

SS100

Sunshine 100 China Holdings Ltd

(Incorporated in the Cayman Islands with limited liability)

Stock Code : 2608



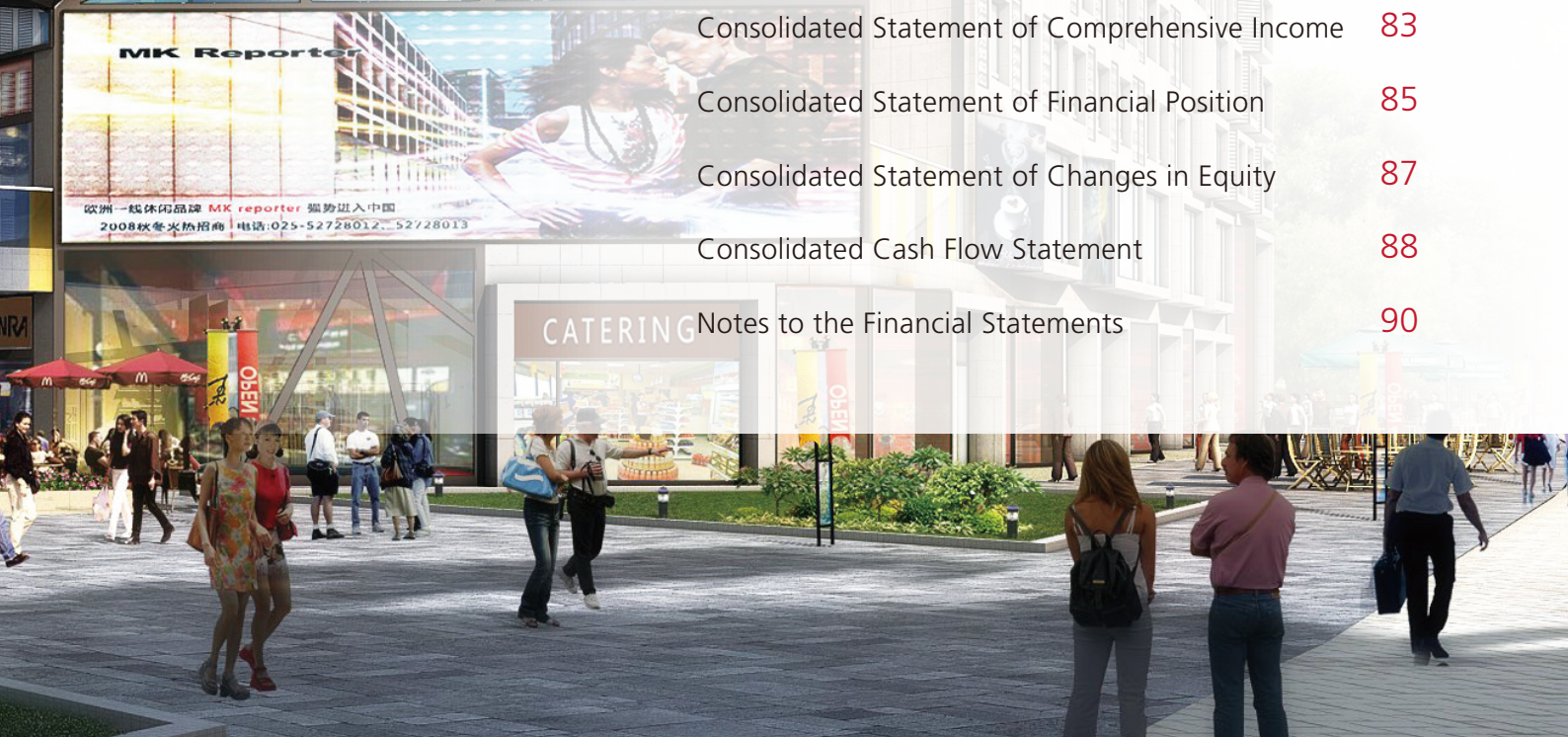
2015

ANNUAL REPORT



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Corporate Information

BOARD OF DIRECTORS

Executive Directors

Mr. Yi Xiaodi (*Chairman and Chief Executive Officer*)
Mr. Fan Xiaochong

Non-executive Directors

Ms. Fan Xiaohua
Mr. Wang Gongquan
(appointed on 1 August 2015)

Independent non-executive Directors

Mr. Chen Jinsong
(resigned on 27 August 2015)
Mr. Gu Yunchang
Mr. Ng Fook Ai, Victor
Mr. Wang Bo
(appointed on 1 August 2015)

AUDIT COMMITTEE

Mr. Ng Fook Ai, Victor (*Chairman*)
Mr. Chen Jinsong
(resigned on 27 August 2015)
Mr. Gu Yunchang
Mr. Wang Bo
(appointed on 27 August 2015)

REMUNERATION COMMITTEE

Mr. Chen Jinsong (*Chairman*)
(resigned on 27 August 2015)
Mr. Wang Bo (*Chairman*)
(appointed on 27 August 2015)
Mr. Fan Xiaochong
Mr. Gu Yunchang

NOMINATION COMMITTEE

Mr. Yi Xiaodi (*Chairman*)
Mr. Chen Jinsong
(resigned on 27 August 2015)
Mr. Gu Yunchang
Mr. Wang Bo
(appointed on 27 August 2015)

JOINT COMPANY SECRETARIES

Dr. Ngai Wai Fung
Mr. Du Hongwei
(resigned on 18 March 2016)
Mr. Chow Chi Ming
(appointed on 18 March 2016)

COMPANY'S WEBSITE

www.ss100.com.cn

AUTHORISED REPRESENTATIVES

Mr. Yi Xiaodi
Dr. Ngai Wai Fung

Corporate Information

REGISTERED OFFICE

190 Elgin Avenue
George Town, Grand Cayman
KY1-9005
Cayman Islands

HEAD OFFICE

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No. 2 Guang Hua Road
Beijing 100026
PRC

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

18th Floor, Tesbury Centre
28 Queen's Road East
Wanchai
Hong Kong

LEGAL ADVISER

Allen & Overy

AUDITOR

KPMG
8th Floor, Prince's Building
10 Chater Road
Central
Hong Kong

COMPLIANCE ADVISER

Haitong International Capital Limited

PRINCIPAL BANKERS

Agricultural Bank of China
China Everbright Bank
China Minsheng Banking Corp., Ltd
Industrial Bank Co., Ltd.

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

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

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Royal Bank of Canada Trust Company (Cayman) Limited
4th Floor, Royal Bank House
24 Shedden Road, PO Box 1586
Grand Cayman KY1-1110
Cayman Islands

LISTING INFORMATION

Place of listing: The Stock Exchange of Hong Kong Limited
Stock code: 2608

Honors and Awards



In March 2015, the Group was awarded the title of “2015 China TOP 100 Real Estate Developers” and “2015 China Top 100 Real Estate Enterprises – TOP 10 in Financing Capacity” issued by China Real Estate TOP 10 Research.



In May 2015, the Group was recognized as the “2015 China mainland real estate company TOP 10 listed in Hong Kong in terms of investment value ranking” and “2015 China mainland real estate company TOP 10 listed in Hong Kong in terms of EVA (Economic Value Added) ranking” by China Real Estate Top 10 Research.



“China Real Estate TOP 10 Research”, which is formed by the Enterprise Research Institute of Development Research Centre of the State Council of China, the Institute of Real Estate Studies of the Tsinghua University and the China Index Academy, established an evaluation system for the operation scale, EVA, investment value, financial soundness of enterprises, financing capability, operating efficiency and social responsibility. The Research has begun its operation since 2003 and conducted evaluation for 13 years, the results of which has become one of the important standards for investors to assess the comprehensive strength of listed real estate companies in China and explore the investment opportunities in the securities market.



Chairman's Statement



Yi Xiaodi
Chairman and Executive Director

I am pleased to present the business review for the year ended 31 December 2015 (the “**Reporting Period**”) and outlook of Sunshine 100 China Holding Ltd. (the “**Company**” or “**Sunshine 100**” and together with its subsidiaries, the “**Group**”) to the shareholders of the Company.

