景瑞控股
JINGRUI HOLDINGS

景瑞控股有限公司*
JINGRUI HOLDINGS LIMITED

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

股份代號 Stock code
01862

2015 年報
Annual Report

* 僅供識別
For identification purpose only

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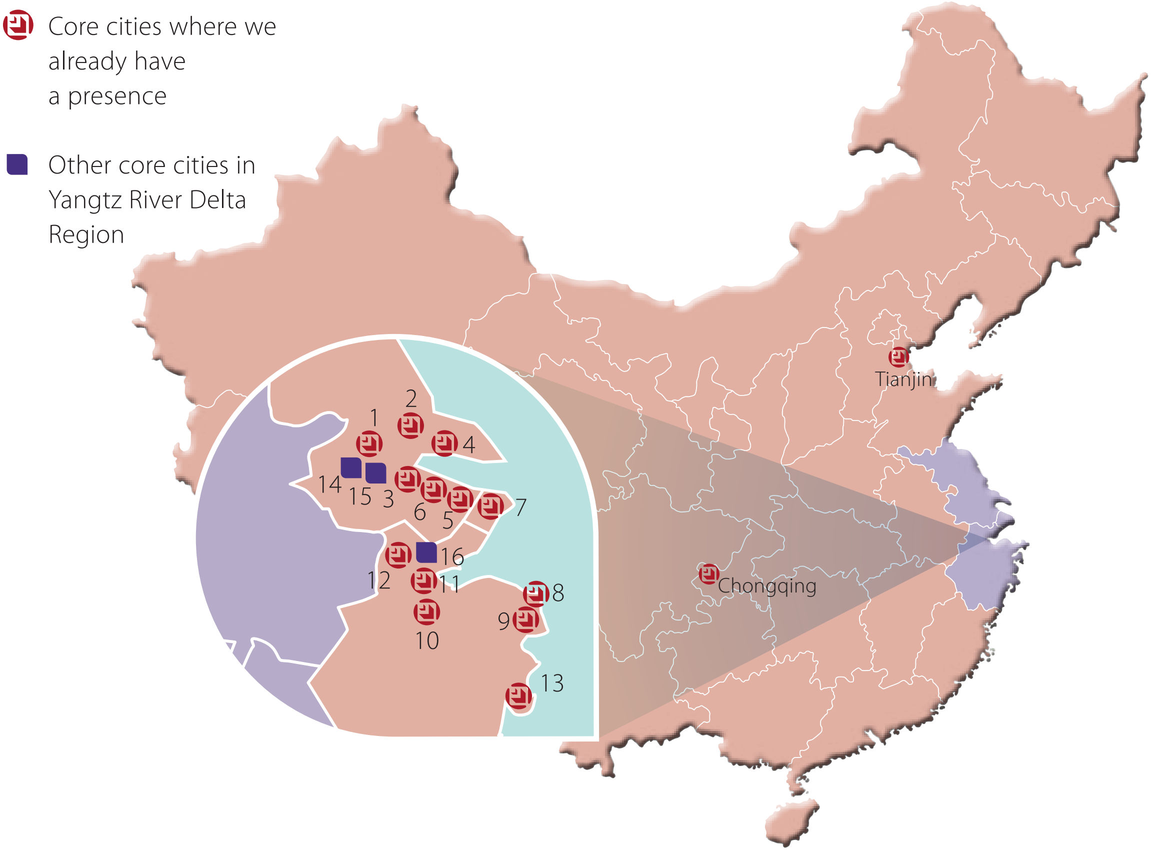
Corporate Profile



1	Yangzhou	5	Suzhou	9	Ningbo	13	Taizhou
2	Taizhou	6	Wuxi	10	Shaoxing	14	Nanjing
3	Changzhou	7	Shanghai	11	Hangzhou	15	Zhenjiang
4	Nantong	8	Zhoushan	12	Huzhou	16	Jiaxing

Jingrui Holdings Limited (stock code: 01862) (the "Company") is one of the leading residential property developers in the Yangtze River Delta region of China. According to China Index Academy, we were ranked as one of the top 10 developers in the Yangtze River Delta region in 2013, 2014 and 2015. We were ranked as No. 45 of the top 100 real estate companies in China for two consecutive years in 2014 and 2015, according to Enterprise Research Institute under the Development Research Center of the State Council (國務院發展研究中心企業研究所), Property Research Institute of Tsinghua University (清華大學房地產研究所) and China Index Academy. Meanwhile, the Company was recognized as one of the top 10 property developers in the PRC in terms of operating efficiency and financing capacity and one of the top 5 in the PRC in terms of innovation capability. The Company also ranked the 45th among the Top 50 Powerful Listed Real Estate Companies in the PRC (中國房地上市公司綜合實力50強) and maintained its top position of "Corporate Brand Value of Property Developers in the East of China (華東房地品牌價值)". On 31 October 2013, the Company was listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The Company emphasizes on the growth opportunities in core cities in the Yangtze River Delta region, as well as first-tier and second-tier cities such as Tianjin and Chongqing, which forms its "1+7+X" hierarchical deployment model consisting of base cities, strategic cities and potential cities. More than 90% of the Company's revenue derived from the Yangtze River Delta region. Focusing on providing residential property and service for target customer base with rigid demand and improving demand for living environment, we have developed two main sophisticated product lines, namely "Dignity Mansion (望府)" and "Royal Bay (御藍灣)", based on our years of research.

We seek to exploit market opportunities through reform and innovation; and also strive to refine our expansion philosophy and geographical exposure; and thus implementing an improved business development strategy. The Group adopts a corporate expansion strategy of "two focuses; two leading positions, while promoting one reform mechanism". Anchoring on our existing diversified product lines, we will continue to produce market leading quality products; and moreover we will also emphasize on product differentiation through "customized" products. Meanwhile, we proactively seek to expand our funding channels to help support the growth of the Company; and aim to be a market leader in terms of funding capabilities and funding methods. In the foreseeable future, the Group aims to be a "customised lifestyle service provider" of significant influence in the region, gaining high regards among industry peers and recognition from our customers; and thus achieve scalable growth and standout in this highly competitive industry.

Corporate Information

Company Name
Jingrui Holdings Limited

Executive Directors
Mr. Yan Hao *(Co-chairman and Chief Executive Officer)*
Mr. Chen Xin Ge *(Co-chairman)*
Mr. Yang Tie Jun *(Executive Vice-president)*
Mr. Xu Chao Hui *(Assistant to Chief Executive Officer)*

Independent Non-Executive Directors
Mr. Han Jiong
Mr. Qian Shi Zheng
Dr. Lo Wing Yan William

Audit Committee
Mr. Qian Shi Zheng *(Chairman)*
Dr. Lo Wing Yan William
Mr. Han Jiong

Remuneration Committee
Mr. Han Jiong *(Chairman)*
Dr. Lo Wing Yan William
Mr. Chen Xin Ge

Nomination Committee
Mr. Yan Hao *(Chairman)*
Mr. Han Jiong
Dr. Lo Wing Yan William

Risk Management Committee
Mr. Qian Shi Zheng *(Chairman)*
Mr. Han Jiong
Dr. Lo Wing Yan William

Joint Company Secretaries
Mr. Lee Chian Jie (Appointed on 30 March 2016)
Ms. Lai Siu Kuen *(FCIS, FCS)*
Mr. Yu Jia Le (Resigned on 30 March 2016)

Authorized Representatives
Mr. Xu Chao Hui
Mr. Lee Chian Jie (Appointed on 30 March 2016)
Mr. Yu Jia Le (Resigned on 30 March 2016)

Company's Website
www.jingruis.com

Registered Office
190 Elgin Avenue
George Town
Grand Cayman KY1-9005
Cayman Islands

Principal Place of Business and Head Office in the PRC
8/F, Building B, BenQ Plaza
207 Songhong Road
Shanghai
PRC

Principal Place of Business in Hong Kong
Room 09, 43/F
China Resources Building
26 Harbour Road
Hong Kong

Legal Advisers

As to Hong Kong law:
Simpson Thacher & Bartlett
35/F, ICBC Tower
3 Garden Road
Central, Hong Kong

As to PRC law:
Grandall Law Firm
45/F, Nanzheng Building
580 Nanjing West Road, Shanghai, China

As to Cayman Islands law:
Walkers
Suite 1501-1507, Alexandra House
18 Chater Road
Central, Hong Kong

Auditor
PricewaterhouseCoopers
22/F, Prince's Building
Central, Hong Kong

Stock Code
01862

Hong Kong Share Registrar
Computershare Hong Kong Investor Services Limited
Shops 1712-1716, 17th Floor, Hopewell Centre
183 Queen's Road East
Wanchai, Hong Kong

Compliance Adviser
Guotai Junan Capital Limited
27F, Grand Millennium Plaza
181 Queen's Road Central, Hong Kong

Principal Banks
Hong Kong
The Bank of East Asia, Limited
Industrial and Commercial Bank of China (Asia) Limited

China
Agricultural Bank of China, Huaihailu Branch
Agricultural Bank of China, Wusong Branch
China Construction Bank, Nanjingxilu Branch

Key Financial Indicators:

	Year ended 31 December				
	2015		2014		Change
		Percentage to revenue		Percentage to revenue	
	RMB million	**%**	RMB million	%	%
Revenue	**5,759.1**	**100.0**	5,273.0	100.0	9.2
Gross profit	**173.2**	**3.0**	964.4	18.3	(82.0)
(Loss)/profit for the year					
– Including non-controlling interests	**(289.3)**	**(5.0)**	279.5	5.3	(203.5)
– Attributable to equity holders	**(352.7)**	**(6.1)**	274.0	5.2	(228.7)
Core net (loss)/profit ((loss)/profit for the year excluding fair value gains)					
– Including non-controlling interests	**(441.4)**	**(7.7)**	224.3	4.3	(296.8)
– Attributable to equity holders	**(505.1)**	**(8.8)**	220.1	4.2	(329.5)

Key Operation Indicators:

	Year ended 31 December		
	2015	2014	Change
Contracted sales value (RMB million)	**8,695.30**	9,104.6	(4.5%)
Contracted sales area (sq.m.)	**810,816**	988,567.0	(18.0%)
Average contracted selling price (RMB/sq.m.)	**10,724**	9,210.0	16.4%

Key Ratio Indicators:

	2015	2014
	%	%
Gross profit margin (%)	**3.0**	18.3
Total assets turnover (%)(1)	**20.6**	22.9
Return on equity (%)(2)	**(6.0)**	6.9
Net debt-to-adjusted capital ratio (%)(3)	**135**	103

(1) Equal to revenue for the respective year divided by the average of total assets at the beginning and the end of the year

(2) Equal to profit for the year divided by the average of total equity at the beginning and the end of the year and multiplied by 100%

(3) Equal to net debt (which represents total borrowings minus cash and cash equivalents and restricted cash), divided by the sum of total equity and amounts due to non-controlling interests of subsidiaries as at the end of the respective period and multiplied by 100%

Chairman's Statement

DEAR SHAREHOLDERS,

On behalf of the board (the "Board") of directors (the "Directors") of Jingrui Holdings Limited ("Jingrui Holdings" or the "Company"), I am pleased to present the business review and outlook of the Company, and its subsidiaries (the "Group", "we" or "us") for the year ended 31 December 2015 (the "Reporting Period").

Business performance

For the year ended 31 December 2015, the Group achieved total contracted sales of approximately RMB8.695 billion, representing a decrease of 4.5% as compared to last year, and total contracted sales area of approximately 810,817 sq.m. For the year ended 31 December 2015, the Group recorded recognized revenue of RMB5.759 billion. During the Reporting Period, the Group recorded an annual loss of RMB289 million. The Board does not recommend the payment of final dividend for the year 2015.

Market review

Looking back at 2015, in the midst of changing global macroeconomic conditions, China's economy growth continued to slow down as the economy enters into a "New Normal" growth phase, amid an improvement in its underlying economic structure. As a pillar industry of China's economy, the real estate industry has been promoted by a number of new policies issued by the central government during the year which are favorable to the sustained healthy development of the real estate market in the PRC. Stimulated by various favorable easing policies, including loose monetary policies such as five rounds of interest rate cuts and four rounds of Required Reserve Ratio (RRR) reduction, as well as down payment reduction, cross-region housing fund loans and other policies aimed to support housing demand, the real estate industry has shown a recovery trend and both transaction volume and prices have been picking up as a whole.

In the course of recovery of the property market, there have been increased concentration of development and clear divergence among different regions as supply and demand conditions vary from one city to another. Property transaction volume and prices in first tier cities and core second tier cities have both been rising, while third tier and fourth tier cities are

To capture new development opportunities and achieve rapid growth extensively, we respond actively to the challenges with a mindset of "embracing changes, solidifying our foundation but making ventures". We have worked out a development strategy for the next three years, or, putting it simple, "Two Focuses", "Two Leading Positions" and "Propelling a reform mechanism".

Meanwhile, we continue to strive to innovate on our products and services; emphasizing on our customer's needs, and finally adopting a ground breaking "customization" strategy. The Group redefined itself as a "Customized lifestyle service provider" of significant influence in the region and within a short period, has already earned high regards from our peers and our customers. We believe this strategy will ensure the Group of a high and quality growth in the future.

Mr. Yan Hao
Mr. Chen Xin Ge
Co-chairmen

still struggling with high inventory problems. The divergence can also be reflected in the land market, in which real estate developers have targeted first tier and second tier cities with favorable supply and demand conditions, demographic expansion and robust economic conditions. Accordingly, the increasingly fierce competition led to higher cost for land resources and higher investment barrier in first-tier and second-tier cities. Due to the different land reserve strategies and cost management, the performances of major real estate developers in last year have shown wide variations.

Therefore, we remain cautiously optimistic on the prospects of the domestic PRC real estate market for 2016 and are of the view that market demand will further expand. To capture new development opportunities and achieve rapid growth extensively, we respond actively to the challenges with a mindset of "embracing changes, solidifying our foundation but making ventures". We have worked out a development strategy for the next three years, or, putting it simple, "Two Focuses", "Two Leading Positions" and "Propelling a reform mechanism".

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"Two focuses" – focusing on regions and high turnover

During the Reporting Period, in order to further exploit on the strong growth momentum of the property market in first-tier and second-tier cities, the Group continued to promote the strategy of "geographical focus". We continued to enhance our geographical split, focusing on Yangtze River Delta and metropolitans such as Tianjin and Chongqing, and speeding up land banking and investment in core first-tier and second-tier cities in the region. In particular, we reinforced the strategic deployment in our base city, Shanghai, and quickened the steps for intensive development in the strategic core cities of the Yangtze River Delta, such as Hangzhou, Suzhou, and Ningbo. At the same time, we have always kept a close eye on the two major target cities of Nanjing and Hefei. A "1+7+X" hierarchical model with Shanghai as the base city, Suzhou, Hangzhou, Ningbo, Tianjin and Chongqing as the strategic cities, and other cities in Yangtze River Delta as candidate cities is gradually taking shape.

Chairman's Statement

In 2015, we acquired total seven parcels of land in Shanghai, Ningbo, Chongqing and Nantong, in which, three were in Shanghai, two in Ningbo, one in Chongqing and Nantong, respectively. Currently, the Company's saleable resources are concentrated in Shanghai and core second tier cities. During the year, around 85% of the investment of the Group were located in first tier and second tier cities, of which 52% were located in Shanghai. With the gradual launch of Shanghai projects into the market, these projects have shown huge potential and will lay a good foundation for the Group's sales results in 2016. As the base city of the Group, Shanghai will play the core role in achieving business model innovation and product innovation and ultimately creating strong impact on the market, and bring new growth drivers for the Group's profitability while contributing stable cash flow to the Group.

During the Reporting Period, in addition to Shanghai projects, projects in second tier core cities have also shown strong performance in terms of contracted sales. Projects in the Yangtze River Delta region contributed more than RMB8.2 billion to our total contracted sales, representing a sales contribution rate of over 95%. Among which, Shenhua No. One (申花壹號院) in Hangzhou, a key project launched by the Group, contributed more than 18% of our total contracted sales, ranking first in all current projects in sales by the Group in terms of contracted sales. In Suzhou, one of the Group's seven strategic cities, Jingrui Nobility Mansion (景瑞御江山), ranked first in terms of annual contracted sales area, representing more than 9% of total contracted sales area.

While vigorously developing in first tier and second tier core cities, we have taken the advantage of current favorable policies and market opportunities to increase destocking efforts of inventory in third-tier cities and to reduce operational risks in these cities.

As at 31 December 2015, the Group has expanded its footprint to 15 cities in China. As at 31 December 2015, the Group had total land reserves of approximately 4.04 million square meters, which is expected to be sufficient to meet the Group's development needs in the next 3 to 4 years, and lays the foundation for the Company to achieve high and scalable growth in the future.

At the same time, we adhere to "focusing on high turnover" strategy in respect of our operation model, and make efforts to upgrade the formation of the dual-driver high turnover mode of "asset-light + efficient operations".

At the same time, the Group adopts a "8611" operating principle, namely, starting pre-sales in 8 months, achieving a sell-through rate of 60% upon first launch and positive cash flow in 11 months. This efficient model helped the Company to achieve quality sales growth; as evident in the cash collection ratio of around 90%. Since 2011, and for five consecutive years, the Group was awarded as one of the top 10 most operational efficient developer by "Chinese Real Estate Developer Enterprise".

Facing an increasingly competitive real estate market, we are committed to diversifying our investment channels. Aside from the usual first hand land bidding and auction; we increasingly focus on merger and acquisition opportunities; utilising both methods to obtain projects.

During the Reporting Period, the Group, through its wholly-owned subsidiary, Shangpu Fund, invested RMB192 million in the acquisition of Hua'ao Resort project in Huinan, Pudong, for the total acquisition price of RMB427 million. In the same month, the Group announced the acquisition of 50% equity interest in Suzhou Ailide Trading Co., Ltd. (蘇州艾力得貿易有限公司), becoming its single largest shareholder. This company owns the Ningbo Harbour City Commercial Complex project, which has total gross floor area of 130,000 square meters, and Ningbo Harbour City Management Co., Ltd. This acquisition is the Group's pioneer acquisition of a business platform; showing the breadth and diversity of the Group's merger and acquisition methods and targets. Through the acquisition, the Group obtained not only the commercial & residential project, Harbour City, but also the commercial property management skills of Ailide Trading. The acquisition will be helpful for the Group to enhance our comprehensive ability to meet future market needs. Currently, the French Lakeside Villa (法蘭雲廷) project in Shanghai has been put on market, and the Qingpu project is also expected to be launched to the market in 2016.

Driven by the asset-light model, the Group has formed a unique "co-investment mechanism" at the project level and "excess return sharing mechanism" at the city level. As such, core employees' interests are now more aligned with the Group's interest. This also creates a long-term sustainable investment platform.

We will strive to achieve quality high turnover through dual-drivers of asset-light and efficient operation, accurate investment, fast development and sales, as well as establishing an efficient three-level linked operating model among the Group, city company and project company.

"Two Leading Positions" – leading product value and leading financing model and capability

In terms of products, driven by changing demographics and customers' needs, the Group further diversifies and innovated from its existing product lines of "Dignity Mansion (望府)" and "Royal Mansion (御府)", focusing our resources in creating a more intelligent community and intelligent home.

Chairman's Statement

We also proactively introduced a large scale tailor-made fine decoration, launched our "ePLUS customized system" with four core customized modules covering customized space, customized fine decoration, customized houseware and customized services; creating a comprehensive and whole-life cycle custom-made home for our customers. This marked the establishment of our transformation towards a "customized lifestyle service provider". In addition, based on demands for our supporting services from intelligent community/intelligent home, we established our advantage of being a professional and distinguished service provider by building O2O platform and providing customers with the community lifestyle service.

The "customized" strategy was implemented by the Group at the project level during the year. The Group's first "ePLUS" customized project was implemented in Hangzhou Jingrui West Mansion (杭州景瑞•悅西台), adopting a "customized decoration" concept, consisting of 5 customized systems and 26 customized options. This project when launched, received wide market attention. In addition to the "Jingrui customized" project in Hangzhou, the Group also implemented a "customized" product in Shanghai. Located in the Shanghai Disneyland area, Shanghai Jingrui The French Lakeside Villa (上海景瑞•法蘭雲廷), a strategic masterpiece of us and the first customized product in our base city, was sold out upon market launch in January 2016. This project solidified the Group's reputation in Shanghai once again and opened a new chapter for the Group's customized villa products.

In addition to customized products, facing such a fiercely competitive market in the "Internet +" era, the Group has also committed to the research and development of innovative products. Our 20-square meter-"mini unit" products will be completed on near the metro in Gaojing, and will be launched to the market in the first half of 2016.

The Group's standardized products will continue to help in achieving our high and fast turnover strategy. However, the Group looks beyond standardized products, and strives to bring customized products and services to our customers; and hence also ensures Jingrui Holdings will achieve growth in both size and profitability in the future.

In the future, we will actively promote customized products in appropriate projects, combined with the innovative business model of Internet and real estate and innovative products in creating market influence and striving in product and service innovation, we believe that this will become the important profit growth point of the Group in the future.

In terms of financing model, the Group has gained access to the international capital markets since our listing in the Main Board of the Stock Exchange in 2013. We have established and maintained good relationships with international private equity funds and financial institutions through share issuance, trusts and private placements. In April 2015, in order to further optimize the Group's debt structure, the Group issued an aggregate of US$150 million of senior notes due 2018, bearing an interest rate of 13.250% per annum. In February 2016, the Group, through its wholly-owned PRC subsidiary, received approval from the relevant PRC regulatory authorities to issue no more than RMB1.7 billion of domestic PRC corporate bonds. The Group issued the first tranche in the amount of RMB700 million, which was more than 3 times over-subscribed. Due to over-subscription, the Company decided to place an aggregate of RMB1.5 billion of domestic PRC corporate bonds in the first tranche. As at 21 March 2016, the bond issue was completed. The bond has a maturity period of 5 years, bears a coupon rate of 5.88%, and the issue price is 100% of the principal amount of the bonds.

This is the first PRC domestic bond issuance for the Group. Compared with offshore bond issues, we believe that the PRC domestic corporate bond has a higher degree of flexibility, and PRC domestic corporate bond issue has created new financing methods and improved

financing channels for the Company, and has also helped the Company to reduce financing costs and further optimize our debt structure.

In the future, by further utilizing the domestic and international financial platforms and adopting a flexible financing strategy as well as proactively seeking to tap into the internet financial platform, we hope to achieve an expansion in diversified financing channels with an aim to provide robust and reliable support for the healthy, rapid and efficient growth of the Group.

"Propelling reform of one mechanism" – propelling the transformation of the Group into an organizational mechanism featuring strategic headquarters and operating frontlines while motivating the frontlines.

During the Reporting Period, our headquarters focused on overall strategic management and optimal allocation of strategic resources, i.e. land, capital and manpower allocation in accordance with its strategic plans while effectively evaluated the strategic performance and monitored the operating risks of our frontline subsidiaries through an optimized information management mechanism in both the headquarters and frontline subsidiaries on the premise of information symmetry and exchange. In respect of the operating frontlines, we motivated them through proper accountability, a decision-making mechanism with balanced power and responsibility delegation and a performance-based incentive mechanism. Through the above-mentioned efforts, we established and ensured the effective operation of an operating mechanism featuring strategic headquarters and operating frontlines.

2015 was the first year of our transformation and reform. In the so-called "Silver Era", we respected tradition but never gave up on innovation, stayed abreast of the latest developments and achieved growth in our business scale and results, and further improved our operational capabilities.

In 2016, with a collaborative and "win-win" mentality, we will face challenges bravely and seize every opportunity to achieve faster growth. We will strive to become a "customized lifestyle service provider" with remarkable regional influence, gaining respect from our competitors and customers.

On behalf of the Board, we would like to express our sincere thanks to our customers, business partners, shareholders, and all the employees of the Group. We will maintain our spirit of enterprise and creativity and keep up the hard work, so as to create greater value for our shareholders!

Yan Hao
Chen Xin Ge
Co-chairmen
Jingrui Holdings Limited

Breakdown of Major Properties

Completed and Partially Completed Projects

Project	Property Type	GFA Available for Sale, Lease or Use by the Group (sq.m.)	Percentage of the Group's Interest in the Project (%)	Attributable GFA (sq.m.)
Shanghai Jingrui Life Square	Commercial	25,442	100	25,442
Shanghai Fengxiang Project	Composite	15,436	52	8,097
Phase 1		15,436		
Shanghai Huinan Project (上海惠南項目)	Residential	32,244	100	32,244
Tianjin Jingrui Sunny Town	Residential	7,175	100	7,175
Phase 4		7,175		
Tianjin Jingrui England County	Residential	47,956	100	47,956
Phase 1		47,956		
Chongqing Jingrui Blue Vally	Residential	756	100	756
Phase 3		756		
Chongqing Jingrui Royal Bay	Residential	31,664	100	31,664
Phase 1		31,664		
Hangzhou Jingrui Royal Bay	Residential	16,724	100	16,724
Phase 1		16,724		
Huzhou Jingrui Dignity Mansion	Residential	31,454	100	31,454
Ningbo Jingrui Dignity Mansion	Residential	6,957	100	6,957
Zhoushan Jingrui Peninsula Bay	Residential	27,291	100	27,291
Shaoxing Jingrui Dignity Mansion	Residential	48,962	100	48,962
Phase 1		1,429		
Phase 2		23,140		
Phase 3		24,393		
Suzhou Jingrui Royal Bay	Residential	2,196	100	2,196
Phase 3		2,089		
Phase 4		107		

Breakdown of Major Properties

Project	Property Type	GFA Available for Sale, Lease or Use by the Group (sq.m.)	Percentage of the Group's Interest in the Project (%)	Attributable GFA (sq.m.)
Suzhou Jingrui Jade Bay	Residential	21,882	70	15,317
Phase 2		11,055		
Phase 3		10,827		
Suzhou Jingrui Dignity Mansion (蘇州景瑞 • 望府)	Residential	30,473	100	30,473
Phase 1		2,735		
Phase 2		27,738		
Suzhou Jingrui Nobility Mansion (蘇州景瑞 • 御江山)	Residential	58,910	100	58,910
Phase 1		58,910		
Wuxi Jingrui Dignity Mansion (無錫景瑞 • 望府)	Residential	19,067	57	10,822
Phase 1		19,067		
Changzhou Jingrui Dignity Mansion	Residential	5,420	100	5,420
Phase 1		1,987		
Phase 2		3,433		
Nantong Jingrui Dignity Mansion	Residential	3,006	100	3,006
Phase 1		1,678		
Phase 2		287		
Phase 3		1,041		
Yangzhou Jingrui Dignity Mansion	Residential	3,162	100	3,162
Taizhou Jingrui Royal Bay	Residential	2,038	100	2,038
Phase 1		1,668		
Phase 2		370		
Total		**438,215**		**416,067**

Breakdown of Major Properties

Projects under Development and under Planning

Project	Property Type	Expected Completion Date	GFA under Development (sq.m.)	GFA under Planning (sq.m.)	Percentage of the Group's Interest in the Project (%)	Attributable GFA (sq.m.)
Shanghai Fengxiang Project	Composite			183,638	52	96,329
Phase 3		2017/12/1		183,638		
Shanghai Gaojing Baoshan Project (上海高境寶山項目)	Commercial and office	2016/6/1	6,076		100	6,076
Shanghai Hongkou Project (上海虹口項目)	Residential	2017/6/1		28,139	100	28,139
Tianjin Jingrui England County	Residential			440,800	100	440,800
Phase 2		2017/10/1		84,700		
Phase 3		2017/10/1		173,800		
Phase 4		2018/10/1		182,300		
Chongqing Jiulongpo Project (重慶九龍坡項目)	Composite	2017/12/2		39,368	100	39,368
Hangzhou Jingrui Royal Bay	Residential		49,813		100	49,813
Phase 2		2016/3/1	49,813			
Hangzhou Jingrui Royal Mansion (杭州景瑞•御華府)	Residential	2016/6/1	212,489		51	108,369
Hangzhou Jingrui Shenhua No. One (杭州景瑞•申花壹號院)	Residential		191,359		100	191,359
Phase 1		2016/11/1	91,751			
Phase 2		2017/7/1	99,608			
Ningbo Jingrui The Mansion (寧波景瑞•上府)	Residential	2016/6/1	130,980		100	130,980
Ningbo Jingrui Majestic Mansion (寧波景瑞•紅翎台項目)	Residential	2017/12/31	117,192		100	117,192

Breakdown of Major Properties

Project	Property Type	Expected Completion Date	GFA under Development (sq.m.)	GFA under Planning (sq.m.)	Percentage of the Group's Interest in the Project (%)	Attributable GFA (sq.m.)
Ningbo Jingrui Harbour City (寧波景瑞•海港城)	Commercial	2016/5/1	132,344		50	66,172
Zhoushan Jingrui HOPSCA	Residential			63,659	100	63,659
Phase 3		2017/12/1		63,659		
Shaoxing Jingrui Dignity Mansion	Residential		120,370	63,000	100	183,370
Phase 4		2016/12/1	120,370			
Phase 5		2016/12/1		63,000		
Shaoxing Jingrui Nobility Mansion	Residential		172,826		100	172,826
Phase 1		2016/3/1	101,374			
Phase 2		2016/12/1	71,452			
Shaoxing Jingrui Lake of Dawn (紹興景瑞•曦之湖)	Residential	2016/12/1	271,215		51	138,320
Taizhou Jingrui Dignity Mansion (台州景瑞•望府)	Residential	2016/6/1	82,422		100	82,422
Suzhou Jingrui Jade Bay	Residential		28,242	60,149	70	61,874
Phase 4		2017/12/1	28,242	60,149		
Suzhou Jingrui Nobility Mansion (蘇州景瑞•御江山)	Residential		179,471	21,724	100	201,195
North of Phase 1		2017/6/1	57,140			
Phase 2		2016/9/1	77,772			
Phase 3		2017/10/1	44,559			
Phase 4		2018/6/1		21,724		
Suzhou Jingrui Dignity Mansion (蘇州景瑞•望府)	Residential		124,236	68,079	100	192,315
Phase 3		2016/6/1	73,406			
Phase 4		2016/9/1	50,830			
Phase 5		2017/12/1		68,079		

Breakdown of Major Properties

Project	Property Type	Expected Completion Date	GFA under Development (sq.m.)	GFA under Planning (sq.m.)	Percentage of the Group's Interest in the Project (%)	Attributable GFA (sq.m.)
Wuxi Jingrui Dignity Mansion (無錫景瑞•望府)	Residential		182,391		57	103,525
Phase 2		2016/12/1	182,391			
Changzhou Jingrui Dignity Mansion	Residential			113,266	51	57,766
Phase 3		2017/12/1		113,266		
Nantong Jingrui Nobility Mansion	Residential	2016/3/1	175,202		100	175,202
Nantong Jingrui Royal Mansion (南通景瑞•御府)	Residential		344,452		100	344,452
Phase 1		2017/10/1	155,237			
Phase 2		2018/12/1	189,215			
Total			**2,521,079**	**1,081,822**		**3,051,522**

Business Overview

In 2015, the Group achieved contracted sales of approximately RMB8,695.3 million and total contracted gross floor area ("GFA") sold of approximately 810,817 sq.m.. At the same time, the Group implemented strong management to collect sales receivables, and the amount collected from property sales was RMB7,859.4 million for the year 2015 (the "Year"), accounting for approximately 90.4% of our contracted sales for the Year.

During the Year, our contracted sales were mainly distributed across 23 development projects in nine cities, accounting for approximately 90% of the total contracted sales. In 2015, we successively launched three new development projects pre-sold for the first time, mainly including Ningbo Jingrui Majestic Mansion (寧波景瑞 • 紅翎台), Hangzhou Jingrui West Mansion (杭州景瑞 • 悦西台) and Nantong Jingrui Royal Mansion (南通景瑞 • 御府), the contracted sales of which accounted for approximately 23.9% in total. In the meantime, sales of existing projects continued to perform well, accounting for approximately 76.1% of the total contracted sales, mainly including Ningbo Jingrui The Mansion, Yangzhou Jingrui Dignity Mansion, Suzhou Jingrui Nobility Mansion, Taizhou Jingrui Dignity Mansion and Nantong Jingrui Dignity Mansion. We adhered to our operating strategy of rapid turnover and sales, and strong management to collect sales receivables, which have not only led to high investment return, improved cash flow and lower liquidity risks, but also strong growth and sustainable development of the Group.

During the Year, the property sales recognized by the Group amounted to RMB5,608.4 million, representing an increase of 8.2% as compared to last year. This was mainly distributed across the Shaoxing Jingrui Dignity Mansion, Yangzhou Jingrui Dignity Mansion, Suzhou Jingrui Royal Bay, Suzhou Jingrui Nobility Mansion, Taizhou Jingrui Royal Bay and Chongqing Jingrui Royal Bay projects. Revenue from property sales of the Group accounted for approximately 97.4% of our total for the Year, and property sales was the principal operating business of the Group. We also provided property management services for all our self-developed projects to enhance project value, establish good reputation and brand image for our projects and increase customer loyalty and satisfaction.

We continued to adhere to the development strategy of intensively penetrating into the Yangtze River Delta region, with special focus on first-tier and second-tier core cities in this region. In 2015, we acquired seven parcels of land in cities such as Shanghai, Chongqing, Nantong and Ningbo, at a total consideration of approximately RMB2,244 million, increasing our total GFA of land reserves by approximately 703,249 sq.m., with the land cost per sq.m. (calculated based on the expected total GFA) amounting to approximately RMB3,191 per sq.m.. As at 31 December 2015, the total GFA of the land reserves held by us in aggregate amounted to approximately 4,041,116 sq.m., which we expect to be sufficient to meet our development needs for the next three to four years. We believe a majority of our land reserves are situated in first-tier and second-tier core cities in the Yangtze River Delta region in the PRC, which will be more beneficial to our development strategy of intensively penetrating into the Yangtze River Delta region.

We have consistently applied the principle of steady financial management, with a view to maintain healthy cash flows and guarantee capital safety. In April 2015, the Company issued an aggregate of US$150 million 13.25% senior notes due 2018. The relatively strong performance of contracted property sales further strengthened our financial position during the Year. As of 31 December 2015, our cash at bank and on hand (including restricted cash) reached RMB3,683.1 million. At the same time, unutilized bank facilities amounted to approximately RMB3,631.0 million. As of 31 December 2015, our net debt-to-adjusted-capital ratio was approximately 135%. We believe that the current liability level is within a reasonable range given our current development stage and also matches our operations. We will continue to improve our liability level and structure for sound risk control so as to lay a solid foundation for our sustained operations and steady growth in the future. On 21 March 2016, the first tranche offering of the domestic PRC corporate bonds was completed by Jingrui Properties (Group) Co. Ltd., an indirect wholly-owned subsidiary of the Company in the PRC. As the initial offer of the domestic corporate bonds was oversubscribed, the Company increased the first tranche to an aggregate amount of RMB1.5 billion. The first tranche issue of the domestic corporate bonds had a coupon rate of 5.88% and an issue price of 100% of the principal value of the bonds. We believe that such issue will reduce our finance costs effectively and further optimize our debt structure.

We are a customer driven residential property developer that focuses on developing properties catering to the demand of our target customers. Our products are designed to meet the needs of first-time home purchasers and those who intend to improve their existing living conditions, who currently constitute a significant portion of all property purchasers in the PRC. As a result, our products have been positioned in accordance with current market trends and government policies. We believe our strategic product positioning will help expand our potential customer base as a result of rapid economic growth and accelerating urbanization in the Yangtze River Delta region, and our rapid-asset-turnover model has been contributing and will continue to contribute to our growth in scale.

Business Review

Property Development

In 2015, we achieved contracted sales of approximately RMB8,695.3 million and the total contracted GFA sold was approximately 810,817 sq.m.. Our contracted sales were primarily generated from Zhejiang Province and Jiangsu Province. The contracted sales (excluding car parks) generated from these two regions were approximately RMB5,003.4 million and RMB3,159.4 million, representing 57.5% and 36.3% of the total contracted sales, respectively.

