIVE AMOUNTS

As further explained in note 2.2 to the financial statements, due to the implementation of the Hong Kong Companies Ordinance (Cap. 622) during the current year, the presentation and disclosures of certain items and balances in the financial statements have been revised to comply with the new requirements. Accordingly, certain comparative amounts have been restated to conform with the current year's presentation and disclosures.

49. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

Information about the statement of financial position of the Company at the end of the reporting period is as follows:

	2015 HK$'000	2014 HK$'000 (Restated)
NON-CURRENT ASSETS		
Property, plant and equipment	140	55
Intangible assets	2,238	2,238
Investments in subsidiaries	23,521,731	23,580,504
Total non-current assets	23,524,109	23,582,797
CURRENT ASSETS		
Due from subsidiaries	27,649,571	22,825,914
Prepayments, deposits and other receivables	1,826	49,115
Due from related parties	1,381	1,008
Cash and cash equivalents	268,623	1,582,870
Total current assets	27,921,401	24,458,907
CURRENT LIABILITIES		
Other payables and accruals	199,265	577,192
Due to related parties	4,262,720	1,986,867
Interest-bearing bank borrowings	2,702,774	–
Total current liabilities	7,164,759	2,564,059
NET CURRENT ASSETS	20,756,642	21,894,848
TOTAL ASSETS LESS CURRENT LIABILITIES	44,280,751	45,477,645
NON-CURRENT LIABILITIES		
Due to subsidiaries	18,073,274	18,657,908
Interest-bearing bank borrowings	3,468,299	6,188,144
Total non-current liabilities	21,541,573	24,846,052
Net assets	22,739,178	20,631,593
EQUITY		
Share capital	19,631,341	15,271,278
Reserves (note)	3,107,837	5,360,315
Total equity	22,739,178	20,631,593

Li Congrui
Director

Jiang Nan
Director

49. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (Continued)

Note:

A summary of the Company's reserves is as follows:

	Share premium account HK$'000	Share option reserve HK$'000	Retained profits HK$'000	Total HK$'000
Balance at 1 January 2014	6,109,789	20,318	733,727	6,863,834
Total comprehensive income for the year	–	–	4,797,179	4,797,179
Shares repurchased	–	–	(208,411)	(208,411)
Equity-settled share option arrangements	–	17,502	–	17,502
Transfer of share option reserve upon the forfeiture or expiry of share options	–	(7,126)	7,126	–
Transition to no-par value regime	(6,109,789)	–	–	(6,109,789)
At 31 December 2014	–	30,694	5,329,621	5,360,315
Final 2014 dividend declared	–	–	(1,227,197)	(1,227,197)
Total comprehensive loss for the year	–	–	(1,032,295)	(1,032,295)
Equity-settled share option arrangements	–	9,940	–	9,940
Exercise of share options	–	(2,926)	–	(2,926)
Transfer of share option reserve upon the forfeiture or expiry of share options	–	(9,948)	9,948	–
At 31 December 2015	–	27,760	3,080,077	3,107,837

The share option reserve comprises the fair value of share options granted which are yet to be exercised, as further explained in the accounting policy for share-based payments in note 2.4 to the financial statements. The amount will either be transferred to the share premium account when the related options are exercised, or be transferred to retained profits should the related options expire or be forfeited.

50. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 22 March 2016.

Five-Year Financial Information

31 December 2015

I. MAJOR INFORMATION OF STATEMENTS OF PROFIT OR LOSS

	2011 HK$'000	2012 HK$'000	2013 HK$'000	2014 HK$'000	2015 HK$'000
RESULTS					
Revenue	6,591,692	17,175,666	20,718,913	29,548,154	22,110,309
Cost of sales	(3,016,723)	(9,976,971)	(11,518,572)	(17,989,374)	(13,561,140)
Gross profit	3,574,969	7,198,695	9,200,341	11,558,780	8,549,169
Other income and gains	2,672,051	1,931,279	2,355,290	2,855,023	2,724,902
Selling and marketing expenses	(307,128)	(439,132)	(623,758)	(914,632)	(979,602)
Administrative expenses	(851,250)	(968,054)	(1,161,582)	(1,678,744)	(1,537,701)
Other expenses and losses, net	(135,667)	(15,859)	(20,341)	(26,160)	(109,904)
Finance costs	(859,274)	(986,043)	(1,324,626)	(1,221,891)	(567,872)
Share of profits and losses of:					
Joint ventures	3,619	2,463	2,293	(1,322)	(16,173)
Associates	–	–	–	(31,430)	(89,665)
PROFIT BEFORE TAX	4,097,320	6,723,349	8,427,617	10,539,624	7,973,154
Income tax expense	(1,186,566)	(2,783,013)	(3,393,261)	(3,884,026)	(2,870,584)
PROFIT FOR THE YEAR	2,910,754	3,940,336	5,034,356	6,655,598	5,102,570
Attributable to:					
Owners of the parent	2,344,352	3,377,727	4,227,150	5,296,054	3,789,236
Non-controlling interests	566,402	562,609	807,206	1,359,544	1,313,334
	2,910,754	3,940,336	5,034,356	6,655,598	5,102,570

II. MAJOR INFORMATION OF FINANCIAL POSITION

	2011 HK$'000	2012 HK$'000	2013 HK$'000	2014 HK$'000	2015 HK$'000
Total non-current assets	44,803,431	44,303,165	74,122,845	82,367,426	85,137,154
Total current assets	24,967,607	38,199,079	46,720,431	55,658,342	73,762,517
Total assets	69,771,038	82,502,244	120,843,276	138,025,768	158,899,671
Total current liabilities	17,610,408	25,726,043	39,603,915	33,902,907	54,205,676
Total non-current liabilities	21,613,375	22,273,371	34,019,905	47,790,290	45,791,375
Total liabilities	39,223,783	47,999,414	73,623,820	81,693,197	99,997,051
Equity attributable to:					
Owners of the parent	26,170,749	28,877,841	33,561,884	37,650,417	40,042,799
Non-controlling interests	4,376,506	5,624,989	13,657,572	18,682,154	18,859,821
Total equity	30,547,255	34,502,830	47,219,456	56,332,571	58,902,620

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