RESULTS

In 2015, contracted sales increased by 12.4% to RMB7,491.9 million, in which the proportion of commercial properties sales increased from 16% to 19%. As the real estate market prices dropped and the floor area delivered was lower than expected, revenue decreased by 9.6% to RMB6,418.2 million. Gross profit decreased by 22.4% to RMB1,168.5 million, and gross profit margin declined to 18.2%. Profit attributable to equity shareholders for the year decreased by 21.6% to RMB600.6 million. The Group optimized its financial structure and financing capacity by various means, including placing and replacing high-cost loans from trusts and other financial institutions with low-cost domestic bonds. As a result, the proportion of trust loans decreased from 48% in 2014 to 38%, and the proportion of short-term debts and current portion of long-term debts repayable within 1 year in total interest-bearing debts dropped from 54% in 2014 to 38%.

Chairman's Statement

REVIEW OF 2015

Operating results remained stable and healthy

In 2015, the overall economy of China was stable with reasonable fall and the real estate industry was in the adjustment period of a long cycle. On the one hand, since 2014, the real estate market had entered the downward adjustment period and the real estate industries of non-tier 1 cities of China were in the situation of continuous excess of supply over demand and lackluster market sentiment, which affected to a certain extent the sale in 2015 and there is pressure of destocking and decrease of residence price in some cities where our projects are located. Meanwhile, the central government and some local governments pushed forward a series of policies supporting the real estate market, including reserve requirement ratio cut, removal of purchase restriction, decrease of the proportion of down payment and relaxation of loan conditions, providing an advantageous environment for the real estate market in general. Benefiting from the positive measures pushed forward by the government, together with the further promotion of the transformation and sale of main products, the increase in the proportion of commercial products, the enhancement of the sales team and the adoption of flexible sales policies, the Group achieved an overall stable performance.

In 2015, the contracted sales of the Group increased by 12.4% to RMB7,491.9 million, wherein the contracted sales of commercial projects increased by 32.3% to RMB1,430.9 million, and the proportion of the contracted sales of the commercial projects to the overall contracted sales further increased to 19%. Due to the fall of the overall market price and the delivered area being below expectation, the revenue of the Group decreased by 9.6% to RMB6,418.2 million. Affected by factors such as the decrease of gross profit, the increase of sales personnel and sales cost from the new projects, the profit attributable to the equity shareholders of the Company decreased by 21.6% to RMB600.6 million. Meanwhile, the financial condition of the Group remained stable and healthy. The total assets of the Group increased by 23.0% to RMB43,138.9 million, and the total equity attributable to equity shareholders increased by 34.1% to RMB6,196.1 million.

On the other hand, the Group commenced a number of new projects and the newly-started gross floor area ("**GFA**") increased by 48.8% to 1.905 million square metres; and the GFA under construction as at the end of the Reporting Period increased by 56.5% to 3.43 million square metres. Moreover, as at 31 December 2015, the Company owned the land reserves with GFA of approximately 13.174 million square metres and the attributable GFA of approximately 10.492 million square metres. In 2015, the Group acquired four projects with the planned GFA of approximately 1.469 million square metres, wherein, Lijiang COART Village was approximately 0.204 million square metres as an experience commercial street combining traditional and modern, national and international, vacation and recreation characteristics; Saipan Project was approximately 0.12 million square metres; Wenzhou Center Project was approximately 0.481 million square metres, including an approximately 0.06 million square-metre riverside commercial street, which was to be built into a commercial street complex with a social hub nature located in the city of Wenzhou; and Wenzhou Arles Project was approximately 0.664 million square metres.

Chairman's Statement

Continuously promoting product structural adjustment

Adhering to the direction of transformation, the Group continued to adjust its product structure and expanded the proportion of commercial projects in the past year. On the one hand, the Group further consolidated the advantages of main commercial real estate product – commercial street complex – high profit, high turnover and low risk; on the other hand, the Group carried out the upgrade of residential products, extended business focus from development to sale and service and stressed the provision of diverse added values for projects.

In respect of commercial products, all key commercial street complex projects went well: of which, one of the representative items, Liuzhou Sunshine 100 Yaobu Classic Town Project with total GFA of approximately 0.231 million square metres, currently continues to enjoy booming sales. Construction of Phases I to IV of the project had been completed. The tenant recruitment of the project was extensively carried out and there had been more than 180 tenants dwelling in Yaobu Classic Town since its opening for business last year, and it is expected that the project will continue to push forward the commercial operation of the street this year and continuously launch Phoenix Market and Trend Theme Commercial Street. The Yixing commercial street complex project, with total GFA of approximately 0.109 million square metres, located in the core of Dongjiu Wan District, Yixing, and backed up with the financial street, will be constructed to be a new commercial street toward the future, which will lead the new lifestyle and the upgrading of consumption. This project was commenced in the second half of 2015 and launched for sale in December 2015 and accomplished excellent sales result of RMB278 million within several days. The project has been awarded “the Commercial Real Estate Project of China with the Largest Growth Potential” by China Commercial Real Estate Industry Development Forum and it is predicted to be completed in mid-2017. Another project acquired in 2015, Lijiang COART Village, adjacent to the Shuhe Ancient Town, Lijiang, enjoys excellent geographical location with total GFA of approximately 0.204 million square metres and is planned to be developed into an integrated tourism commercial real estate project combining tourism, sightseeing, leisure and resort, and experience-based business elements. Part of Phase I has been completed and sold, and it is predicted that the remaining part in Phase I will be completed in 2016. Phases II through IV are under active planning and design and they will commence construction in 2017. The Chongqing Ciyun Temple commercial street project, with the aggregate planned GFA of approximately 0.115 million square metres, located in the prime area of Chongqing CBD where Yangtze River and Jialing River converge and as the largest and most perfectly preserved national historical and cultural street in Chongqing, will be constructed to be the city social hub and a centre for top international institutions of Chongqing. The construction of Phase I of this project commenced in 2015 and it is predicted to start presale in the second half of 2016 and the remaining part of the project is under design and planning. The riverside commercial part, the Phoenix Street of the Wenzhou Center project, with a planned GFA of approximately 0.06 million square metres, will rely on the high-quality landscape resources and integrate multiple commercial modes, develop Wenzhou Center to be the city social hub of Wenzhou. At present, this project is under design and planning and it is expected to start construction at the end of 2016.

Chairman's Statement

In respect of residential products, we have further generalized the idea of the Phoenix Community products, satisfying the living needs of the young elites, especially young business entrepreneurs by providing high-quality and small-size residential properties. In 2015, we continuously rolled out the Phoenix Community in the cities where we operated. At present, the Phoenix Community has entered cities including Shenyang, Weifang, Wuhan, Changsha, Chengdu, Liuzhou and Qingyuan, which provided strong support for us to increase sell-through rate and avoid the further fall of residential product price. For example, the sell-through rate of the Phoenix Community project in Shenyang amounted to 83% and its average price was approximately RMB300/square metres higher than those of our rivals; the sell-through rate of the Phoenix Community project in Changsha amounted to 73% and its average price was about RMB1,000/square metres higher than those of our rivals. In addition, we will continue to promote the enhancement and external collaboration of Phoenix Community, developing quality residences and property management services so as to meet the delicate living needs of young elites, such as 24-hour keeper service system, automobile cleaning and care service, housekeeping service, booking service, asset management, community activities and logistic guarantee for self-service etc.. Moreover, the Phoenix Community is dedicated to providing the young generation with various platforms for their sociality and entrepreneurial demands via building spaces and supporting services; for example, the Changsha project has planned 1,200 square metres of Phoenix Community public spaces with such functions as coffee bar, book bar, public road show center, community kitchen, public AV room, entertainment corner, multi-functional meeting room, children's fairyland, pet hall and air garden for sociality etc. and it is expected to be opened in July 2016. The Villa Entrepreneurial Café of the Phoenix Community project in Wuhan has been opened for business and the shared spaces are under construction and expected to be completed and put into use at the end of April 2016. In addition, the Phoenix Community Villa plans to create a shared exchange platform for villa owners, Phoenix Community Entrepreneurs' Club, on the basis of café and shared space, and will provide exclusive services and specific community activities.