Details of our contracted sales in 2015

The following table sets out the geographic breakdown of the Group's contracted sales in 2015:

Project Name	Contracted GFA Sold sq.m.	Contracted Sales RMB million	Contracted Average Selling Price ("ASP") RMB/sq.m.
Shanghai			
Shanghai Jingrui Fair Town	492	12	25,376
Shanghai Fengxiang Project	(448)	4	N/A
Tianjin			
Tianjin Jingrui Sunny City	5,370	39	7,230
Tianjin Jingrui England County	23,400	128	5,465
Chongqing			
Chongqing Jingrui Blue Vally	3,894	22	5,650
Chongqing Jingrui Royal Bay	38,872	230	5,913
Sub-total of centrally direct-controlled municipalities	**71,580**	**435**	**6,072**
Hangzhou			
Hangzhou Jingrui Royal Bay	16,598	100	5,998
Hangzhou Jingrui Royal Mansion	30,766	237	7,702
Hangzhou Jingrui Shenhua No. One (杭州景瑞 • 申花壹號院)	60,353	1,584	26,253
Ningbo			
Ningbo Jingrui Dignity Mansion	5,189	51	9,906
Ningbo Jingrui The Mansion	59,695	819	13,715
Ningbo Jingrui Majestic Mansion (寧波景瑞 • 紅翎台)	39,048	531	13,602
Ningbo Harbour City (寧波 • 海港城)	33,090	432	13,070
Shaoxing			
Shaoxing Jingrui The Mansion	119	1	7,435
Shaoxing Jingrui Dignity Mansion	24,065	248	10,292
Shaoxing Jingrui Nobility Mansion	19,777	113	5,705
Shaoxing Jingrui Lake of Dawn (紹興景瑞 • 曦之湖)	18,320	118	6,463

Project Name	Contracted GFA Sold	Contracted Sales	Contracted Average Selling Price ("ASP")
	sq.m.	RMB million	RMB/sq.m.
Huzhou			
Huzhou Jingrui Cin Cinnatti	2,197	34	15,450
Huzhou Jingrui Dignity Mansion	8,013	106	13,187
Zhoushan			
Zhoushan Jingrui Peninsula Bay	4,440	22	4,893
Taizhou			
Taizhou Jingrui Dignity Mansion (台州景瑞 • 望府)	43,653	608	13,919
Sub-total of Zhejiang Province	**365,323**	**5,004**	**13,696**
Suzhou			
Suzhou Jingrui Royal Bay	6,053	126	20,834
Suzhou Jingrui Jade Bay	8,549	69	8,081
Suzhou Jingrui Dignity Mansion (蘇州景瑞 • 望府)	34,209	327	9,545
Suzhou Jingrui Nobility Mansion (蘇州景瑞 • 御江山)	75,795	856	11,297
Changzhou			
Changzhou Jingrui Dawn City	(141)	(1)	N/A
Changzhou Jingrui Dignity Mansion	16,563	152	9,193
Wuxi			
Wuxi Jingrui Dignity Mansion (無錫景瑞 • 望府)	37,633	281	7,477
Nantong			
Nantong Jingrui Dignity Mansion	62,056	301	4,853
Nantong Jingrui Nobility Mansion	36,704	257	6,989
Nantong Jingrui Royal Mansion (南通景瑞 • 御府)	23,458	273	11,630

Project Name	Contracted GFA Sold	Contracted Sales	Contracted Average Selling Price ("ASP")
	sq.m.	RMB million	RMB/sq.m.
Yangzhou			
Yangzhou Jingrui Dignity Mansion	55,638	416	7,481
Taizhou			
Taizhou Jingrui Royal Bay	17,397	102	5,860
Sub-total of Jiangsu Province	**373,914**	**3,159**	**8,450**
Car park (lots)	1,258	97	–
Total	**810,817**(1)	**8,695**	**10,724**

Note:

(1) Excluding car parks

Land Bank

As at 31 December 2015, the total land bank of the Group was approximately 4,041,116 sq.m. or approximately 3,467,589 sq.m. on an attributable basis. The average cost of our total land bank based on the expected total GFA was approximately RMB2,877 per sq.m.. From 1 January 2016 to 30 March 2016, we acquired three additional land parcels with two located in Ningbo and one located in Suzhou. As at 30 March 2016, our total land bank was approximately 4,403,593 sq.m. or approximately 3,770,578 sq.m. on an attributable basis.

Breakdown of our land bank by cities for the year ended 31 December 2015

City	Total GFA	Percentage of the Group's Total GFA	GFA Attributable to the Group's Interests	Percentage of GFA Attributable to the Group's Interests
	(sq.m.)	%	(sq.m.)	%
Municipalities directly under the central government				
Shanghai	290,975	7.2	196,327	5.7
Tianjin	495,931	12.3	495,931	14.3
Chongqing	71,788	1.8	71,788	2.0
Subtotal	**858,694**	**21.3**	**764,046**	**22.0**
Zhejiang Province				
Hangzhou	470,384	11.6	366,265	10.5
Ningbo	387,473	9.6	321,301	9.3
Shaoxing	676,373	16.7	543,478	15.7
Taizhou	82,422	2.0	82,422	2.4
Huzhou	31,454	0.8	31,454	0.9
Zhoushan	90,950	2.3	90,950	2.6
Subtotal	**1,739,056**	**43.0**	**1,435,870**	**41.4**
Jiangsu Province				
Suzhou	595,362	14.7	562,280	16.2
Wuxi	201,458	5.0	114,347	3.3
Changzhou	118,686	2.9	63,186	1.8
Nantong	522,660	12.9	522,660	15.1
Yangzhou	3,162	0.1	3,162	0.1
Taizhou	2,038	0.1	2,038	0.1
Subtotal	**1,443,366**	**35.7**	**1,267,673**	**36.6**
Total	**4,041,116**	**100.0**	**3,467,589**	**100.0**

In 2015, we acquired seven parcels of land in cities such as Shanghai, Chongqing, Nantong and Ningbo, at a total consideration of approximately RMB2,244 million, increasing our total GFA of land reserves by approximately 703,249 sq.m., with the land cost per sq.m. (calculated based on the expected total GFA) amounting to approximately RMB3,191 per sq.m..

From 1 January 2016 to 30 March 2016, we acquired three land parcels, with an expected total GFA of approximately 362,477 sq.m. and an aggregate consideration of approximately RMB1,825 million.

Details of land acquisition for the year ended 31 December 2015

City	Project/Land Parcel	Land Use	Attributable Interest	Site Area	Expected Total GFA	Expected Total GFA Above Ground	Land Premium	Average Land Cost (based on the expected total GFA)	Average Land Cost (based on the expected total GFA above ground)
			%	sq.m.	sq.m.	sq.m.	RMB million	RMB/sq.m.	RMB/sq.m.
Shanghai	Shanghai @way (上海遇道)	Commercial office	100	3,038	6,076	6,076	98	16,129	16,129
Shanghai	Shanghai Hongkou Project (上海虹口項目)	Residential	100	8,916	28,139	20,508	652	23,171	31,792
Shanghai	Shanghai Jingrui The French Lakeside Villa (上海景瑞 • 法蘭雲廷)	Residential	100	42,858	35,678	33,027	427	11,968	12,929
Ningbo	Ningbo Majestic Mansion (寧波 • 紅翎台)	Residential	100	50,257	117,192	90,463	344	2,934	3,800
Ningbo	Ningbo Harbour City (寧波 • 海港城)	Commercial	50	33,506	132,344	98,907	280	2,116	2,831
Chongqing	Chongqing Online Family (重慶 • 西聯社)	Commercial office	100	6,290	39,368	25,160	104	2,642	4,134
Nantong	Nantong Royal Mansion (南通 • 御府)	Residential	100	119,097	344,452	262,000	339	984	1,294
Total				**263,962**	**703,249**	**536,141**	**2,244**	**3,191**	**4,185**

Details of land acquisition from 1 January 2016 to 30 March 2016

City	Project/Land Parcel	Land Use	Attributable Interest	Site Area	Expected Total GFA	Expected Total GFA Above Ground	Land Premium	Average Land Cost (based on the expected total GFA)	Average Land Cost (based on the expected total GFA above ground)
			%	sq.m.	sq.m.	sq.m.	RMB million	RMB/sq.m.	RMB/sq.m.
Suzhou	The zone portions situated at the southwest side of the intersection of Songxing Road and Pangbei Road in the Wujiang Economic and Technological Development Zone, Suzhou	Residential	100	54,461	136,153	108,922	646	4,745	5,931
Ningbo	Core Residential Land No. 5, Jiangshan Town, Yinzhou District, Ningbo	Residential	47	45,066	112,665	90,132	362	3,213	4,016
Ningbo	Lot 5, East of Xurong Road, Qingfeng Lot, Ningbo	Residential	100	32,474	113,659	90,927	817	7,188	8,985
Total				**132,001**	**362,477**	**289,981**	**1,825**	**5,035**	**6,294**

Revenue from Sale of Properties

The revenue from sale of properties in 2015 was approximately RMB5,608.4 million, representing an increase of 8.2% as compared to last year, and its distribution is mainly as follows:

	Revenue	Percentage of Total Revenue	GFA	ASP
	RMB'000	%	sq.m.	RMB/sq.m.
Shanghai				
Shanghai Jingrui Fair Town	160,785	2.9	13,213	12,169
Shanghai Jingrui Fengxiang	8,930	0.2	402	22,214
Jiangsu Province				
Changzhou Jingrui England County	413,075	7.4	73,585	5,614
Changzhou Jingrui Dawn City	9,485	0.2	1,915	4,953
Suzhou Jingrui Nobility Mansion	471,839	8.4	33,362	14,143
Suzhou Jingrui Royal Bay	533,898	9.5	70,433	7,580
Suzhou Jingrui Jade Bay	52,240	0.9	4,787	10,913
Suzhou Jingrui Dignity Mansion	351,312	6.3	35,564	9,878
Nantong Jingrui Dignity Mansion	269,418	4.8	31,430	8,572
Taizhou Jingrui Royal Bay	535,074	9.5	103,679	5,161
Yangzhou Jingrui Dignity Mansion	775,968	13.8	104,667	7,414
Zhejiang Province				
Huzhou Jingrui Cin Cinnatti	2,455	0.0	374	6,563
Huzhou Jingrui Dignity Mansion	36,011	0.6	3,044	11,830
Zhoushan Jingrui Peninsula Bay	13,293	0.2	2,054	6,472
Shaoxing Jingrui Dignity Mansion	657,512	11.7	66,142	9,941
Shaoxing Jingrui The Mansion	313,532	5.6	49,739	6,304
Ningbo Jingrui Dignity Mansion	(16,460)	(0.2)	(723)	22,820
Hangzhou Jingrui Royal Bay	214,055	3.8	29,076	7,362
Tianjin				
Tianjin Jingrui Sunny City	299,339	5.3	47,952	6,242
Tianjin Jingrui England County	322	0.0	82	3,927
Chongqing				
Chongqing Jingrui Blue Valley	22,000	0.4	3,894	5,650
Chongqing Jingrui Royal Bay	401,605	7.2	60,789	6,607
Sub-total	**5,525,688**	**98.5**	**735,460**	**7,513**
Car park (lots)	82,738	1.5	1,295	–
Total	**5,608,426**	**100.0**	**–**	**–**

Employees and Remuneration Policies

As at 31 December 2015, we had a total of 2,364 full-time employees in the PRC and Hong Kong. 680 of our employees worked in property development operations and 1,684 were engaged in property management, customer service and other related operations.

The remuneration package of our employees includes salaries and bonuses. In general, we determine employee salaries based on each employee's qualifications, experience, position and seniority. We have designed an annual review system to assess the performance of our employees, which forms the basis for us to determine salary raises, bonuses and promotion. We also review and adjust our remuneration package by referring to the relevant salary survey in the real estate industry published by renowned consulting firms. We believe the salaries and benefits that our employees receive are competitive with market standards in each geographic location where we conduct business.

We have also established systematic training programs for our employees based on their positions and expertise. For example, training programs for members of our management teams focus on improving their management and leadership skills. We also provide trainings designed to improve sales capabilities for our marketing and sales personnel. In addition to the internal trainings, we also engage external experts or sponsor continuing educations for our employees from time to time.

FINANCIAL REVIEW

Revenue

For the year ended 31 December 2015, the revenue of the Group reached RMB5,759.1 million, representing an increase of 9.2% as compared to RMB5,273.0 million last year. Our revenue consists of revenue from (i) sales of properties, (ii) provision of property management services, (iii) rental income and (iv) other operations. The table below sets forth our revenue for each of the businesses described above and the percentage on total revenue represented for the periods indicated:

Revenue by business segments

	2015		2014		
	RMB'000	**Percentage of the total revenue (%)**	RMB'000	Percentage of the total revenue (%)	Year-on-year change (%)
Sales of properties	**5,608,426**	**97.4**	5,183,382	98.3	8.2
Property management	**96,538**	**1.7**	74,640	1.4	29.3
Rental income	**8,561**	**0.1**	6,004	0.1	42.6
Others	**45,591**	**0.8**	8,927	0.2	410.7
Total	**5,759,116**	**100.0**	5,272,953	100.0	9.2

Revenue from sales of properties has constituted, and is expected to continue to constitute, a substantial majority of our total revenue, representing approximately 97.4% of our total revenue for the Year.

Our operating results for any given period are dependent upon the GFA and the selling prices of the properties we deliver during such period and the market demand for those properties. Consistent with industry practice, we typically enter into purchase contracts with customers while the properties are still under development but after satisfying the conditions for pre-sales in accordance with PRC laws and regulations. In general, there is typically at least one year between the time we commence the pre-sales of properties under development and the completion of the construction of such properties. We do not recognize any revenue from the pre-sales of the properties until such properties are completed and the possession of such properties has been delivered to the customers.

During the Year, the properties delivered by the Group were mainly Shaoxing Jingrui Dignity Mansion, Yangzhou Jingrui Dignity Mansion, Suzhou Jingrui Nobility Mansion (蘇州景瑞 • 御江山), Suzhou Jingrui Royal Bay, Suzhou Jingrui Dignity Mansion (蘇州景瑞 • 望府) and Chongqing Jingrui Royal Bay. Revenue from sales of properties increased by approximately 8.2% to approximately RMB5,608.4 million in 2015 from approximately RMB5,183.4 million in 2014, mainly due to more GFA delivered during the Year than that of last year.

Our property management revenue represents revenue generated from property management services we provide through our wholly-owned subsidiary, Shanghai Jingrui Property Management Co., Ltd., to owners of all our properties and certain properties developed by third parties. Property management revenue is recognized over the period when our property management services are rendered. In 2015, property management revenue of the Group was approximately RMB96.5 million, representing an increase of approximately 29.3% as compared to last year. Revenue from property management, both in an absolute amount and as a percentage of total revenue, increased steadily, primarily due to the continued growth of our properties completed.

Rental income mainly includes operating revenue from leasing our investment properties and certain other completed properties and is recognized on a straight line basis over the relevant lease terms. We currently focus on the development of residential properties but usually develop certain ancillary retail areas in our projects, which increases the value of such projects and enables us to better serve residents of our property projects. A substantial portion of our rental income was generated from leasing the retail areas of Shanghai Jingrui Life Square. In 2015, rental income of the Group was approximately RMB8.6 million, representing an increase over last year.

Cost of Sales

Our cost of sales primarily represents the costs we incur directly for the property development activities as well as our property management and leasing operations. The principal components of cost of sales for our property development include cost of properties sold, which represents direct construction costs, land use right costs and capitalized interest costs on related borrowings for the purpose of property development during the period of construction.

Our cost of sales increased by 29.6% from RMB4,308.6 million in 2014 to RMB5,585.9 million in 2015, primarily due to the 63% increase in GFA delivered during the Year compared to last year.

The table below sets forth information relating to our cost of sales and as a percentage of total cost of sales:

	2015		2014	
	RMB'000	%	RMB'000	%
Construction costs	2,937,834	52.6	1,930,987	44.8
Land use right costs	1,638,923	29.3	1,591,739	36.9
Capitalized interest	308,520	5.6	272,398	6.3
Subtotal: Total cost of properties	4,885,277	87.5	3,795,124	88.0
Business tax and surcharges	326,134	5.9	302,379	7.0
Provision for impairment of properties held or under development for sale	255,300	4.6	101,575	2.4
Other costs[(1)]	119,222	2.0	109,522	2.6
Total	5,585,933	100.0	4,308,600	100.0
Total GFA delivered (sq.m.)	735,460		450,922	
Average cost of properties per sq.m. sold (RMB)[(2)]	6,642		8,416	
Average cost per sq.m. as % of ASP	88.4		73.9	

Notes:

(1) Includes costs associated with property management, leasing and other operations.

(2) Refers to cost of properties sold for a period divided by total GFA delivered (excluding car parks) in that period.

Gross Profit and Gross Profit Margin

Our gross profit decreased by 82.0% from RMB964.4 million in 2014 to RMB173.2 million in 2015. We recorded gross profit margin of approximately 3.0% for the year ended 31 December 2015, compared to that of approximately 18.3% for the year ended 31 December 2014. The year-on-year decrease in our gross profit and the gross profit margin was mainly due to an adjustment in our overall strategy, changing our focus from third-tier and fourth-tier cities to first-tier and second-tier cities, proactively reducing our footprint in third-tier and fourth-tier cities and increasing our efforts to sell our stock of properties in third tier and fourth tier cities.

Fair Value Gains on Investment Properties

Our fair value gains on investment properties increased by 183.1% from RMB71.8 million in 2014 to RMB203.3 million in 2015. Fair value gains in 2014 were primarily due to the transfer of certain self-held retail areas of Changzhou Jingrui Dawn City from properties held for sale to investment properties, while fair value gains in 2015 were primarily due to the appreciation of self-owned commercial areas of Shanghai Baoshan Life Square (上海寶山生活廣場) and Shanghai Fengxiang project.

Selling and Marketing Costs

Our selling and marketing costs increased by 4.3% from RMB221.1 million in 2014 to RMB230.7 million in 2015. Such increase was primarily due to the increase in pre-sales and sales of more properties.

Administrative Expenses

Our administrative expenses increased by 11.4% from RMB241.6 million in 2014 to RMB269.1 million in 2015. Such increase was primarily due to increase in staff costs and the expenses arising from our business expansion.

Other Income and Other Losses, Net

Our income increased by 663.25% from RMB11.7 million in 2014 to RMB89.3 million in 2015, primarily due to the negative goodwill of approximately RMB72.0 million arising from the acquisition of Suzhou Ailide Trade Co., Ltd. in October 2015.

We recorded other losses of RMB52.7 million in 2015, compared to other losses of RMB29.1 million in 2014. We recorded other losses in 2015, primarily due to overdue payment for a piece of land located in Hangzhou.

Finance (Costs)/Income, Net

Our finance income increased by 66.0% from RMB23.2 million in 2014 to RMB38.5 million in 2015, primarily as a result of the increase in interest income on bank deposits. Our finance costs increased by 755.36% from RMB11.2 million in 2014 to RMB95.8 million in 2015. This is mainly caused by the impact of the foreign exchange losses of RMB76.7 million recognized in 2015 due largely to the depreciation of RMB against US dollar in 2015 on our senior notes denominated in US dollars.

Income Tax Expense

Our income tax expense decreased by 45.6% from RMB275.7 million in 2014 to RMB150.0 million in 2015, primarily due to (i) the reversal of prepaid land appreciation tax of certain projects recognized in previous years and (ii) the provision of deferred income tax assets for the projects which recorded losses during the year.

(Loss)/Profit for the Year

Loss attributable to our equity holders was RMB352.7 million in 2015. Loss attributable to equity holders of the Company without taking into account the changes in fair values of investment properties and relevant deferred tax was RMB505.1 million in 2015.

Profit attributable to non-controlling interests increased by 215.2% from RMB4.2 million in 2014 to RMB13.3 million in 2015.

Liquidity and Capital Resources

Cash Positions

As at 31 December 2015, our cash at bank and on hand (including restricted cash) was RMB3,683.1 million. Our cash at bank and on hand are mainly dominated in RMB and US dollars. Restricted cash of the Group mainly comprised deposits pledged for borrowings.

Borrowings

Our total outstanding borrowings increased from RMB9,618.6 million as at 31 December 2014 to RMB10,336.2 million as at 31 December 2015. As at 31 December 2015, we had approximately RMB3,631.0 million unutilized banking facilities. Our borrowings are mainly denominated in RMB and US dollars.

Breakdown of our borrowings by categories

	As at 31 December		
	2015	2014	Year-on-year change
	RMB'000	RMB'000	%
Current Borrowings:			
Bank loans, secured	**2,773,367**	1,422,086	95.0
Bank loans, unsecured	**100,000**	–	N/A
Trust financing arrangements, secured:			
– conventional loan	**79,200**	200,000	(60.4)
– equity with repurchase obligation	**–**	97,400	(100.0)
Add: current portion of long-term borrowings:			
Bank loans, secured	**2,565,900**	2,116,697	21.2
Trust financing arrangements, secured	**294,527**	1,222,143	(75.9)
Total Current Borrowings	**5,812,994**	5,058,326	62.6
Non-Current Borrowings			
Bank loans, secured	**4,316,400**	5,621,597	(23.2)
Trust financing arrangements, secured:			
– conventional loan	**699,100**	–	N/A
– equity with repurchase obligation	**453,027**	1,384,170	(67.3)
Senior notes due 2018, secured	**962,731**	–	N/A
Senior notes due 2019, secured	**952,334**	893,317	6.6
Less: current portion of long-term borrowings:			
Bank loans, secured	**(2,565,900)**	(2,116,697)	21.2
Trust financing arrangements, secured	**(294,527)**	(1,222,143)	(75.9)
Total Non-Current Borrowings	**4,523,165**	4,560,244	(0.8)
Total	**10,336,159**	9,618,570	7.5

Breakdown of our borrowings by maturity profiles

	As at 31 December			
	2015		2014	
	RMB'000	**%**	RMB'000	%
Within 1 year	**5,812,994**	**56.3**	5,058,326	52.6
Between 1 and 2 years	**1,851,100**	**17.9**	2,824,927	29.4
Between 2 and 5 years	**2,555,065**	**24.7**	1,558,317	16.2
Above 5 years	**117,000**	**1.1**	177,000	1.8
Total	**10,336,159**	**100.0**	9,618,570	100.0

Borrowing Costs

The Group's weighted average effective interest rates on bank and other borrowings were 9.68% and 9.67% as at 31 December 2015 and 2014 respectively.

Interest and foreign exchange losses generated from bank loans, senior notes and trust financing arrangements

	Year ended 31 December		Year-on-year
	2015	2014	change
	RMB'000	RMB'000	%
Finance costs			
– Interest expensed	**19,160**	11,194	71.2
– Net foreign exchange losses on financing activities expensed	**76,681**	–	–
– Amount capitalized	**963,573**	928,281	3.8
Total	**1,059,414**	939,475	4.6

The table below sets forth the weighted average effective interest rates on our bank and other borrowings as at the dates indicated:

	As at 31 December	
	2015	2014
Bank loans	**8.39%**	7.92%
Trust financing arrangements	**10.27%**	13.85%
Senior notes	**14.20%**	14.44%
Weighted average effective interest rates	**9.68%**	9.67%

Net Debt-to-Adjusted-Capital Ratio

As at 31 December 2015, our net debt-to-adjusted-capital ratio was 135%. Net debt-to-adjusted capital ratio is calculated as net borrowings at the end of the period divided by the aggregate of total equity and amounts due to non-controlling interests of subsidiaries, and multiplied by 100%. Net debt is calculated as total borrowings minus cash and cash equivalents and restricted cash. Our net debt-to-adjusted capital ratio increased 32 percentage points as compared to 103% as at 31 December 2014.

Contingent Liabilities

We provide mortgage guarantees to banks in respect of the mortgage loans they provided to our customers in order to secure the repayment obligations of such customers. The mortgage guarantees are issued from the date of grant of the relevant mortgage loans and released upon the earlier of (i) the transfer of the relevant real estate ownership certificate to the customer, or (ii) the settlement of mortgage loans by the customers. If a purchaser defaults on a mortgage loan, we may be required to repurchase the underlying property by paying off the mortgage. If we fail to do so, the mortgagee bank may auction the underlying property and recover any additional amount outstanding from us as the guarantor of the mortgage loans.

As at 31 December 2015, the material contingent liabilities incurred for our provision of guarantees to financial institutions in respect of the mortgage loans they provided to our property purchasers were approximately RMB7,219.3 million (2014: RMB5,091.4 million). In addition, we provide guarantee for certain bank loans amounting to RMB220.0 million of Wuxi Jingrui Property Development Co., Ltd., our joint venture company.

Our Directors confirm that we have not encountered defaults by purchasers in which we provided mortgage guarantees that, in aggregate, had a material adverse effect on our financial condition and results of operations.

Off-Balance Sheet Commitments and Arrangements

Except as disclosed herein and except for the contingent liabilities disclosed above, as of 31 December 2015, we did not have any outstanding loan capital issued or agreed to be issued, bank overdrafts, loans, debt securities, borrowings and other similar indebtedness, liabilities under acceptances (other than normal trade bills), acceptance credits, debentures, mortgages, charges, finance leases or hire purchase commitments, guarantees or other material contingent liabilities.

Interest Rate Risk

Our income and operating cash flows are substantially independent of changes in market interest rates. Except for bank deposits bearing stable interest rates, we have no other significant interest-bearing assets.

Our exposure to changes in interest rates is mainly attributable to our borrowings from bank and trust financing providers. Borrowings at floating rates expose us to cash flow interest rate risk, while borrowings at fixed rates expose us to fair value interest rate risk. We have not hedged our cash flow or fair value interest rate risk. Our Directors do not anticipate significant impacts on interest-bearing assets resulting from the changes in interest rates, because the interest rates of bank balances are not expected to change significantly.

Foreign Exchange Risk

We are engaged in the development, sale and management of properties solely in China with almost all our transactions denominated in RMB. In addition, the majority of our assets and liabilities are denominated in RMB. Accordingly, we are not exposed to significant foreign currency risks, except for bank deposits and our senior notes which were issued in 2014 and 2015, which were denominated in US dollars.

Nonetheless, as we expand our operations, we may incur a certain portion of our cash flows in currencies other than RMB and thereby, may increase our exposure to fluctuations on exchange rates. We currently do not have a foreign currency hedging policy but our Directors will manage our exposure through constant monitoring to limit as much as possible the amount of our foreign currency exposures.

Prospects

We believe that 2016 is a year of transformation and reform, and is full of opportunities. Increasingly intensified concentration in the real estate industry is expected to result in more drastic competition among real estate enterprises, setting higher demands for real estate enterprises in terms of innovation and transformation in the "Silver Era".

In order to grasp emerging development opportunities, while capitalising on our extensive experience and expertise as a long-established real estate enterprise with a history of over two decades, the Company has recognised "customization" as our core breakthrough point through our keen market vision, and has formed a differentiated customization development trend with "Jingrui" characteristics, aiming to become a "customized lifestyle service provider". Along with the completion of a number of customized projects under our "Jingrui" brand, including Hangzhou Jingrui West Mansion (杭州景瑞悦西台) and Shanghai Jingrui The French Lakeside Villa (上海景瑞法蘭雲廷), the Company has been constantly improving its four core customized modules covering customized space, customized fine decoration, customized houseware and customized services. Upgrading of our full range of customized services and products is expected to bring substantial added value to the Company.

Meanwhile, as 2015 marked the first year we implemented our three-year strategy of "Promoting One Reform Mechanism with Two Focuses and Two Leading Positions", the Company has started realising the transformation of its organizational mechanism known as "strategic headquarters with operating frontlines" to motivate frontline employees so as to effectively enhance the Group's overall refined operating capability. The Company has also optimized and rationalized its business presence by shifting its investment priority to Shanghai and second-tier core cities, maintaining its primary focus on the Yangtze River Delta region, as well as first-tier and second-tier cities such as Tianjin and Chongqing, and fully implementing its "1+7+X" hierarchical deployment model which consists of base cities, strategic cities and potential cities. Following the acquisition of 4 land parcels in major cities, including Shanghai, Ningbo and Chongqing, the Company believes that it has replenished its land bank in Shanghai and second-tier core cities such as Suzhou, Hangzhou and Ningbo.

We are of the view that there is an upward trend for land prices in Shanghai and second-tier core cities in the Yangtze River Delta Region. As more and more new middle to high-end residential properties are built, residential prices in Shanghai and second-tier core cities in the Yangtze River Delta Region will see an upward momentum in the future. Furthermore, following the launch of four projects in Shanghai and a number of new projects in Suzhou, Ningbo and other cities in 2016, we expect that there will be an increase in sales revenue of the Company. While increasing efforts to promote development in first-tier and second-tier core cities, the Company will leverage on existing government policies and market opportunities to promote sales and reduce residential inventory in third-tier and fourth-tier cities so as to reduce operating risk; currently, the Company has significantly reduced the proportion of its inventory in third-tier and fourth-tier cities.

Meanwhile, we remain cautiously optimistic about the future development of China's real estate market. In order to cater to market development and seize opportunities, we will continue to deepen our transformation through "customization", improve financing channels, reduce financing costs and further optimize the debt structure of the Company. Leveraging on a model of asset light and high turnover, we will opt for a development model driven by dual-drivers, that is, through bidding, auction and listing on one hand and through mergers and acquisitions on the other hand, taking into consideration the regional characteristics of different cities and sectors. We will further enhance our land bank and investment and development in first-tier and second-tier cities in the Yangtze River Delta Region. In particular, we will enhance strategic deployments in our base city Shanghai and expand our market share in core cities so as to deepen our presence in such areas. In addition, we will strive for rapid growth in scale and speed up our development to become an influential "customized lifestyle service provider" that enjoys respect from both our peers and customers.

The Group has set an internal contracted sales target of RMB10 billion for the year ending 31 December 2016.

Executive Directors

Mr. Yan Hao (閆浩), aged 47, is one of the founders and the co-chairman and chief executive officer of the Group. He was appointed as an executive Director of the Company on 6 October 2013. Mr. Yan is responsible for the overall strategic planning and business direction and the day to day business and management of the Group. Mr. Yan obtained an EMBA degree from Fudan University (復旦大學) in June 2004. He has more than 20 years of experience in the PRC real estate industry. Mr. Yan cofounded Jingrui Properties (Group) (formerly known as Shanghai Jingrui Property Development Company) in 1993 with Mr. Chen Xin Ge, and has since served as the deputy general manager, building our business to its current scale from 1993 to 1999 and the chief executive officer since 1999, being responsible for overseeing our day to day operations, strategic directions and business growth.

Mr. Chen Xin Ge (陳新戈), aged 47, is one of the founders and the co-chairman of the Group. He was appointed as an executive Director of the Company on 6 October 2013. Mr. Chen is responsible for determining the overall strategic planning and business direction of the Group together with Mr. Yan. Mr. Chen graduated from Capital University of Economics and Business (首都經濟貿易大學) in March 2001. He also completed the EMBA Program at Cheung Kong Graduate School of Business in September 2007 and obtained a diploma of Executive Master of Business Administration. Mr. Chen has more than 20 years of experience in the PRC real estate industry. Mr. Chen cofounded Jingrui Properties (Group) (formerly known as Shanghai Jingrui Property Development Company) in 1993 with Mr. Yan, and has since served as the general manager, building our business to its current scale from 1993 to 1999 and the chairman of board of directors since 1999, being responsible, along with Mr. Yan, for the strategic directions and business growth of the Group.

Mr. Yang Tie Jun (楊鐵軍), aged 45, is the executive vice-president of the Group. He was appointed as an executive Director of the Company on 6 October 2013. Mr. Yang is responsible for assisting Mr. Yan and Mr. Chen in implementing the overall strategic plans and business directions of the Group, as well as overseeing key departments such as strategic investments, capital and finance. Mr. Yang graduated from the University of International Business and Economics (對外經濟貿易大學) in June 1994 with a Bachelor's degree in Economics. He also obtained a Master of Business Administration from the China Europe International Business School (中歐國際工商學院) in September 2009, and a Master of Professional Accountancy from the Chinese University of Hong Kong (香港中文大學) in December 2004. From July 1994 to December 1998, Mr. Yang worked as an accountant in Reanda Certified Public Accountants Co., Ltd. (利安達會計師事務所). Mr. Yang then joined China Jin Mao Group Co., Ltd (中國金茂 (集團) 有限公司) in January 1999, where he was appointed to various roles such as finance manager and deputy general manager. In December 2003, he was made general manager of its group's finance department. After leaving China Jin Mao Group Co., Ltd., Mr. Yang joined Franshion (China) Property Co., Ltd. (方興地產 (中國) 有限公司) as a deputy chief financial officer in October 2009. Mr. Yang joined as a chief financial officer of the Group in December 2010. Mr. Yang was appointed to the executive vice-president of the Group in March 2013.

Mr. Xu Chao Hui (許朝輝), aged 48, is the assistant to the chief executive officer of the Group. He was appointed as an executive Director of the Company on 6 October 2013. Mr. Xu is responsible for the operation and management of our Tianjin Company. Mr. Xu graduated from Zhongshan University in July 1991 with a degree in Economics. He also obtained a Master of Business Administration from Peking University in June 2001. After graduation, he joined China National Scientific Instruments & Material Corporation (中國科學器材公司) as a deputy manager of the exhibition department, before leaving in August 1999 to join Sinotrust International Information & Consulting (Beijing) Co., Ltd. (北京新華信商業風險管理有限公司). From June 2002 to January 2009, Mr. Xu was a partner of Adfaith Management Consulting Co., Ltd. (北京正略鈞策企業管理諮詢有限公司) (formerly known as Beijing Sinotrust Management Consultant Co., Ltd. (北京新華信管理顧問有限公司)), primarily in charge of the real estate consulting business unit. He joined the Group in February 2009 as a strategic development advisor, primarily responsible for the establishment and adjustment of our business strategies and the relevant execution plans. The strategic development adviser also monitors and ensures the business strategies in line with our centralized operating system and to fit in various operating procedures. Mr. Xu was appointed as the assistant to the president of the Group in January 2012 and the general manager of our Tianjin Company in January 2015.

Independent Non-executive Directors

Mr. Han Jiong (韓炯), aged 47, was appointed as an independent non-executive Director of the Company on 6 October 2013. Mr. Han has been appointed as a member of our Audit Committee, Remuneration Committee, Risk Management Committee and Nomination Committee and is responsible for supervising and providing independent judgment to the Board, and in particular, as the Chairman of our Remuneration Committee, he is responsible for overseeing the policy and structure of the remuneration for the Directors and senior management and making recommendations on employee benefit arrangement. Mr. Han graduated from East China University of Political Science and Law (華東政法大學) in July 1992, and qualified as a lawyer in the PRC in February 1993. He joined Shanghai Jinmao Law Firm (上海金茂律師事務所) in July 1992, and was an associate when he left in December 1998. He was a founding partner of Llinks Law Offices (通力律師事務所) which was established in September 1998, and he is currently a managing partner. Mr. Han was a member of the Seventh and the Eighth CSRC Public Offering Review Committee from January 2005 to April 2007, and was appointed by the Ministry of Human Resources and Social Security of the PRC (中華人民共和國人力資源和社會保障部) as a member of the First and the Second Review Committee for the Enterprise Annuity Fund Management Association (企業年金基金管理機構評審委員會) from June 2005 to August 2009. Mr. Han was appointed as an independent non-executive director of Shanghai Fosun Pharmaceutical (Group) Co., Ltd. (上海復星醫藥(集團)股份有限公司), a company listed on the Shanghai Stock Exchange (stock code: 600196) and the Stock Exchange (stock code: 02196), from April 2009 to June 2015.

Mr. Qian Shi Zheng (錢世政), aged 64, was appointed as an independent non-executive Director of the Company on 6 October 2013. Mr. Qian has been appointed as the Chairman of our Audit Committee and Risk Management Committee. He is responsible for reviewing and supervising the financial reporting process and internal control system as well as overseeing the audit process of the Group. Mr. Qian received a Bachelor's degree in Accounting from Shanghai University of Finance and Economics in 1983, and obtained a Doctorate in Management Science from Fudan University (復旦大學) in July 2001. Mr. Qian has been an associate professor at Fudan University (復旦大學) specialized in accounting since 1995. Mr. Qian joined Shanghai Industrial Investment (Holdings) Co., Ltd. in January 1998 and has served as its vice president from September 2005 to 2012. Mr. Qian currently served as an independent non-executive director of Lonking Holdings Limited (stock code: 3339) and Hanhua Financial Holding Co., Ltd. (stock code: 3903), both are listed on the Stock Exchange. Mr. Qian is currently teaching in Fudan University (復旦大學) and has over 20 years of teaching and work experience in the finance and accounting fields.

Dr. Lo Wing Yan William (盧永仁), aged 55, JP, was appointed as an independent non-executive Director of our Company on 6 October 2013. Dr. Lo has been appointed as a member of our Audit Committee, Remuneration Committee, Risk Management Committee and Nomination Committee and is responsible for supervising and providing independent judgment to our Board and performing other duties and responsibilities as assigned by our Board. Dr. Lo holds a Master's degree and a Doctorate from the University of Cambridge in England in March 1986 and March 1988 respectively. Dr. Lo was also a Bye-Fellow of Downing College, the University of Cambridge. In 1999, he was appointed as a Justice of Peace (JP) by the government of Hong Kong. In 2003, he was appointed as a member of Shantou Committee of the Chinese People's Political Consultative Conference.

Dr. Lo is currently the vice chairman of Lovable International Holdings Limited, the chairman of Strategenes Limited and a governor of The Charles K. Kao Foundation for Alzheimer's Disease Limited. Dr. Lo is also a governor of an independent school, the ISF Academy, as well as a chairman of Junior Achievement Hong Kong. From June 2002 to March 2006, Dr. Lo served as an executive director and vice president of China Unicom Limited. From May 2006 to September 2009, he was an independent non-executive director of I.T Limited and also served as its executive director, vice chairman, managing director and chief financial officer of the company. Dr. Lo served as the vice chairman of South China Media Group from September 2011 to September 2014. Dr. Lo is currently the independent non-executive director of the Stock Exchange listed companies, including Television Broadcasts Limited (HKSE: 0511), CSI Properties Limited (HKSE: 497), Varitronix International Limited (HKSE: 710), SITC International Holdings Company Limited (HKSE: 1308) and Ronshine China Holdings Limited (HKSE: 3301) and a New York Stock Exchange listed company, Nam Tai Electronics, Inc. (NYSE: NTE).