Obtaining high-quality land reserves by market acquisition

In 2015, the Group further expanded the land reserves for core products and obtained quality project lands via low-cost equity investment or market acquisition, providing strong support for the Group to continue to promote its commercial projects and expand its business coverage. During the Reporting Period, the Group mainly acquired 51% equities in Saipan Wing Beach Project at a consideration of approximately US\$5.95 million, and at present the project is under design and planning; it acquired 51% equities in Lijiang COART Village at a consideration of approximately RMB193.8 million, which is a commercial street complex project; part of Phase I of this project has been completed and sold and Phases II through IV are under design and planning; it acquired 51% equities in the Wenzhou Center project at a consideration of approximately RMB334.8 million, and this project is a composite city complex integrating high-end commerce, international fashion, high-end property, leisure and entertainment, shopping center, tourism and resort and consists of 3 super-rise landmark buildings, 3 riverside residences and approximately 0.06 million square-metre riverside commercial plaza; the residences started presale at the end of last year and RMB400 million sales result was achieved within one month and the remaining parts will commence construction and start presale by the end of 2016; in addition, it also acquired 51% equities in the Wenzhou Arles project at a consideration of approximately RMB570.5 million; this project, as a villa and residence project, is planned to start construction in the first half of 2016 and start presale at the end of 2016.

Chairman's Statement

Innovating sales strategy

The Group has unique internal bidding agency system and together with the mode of gradual launching at small quantity, it can fully activate the enthusiasm of the sales team and they can enjoy larger commission incentive while taking the bidding and sales risk. In addition, the flat sales team structure can realize delegation of pricing right so that the team can be more sensitive and quicker to respond to changes of market demand. In 2015, in a relatively difficult market context, the contracted sales of the Group increased by 12.4% from that of the previous year. It is predicted that the effect of such innovative sales strategy will continuously appear in the next three years, speeding up the increasing of sales and sell-through rate, which will further decrease the proportion of sales and administrative costs.

Expanding diverse strategic cooperation

In June 2015, the Company introduced the investment financial group led by EBA Investments (Advisory) Limited ("**EBA Investments**") of China Everbright Limited as the second largest shareholder of the Company who held 9.03% shares in the Company and established the multiplex strategic cooperation with the Group. By virtue of the resource advantage of EBA Investments in real estate and finance etc., the Group will seek for the opportunity to get high quality projects in the core market and further enhance market competitiveness. Besides, the Group also cooperated with Mao Daqing's "UR Work" aiming at the start-up customers to jointly operate the Sunshine 100 UR Work project at Guanghua Road, Beijing; at present, the overall strategic cooperation agreement has been reached and the Yantai project of UR Work at the Group will commence. The Group is seeking for more projects suitable to be commenced. Moreover, we established a strategic alliance with a new venture capital organization, "Shao Chuang Pai", in Wuhan to launch the entrepreneurial villas, "Phoenix Community Villa", the largest in Wuhan. We cooperated with Beijing Zhongshu Investment Holdings Co., Ltd under Li Yapeng to develop Lijiang COART Village, Yunnan and also promoted the cooperation of both parties in other projects with a view to building a commercial ecological environment with cultural and art features to enhance the project value. We will continue to seek for multiplex cooperation opportunities from different directions, so as to export our product marketing strengths by adopting the asset-light operation model, while proactively formulating a diversified and open cooperation platform.

Continuously Optimizing Capital Structure

During the first half of 2015, the Company conducted a top-up placement of 375 million shares of the Company and raised HK\$1.275 billion of gross proceeds (net proceeds: HK\$1.240 billion). This placing helped the Company expand its equity capital, introduced quality strategic investors and further diversified the shareholder structure of the Company. From the second half of 2015 to the beginning of 2016, Guangxi Vantone Real Estate Co., Ltd ("**Guangxi Vantone**" or the "**Issuer**"), a subsidiary of the Company, successfully issued non-public domestic corporate bonds of RMB3.50 billion with an annual coupon rate of no more than 8% and public domestic corporate bonds of RMB1.46 billion with an annual coupon rate of 6.9%, which not only injected new capital for the business expansion of the Company, but also benefited the optimization of financial structure and lowered financing cost.

Chairman's Statement

As at the end of 2015, the proportion of the short-term debts and long-term debts repayable within 1 year to total interest-bearing debts of the Group decreased to 38% from 54% in 2014; the proportion of trust loans decreased from 48% in 2014 to 38% in 2015. In addition, the successful stock placement and bond issue promoted the recognition and influence of the Company in the domestic and overseas capital market and had positive effects on the multi-channel financing and continuous optimization of financial structure in the future.

BUSINESS OUTLOOK

Looking into the future, although the urbanization of China is still underway, the replacement of the scale expansion by the updating and upgrading of quality has become the development trend in the future, which has brought the challenges and opportunities for the new development of the real estate industry of China. On the other hand, the support from macro policies and the loose fund control will provide real estate enterprises, especially small and middle-sized ones, with an excellent window and development opportunities for transition; however, the speed at which the merger and reorganization of enterprises in the industry is higher than expected, and the overall market risk is increasing significantly. To find breakthroughs in the new market context, real estate enterprises need to shift from development with investment to the creation and innovation of products and should have the capability of sustainable development and operating core products in addition to having competitive core products.

In 2016, we will pay attention to and adapt to the latest trends in the real estate industry of China. By virtue of the real estate development capability of more than 20 years and the advantage in land size and land cost of the Group, we will capture every new market opportunity and promote industrial competitiveness. We will pay utmost attention to market trends and seize the window period to speed up destocking. On the one hand, we will further perfect the marketing system and enhance marketing. On the basis of the reform of the marketing team in the previous two years, we will continue to carry forward mechanism reform, team training and expansion, ensure strong support from marketing, further enhance the competitive advantage over the rivals in the industry and further arouse the enthusiasm and cohesive force of the staff. On the other hand, in addition to enhancing marketing, we will speed up project development, quickly destock and dispose of low-efficiency assets so as to ensure the limited funds can be optimized to the development of core products. Moreover, for products, we will specifically increase the sell-through rate of common residences, stocks, commercial projects and high-end products in order to increase the overall sell-through rate and sales volume of all the projects in multiple directions, and we will put in effort to differentiate from the traditional mode of simple price cut promotion by product innovation.

Chairman's Statement

Meanwhile, we will continuously enhance and promote the core competitiveness and commercial operation capability of core products, reinforce their advantages and enlarge and strengthen the brand Sunshine 100. For example, we will establish supporting facilities and service standards for the street complexes of the Group, build good reputation and form competition threshold. The street complex products of the Group have almost taken shape and have been successful in some cities; in the future, we will continuously enhance their operation capability and build good customer recognition, further explore and realize product standardization. In the meantime, we plan to promote these products quickly in other cities around China, and further enhance their competitiveness and brand influence. Looking into the future, we believe that, the two core products have a broad development prospect. The street complex has a very high competitive threshold by virtue of its own features of satisfying investment demand, and "Phoenix Community" project has a clear and outstanding project positioning, closely focusing on the market demand and development of the times. We will spare no effort to promote these two core products around China and find a series of close and win-win partners.

Meanwhile, the Group will further perfect the internal management mechanism, optimize corporate organizational structure and management mode so as to promote its own comprehensive operation capability and efficiency; in addition, it stays open to cooperation, introducing the cooperator to optimize structural system so as to realize the complementation of advantages and a win-win situation. The Group will further promote the merger and reorganization of quality projects, and activate the development of new projects by multiple means. Except for the core products like commercial street complex projects which are controlled by the Group, we make full use of our sales capability to adopt the way of "obtaining operation right with minority shareholding" on residential products.