Senior Management

Mr. Lee Chian Jie (李建杰), aged 34, is our joint company secretary and the head of corporate finance and investor relations. He joined the Group in June 2014 and is mainly responsible for the Group's corporate finance, capital market and investor relations activities. He is also responsible for the operation and management of our Hong Kong office and was appointed as our company secretary in March 2016. Prior to joining the Group, Mr. Lee was a general manager of investment and operation department of Renhe Commercial Holdings Company Limited and an associate director with UBS AG where he worked as an equity analyst covering China (including Hong Kong) real estate sector. He was awarded "best stock picker – real estate and construction" by StarMine in 2008. Mr. Lee has a bachelor's degree in Economics from London School of Economics in 2005.

Joint Company Secretaries

Mr. Yu Jia Le (于嘉樂), aged 37, is our joint company secretary and senior finance manager. Mr. Yu joined the Group in March 2013 as a senior finance manager and was appointed as our company secretary in May 2013. Mr. Yu has been recognized as a certified public accountant granted by the Ministry of Finance of the PRC since May 2001, a certified internal auditor granted by China Institute of Internal Auditors since November 2003, and has been recognized as a mid-level accountant by the Ministry of Finance of the PRC since May 2005. Mr. Yu obtained a Bachelor's degree in Economics from Jiangxi University of Finance and Economics (江西財經大學) in July 2000, and also obtained an advanced diploma in management accounting from the Chartered Institute of Management Accountants in 2010. Mr. Yu served in Shanghai Sanjiu Technology Development Co., Ltd. and Lining Sports (Shanghai) Co., Ltd. from 2000 to 2007 and was appointed as an assistant to the general manager of the finance department of Franshion (China) Property Co., Ltd. from October 2007 to April 2012. Thereafter, Mr. Yu worked as a senior finance manager of the Bohai Sea Region of Shimao Property Holdings Limited till March 2013, when he joined the Group. Mr. Yu Jia Le has ceased to act as joint company secretary and authorized representative of the Company for the purpose of Rule 3.05 of the Rules Governing the Listing of Securities of The Stock Exchange of Hong Kong Limited (the "Listing Rules") with effect from March 30, 2016 due to internal operational requirements leading to a reallocation of Mr. Yu's job duties.

Mr. Lee Chian Jie (李建杰), has been appointed to replace Mr. Yu as one of the joint company secretaries and authorized representative of the Company with effect from 30 March 2016. For Mr. Lee's profile, please refer to the section "Senior Management" above.

Ms. Lai Siu Kuen (黎少娟), aged 41, is a senior manager of KCS Hong Kong Limited. She has over 18 years of professional and in-house experience in the company secretarial field. She holds a Bachelor of Arts degree in Accountancy and is a fellow member of the Hong Kong Institute of Chartered Secretaries and the Institute of Chartered Secretaries and Administrators in United Kingdom.

Corporate Governance Report

The Board is pleased to present this corporate governance report as set out in the annual report of the Company for the year ended 31 December 2015.

Corporate Governance Practices

The Group is committed to maintaining high standards of corporate governance to safeguard the interests of shareholders and to enhance corporate value and accountability. The Company has adopted the Corporate Governance Code (the "CG Code") contained in Appendix 14 to the Listing Rules as its own code of corporate governance. The Company has been in compliance with the code provisions set out in the CG Code during the year ended 31 December 2015. The Company will continue to review and enhance its corporate governance practices to ensure compliance with the CG Code.

(A) The Board

The Board shall be liable to the shareholders, responsible for the general strategy, risk management and internal control of the Group. In order to supervise the specific affairs of the Company, the Board has established four board committees, including the Audit Committee, Remuneration Committee, Nomination Committee and Risk Management Committee (together, the "Board Committees"). The Board has delegated to the Board Committees responsibilities as set out in their respective terms of reference.

Composition of the Board

Currently, the Board consists of four executive Directors (namely Mr. Yan Hao, Mr. Chen Xin Ge, Mr. Yang Tie Jun and Mr. Xu Chao Hui) and three independent non-executive Directors (namely Mr. Han Jiong, Mr. Qian Shi Zheng and Dr. Lo Wing Yan William). The biographies of the Directors are set out under the section headed "Directors and Senior Management" of this annual report.

During the year ended 31 December 2015 and up to the date of this annual report, the Board has been in compliance with the Rules 3.10(1) and 3.10(2) of the Listing Rules relating to the appointment of at least three independent non-executive directors with at least one independent non-executive director possessing appropriate professional qualifications, or accounting or related financial management expertise.

Under Rule 3.10A of the Listing Rules, independent non-executive directors shall account for at least one third of the board members. The Company has three independent non-executive Directors currently representing more than one third of the Board members and therefore the Company has complied with the Rule 3.10A of the Listing Rules.

The Company has received written annual confirmation of independence from each independent non-executive Director as required by the Listing Rules. The Company considers all the independent non-executive Directors to be independent for the purpose of the independence guidelines set out in the Rule 3.13 of the Listing Rule.

None of the Directors has any personal relationship (including financial, business, family or other material/relevant relationship) with any other Directors.

All Directors, including independent non-executive Directors, have brought a wide spectrum of valuable business experience, knowledge and professionalism to the Board for its efficient and effective functioning. Independent non-executive Directors are invited to serve on the Audit Committee, the Remuneration Committee, the Nomination Committee and the Risk Management Committee.

As regards the code provision of the CG Code requiring directors to disclose to the issuer the number and nature of offices held in public companies or organizations and other significant commitments as well as the names of such companies or organizations and the time involved in such offices, each Director has agreed to disclose their commitments to the Company in a timely manner.

Induction and Continuous Professional Development

Each newly appointed Director is provided with necessary induction and information to ensure that he/she has a proper understanding of the Company's operations and businesses as well as his/her responsibilities under relevant statute, laws, rules and regulations. The Company also arranges regular seminars to provide Directors with updates on the latest development and changes in the Listing Rules and other relevant laws and regulations from time to time. The Directors are also provided with regular updates on the Company's performance, position and prospects to enable the Board as a whole and each Director to discharge their duties.

During the year ended 31 December 2015 and up to the date of this annual report, all Directors namely, Mr. Yan Hao, Mr. Chen Xin Ge, Mr. Yang Tie Jun, Mr. Xu Chao Hui, Mr. Han Jiong, Mr. Qian Shi Zheng and Dr. Lo Wing Yan William participated in continuous professional development. They developed and updated their knowledge and skills through participation in training programs or external seminars, thus to make contributions to the Board.

Board Diversity

As required by the code provision A.5.6 of the CG Code, the nomination committee (or the board) shall develop a policy concerning board diversity. The Company adopted the Board Diversity Policy on 18 March 2014. The Board considers that board diversity shall be different to cater for different listed companies. The existing Directors, who are different from each other in terms of age, cultural background, education background and professional experiences, can contribute to our corporate governance and ensure we maintain a relatively complete corporate governance system. Details on our Directors are set out under the section "Directors and Senior Management" of this annual report.

The Nomination Committee is mainly responsible for identifying talent with adequate qualification to serve as a board member, and will take into account the Board Diversity Policy. The Board Diversity Policy would be reviewed by the Board on a regular basis to ensure continuous efficiency.

Duties of the Board

The functions and duties of the Board include convening shareholders' meetings, responsibility for preparing the accounts, reporting on the Board's work at these meetings, implementing the resolutions passed at these meetings, determining business and investment plans, formulating our annual budget and final accounts, and formulating our proposals for profit distributions and for the increase or reduction of registered capital. In addition, the Board is responsible for exercising other powers, functions and duties in accordance with the articles of association of the Company ("Articles of Association").

Name	Position and role
Mr. Yan Hao	Executive Director, co-chairman and chief executive officer (overall strategic planning and business direction and day to day business and management)
Mr. Chen Xin Ge	Executive Director and co-chairman (overall strategic planning and business direction)
Mr. Yang Tie Jun	Executive Director and executive vice president (assisting the co-chairmen and chief executive officer and overseeing key departments)
Mr. Xu Chao Hui	Executive Director and assistant to the chief executive officer (also responsible for the day to day business and management of Tianjin Company)
Mr. Han Jiong	Independent non-executive Director and members of the Audit Committee, Remuneration Committee, Nomination Committee and Risk Management Committee, responsible for supervising and providing independent judgment to the Board
Mr. Qian Shi Zheng	Independent non-executive Director and members of the Audit Committee and Risk Management Committee, responsible for supervising and providing independent judgment to the Board
Dr. Lo Wing Yan William	Independent non-executive Director and members of the Audit Committee, Remuneration Committee, Nomination Committee and the Risk Management Committee, responsible for supervising and providing independent judgment to the Board

Appointment and Re-election of Directors

Each of the executive Directors and independent non-executive Directors has entered into a service contract or letter of appointment with the Company with specified terms, and is subject to retirement and re-election at the forthcoming annual general meeting of the Company.

Each of the executive Directors has entered into a service agreement with us for an initial fixed period of three years commencing from 31 October 2013 (the "Listing Date") unless terminated earlier.

Each of Mr. Qian Shi Zheng, Dr. Lo Wing Yan William and Mr. Han Jiong, the independent non-executive Directors, has entered into a letter of appointment with the Company, for an initial term of three years commencing from the Listing Date.

Save as disclosed above, none of the Directors has entered into a service contract with any member of the Group (excluding contracts expiring or determinable by the employer within one year without payment of compensation (other than statutory compensation)).

In accordance with the Articles of Association, all Directors are subject to retirement by rotation at least once every three years and any new Director appointed to fill a causal vacancy shall offer himself/herself for election by shareholders at the first general meeting of the Company after appointment and new Directors appointed as an addition to the Board shall offer himself/herself for re-election by shareholders at the next following general meeting of the Company after appointment.

The procedures and process of appointment, re-election and removal of Directors are set out in the Articles of Association. The Nomination Committee is responsible for reviewing the Board composition, re-election and succession planning of Directors.

Board Meetings

The Company will adopt the practice of holding board meetings regularly, at least four times a year, and at approximately quarterly intervals. Notices of not less than fourteen days for all regular board meetings are given to all Directors to attend the meetings, and the relevant subjects would be included in the agenda for such regular meeting. For other Board and committee meetings, reasonable notice is generally given by the Company. The agenda and related board and committee papers are dispatched to the Directors or committee members at least three days before the meetings to ensure that they have sufficient time to review the papers and be adequately prepared for the meeting. When Directors or committee members are unable to attend a meeting, they will be advised of the matters to be discussed and given an opportunity to make their views known to the chairman prior to the meeting. Minutes of meetings are kept by the Joint Company Secretaries with copies circulated to all Directors for information and records.

Minutes of the Board meetings and committee meetings are recorded in sufficient detail the matters considered by the Board and the committees and the decisions reached, including any concerns raised by the Directors. Draft minutes of each Board meeting and committee meeting are sent to the Directors for comments within a reasonable time after the date on which the meeting is held. The minutes of the Board meetings are open for inspection by Directors.

During the year ended 31 December 2015, five Board meetings were held and the attendance of the individual Directors at these meetings is set out in the table below:

Role	Name	Attendance/ No. of meetings held	Attendance rate
Executive Director	Mr. Yan Hao	5/5	100%
Executive Director	Mr. Chen Xin Ge	5/5	100%
Executive Director	Mr. Yang Tie Jun	5/5	100%
Executive Director	Mr. Xu Chao Hui	5/5	100%
Independent non-executive Director	Mr. Han Jiong	5/5	100%
Independent non-executive Director	Mr. Qian Shi Zheng	5/5	100%
Independent non-executive Director	Dr. Lo Wing Yan William	5/5	100%

During the year ended 31 December 2015, all meetings of the Board were held with the presence of all Directors.

Model Code for Securities Transactions

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules as its own code of conduct regarding Directors' securities transactions. Specific enquiry of all the Directors has been made and each of the Directors has confirmed that he has complied with the Model Code during the year ended 31 December 2015.

Delegation by the Board

The Board reserves its decision on all major matters of the Company, including: approval and monitoring of all policy matters, overall strategies and budgets, risk management and internal control systems, material transactions (in particular those that may involve conflict of interests), financial information, appointment of Directors and other significant financial and operational matters. Directors could have resources to seek independent professional advice in performing their duties at the Company's expense and are encouraged to consult with the Company's senior management independently.

The daily management, administration and operation of the Group are delegated to the senior management. The delegated functions and responsibilities are periodically reviewed by the Board. Approval has to be obtained from the Board prior to any significant transactions entered into by the management.

Corporate Governance Function

The corporate governance functions to be performed by the Board include:

(1) to develop and review the corporate governance policies and practices and to make recommendations to the Board;

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

(3) to review and monitor the policies and practices on compliance with legal and regulatory requirements;

(4) to develop, review and monitor the code of conduct and compliance manual (if any) applicable to the employees and Directors; and

(5) to review the compliance with the CG Code and disclosure in the Corporate Governance Report.

Committees of the Board

Audit Committee

The Audit Committee comprises three independent non-executive Directors, being Mr. Qian Shi Zheng (Chairman), Dr. Lo Wing Yan William and Mr. Han Jiong. The main duties of the Audit Committee are:

(1) to be primarily responsible for making recommendations to the Board on the appointment, re-appointment and removal of the external auditor, to approve the remuneration and terms of engagement of the external auditor, and to deal with any questions of their resignation or dismissal;

(2) to review and monitor the external auditor's independence and objectivity and the effectiveness of the audit process in accordance with applicable standards. The Audit Committee should discuss with the auditor the nature and scope of the audit and reporting obligations before the audit commences;

(3) to develop and implement policy on engaging external auditors to supply non-audit services. For this purpose, "external auditor" includes any entity that is under common control, ownership or management with the audit firm or any entity that a reasonable and informed third party knowing all relevant information would reasonably conclude to be part of the audit firm nationally or internationally. The Audit Committee should report to the Board, identifying and making recommendations on any matters where action or improvement is needed;

(4) to monitor integrity of the Company's financial statements and annual reports and accounts, interim reports and, if prepared for publication, quarterly reports, and to review significant financial reporting judgments contained in them. In reviewing these reports before submission to the Board, the Audit Committee should focus particularly on:

(4.1) any changes in accounting policies and practices;

(4.2) major judgmental areas;

(4.3) significant adjustments resulting from audit;

(4.4) the going concern assumptions and any qualifications;

(4.5) compliance with accounting standards; and

(4.6) compliance with the Listing Rules and legal requirements in relation to financial reporting;

(5) regarding paragraph (4) above:

(5.1) members of the Audit Committee should liaise with the Board and the Company's senior management and the Audit Committee must meet, at least twice a year, with the Company's external auditors; and

(5.2) the Audit Committee should consider any significant or unusual items that are, or may need to be, reflected in the report and accounts, and it should give due consideration to any matters that have been raised by the Company's staff responsible for the accounting and financial reporting function, compliance officer or auditors;

(6) to review the Company's financial reporting system and internal control procedure;

(7) to discuss the internal control system with management to ensure that management has performed its duty to establish and maintain an effective internal control system. This discussion should include the adequacy of resources, staff qualifications and experience, training programs and budget of the Company's accounting and financial reporting function;

(8) to consider major investigation findings on internal control matters on its own initiative or as delegated by the Board and management's response to these findings;

(9) to ensure coordination between the internal and external auditor, 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;

(10) to review the Group's financial and accounting policies and practices;

(11) to review the external auditor's management letter, any material queries raised by the auditor to management about accounting records, financial accounts or systems of control and management's response;

(12) to ensure that the Board will provide a timely response to the issues raised in the external auditor's management letter;

(13) to report to the Board on the matters included under the heading "Audit Committee" in Appendix 14 to the Listing Rules;

(14) to review arrangements which employees of the Company can use, in confidence, to raise concerns about possible improprieties in financial reporting, internal control or other matters. The Audit Committee shall ensure that proper arrangements are in place for fair and independent investigation of these matters and for appropriate follow-up action;

(15) to act as the key representative body for overseeing the Company's relations with the external auditor;

(16) the Audit Committee shall establish a whistleblowing policy and system for employees and those who deal with the Company to raise concerns, in confidence, with the Committee about possible improprieties in any matter related to the Company; and

(17) to consider other matters as referred to the Audit Committee by the Board.

As at the date of this annual report, the Audit Committee has reviewed the audit plan, audit scope and major audit issues of the external auditor for 2015. In addition, the Audit Committee has reviewed the annual results of the Group for the year ended 31 December 2015, and also reviewed the auditor's remuneration and made recommendation to the Board on the re-appointment of auditor, which is subject to approval by the annual general meeting.

During the year ended 31 December 2015, two meetings were held by the Audit Committee and the attendance of each respective member at the meeting(s) of the Audit Committee held in 2015 is set out in the following table:

Name	**Attendance/number of meetings held**
Mr. Qian Shi Zheng	2/2
Dr. Lo Wing Yan William	2/2
Mr. Han Jiong	2/2

Remuneration Committee

The Remuneration Committee comprises three members, being Mr. Han Jiong (Chairman), Dr. Lo Wing Yan William and Mr. Chen Xin Ge. A majority of the members of the Remuneration Committee are independent non-executive Directors. The main duties of the Remuneration Committee are:

(1) to make recommendations to the Board on the Company's policy and structure for all Directors' and senior management remuneration and on the establishment of a formal and transparent procedure for developing remuneration policy;

(2) to review and approve the management's remuneration proposals with reference to the Board's corporate goals and objectives;

(3) to make recommendations to the Board on the remuneration packages of individual executive Directors and senior management, including benefits in kind, pension rights and compensation payments, including any compensation payable for loss or termination of their office or appointment;

(4) to make recommendations to the Board on the remuneration of the non-executive Directors;

(5) to consider salaries paid by comparable companies, time commitment and responsibilities and employment conditions elsewhere in the Group;

(6) to review and approve compensation payable to executive Directors and senior management for any loss or termination of office or appointment to ensure that it is consistent with contractual terms and is otherwise fair and not excessive;

(7) to review and approve compensation arrangements relating to dismissal or removal of Directors for misconduct to ensure that they are consistent with contractual terms and are otherwise reasonable and appropriate;

(8) to ensure that no Director or any of his/her associates is involved in deciding his/her own remuneration;

(9) consult with the Company's Chairman and/or the president/managing director/chief executive officer about their remuneration proposals for other executive Directors; and

(10) to consider all other matters as referred to the Remuneration Committee by the Board.

As at the date of this annual report, the Remuneration Committee has reviewed the performance appraisals of the Directors and senior management of the Company in 2015, and at the same time, made recommendations on performance appraisal standards in 2016. In addition, the Remuneration Committee has reviewed the Group's current remuneration policies for the Directors and the implementation of employment contracts.

During the year ended 31 December 2015, two meetings were held by the Remuneration Committee and the attendance of each respective member at the meeting(s) of the Remuneration committee held in 2015 is set out in the following table:

Name	**Attendance/number of meetings held**
Mr. Han Jiong	2/2
Dr. Lo Wing Yan William	2/2
Mr. Chen Xin Ge	2/2

Nomination Committee

The Nomination Committee comprises three members, being Mr. Yan Hao (Chairman), Mr. Han Jiong and Dr. Lo Wing Yan William. A majority of the members of the Nomination Committee are independent non-executive Directors. The main duties of the Nomination Committee are:

(1) to review the structure, size and composition (including the skills, knowledge and experience) of the Board at least annually and make recommendations on any proposed changes to the Board to complement the Company's corporate strategy;

(2) to identify individuals suitably qualified to become Board members and select or make recommendations to the Board on the selection of individuals nominated for directorships;

(3) to assess the independence of independent non-executive Directors; and

(4) to make recommendations to the Board on the appointment or re-appointment of Directors and succession planning for Directors, in particular the chairman and the chief executive.

The Nomination Committee will assess the candidate or incumbent on criteria such as integrity, experience, skill and ability to commit time and effort to carry out the duties and responsibilities. The recommendations of the Nomination Committee will then be put to the Board for decision. Their written terms of reference are available on the websites of the Stock Exchange and the Company.

As at the date of this annual report, the Nomination Committee has assessed the independence of the independent non-executive Directors and has reviewed the proposed appointment of the Directors. In addition, the Nomination Committee has approved the retirement and re-election of three Directors of the Company, namely Chen Xin Ge, Qian Shi Zheng and Lo Wing Yan William, at the annual general meeting to be held in May 2016.

During the year ended 31 December 2015, one meeting was held by the Nomination Committee and the attendance of each respective member at the meeting(s) of the Nomination Committee held in 2015 is set out in the following table:

Name	**Attendance/number of meetings held**
Mr. Yan Hao	1/1
Mr. Han Jiong	1/1
Dr. Lo Wing Yan William	1/1

Risk Management Committee

The Risk Management Committee was established on 23 October 2015 and comprises three independent non-executive Directors, being Mr. Qian Shi Zheng (Chairman), Mr. Han Jiong and Dr. Lo Wing Yan William. The main duties of the Risk Management Committee are:

(1) to review the risk management policy and standard of the Company, as well as the fundamental concepts and scope of compliance management;

(2) to review and make recommendation to the Board on the overall target and basic policy of the compliance and risk management;

(3) to supervise, monitor and make recommendation to the Board on the establishment of risk and compliance management system of the Company and its development;

(4) to supervise and monitor the Company's exposure to sanctions law and implementation of the related internal control policies and procedures adopted by the Company;

(5) to review the compliance reports and risk assessment reports that need to be reviewed by the Board, and to make recommendation to the Board on improvement of the Company's compliance and risk management;

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

(7) to monitor the effective implementation of the risk and compliance management by the management of the Company, and to evaluate the performance of the senior management responsible for risk and compliance management;

(8) to evaluate and advise on the risks involved in major decisions that need to be reviewed by the Board and solutions to the major risks; and

(9) to review and evaluate the effectiveness of the internal control policies and procedures with respect to sanctions law matters from time to time.

The Risk Management Committee has completed an annual review of the risk management and internal control system of the Group, including amongst others, sufficiency of resources, qualification and experiences of staff, and their training plans and budgets.

During the year ended 31 December 2015, one meeting was held by the Risk Management Committee and the attendance of each respective member at the meeting of the Risk Management Committee held in 2015 is set out in the following table:

Name	**Attendance/number of meetings held**
Mr. Qian Shi Zheng	1/1
Mr. Han Jiong	1/1
Dr. Lo Wing Yan William	1/1

(B) Financial Reporting, Risk Management and Internal Control

Directors' Responsibilities for Financial Reporting in respect of Financial Statements

The Directors acknowledge their responsibility for preparing the financial statements for the year ended 31 December 2015 which give a true and fair view of the affairs of the Company and the Group and of the Group's results and cash flows.

The management has provided to the Board such explanation and information as are necessary to enable the Board to carry out an informed assessment of the Company's financial statements, which are put to the Board for approval. The Company provides all members of the Board with monthly updates on Company's performance, positions and prospects.

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

The statement by the auditor of the Company regarding their reporting responsibilities on the consolidated financial statements of the Company is set out in the Independent Auditor's Report of this annual report.

Risk Management and Internal Control

The Risk Management Committee was established by the Board on 23 October 2015. The Board, through the Risk Management Committee, conducted an annual review of the effectiveness of the risk management and internal control systems of the Group including the adequacy of resources, qualifications and experience of staff of the Group's accounting and financial reporting function and their training programmes and budget.

The Board takes full responsibility for maintaining sound and effective risk management and internal controls to safeguard the Company's assets and shareholders' interests. The Directors confirm that the Company, through the Risk Management Committee, conducts regular checks on office procedures, practices and systems to prevent assets from inappropriate use, maintain proper accounts and ensure compliance with regulations. The regular reviews also cover all major controls, including financial, operational and compliance supervision and risk management functions of the Company.

In addition to the Risk Management Committee, the Company has an internal audit function. The risk management and internal control systems of the Group are designed to facilitate effective and efficient operations, to ensure reliability of financial reporting and compliance with applicable laws and regulations, to identify and manage potential risks and to safeguard assets of the Group. The internal auditor and the Risk Management Committee review and evaluate the control process, monitor any risk factors on a regular basis, and reports to the Board on any findings and measures to address the variances and identified risks.

The Directors consider that the Group's existing risk management and internal control systems are effective and adequate.

External Auditor

The remuneration paid/payable to the Company's auditor, PricewaterhouseCoopers, in connection with the interim review and the annual audit of the Group's consolidated financial statements for the year, amounted to RMB3.58 million. In addition, RMB0.781 million was incurred for other non-audit services.

(C) Joint Company Secretaries and Shareholders' Rights

Joint Company Secretaries

Mr. Yu Jia Le ("Mr. Yu"), one of our joint company secretaries, is responsible for advising the Board on corporate governance matters and ensuring that the Board policy and procedures, and the applicable laws, rules and regulations are followed. Mr. Yu resigned on 30 March 2016 due to internal operational requirements leading to a re-allocation of Mr. Yu's job duties and the Board appointed Mr. Lee Chian Jie ("Mr. Lee") as the joint company secretary on 30 March 2016.

In order to uphold good corporate governance and ensure compliance with the Listing Rules and applicable Hong Kong laws, the Company also engages Ms. Lai Siu Kuen ("Ms Lai"), senior manager of KCS Hong Kong Limited (a company secretarial service provider), as its joint company secretary to assist Mr. Yu/Mr. Lee to discharge their duties as company secretary of the Company. The primary corporate contact person at the Company is Mr. Lee, the joint company secretary of the Company.

Mr. Yu and Ms. Lai have undertaken not less than 15 hours of relevant professional training respectively in compliance with Rule 3.29 of the Listing Rules for the year ended 31 December 2015.

Shareholders' Rights

To safeguard shareholders' interests and rights, a separate resolution will be proposed for each issue at general meetings, including the election of individual Directors.

All resolutions put forward at general meetings will be voted by poll pursuant to the Listing Rules and poll results will be posted on the websites of the Company and the Stock Exchange in a timely manner after each general meeting. The annual general meeting for the year ended 31 December 2015 will be held on May 27 2016.

Convening of extraordinary general meeting and putting forward proposals

Pursuant to Article 66 of the Articles of Association, any one or more shareholders holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company shall at all times have the right, by written requisition to the Board or the company secretary to require an extraordinary general meeting to be called by the Board, with the transaction of any business specified in such requisition. The written requisition can be lodged at the Company's principal place of business in Hong Kong for the attention of the joint company secretaries.

Enquiries to the Board

Shareholders who intend to put forward their enquiries about the Company to the Board can send their enquiries to the principal place of business for the Company in Hong Kong at Unit 09 43F, China Resources Building, 26 Harbour Road, Hong Kong.

(D) Investor Relations and Communication with Shareholders

The Company considers that effective communication with shareholders is essential for enhancing investor relations and understanding of the Group's business, performance and strategies. The Company also recognizes the importance of timely and non-selective disclosure of information, which will enable shareholders and investors to make the informed investment decisions.

To promote effective communication, the Company adopts a shareholders' communication policy which aims at establishing a two-way relationship and communication between the Company and its shareholders and maintains a website at (www.jingruis.com), where up-to-date information on the Company's business operations and developments, financial information, corporate governance practices and other information are available for public access.

During the year ended 31 December 2015, an annual general meeting was held by the Company on May 11 2015 and the attendance of the individual Directors at this general meeting is set out in the table below:

Name	Attendance/number of meeting held
Mr. Yan Hao	1/1
Mr. Chen Xin Ge	1/1
Mr. Yang Tie Jun	0/1
Mr. Xu Chao Hui	0/1
Mr. Han Jiong	0/1
Mr. Qian Shi Zheng	0/1
Dr. Lo Wing Yan William	1/1

Information Disclosure

The Company discloses information in compliance with the Listing Rules, and publishes periodic reports and announcements to the public in accordance with the relevant laws and regulations. The primary focus of the Company is to ensure information disclosure is timely, fair, accurate, truthful and complete, thereby enabling shareholders, investors as well as the public to make rational and informed decisions.

Constitutional Documents

There are no changes in the Company's constitutional documents during the year ended 31 December 2015.

Report of the Directors

The Directors present their report and the audited financial statements of the Company and the Group for the year ended 31 December 2015.

Global Offering

The Company was incorporated in the Cayman Islands under the Companies Law, Cap.22 ("Companies Law") of the Cayman Islands as an exempted company with limited liability on 7 March 2013. The shares of the Company were listed on the Stock Exchange on 31 October 2013.

Principal Activities

The Company is an investment holding company, and the principal activities of its subsidiaries are development of and investment in real estate projects as well as management of properties. Details of the subsidiaries of the Company are set out in Note 44 to the consolidated financial statements.

An analysis of revenue of the Group for the year ended 31 December 2015 by principal activities is set out in Note 27 to the consolidated financial statements.

Business Review

Environmental Policies and Performance

The Group is subject to a number of environmental laws and regulations in the PRC concerning overall environmental protection, impact to the environment, noise pollution and environmental protection for construction projects.

We place high emphasis on complying with relevant environmental laws and regulations. We require our staff and construction contractors to comply with the PRC laws and regulations relating to the quality of construction including environmental, labour, social and safety regulations, as well as our own standards and specifications.

We believe that during the year under review we have been in compliance in all material respects with applicable laws and regulations in the PRC.

Relationships with Employees, Customers and Suppliers

During the year under review, the Group ensured that its employees were offered competitive remuneration packages, as well as benefits such as social insurance, housing fund and physical examination, so as to maintain its competitiveness. As such, the Group has maintained good relationships with its employees with low outflow of key talents.

The Group focused on taking customers' views and positioned the establishment of our transformation towards a "customized lifestyle service provider". We will strive to become a customized lifestyle service provider with remarkable regional influence, gaining respect from our customers and even suppliers.

During the year under review, the Group's procurement from its five largest suppliers accounted for 32.6% of its procurement while the Group's sales to its five largest customers accounted for 0.9% of its sales.

The Group maintains a high standard in selecting reputable and reliable suppliers and contractors, in order to meet our own quality, safety, environmental and product criteria. During the year ended 31 December 2015 and up to the date of this annual report, the Group has maintained good relationships with its suppliers and contractors.

The sustainable development of the Group depends on the supports and efforts of all parties concerned including our customers, suppliers and contractors, particularly the efforts and contributions of all our staff.

Compliance with Related Laws and Regulations

The Company was incorporated in the Cayman Islands and its shares are listed on the Main Board of the Stock Exchange. The subsidiaries of the Group were incorporated in British Virgin Islands, Hong Kong and the PRC. The operations of the Group were mainly engaged by the subsidiaries of the Group incorporated in the PRC. The Group has an administrative place of business in Hong Kong.

Our business and operations are subject to related laws and regulations of the Cayman Islands, the British Virgin Islands, Hong Kong and the PRC. During the year ended 31 December 2015 and up to the date of this annual report, we have complied with all related laws and regulations of the Cayman Islands, the British Virgin Islands, Hong Kong and the PRC, which would have significant impact on the Group.

Business Review and Prospect

Review on the business of the Group during the year and the description of its future business development are set out under the sections "Chairman's Statement" and "Management Discussion and Analysis" of this annual report.

Financial Results

The key financial indicators set out on page 5 of this annual report under sub-section headed "Key Financial Indicators" were adopted to analyze the Group's performance during the year. The financial risk management objectives and policy of the Group are set out in Note 3 to the consolidated financial statements.

Risks and Uncertainties

The financial conditions and operating results of the Group may be subject to various potential risk and uncertainties, the details of which are set out under the sections headed "Chairman's Statement" and "Management Discussion and Analysis" of this annual report.

Significant Subsequent Events

Details of significant subsequent events of the Group are set out in Note 46 to the financial statements.

Results

Details of the Group's results for the year ended 31 December 2015 are set out in the consolidated income statement on page 59 of this annual report.

Subsidiaries

Details of the Company's subsidiaries as at 31 December 2015 are set out in Note 44 to the consolidated financial statements.

Final Dividends

At the Board meeting held on 30 March 2016, the Board has resolved not to declare final dividends for the year ended 31 December 2015 (2014: RMB6.0 cents).

Financial Summary/Financial Review

Financial summary of results, assets and liabilities and financial review of the Group for the past five financial years are set out on page 160 of the annual report. The summary does not constitute a part of the audited consolidated financial statements.

Previous Fund Raising Activities

Date	Fund raising activity	Net proceeds raised (approximately)	Use of the net proceeds
October 2013	Initial public offering	HK$1,358 million	The Company has fully utilized the net proceeds from its initial public offering in the following manner: (i) approximately 10% (of about HK$136 million) on general working capital; and (ii) approximately 90% (of about HK$1,222 million) on the acquisition of the land parcels located in Hangzhou, Zhejiang Province, in January 2014.
August 2014	Issue of US$150 million 13.625% senior notes due 2019	US$144 million	To fund existing and new property projects
November 2014	Issue of 37,610,744 right shares	HK$128 million	To enhance the capital structure and strengthen the equity base and raise funds for general working capital
April 2015	Issue of US$150 million 13.250% senior notes due 2018	US$147 million	To refinance the existing indebtedness of the Group

Major Customers and Suppliers

For the year ended 31 December 2015, the Group's procurement from its five largest suppliers accounted for 32.6% (2014: 33.7%) of the Group's total procurement, while the procurement from the largest supplier accounted for 11.8%. For the year ended 31 December 2015, the Group's sales to its five largest customers accounted for 0.9% (2014: 1.0%) of the Group's total revenue.

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

Property, Plant and Equipment

Details of movements in the property, plant and equipment of the Group during the year ended 31 December 2015 are set out in Note 7 to the consolidated financial statements.

Investment Properties

Details of movements in the investment properties of the Group during the year ended 31 December 2015 are set out in Note 8 to the consolidated financial statements.

Share Capital

Details of movements in the share capital of the Company during the year are set out in Note 18 to the consolidated financial statements.

Reserves

Details of movements in the reserves of the Group and the Company during the year are set out in the consolidated statement of changes in equity on page 61 and in Note 45 to the consolidated financial statements respectively.

Distributable Reserves

As at 31 December 2015, the Company's reserves available for distribution, calculated in accordance with the provisions of Companies Law, amounted to approximately RMB1,935.0 million.

Bank Loans and Other Borrowings

Particulars of bank loans and other borrowings of the Group as at 31 December 2015 are set out in Note 21 to the consolidated financial statements.

Directors

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

Executive Directors:

Mr. Yan Hao
Mr. Chen Xin Ge
Mr. Yang Tie Jun
Mr. Xu Chao Hui

Independent Non-executive Directors:

Mr. Han Jiong
Mr. Qian Shi Zheng
Dr. Lo Wing Yan William

Board of Directors and Senior Management

Biographies of the Directors and senior management of the Group are set out on pages 33 to 35 of this annual report.

Confirmation of Independence of Independent Non-Executive Directors

The Company has received an annual confirmation of independence pursuant to rule 3.13 of the Listing Rules from each of the independent non-executive Directors and the Company considers such Directors to be independent for the year ended 31 December 2015.

Directors' Service Contracts and Letter of Appointments

Each of the executive Directors has entered into a service contract with the Company on 6 October 2013 for a term of three years commencing from the Listing Date and such service contracts may be terminated in accordance with the respective terms thereof.

Each of the independent non-executive Directors has signed a letter of appointment with the Company on 6 October 2013 for an initial term of three years commencing from the Listing Date.

Directors' Remuneration

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

Details of the remuneration of the Directors and five highest paid individuals of the Group for the year ended 31 December 2015 are set out in Note 33 to the consolidated financial statements.

Directors' Rights to Acquire Shares or Debentures

At no time during the year ended 31 December 2015 was the Company or any of its subsidiaries a party to any arrangement to enable the Directors, their respective spouse or minor children to acquire benefits by means of the acquisitions of shares in the Company or in any other body corporate.

Director's Interests in Competing Business

As at 31 December 2015, none of the Directors of the Company had any interest in business which competes or may constitute competition directly or indirectly with the business of the Group.

Compliance with Non-Competition Undertaking

Each of Mr. Yan Hao, Mr. Chen Xin Ge, Decent King Limited and Beyond Wisdom Limited (the "Covenantors") has entered into a Deed of Non-Competition with and in favor of the Company on 15 October 2013, pursuant to which the Covenantors have unconditionally, irrevocably, jointly and severally undertaken with the Group that they shall not (except through the Group), and shall procure that all their respective associates (excluding any member of the Group), shall not directly or indirectly, carry on, participate, acquire or hold any right or interest or otherwise be interested, involved or engaged in or connected with, any business which is in any respect in competition with or similar to or is likely to be in competition with the business of the Group (the "Restricted Business").

Directors' Interests in Transactions, Arrangements and Contracts

Save as the related-party transactions as disclosed in Note 43 to the consolidated financial statements, no transaction, arrangement and contract of significance to which the Company or any of its subsidiaries was a party and in which a Director had a material interest, whether directly or indirectly, subsisted as at 31 December 2015 or at any time during the year. The Group did not provide any loans to the Directors or the management personnel of the Group during the year.

Employees and Remuneration Policies

For details regarding the employees and remuneration policies of the Group during the year, please refer to the sections "Directors' Remuneration" on page 49 and "Management Discussion and Analysis" on page 25.

The Company has adopted a Pre-IPO share award scheme (the "Pre-IPO Share Award Scheme") to reward qualified employees, the details of which are set out in the section "Pre-IPO Share Award Scheme" below.

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.

Pre-emptive rights

There is no provision regarding pre-emptive rights under the Articles of Association and the laws of the Cayman Islands.

Equity-Linked Agreements

Save for the Pre-IPO Share Aware Scheme as disclosed In the section headed "Pre-IPO Share Aware Scheme" of this Report of the Directors, the Company has not entered into any equity-linked agreement for the year ended 31 December 2015.

Senior Notes and Corporate Bonds

Details of senior notes and corporate bonds of the Group outstanding during the year are set out in Note 21 to the consolidated financial statements.

Pre-IPO Share Award Scheme

The Company adopted the Pre-IPO Share Award Scheme on 6 October 2013.

1. Objective

The Pre-IPO Share Award Scheme aims to establish an effective incentive mechanism, attract and cultivate talent and align the interests of our management team with those of our shareholders in order to promote the Group's strategies and growth.

2. Implementation

Pursuant to the Pre-IPO Share Award Scheme, a total of 113 employees (each, a "Selected Person") will be awarded Shares of the Company which are held by Tianyan (PTC) Limited as trustee for the benefit of the Selected Persons under the Tianyan Trust. Tianyan (PTC) Limited is a special purpose vehicle incorporated in the BVI on 5 September 2013, to act as the trustee of the Tianyan Trust, for the benefit of the Selected Persons. On Listing Date, Tianyan (PTC) Limited held 28,207,844 Shares, representing approximately 2.18% of the total issued share capital of the Company (the "Awarded Shares"). No further Shares will be issued by the Company pursuant to the Pre-IPO Share Award Scheme. According to the Pre-IPO Share Award Scheme, Selected Persons were granted 24,564,993 Awarded Shares in total as of the date of this annual report.

3. Vesting of the Awarded Shares

The vesting principles of the Pre-IPO Share Award Scheme are summarized as follows:

- The Selected Persons are not entitled to exercise, enjoy or transfer the rights to the Awarded Shares pending the vesting of the Awarded Shares.
- Vesting period for a Selected Person is determined based on his or her (I) performance appraisal; (II) length of service; and (III) seniority (if applicable).
- The Awarded Shares granted to any particular Selected Person have vested/ will vest in four tranches on 1 January 2014, 2015, 2016 and 2017 respectively.
- The first vesting date for all the relevant Selected Persons was 1 January 2014.
- The Selected Persons are not required to pay any consideration for the Awarded Shares for the purpose of vesting.
- Vesting period for a Selected Person is subject to postponement in the event of unsatisfactory work performance based on his or her annual performance appraisal (if applicable).
- Prior to vesting, the Selected Persons are not entitled to the voting rights to the Awarded Shares.
- All dividends declared and paid in respect of the Awarded Shares shall be held by the Trustee for the benefit of the respective Selected Person pending vesting, and may be distributed to the Selected Person after vesting.

4. Events Triggering Surrender of Awarded Shares

Awarded Shares which have not vested will be deemed to have been surrendered by a Selected Person upon the occurrence of any of the following events:

- termination of employment with or without cause;
- dishonest behaviour or breach of employment contract;
- unsatisfactory performance leading to demotion and failure to satisfy the criteria for re-promotion within one year; or
- passing away not in the course of carrying out his or her duties as an employee of our Group.

Awarded Shares deemed to have been surrendered may be re-allocated or disposed at the discretion of Tianyan (PTC) Limited.

Charitable Donations

No charitable or other donations were made by the Group for the year ended 31 December 2015.

Directors' and Chief Executive's Interests and Short Positions in Shares, Underlying Shares and Debentures

As at 31 December 2015, the interests or short positions of the Directors and the chief executive of the Company in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("SFO")) which will be required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO) or which will be required, pursuant to Section 352 of the SFO, to be entered in the register referred to in relevant provision, or which will be required, pursuant to the Model Code as set out in Appendix 10 to the Listing Rules, to be notified to our Company and the Stock Exchange, are as follows:

(i) Interests in the Company

Name of Director	Nature of interest	Number of shares held[3]	Approximate % of shareholding interest[4]
Mr. Yan Hao[1]	Interest in a controlled corporation	480,220,613 (L)	37.19%
Mr. Chen Xin Ge[2]	Interest in a controlled corporation	427,205,918 (L)	33.08%
Mr. Xu Chao Hui	Beneficial owner	183,830 (L)	0.01%
Mr. Yang Tie Jun	Beneficial owner	222,680 (L)	0.02%

Notes:

(1) Beyond Wisdom Limited is wholly-owned by Mr. Yan Hao. According to the SFO, Mr. Yan Hao is deemed to be interested in the shares held by Beyond Wisdom Limited.

(2) Decent King Limited is wholly-owned by Mr. Chen Xin Ge. According to the SFO, Mr. Chen Xin Ge is deemed to be interested in the shares held by Decent King Limited.

(3) (L) represents long positions in these securities.

(4) There were 1,291,302,213 shares in issue as at 31 December 2015.

(ii) Interests in Associated Corporations

None of the Directors or chief executive of the Company has any interests or short positions in the shares, underlying shares or debentures of any of the associated corporations of the Company.

(iii) Interests in Senior Notes

Name of Director	Nature of interest	Principal amount of senior notes	Number of senior notes
Mr. Yan Hao[1]	Interest in a controlled corporation	US$21,000,000	21,000,000

Note:

(1) US$21,000,000 13.250% senior notes due 2018 are held by Beyond Wisdom Limited. Beyond Wisdom Limited is wholly-owned by Mr. Yan Hao. According to the SFO, Mr. Yan Hao is deemed to be interested in the senior notes held by Beyond Wisdom Limited.

Save as disclosed above and to the best knowledge of the Directors, as at 31 December 2015, none of the Directors or the chief executives of the Company has any interest or short position in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which will be required to be entered in the register referred to in relevant provision under the Section 352 of the SFO, or which will be required to be notified to the Company and the Stock Exchange under the Model Code.

Substantial Shareholders' Interests and Short Positions in Shares and Underlying Shares

As at 31 December 2015, so far as the Directors are aware, the following persons (other than the Directors or the chief executive of the Company) have or are deemed to have interests and/or short positions in the Shares or underlying shares which will be required to be disclosed pursuant to the provisions of Division 2 and 3 of Part XV of the SFO:

Name	Nature of interest	Number of shares[3]	% of shareholding interest[4]
Beyond Wisdom Limited[1]	Beneficial owner	480,220,613 (L)	37.19%
Decent King Limited[2]	Beneficial owner	427,205,918 (L)	33.08%
RRJ Capital Master Fund II, L.P.	Interest of a controlled corporation	87,123,000 (L)	6.95%

Notes:

(1) Beyond Wisdom Limited is wholly-owned by Mr. Yan Hao. According to the SFO, Mr. Yan Hao is deemed to be interested in the shares held by Beyond Wisdom Limited.

(2) Decent King Limited is wholly-owned by Mr. Chen Xin Ge. According to the SFO, Mr. Chen Xin Ge is deemed to be interested in the shares held by Decent King Limited.

(3) (L) represents long positions in these securities.

(4) There were 1,291,302,213 shares in issue as at 31 December 2015.

Save as disclosed above and to the knowledge of the Directors, as at 31 December 2015, no person had an interest or a short position in the shares or underlying shares of the Company required to be entered in the register referred to in relevant provision under the Section 336 of the SFO.

Directors' Indemnities

Pursuant to article 181 of the Article of Association, every Director shall be entitled to be indemnified out of the assets of the Company against all losses or liabilities which he may sustain or incur in or about the execution of the duties of his office or otherwise.

Exempt Continuing Connected Transactions

The following transactions constitute exempt continuing connected transactions between the Group and its connected persons as at the date of this annual report.

1. Connected Person

Shanghai Jiading Properties (Group) Co., Ltd. ("Shanghai Jiading") and Shanghai Oasis Investment Holding Group Limited ("Shanghai Oasis") owns 20% and 10% respectively of Taicang Jingshang Property Co., Ltd. ("Taicang Jingshang"), Shanghai Jiacan Investment Co., Ltd. ("Shanghai Jiacan") owns 49% of Hangzhou Jinghang Property Co., Ltd. ("Hangzhou Jinghang"), Ri Yue Cheng Property Co., Ltd. ("Ri Yue Cheng") owns 49% of Shaoxing Jingming Property Co., Ltd. ("Shaoxing Jingming"), and are therefore connected persons of the Company.

2. Transactions

As at 31 December 2015, certain shareholders of Taicang Jingshang, Hangzhou Jinghang and Shaoxing Jingming granted shareholders' loans respectively to Taicang Jingshang, Hangzhou Jinghang and Shanghai Jingming. Shanghai Jiading and Shanghai Oasis advanced RMB95.0 million and RMB47.5 million, respectively, to Taicang Jingshang, Shanghai Jiacan advanced RMB61.0 million to Hangzhou Jinghang and Ri Yue Cheng advanced RMB136.6 million to Shaoxing Jingming ("Substantial Shareholders' Loans"). The purpose of the Substantial Shareholders' Loans was to provide Taicang Jingshang, Hangzhou Jinghang and Shaoxing Jingming with general working capital for their respective projects.

The Directors have confirmed that the Substantial Shareholders' Loans were made for the benefit of Taicang Jingshang, Hangzhou Jinghang and Shaoxing Jingming on normal commercial terms where no security over our Group's assets was granted. The Directors (including the independent non-executive Directors) are of the view that the Substantial Shareholders' Loans are fair and reasonable and in the interest of the Group and shareholders as a whole.

3. Requirements under the Listing Rules

The Substantial Shareholders' Loans constitute continuing connected transactions of the Company which are exempt from the reporting, announcement and independent shareholders' approval requirements pursuant to Rule 14A.90 of the Listing Rules.

Connected Transactions

During the year ended 31 December 2015, the Company had not conducted any one-off non-exempt connected transactions with connected persons.

Save for the Substantial Shareholders' Loans, the Group has not entered into any other connected transaction or continuing connected transaction which has to be disclosed in accordance with Chapter 14A of the Listing Rules.

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 annual 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

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

Review by Audit Committee

The Audit Committee has reviewed with the management the accounting principles and practices adopted by the Group, and discussed with them the audit, internal control and financial reporting matters of the Group, including review of the annual results and financial statements for the year.

Code of Conduct Regarding Directors' Securities Transactions

The Company has adopted a code of conduct regarding Directors' securities transactions on terms no less exacting than the required standard set out in the Model Code contained in the Listing Rules. Specific enquiry has been made to all the Directors and the Directors have confirmed that they had complied with such code of conduct during the year ended 31 December 2015.

Corporate Governance

The Company is committed to maintaining the highest standard of corporate governance practices. The Company has complied with the code provisions as set out in the Corporate Governance Code contained in Appendix 14 of the Listing Rules for the year ended 31 December 2015. Information on the corporate governance practices adopted by the Company is set out in the Corporate Governance Report on pages 36 to 45 of this annual report.

Auditor

The financial statements of the Group have been audited by PricewaterhouseCoopers, who will retire at the forthcoming annual general meeting and being eligible, will offer itself for re-appointment. A resolution will be proposed at the forthcoming annual general meeting to re-appoint PricewaterhouseCoopers as the auditor of the Company.

On behalf of the Board
Co-chairmen
Yan Hao
Chen Xin Ge

Independent Auditor's Report

羅兵咸永道

TO THE SHAREHOLDERS OF JINGRUI HOLDINGS LIMITED
(incorporated in the Cayman Islands with limited liability)

We have audited the consolidated financial statements of Jingrui Holdings Limited (the "Company") and its subsidiaries set out on pages 57 to 159, which comprise of the consolidated balance sheet as at 31 December 2015, and the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Directors' Responsibility for the Consolidated Financial Statements

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

Auditor's Responsibility

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

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

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

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

Opinion

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

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 30 March 2016

PricewaterhouseCoopers, 22/F, Prince's Building, Central, Hong Kong
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Consolidated Balance Sheet

As at 31 December 2015

	Note	As at 31 December 2015 RMB'000	2014 RMB'000
ASSETS			
Non-current assets			
Property, plant and equipment	7	**24,999**	20,742
Investment properties	8	**1,536,941**	775,000
Intangible assets	9	**4,478**	2,816
Investments in joint ventures	10	**541,651**	539,633
Deferred income tax assets	26	**335,932**	252,599
Available-for-sale financial assets	12	**69,400**	10,000
		2,513,401	1,600,790
Current assets			
Prepayments for leasehold land	13	**–**	552,500
Properties held or under development for sale	14	**21,677,299**	18,585,634
Trade and other receivables and prepayments	15	**1,239,500**	1,050,409
Prepaid income taxes		**311,058**	212,884
Restricted cash	16	**2,080,049**	2,022,947
Cash and cash equivalents	16	**1,603,064**	2,358,015
Non-current assets held-for-sale	17	**–**	20,941
		26,910,970	24,803,330
Total assets		**29,424,371**	26,404,120
OWNERS' EQUITY			
Capital and reserves attributable to equity holders of the Company			
Share capital: nominal value	18	**79,361**	79,361
Reserves	19	**3,301,866**	3,610,671
		3,381,227	3,690,032
Perpetual capital instruments	20	**512,111**	551,350
Non-controlling interests	44	**933,877**	517,629
Total equity		**4,827,215**	4,759,011

The notes on pages 63 to 159 are an integral part of these consolidated financial statements.

Consolidated Balance Sheet

As at 31 December 2015

	Note	As at 31 December 2015 RMB'000	2014 RMB'000
LIABILITIES			
Non-current liabilities			
Borrowings	21	**4,523,165**	4,560,244
Deferred income tax liabilities	26	**422,305**	208,643
Trust loans related derivatives	22	**–**	3,788
		4,945,470	4,772,675
Current liabilities			
Trade and other payables	23	**3,500,671**	2,996,615
Amounts due to non-controlling interests of subsidiaries	24	**118,726**	340,093
Current portion of long-term payables	25	**–**	316,596
Advances from pre-sale of properties		**9,777,283**	7,747,856
Current income tax liabilities		**434,006**	389,406
Borrowings	21	**5,812,994**	5,058,326
Current portion of trust loans related derivatives	22	**8,006**	23,542
		19,651,686	16,872,434
Total liabilities		**24,597,156**	21,645,109
Total equity and liabilities		**29,424,371**	26,404,120

The consolidated financial statements on pages 57 to 159 were approved by the Board of Directors on 30 March 2016 and the consolidated balance sheet was signed on its behalf by:

Yan Hao
Director

Xu Chao Hui
Director

The notes on pages 63 to 159 are an integral part of these consolidated financial statements.

Consolidated Income Statement

For the year ended 31 December 2015

	Note	Year ended 31 December 2015 RMB'000	2014 RMB'000
Revenue	27	**5,759,116**	5,272,953
Cost of sales	30	**(5,585,933)**	(4,308,600)
Gross profit		**173,183**	964,353
Fair value gains on investment properties	8	**203,255**	71,790
Selling and marketing costs	30	**(230,734)**	(221,132)
Administrative expenses	30	**(269,074)**	(241,630)
Other income	28	**89,338**	11,665
Other losses – net	29	**(52,706)**	(29,121)
Operating (loss)/profit		**(86,738)**	555,925
Finance income	31	**38,487**	23,244
Finance costs	31	**(95,841)**	(11,194)
Finance (costs)/income – net		**(57,354)**	12,050
Share of results of joint ventures	10	**4,833**	(12,807)
(Loss)/profit before income tax		**(139,259)**	555,168
Income tax expense	34	**(150,049)**	(275,651)
(Loss)/profit for the year		**(289,308)**	279,517
Attributable to:			
Equity holders of the Company		**(352,696)**	273,962
Holders of perpetual capital instruments		**50,136**	1,350
Non-controlling interests		**13,252**	4,205
		(289,308)	279,517
(Loss)/earnings per share for (loss)/profit attributable to equity holders of the Company			
– Basic and diluted	36	**(RMB0.27)**	RMB0.22

The notes on pages 63 to 159 are an integral part of these consolidated financial statements.

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2015

	Note	Year ended 31 December 2015 RMB'000	2014 RMB'000
(Loss)/profit for the year		**(289,308)**	279,517
Other comprehensive income that may be reclassified subsequently to profit or loss			
Changes in fair value of available-for-sale financial assets	12	**2,469**	–
Total comprehensive (loss)/income for the year		**(286,839)**	279,517
Attributable to:			
Equity holders of the Company		**(350,227)**	273,962
Holders of perpetual capital instruments		**50,136**	1,350
Non-controlling interests		**13,252**	4,205
		(286,839)	279,517

The notes on pages 63 to 159 are an integral part of these consolidated financial statements.

Consolidated Statement of Changes in Equity

For the year ended 31 December 2015

	Attributable to equity holders of the Company							
	Share capital RMB'000 (Note 18)	Share premium RMB'000 (Note 19)	Other reserves RMB'000 (Note 19)	Retained earnings RMB'000 (Note 19)	Sub-total RMB'000	Perpetual capital instruments RMB'000 (Note 20)	Non-controlling interests RMB'000	Total equity RMB'000
Balance at 1 January 2015	**79,361**	**1,271,329**	**1,105,827**	**1,233,515**	**3,690,032**	**551,350**	**517,629**	**4,759,011**
Comprehensive income/(loss)								
Loss for the year 2015	**–**	**–**	**–**	**(352,696)**	**(352,696)**	**50,136**	**13,252**	**(289,308)**
Other comprehensive income:								
Changes in fair value of available-for-sale financial assets	**–**	**–**	**2,469**	**–**	**2,469**	**–**	**–**	**2,469**
Total comprehensive loss for the year 2015	**–**	**–**	**2,469**	**(352,696)**	**(350,227)**	**50,136**	**13,252**	**(286,839)**
Transactions with owners								
Capital contribution from non-controlling interests	**–**	**–**	**–**	**–**	**–**	**–**	**200**	**200**
Pre-IPO share award scheme (Note 35)	**–**	**–**	**14,631**	**–**	**14,631**	**–**	**–**	**14,631**
2014 final dividend (Note 37)	**–**	**(77,478)**	**–**	**–**	**(77,478)**	**–**	**–**	**(77,478)**
Dividends of subsidiaries	**–**	**–**	**–**	**–**	**–**	**–**	**(21,775)**	**(21,775)**
Changes in ownership interests in subsidiaries without change of control (Note 41)	**–**	**–**	**104,269**	**–**	**104,269**	**–**	**212,381**	**316,650**
Non-controlling interests arising on business combination (Note 42)	**–**	**–**	**–**	**–**	**–**	**–**	**212,190**	**212,190**
Transfer of liability component of perpetual capital instruments to other payables (Note 20)	**–**	**–**	**–**	**–**	**–**	**(89,375)**	**–**	**(89,375)**
	–	**(77,478)**	**118,900**	**–**	**41,422**	**(89,375)**	**402,996**	**355,043**
Balance at 31 December 2015	**79,361**	**1,193,851**	**1,227,196**	**880,819**	**3,381,227**	**512,111**	**933,877**	**4,827,215**
Balance at 1 January 2014	77,053	1,260,072	805,090	959,553	3,101,768	–	252,553	3,354,321
Total profit and comprehensive income for the year 2014	–	–	–	273,962	273,962	1,350	4,205	279,517
Transactions with owners								
Rights issue (Note 18 (vii))	2,308	99,015	–	–	101,323	–	–	101,323
Capital contribution from non-controlling interests	–	–	–	–	–	–	147,000	147,000
Pre-IPO share award scheme (Note 35)	–	–	33,826	–	33,826	–	–	33,826
2013 final dividend (Note 37)	–	(87,758)	–	–	(87,758)	–	–	(87,758)
Dividends of subsidiaries	–	–	–	–	–	–	(24,178)	(24,178)
Issuance of perpetual capital instruments (Note 20)	–	–	–	–	–	550,000	–	550,000
Changes in ownership interests in subsidiaries without change of control (Note 41)	–	–	266,911	–	266,911	–	138,049	404,960
	2,308	11,257	300,737	–	314,302	550,000	260,871	1,125,173
Balance at 31 December 2014	79,361	1,271,329	1,105,827	1,233,515	3,690,032	551,350	517,629	4,759,011

The notes on pages 63 to 159 are an integral part of these consolidated financial statements.

Consolidated Cash Flow Statement

For the year ended 31 December 2015

	Year ended 31 December	
	2015	2014
	RMB'000	RMB'000
Operating activities		
Net cash generated from/(used in) operations (Note 38(a))	**394,026**	(1,404,443)
Interest paid	**(974,544)**	(907,695)
PRC income tax paid	**(68,423)**	(152,762)
PRC land appreciation tax paid	**(120,081)**	(510,132)
Net cash used in operating activities	**(769,022)**	(2,975,032)
Investing activities		
Purchase of property, plant and equipment	**(14,859)**	(9,077)
Purchase of intangible assets	**(2,766)**	(1,310)
Proceeds from disposal of property, plant and equipment (Note 38(c))	**1,106**	2,482
Acquisition of a subsidiary, net of cash acquired (Note 42)	**45,592**	–
Acquisition of available-for-sale financial assets (Note 12)	**(56,931)**	(10,000)
Cash payment to non-controlling interests of a subsidiary (Note 38(b))	**(21,775)**	–
Cash receipt from a joint venture	**6,056**	5,763
Net cash inflow for disposal of a subsidiary, Modern Jump Limited (Note 10 (a))	**–**	195,306
Interest received	**38,487**	23,244
Net cash (used in)/generated from investing activities	**(5,090)**	206,408
Financing activities		
Proceeds from borrowings	**6,922,127**	7,404,071
Proceeds from issuance of senior notes	**903,911**	897,269
Repayments of borrowings	**(7,272,411)**	(5,891,774)
Proceeds from issuance of perpetual capital instruments	**–**	550,000
Dividends paid	**(76,099)**	(108,482)
Capital contribution from non-controlling interests of a subsidiary	**200**	147,000
Cash receipt from non-controlling interests of subsidiaries	**–**	197,593
Repayment to non-controlling interests of subsidiaries	**(221,367)**	(252,491)
Increase in restricted cash relating to financing activities	**(160,493)**	(760,135)
Changes in ownership interests in subsidiaries without change of control	**(9,600)**	404,960
Rights issue	**–**	101,323
Payments for initial public offering fees	**–**	(3,668)
Settlement of liability component of perpetual capital instruments (Note 20)	**(71,087)**	–
Net cash generated from financing activities	**15,181**	2,685,666
Net decrease in cash and cash equivalents	**(758,931)**	(82,958)
Effect of foreign exchange rate changes	**3,980**	(3,476)
Cash and cash equivalents at beginning of the year	**2,358,015**	2,444,449
Cash and cash equivalents at end of the year (Note 16)	**1,603,064**	2,358,015

The notes on pages 63 to 159 are an integral part of these consolidated financial statements.

1 General information

Jingrui Holdings Limited (the "Company") was incorporated in the Cayman Islands on 7 March 2013 as an exempted company with limited liability under the Companies Law Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The address of its registered office is 190 Elgin Avenue, George Town, Grand Cayman KY1-9005, Cayman Islands.

The Company is an investment holding company and its subsidiaries (together with the Company, referred to as "the Group") are principally engaged in property development business in the People's Republic of China (the "PRC").

The Company's shares began to list on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 31 October 2013.

These consolidated financial statements are presented in thousands of Renminbi ("RMB'000"), unless otherwise stated.

2 Summary of significant accounting policies

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

2.1 Basis of preparation

The consolidated financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA") and under the historical cost convention, as modified by the revaluation of derivative instruments, investment properties and available-for-sale financial assets, which are carried at fair value.

The preparation of financial statements in conformity with HKFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5.

(a) New amendments of HKFRSs adopted by the Group in 2015

The following new amendments to existing standards have been adopted by the Group for the first time for the financial year beginning on 1 January 2015 and are relevant to the Group's operations.

- Amendment to HKAS 19 "Defined Benefit Plans: Employee Contributions";
- Amendments from annual improvements 2010-2012 cycle, affecting the following 4 standards: HKFRS 8 "Operating Segments", HKAS 16 "Property, Plant and Equipment", HKAS 24 "Related Party Disclosures" and HKAS 38 "Intangible Assets";
- Amendments from annual improvements 2011-2013 cycle, affecting the following 3 standards: HKFRS 3 "Business Combinations", HKFRS 13 "Fair Value Measurement" and HKAS 40 "Investment Property".

The adoption of the above new amendments starting from 1 January 2015 did not give rise to any significant impact on the Group's results of operations and financial position for the year ended 31 December 2015.

2 Summary of significant accounting policies (continued)

2.1 Basis of preparation (continued)

(b) *New Hong Kong Companies Ordinance (Cap.622)*

In addition, the requirements of Part 9 "Accounts and Audit" of the new Hong Kong Companies Ordinance (Cap. 622) come into operation during the financial year, as a result, there are changes to presentation and disclosures of certain information in the consolidated financial statements.

(c) *New standards and amendments of HKFRSs not yet effective for 2015 and have not been early adopted by the Group*

Certain new standards and amendments of HKFRSs have been published but are not yet effective for annual period beginning on 1 January 2015 and have not been early adopted by the Group. Those that are relevant to the Group's operations are as follows:

- Amendment to HKFRS 11 on accounting for acquisitions of interests in joint operations (effective for annual periods beginning on or after 1 January 2016). The amendment requires an investor to apply the principles of business combination accounting when it acquires an interest in a joint operation that constitutes a 'business' (as defined in HKFRS 3 "Business Combinations").

- Amendments to HKFRS 10 and HKAS 28 on sale or contribution of assets between an investor and its associate or joint venture (effective for annual periods to be announced). The amendments address an inconsistency between HKFRS 10 and HKAS 28 in the sale and contribution of assets between an investor and its associate or joint venture.

- Amendment to HKAS 27 on equity method in separate financial statements (effective for annual periods beginning on or after 1 January 2016). The amendment allows entities to use equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements.

- Annual improvements 2014 (effective for annual periods beginning on or after 1 January 2016). The amendments include changes from the 2012-2014 cycle of the annual improvements project that affect the following 4 standards: HKFRS 5 "Non-current Assets Held for Sale and Discontinued Operations", HKFRS 7 "Financial Instruments: Disclosures", HKAS 19, "Employee Benefits" and HKAS 34 "Interim Financial Reporting".

- Amendments to HKAS 1 for the disclosure initiative (effective for annual periods beginning on or after 1 January 2016). The amendments clarify guidance in HKAS 1 on materiality and aggregation, the presentation of subtotals, the structure of financial statements and the disclosure of accounting policies.

- HKFRS 15 "Revenue from Contracts with Customers" (effective for annual periods beginning on or after 1 January 2018). HKFRS 15 deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognised when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. The standard replaces HKAS 18 "Revenue" and HKAS 11 "Construction Contracts" and related interpretations.

2 Summary of significant accounting policies (continued)

2.1 Basis of preparation (continued)

(c) New standards and amendments of HKFRSs not yet effective for 2015 and have not been early adopted by the Group (continued)

- HKFRS 9 "Financial Instruments" (effective for annual periods beginning on or after 1 January 2018), addresses the classification, measurement and recognition of financial assets and financial liabilities. HKFRS 9 replaces the guidance in HKAS 39 that relates to the classification and measurement of financial instruments. It retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortised cost, fair value through OCI and fair value through profit or loss. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are required to be measured at fair value through profit or loss with the irrevocable option at inception to present changes in fair value in OCI not recycling. There is now a new expected credit losses model that replaces the incurred loss impairment model used in HKAS 39. For financial liabilities there were no changes to classification and measurement except for the recognition of changes in own credit risk in other comprehensive income, for liabilities designated at fair value through profit or loss. HKFRS 9 relaxes the requirements for hedge effectiveness by replacing the bright line hedge effectiveness tests. It requires an economic relationship between the hedged item and hedging instrument and for the 'hedged ratio' to be the same as the one management actually use for risk management purposes.

The management is in the process of assessing the impact of these new standards and amendments on the financial statements of the Group. The adoption of these new standards and amendments when they become effective is currently not expected to have a material impact on the financial statements of the Group, except for the new financial reporting standard HKFRS 15 "Revenue from Contracts with Customers" (effective for annual periods beginning on or after 1 January 2018) which the Group is not yet in a position to conclude.

2.2 Subsidiaries

2.2.1 Consolidation

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

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated balance sheet, consolidated income statement, consolidated statement of comprehensive income and consolidated statement of changes in equity respectively.

2 Summary of significant accounting policies (continued)

2.2 Subsidiaries (continued)

2.2.1 Consolidation (continued)

(a) Business combinations

The Group applies the acquisition method as described below to account for business combination. The consideration transferred for the acquisition of a subsidiary comprises the fair values of the assets transferred, the liabilities incurred to former owners of the acquiree and the equity interests issued by the Group. The consideration transferred also includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the reorganised amounts of the acquiree's identifiable net assets.

Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, the acquisitions date carrying value of the acquirer's previously held equity interests in the acquiree is re-measured to fair value at the acquisition date; any gains or losses arising from such re-measurement are recognised in profit or loss.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with HKAS 39 either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

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

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

(b) Changes in ownership interests in subsidiaries without change of control

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions – that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

2 Summary of significant accounting policies (continued)

2.2 Subsidiaries (continued)

2.2.1 Consolidation (continued)

(c) *Disposal of subsidiaries*

When the Group ceases to have control, any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

2.2.2 Separate financial statements

In the Company's balance sheet, the investments in subsidiaries are stated at cost less impairment. Cost also includes direct attributable costs of investment. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

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

Impairment testing of the investments in subsidiaries is also required according to Note 2.10.

2.3 Joint arrangements

Joint arrangements are classified as either joint ventures or joint operations depending on the contractual rights and obligations of each investor. The Group has assessed the nature of its joint arrangements and determined them to be joint ventures.

A joint venture is a contractual arrangement whereby two or more parties undertake an economic activity that is subject to joint control. A joint venture gives the parties rights to the net assets or outcome of the arrangement. A joint venture does not have rights to individual assets or obligations for individual liabilities of the joint venture. Instead, joint ventures share the net assets and, in turn, the outcome (profit or loss) of the activity undertaken by the joint venture. In contrast, a joint operation is a joint arrangement that gives parties to the arrangement direct rights to the assets and obligations for the liabilities. A joint operator will recognise its interest based on its involvement in the joint operation (that is, based on its direct rights and obligations) rather than on the participation interest it has in the joint arrangement.

Upon the acquisition of the ownership interest in a joint venture, any difference between the cost of the joint venture and the Group's share of the net fair value of the joint venture's identifiable assets and liabilities is accounted for as goodwill. When the Group's share of losses in a joint venture equals or exceeds its interests in the joint ventures (which includes any long-term interests that, in substance, form part of the Group's net investment in the joint ventures), the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the joint ventures.

2 Summary of significant accounting policies (continued)

2.3 Joint arrangements (continued)

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

Investment in joint ventures is accounted for using the equity method of accounting and is initially recognised at cost. The consolidated income statement include the Group's share of the post-acquisition results of joint ventures, and the consolidated balance sheet include the Group's share of the net assets of the joint ventures and goodwill identified on acquisition net of any accumulated impairment losses.

2.4 Segment reporting

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

2.5 Foreign currency translation

(a) *Functional and presentation currency*

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). Since the majority of the assets and operations of the Group are located in the PRC, the financial statements are presented in RMB, which is the functional currency of the Company and the presentation currency of the Group.

(b) *Transactions and balances*

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

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the consolidated income statement within "Finance income or expenses". All other foreign exchange gains and losses are presented in the consolidated income statement within "Other gains – net".

Translation differences on non-monetary financial assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss. Translation differences on non-monetary financial assets, such as equities classified as available for sale, are included in other comprehensive income.

2 Summary of significant accounting policies (continued)

2.5 Foreign currency translation (continued)

(c) *Group companies*

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

(i) assets and liabilities for each balance sheet are translated at the date of that balance sheet;

(ii) income and expenses for each income statement and statement of comprehensive income are translated at average exchange rate; and

(iii) all resulting exchange differences are recognised in other comprehensive income and accumulated as a separate component of equity.

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

2.6 Property, plant and equipment

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

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

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

– Motor vehicles	6 years
– Furniture, fittings and equipment	5 years
– Leasehold improvements and others	shorter of remaining lease term or useful life 5 years
– Office buildings	20-30 years

The assets' residual value and useful life are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

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

2 Summary of significant accounting policies (continued)

2.7 Investment properties

Investment property, principally comprising leasehold land and buildings, is held for long-term rental yields or for capital appreciation or both, and that is not occupied by the Group. It also includes properties that are being constructed or developed for future use as investment properties.

Land held under operating leases are accounted for as investment properties when the rest of the definition of an investment property is met. In such cases, the operating leases concerned are accounted for as if they were finance leases.

Investment property is initially measured at cost, including related transaction costs and where applicable borrowing costs. After initial recognition, investment properties are carried at fair value, representing open market value determined at each reporting date by external valuers. Fair value is based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. If the information is not available, the Group uses alternative valuation methods such as recent prices on less active markets or discounted cash flow projections. Changes in fair values are recorded in the consolidated income statement in fair value gains or losses on investment properties.

Property that is currently being constructed or developed for future use as an investment property is classified as investment property and stated at fair value. If the fair value cannot be reliably determined, the investment property under construction will be measured at cost until such time as fair value can be determined or construction is completed, whichever is earlier. Any difference between the fair value of the property at that date and its then carrying amount shall be recognised in the consolidated income statement.

The investment properties of the Group are held with a business model to consume substantially all of the economic benefits embodied in the invested properties over the time, rather than through sale.

2.8 Intangible assets

Intangible assets of the Group mainly comprise acquired computer software which is capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful lives of 3 to 5 years.

2.9 Non-current assets held-for-sale

Non-current assets are classified as held for sale when their carrying amount is to be recovered principally through a sale transaction and a sale is considered highly probable. The non-current assets are stated at the lower of carrying amount and fair value less costs to sell. Deferred tax assets, assets arising from employee benefits, financial assets (other than investments in subsidiaries and associates) and investment properties, which are classified as held for sale, would continue to be measured in accordance with the policies set out elsewhere in Note 2.

2 Summary of significant accounting policies (continued)

2.10 Impairment of investments in subsidiaries, joint ventures and non-financial assets

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

2.11 Properties held or under development for sale

Properties held or under development for sale are included in current assets at the lower of cost and net realisable value. The costs of properties held or under development consist of costs of leasehold land, resettlement costs (if any), construction expenditure, capitalised borrowing costs and other direct costs incurred during the development period. The costs of properties held are determined by apportionment of the total development costs for that development project attributable to the unsold properties. Net realisable value is based on estimated selling price in the ordinary course of business as determined by management with reference to the prevailing market conditions, less further costs expected to be incurred to completion and selling and marketing costs.

2.12 Land use rights

All land in the PRC is state-owned or collectively-owned and no individual ownership right exists. Land use rights are acquired by the Group for development of properties. Land use rights held for development for sale are inventories and measured at lower of cost and net realisable value, of which those within normal operating cycle are classified as current assets and included in properties held or under development for sale, while those out of the normal operating cycle are classified as non-current assets. Land use rights fall within investment properties are classified as investment properties (Note 2.7).

2.13 Financial assets

2.13.1 Classification

The Group classifies its financial assets in the following categories: at fair value through profit or loss, loans and receivables, and available for sale. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

(a) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Derivatives are also categorised as held for trading unless they are designated as hedges. Assets in this category are classified as current assets if expected to be settled within 12 months; otherwise, they are classified as non-current.

2 Summary of significant accounting policies (continued)

2.13 Financial assets (continued)

2.13.1 Classification (continued)

(b) *Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those with maturities greater than 12 months after the end of reporting period, which are classified as non-current assets. The Group's loans and receivables comprise certain items in "Trade and other receivables and prepayments" and bank deposits included in "Cash and cash equivalents" and "Restricted cash" in the consolidated balance sheets.

(c) *Available-for-sale financial assets*

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the end of the reporting period.

2.13.2 Recognition and measurement

Regular way purchases and sales of financial assets are recognised on the trade-date – the date on which the Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value, and transaction costs are expensed in the consolidated income statement. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. Available-for- sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables are subsequently carried at amortised cost using the effective interest method. Available-for-sale equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured are measured at cost.

Gains or losses arising from changes in the fair value of the "financial assets at fair value through profit or loss" category are presented in the consolidated income statement within "Other (losses)/gains – net" in the period in which they arise. Dividend income from financial assets at fair value through profit or loss is recognised in the consolidated income statement as part of other income when the Group's right to receive payments is established.

Changes in the fair value of monetary and non-monetary securities classified as available for sale are recognised in other comprehensive income.

When securities classified as available for sale are sold or impaired, the accumulated fair value adjustments recognised in equity are included in the consolidated income statement as "Gains and losses from investment securities".

Interest on available-for-sale securities calculated using the effective interest method is recognised in the consolidated income statement as part of other income. Dividends on available-for-sale equity instruments are recognised in the consolidated income statement as part of other income when the Group's right to receive payments is established.

2 Summary of significant accounting policies (continued)

2.13 Financial assets (continued)

2.13.3 Impairment of financial assets

(a) *Assets carried at amortised cost*

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

Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation, and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

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

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

(b) *Assets classified as available for sale*

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.