Besides, the Group will always pay attention to customers' demands, try to provide its staff with more competitive benefits, seek to realize win-win cooperation with suppliers, actively perform its social responsibility as a corporate citizen and deliver better returns for its shareholders and society.

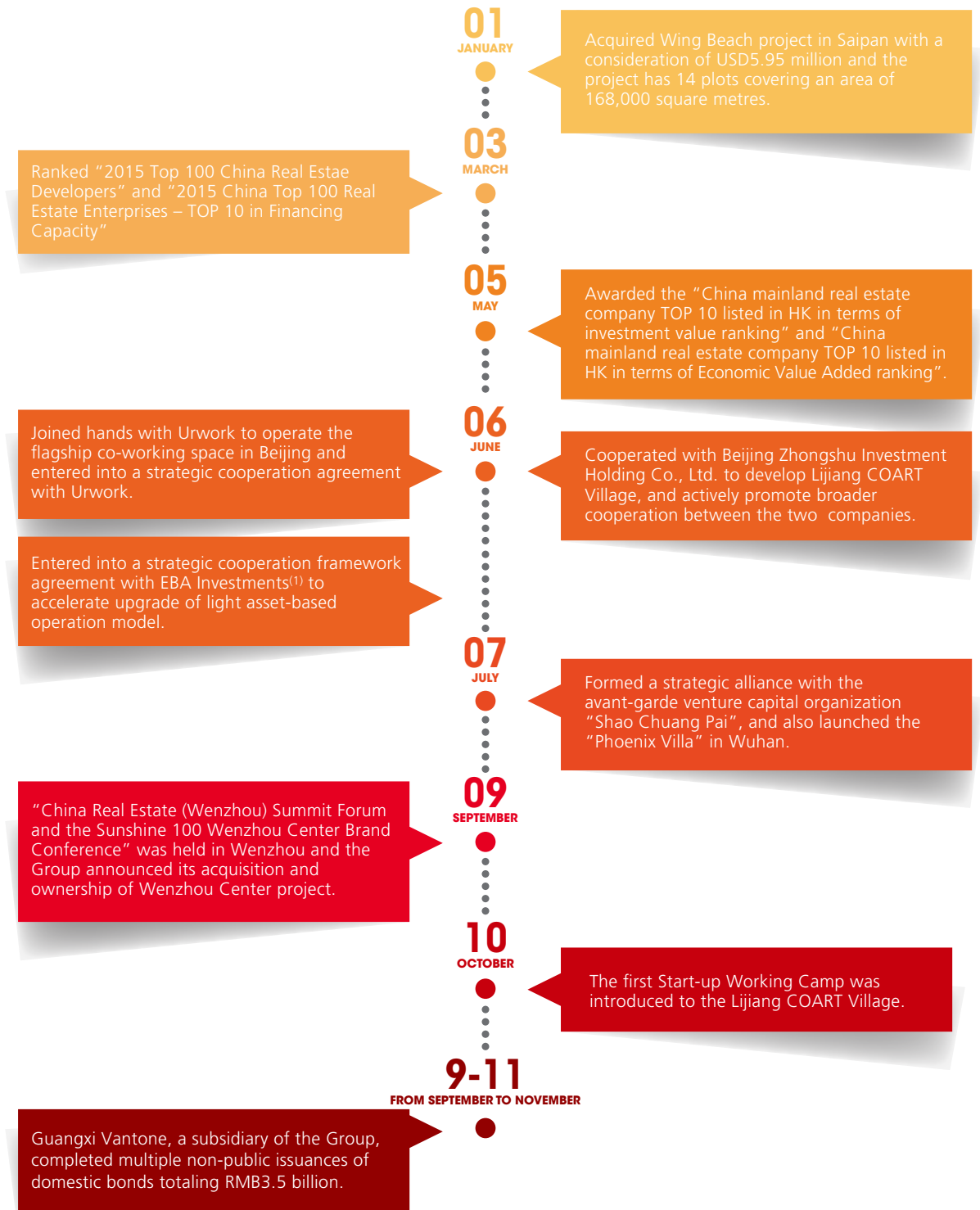
Lastly, on behalf of the board of directors of the Company, I would like to express my sincere gratitude to all the employees of the Group for their relentless efforts and to all the shareholders and clients for their strong support in the past year.

Yi Xiaodi

Chairman and Executive Director

25 March 2016

Corporate Milestones



Note:

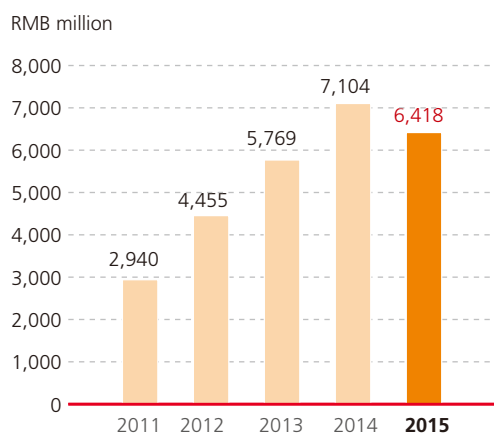
(1) An investment group led by EBA Investments

Financial Summary

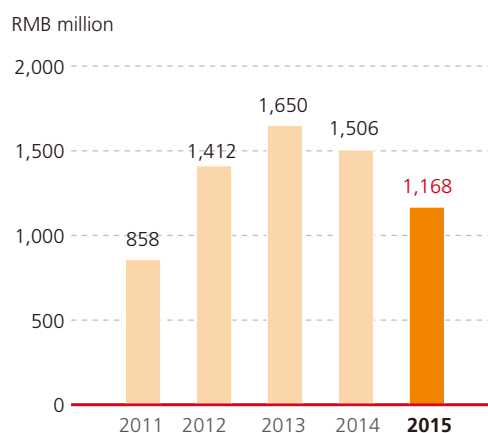
| | For the year ended 31 December | | | | |
|--|--------------------------------|----------------------------|----------------------------|----------------------------|----------------------------|
| | 2015 <i>RMB million</i> | 2014 <i>RMB million</i> | 2013 <i>RMB million</i> | 2012 <i>RMB million</i> | 2011 <i>RMB million</i> |
| Revenue | 6,418 | 7,104 | 5,769 | 4,455 | 2,940 |
| Gross profit | 1,168 | 1,506 | 1,650 | 1,412 | 858 |
| Profit before taxation | 1,003 | 1,310 | 1,115 | 754 | 329 |
| Income tax | (390) | (500) | (484) | (370) | (268) |
| Profit for the year | 613 | 810 | 631 | 384 | 61 |
| Profit for the year attributable to equity shareholders of the Company | 601 | 767 | 672 | 301 | 24 |
| Non-controlling interests | 12 | 43 | (41) | 83 | 37 |
| Total comprehensive income for the year | 610 | 810 | 631 | 384 | 61 |
| | As at 31 December | | | | |
| | 2015 <i>RMB million</i> | 2014 <i>RMB million</i> | 2013 <i>RMB million</i> | 2012 <i>RMB million</i> | 2011 <i>RMB million</i> |
| Total assets | 43,139 | 35,071 | 27,903 | 22,510 | 19,699 |
| Total liabilities | 35,637 | 29,555 | 25,152 | 20,670 | 18,255 |
| Net assets | 7,502 | 5,516 | 2,751 | 1,840 | 1,444 |
| Equity attributable to equity shareholders of the Company | 6,196 | 4,620 | 1,992 | 1,320 | 1,013 |
| Non-controlling interests | 1,306 | 896 | 759 | 520 | 431 |
| Total equity | 7,502 | 5,516 | 2,751 | 1,840 | 1,444 |

Financial Summary

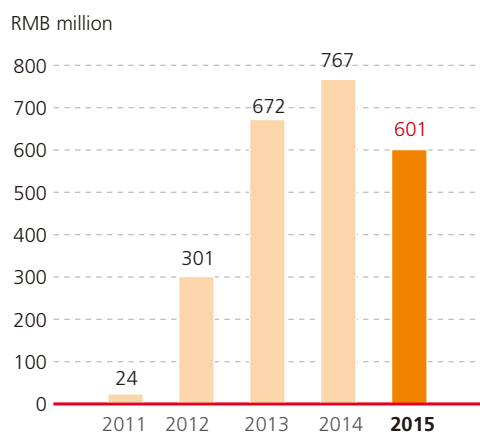
Revenue



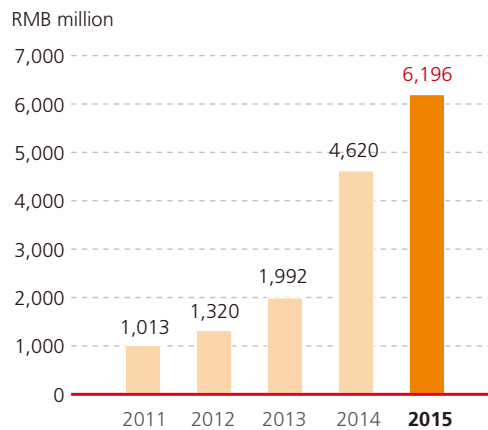
Gross profit



Profit for the year attributable to equity shareholders of the Company



Equity attributable to equity shareholders of the Company



Management Discussion and Analysis

BUSINESS REVIEW

(1) Property Development

Contracted Sales

During the Reporting Period, the Group realized contracted sales of RMB7,491.9 million, representing an increase of 12.4% from 2014, and contracted sales area of 925,140 square metres, representing an increase of 14.4% from 2014. Among which, contracted sales generated from commercial properties amounted to RMB1,430.9 million, representing an increase of 32.3% from 2014, and the contracted sales area amounted to 86,984 square metres, representing an increase of 33.0% from 2014. Contracted sales were evenly distributed across the sales regions, among which, contributions from Qingyuan, Shenyang, Wuxi, Jinan and Wuhan projects were relatively significant, with the contracted sales being RMB1,160.5 million, RMB1,120.9 million, RMB1,054.8 million, RMB912.5 million and RMB879.9 million respectively, accounting for 15.5%, 15.0%, 14.1%, 12.2% and 11.7% of the total contracted sales, respectively. Moreover, the Group's average unit price for contracted sales was RMB7,918/square metre, a decrease of 2.9% from 2014.

Contracted sales of the Group by geographic location during the Reporting Period were as follows:

| Economic area | City | Project | For the year ended 31 December | | | | | |
|------------------|----------|------------------------------------|--------------------------------|---------|------------------------------|-------|-----------------------------------|-------|
| | | | Contracted sales area | | Contracted sales amount | | Unit selling price | |
| | | | (square metres) ⁽¹⁾ | | (RMB million) ⁽²⁾ | | (RMB/square metre) ⁽¹⁾ | |
| | | | 2015 | 2014 | 2015 | 2014 | 2015 | 2014 |
| Bohai Rim | Shenyang | Shenyang Sunshine 100 | 168,642 | 142,628 | 1,121 | 1,031 | 6,558 | 7,130 |
| | | International New Town | | | | | | |
| | | Shenyang Sunshine 100 Golf Mansion | 21,140 | 26,524 | 101 | 132 | 4,730 | 4,901 |
| Jinan | Jinan | Jinan Sunshine 100 | 81,004 | 113,128 | 912 | 1,140 | 10,851 | 9,944 |
| | | International New Town | | | | | | |
| Dongying | | Dongying Sunshine 100 City Garden | 40,454 | 47,054 | 254 | 294 | 6,279 | 6,248 |
| Weifang | | Weifang Sunshine 100 City Plaza | 21,361 | 22,849 | 120 | 143 | 5,477 | 5,952 |
| Tianjin | Tianjin | Tianjin Sunshine 100 | 221 | – | 38 | – | 22,624 | – |
| | | International New Town | | | | | | |
| Sub-total | | | 332,822 | 352,183 | 2,546 | 2,740 | 7,394 | 7,672 |

Management Discussion and Analysis

| | | | For the year ended 31 December | | | | | |
|---------------------|-----------|--|---|---------|---|-------|---|--------|
| Economic area | City | Project | Contracted sales area (square metres) ⁽¹⁾ | | Contracted sales amount (RMB million) ⁽²⁾ | | Unit selling price (RMB/square metre) ⁽¹⁾ | |
| | | | 2015 | 2014 | 2015 | 2014 | 2015 | 2014 |
| Midwest | Wuhan | Wuhan Sunshine 100 Lakeside Residence | 117,774 | 110,519 | 880 | 724 | 7,387 | 6,542 |
| | Changsha | Changsha Sunshine 100 International New Town | 39,828 | 33,411 | 417 | 322 | 10,068 | 9,248 |
| | Chengdu | Chengdu Sunshine 100 Mia Centre | 21,149 | 50,992 | 263 | 569 | 11,774 | 11,119 |
| | Liuzhou | Liuzhou Sunshine 100 Yaobu Classic Town | 7,945 | 37,988 | 251 | 897 | 30,963 | 23,613 |
| | | Liuzhou Sunshine 100 City Plaza | 217 | – | 12 | 7 | 18,433 | – |
| | Chongqing | Chongqing Sunshine 100 International New Town | 10,119 | – | 118 | 9 | 10,871 | – |
| | Lijiang | Lijiang COART Village | 3,481 | – | 68 | – | 19,535 | – |
| | Guilin | Guilin Lijiang River Town | 3,612 | 1,006 | 32 | 9 | 8,859 | 8,946 |
| | Nanning | Nanning Sunshine 100 Upper East Side International | 156 | – | 11 | – | – | – |
| Sub-total | | | 204,281 | 233,916 | 2,052 | 2,537 | 9,693 | 10,709 |
| Yangtze River Delta | Wuxi | Wuxi Sunshine 100 International New Town | 153,230 | 99,705 | 1,055 | 743 | 6,885 | 7,432 |
| | Wenzhou | Wenzhou Center | 21,546 | – | 401 | – | 18,611 | – |
| | Yixing | Yixing Sunshine 100 Phoenix Street (former name: "Yixing Dongjiu Commercial Street") | 8,655 | – | 278 | – | 32,120 | – |
| Sub-total | | | 183,431 | 99,705 | 1,734 | 743 | 9,453 | 7,432 |
| Pearl River Delta | Qingyuan | Qingyuan Mango Town | 204,606 | 122,722 | 1,160 | 647 | 5,621 | 5,248 |
| Sub-total | | | 204,606 | 122,722 | 1,160 | 647 | 5,621 | 5,248 |
| Total | | | 925,140 | 808,526 | 7,492 | 6,667 | 7,918 | 8,153 |

Management Discussion and Analysis

Contracted sales of the Group by type of business during the Reporting Period were as follows:

| Type | For the year ended 31 December | | | | | |
|---------------------------|---|---------|---|-------|---|--------|
| | Contracted sales area (square metres) ⁽¹⁾ | | Contracted sales amount (RMB million) ⁽²⁾ | | Unit selling price (RMB/square metre) ⁽¹⁾ | |
| | 2015 | 2014 | 2015 | 2014 | 2015 | 2014 |
| Commercial properties | 86,984 | 65,413 | 1,431 | 1,082 | 16,451 | 16,541 |
| Residential and car parks | 838,156 | 743,113 | 6,061 | 5,585 | 7,032 | 7,414 |
| Total | 925,140 | 808,526 | 7,492 | 6,667 | 7,918 | 8,153 |
| Proportion | | | | | | |
| Commercial properties | 9% | 8% | 19% | 16% | | |
| Residential and car parks | 91% | 92% | 81% | 84% | | |
| Total | 100% | 100% | 100% | 100% | | |

Notes:

- (1) Excluding car parks
- (2) Including car parks

Management Discussion and Analysis

Property Construction

During the Reporting Period, the Group's newly-started total GFA was 1,905,060 square metres, representing an increase of 48.8% from 2014. The completed GFA was 715,417 square metres, representing a decrease of 51.1% from 2014, mainly due to the fact that the Company promoted the scope of operation steadily, accelerated the turnover of assets, and that certain projects started in the second half of 2015.