For debt securities, if any such evidence exists the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss – is removed from equity and recognised in profit or loss. If, in a subsequent period, the fair value of a debt instrument classified as available for sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed through the consolidated income statement.

2 Summary of significant accounting policies (continued)

2.13 Financial assets (continued)

2.13.3 Impairment of financial assets (continued)

(b) Assets classified as available for sale (continued)

For equity investments, a significant or prolonged decline in the fair value of the security below its cost is also evidence that the assets are impaired. If any such evidence exists the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss – is removed from equity and recognised in profit or loss. Impairment losses recognised in the consolidated income statement on equity instruments are not reversed through the consolidated income statement.

2.14 Derivative financial instruments

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair value. The gain or loss on remeasurement to fair value is recognised immediately in the consolidated income statement.

2.15 Offsetting financial instruments

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

2.16 Trade and other receivables

Trade receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business. If collection of trade and other receivables is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

2.17 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less. Restricted cash is excluded from cash and cash equivalents.

2.18 Share capital

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

2 Summary of significant accounting policies (continued)

2.19 Trade and other payables

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

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

2.20 Borrowings and borrowing costs

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

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

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

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation. All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

Borrowing costs include interest expense, finance charges in respect of finance lease and exchange differences arising from foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs. The exchange gains and losses that are an adjustment to interest costs include the interest rate differential between borrowing costs that would be incurred if the entity had borrowed funds in its functional currency, and the borrowing costs actually incurred on foreign currency borrowings. Such amounts are estimated based on forward currency rates at the inception of the borrowings.

When the construction of the qualifying assets takes more than one accounting period, the amount of foreign exchange differences eligible for capitalisation is determined for each annual period and are limited to the difference between the hypothetical interest amount for the functional currency borrowings and the actual interest incurred for foreign currency borrowings. Foreign exchange differences that did not meet the criteria for capitalisation in previous years should not be capitalised in subsequent years.

2 Summary of significant accounting policies (continued)

2.21 Current and deferred income tax

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

(a) Current income tax

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

(b) Deferred income tax

Inside basis differences

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

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

Outside basis differences

Deferred income tax is provided on temporary differences arising on investments in subsidiaries and joint ventures, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Only where there is an agreement in place that gives the Group the ability to control the reversal of the temporary difference not recognised.

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

2 Summary of significant accounting policies (continued)

2.21 Current and deferred income tax (continued)

(c) Offsetting

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

2.22 Employee benefits

In accordance with the rules and regulations in the PRC, the PRC based employees of the Group participate in various defined contribution retirement benefit plans organised by the relevant municipal and provincial governments in the PRC under which the Group and the PRC based employees are required to make monthly contributions to these plans calculated as a percentage of the employees' salaries, subject to a certain ceiling.

The municipal and provincial governments undertake to assume the retirement benefit obligations of all existing and future retired PRC based employees payable under the plans described above. Other than the monthly contributions, the Group has no further obligation for the payment of retirement and other post-retirement benefits of its employees. The assets of these plans are held separately from those of the Group in independently administrated funds managed by the PRC government.

The contributions are recognised as employee benefit expense when they are due.

2.23 Share-based payments

The Group operates an equity-settled Pre-IPO share award scheme, under which the entity receives services from employees as consideration for equity instruments (awards) of the Group. The fair value of the employee services received in exchange for the grant of the shares is recognised as an expense.

Non-market performance and service conditions are included in assumptions about the number of shares that are expected to vest. The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied.

In addition, in some circumstances employees may provide services in advance of the grant date and therefore the grant date fair value is estimated for the purposes of recognising the expense during the period between service commencement period and grant date.

2 Summary of significant accounting policies (continued)

2.23 Share-based payments (continued)

At the end of each reporting period, the Group revises its estimates of the number of shares that are expected to vest based on the non-marketing performance and service conditions. It recognises the impact of the revision to original estimates, if any, in the income statement, with a corresponding adjustment to equity.

The grant by the shareholders of the Company, Yan Hao and Chen Xin Ge, of the Company's shares to the employees of subsidiaries of the Group is treated as the shareholder's capital contribution. The fair value of employee services received, measured by reference to the grant date fair value, is recognised over the vesting period as an increase to investments in subsidiaries, with a corresponding credit to equity account of the Company.

2.24 Provisions and contingent liabilities

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

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

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

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. It can also be a present obligation arising from past events that is not recognised because it is not probable that outflow of economic resources will be required or the amount of obligation cannot be measured reliably.

A contingent liability is not recognised but is disclosed in the notes to the financial statements. When a change in the probability of an outflow occurs so that outflow is probable, it will then be recognised as a provision.

2.25 Financial guarantee liabilities

Financial guarantee liabilities are recognised in respect of the financial guarantee provided by the Group to the banks for the property purchasers.

Financial guarantee liabilities are recognised initially at fair value plus transaction costs that are directly attributable to the issue of the financial guarantee liabilities. After initial recognition, such contracts are measured at the higher of the present value of the best estimate of the expenditure required to settle the present obligation and the amount initially recognised less cumulative amortisation.

Financial guarantee liabilities are derecognised from the consolidated balance sheets when, and only when, the obligation specified in the contract is discharged or cancelled or expired.

2 Summary of significant accounting policies (continued)

2.26 Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of properties and services in the ordinary course of the Group's activities. Revenue is shown net of returns, rebates and discounts and after eliminated sales within the Group. Revenue is recognised as follows:

(a) Sales of properties

Revenue from sales of properties is recognised when the risks and rewards of the properties are transferred to the purchasers, which is when the construction of relevant properties has been completed and the properties have been delivered to the purchasers pursuant to the sales agreement and collectability of related receivables is reasonably assured. Deposits and instalments received on properties sold prior to the date of revenue recognition are included in the consolidated balance sheets under current liabilities.

(b) Rental income

Rental income from properties being let under operating leases is recognised on a straight line basis over the lease terms.

(c) Service income

Revenue from services is recognised when services have been provided, total amount of revenue and costs can be estimated reliably and the collectability of the related receivables is reasonably assured.

(d) Sales of goods

Revenue from sale of goods is recognised when the goods are delivered and title has passed.

2.27 Interest income

Interest income is recognised on a time-proportion basis using the effective interest method. When a receivable is impaired, the Group reduces the carrying amount to its recoverable amount, being the estimated future cash flows discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loans and receivables is recognised using the original effective interest rate.

2.28 Dividend income

Dividend income is recognised when the right to receive payment is established.

2 Summary of significant accounting policies (continued)

2.29 Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions. Government grants relating to costs are deferred and recognised in the consolidated income statement over the period necessary to match them with the costs they are intended to compensate. Government grants that become receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to an entity within the Group with no future related costs are recognised as income of the period in which they become receivable.

2.30 Operating leases

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

2.31 Dividend distribution

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

2.32 Perpetual capital instruments

Perpetual capital instruments with no contracted obligation to repay its principal or to pay any distribution are classified as part of equity.

3 Financial risk management

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

3.1 Market risk

(a) Foreign exchange risk

The Group is engaged in the development, sale and management of properties solely in the PRC with almost all transactions denominated in RMB. The Company and all of its subsidiaries' functional currency is RMB, accordingly cash and borrowings denominated in Hong Kong Dollar ("HKD") or United States Dollar ("USD") is subject to foreign exchange risk.

Fluctuation of the exchange rates for HKD and USD against RMB will affect the Group's result of operations. The Group currently does not have a foreign currency hedging policy. However, management closely monitors the foreign exchange exposure and will take actions when necessary.

3 Financial risk management (continued)

3.1 Market risk (continued)

(a) *Foreign exchange risk (continued)*

As at 31 December 2015, if HKD had weakened/strengthened by 5% against RMB, all other variables held constant, post-tax loss of the Group for the year 2015 would have been higher/lower by RMB121,650 (2014: post-tax profit lower/higher by RMB4,680,000), mainly as a result of foreign exchange loss/gain from the bank deposits denominated in HKD.

As at 31 December 2015, if USD had weakened/strengthened by 5% against RMB, all other variables held constant, post-tax loss of the Group for the year 2015 would have been lower/higher by RMB34,751,000 (2014: post-tax profit higher/lower by RMB33,036,000), mainly as a result of foreign exchange gain/loss from borrowings net off bank deposits denominated in USD.

(b) *Cash flow and fair value interest rate risk*

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

The Group's exposure to changes in interest rates is mainly attributable to its borrowings from banks and non-bank financial institutions. Borrowings at variable rates expose the Group to cash flow interest rate risk. Borrowings at fixed rates expose the Group to fair value interest rate risk. The Group has not hedged its cash flow or fair value interest rate risk. The interest rate and terms of repayments of borrowings are disclosed in Note 21.

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

As at 31 December 2015 and 2014, if interest rates on borrowings at floating rates had been 50 basis points higher/lower with all other variables held constant, the post-tax results and capitalised interest for the years ended 31 December 2015 and 2014 would have changed as follows:

	Year ended 31 December	
	2015	2014
	RMB'000	RMB'000
Post-tax results better/(weaker)		
– 50 basis points higher	**(556)**	(280)
– 50 basis points lower	**556**	280
Capitalised interest increase/(decrease)		
– 50 basis points higher	**17,322**	16,316
– 50 basis points lower	**(17,322)**	(16,316)

3 Financial risk management (continued)

3.2 Credit risk

The Group has no significant concentrations of credit risk. The carrying amounts of bank deposits and trade and other receivables included in the consolidated balance sheets represent the Group's maximum exposure to credit risk in relation to its financial assets.

Cash transactions are limited to high-credit-quality financial institutions. The table below shows the bank deposit balances as at 31 December 2015 and 2014:

	As at 31 December	
	2015	2014
	RMB'000	RMB'000
Counter party		
– Deposits in the four major state-owned banks of the PRC	**758,970**	1,104,284
– Deposits in other listed banks of the PRC	**698,569**	1,326,316
– Deposits in other banks	**2,225,255**	1,949,978
	3,682,794	4,380,578

Management does not expect any losses from non-performance of these counterparties.

The Group has policies in place to ensure that sales of properties are made to buyers with an appropriate financial strength and appropriate percentage of down payment. Meanwhile, the Group has the right to cancel the sales contract in the event that the buyers default in payment, and put the underlying properties back to the market for sale. Therefore, the credit risk from sales of properties is limited. Credit is normally granted to anchor tenants with sufficient financial strength. It also has other monitoring procedures to ensure that follow-up action is taken to recover overdue debts.

Other receivables mainly comprise receivables from related parties and deposits made in the ordinary course of business. The Group closely monitors these other receivables to ensure actions are taken to recover these balances in the case of any risk of default.

3 Financial risk management (continued)

3.3 Liquidity risk

Management of the Group aims to maintain sufficient cash through internally generated sales proceeds and an adequate amount of committed credit facilities to meet its operation needs and commitments in respect of property projects.

The table below analyses the Group's non-derivative financial liabilities and gross-settled derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. Derivatives financial liabilities are included in the analysis if their contractual maturities are essential for an understanding of the timing of the cash flows. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Within 1 year RMB'000	Between 1 and 2 years RMB'000	Between 2 and 5 years RMB'000	Over 5 years RMB'000	Total RMB'000
As at 31 December 2015					
Borrowings, principal (Note 21)	**5,812,994**	**1,851,100**	**2,555,065**	**117,000**	**10,336,159**
Interest payments on borrowings (note)	**736,339**	**451,081**	**329,217**	**6,199**	**1,522,836**
Trust loans related derivatives (Note 22)	**8,006**	**–**	**–**	**–**	**8,006**
Trade and other payables	**3,353,920**	**–**	**–**	**–**	**3,353,920**
Amount due to non-controlling interests of subsidiaries (Note 24)	**118,726**	**–**	**–**	**–**	**118,726**
Financial guarantees (Note 40)	**7,219,256**	**–**	**220,000**	**–**	**7,439,256**
	17,249,241	**2,302,181**	**3,104,282**	**123,199**	**22,778,903**
As at 31 December 2014					
Borrowings, principal (Note 21)	5,058,326	2,824,927	1,558,317	177,000	9,618,570
Interest payments on borrowings (note)	744,662	345,811	439,800	17,829	1,548,102
Trust loans related derivatives (Note 22)	23,542	4,437	–	–	27,979
Trade and other payables	2,902,027	–	–	–	2,902,027
Amount due to non-controlling interests of subsidiaries (Note 24)	340,093	–	–	–	340,093
Current portion of long-term payables (Note 25)	316,596	–	–	–	316,596
Financial guarantees (Note 40)	5,091,386	–	–	–	5,091,386
	14,476,632	3,175,175	1,998,117	194,829	19,844,753

note: The interest on borrowings is calculated based on borrowings held as at 31 December 2015 and 2014, respectively. Floating-rate interests are estimated using the current interest rate as at 31 December 2015 and 2014, respectively.

3 Financial risk management (continued)

3.4 Capital risk management

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

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

The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings less cash and cash equivalents and deposits pledged for borrowings. Total capital is calculated as total equity, as shown in the consolidated balance sheets, plus net debt.

The gearing ratios at 31 December 2015 and 2014 were as follows:

	As at 31 December	
	2015	2014
	RMB'000	RMB'000
Borrowings	**10,336,159**	9,618,570
Less: Cash and cash equivalents	**(1,603,064)**	(2,358,015)
Restricted cash deposits pledged for borrowings	**(1,811,888)**	(1,651,395)
Net debt	**6,921,207**	5,609,160
Total equity	**4,827,215**	4,759,011
Total capital	**11,748,422**	10,368,171
Gearing ratio	**59%**	54%

4 Fair value estimation

The table below analyses financial instruments carried at fair value by valuation method. The different levels have been defined as follows:

– Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).

– Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).

– Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The following table presents the Group's financial assets and liabilities that are measured at fair value at 31 December 2015 and 2014.

4 Fair value estimation (continued)

	Level 1	Level 2	Level 3	Total
	RMB'000	RMB'000	RMB'000	RMB'000
Trust loans related derivatives				
31 December 2015	**–**	**–**	**8,006**	**8,006**
31 December 2014	–	–	27,330	27,330

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis.

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

Trust loans related derivatives of the Group are measured at fair value by level 3. The changes in level 3 instruments for the years ended 31 December 2015 and 2014 are presented in Note 22.

5 Critical accounting estimates and judgements

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

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

5.1 Development costs directly attributable to property development activities

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

5 Critical accounting estimates and judgements (continued)

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

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

5.3 Land appreciation tax of the PRC

The Group is subject to land appreciation tax in the PRC. However, since the implementation and settlement of the tax varies among various tax jurisdictions in cities of the PRC, significant judgement is required in determining the amount of the land appreciation tax. The Group recognises the land appreciation tax based on management's best estimates according to its understanding of the interpretation of tax rules and latest practice of local tax jurisdictions in the cities where the Group's projects are located. The final tax outcome could be different from the amounts that were initially recorded, and these differences will impact the current income tax and the deferred income tax provision in the periods in which such taxes have been finalised with local tax authorities.

5.4 Current and deferred income tax

The Group is subject to corporate income tax in the PRC. Significant judgement is required in determining the provision for corporate income tax. There are transactions and calculations for which the ultimate determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that we initially recorded, such difference will impact the current income tax and deferred tax provision in the period in which such determination is made.

Deferred tax assets relating to certain temporary differences and tax losses are recognised when management considers to be probable that future taxable profit will be available against which the temporary differences or tax losses can be utilised. The outcome of their actual utilisation may be different.

5.5 Fair value of investment properties

The fair value of investment properties is determined by using valuation techniques. Details of the judgement and assumptions have been disclosed in Note 8.

5 Critical accounting estimates and judgements (continued)

5.6 Fair value of trust loans related derivatives

The Group assesses the fair value of the embedded derivatives in respect of the floating premiums in the trust loans based on valuations determined by independent professional qualified valuers, which is estimated by using the discounted cash flow method. The discounted cash flow projections are based on reliable discounted estimates of future cash flows, derived from operation data of the projects such as volatility, property selling prices, net profit and property development plan of the projects estimated by management.

Where the actual future operation data and property development plan varies, a material adjustment on the fair value of trust loans related derivatives may arise. When estimating the fair value of trust loans related derivatives with reference to the valuation report, management has exercised its judgment and is satisfied that the method of valuation is reflective of its best estimation.

5.7 Classification as a subsidiary, joint venture or joint operation

In the normal course of business, the Group develops properties together with other developers or institutions, through entering into co-operation agreements with these parties. The rights and obligations of the Group and the other parties are stipulated by respective co-operation agreements, article of associations of the project companies, etc. Because of the complexity of the arrangements, significant judgement is needed in determining whether the project company is a subsidiary, joint venture or joint operation of the Group.

The Group makes judgement based on the substance of the arrangements and the definition of a subsidiary, joint venture or joint operation as disclosed in Notes 2.2 and 2.3 respectively.

6 Segment information

Management has determined the operating segments based on the information reviewed by the CODM for the purposes of allocating resources and assessing performance.

The Group manages its business by two operating segments based on their products and services, which is consistent with the way in which information is reported internally to the Group's CODM for the purpose of resources allocation and performance assessment:

- Property development segment engages in real estate development in the PRC; and

- Property investment and management segment invests in properties for their rental income potential and/or for capital appreciation, and provides management and security services to residential and commercial properties in the PRC.

6 Segment information (continued)

The CODM assesses the performance of the operating segments based on a measure of revenue and profit or loss before income tax. The measurement basis excludes the effects of income tax expense.

	Year ended 31 December 2015				
	Property development RMB'000	Property investment and management RMB'000	Total segment RMB'000	Elimination RMB'000	Total Group RMB'000
Segment revenue	5,608,426	295,329	5,903,755	(144,639)	5,759,116
Segment loss before income tax expense	(94,300)	(21,264)	(115,564)	(23,695)	(139,259)
Finance income	32,844	5,643	38,487	–	38,487
Finance costs	(94,944)	(897)	(95,841)	–	(95,841)
Share of results of joint ventures	4,833	–	4,833	–	4,833
Depreciation and amortisation	(8,401)	(2,985)	(11,386)	–	(11,386)
A reconciliation to loss for the year is as follows:					
Total segment losses before income tax expense					(139,259)
Income tax expense					(150,049)
Loss for the year					(289,308)

	As at 31 December 2015				
Segment assets	32,633,094	2,751,454	35,384,548	(5,960,177)	29,424,371
Segment assets include:					
Investments in joint ventures	541,651	–	541,651	–	541,651
Additions to non-current assets (other than financial instruments and deferred income tax assets)	4,717	775,007	779,724	–	779,724
Segment liabilities	29,847,106	1,020,704	30,867,810	(6,270,654)	24,597,156

6 Segment information (continued)

	Year ended 31 December 2014				
	Property development RMB'000	Property investment and management RMB'000	Total segment RMB'000	Elimination RMB'000	Total Group RMB'000
Segment revenue	5,183,382	294,683	5,478,065	(205,112)	5,272,953
Segment profit before income tax expense	518,725	55,285	574,010	(18,842)	555,168
Finance income	21,118	2,126	23,244	–	23,244
Finance costs	(10,889)	(305)	(11,194)	–	(11,194)
Share of results of joint ventures	(12,807)	–	(12,807)	–	(12,807)
Depreciation and amortisation	(8,143)	(2,487)	(10,630)	–	(10,630)
A reconciliation to profit for the year is as follows:					
Total segment profits before income tax expense					555,168
Income tax expense					(275,651)
Profit for the year					279,517

	As at 31 December 2014				
Segment assets	30,230,324	4,982,505	35,212,829	(8,808,709)	26,404,120
Segment assets include:					
Investments in joint ventures	539,633	–	539,633	–	539,633
Additions to non-current assets (other than financial instruments and deferred income tax assets)	6,542	144,786	151,328	–	151,328
Segment liabilities	25,713,756	4,788,230	30,501,986	(8,856,877)	21,645,109

7 Property, plant and equipment

	Motor vehicles RMB'000	Furniture, fittings and equipment RMB'000	Leasehold improvements and others RMB'000	Total RMB'000
At 1 January 2015				
Cost	**16,943**	**16,280**	**12,756**	**45,979**
Accumulated depreciation	**(10,993)**	**(8,822)**	**(5,422)**	**(25,237)**
Net book amount	**5,950**	**7,458**	**7,334**	**20,742**
Year ended 31 December 2015				
Opening net book amount	**5,950**	**7,458**	**7,334**	**20,742**
Additions from acquisition of Suzhou Ailide Trade Co., Ltd. ("Suzhou Ailide") (Note 42)	**117**	**41**	**–**	**158**
Other additions	**2,067**	**3,787**	**9,005**	**14,859**
Disposals	**(400)**	**(78)**	**–**	**(478)**
Depreciation charge (Note 30)	**(3,050)**	**(3,287)**	**(3,945)**	**(10,282)**
Closing net book amount	**4,684**	**7,921**	**12,394**	**24,999**
At 31 December 2015				
Cost	**18,549**	**18,710**	**21,761**	**59,020**
Accumulated depreciation	**(13,865)**	**(10,789)**	**(9,367)**	**(34,021)**
Net book amount	**4,684**	**7,921**	**12,394**	**24,999**
Year ended 31 December 2014				
Opening net book amount	9,053	8,481	7,968	25,502
Additions	2,756	2,506	3,815	9,077
Disposals	(2,697)	(130)	(680)	(3,507)
Disposal of Modern Jump Limited (Note 10)	–	(135)	–	(135)
Depreciation charge (Note 30)	(3,162)	(3,264)	(3,769)	(10,195)
Closing net book amount	5,950	7,458	7,334	20,742
At 31 December 2014				
Cost	16,943	16,280	12,756	45,979
Accumulated depreciation	(10,993)	(8,822)	(5,422)	(25,237)
Net book amount	5,950	7,458	7,334	20,742

Depreciation charges of the Group have all been included in administrative expenses and selling and marketing costs for both years ended 31 December 2015 and 2014.

8 Investment properties

	Year ended 31 December 2015 RMB'000	2014 RMB'000
At beginning of the year	**775,000**	655,000
Additions from acquisition of Suzhou Ailide (Note 42)	**520,000**	–
Subsequent expenditures capitalised	**17,745**	–
Transfer from/(to) non-current assets held-for sale (Note 17)	**20,941**	(20,941)
Transfer from inventories	**–**	69,151
Net gains from fair value adjustments	**203,255**	71,790
At end of the year	**1,536,941**	775,000

An independent valuation of the Group's investment properties was performed by the valuer, DTZ Debenham Tie Leung Limited, to determine the fair value of the investment properties as at 31 December 2015 and 2014. The following table analyses the investment properties carried at fair value, by valuation method.

Fair value hierarchy

Description	**Fair value measurements at 31 December 2015 using** Quoted prices in active markets for identical assets (Level 1) RMB'000	**Significant other observable inputs (Level 2) RMB'000**	**Significant unobservable inputs (Level 3) RMB'000**
Recurring fair value measurements			
Investment properties located in the PRC:			
– Retail	**–**	**–**	**1,536,941**

Description	Fair value measurements at 31 December 2014 using Quoted prices in active markets for identical assets (Level 1) RMB'000	Significant other observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000
Recurring fair value measurements			
Investment properties located in the PRC:			
– Retail	–	–	775,000

8 Investment properties (continued)

The Group's policy is to recognise transfers into and transfers out of fair value hierarchy levels as of the date of the event or change in circumstances that caused the transfer.

There were no transfers between levels 1, 2 and 3 during the year.

Valuation processes of the Group

The Group's investment properties were valued at 31 December 2015 and 2014 by independent professionally qualified valuers of DTZ Debenham Tie Leung Limited who hold a recognised relevant professional qualification and have recent experience in the locations and segments of the investment properties valued. For all investment properties, their current use equates to the highest and best use.

The Group's finance team will review the valuation performed by the valuers, including:

- verifies all major inputs to the independent valuation report;
- assess property valuations movements when compared to the prior year valuation report;
- holds discussions with independent valuers.

Valuation techniques

The Group has four investment properties, among which Jingrui Life Square and Ganglong Plaza are located in Shanghai, the PRC and Changzhou Jingrui Dawn City is located in Jiangsu Province, the PRC, which were completed, and Ningbo Harbour City is located in Zhejiang Province, the PRC, which is under construction.

The valuation of investment properties in Jingrui Life Square and Changzhou Jingrui Dawn City were determined using the income capitalisation approach (term and reversionary method) which was based on capitalisation of net rental income derived from the existing tenancies with due allowance for the reversionary income potential of the properties.

The valuation of investment properties in Ganglong Plaza was determined using a combination of income capitalisation approach and direct comparison approach by making reference to comparable sales transactions as available in the relevant market.

The valuation of investment properties in Ningbo Harbour City was determined using income approach, and has taken into account the expended construction costs and the costs that will be expended to complete the development to reflect the quality of the completed development on the basis that the properties will be developed and completed in accordance with the Group's latest development plan.

There were no changes to the valuation techniques during the year.

8 Investment properties (continued)

Valuation techniques (continued)

Information about fair value measurements as at 31 December 2015 using significant unobservable inputs (Level 3):

Description	Fair value at 31 December 2015 (RMB'000)	Valuation technique(s)	Unobservable inputs	Range of unobservable inputs	Relationship of unobservable inputs to fair value
Properties in Jingrui Life Square	478,000 (2014: 324,000)	Income capitalisation approach	Term yield	Term yield of 4.5% (2014: 4.5%), taking into account of yield generated from comparable properties and adjustment to reflect the certainty of term income secured and to be received.	The higher the term yield, the lower the fair value
			Reversionary yield	Reversionary rate of 5% (2014: 5%), taking into account annual unit market rental income and unit market value of the comparable properties.	The higher the reversionary yield, the lower the fair value
			Market unit rent of individual unit	Market unit rent, ranging from RMB45 (2014: RMB45) per square meter per month to RMB120 (2014: RMB147) per square meter per month, using direct market comparable and taking into account of location and other individual factors, such as road frontage, size of property and facilities.	The higher the market unit rent, the higher the fair value
Properties in Changzhou Jingrui Dawn City	138,000 (2014: 133,000)	Income capitalisation approach	Term yield	Term yield of 5% (2014: 5%), taking into account of yield generated from comparable properties and adjustment to reflect the certainty of term income secured and to be received.	The higher the term yield, the lower the fair value
			Reversionary yield	Reversionary rate of 5.5 % (2014: 5.5%), taking into account annual unit market rental income and unit market value of the comparable properties.	The higher the reversionary yield, the lower the fair value
			Market unit rent of individual unit	Market unit rent, ranging from RMB68 (2014: RMB67) per square meter per month to RMB137 (2014: RMB133) per square meter per month, using direct market comparable and taking into account of location and other individual factors, such as road frontage, size of property and facilities.	The higher the market unit rent, the higher the fair value

8 Investment properties (continued)

Valuation techniques (continued)

Information about fair value measurements as at 31 December 2015 using significant unobservable inputs (Level 3): (continued)

Description	Fair value at 31 December 2015 (RMB'000)	Valuation technique(s)	Unobservable inputs	Range of unobservable inputs	Relationship of unobservable inputs to fair value
Properties in Ganglong Plaza	375,941 (2014: 318,000)	Income capitalisation approach	Term yield	Term yield of 4.5% (2014: 4.5%), taking into account of yield generated from comparable properties and adjustment to reflect the certainty of term income secured and to be received.	The higher the term yield, the lower the fair value
			Reversionary yield	Reversionary rate of 5% (2014: 5%), taking into account annual unit market rental income and unit market value of the comparable properties.	The higher the reversionary yield, the lower the fair value
			Market unit rent of individual unit	Market unit rent, ranging from RMB102 (2014: RMB97) per square meter per month to RMB170 (2014: RMB161) per square meter per month, using direct market comparable and taking into account of location and other individual factors, such as road frontage, size of property and facilities.	The higher the market unit rent, the higher the fair value
		Direct comparison approach	Adjusted recent prices of similar properties	Adjusted recent prices of similar properties in the relevant market, ranging from RMB28,656 (2014: RMB21,360) per square meter to RMB44,558 (2014: RMB35,600) per square meter, taking into account of location and other individual factors, such as road frontage, size of property and facilities.	The higher the unit price, the higher the fair value
Properties in Ningbo Harbour City	545,000 (2014: Nil)	Income approach with estimated costs to complete	Term yield	Term yield of 4.5%, taking into account of yield generated from comparable properties and adjustment to reflect the certainty of term income secured and to be received.	The higher the term yield, the lower the fair value
			Reversionary yield	Reversionary rate of 5%, taking into account annual unit market rental income and unit market value of the comparable properties.	The higher the reversionary yield, the lower the fair value

8 Investment properties (continued)

Valuation techniques (continued)

Information about fair value measurements as at 31 December 2015 using significant unobservable inputs (Level 3): (continued)

Description	Fair value at 31 December 2015 (RMB'000)	Valuation technique(s)	Unobservable inputs	Range of unobservable inputs	Relationship of unobservable inputs to fair value
			Market unit rent of individual unit	Market unit rent, ranging from RMB48 (2014: Nil) per square meter per month to RMB160 (2014: Nil) per square meter per month, using direct market comparable and taking into account of location and other individual factors, such as road frontage, size of property and facilities.	The higher the market unit rent, the higher the fair value
			Estimated construction costs to completion	RMB26,381,316	The higher the estimated construction costs, the lower the fair value
			Estimated profit margin required to hold and develop property to completion	2%	The higher profit margin required, the lower the fair value

The rental income from investment properties has been recognised in the consolidated financial statements:

	Year ended 31 December	
	2015	2014
	RMB'000	RMB'000
Rental income	**7,288**	5,110

The Group's interests in investment properties at their net book values are analysed as follows:

	As at 31 December	
	2015	2014
	RMB'000	RMB'000
In the PRC, held on:		
Leases with original term of 50 years		
(and remaining unexpired period between 10 to 50 years)	**1,536,941**	775,000

Investment properties with a total carrying amount of RMB853,941,000 and RMB642,000,000 at 31 December 2015 and 2014 respectively were pledged as collateral for the Group's borrowings (Note 21).

9 Intangible assets

	Computer software RMB'000	Others RMB'000	Total RMB'000
At 1 January 2015			
Cost	**6,283**	**861**	**7,144**
Accumulated amortisation	**(4,279)**	**(49)**	**(4,328)**
Net book amount	**2,004**	**812**	**2,816**
Year ended 31 December 2015			
Opening net book amount	**2,004**	**812**	**2,816**
Additions	**2,766**	**–**	**2,766**
Amortisation charge (Note 30)	**(1,082)**	**(22)**	**(1,104)**
Closing net book amount	**3,688**	**790**	**4,478**
At 31 December 2015			
Cost	**9,049**	**861**	**9,910**
Accumulated amortisation	**(5,361)**	**(71)**	**(5,432)**
Net book amount	**3,688**	**790**	**4,478**
At 1 January 2014			
Cost	4,973	861	5,834
Accumulated amortisation	(3,851)	(42)	(3,893)
Net book amount	1,122	819	1,941
Year ended 31 December 2014			
Opening net book amount	1,122	819	1,941
Additions	1,310	–	1,310
Amortisation charge (Note 30)	(428)	(7)	(435)
Closing net book amount	2,004	812	2,816

Amortisation charges of the Group have all been included in administrative expenses for both years ended 31 December 2015 and 2014.

10 Investments in joint ventures

	Year ended 31 December 2015 RMB'000	2014 RMB'000
At beginning of the year	**539,633**	295,402
Share of results	**4,833**	(12,807)
Unrealised profit in connection with the sales from the Group to a joint venture	**(2,815)**	–
Disposal of partial shares of Modern Jump Limited (a)	**–**	257,038
At end of the year	**541,651**	539,633

The particulars of the joint ventures of the Group, both of which are unlisted, are set out as follows:

Company name	Country/date of incorporation	Paid-in capital	% interests held As at 31 December 2015	2014	Principal activities
Changzhou Jingshang Property Co., Ltd. ("Changzhou Jingshang")	23 February 2011, Jiangsu, the PRC	RMB620,000,000	**51%**	51%	Property development
Modern Jump Limited (a)	8 October 2013, BVI	USD74,000,000	**56.76%**	56.76%	Investment Holding

(a) In April 2014, Natural Apex Limited, a wholly-owned subsidiary of the Company, entered into a share purchase agreement (the "Share Purchase Agreement") with a third party Robinson RE Company Limited, an indirect wholly-owned subsidiary of Century Bridge Capital, pursuant to which Natural Apex Limited will transfer 21,620 shares of Modern Jump Limited, a wholly-owned subsidiary of Natural Apex Limited, representing 43.24% of the issued share capital of Modern Jump Limited, to Robinson RE Company Limited at a consideration of US$32,000,000. After the transaction, Robin RE Company Limited jointly controlled Modern Jump Limited, which indirectly holds a property project company Wuxi Jingrui Property Development Co., Ltd in Jiangsu Province, the PRC.

Completion of the Share Purchase Agreement took place on 25 July 2014 and Modern Jump Limited therefore became a joint venture of the Group since then.

Summarised financial information for joint ventures

Set out below are the summarised financial information for Changzhou Jingshang and Modern Jump Limited which are accounted for using the equity method.

10 Investments in joint ventures (continued)

Summarised balance sheet

	Changzhou Jingshang As at 31 December		Modern Jump Limited As at 31 December	
	2015	2014	**2015**	2014
	RMB'000	RMB'000	**RMB'000**	RMB'000
Current				
Assets	**1,116,832**	1,485,701	**1,001,342**	715,135
Liabilities	**305,204**	583,481	**284,631**	276,671
Total current net assets	**811,628**	902,220	**716,711**	438,464
Non-current				
Assets	**42,250**	16,740	**4,339**	4,363
Liabilities	**366,196**	353,583	**200,000**	100
Total non-current net (liabilities)/assets	**(323,946)**	(336,843)	**(195,661)**	4,263
Net assets	**487,682**	565,377	**521,050**	442,727

Summarised statement of comprehensive income

	Changzhou Jingshang Year ended 31 December		Modern Jump Limited Year ended 31 December	
	2015	2014	**2015**	2014
	RMB'000	RMB'000	**RMB'000**	RMB'000
Revenue	**554,161**	–	**399,221**	–
(Loss)/profit before income tax	**(86,654)**	(18,199)	**103,945**	(13,413)
Income tax credit/(expense)	**8,959**	4,356	**(25,622)**	3,288
Post-tax (loss)/profit	**(77,695)**	(13,843)	**78,323**	(10,125)
Other comprehensive income	**–**	–	**–**	–
Total comprehensive (loss)/income	**(77,695)**	(13,843)	**78,323**	(10,125)
Dividends received from joint ventures	**–**	–	**–**	–

The information above reflects the amounts presented in the financial statements of the joint ventures, adjusted for differences in accounting policies between the Group and the joint ventures, and not the Group's share of those amounts.

10 Investments in joint ventures (continued)

Reconciliation of summarised financial information presented to the carrying amount of the Group's interests in joint ventures is as follows:

	Changzhou Jingshang		Modern Jump Limited	
	2015	2014	**2015**	2014
	RMB'000	RMB'000	**RMB'000**	RMB'000
Opening net assets	**565,377**	579,220	**442,727**	452,852
(Loss)/profit for the year/relevant period	**(77,695)**	(13,843)	**78,323**	(10,125)
Other comprehensive income	**–**	–	**–**	–
Closing net assets	**487,682**	565,377	**521,050**	442,727
Dividends	**–**	–	**–**	–
Interest in joint ventures	**51%**	51%	**56.76%**	56.76%
	248,718	288,342	**295,748**	251,291
Unrealised profit in connection with the sales from the Group to a joint venture	**(2,815)**	–	**–**	–
Carrying value	**245,903**	288,342	**295,748**	251,291

There are no commitments and contingent liabilities relating to the Group's interests in joint ventures.

11 Financial instruments by category

31 December 2015	Loan and receivables RMB'000	Available-for-sale financial assets RMB'000	Total RMB'000
Assets as per balance sheet			
Available-for-sale financial assets	–	69,400	69,400
Trade and other receivables excluding prepayments	673,049	–	673,049
Cash and cash equivalents	1,603,064	–	1,603,064
Restricted cash	2,080,049	–	2,080,049
Total	4,356,162	69,400	4,425,562

31 December 2015	Liabilities at fair value through profit or loss RMB'000	Other financial liabilities at amortised cost RMB'000	Total RMB'000
Liabilities as per balance sheet			
Borrowings	–	10,336,159	10,336,159
Trust loans related derivatives	8,006	–	8,006
Trade and other payables excluding non-financial liabilities	–	3,353,920	3,353,920
Amounts due to non-controlling interests of subsidiaries	–	118,726	118,726
Total	8,006	13,808,805	13,816,811

11 Financial instruments by category (continued)

31 December 2014	Loan and receivables RMB'000	Available-for-sale financial assets RMB'000	Total RMB'000
Assets as per balance sheet			
Available-for-sale financial assets	–	10,000	10,000
Trade and other receivables excluding prepayments	551,484	–	551,484
Cash and cash equivalents	2,358,015	–	2,358,015
Restricted cash	2,022,947	–	2,022,947
Total	4,932,446	10,000	4,942,446

31 December 2014	Liabilities at fair value through profit or loss RMB'000	Other financial liabilities at amortised cost RMB'000	Total RMB'000
Liabilities as per balance sheet			
Borrowings	–	9,618,570	9,618,570
Trust loans related derivatives	27,330	–	27,330
Trade and other payables excluding non-financial liabilities	–	2,902,027	2,902,027
Amounts due to non-controlling interests of subsidiaries	–	340,093	340,093
Current portion of long-term payables	–	316,596	316,596
Total	27,330	13,177,286	13,204,616

12 Available-for-sale financial assets

	As at 31 December	
	2015	2014
	RMB'000	RMB'000
At beginning of the year	**10,000**	–
Additions	**56,931**	10,000
Gains recognised in equity (Note 19)	**2,469**	–
At end of the year	**69,400**	10,000
Less: Non-current portion	**(69,400)**	(10,000)
Current portion	**–**	–

Available-for-sale financial assets include the following:

	As at 31 December	
	2015	2014
	RMB'000	RMB'000
Unlisted equity security (a)	**25,000**	10,000
Unlisted equity security (b)	**7,531**	–
Liquid opportunity fund investment (c)	**36,869**	–
	69,400	10,000

(a) The unlisted equity investment represents the investment in Wuhu Ge Fei Hong Jin Investment Management Co., Ltd. (蕪湖歌斐鴻錦投資中心), a private entity established in the PRC. The fair value is within level 3 of the fair value hierarchy.