The status of property construction of the Group during the Reporting Period was as follows:

| Economic area | City | 2015 | | |
|---------------------|------------------|---|---|--|
| | | Newly-started total GFA (square metres) | Completed total GFA (square metres) | Total GFA under construction as at the end of the period (square metres) |
| Bohai Rim | Shenyang | 244,718 | 408,558 | 361,040 |
| | Jinan | – | 42,671 | 262,672 |
| | Weifang | 155,867 | – | 155,867 |
| | Dongying | 79,095 | 32,369 | 145,011 |
| | Sub-total | 479,680 | 483,598 | 924,590 |
| Midwest | Wuhan | 120,372 | – | 433,211 |
| | Chengdu | – | – | 143,978 |
| | Chongqing | – | – | 141,161 |
| | Changsha | 117,000 | 19,542 | 117,000 |
| | Lijiang | – | – | 79,511 |
| | Liuzhou | – | – | 60,327 |
| | Guilin | 28,560 | – | 51,343 |
| Sub-total | 265,932 | 19,542 | 1,026,531 | |
| Yangtze River Delta | Wenzhou | 480,593 | – | 480,593 |
| | Wuxi | 327,469 | 185,653 | 325,322 |
| | Yixing | 109,472 | – | 109,472 |
| | Sub-total | 917,534 | 185,653 | 915,387 |
| Pearl River Delta | Qingyuan | 241,914 | 26,624 | 563,168 |
| | Sub-total | 241,914 | 26,624 | 563,168 |
| Total | | 1,905,060 | 715,417 | 3,429,676 |

Management Discussion and Analysis

Breakdown of Major Properties

| Economic area | City | Project | Address | Expected completion date of properties under development ⁽¹⁾ | Completion progress of properties under development ⁽¹⁾⁽²⁾ | Saleable GFA remaining unsold | GFA under development | Planned GFA | Our attributable interest in the project |
|---------------------|----------|--|---|---|---|-------------------------------|-----------------------|-------------|--|
| | | | | (square metres) | (square metres) | (square metres) | | | |
| Bohai Rim | Jinan | Jinan Sunshine 100 International New Town | No. 19 Yangguang New Road, Huaiyin District, Jinan City, Shandong Province | | | 106,859 | 262,672 | 175,772 | 49.00% |
| | | Phase I | | | 6,045 | - | - | | |
| | | Phase II | | | | 20,790 | - | - | |
| | | Phase III | | | | 38,673 | - | - | |
| | | Phase IV | | | | 23,730 | - | - | |
| | | Phase V | 2017 | 64% | 17,621 | 262,672 | 112,866 | | |
| | | Phase VI | | | - | - | 62,906 | | |
| | Shenyang | Shenyang Sunshine 100 International New Town | Yuhong New Town, Yuhong District, Shenyang City, Liaoning Province | | | 178,819 | 320,130 | 434,681 | 100.00% |
| | | | Phase I | | | 25,888 | - | - | |
| | | | Phase II | | | 55,384 | - | - | |
| | | Phase III | 2018 | 50% | 97,547 | 320,130 | 434,681 | | |
| | | Shenyang Sunshine 100 Golf Mansion | No. 18 Qi Hao Street, Economics and Technology Development District, Shenyang City, Liaoning Province | | | 89,205 | 40,910 | 18,456 | 51.00% |
| Phase I | | | | 79,340 | - | - | | | |
| Phase II, Phase III | 2018 | 56% | 9,865 | 40,910 | 18,456 | | | | |

Management Discussion and Analysis

| Economic area | City | Project | Address | Expected completion date of properties under development ⁽¹⁾ | Completion progress of properties under development ⁽¹⁾⁽²⁾ | Saleable GFA remaining unsold | GFA under development | Planned GFA | Our attributable interest in the project |
|---------------|-----------------|---|--|---|---|-------------------------------|-----------------------|------------------|--|
| | | | | (square metres) | (square metres) | (square metres) | | | |
| | Tianjin | Tianjin Sunshine 100 International New Town | Hongqi South Road, Nankai District, Tianjin City | | | 186,550 | - | - | 86.00% |
| | Dongying | Dongying Sunshine 100 City Garden | No. 248 North 1st Road, Dongying District, Dongying City, Shandong Province | | | 58,919 | 145,011 | 8,384 | 100.00% |
| | | Phase I | | | | 3,980 | - | - | |
| | | Phase II | | | | 28,916 | - | - | |
| | | Phase III | | 2017 | 56% | 26,023 | 145,011 | 8,384 | |
| | Weifang | Weifang Sunshine 100 City Plaza | No. 5051 Shengli East Street, Kuiwen District, Weifang City, Shandong Province | | | 33,032 | 155,867 | 1,364,936 | 100.00% |
| | | Phase I | | | | 33,032 | - | - | |
| | | Phase II | | 2017 | 50% | - | 155,867 | - | |
| | | Phase III | | | | - | - | 478,382 | |
| | | Phase IV | | | | - | - | 423,573 | |
| | | Phase V | | | | - | - | 462,981 | |
| | Yantai | Yantai Sunshine 100 City Plaza | Nos. 25-27 Haigang Road, Zhifu District, Yantai City, Shandong Province | | | 22,433 | - | 323,632 | 100.00% |
| | | Phase I | | | | 22,433 | - | - | |
| | | Phase II | | | | - | - | 323,632 | |
| | Subtotal | | | | | 675,817 | 924,590 | 2,325,861 | |

Management Discussion and Analysis

| Economic area | City | Project | Address | Expected completion date of properties under development ⁽¹⁾ | Completion progress of properties under development ⁽¹⁾⁽²⁾ | Saleable GFA remaining unsold | GFA under development | Planned GFA | Our attributable interest in the project |
|---------------|---|---|---|---|---|-------------------------------|-----------------------|-------------|--|
| | | | | (square metres) | (square metres) | (square metres) | | | |
| Midwest | Wuhan | Wuhan Sunshine 100 Lakeside Residence | No. 2 Yangqiaohu Avenue, Canglong Island, Jiangxia District, Wuhan City, Hubei Province | | | 64,012 | 433,211 | - | 100.00% |
| | | Phase I | | | 2,706 | - | - | | |
| | | Phase II | | | 34,791 | - | - | | |
| | | Phase III | | | 10,256 | - | - | | |
| | | Phase IV | | | 16,259 | - | - | | |
| | | Phase V | 2016 | 70% | - | 106,335 | - | | |
| | | Phase VI | 2016 | 70% | - | 206,560 | - | | |
| | | Phase VII | 2017 | 38% | - | 120,316 | - | | |
| Chongqing | Chongqing Sunshine 100 International New Town | Nanbin Road, Nan'an District, Chongqing | | | 8,899 | 141,161 | 716,880 | 100.00% | |
| | | Phase I | | | 8,899 | - | - | | |
| | | Phase II | 2022 | 53% | - | 141,161 | 716,880 | | |
| Chengdu | Chengdu Sunshine 100 Mia Centre | No. 6 Wugui Road, Chenghua District, Chengdu City, Sichuan Province | | | 34,192 | 143,978 | - | 100.00% | |
| | | Phase I | | | 34,192 | - | - | | |
| | | Phase II | 2016 | 82% | - | 143,978 | - | | |
| | | Xin Sheng Yuan Project | Keyuan South 2nd Road, High-tech Zone, Chengdu City, Sichuan Province | | | - | - | 20,000 | 100.00% |