(b) The fair value of unlisted equity security is based on market price which is close to the original investment cost. The fair value is within level 3 of the fair value hierarchy.

(c) The fair value of liquid opportunity fund investment is based on net asset value. The fair value is within level 3 of the fair value hierarchy.

The available-for-sale financial assets are denominated in the following currencies:

	As at 31 December	
	2015	2014
	RMB'000	RMB'000
RMB	**32,531**	10,000
USD	**36,869**	–
	69,400	10,000

13 Prepayments for leasehold land

As at 31 December 2014, the Group made prepayments of RMB552,000,000 for the acquisition of leasehold land, which will be transferred to properties under development for sale upon receipt of ownership certificates or commencement of development activities.

As at 31 December 2015, there was no balance of prepayments for leasehold land.

14 Properties held or under development for sale

	As at 31 December	
	2015	2014
	RMB'000	RMB'000
Properties under development for sale	**17,022,876**	15,162,237
Properties held for sale	**5,034,733**	3,548,407
	22,057,609	18,710,644
Less: Provision for impairment loss	**(380,310)**	(125,010)
	21,677,299	18,585,634

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

Borrowing costs capitalised in properties under development for sale and held for sale for the year ended 31 December 2015 were approximately RMB963,573,000 (2014: RMB928,281,000).

The capitalisation rate of borrowings was 9.75% for the year ended 31 December 2015 (2014: 10.17%).

As at 31 December 2015 and 2014, the Group's following properties under development for sale and properties held for sale were pledged as collateral for the Group's borrowings (Note 21).

	As at 31 December	
	2015	2014
	RMB'000	RMB'000
Carrying value pledged:		
Properties under development for sale	**7,206,065**	9,393,201
Properties held for sale	**1,013,070**	454,822

As at 31 December 2015, properties under development for sale with a total carrying amount of RMB6,864,520,000 (2014: RMB7,882,720,000) were related to property projects which were not scheduled to complete within one year from reporting period end although pre-sales of some of these properties may occur. The other balances in properties under development for sale as at 31 December 2015 and 2014 were expected to be recovered within one year from respective reporting period end.

15 Trade and other receivables and prepayments

	As at 31 December	
	2015	2014
	RMB'000	RMB'000
Trade receivables	**58,172**	111,912
Less: Provision for impairment of trade receivables	**(203)**	(205)
Trade receivables – net	**57,969**	111,707
Amount due from a joint venture (Note 43)	**236,215**	98,613
Prepaid business tax and surcharges (a)	**548,417**	441,975
Tender deposits (b)	**21,600**	25,600
Deposits with public housing fund centres (c)	**61,481**	36,973
Prepayments of construction costs	**18,034**	9,406
Temporary funding receivables (d)	**119,306**	157,715
Deposits paid for construction work	**92,208**	85,987
Amount due from non-controlling interests of a subsidiary (e)	**13,000**	–
Prepayments of relocation costs (f)	**–**	47,544
Others	**89,239**	56,014
Less: Provision for impairment of other receivables	**(17,969)**	(21,125)
	1,239,500	1,050,409

notes:

(a) Business tax and surcharges are levied when the Group receives advances from customers and the prepaid taxes are recorded as prepayments before the relevant revenue is recognised.

(b) The balance represents the tender deposits for bidding of land use rights, which will be subsequently returned or transferred to prepayments for leasehold land upon successful bidding of the land use rights.

(c) The balance represents the deposits paid to public housing fund centres to secure the housing fund loans taken by certain property purchasers of the Group. Such deposits will be released upon the transfer of the properties' ownership certificates to these purchasers.

(d) Temporary funding receivables are funds temporarily advanced to non-related parties, which are non-interest bearing and unsecured.

(e) The balance represents the amount due from non-controlling interests of a subsidiary of the Group, which is non-interest bearing and unsecured.

(f) The balance as at 31 December 2014 represented the prepayments of relocation costs made by the Group in 2013 to a relocation company relating to the future property development of Shanghai Fengxiang Property Development Co., Ltd. (上海鳳翔房地產開發有限公司) ("Shanghai Fengxiang"), a subsidiary acquired by the Group in September 2013. The relocation work has been completed in 2015.

15 Trade and other receivables and prepayments (continued)

The aging analysis of trade receivables is as follows:

	As at 31 December	
	2015	2014
	RMB'000	RMB'000
Less than 1 year	**14,752**	105,645
Between 1 and 2 years	**40,415**	5,796
Between 2 and 3 years	**2,964**	399
Over 3 years	**41**	72
	58,172	111,912

As at 31 December 2015, trade receivables of RMB56,572,000 (2014: RMB110,140,000) were past due but not impaired. The balances are related to independent customers for whom there is no recent history of default.

	As at 31 December	
	2015	2014
	RMB'000	RMB'000
Less than 1 year	**13,302**	105,025
Between 1 and 2 years	**40,306**	5,115
Between 2 and 3 years	**2,964**	–
	56,572	110,140

As at 31 December 2015, trade and other receivables of RMB18,172,000 (2014: RMB21,330,000) were considered impaired and provided for. The other classes within trade and other receivables do not contain impaired assets.

Movements on the provision for impairment of trade and other receivables are as follows:

	Year ended 31 December	
	2015	2014
	RMB'000	RMB'000
At beginning of the year	**21,330**	43,998
(Reversal)/accrual of provision for receivables impairment (Note 30)	**(2,645)**	3,533
Receivables written off as uncollectible	**(513)**	(26,201)
At end of the year	**18,172**	21,330

The maximum exposure to credit risk at the balance sheet date is the carrying value of each class of receivables mentioned above. The Group does not hold any collateral security.

As at 31 December 2015 and 2014, the fair value of trade and other receivables approximate their carrying amounts.

As at 31 December 2015 and 2014, the carrying amounts of trade and other receivables and prepayments are all denominated in RMB.

16 Cash at bank and on hand

	As at 31 December	
	2015	2014
	RMB'000	RMB'000
Cash at bank and on hand		
– denominated in RMB	**2,482,684**	4,243,776
– denominated in HKD	**4,051**	124,819
– denominated in USD	**1,196,378**	12,367
	3,683,113	4,380,962

The weighted average interest rate on the Group's bank deposits as at 31 December 2015 was 0.97% (2014: 0.60%).

Cash and cash equivalents of the Group were determined as follows:

	As at 31 December	
	2015	2014
	RMB'000	RMB'000
Cash at bank and on hand	**3,683,113**	4,380,962
Less: Restricted cash	**(2,080,049)**	(2,022,947)
	1,603,064	2,358,015

Restricted cash of the Group comprised of the following:

	As at 31 December	
	2015	2014
	RMB'000	RMB'000
Deposits for notes issued	**227,218**	336,283
Deposits as security for property purchasers' mortgage loans (a)	**40,943**	35,269
Deposits pledged for borrowings (Note 21)	**1,811,888**	1,651,395
	2,080,049	2,022,947

notes:

(a) These bank deposits are restricted to secure the bank loans taken by certain property purchasers of the Group pursuant to the local regulations of certain cities. Such deposits will be released upon the transfer of the properties' ownership certificates to these purchasers.

17 Non-current assets held-for-sale

During the year ended 31 December 2014, the Group signed an agreement to sell a part of investment properties of Shanghai Fengxiang to a third party, which was expected to complete in 2015, and management therefore included the properties in non-current assets held-for sale as at 31 December 2014. The agreement was cancelled during the year ended 31 December 2015 and management therefore transferred the properties back to investment properties.

18 Share capital

(a) Authorised shares

	Number of authorised shares
As at 31 December 2015 and 2014 (iii)	**10,000,000,000**

(b) Ordinary shares, issued and fully paid

	Number of ordinary shares	**Ordinary shares** (nominal value) **RMB'000**
As at 31 December 2015 and 2014	**1,291,302,213**	**79,361**

	Number of ordinary shares	Ordinary shares (nominal value) RMB'000
As at 1 January 2014	1,253,691,469	77,053
Rights issue (vii)	37,610,744	2,308
As at 31 December 2014	1,291,302,213	79,361

18 Share capital (continued)

notes:

(i) Upon incorporation on 7 March 2013, the authorised share capital of the Company was US$50,000 divided into 50,000 shares with a par value of US$1.00 each.

On the date of its incorporation, one ordinary share of US$1.00 was allotted and issued to the sole subscriber and then was transferred to Beyond Wisdom Limited. On the same date, the Company further allotted and issued 24,999 and 25,000 ordinary shares to Beyond Wisdom Limited and Decent King Limited respectively at a total consideration of US$43,507,822.65 (equivalent to RMB270,708,000), which has been fully paid in April 2013.

(ii) On 19 April 2013, the authorised share capital of the Company was subdivided from 50,000 shares with a par value of US$1.00 each to 5,000,000 shares with a par value of US$0.01 each, and the authorised capital was increased from US$50,000.00 to US$52,117.35 divided into 5,211,735 shares with a par value of US$0.01 each.

On the same date, the Company allotted and issued 211,735 ordinary shares at US$2,117.35 (equivalent to RMB13,000) with a par value of US$0.01 each to the other nine individual shareholders, and Decent King Limited transferred 27,802 shares out of its 2,500,000 ordinary shares of the Company to Beyond Wisdom Limited.

(iii) On 6 October 2013, pursuant to a shareholders' resolution, the authorised share capital of the Company was increased to US$100,000,000 divided into 10,000,000,000 shares of US$0.01 each.

(iv) On 31 October 2013, the Company issued 313,430,000 new ordinary shares of US$0.01 each at HK$4.45 per share in connection with its global offering and commencement of the listing of its shares on the Stock Exchange on the same date and raised gross proceeds of approximately HK$1,394,763,500 (equivalent to RMB1,105,072,000). The excess over the par value of RMB19,252,000 for the 313,413,000 shares issued net of the transaction costs of approximately RMB40,394,000 was credited to share premium with an amount of RMB1,045,426,000.

(v) Pursuant to a shareholders' resolution dated 6 October 2013, on 31 October 2013, the Company capitalised an amount of US$9,068,418.9 (approximately RMB55,750,000), standing to the credit of its share premium account and to appropriate such amount as capital to pay up 906,841,890 shares in full at par to the then shareholders of the Company in proportion to their then respective shareholdings in the Company.

(vi) On 31 October 2013, a total number of 28,207,844 shares at par value of US$0.01 each were allotted and issued to Tianyan (PTC) Limited who acts as trustee for the benefits of the selected employees in connection with the Pre-IPO share award scheme for cash consideration of US$282,077 (equivalent to RMB1,726,000) which was fully paid by Decent King Limited.

(vii) In December 2014, the Company completed a rights issue on the basis of three rights share for every 100 shares held on the record date 14 November 2014. A total of 37,610,744 rights shares were issued to qualifying shareholders under the rights issue at a price of HKD3.51 per rights share with a par value of USD0.01 each. The net proceeds from the rights issue of approximately RMB101,323,000 was received on 1 December 2014, among which RMB2,308,000 was recorded as share capital and RMB99,015,000 was recorded as share premium.

19 Reserves

	Share premium RMB'000	Merger reserve RMB'000 (a)	Capital reserve RMB'000	Pre-IPO share award scheme RMB'000	Statutory surplus reserve RMB'000 (b)	Available-for-sale financial assets RMB'000 (d)	Retained earnings RMB'000	Total RMB'000
Balance at 1 January 2015	**1,271,329**	**125,481**	**686,358**	**48,551**	**245,437**	**–**	**1,233,515**	**3,610,671**
Comprehensive income/(loss)								
Loss for the year 2015	**–**	**–**	**–**	**–**	**–**	**–**	**(352,696)**	**(352,696)**
Other comprehensive income:								
Changes in fair value of available-for-sale financial assets (Note 12)	**–**	**–**	**–**	**–**	**–**	**2,469**	**–**	**2,469**
Total comprehensive loss for the year 2015	**–**	**–**	**–**	**–**	**–**	**2,469**	**(352,696)**	**(350,227)**
Transactions with owners								
Changes in ownership interests in subsidiaries without change of control (Note 41)	**–**	**–**	**104,269**	**–**	**–**	**–**	**–**	**104,269**
2014 final dividend (c)	**(77,478)**	**–**	**–**	**–**	**–**	**–**	**–**	**(77,478)**
Pre-IPO share award scheme (Note 35)	**–**	**–**	**–**	**14,631**	**–**	**–**	**–**	**14,631**
	(77,478)	**–**	**104,269**	**14,631**	**–**	**–**	**–**	**41,422**
Balance at 31 December 2015	**1,193,851**	**125,481**	**790,627**	**63,182**	**245,437**	**2,469**	**880,819**	**3,301,866**
Balance at 1 January 2014	1,260,072	125,481	419,447	14,725	245,437	–	959,553	3,024,715
Total profit and comprehensive income for the year 2014	–	–	–	–	–	–	273,962	273,962
2013 final dividend (c)	(87,758)	–	–	–	–	–	–	(87,758)
Rights issue (Note 18(vii))	99,015	–	–	–	–	–	–	99,015
Changes in ownership interests in subsidiaries without change of control (Note 41)	–	–	266,911	–	–	–	–	266,911
Pre-IPO share award scheme (Note 35)	–	–	–	33,826	–	–	–	33,826
Balance at 31 December 2014	1,271,329	125,481	686,358	48,551	245,437	–	1,233,515	3,610,671

19 Reserves (continued)

notes:

(a) Merger reserve

Merger reserve represent the difference of aggregate consideration paid by the Group for the acquisition of subsidiaries pursuant to the reorganisation in 2013 and the aggregate capital of the subsidiaries acquired, after elimination of investment in subsidiaries.

(b) Statutory surplus reserve

In accordance with the Company Law of the PRC and the articles of association of the PRC subsidiaries, these subsidiaries registered in the PRC shall appropriate 10% of its annual statutory profit (after offsetting any prior years' losses) to the statutory surplus reserve ("SSR") account. When the balance of SSR reaches 50% of the registered capital/share capital of these subsidiaries, any further appropriation is optional. The SSR can be utilised to offset prior years' losses or to increase paid-in capital. However, SSR shall be maintained at a minimum of 25% of registered capital/share capital after such utilisation.

The SSR are non-distributable except in the event of liquidation and subject to certain restrictions set out in the relevant PRC regulations.

(c) Under the Cayman Companies Law, the share premium account may be applied by the Company for paying distributions or dividends to shareholders if immediately following the date on which the Company proposes to distribute the dividend, the Company will be in a position to pay off its debts as they fall due in the ordinary course of business. Details of the proposed final dividends are set out in Note 37.

(d) It represents the changes in fair value of available-for sale financial assets, which was not subject to income tax in 2015.

20 Perpetual capital instruments

In December 2014, a wholly owned subsidiary of the Company obtained cash with an aggregate principal amount of RMB550,000,000 from a third party, with no maturity and the payments of distribution can be deferred at the discretion of the Company. But when the Company declared dividends, the payments of interest at fixed rates in coming 12 months cannot be deferred at the discretion of the Company.

The Company declared dividend in May 2015, the payments of interest in coming 12 months therefore cannot be deferred at the discretion of the Company and, as a result, the liability component of perpetual capital instruments amounting to RMB89,375,000 was transferred to other payables. As at 31 December 2015, RMB71,087,000 of the liability was settled. The remaining liability component of perpetual capital instruments was RMB18,288,000 (Note 23).

Pursuant to the relevant agreements, profit attributable to holders of perpetual capital instruments for the year ended 31 December 2015 was RMB50,136,000 (2014: RMB1,350,000).

The perpetual capital instruments are jointly guaranteed by the Company, certain subsidiaries and Yan Hao, and secured by pledge of the shares and assets of certain subsidiaries.

21 Borrowings

	As at 31 December	
	2015	2014
	RMB'000	RMB'000
Borrowings included in non-current liabilities		
– Banks, secured (a)	**4,316,400**	5,621,597
– Trust financing arrangements, secured		
– conventional loan (b)	**699,100**	–
– equity with repurchase obligation (b)	**453,027**	1,384,170
– Senior notes due 2019, secured (c)	**952,334**	893,317
– Senior notes due 2018, secured (d)	**962,731**	–
	7,383,592	7,899,084
Less: Current portion of long-term borrowings		
– Banks, secured (a)	**(2,565,900)**	(2,116,697)
– Trust financing arrangements, secured (b)	**(294,527)**	(1,222,143)
	(2,860,427)	(3,338,840)
	4,523,165	4,560,244
Borrowings included in current liabilities		
– Banks, secured (a)	**2,773,367**	1,422,086
– Banks, unsecured	**100,000**	–
– Trust financing arrangements, secured		
– conventional loan (b)	**79,200**	200,000
– equity with repurchase obligation (b)	**–**	97,400
	2,952,567	1,719,486
Add: Current portion of long-term borrowings		
– Banks, secured (a)	**2,565,900**	2,116,697
– Trust financing arrangements, secured (b)	**294,527**	1,222,143
	2,860,427	3,338,840
	5,812,994	5,058,326

21 Borrowings (continued)

notes:

(a) The Group's bank borrowings are secured by properties held or under development for sale (Note 14), investment properties (Note 8) and bank deposits (Note 16) of the Group or guaranteed by subsidiaries of the Company for each other or by related parties (Note 43).

(b) These borrowings are mainly obtained through trust arrangements with trust financing companies. Borrowings under trust financing arrangements are secured by certain properties held or under development for sale (Note 14) and shares of subsidiaries of the Group (Note 44) or guaranteed by subsidiaries of the Company or by related parties (Note 43). Under the conventional loan trust financing arrangements, these trust financing companies provide loans to the Group through loan agreements entered into with the Group. Under the equity with repurchase obligation trust financing arrangements, the borrowings are provided by the underlying trust financing companies through the injection of capital or the transfer of equity interests in project companies with repurchase obligation of the Group. The substance of this type of trust financing arrangement is borrowing, with the equity interests in the project companies legally transferred as collateral.

The following table sets out details of the equity with repurchase obligation trust financing arrangements as at 31 December 2015 and 2014:

	As at 31 December		
	2015	2014	**Expiration date**
	RMB'000	RMB'000	
Chongqing Jingshang Property Co., Ltd. (重慶景尚置業有限公司)	**–**	66,412	July 2015
Shanghai Jingji Investment Co., Ltd. (上海景吉投資有限公司)	**–**	139,275	October 2015
Shanghai Jingbo Investment Co., Ltd. (上海景博投資有限公司)	**–**	107,164	October 2015
Shanghai Ruicui Investment Co., Ltd. (上海瑞萃投資有限公司)	**–**	216,210	February 2015, August 2015
Shanghai Chengjing Investment Co., Ltd. (上海誠景投資有限公司)	**–**	494,032	June 2015
Shanghai Ruicen Investment Co., Ltd. (上海瑞岑投資有限公司)	**109,527**	109,527	January 2016
Taizhou Jingrui Property Co., Ltd. (台州景瑞置業有限公司)	**–**	296,450	September 2015, November 2015
Hangzhou Jingheng Property Co., Ltd. (杭州景恒置業有限公司)	**35,000**	35,000	June 2016
Ningbo Jingshang Property Co., Ltd. (寧波景尚置業有限公司)	**17,500**	17,500	October 2017
Huzhou Jingshang Property Co., Ltd. (湖州景尚置業有限公司) ("Huzhou Jingshang")	**291,000**	–	July 2017
	453,027	1,481,570	

21 Borrowings (continued)

(c) Senior notes due 2019

In August 2014, the Company issued five-year senior notes with principal amount of USD150,000,000, which were listed on the Hong Kong Stock Exchange. These notes are denominated in USD, and bear interest from 8 August 2014 at 13.625% per annum, payable semi-annually in arrears on 8 February and 8 August of each year, commencing on 8 February 2015 and are due for repayment on 8 August 2019. The senior notes are jointly guaranteed by certain subsidiaries and secured by pledges of the shares of certain subsidiaries.

The senior notes may be redeemed in the following circumstances:

(i) At any time and from time to time on or after 8 August 2017, the Company may at its option redeem the senior notes, in whole or in part, at a redemption price equal to the percentage of principal amount set forth below plus accrued and unpaid interest, if any, to (but not including) the redemption date if redeemed during the twelve month period commencing on 8 August of each of the years indicated below:

Year	**Redemption Price**
2017	106.813%
2018 and thereafter	103.406%

(ii) At any time and prior to 8 August 2017, the Company may at its option redeem the senior notes, in whole but not in part, at a redemption price equal to 100% of the principal amount of the senior notes plus the applicable premium as of, and accrued and unpaid interest, if any, to (but not including) the redemption date.

(iii) At any time and prior to 8 August 2017, the Company may redeem up to 35% of the principal amount of the senior notes at a redemption price of 113.625% of the principal amount of the senior notes, plus accrued and unpaid interest, if any, to (but not including) the redemption date; provided that at least 65% of the aggregate principal amount of the senior notes originally issued on the original issue date remains outstanding after each such redemption and any such redemption takes place within 60 days after the closing of the related equity offering.

The early redemption options are regarded as embedded derivatives not closely related to the host contract. The board of directors is of the view that the fair values of the above early redemption options were insignificant on initial recognition and as at 31 December 2015 and 2014.

(d) Senior notes due 2018

In April 2015, the Company issued three-year senior notes with principal amount of USD150,000,000, which were listed on the Stock Exchange, among which USD21,000,000 (with discounted carrying amounts of RMB134,782,000 as at 31 December 2015) were subscribed by Beyond Wisdom Limited, a company wholly owned by Yan Hao (Note 43). These notes are denominated in USD, and bear interest from 30 April 2015 at 13.25% per annum, payable semi-annually in arrears on 30 April and 30 October of each year, commencing on 30 October 2015 and are due for repayment on 30 April 2018. The senior notes are jointly guaranteed by certain subsidiaries and secured by pledges of the shares of certain subsidiaries.

The senior notes may be redeemed in the following circumstances:

(i) At any time prior to 30 April 2018, the Company may at its option redeem the senior notes, in whole but not in part, at a redemption price equal to 100% of the principal amount of the senior notes plus the applicable premium as of, and accrued and unpaid interest, if any, to (but not including) the redemption date.

21 Borrowings (continued)

(ii) At any time and from time to time prior to 30 April 2018, the Company may redeem up to 35% of the aggregate principal amount of the senior notes with the net cash proceeds of one or more sales of common stock of the Company in an equity offering at a redemption price of 113.250% of the principal amount of the senior notes to be redeemed, plus accrued and unpaid interest, if any, to (but not including) the redemption date; provided that at least 65% of the aggregate principal amount of the senior notes issued on the original issue date remains outstanding after each such redemption and any such redemption takes place within 60 days after the closing of the related equity offering.

The early redemption options are regarded as embedded derivatives not closely related to the host contract. The board of directors is of the view that the fair values of the above early redemption options were insignificant on initial recognition and as at 31 December 2015.

The maturity of non-current borrowings at the reporting dates is as follows:

	As at 31 December	
	2015	2014
	RMB'000	RMB'000
Between 1 and 2 years	**1,851,100**	2,824,927
Between 2 and 5 years	**2,555,065**	1,558,317
Above 5 years	**117,000**	177,000
	4,523,165	4,560,244

The weighted average effective interest rates as at 31 December 2015 and 2014 were as follows:

	As at 31 December	
	2015	2014
Bank borrowings	**8.39%**	7.92%
Trust financing arrangements	**10.27%**	13.85%
Senior notes	**14.20%**	14.44%

The cost of financing of the trust financing arrangements includes the interest costs and administrative fees, such as arrangement or consultancy fees and trustee fees.

The carrying amounts and fair value of non-current borrowings as at 31 December 2015 and 2014 are as follows:

	As at 31 December			
	2015		2014	
	Carrying amount	**Fair Value**	Carrying amount	Fair Value
	RMB'000	**RMB'000**	RMB'000	RMB'000
Bank and trust borrowings	**8,421,094**	**8,421,094**	8,725,253	8,725,253
Senior notes due 2019	**952,334**	**956,809**	893,317	905,854
Senior notes due 2018	**962,731**	**962,030**	–	–
	10,336,159	**10,339,933**	9,618,570	9,631,107

The fair value for the senior notes due 2019 and senior notes due 2018 are based on quoted prices in active markets and are within level 1 of the fair value hierarchy.

The fair value for bank and trust borrowings are based on discounted cash flow and are within level 3 of the fair value hierarchy.

21 Borrowings (continued)

The exposure of the Group's borrowings to interest rate changes and the contractual repricing dates or maturity whichever is the earlier date is as follows:

	6 months or less RMB'000	6 – 12 months RMB'000	1 – 5 years RMB'000	Total RMB'000
Borrowings included in non-current liabilities:				
As at 31 December 2015	252,000	170,000	4,101,165	4,523,165
As at 31 December 2014	1,962,400	260,000	2,337,844	4,560,244
Borrowings included in current liabilities:				
As at 31 December 2015	4,420,299	1,392,695	–	5,812,994
As at 31 December 2014	3,296,560	1,761,766	–	5,058,326

The carrying amounts of the Group's borrowings are denominated in the following currencies:

	As at 31 December	
	2015	2014
	RMB'000	RMB'000
RMB	**8,291,222**	8,725,253
USD	**2,044,937**	893,317
	10,336,159	9,618,570

22 Trust loans related derivatives

Certain borrowings of the Group are in the form of trust arrangements with trust financing companies involving either capital increase in or transfer of equity interest in project companies with repurchase obligations. The repurchase prices of the equity interests reflect the fixed returns and the floating premiums that the trust financing companies are entitled to. The floating premiums are linked to valuation of equity interest of the relevant project companies at the time as stipulated in the relevant agreements. The classification of trust loans related derivatives are determined based on the earliest repayment dates that can be demanded by trust financing companies.

The proceeds received from the trust companies have been split between the trust loans element and financial derivatives component, representing the fair value of the embedded derivatives inspect of the floating premiums.

These trust loans contain embedded derivatives which are not closely related to the host contract and are treated as separate derivatives. The embedded derivatives are measured at fair value with changes in fair value recognised in profit or loss.

22 Trust loans related derivatives (continued)

An independent valuation was performed by the valuer, DTZ Debenham Tie Leung Limited, to determine the fair value of the embedded derivatives. The following table analyses the trust loans related derivatives carried at fair value, by valuation method.

Fair value hierarchy

Description	Fair value measurements at 31 December 2015 using Quoted prices in active markets for identical assets (Level 1) RMB'000	Significant other observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000
Recurring fair value measurements of the trust loans related derivatives	**–**	**–**	**8,006**

Description	Fair value measurements at 31 December 2014 using Quoted prices in active markets for identical assets (Level 1) RMB'000	Significant other observable inputs (Level 2) RMB'000	Significant unobservable inputs (Level 3) RMB'000
Recurring fair value measurements of the trust loans related derivatives	–	–	27,330

Valuation techniques

The valuation of the embedded derivatives was determined using the discounted cash flow method under the income approach. The significant unobservable inputs are expected floating premium as at the exit date which was determined by the probability-weighted average of floating premiums under three financial projection scenarios prepared by management, and the discount rate which was determined using the capital asset pricing model.

There were no changes to the valuation techniques during the year.

The movement of the embedded derivatives is set out below:

	Year ended 31 December 2015 RMB'000	 2014 RMB'000
Opening balance	**27,330**	43,060
Initial recognition at fair value	**–**	950
(Gains)/losses arising from changes in fair value (Note 29)	**(9,032)**	14,747
Repayments	**(10,292)**	(31,427)
	8,006	27,330
Less: Current portion of trust loans related derivatives	**(8,006)**	(23,542)
	–	3,788

23 Trade and other payables

	As at 31 December	
	2015	2014
	RMB'000	RMB'000
Trade payables	**1,823,356**	1,935,902
Notes payable	**493,289**	335,882
Amounts due to joint ventures (Note 43(d))	**449,657**	295,898
Amount due to a related party (Note 43(d))	**807**	–
Business and other taxes payable	**122,734**	75,788
Electricity fee and cleaning fee collected on behalf	**24,499**	14,633
Deed tax collected on behalf	**17,112**	6,695
Accrued payroll	**24,017**	18,800
Interest payable	**114,911**	106,722
Construction deposits received from suppliers	**21,506**	19,294
Deposits received from customers	**97,223**	10,009
Deposit received in connection with the disposal of a subsidiary (a)	**10,000**	10,000
Payables for acquisition of Shanghai Fengxiang (b)	**91,213**	101,763
Payables for acquisition of Suzhou Ailide (c)	**85,890**	–
Remaining liability component of perpetual capital instruments (Note 20)	**18,288**	–
Dividend payable (Note 37)	**1,379**	–
Others	**104,790**	65,229
	3,500,671	2,996,615

notes:

(a) The balance represents the deposit received from a third party in 2013 for the transfer of 100% equity interests of Shanghai Garden City Real Estate Development Co., Ltd. (上海花園城房地產開發有限公司) ("Shanghai Garden City"), a subsidiary of the Group. The equity transfer has not completed as at 31 December 2015 and 31 December 2014.

(b) The balance represents the payables relating to the acquisition of 80% equity interests in Shanghai Fengxiang by the Group from an independent third party.

(c) Pursuant to an equity transfer agreement entered into in October 2015 between an independent third party and the Group through its wholly-owned subsidiary Shanghai Zhixiao Investment Co., Ltd., the Group acquired 50% equity interests of Suzhou Ailide in September 2015 for a total consideration of RMB140,000,000. As at 31 December 2015, consideration amount of RMB84,000,000, which carries interest at 9% per annum, and corresponding interest of RMB1,890,000 remaining unpaid were included in the trade and other payables.

23 Trade and other payables (continued)

The aging analysis of trade payables and notes payable are as follows:

	As at 31 December	
	2015	2014
	RMB'000	RMB'000
Less than 1 year	**2,082,663**	1,939,001
Between 1 and 2 years	**146,962**	189,275
Between 2 and 3 years	**19,612**	30,565
Over 3 years	**67,408**	112,943
	2,316,645	2,271,784

As at 31 December 2015 and 2014, the fair value of trade and other payables approximate their carrying amounts.

As at 31 December 2015 and 31 December 2014, the carrying amounts of trade and other payables are denominated in below currencies:

	As at 31 December	
	2015	2014
	RMB'000	RMB'000
RMB	**3,421,729**	2,945,818
USD	**78,135**	50,797
HKD	**807**	–
	3,500,671	2,996,615

24 Amounts due to non-controlling interests of subsidiaries

	As at 31 December	
	2015	2014
	RMB'000	RMB'000
Amounts due to non-controlling interests of subsidiaries	**118,726**	340,093

The balance represents the funding from non-controlling interests of certain subsidiaries for their operational purpose in property development, which are unsecured, non-interest bearing and repayable on demand.

25 Long-term payables/current portion of long-term payables

	As at 31 December	
	2015	2014
	RMB'000	RMB'000
Long-term payables for lease back contracts (a)	**–**	3,396
Amounts payable for the acquisition of 20% equity interests of Shanghai Fengxiang (b)	**–**	313,200
Less: Current portion of long-term payables	**–**	(316,596)
	–	–

notes:

(a) Long-term payables for lease back contracts

Before Shanghai Fengxiang was acquired by the Group, Shanghai Fengxiang entered into sales agreements with purchasers of its shopping mall units, separate operating lease contracts were also signed with these purchasers by Shanghai Fengxiang or by related parties of the Seller of Shanghai Fengxiang, to lease back these sold units for varied lease period less than 10 years at guarantee rental expenses. Shanghai Fengxiang considers that the sales and leased back transactions are linked transactions, and therefore recognised a long-term payable for the present value of relevant future net rental expenses. By 31 December 2015, all balances have been paid out.

(b) As at 31 December 2015, the long-term payables for acquiring the remaining 20% equity interests of Shanghai Fengxiang were de-recognised due to the expiration of the put option of the seller of Shanghai Fengxiang to sell his 20% equity interests in Shanghai Fengxiang to the Group (Note 41(f)).

26 Deferred income tax

	As at 31 December	
	2015	2014
	RMB'000	RMB'000
Deferred tax assets to be recovered		
– within 12 months	**223,246**	182,433
– after 12 months	**112,686**	70,166
	335,932	252,599
Deferred tax liabilities to be settled		
– within 12 months	**(61,162)**	(32,844)
– after 12 months	**(361,143)**	(175,799)
	(422,305)	(208,643)
Deferred tax (liabilities)/assets, net	**(86,373)**	43,956

The gross movement on the deferred income tax account is as follows:

	Year ended 31 December	
	2015	2014
	RMB'000	RMB'000
Opening balance	**43,956**	9,218
Addition from acquisition of Suzhou Ailide (Note 42)	**(124,793)**	–
(Charged)/credit to the consolidated income statement (Note 34)	**(5,536)**	34,738
Ending balance	**(86,373)**	43,956

As at 31 December 2015, deferred income tax assets and deferred income tax liabilities amounting to RMB32,565,000 (2014: RMB9,599,000) were offset.

26 Deferred income tax (continued)

The movement in deferred income tax assets and liabilities for both years ended 31 December 2015 and 2014 without taking into consideration the offsetting of balances within the same tax jurisdiction, is as follows:

Deferred income tax assets

	Tax losses RMB'000	Provision for impairment of properties held for sale and receivables RMB'000	Land appreciation tax RMB'000	Elimination of inter-company transactions RMB'000	Temporary difference on recognition of sales and cost of sales RMB'000	Accruals RMB'000	Total RMB'000
At 1 January 2015	**68,190**	**30,634**	**16,048**	**10,978**	**136,277**	**71**	**262,198**
Addition from acquisition of Suzhou Ailide (Note 42)	**14,071**	**–**	**–**	**–**	**–**	**–**	**14,071**
Credited/(charged) to the consolidated income statement	**12,570**	**62,667**	**(2,538)**	**5,925**	**10,892**	**2,712**	**92,228**
At 31 December 2015	**94,831**	**93,301**	**13,510**	**16,903**	**147,169**	**2,783**	**368,497**
At 1 January 2014	36,901	3,967	15,310	3,211	113,697	9,390	182,476
Credited/(charged) to the consolidated income statement	31,289	26,667	738	7,767	22,580	(9,319)	79,722
At 31 December 2014	68,190	30,634	16,048	10,978	136,277	71	262,198

In accordance with the PRC laws and regulations, tax losses could be carried forward for a period of five years to offset against its future taxable profits. Deferred tax assets relating to unutilised tax losses are recognised to the extent that it is probable that sufficient taxable profit will be available to allow such deferred tax assets to be utilised.

The Group did not recognise deferred income tax assets of RMB179,679,000 (31 December 2014: RMB117,140,000) in respect of tax losses amounting to RMB718,712,000 (31 December 2014: RMB468,560,000) as at 31 December 2015. All these tax losses will expire within five years.

26 Deferred income tax (continued)

Deferred income tax liabilities

	Temporary difference on recognition of fair value gains on investment properties RMB'000	Temporary difference on recognition of sales and cost of sales RMB'000	Undistributed profits of PRC subsidiaries RMB'000	Acquisition of a subsidiary RMB'000	Total RMB'000
At 1 January 2015	**99,297**	**102,421**	**16,524**	**–**	**218,242**
Addition from acquisition of Suzhou Ailide (Note 42)	**–**	**–**	**–**	**138,864**	**138,864**
Charged to the consolidated income statement	**50,813**	**46,951**	**–**	**–**	**97,764**
At 31 December 2015	**150,110**	**149,372**	**16,524**	**138,864**	**454,870**
At 1 January 2014	81,349	83,133	8,776	–	173,258
Charged to the consolidated income statement	17,948	19,288	7,748	–	44,984
At 31 December 2014	99,297	102,421	16,524	–	218,242

Deferred income tax arose as a result of differences in timing of recognition of certain revenues, costs and expenses between the tax based accounts and the financial statements prepared in accordance with HKFRSs. This constitutes temporary differences, being the differences between the carrying amounts of the assets or liabilities in the consolidated balance sheets and their tax bases, in accordance with HKAS 12.

27 Revenue

Turnover of the Group consists of the following revenue:

	Year ended 31 December 2015 RMB'000	2014 RMB'000
Revenue from sales of properties	**5,608,426**	5,183,382
Revenue from property management	**96,538**	74,640
Rental income	**8,561**	6,004
Others	**45,591**	8,927
	5,759,116	5,272,953

28 Other income

	Year ended 31 December	
	2015	2014
	RMB'000	RMB'000
Government grants	**1,482**	414
Compensation income	**1,995**	2,156
Interest income on loans to a joint venture (Note 43)	**6,601**	5,586
Gains arising from acquisition of Suzhou Ailide (Note 42)	**72,190**	–
Others	**7,070**	3,509
	89,338	11,665

29 Other losses – net

	Year ended 31 December	
	2015	2014
	RMB'000	RMB'000
Gains/(losses) from disposal of property, plant and equipment	**628**	(1,025)
Changes in fair values of trust loans related derivatives (Note 22)	**9,032**	(14,747)
Compensation and late payment charges	**(60,670)**	(10,685)
Others	**(1,696)**	(2,664)
	(52,706)	(29,121)

30 Expenses by nature

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

	Year ended 31 December	
	2015	2014
	RMB'000	RMB'000
Cost of properties sold	**4,885,277**	3,795,124
Business tax and surcharges (a)	**326,134**	302,379
Accrual of provision for impairment of properties held or under development for sale (Note 14)	**255,300**	101,575
Depreciation of property, plant and equipment (Note 7)	**10,282**	10,195
Amortisation of intangible assets (Note 9)	**1,104**	435
Bank charges	**13,488**	8,065
Staff costs (Note 32)	**269,433**	235,106
Entertainment expenses	**11,240**	9,495
Stamp duty and other taxes	**17,945**	15,853
Professional fees	**45,216**	31,041
Auditors' remuneration		
– annual audit and interim review	**3,580**	3,580
– non-audit services	**781**	2,090
Sales commission	**11,106**	10,406
Advertising and publicity costs	**96,371**	120,761
Office and meeting expenses	**20,889**	18,798
Rental expenses	**14,421**	14,969
Travelling expenses	**12,274**	10,413
(Reversal)/accrual of provision for impairment of receivables	**(2,645)**	3,533
Other expenses	**93,545**	77,544
Total cost of sales, selling and marketing costs and administrative expenses	**6,085,741**	4,771,362

note:

(a) The PRC companies of the Group are subject to business tax and surcharges. Business tax is levied at 5% of revenue from sale of properties and rental income, while surcharges are 4% to 12% of business tax.

31 Finance (costs)/income – net

	Year ended 31 December	
	2015	2014
	RMB'000	RMB'000
Finance income		
– Interest income on bank deposits	**38,487**	23,244
Finance costs		
– Interest on bank loans, senior notes and trust financing arrangements	**(982,733)**	(939,475)
– Net foreign exchange losses on financing activities	**(76,681)**	–
– Less: Amount capitalised	**963,573**	928,281
	(95,841)	(11,194)
Net finance (costs)/income	**(57,354)**	12,050

32 Staff costs (including directors' emoluments)

	Year ended 31 December	
	2015	2014
	RMB'000	RMB'000
Wages and salaries	**215,803**	169,343
Pension	**14,842**	11,803
Other welfare benefit expenses	**24,157**	20,134
Pre-IPO share award scheme (Note 35)	**14,631**	33,826
	269,433	235,106

33 Benefits and interests of directors

(a) Directors' and chief executive's emoluments

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

Name of director	Fees RMB'000	Salaries and other allowances RMB'000	Discretionary bonus RMB'000	Employer's contribution to a retirement benefit scheme RMB'000	Pre-IPO share award scheme RMB'000	Total RMB'000
Year ended 31 December 2015:						
Chen Xin Ge (陳新戈) (ii)	**–**	**–**	**–**	**–**	**–**	**–**
Yan Hao (閆浩) (i)(ii)	**–**	**1,221**	**–**	**75**	**–**	**1,296**
Yang Tie Jun (楊鐵軍) (ii)	**–**	**2,044**	**–**	**75**	**602**	**2,721**
Xu Chao Hui (許朝輝) (ii)	**–**	**1,161**	**–**	**67**	**485**	**1,713**
Qian Shi Zheng (錢世政) (iii)	**240**	**–**	**–**	**–**	**–**	**240**
Han Jiong (韓炯) (iii)	**240**	**–**	**–**	**–**	**–**	**240**
Lo Wing Yan (盧永仁) (iii)	**240**	**–**	**–**	**–**	**–**	**240**
	720	**4,426**	**–**	**217**	**1,087**	**6,450**
Year ended 31 December 2014:						
Chen Xin Ge (陳新戈) (ii)	–	–	–	–	–	–
Yan Hao (閆浩) (i)(ii)	–	2,751	–	62	–	2,813
Yang Tie Jun (楊鐵軍) (ii)	–	2,291	–	62	1,459	3,812
Xu Chao Hui (許朝輝) (ii)	–	2,035	–	62	1,174	3,271
Qian Shi Zheng (錢世政) (iii)	240	–	–	–	–	240
Han Jiong (韓炯) (iii)	240	–	–	–	–	240
Lo Wing Yan (盧永仁) (iii)	240	–	–	–	–	240
	720	7,077	–	186	2,633	10,616

notes:

(i) The chief executive of the Company is Yan Hao, who is also one of the executive directors of the Company.

(ii) These four executive directors of the Company were appointed in October 2013.

(iii) Han Jiong (韓炯), Qian Shi Zheng (錢世政) and Lo Wing Yan (盧永仁) were appointed as independent non-executive directors of the Company in October 2013.

33 Benefits and interests of directors (continued)

(b) Five highest paid individuals

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

	Year ended 31 December	
	2015	2014
	RMB'000	RMB'000
Basic salaries, housing allowances, other allowances, pre-IPO share award and benefits in kind	**4,674**	4,421
Bonuses	**–**	778
	4,674	5,199

The emoluments fell within the following bands:

	Number of individuals	
	2015	2014
Emoluments bands (in Hong Kong dollar)		
HKD1,000,000 and below	**–**	–
HKD1,000,001- HKD1,500,000	**–**	–
HKD1,500,001- HKD2,000,000	**1**	–
HKD2,000,001- HKD2,500,000	**–**	–
HKD2,500,001- HKD3,000,000	**1**	–
HKD3,000,001- HKD3,500,000	**–**	1
HKD3,500,001- HKD4,000,000	**–**	1

(c) During the year ended 31 December 2015, no retirement benefits operated by the Group were paid or made, directly or indirectly, to or receivable by a director in respect of his services as a director or other services in connection with the management of the affairs of the Company or its subsidiaries (2014: Nil).

During the year ended 31 December 2015, no payments or benefits in respect of termination of director's services were paid or made, directly or indirectly, to or receivable by a director; nor are any payable (2014: Nil).

During the year ended 31 December 2015, no consideration was provided to or receivable by third parties for making available director's services (2014: Nil).

(d) No loans, quasi-loans and other dealings were made available in favour of directors, bodies corporate controlled by and entities connected with directors subsisted at the end of the year or at any time during the year (2014: Nil).

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

During the year ended 31 December 2015, USD21,000,000 of senior notes due 2018 were subscribed by Beyond Wisdom Limited, a company wholly owned by Yan Hao (Note 21(d), Note 43).

34 Income tax expense

	Year ended 31 December	
	2015	2014
	RMB'000	RMB'000
Current income tax		
– PRC land appreciation tax	**74,308**	135,893
– PRC corporate income tax	**70,205**	174,496
	144,513	310,389
Deferred income tax (Note 26)	**5,536**	(34,738)
Total income tax charged for the year	**150,049**	275,651

The income tax on the Group's profit before income tax differs from the theoretical amount that would arise using the enacted tax rate of the home country of the companies within the Group as follows:

	Year ended 31 December	
	2015	2014
	RMB'000	RMB'000
(Loss)/profit before income tax	**(139,259)**	555,168
PRC land appreciation tax	**(74,308)**	(135,893)
	(213,567)	419,275
Income tax calculated at statutory rate of 25%	**(53,392)**	104,819
Effect of expenses not deductible for income tax purposes	**20,033**	44,335
Share of results of joint ventures	**(1,208)**	3,202
Income not subject to tax	**(19,366)**	(1,122)
Utilisation of previously unrecognised tax losses	**(3,169)**	(44,634)
Tax losses not recognised as deferred tax assets	**65,708**	25,410
Temporary differences not recognised as deferred tax assets	**67,135**	–
PRC land appreciation tax	**74,308**	135,893
PRC withholding income tax	**–**	7,748
Total income tax expense	**150,049**	275,651

34 Income tax expense (continued)

PRC corporate income tax

Under the Corporate Income Tax Law of the PRC (the "CIT Law"), the CIT rate applicable to the Group's subsidiaries located in the PRC from 1 January 2008 is 25%.

The CIT Law and its implementation rules impose a withholding tax at 10% for dividends distributed by a PRC-resident enterprise to its immediate holding company outside PRC for earnings generated beginning 1 January 2008 and undistributed earnings generated prior to 1 January 2008 are exempted from such withholding tax. A lower 5% withholding tax rate may be applied when the immediate holding companies are established in Hong Kong according to the tax treaty arrangement between the PRC and Hong Kong. The directors of the Company had confirmed that retained earnings of the Group's PRC subsidiaries as at 30 June 2013 will not be distributed in the foreseeable future. No PRC withholding income tax was accrued for the year ended 31 December 2015 as the Group's PRC subsidiaries did not earn any distributable profit as a whole in the year. As at 31 December 2014, the Group accrued for PRC withholding income tax with an amount of RMB7,748,000 based on the tax rate of 10% on a portion of the earnings generated by its PRC subsidiaries after 30 June 2013. As at 31 December 2015 the accrued amount remained unchanged. The Group controls the dividend policies of these subsidiaries and it has been determined that the remaining earnings will not be distributed in the foreseeable future.

As at 31 December 2015, the Group did not recognise deferred income tax for PRC withholding income tax with amount of RMB72,759,000 (31 December 2014: RMB89,397,000) on the remaining unremitted distributable profits generated by its PRC subsidiaries attributable to the investors outside the PRC with amount of RMB727,587,000 (31 December 2014: RMB893,966,000).

Land appreciation tax

PRC land appreciation tax is levied at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds from sales of properties less deductible expenditures including lease charges for land use rights and all property development expenditures, and is included in the consolidated income statement as income tax expense.

35 Share-based payments

Pursuant to a Board meeting resolution and a shareholders' resolution dated 6 October 2013, the Company adopted a Pre-IPO share award scheme. Pursuant to the Pre-IPO share award scheme, a total number of 24,034,476 shares was subsequently granted to selected employees on 25 December 2013. Subject to certain vesting conditions including successful listing of the Company on the Stock Exchange before 31 October 2013, the employee being still on service at the end of each vesting period and the required performance rating of the employee before the vesting dates, the granted shares can be vested in four tranches on 1 January 2014, 2015, 2016 and 2017, respectively.

The fair value of the shares granted under the Pre-IPO share award scheme as at 25 December 2013, the grant date, was HKD97,820,000 (equivalent to RMB77,151,000) and was determined by reference to the market price of HKD4.07 (equivalent to RMB3.21) per share on the grant date.

35 Share-based payments (continued)

On 30 September 2014, additional 4,087,888 shares under the Pre-IPO share award scheme were granted to selected employees, which can be vested in three tranches on 1 January 2015, 2016 and 2017, respectively. The fair value of these shares as at 30 September 2014, the grant date, was HKD14,103,000 (equivalent to RMB11,177,000), which was determined by reference to the market price of HKD3.45 (equivalent to RMB2.73) per share on the grant date.

The Group recognised an expense of RMB14,631,000 (2014: RMB33,826,000) for the year ended 31 December 2015 in relation to the shares awarded to the current employees for the employees' service provided.

36 (Loss)/earnings per share

Basic (loss)/earnings per share for the year ended 31 December 2015 and 2014 is calculated by dividing the Group's (loss)/profit attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the year.

	Year ended 31 December	
	2015	2014
Group's (loss)/profit attributable to equity holders of the Company (RMB'000)	**(352,696)**	273,962
Weighted average number of shares in issue (in thousand)	**1,291,302**	1,256,782
Basic (loss)/earnings per share (RMB)	**(0.27)**	0.22

Diluted (loss)/earnings per share is equal to basic (loss)/earnings per share as there were no shares with a dilutive impact outstanding for both years ended 31 December 2015 and 2014.

37 Dividends

	Year ended 31 December	
	2015	2014
	RMB'000	RMB'000
Proposed no final dividend (2014: RMB6 cents per ordinary share)	**–**	77,478

notes:

(a) At a board meeting held on 30 March 2016, the board of the directors did not recommend any payment of dividend for the year ended 31 December 2015.

(b) The final dividend in respect of the year ended 31 December 2014 of RMB6 cents per ordinary share using the share premium account, amounting to approximately RMB77,478,000 was approved at the annual general meeting of the Company held on 11 May 2015. The dividend not yet paid out by the Company as at 31 December 2015 was RMB1,379,000, which was included in dividend payable (Note 23).

38 Notes to the consolidated cash flow statement

(a) Net cash generated from/(used in) operations:

	Year ended 31 December	
	2015	2014
	RMB'000	RMB'000
(Loss)/profit before income tax	**(139,259)**	555,168
Adjustments for:		
– Depreciation (Note 30)	**10,282**	10,195
– Amortisation (Note 30)	**1,104**	435
– (Gains)/losses on disposals of property, plant and equipment (Note 29)	**(628)**	1,025
– (Reversal)/accrual of provision for impairment of receivables (Note 30)	**(2,645)**	3,533
– Losses on disposal of Modern Jump Limited	**–**	885
– Accrual of provision for impairment of properties held for sale (Note 30)	**255,300**	101,575
– Fair value gains on investment properties (Note 8)	**(203,255)**	(71,790)
– Share of results of joint ventures(Note 10)	**(4,833)**	12,807
– Foreign exchange losses/(gains)	**76,681**	(477)
– Unrealised profit in connection with the sales from the Group to a joint venture	**2,815**	–
– Interest income on loans to a joint venture(Note 28)	**(6,601)**	(5,586)
– Finance costs(Note 31)	**19,160**	11,194
– Finance income (Note 31)	**(38,487)**	(23,244)
– Changes in fair value of trust loans related derivatives (Note 29)	**(9,032)**	14,747
– Negative goodwill arising from acquisition of Suzhou Ailide (Note 42)	**(72,190)**	–
– Pre-IPO share award scheme (Note 35)	**14,631**	33,826
Changes in working capital		
– Restricted cash relating to operating activities	**103,391**	(339,697)
– Prepayments for leasehold land	**–**	(552,500)
– Properties held or under development for sales (excluding capitalised interest)	**(1,336,598)**	(4,952,227)
– Trade and other receivables and prepayments	**(201,621)**	570,467
– Advances from pre-sale of properties	**1,678,197**	2,311,119
– Trade and other payables	**32,636**	719,246
– Decrease in amount due from a joint venture	**61,219**	20,000
– Increase in amounts due to joint ventures	**153,759**	174,856
Net cash generated from/(used in) operations	**394,026**	(1,404,443)

38 Notes to the consolidated cash flow statement (continued)

(b) Major non-cash transaction:

One subsidiary of the Group declared dividends of RMB21,775,000 during the year ended 31 December 2015 to its non-controlling interests. Such dividends payable was settled by netting off with the amounts due from non-controlling interests of the subsidiary during the year ended 31 December 2015.

(c) Proceeds from disposal of property, plant and equipment:

In the consolidated cash flow statement, proceeds from disposal of property, plant and equipment comprise:

	Year ended 31 December	
	2015	2014
	RMB'000	RMB'000
Net book value (Note 7)	**478**	3,507
Gains/(losses) on disposals of property, plant and equipment (Note 29)	**628**	(1,025)
Proceeds from disposal of property, plant and equipment	**1,106**	2,482

39 Commitments

(a) Property development expenditure commitments

Property development expenditure committed at each balance sheet date but not yet incurred is as follows:

	As at 31 December	
	2015	2014
	RMB'000	RMB'000
Land use rights	**–**	552,500
Other property development expenditure	**2,721,377**	3,025,345
	2,721,377	3,577,845

(b) Operating lease commitments

The future aggregated minimum rental expenses at the balance sheet date in respect of certain office buildings held under non-cancellable operating leases are payable in the following periods:

	As at 31 December	
	2015	2014
	RMB'000	RMB'000
Within 1 year	**9,106**	6,154
1 to 5 years	**10,270**	2,884
	19,376	9,038

40 Financial guarantees and contingent liabilities

(a) Guarantees on mortgage facilities

The Group had the following contingent liabilities in respect of financial guarantees on mortgage facilities at each balance sheet date:

	As at 31 December	
	2015	2014
	RMB'000	RMB'000
Guarantees in respect of mortgage facilities for certain purchasers of the Group's properties	**7,219,256**	5,091,386

The Group has arranged bank financing for certain purchasers of the Group's properties and provided guarantees to secure obligations of such purchaser for repayments. Such guarantees will terminate upon the earlier of (i) the transfer of the real estate ownership certificate to the purchaser, or (ii) the satisfaction of mortgage loans by the purchasers of the properties.

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

(b) Guarantees provided to a joint venture

As at 31 December 2015, the Group provided guarantee for the bank borrowings of RMB220,000,000 of Wuxi Jingrui Property Development Co., Ltd. with the guarantee period starting from 20 January 2015 to 19 January 2020.

(c) Legal disputes

On 31 December 2012, a dispute claim for deposit of RMB30,500,000 and the land use right with a carrying value of RMB23,000,000 as at 31 December 2012 was brought by Education Bureau of Hongkou District, Shanghai (上海市虹口區教育局) (the "Education Bureau") to Shanghai Garden City, a subsidiary of the Group, in relation to Shanghai Garden City's not being able to construct and deliver the school by May 2007 as agreed pursuant to an agreement (教育配套協議) signed between Shanghai Garden City and the Education Bureau on 20 June 2005 (the "Hongkou Case"). On 23 July 2013, Hongkou District People's Court of Shanghai (上海市虹口區人民法院) delivered a judgment in favour of Education Bureau, ruling that it is entitled to retain the RMB30,500,000 and to obtain the land use rights in dispute. The Group has filed a petition to appeal the judgement in August 2013. As at 31 December 2015, the Hongkou Case has not settled yet.

The Group has accrued an estimated amount of RMB30,500,000 for the relevant required construction costs. A provision of RMB23,400,000 for the land use right has also been made as at 31 December 2012. The directors considered the ultimate outcome of the legal case will not have further adverse effect on the consolidated financial statements of the Group.

41 Changes in ownership interests in subsidiaries without change of control

Acquisition of additional interest in subsidiaries

(a) In June 2014, the Company acquired an additional of 25% of the equity interests of Shanghai Huajiang Construction and Development Co., Ltd. (上海華江建設發展有限公司) ("Shanghai Huajiang") at a consideration of RMB80,092,000. The carrying amount of the non-controlling interests in Shanghai Huajiang on the date of acquisition was RMB156,995,000. The Group recognised a decrease in non-controlling interests of RMB65,415,000 and a decrease in equity attributable to equity holders of the Company of RMB14,677,000.

(b) In August 2014, the Company acquired an additional of 5% of the equity interests of Taicang Jingshang Property Development Co., Ltd. (太倉景尚置業有限公司) ("Taicang Jingshang") at a consideration of RMB8,250,000. The carrying amount of the non-controlling interests in Taicang Jingshang on the date of acquisition was RMB43,967,000. The Group recognised a decrease in non-controlling interests of RMB6,281,000 and a decrease in equity attributable to equity holders of the Company of RMB1,969,000.

(c) In December 2014, the Company acquired an additional of 2.5% of the equity interests of Shanghai Huajiang Construction and Development Co., Ltd. (上海華江建設發展有限公司) ("Shanghai Huajiang") at a consideration of RMB6,698,000. The carrying amount of the non-controlling interests in Shanghai Huajiang on the date of acquisition was RMB67,816,000. The Group recognised a decrease in non-controlling interests of RMB4,844,000 and a decrease in equity attributable to equity holders of the Company of RMB1,854,000.

(d) In December 2015, the Group acquired an additional of 0.005% equity interests of its subsidiary Shanghai Shangpu Equity Investment Fund Management Center LLP (上海上璞股權投資基金管理中心(有限合夥)) at a consideration of RMB9,600,000. The difference of RMB10,215,000 between the amount by which the negative non-controlling interests of RMB615,000 and the consideration paid was recognised in equity attributable to equity holders of the Company. Since then, Shanghai Shangpu Equity Investment Fund Management Center LLP (上海上璞股權投資基金管理中心(有限合夥)) became a wholly-owned subsidiary of the Group.

The effects of changes in the ownership interests of Shanghai Huajiang, Taicang Jingshang and Shanghai Shangpu Equity Investment Fund Management Center LLP (上海上璞股權投資基金管理中心(有限合夥)) on the equity attributable to equity holders of the Company are summarised as follows:

	Year ended 31 December	
	2015	2014
	RMB'000	RMB'000
Carrying amount of non-controlling interests acquired	**(615)**	76,540
Consideration paid to non-controlling interests	**(9,600)**	(95,040)
Excess of consideration paid recognised within equity	**10,215**	18,500

41 Changes in ownership interests in subsidiaries without change of control (continued)

Deemed disposal of interest in a subsidiary without loss of control

(e) In December 2014, pursuant to certain agreement, a third party, Hong Long Investment Co., Ltd. ("Hong Long"), injected cash of RMB500,000,000 as its capital contribution to Shanghai Jiaguan Investment Co., Ltd., a wholly owned subsidiary of the Group, which has an effective dilution of the Group's interest in Shanghai Jiaguan Investment Co., Ltd.. After this capital contribution, Hong Long and the Group own equity interests of Shanghai Jiaguan Investment Co., Ltd. as to 34.43% and 65.57% respectively, and the Group still controls Shanghai Jiaguan Investment Co., Ltd.. The Group recognised an increase in non-controlling interests of RMB214,589,000 and an increase in equity attributable to equity holders of the Company of RMB285,411,000. As at 31 December 2015, Shanghai Jiaguan Investment Co., Ltd. effectively owns 80% equity interests (31 December 2014: 100%) in Shanghai Fengxiang (Note 41(f)).

The effects of changes in the ownership interests of Shanghai Jiaguan Investment Co., Ltd. on the equity attributable to equity holders of the Company are summarised as follows:

	Year ended 31 December	
	2015	2014
	RMB'000	RMB'000
Carrying amount of non-controlling interests disposed of	**–**	(214,589)
Consideration received from non-controlling interests	**–**	500,000
Gain on disposal recognised within equity	**–**	285,411

Decrease in long-term payables and increase in non-controlling interests without loss of control

(f) Pursuant to an equity transfer agreement entered into on 18 July 2013 between an independent third party (the "Seller"), and the Group through Shanghai Jiaguan Investment Co., Ltd., the Group acquired Shanghai Fengxiang in September 2013 with 100% effective equity interests attributable to the Group, through: (i) the acquisition of 80% legal equity interests in Shanghai Fengxiang; and (ii) the Seller's put option to sell the remaining 20% equity interests in Shanghai Fengxiang to the Group by giving the Group a written notice within one month after the expiry of two-year period from August 2013 at a fixed exercise price. The put option resulted in a transfer of the risks and rewards of ownership of the 20% interests from the Seller to the Group during the contract period and a liability to the Seller for the 20% equity interests was recorded accordingly.

In September 2015 (one month after the expiry of two-year period from August 2013), the Seller's option to sell the remaining 20% equity interests in Shanghai Fengxiang to the Group expired, as a result, the Seller became a non-controlling interest of the Group. The Group recognised an increase in non-controlling interests attributable to the Seller of RMB151,663,000, an increase in non-controlling interests attributable to Hong Long of RMB60,103,000 which is another non-controlling interest through minority holdings in Shanghai Jiaguan Investment Co., Ltd. (Note 41(e)), and an increase in equity attributable to equity holders of the Company of RMB114,484,000 and derecognised the long-term payables of RMB326,250,000 related to 20% equity interests of Shanghai Fengxiang (Note 25).

41 Changes in ownership interests in subsidiaries without change of control (continued)

Decrease in long-term payables and increase in non-controlling interests without loss of control (continued)

The effects of changes in the ownership interests of Shanghai Fengxiang on the equity attributable to equity holders of the Company are summarised as follows:

	Year ended 31 December 2015 RMB'000
Carrying amount of deemed disposal to non-controlling interests	(151,663)
De-recognition of long-term payables (Note 25)	326,250
Gain on disposal recognised within equity	174,587
Less: Gain on disposal recognised within equity for equity attributable to non-controlling interests of Hong Long	(60,103)
Gain on disposal recognised within equity for equity attributable to equity holders of the Company	114,484

Aggregate effects of all the above transactions with non-controlling interests on the equity attributable to owners of the Company for the year ended 31 December 2015:

	Year ended 31 December 2015 RMB'000
Excess of consideration paid recognised within equity	(10,215)
Gain on disposal recognised within equity for equity attributable to equity holders of the Company	114,484
Net effect for transactions with non-controlling interests on equity attributable to equity holders of the Company	104,269

42 Business combination

In October 2015, the Group acquired 50% equity interests of Suzhou Ailide for a total consideration of RMB140,000,000. The remaining 50% equity interests was owned by an independent third party, Kunshan Harbour Investment Consultant Limited. Based on the shareholders' agreement with Kunshan Harbour Investment Consultant Limited, Kunshan Harbour Investment Consultant Limited follows the Group on all substantive decision on the operating and financing policies during the life of Suzhou Ailide, the directors of the Company consider that the Group has effective control over Suzhou Ailide. Suzhou Ailide has four wholly-owned subsidiaries, namely Ningbo Harbour City Property Co., Ltd., Ningbo Harbour City Business Management Co., Ltd., Harbour City HK Business Management Co., Ltd. and Ningbo Haichangsheng Business Management Co., Ltd..

The following table summarises the consideration paid for Suzhou Ailide, the fair value of assets acquired, liabilities assumed and the non-controlling interests at the acquisition date of 22 October 2015.

	RMB'000
Consideration in cash	
– Amount paid	56,000
– Amount not yet paid as at 31 December 2015 (Note 23)	84,000
	140,000
Recognised amounts of identifiable assets acquired and liabilities assumed	
Cash and cash equivalents	101,592
Property, plant and equipment (Note 7)	158
Investment properties (Note 8)	520,000
Properties held or under development for sale	444,325
Trade and other receivables and prepayments	16,836
Prepaid income taxes	9,586
Trade and other payables	(192,093)
Advances from pre-sale of properties	(351,231)
Deferred tax liabilities (Note 26)	(124,793)
Total identifiable net assets	424,380
Non-controlling interests	(212,190)
Gain on bargain purchase (Note 28)	(72,190)
	140,000

The non-controlling interests in Suzhou Ailide, an unlisted group, was measured as the proportionate shares of the recognised amount of the acquired identifiable net assets at the acquisition date.

The revenue included in the consolidated income statement since 22 October 2015 contributed by Suzhou Ailide was RMB11,333,000. Suzhou Ailide also contributed loss of RMB1,214,000 over the same period.

Had Suzhou Ailide been consolidated from 1 January 2015, the pro-forma revenue included in the consolidated income statement contributed by Suzhou Ailide would be RMB11,333,000. Suzhou Ailide also would contribute pro-forma loss of RMB26,248,000.

43 Related-party transactions

(a) Name and relationship with related parties

Name	Relationship with the Group
Changzhou Jingshang	Joint venture
Modern Jump Limited	Joint venture (note (i))
Shimmery Amber International Limited	A subsidiary of a joint venture (note (i))
Wuxi Jingrui Property Development Co., Ltd.	A subsidiary of a joint venture (note (i))
Beyond Wisdom Limited	A company wholly owned by Yan Hao
Yan Hao	Substantial shareholder, director, co-chairmen, chief executive officer
Chen Xin Ge	Substantial shareholder, director, co-chairmen

note:

(i) Since 25 July 2014, Modern Jump Limited, a previously wholly owned subsidiary of the Group, became a joint venture of the Group. Shimmery Amber International Limited and Wuxi Jingrui Property Development Co., Ltd. are wholly owned subsidiaries of Modern Jump Limited (Note 10).

(b) Transactions with related parties

The Group has the following related party transactions:

		Year ended 31 December	
		2015	2014
		RMB'000	RMB'000
(i)	Providing/(repayment of) temporary funding to/(from) related parties		
	– Changzhou Jingshang	**39,650**	(5,880)
(ii)	(Repayment)/collection of temporary funding (to)/from related parties		
	– Changzhou Jingshang	**(93,000)**	383,134
	– Wuxi Jingrui Property Development Co., Ltd.	**178,194**	–
(iii)	Expenses paid by a related party on behalf of the Group		
	– Beyond Wisdom Limited	**807**	–
(iv)	Sales of construction materials to a related party		
	– Changzhou Jingshang	**32,499**	–
(v)	Interest income from a related party recorded in other income		
	– Changzhou Jingshang (See note (d) below)	**6,601**	5,586
(vi)	Senior notes subscribed by a related party, Beyond Wisdom Limited		
	– Discounted principal amount (Note 21(d))	**134,782**	–
	– Fully capitalised interest	**12,581**	–
		147,363	–

43 Related-party transactions (continued)

(b) Transactions with related parties (continued)

	Year ended 31 December 2015 RMB'000	2014 RMB'000
(vii) Guarantee provided to a joint venture		
– Wuxi Jingrui Property Development Co., Ltd. (Note 40(b))	**220,000**	–

(viii) Funding guaranteed by a related party

As at 31 December 2015, perpetual capital instruments of RMB530,399,000 of the Group (including the equity component of RMB512,111,000 and the liability component of RMB18,288,000) were guaranteed by Yan Hao (Note 20).

(c) Key management compensation

Key management includes directors (executive and non-executive), chief financial officer, vice presidents, head of corporate finance and investor relations and secretary of the board of directors. The compensation paid or payable to key management for employee services is shown below:

	Year ended 31 December 2015 RMB'000	2014 RMB'000
Salaries and other short-term employee benefits	**8,452**	10,550
Pre-IPO share award	**1,599**	4,424
Post-employment benefits	**333**	320
	10,384	15,294

43 Related-party transactions (continued)

(d) Related-party balances

	As at 31 December	
	2015	2014
	RMB'000	RMB'000
(i) Amount due from a joint venture (Note 15)		
– Changzhou Jingshang (note)	**236,215**	98,613

note: The balances as at 31 December 2015 and 2014 represent the funding from the Group to Changzhou Jingshang, a joint venture of the Group, in addition to the capital contribution for its operational purpose in property development which is under construction. The balance as at 31 December 2015 includes an amount of RMB99,158,000 (2014: RMB98,613,000) which was the outstanding principal and interest receivable balance of an entrusted loan from the Group to Changzhou Jingshang. The entrusted loan matured in March 2016 with annual interest rate of 6.15% and Changzhou Jingshang has repaid the outstanding balance of the entrusted loan in March 2016.

	As at 31 December	
	2015	2014
	RMB'000	RMB'000
(ii) Amounts due to related parties (Note 23)		
– Changzhou Jingshang (note (1))	**171,463**	195,898
– Wuxi Jingrui Property Development Co., Ltd. (note (2))	**278,194**	100,000
– Beyond Wisdom Limited (note (3))	**807**	–
	450,464	295,898

note:

(1) The balance of RMB171,463,000 as at 31 December 2015 (31 December 2014: RMB195,898,000) due to Changzhou Jingshang represents the temporary funding from Changzhou Jinshang to the Group.

(2) The balance of RMB278,194,000 as at 31 December 2015 (31 December 2014: RMB100,000,000) due to Wuxi Jingrui Property Development Co., Ltd. represents the temporary funding from Wuxi Jingrui Property Development Co., Ltd. to the Group.

(3) The balance of RMB807,000 as at 31 December 2015 (31 December 2014: Nil) due to Beyond Wisdom Limited represents the payable for expenses paid by Beyond Wisdom Limited on behalf of the Group.

Except for the entrusted loan lent by the Group to Changzhou Jingshang in March 2013 as mentioned above (Note 43 (d)(i)), the amounts due from and due to related parties are unsecured, non-interest bearing and repayable on demand.