Management Discussion and Analysis

| Economic area | City | Project | Address | Expected completion date of properties under development ⁽¹⁾ | Completion progress of properties under development ⁽¹⁾⁽²⁾ | Saleable GFA remaining unsold | GFA under development | Planned GFA | Our attributable interest in the project |
|---------------|----------|--|---|---|---|-------------------------------|-----------------------|-------------|--|
| | | | | (square metres) | (square metres) | (square metres) | | | |
| | Changsha | Changsha Sunshine 100 International New Town | No. 518 Section One, 2nd South Ring Road, Yuelu District, Changsha City, Hunan Province | | | 53,935 | 117,000 | 157,141 | 100.00% |
| | | Phase I | | | | 6,204 | - | - | |
| | | Phase II | | | | 13,020 | - | - | |
| | | Phase III | | | | 32,455 | - | - | |
| | | Phase IV | | 2018 | 21% | 2,256 | 117,000 | 157,141 | |
| | Guilin | Guilin Lijiang Project | Pingle Town, Pingle County, Guilin City, Guangxi Zhuang Autonomous Region | | | - | 49,008 | 83,163 | 75.00% |
| | | Phase I, Phase II | | 2016 | 78% | - | 20,448 | 58,003 | |
| | | Phase III | | 2016 | 66% | - | 28,560 | 25,160 | |
| | | Guilin Scape Project | Ertang Township, Xiangshan District, Guilin City, Guangxi Zhuang Autonomous Region | | | - | 2,335 | 236,722 | 100.00% |
| | Liuzhou | Liuzhou Sunshine 100 City Plaza | No. 2 Guizhong Avenue, Liuzhou City, Guangxi Zhuang Autonomous Region | | | 50,983 | - | - | 75.00% |
| | | Phase I | | | | 11,553 | - | - | |
| | | Phase II | | | | 16,486 | - | - | |
| | | Phase III | | | | 4,984 | - | - | |
| | | Phase IV | | | | 17,960 | - | - | |

Management Discussion and Analysis

| Economic area | City | Project | Address | Expected completion date of properties under development ⁽¹⁾ | Completion progress of properties under development ⁽¹⁾⁽²⁾ | Saleable GFA remaining unsold | GFA under development | Planned GFA | Our attributable interest in the project |
|---------------|---------|--|---|---|---|-------------------------------|-----------------------|-----------------|--|
| | | | | (square metres) | (square metres) | (square metres) | (square metres) | (square metres) | |
| | | Liuzhou Sunshine 100 Yaobu Classic Town | No. 9 Panlong Road, Liuzhou City, Guangxi Zhuang Autonomous Region | | | 93,043 | 60,327 | - | 98.75% |
| | | Phase I | | | | 36,998 | - | - | |
| | | Phase II | | | | 13,338 | - | - | |
| | | Phase III | | 2016 | 88% | 42,707 | 60,327 | - | |
| | | Liuzhou Sunshine 100 Classical Era | No. 11 Haiguan Road, Liuzhou City, Guangxi Zhuang Autonomous Region | | | 1,434 | - | - | 100.00% |
| | Nanning | Nanning Sunshine 100 City Plaza | No. 63-1 Minzu Avenue, Nanning City, Guangxi Zhuang Autonomous Region | | | 16,916 | - | 92,230 | 100.00% |
| | | Phase I | | | | 16,916 | - | - | |
| | | Phase II | | | | - | - | 92,230 | |
| | | Nanning Sunshine 100 Upper East Side International | No. 166 Minzu Avenue, Nanning City, Guangxi Zhuang Autonomous Region | | | 54,060 | - | - | 26.01% |

Management Discussion and Analysis

| Economic area | City | Project | Address | Expected completion date of properties under development ⁽¹⁾ | Completion progress of properties under development ⁽¹⁾⁽²⁾ | Saleable GFA remaining unsold | GFA under development | Planned GFA | Our attributable interest in the project |
|-----------------|---------|--|--|---|---|-------------------------------|-----------------------|------------------|--|
| | | | | | | (square metres) | (square metres) | (square metres) | |
| | | Vantone Air Garden | No. 80 Renmin West Road, Nanning City, Guangxi Zhuang Autonomous Region | | | 2,751 | - | - | 100.00% |
| | | Nanning Sunshine 100 Mountainside Garden | Nos. 1-2 Yinghua Road, Nanning City, Guangxi Zhuang Autonomous Region | | | 10,603 | - | - | 51.00% |
| | | Nanning Sunshine 100 Australian Garden | No. 8 Qingshan Road, Nanning City, Guangxi Zhuang Autonomous Region | | | 800 | - | - | 50.00% |
| | | Nanning Sunshine 100 European Garden | No. 63-1 Minzu Avenue, Nanning City, Guangxi Zhuang Autonomous Region | | | - | - | - | 100.00% |
| | Lijiang | Lijiang COART Village | Kaiwen Community and Longquan Community, Shuhe Street, Lijiang City, Yunnan Province | 2017 | 28% | - | 79,511 | 124,657 | 51.00% |
| Subtotal | | | | | | 391,628 | 1,026,531 | 1,430,793 | |

Management Discussion and Analysis

| Economic area | City | Project | Address | Expected completion date of properties under development ⁽¹⁾ | Completion progress of properties under development ⁽¹⁾⁽²⁾ | Saleable GFA remaining unsold | GFA under development | Planned GFA | Our attributable interest in the project |
|---------------------|---------|---|---|---|---|-------------------------------|-----------------------|------------------|--|
| | | | | | | (square metres) | (square metres) | (square metres) | |
| Yangtze River Delta | Wuxi | Wuxi Sunshine 100 International New Town | No. 1 Tianyi New Street, Xizhang, Yanqiao Town, Huishan District, Wuxi City, Jiangsu Province | | | 341,042 | 325,322 | 752,216 | 100.00% |
| | | | | | | 93,262 | - | - | |
| | | | | | | 64,269 | - | - | |
| | | | | | | 27,141 | - | - | |
| | | | | | | 127,410 | - | 150,907 | |
| | | | | | | 28,960 | - | 140,010 | |
| | | | | 2018 | 50% | - | 325,322 | 461,299 | |
| | Yixing | Yixing Sunshine 100 Phoenix Street (formerly known as "Yixing Dongjiu Commercial Street") | East Jiefang Road, Chengdong New District, Yixing City, Jiangsu Province | 2017 | 18% | - | 109,472 | - | 80.00% |
| | Wenzhou | Wenzhou Center | Binjiang Qidu, Lucheng District, Wenzhou City, Zhejiang Province | | | - | 480,593 | - | 51.00% |
| | Wenzhou | Shengtaicheng | Yangyi Street, Lucheng District, Wenzhou City, Zhejiang Province | | | - | - | 664,177 | 51.00% |
| Subtotal | | | | | | 341,042 | 915,387 | 1,416,393 | |

Management Discussion and Analysis

| Economic area | City | Project | Address | Expected completion date of properties under development ⁽¹⁾ | Completion progress of properties under development ⁽¹⁾⁽²⁾ | Saleable GFA remaining unsold | GFA under development | Planned GFA | Our attributable interest in the project |
|-------------------|----------|---------------------------|--|---|---|-------------------------------|-----------------------|------------------|--|
| | | | | | | (square metres) | (square metres) | (square metres) | |
| Pearl River Delta | Qingyuan | Qingyuan Mango Town | N24 Area, Po Keng Lian Tai Industry City, Long Tang Town, Qing Cheng District, Qingyuan City, Guangdong Province | | | 83,146 | 563,168 | 2,495,825 | 55.00% |
| | | | | | | 40,203 | - | - | |
| | | | | 2016 | 70% | 42,943 | 529,110 | - | |
| | | | | 2018 | 25% | - | 34,058 | 498,127 | |
| | | | | | | - | - | 1,997,698 | |
| Subtotal | | | | | | 83,146 | 563,168 | 2,495,825 | |
| Overseas | Saipan | Saipan Wing Beach Project | Wing Beach, Saipan Island, Northern Mariana Islands | | | - | - | 120,000 | 51.00% |
| Subtotal | | | | | | - | - | 120,000 | |
| Total | | | | | | 1,491,633 | 3,429,676 | 7,788,872 | |

Note:

- (1) Expected completion date and completion progress are applicable to projects under development, but not applicable to those completed or to be developed.
- (2) Completion progress represents the overall completion progress as at 31 December 2015.
- (3) The completed investment properties with a gross total GFA of approximately 374,171 square metres is excluded in this table.
- (4) The self-operated commercial areas of Weifang Sunshine 100 City Plaza with a total GFA of approximately 14,700 square metres and the self-operated hotels of Jinan Sunshine 100 International New Town, Liuzhou Sunshine 100 City Plaza and Wuxi Sunshine 100 International New Town with a total GFA of approximately 68,418 square metres are not included in this table.