44 Particulars of subsidiaries

Particulars of the subsidiaries of the Group as at 31 December 2015 and 2014 are as follows:

Company name	Date of incorporation/ establishment	Authorised or registered capital RMB'000	Issued and fully paid capital RMB'000	Percentage of attributable equity interest as at 31 December 2015	2014	Principal activities
Subsidiaries established in the PRC						
Jingrui Properties (Group) Co., Ltd. (景瑞地產(集團)股份有限公司) ("Jingruis Properties (Group)")	8 September 1993	621,079	621,079	**100%**	100%	Property land investment holding
Shanghai Jingrui Property Management Co., Ltd. (上海景瑞物業管理有限公司)	31 December 1996	5,000	5,000	**100%**	100%	Property management
Shanghai Jingrui Real Estate Agency Co., Ltd. (上海景瑞房地產營銷代理有限公司)	19 November 1999	10,000	10,000	**100%**	100%	Real estate marketing
Shanghai Garden City Real Estate Development Co., Ltd. (上海花園城房地產開發有限公司) ("Shanghai Garden City")	27 April 2000	20,000	20,000	**100%**	100%	Property development
Shanghai Lijing Real Estate Development Co., Ltd. (上海麗景房地產開發有限公司)	18 October 2000	10,000	10,000	**100%**	100%	Property development
Shanghai Huajiang Construction and Development Co., Ltd. (上海華江建設發展有限公司) ("Shanghai Huajiang") (d)	16 August 2002	100,000	100,000	**67.5%**	67.5%	Property development
Shanghai Jingrui Investment Co., Ltd. (上海景瑞投資有限公司)	22 July 2003	100,000	100,000	**100%**	100%	Investment holding
Shanghai Jingxiang Property Co., Ltd. (上海景祥置業有限公司)	9 April 2004	20,000	20,000	**100%**	100%	Property development
Chongqing Jingkang Property Development Co., Ltd. (重慶景康置業發展有限公司)	20 July 2005	20,000	20,000	**100%**	100%	Property development

44 Particulars of subsidiaries (continued)

Company name	Date of incorporation/ establishment	Authorised or registered capital RMB'000	Issued and fully paid capital RMB'000	Percentage of attributable equity interest as at 31 December 2015	2014	Principal activities
Subsidiaries established in the PRC (continued)						
Zhoushan Jingrui Property Co., Ltd. (舟山景瑞置業有限公司)	16 February 2006	50,000	50,000	**100%**	100%	Property development
Changzhou Jingshen Property Co., Ltd. (常州景申置業有限公司)	14 April 2006	80,000	80,000	**100%**	100%	Property development
Huzhou Jingrui Property Co., Ltd. (湖州景瑞置業有限公司)	20 August 2007	100,000	100,000	**100%**	100%	Property development
Tianjin Jingxiu Property Investment Co., Ltd. (天津景秀置業投資有限公司)	24 July 2007	60,000	60,000	**100%**	100%	Property development
Tianjin Jingshang Property Investment Co., Ltd. (天津景尚置業投資有限公司)	14 August 2007	30,000	30,000	**100%**	100%	Property development
Taicang Jingrui Property Co., Ltd. (太倉景瑞置業有限公司)	25 December 2007	500,600	500,600	**100%**	100%	Property development
Shanghai Jingshang Property Co., Ltd. (上海景尚置業有限公司)	8 April 2008	20,000	20,000	**100%**	100%	Property development
Taizhou Jingrui Property Co., Ltd. (泰州景瑞置業有限公司)	17 November 2009	205,000	205,000	**100%**	100%	Property development
Shanghai Jingrui Investment Co., Ltd. (上海景鋭投資有限公司)	9 December 2009	1,000	1,000	**100%**	100%	Investment holding
Taicang Jingshang Property Co., Ltd. (太倉景尚置業有限公司)	6 January 2010	150,000	150,000	**70%**	70%	Property development
Nantong Jingrui Property Co., Ltd. (南通景瑞置業有限公司)	26 January 2010	100,000	100,000	**100%**	100%	Property development

44 Particulars of subsidiaries (continued)

Company name	Date of incorporation/ establishment	Authorised or registered capital RMB'000	Issued and fully paid capital RMB'000	Percentage of attributable equity interest as at 31 December 2015	2014	Principal activities
Subsidiaries established in the PRC (continued)						
Shanghai Chengjing Investment Co., Ltd. (上海誠景投資有限公司)	28 April 2010	40,000	40,000	**100%**	100%	Investment holding
Zhoushan Jingshang Property Co., Ltd. (舟山景尚置業有限公司)	17 August 2010	200,000	200,000	**100%**	100%	Property development
Huzhou Jingshang Property Co., Ltd. (湖州景尚置業有限公司) ("Huzhou Jingshang") (a)(c)	12 May 2011	51,000	51,000	**100%**	100%	Property development
Shaoxing Jingrui Property Co., Ltd. (紹興景瑞置業有限公司)	27 June 2011	100,000	100,000	**100%**	100%	Property development
Shanghai Lichen Building Decoration Engineering Co., Ltd. (上海立臣建築裝飾工程有限公司)	4 November 2011	8,000	8,000	**100%**	100%	Building decoration engineering
Shaoxing Jingxiang Property Co., Ltd. (紹興景祥置業有限公司)	17 January 2012	100,000	140,000	**100%**	100%	Property development
Shaoxing Jingkang Property Co., Ltd. (紹興景康置業有限公司) ("Shaoxing Jingkang") (a)	17 January 2012	10,000	100,000	**100%**	100%	Property development
Shanghai Jingrui Commercial Investment Management Co., Ltd. (上海景瑞商業投資管理有限公司)	11 May 2012	2,000	2,000	**100%**	100%	Investment holding
Shanghai Youmao Construction Material Co., Ltd. (上海友茂建築材料有限公司)	14 August 2012	10,000	10,000	**100%**	100%	Hardware and building materials
Shanghai Jingyi Investment Co., Ltd. (上海景熠投資有限公司)	26 November 2012	49,000	49,000	**100%**	100%	Investment holding

44 Particulars of subsidiaries (continued)

Company name	Date of incorporation/ establishment	Authorised or registered capital RMB'000	Issued and fully paid capital RMB'000	Percentage of attributable equity interest as at 31 December 2015	2014	Principal activities
Subsidiaries established in the PRC (continued)						
Shanghai Jingbo Investment Co., Ltd. (上海景博投資有限公司) (c)	26 November 2012	49,000	49,000	**100%**	100%	Investment holding
Shanghai Jingji Investment Co., Ltd. (上海景吉投資有限公司) (c)	26 November 2012	49,000	49,000	**100%**	100%	Investment holding
Chongqing Jingshang Property Co., Ltd. (重慶景尚置業有限公司) (a)(c)	6 December 2012	100,000	100,000	**100%**	100%	Property development
Shaoxing Jinghu Property Co., Ltd. (紹興景湖置業有限公司)	25 January 2013	100,000	100,000	**100%**	100%	Property development
Shanghai Ruijun Investment Co., Ltd. (上海瑞峻投資有限公司)	16 February 2013	10,000	10,000	**100%**	100%	Investment holding
Shanghai Ruixu Investment Co., Ltd. (上海瑞旭投資有限公司)	16 February 2013	10,000	10,000	**100%**	100%	Investment holding
Shanghai Ruiye Investment Co., Ltd. (上海瑞曄投資有限公司)	16 February 2013	10,000	10,000	**100%**	100%	Investment holding
Shanghai Ruiyou Investment Co., Ltd. (上海瑞佑投資有限公司)	16 February 2013	10,000	10,000	**100%**	100%	Investment holding
Shanghai Ruizhi Investment Co., Ltd. (上海瑞徵投資有限公司)	16 February 2013	11,000	11,000	**99%**	99%	Investment holding
Ningbo Jingrui Property Co., Ltd. (寧波景瑞置業有限公司) (a)(c)	20 February 2013	200,000	200,000	**100%**	100%	Property development
Hangzhou Jingyue Property Co., Ltd. (杭州景越置業有限公司) (a)	1 March 2013	100,000	100,000	**100%**	100%	Investment holding

44 Particulars of subsidiaries (continued)

Company name	Date of incorporation/ establishment	Authorised or registered capital RMB'000	Issued and fully paid capital RMB'000	Percentage of attributable equity interest as at 31 December 2015	2014	Principal activities
Subsidiaries established in the PRC (continued)						
Yangzhou Jingrui Property Co., Ltd. (揚州景瑞置業有限公司) (a)	8 April 2013	100,000	100,000	**100%**	100%	Property development
Shanghai Ruibin Investment Co., Ltd. (上海瑞賓投資有限公司)	16 April 2013	11,000	11,000	**99%**	99%	Investment holding
Shanghai Ruicen Investment Co., Ltd. (上海瑞岑投資有限公司) (c)	16 April 2013	10,000	49,000	**100%**	100%	Investment holding
Shanghai Ruichen Investment Co., Ltd. (上海瑞琛投資有限公司)	16 April 2013	10,000	10,000	**100%**	100%	Investment holding
Shanghai Ruice Investment Co., Ltd. (上海瑞策投資有限公司)	16 April 2013	10,000	10,000	**100%**	100%	Investment holding
Shanghai Ruicui Investment Co., Ltd. (上海瑞萃投資有限公司)	16 April 2013	10,000	49,000	**100%**	100%	Investment holding
Hainan Jingshen Investment Management Co., Ltd. (海南景申投資管理有限公司)	14 May 2013	10,000	10,000	**100%**	100%	Property management and investment holding
Zhuji Jingrui Property Co., Ltd. (諸暨景瑞置業有限公司) (a)(c)	19 June 2013	100,000	100,000	**100%**	100%	Property development
Nantong Jinshang Property Co., Ltd. (南通景尚置業有限公司) (a)	2 July 2013	100,000	100,000	**100%**	100%	Property development
Shanghai Jiahe Investment Co., Ltd. (上海佳赫投資有限公司)	8 July 2013	1,000	1,000	**100%**	100%	Investment holding
Shanghai Jiachun Investment Co., Ltd. (上海佳淳投資有限公司)	8 July 2013	1,000	100,000	**100%**	100%	Investment holding

44 Particulars of subsidiaries (continued)

Company name	Date of incorporation/ establishment	Authorised or registered capital RMB'000	Issued and fully paid capital RMB'000	Percentage of attributable equity interest as at 31 December 2015	2014	Principal activities
Subsidiaries established in the PRC (continued)						
Shanghai Jiabang Investment Co., Ltd. (上海佳邦投資有限公司)	8 July 2013	1,000	1,000	**100%**	100%	Investment holding
Shanghai Jiajing Investment Co., Ltd. (上海佳靖投資有限公司)	10 July 2013	1,000	1,000	**100%**	100%	Investment holding
Shanghai Jiaguan Investment Co., Ltd. (上海佳冠投資有限公司) (Note 40(e))	10 July 2013	1,000	30,500	**65.57%**	65.57%	Investment holding
Shanghai Jialing Investment Co., Ltd. (上海佳翎投資有限公司)	10 July 2013	1,000	1,000	**100%**	100%	Investment holding
Shanghai Jiamu Investment Co., Ltd. (上海佳慕投資有限公司)	10 July 2013	1,000	1,000	**100%**	100%	Investment holding
Shanghai Jiamu Investment Co., Ltd. (上海佳穆投資有限公司)	10 July 2013	1,000	1,000	**100%**	100%	Investment holding
Shanghai Jiajie Investment Co., Ltd. (上海佳捷投資有限公司)	10 July 2013	1,000	1,000	**100%**	100%	Investment holding
Shanghai Jingshen Culture Development Co., Ltd. (上海景申文化發展有限公司)	15 July 2013	10,000	10,000	**100%**	100%	Culture Development
Taicang Derun Investment Development Co., Ltd. (太倉德潤投資發展有限公司)	14 August 2013	247,000	247,000	**100%**	100%	Property Development
Hangzhou Jinghang Property Co., Ltd. (杭州景航置業有限公司)	14 August 2013	100,000	100,000	**51%**	51%	Property Development
Suzhou Jinglong Property Co., Ltd. (蘇州景隆置業有限公司)	10 October 2013	100,000	615,000	**100%**	100%	Property Development

44 Particulars of subsidiaries (continued)

Company name	Date of incorporation/ establishment	Authorised or registered capital RMB'000	Issued and fully paid capital RMB'000	Percentage of attributable equity interest as at 31 December 2015	2014	Principal activities
Subsidiaries established in the PRC (continued)						
Shanghai Fengxiang Property Development Co., Ltd. (上海鳳翔房地產開發有限公司) ("Shanghai Fengxiang") (Note 41(f))	23 June 1998	100,000	100,000	**52.46%**	65.57%	Property Development
Ningbo Jingshang Property Co., Ltd. (寧波景尚置業有限公司) (a)(c)	10 January 2014	50,000	50,000	**100%**	100%	Hardware and building materials
Shanghai Yongrui Construction Material Co., Ltd. (上海永芮建築材料有限公司)	14 January 2014	10,000	10,000	**100%**	100%	Hardware and building materials
Shanghai Yongran Construction Material Co., Ltd. (上海永然建築材料有限公司)	18 January 2014	10,000	10,000	**100%**	100%	Hardware and building materials
Shaoxing Jingming Property Co., Ltd. (紹興景明置業有限公司) ("Shaoxing Jingming")	22 January 2014	100,000	300,000	**51%**	51%	Property development
Taizhou Jingrui Property Co., Ltd. (台州景瑞置業有限公司) (a)(c)	23 January 2014	100,000	100,000	**100%**	100%	Property development
Hangzhou Jingheng Property Co., Ltd. (杭州景恒置業有限公司) (a)(c)	18 February 2014	100,000	100,000	**100%**	100%	Property development
Shanghai Xiaoxin Investment Co., Ltd. (上海驍欣投資有限公司)	28 April 2014	100	100	**100%**	100%	Investment holding
Shanghai Xiaorui Investment Co., Ltd. (上海驍瑞投資有限公司)	29 April 2014	100	100	**100%**	100%	Investment holding
Shanghai Xiaopin Investment Co., Ltd. (上海驍品投資有限公司)	4 May 2014	100	100	**100%**	100%	Investment holding
Shanghai Xiaoguan Investment Co., Ltd. (上海驍冠投資有限公司)	4 May 2014	100	100	**100%**	100%	Investment holding
Shanghai Xiaoyu Investment Co., Ltd. (上海驍御投資有限公司)	7 May 2014	100	100	**100%**	100%	Investment holding

44 Particulars of subsidiaries (continued)

Company name	Date of incorporation/ establishment	Authorised or registered capital RMB'000	Issued and fully paid capital RMB'000	Percentage of attributable equity interest as at 31 December 2015	2014	Principal activities
Subsidiaries established in the PRC (continued)						
Shanghai Xiaoze Investment Co., Ltd. (上海驍澤投資有限公司)	7 May 2014	100	100	**100%**	100%	Investment holding
Shanghai Xiaohua Investment Co., Ltd. (上海驍華投資有限公司)	7 May 2014	100	100	**100%**	100%	Investment holding
Shanghai Xiaozhi Investment Co., Ltd. (上海驍智投資有限公司)	13 May 2014	100	100	**100%**	100%	Investment holding
Shanghai Xiaoyi Investment Co., Ltd. (上海驍翼投資有限公司)	13 May 2014	100	100	**100%**	100%	Investment holding
Shanghai Xiaoyi Investment Co., Ltd. (上海驍意投資有限公司)	13 May 2014	100	100	**100%**	100%	Investment holding
Shanghai Yuyu Construction Material Co., Ltd. (上海宇語建築材料有限公司)	13 June 2014	40,000	40,000	**100%**	100%	Hardware and building materials
Shanghai Yufu Construction Material Co., Ltd. (上海宇阜建築材料有限公司)	18 July 2014	20,000	20,000	**100%**	100%	Hardware and building materials
Shanghai Yuyun Investment Co., Ltd. (上海宇耘投資有限公司)	18 July 2014	5,000	5,000	**100%**	100%	Hardware and building materials
Shaoxing Hengpeng Construction Material Co., Ltd. (紹興恒鵬建築材料有限公司)	1 August 2014	20,000	20,000	**100%**	100%	Hardware and building materials
Hangzhou Yuyu Construction Material Co., Ltd. (杭州宇語建築材料有限公司)	7 August 2014	40,000	40,000	**100%**	100%	Hardware and building materials
Hangzhou Jingxi Property Co., Ltd. (杭州景璽置業有限公司)	11 September 2014	1,105,000	1,105,000	**100%**	100%	Property development
Suzhou Zaihe Construction Material Co., Ltd. (蘇州載和建築材料有限公司)	15 October 2014	20,000	20,000	**100%**	100%	Hardware and building materials

44 Particulars of subsidiaries (continued)

Company name	Date of incorporation/ establishment	Authorised or registered capital RMB'000	Issued and fully paid capital RMB'000	Percentage of attributable equity interest as at 31 December 2015	2014	Principal activities
Subsidiaries established in the PRC (continued)						
EI Urban Facilities Development (Tianjin) Co., Ltd. (天津億安城市設施開發有限公司) ("Tianjin Yi An") (b)	15 August 2007	533,325	533,325	**100%**	100%	Urban infrastructure development
Shanghai Jingxiu Property Development Co., Ltd. (上海景秀置業發展有限公司) ("Shanghai Jingxiu")	13 July 2001	30,000	70,599	**100%**	100%	Property development
Ningbo Harbour City Property Co., Ltd. (寧波海港城置業有限公司) (Note 42)	28 February 2014	50,000	50,000	**50%**	–	Property development
Ningbo Harbour City Business Management Co., Ltd. (寧波海港城商業管理有限公司) (Note 42)	23 April 2014	1,000	50	**50%**	–	Investment holding
Suzhou Ailide Trade Co., Ltd. (蘇州艾力得貿易有限公司) ("Suzhou Ailide") (Note 42)	8 January 2015	50,000	50,000	**50%**	–	Hardware and building materials
Shanghai Jingyue Property Co., Ltd. (上海景月置業有限公司)	8 April 2015	75,000	75,000	**100%**	–	Property development
Chongqing Jingteng Property Co., Ltd. (重慶景騰置業有限公司)	19 June 2015	150,000	100,000	**100%**	–	Property development
Shanghai Jingqi Property Co., Ltd. (上海景麒置業有限公司)	13 July 2015	100,000	100,000	**100%**	–	Property development
Shanghai Pinzhai Decoration Technology Co., Ltd. (上海品宅裝飾科技有限公司)	17 July 2015	10,000	3,800	**90%**	–	Customized decoration
Shanghai Xiangyun Investment LLP (上海翔鋆投資管理合夥企業(有限合夥))	21 July 2015	928	928	**100%**	–	Investment holding
Shanghai Shangpu Investment Fund Management Center LLP (上海上璞股權投資基金管理中心(有限合夥))	23 July 2015	192,020	192,020	**100%**	–	Investment holding

44 Particulars of subsidiaries (continued)

Company name	Date of incorporation/ establishment	Authorised or registered capital RMB'000	Issued and fully paid capital RMB'000	Percentage of attributable equity interest as at 31 December 2015	2014	Principal activities
Subsidiaries established in the PRC (continued)						
Shanghai Hefu Investment Co., Ltd. (上海合福投資管理有限公司)	16 October 2015	100,000	100,000	**100%**	–	Investment holding
Shanghai Linjia Corporation Development Co., Ltd. (上海鄰加企業發展有限公司)	4 November 2015	5,000	–	**100%**	–	Property Management
Shanghai Weishu Information & Technology Co., Ltd. (上海微束信息科技有限公司)	11 November 2015	1,000	1,000	**70%**	–	Information & technology
Shanghai Xiangyou Investment Co., Ltd. (上海翔友投資有限公司)	12 November 2015	100	–	**100%**	–	Investment holding
Shanghai Linjia Life Development Co., Ltd. (上海鄰加生活企業發展股份有限公司)	23 December 2015	10,000	–	**100%**	–	Property Management
Equity International Urban Facilities Development (Tianjin) Co., Ltd. (權益城市設施開發(天津)有限公司) ("Quan Yi Tianjin") (b)	25 June 2007	USD71,600,000	USD71,600,000	**100%**	100%	Urban infrastructure development
Hainan Jingshang commercial Management Co., Ltd. (海南景尚商業管理有限公司)	17 April 2013	USD2,000,000	USD2,000,000	**100%**	100%	Property management and investment holdings
Ningbo Jingyue Property Co., Ltd. (寧波景越置業有限公司)	13 March 2015	HKD495,880,000	HKD495,880,000	**100%**	–	Property development
Ningbo Haichangsheng Business Management Co., Ltd. (寧波海昌盛商業管理有限公司) (Note 42)	19 August 2014	USD10,000,000	USD10,000,000	**50%**	–	Hardware and building materials
Harbour City HK Business Management Co., Ltd. (海港(香港)商業管理有限公司) (Note 42)	29 September 2014	USD10,000,000	USD10,000,000	**50%**	–	Investment holding

44 Particulars of subsidiaries (continued)

Company name	Date of incorporation/ establishment	Authorised or registered capital RMB'000	Issued and fully paid capital RMB'000	Percentage of attributable equity interest as at 31 December 2015	2014	Principal activities
Subsidiaries incorporated in Hong Kong						
Jingrui HK Holdings Limited ("EI HK") (b)	25 June 2007	USD10	USD10	**100%**	100%	Property and investment holding
Sincere Paragon Limited	5 February 2013	HKD380,000	HKD380,000	**100%**	100%	Investment holding
Strong Pioneer Investment Co., Ltd. (健創投資有限公司)	30 October 2013	HKD10,000	–	**100%**	100%	Investment holding
Bright Harmony Co., Ltd. (亮致有限公司)	31 October 2013	HKD10,000	–	**100%**	100%	Investment holding
Mega Harmony Development Co., Ltd. (萬致發展有限公司)	31 October 2013	HKD10,000	–	**100%**	100%	Investment holding
Gainful Hero Holdings Co., Ltd. (利勇集團有限公司)	31 October 2013	HKD10,000	–	**100%**	100%	Investment holding
Gainful Harmony International Co., Ltd. (利致國際有限公司)	30 October 2013	HKD10,000	–	**100%**	100%	Investment holding
Wise Rainbow Holdings Co., Ltd. (智彩集團有限公司)	31 October 2013	HKD10,000	–	**100%**	100%	Investment holding
Dragon Braveness Holdings Co., Ltd. (龍英集團有限公司)	31 October 2013	HKD10,000	–	**100%**	100%	Investment holding
Luxuriant Ocean Co., Ltd. (奢洋有限公司)	31 October 2013	HKD10,000	–	**100%**	100%	Investment holding
Wise Amber Co., Ltd. (智珀有限公司)	31 October 2013	HKD10,000	–	**100%**	100%	Investment holding

44 Particulars of subsidiaries (continued)

Company name	Date of incorporation/ establishment	Authorised or registered capital RMB'000	Issued and fully paid capital RMB'000	Percentage of attributable equity interest as at 31 December 2015	2014	Principal activities
Subsidiaries incorporated in BVI						
Natural Apex Limited	9 January 2013	USD50,000	USD50,000	**100%**	100%	Investment holding
Decent Pillar Limited	22 October 2013	USD50,000	–	**100%**	100%	Investment holding
Faithful Gem Limited	18 September 2013	USD50,000	–	**100%**	100%	Investment holding
Gladly Sheen Limited	8 October 2013	USD50,000	–	**100%**	100%	Investment holding
Joyful Dawn Limited	22 October 2013	USD50,000	–	**100%**	100%	Investment holding
Model Sheen Limited	8 October 2013	USD50,000	–	**100%**	100%	Investment holding
Model Wealth Limited	22 October 2013	USD50,000	–	**100%**	100%	Investment holding
Sheeny Blaze Limited	8 October 2013	USD50,000	–	**100%**	100%	Investment holding
Sheeny Bright Limited	8 October 2013	USD50,000	–	**100%**	100%	Investment holding
Sound Pillar Limited	18 October 2013	USD50,000	–	**100%**	100%	Investment holding

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

44 Particulars of subsidiaries (continued)

(a) Certain equity interests in the subsidiaries of the Company were pledged for trust financing arrangement as at 31 December 2015 and 2014 (Note 21). For details, please refer to the table below:

	As at 31 December	
	2015	2014
Percentage of equity interests in Chongqing Jingshang Property Co., Ltd.	**–**	51%
Percentage of equity interests in Yangzhou Jingrui Property Co., Ltd. (i)	**–**	51%
Percentage of equity interests in Hangzhou Jingyue Property Co., Ltd. (i)	**–**	51%
Percentage of equity interests in Nantong Jingshang Property Co., Ltd. (i)	**51%**	51%
Percentage of equity interests in Zhuji Jingrui Property Co., Ltd.	**–**	60%
Percentage of equity interests in Ningbo Jingrui Property Co., Ltd.	**–**	70%
Percentage of equity interests in Taizhou Jingrui Property Co., Ltd.	**–**	51%
Percentage of equity interests in Hangzhou Jingheng Property Co., Ltd.	**49%**	49%
Percentage of equity interests in Ningbo Jingshang Property Co., Ltd.	**65%**	65%
Percentage of equity interests in Shaoxing Jingkang	**–**	100%
Percentage of equity interests in Huzhou Jingshang	**49%**	–

(b) The companies are investment holding companies without any business other than the holding of 20.3% equity interests in Jingrui Properties (Group). They were acquired by the Group in April 2013 for the purpose of the reorganisation.

(c) The percentage of attributable equity interest presented is the beneficiary interests held by the Company's shareholders. The legal equity interests in certain entities are lower than the beneficiary interests because of the existence of trust financing arrangements.

The Group legally transferred the equity interests in the following subsidiaries as collateral to trust financing companies for trust financing arrangement (Note 21) through capital injection by the underlying trust financing companies or the transfer of equity interests by the Group with repurchase obligation.

	As at 31 December	
	2015	2014
Chongqing Jingshang Property Co., Ltd	**–**	49%
Shanghai Jingji Investment Co., Ltd. (i)	**–**	100%
Shanghai Jingbo Investment Co., Ltd. (i)	**–**	100%
Shanghai Ruicen Investment Co., Ltd. (i)	**100%**	100%
Zhuji Jingrui Property Co., Ltd	**–**	40%
Ningbo Jingrui Property Co., Ltd	**–**	30%
Taizhou Jingrui Property Co., Ltd	**–**	49%
Hangzhou Jingheng Property Co., Ltd	**35%**	35%
Ningbo Jingshang Property Co., Ltd	**35%**	35%
Huzhou Jingshang	**51%**	–

44 Particulars of subsidiaries (continued)

notes:

(i) Shanghai Jingji Investment Co., Ltd., Shanghai Jingbo Investment Co., Ltd. and Shanghai Ruicen Investment Co.,Ltd. were incorporated by the Group as special purpose vehicles to hold 49% equity interests in Yangzhou Jingrui Property Co., Ltd., Hangzhou Jingyue Property Co., Ltd and Nantong Jingshang Property Co., Ltd. respectively, therefore the trust financing companies indirectly holds 49% equity interests in respective project companies through their holding of 100% equity interests in these investment companies. The Group holds the remaining 51% equity interests in these project companies which have been pledged to the respective trust financing companies for the trust financing arrangement.

(d) Shanghai Huajiang was owned as to 40% by the Group, 30% by Shanghai South Real Estate Co., Ltd. (上海南方房地產有限公司), 20% and 5%, 2.5% and 2.5% by the other four non-controlling interests respectively before June 2014. The directors of the Group consider that the Group has effective control of Shanghai Huajiang even though it legally holds less than 50% equity interests in Shanghai Huajiang. This is because that the Group is the majority shareholder of Shanghai Huajiang, Shanghai South Real Estate Co., Ltd.and Shanghai Zongquan Real Estate Co., Ltd. (上海總泉置業有限公司), which hold 30% and 2.5% equity interests in Shanghai Huajiang respectively, are following with the Group on all the substantive decision on the operating and financing policies during the life of Shanghai Huajiang based on agreement between the Group and each of Shanghai South Real Estate Co., Ltd. and Shanghai Zongquan Real Estate Co., Ltd. respectively, and there is no history of other shareholders forming a group to exercise their votes collectively.

In June 2014 and December 2014, the Group acquired additional 25% and 2.5% of equity interests from other shareholders and owned 67.5% of equity interests of Shanghai Huajiang since then (Note 41).

(e) Summarised financial information on subsidiaries with non-controlling interests material to the Group

The non-controlling interests of the Group are as follows:

	As at 31 December	
	2015	2014
	RMB'000	RMB'000
Non-controlling interest for		
– Shanghai Huajiang	**75,194**	77,129
– Taicang Jingshang Property Co., Ltd.	**45,617**	46,936
– Hangzhou Jinghang Property Co., Ltd.	**29,354**	37,213
– Shaoxing Jingming	**133,121**	141,542
– Shanghai Jiaguan Investment Co., Ltd.	**438,648**	214,589
– Suzhou Ailide	**211,583**	–
– Other subsidiaries	**360**	220
	933,877	517,629

Set out below are the summarised financial information for the subsidiaries including Shanghai Huajiang, Taicang Jingshang Property Co., Ltd., Hangzhou Jinghang Property Co., Ltd., Shaoxing Jingming, Shanghai Jiaguan Investment Co., Ltd. and Suzhou Ailide that have non-controlling interests that are material to the Group, and the information below is the amount before inter-company elimination.

44 Particulars of subsidiaries (continued)

Summarised balance sheet

	Shanghai Huajiang As at 31 December		Taicang Jingshang Property Co., Ltd. As at 31 December		Hangzhou Jinghang Property Co., Ltd. As at 31 December	
	2015	2014	**2015**	2014	**2015**	2014
	RMB'000	RMB'000	**RMB'000**	RMB'000	**RMB'000**	RMB'000
Current						
Assets	**325,323**	471,745	**892,617**	991,577	**1,125,525**	1,084,152
Liabilities	**100,981**	235,929	**601,558**	689,881	**1,079,644**	655,964
Total current net assets	**224,342**	235,816	**291,059**	301,696	**45,881**	428,188
Non-current						
Assets	**7,025**	1,503	**38**	137	**14,026**	8,756
Liabilities	**–**	–	**139,040**	145,379	**–**	361,000
Total non-current net assets/(liabilities)	**7,025**	1,503	**(139,002)**	(145,242)	**14,026**	(352,244)
Net assets	**231,367**	237,319	**152,057**	156,454	**59,907**	75,944

	Shaoxing Jingming As at 31 December		Jiaguan Investment Co., Ltd. As at 31 December		Suzhou Ailide As at 31 December	
	2015	2014	**2015**	2014	**2015**	2014
	RMB'000	RMB'000	**RMB'000**	RMB'000	**RMB'000**	RMB'000
Current						
Assets	**870,971**	751,434	**2,901,216**	2,927,199	**981,816**	–
Liabilities	**530,666**	251,244	**1,906,230**	2,291,450	**623,534**	–
Total current net assets	**340,305**	500,190	**994,986**	635,749	**358,282**	–
Non-current						
Assets	**9,364**	5,265	**356,186**	339,873	**205,563**	–
Liabilities	**77,993**	216,593	**48,394**	352,360	**140,679**	–
Total non-current net assets/(liabilities)	**(68,629)**	(211,328)	**307,792**	(12,487)	**64,884**	–
Net assets	**271,676**	288,862	**1,302,778**	623,262	**423,166**	–

44 Particulars of subsidiaries (continued)

Summarised statement of comprehensive income

	Shanghai Huajing Year ended 31 December 2015 RMB'000	2014 RMB'000	Taicang Jingshang Property Co., Ltd. Year ended 31 December 2015 RMB'000	2014 RMB'000	Hangzhou Jinghang Property Co., Ltd. Year ended 31 December 2015 RMB'000	2014 RMB'000
Revenue	**197,105**	195,284	**52,240**	563,470	**–**	–
Profit/(loss) before income tax	**107,540**	74,273	**(4,597)**	52,026	**(21,380)**	(27,201)
Income tax expense	**(46,493)**	(34,540)	**200**	(24,468)	**5,343**	6,775
Post-tax profit/(loss)	**61,047**	39,733	**(4,397)**	27,558	**(16,037)**	(20,426)
Other comprehensive income	**–**	–	**–**	–	**–**	–
Total comprehensive income/(loss)	**61,047**	39,733	**(4,397)**	27,558	**(16,037)**	(20,426)
Profit/(loss) allocated to non-controlling interests	**19,840**	11,566	**(1,319)**	8,104	**(7,858)**	(10,009)
Dividends paid to non-controlling interests	**(21,775)**	(24,178)	**–**	–	**–**	–

	Shaoxing Jingming Year ended 31 December 2015 RMB'000	2014 RMB'000	Shanghai Jiaguan Investment Co., Ltd. Year ended 31 December 2015 RMB'000	2014 RMB'000	Suzhou Ailide Year ended 31 December 2015 RMB'000	2014 RMB'000
Revenue	**–**	–	**10,554**	–	**11,333**	–
(Loss)/profit before income tax	**(22,077)**	(14,850)	**35,261**	–	**(1,615)**	–
Income tax expense	**4,891**	3,715	**(8,871)**	–	**401**	–
Post-tax (loss)/profit	**(17,186)**	(11,135)	**26,390**	–	**(1,214)**	–
Other comprehensive income	**–**	–	**–**	–	**–**	–
Total comprehensive (loss)/profit	**(17,186)**	(11,135)	**26,390**	–	**(1,214)**	–
(Loss)/profit allocated to non-controlling interests	**(8,421)**	(5,456)	**12,294**	–	**(607)**	–
Dividends paid to non-controlling interests	**–**	–	**–**	–	**–**	–

44 Particulars of subsidiaries (continued)

Summarised cash flow statement

	Shanghai Huajiang For the year ended 31 December		Taicang Jingshang Property Co., Ltd. For the year ended 31 December		Hangzhou Jinghang Property Co., Ltd. For the year ended 31 December	
	2015	2014	**2015**	2014	**2015**	2014
	RMB'000	RMB'000	**RMB'000**	RMB'000	**RMB'000**	RMB'000
Net cash generated from/(used in) operating activities	**324,744**	(187,698)	**(283,706)**	160,069	**(69,409)**	274,617
Net cash generated from/(used in) investing activities	**–**	544	**–**	(6)	**(33)**	(34)
Net cash used in financing activities	**(396,189)**	(312,670)	**90,702**	(12,401)	**(39,000)**	(306,668)
Net (decrease)/increase in cash and cash equivalents	**(71,445)**	(499,824)	**(193,004)**	147,662	**(108,442)**	(32,085)
Cash and cash equivalents at beginning of the year	**76,036**	575,860	**213,989**	66,327	**117,411**	149,496
Cash and cash equivalents at end of the year	**4,591**	76,036	**20,985**	213,989	**8,969**	117,411

	Shaoxing Jingming For the year ended 31 December		Shanghai Jiaguan For the year ended 31 December		Suzhou Ailide For the year ended 31 December	
	2015	2014	**2015**	2014	**2015**	2014
	RMB'000	RMB'000	**RMB'000**	RMB'000	**RMB'000**	RMB'000
Net cash (used in)/generated from operating activities	**(198,632)**	(339,113)	**(301,951)**	(500,396)	**55,668**	–
Net cash generated from/(used in) investing activities	**32**	(2,000)	**–**	(1,764)	**–**	–
Net cash generated from financing activities	**198,600**	374,700	**300,000**	500,000	**–**	–
Net increase/(decrease) in cash and cash equivalents	**–**	33,587	**(1,951)**	(2,160)	**55,668**	–
Cash and cash equivalents at beginning of the year	**33,587**	–	**3,211**	5,371	**–**	–
Cash and cash equivalents at end of the year	**33,587**	33,587	**1,260**	3,211	**55,668**	–

The information above is the amounts before inter-company eliminations.

45 Balance sheet and reserve movements of the Company

Balance sheet of the Company

	As at 31 December 2015 RMB'000	2014 RMB'000
ASSETS		
Non-current assets		
Interests in subsidiaries	2,663,273	2,648,641
Available-for-sale financial assets	36,869	–
	2,700,142	2,648,641
Current assets		
Amounts due from subsidiaries	1,529,069	677,902
Cash at bank and on hand	3,408	127,808
	1,532,477	805,710
Total assets	4,232,619	3,454,351
OWNERS' EQUITY		
Capital and reserves attributable to equity holders of the Company		
Share capital: nominal value	79,361	79,361
Reserves (note (a))	1,937,460	2,342,355
Total equity	2,016,821	2,421,716
LIABILITIES		
Non-current liabilities		
Borrowings	1,915,065	893,317
Current liabilities		
Trade and other payables	85,845	57,128
Amounts due to subsidiaries	84,209	82,190
Amount due to a related party	807	–
Borrowings	129,872	–
	300,733	139,318
Total liabilities	2,215,798	1,032,635
Total equity and liabilities	4,232,619	3,454,351

The balance sheet of the Company was approved by the Board of Directors on 30 March 2016 and was signed on its behalf by:

Yan Hao
Director

Xu Chao Hui
Director

45 Balance sheet and reserve movements of the Company (continued)

(a) Reserve movements of the Company

	Reserves					
	Share premium RMB'000	Pre-IPO share award scheme RMB'000	Contributed surplus RMB'000	Other reserves RMB'000	Accumulated losses RMB'000	Total RMB'000
Balance at 1 January 2015	**1,271,329**	**48,551**	**1,115,742**	**–**	**(93,267)**	**2,342,355**
Comprehensive income/(loss)						
Loss for the year 2015	–	–	–	–	(344,518)	(344,518)
Other comprehensive income:						
Changes in fair value of available-for-sale financial assets (Note 12)	–	–	–	2,469	–	2,469
Total comprehensive loss for the year 2015	–	–	–	2,469	(344,518)	(342,049)
Transactions with owners						
Pre-IPO share award scheme (Note 35)	–	14,632	–	–	–	14,632
2014 final dividend (Note 37)	(77,478)	–	–	–	–	(77,478)
	(77,478)	14,632	–	–	–	(62,846)
Balance at 31 December 2015	**1,193,851**	**63,183**	**1,115,742**	**2,469**	**(437,785)**	**1,937,460**
Balance at 1 January 2014	1,260,072	14,725	1,115,742	–	(18,150)	2,372,389
Total profit and comprehensive income for the year 2014	–	–	–	–	(75,117)	(75,117)
Rights issue (Note 18(b)(vii))	99,015	–	–	–	–	99,015
Pre-IPO share award scheme (Note 35)	–	33,826	–	–	–	33,826
2013 final dividend (Note 37)	(87,758)	–	–	–	–	(87,758)
Balance at 31 December 2014	1,271,329	48,551	1,115,742	–	(93,267)	2,342,355

46 Events after the reporting period

Same as disclosed below and elsewhere in the notes to the consolidated financial statements set out above, there is no other material subsequent event undertaken by the Group after 31 December 2015:

(a) On 21 March 2016, a wholly-owned subsidiary of the Company, Jingrui Properties (Group), completed the first tranche issue of the domestic corporate bonds in the PRC (the "First Tranche Issue"). The maturity of the First Tranche Issue is 5 years. The size of the First Tranche Issue is RMB1.5 billion, with a coupon rate of 5.88% per annum and issue price at 100% of the principal value of the bonds.

47 Authorisation for issue of the financial statements

The consolidated financial statements were approved and authorised for issue by the board of directors of the Company on 30 March 2016.

Five-Year Financial Information

I. Key data of income statement

	2011 RMB'000	2012 RMB'000	2013 RMB'000	2014 RMB'000	**2015 RMB'000**
Revenue	3,454,341	4,058,848	3,939,011	5,272,953	**5,759,116**
Cost of sales	(2,362,898)	(3,160,844)	(3,071,161)	(4,308,600)	**(5,585,933)**
Gross profit	1,091,443	898,004	867,850	964,353	**173,183**
Fair value gains on investment properties	8,000	24,000	166,637	71,790	**203,255**
Selling and marketing costs	(190,259)	(166,586)	(190,401)	(221,132)	**(230,734)**
Administrative expenses	(153,797)	(151,188)	(206,054)	(241,630)	**(269,074)**
Other income	1,718	2,998	11,133	11,665	**89,338**
Other gains/(losses) – net	(6,890)	(21,774)	216,424	(29,121)	**(52,706)**
Operating profit/(loss)	750,215	585,454	865,589	555,925	**(86,738)**
Finance income	15,912	30,246	26,008	23,244	**38,487**
Finance costs	(11,128)	(12,057)	(12,620)	(11,194)	**(95,841)**
Finance income/(loss) – net	4,784	18,189	13,388	12,050	**(57,354)**
Share of results of joint ventures	(1,981)	2,007	(11,141)	(12,807)	**4,833**
Profit/(loss) before income tax	753,018	605,650	867,836	555,168	**(139,259)**
Income tax expense	(384,884)	(264,200)	(177,929)	(275,651)	**(150,049)**
Profit/(loss) for the year	368,134	341,450	689,907	279,517	**(289,308)**
Attributable to:					
Equity holders of the Company	160,278	271,682	476,171	273,962	**(352,696)**
Holders of perpetual capital instruments	–	–	–	1,350	**50,136**
Non-controlling interests	207,856	69,768	213,736	4,205	**13,252**
	368,134	341,450	689,907	279,517	**(289,308)**

II. Key data of financial position

	2011 RMB'000	2012 RMB'000	2013 RMB'000	2014 RMB'000	**2015 RMB'000**
Total non-current assets	905,154	833,746	1,140,989	1,600,790	**2,513,401**
Total current assets	10,137,613	10,322,026	18,501,936	24,803,330	**26,910,970**
Total assets	11,042,767	11,155,772	19,642,925	26,404,120	**29,424,371**
Total non-current liabilities	1,975,152	2,057,345	4,566,736	4,772,675	**4,945,470**
Total current liabilities	7,072,141	6,996,898	11,721,868	16,872,434	**19,651,686**
Total liabilities	9,047,293	9,054,243	16,288,604	21,645,109	**24,597,156**
Total equity attributable to:					
Equity holders of the Company	1,651,372	1,846,626	3,101,768	3,690,032	**3,381,227**
Holders of perpetual capital instruments	–	–	–	551,350	**512,111**
Non-controlling interests	344,102	254,903	252,553	517,629	**933,877**
Total equity	1,995,474	2,101,529	3,354,321	4,759,011	**4,827,215**

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