Management Discussion and Analysis

(2) Investment properties

During the Reporting Period, the GFA of the Group's new investment properties completed and under construction was 85,016 square metres and the planned GFA of the new investment properties used for future development was 179,845 square metres. The GFA of investment properties decreased by 15,109 square metres. For the year ended 31 December 2015, the GFA of investment properties completed and under construction held by the Group was 469,921 square metres and the planned GFA of the investment properties used for future development was 179,845 square metres. Moreover, during the Reporting Period, the rental income was RMB115.4 million, representing an increase of 11.6% as compared to 2014.

Breakdown of Investment Properties

| Economic area | City | Project | Properties | Use | Leasing period |
|---------------|--------------------------------|--|---|-----------------------------|-----------------------------|
| Bohai Rim | Jinan | Jinan Sunshine 100 International New Town | Part of shopping mall, Phase IV | Commercial | Short, medium and long term |
| | | | Kindergarten, Phase III | Kindergarten | Long term |
| | Shenyang | Shenyang Sunshine 100 International New Town | Part of commercial portion, Phase I | Commercial | Medium term |
| | | | Part of commercial portion, Phase II | Commercial | Short, medium and long term |
| | | | Kindergarten, D13 building, Phase II | Kindergarten | Long term |
| | | | Part of commercial portion, Phase III | Commercial | Under development |
| | Tianjin | Tianjin Sunshine 100 International New Town | Part of community commercial portion | Commercial | Short, medium and long term |
| | Dongying | Dongying Sunshine 100 City Garden | A4 Kindergarten | Kindergarten | Long term |
| | Weifang | Weifang Sunshine 100 City Plaza | Part of commercial portion, Blocks 5–8, Phase I | Commercial | Short, medium and long term |
| | | | Part of office portion, Block 8, Phase I | Office | Short and medium term |
| Yantai | Yantai Sunshine 100 City Plaza | Unsold part of office portion | Office | Medium term | |
| | | Part of shopping mall | Commercial | Short, medium and long term | |

Management Discussion and Analysis

| Economic area | City | Project | Properties | Use | Leasing period | |
|---------------|---------------------|---|--|--|----------------------------------|----------------------|
| Midwest | Wuhan | Wuhan Sunshine 100 Lakeside Residence | Part of commercial portion, Block F53, Phase IV | Commercial | Vacant | |
| | Chongqing | Chongqing Sunshine 100 International New Town | Part of community commercial portion | Commercial | Short and medium term | |
| | Chengdu | Chengdu Sunshine 100 Mia Centre | Himalayan Block E2 Part of underground commercial portion | Service Apartment Commercial | Under development Medium term | |
| | Changsha | Changsha Sunshine 100 International New Town | Part of commercial portion, Blocks 52–56, Phase III | Commercial | Short, medium and long term | |
| | Liuzhou | Liuzhou Sunshine 100 City Plaza | Part of commercial portion | Commercial | Long term | |
| | | | Level 1, Block 33 | Kindergarten | Long term | |
| | | Liuzhou Sunshine 100 Yaobu Classic Town | Part of Land Parcel A reserved | Commercial | Vacant | |
| | | Liuzhou Sunshine 100 Classical Era | Part of Land Parcel B reserved Kindergarten | Commercial Kindergarten | Vacant Long term | |
| | Guilin | Yangshuo Sunshine 100 ⁽¹⁾ City Plaza | Part of commercial portion | Commercial | Short, medium and long term | |
| | Nanning | Nanning Sunshine 100 City Plaza | Part of commercial portion | Commercial | Short, medium and long term | |
| | | | Vantone Air Garden | Part of commercial portion | Commercial | Medium and long term |
| | | Nanning Sunshine 100 Mountainside Garden ⁽²⁾ | Clubhouse | Commercial | Long term | |
| | | Nanning Sunshine 100 Australian Garden ⁽³⁾ | Clubhouse, club | Commercial | Medium and long term | |
| | | Nanning Sunshine 100 European Garden | Clubhouse | Commercial, Kindergarten | Short and medium term | |
| | Yangtze River Delta | Wuxi | Wuxi Sunshine 100 International New Town | Part of Commercial portion, Tianyi Street, Phase V | Commercial | Long term |
| | | Yixing | Yixing Sunshine 100 Phoenix Street | Part of aboveground commercial portion | Commercial | Under development |
| Wenzhou | | Wenzhou Center | Part of aboveground commercial portion | Commercial | Held for future development | |
| Overseas | Saipan | Saipan Wing Beach Project | Whole project | Commercial | Held for future development | |

Note:

- (1) The interest attributable to the Group was 75%.
- (2) The interest attributable to the Group was 51%.
- (3) The interest attributable to the Group was 50%.

Management Discussion and Analysis

(3) Land Acquisition

During the Reporting Period, the Group paid an aggregate amount of RMB712.0 million for various land acquisitions, which included the land payments for Shenyang Sunshine 100 International New Town in the amount of RMB119.4 million and Chongqing Sunshine 100 International New Town in the amount of RMB168.9 million, as well as the consideration of RMB193.8 million paid for Lijiang COART Village.

Breakdown of the land reserves of the Group at the end of the Reporting Period was as follows:

| Economic area | City | Total GFA (square metres) | Proportion | Attributable GFA (square metres) | Proportion |
|--------------------------|------------------|------------------------------|------------------|-------------------------------------|------------------|
| Bohai Rim | Weifang | 1,586,973 | 12% | 1,586,973 | 15% |
| | Shenyang | 1,164,945 | 9% | 1,092,145 | 10% |
| | Jinan | 618,156 | 5% | 302,897 | 3% |
| | Yantai | 404,613 | 3% | 404,613 | 4% |
| | Dongying | 214,408 | 2% | 214,408 | 2% |
| | Tianjin | 201,717 | 1% | 173,477 | 2% |
| | Sub-total | | 4,190,812 | 32% | 3,774,513 |
| Midwest | Chongqing | 886,665 | 7% | 886,665 | 8% |
| | Wuhan | 500,558 | 4% | 500,558 | 5% |
| | Guilin | 383,650 | 3% | 347,502 | 3% |
| | Changsha | 336,408 | 3% | 336,408 | 3% |
| | Liuzhou | 290,658 | 2% | 256,579 | 2% |
| | Nanning | 213,231 | 2% | 173,232 | 2% |
| | Chengdu | 206,327 | 1% | 206,327 | 2% |
| | Lijiang | 204,168 | 1% | 104,126 | 1% |
| | Sub-total | | 3,021,665 | 23% | 2,811,397 |
| Yangtze River Delta | Wuxi | 1,445,584 | 11% | 1,445,584 | 14% |
| | Wenzhou | 1,144,770 | 8% | 583,833 | 6% |
| | Yixing | 109,472 | 1% | 87,577 | 1% |
| | Sub-total | | 2,699,826 | 20% | 2,116,994 |
| Pearl River Delta | Qingyuan | 3,142,139 | 24% | 1,728,176 | 16% |
| | Sub-total | | 3,142,139 | 24% | 1,728,176 |
| Northern Mariana Islands | Saipan | 120,000 | 1% | 61,200 | 1% |
| | Sub-total | | 120,000 | 1% | 61,200 |
| Total | | 13,174,442 | 100% | 10,492,280 | 100% |

Management Discussion and Analysis

Financial Performance

Revenue

During the Reporting Period, the Group's revenue decreased by 9.6% to RMB6,418.2 million in 2015 from RMB7,103.7 million in 2014 mainly due to a decrease in our income from sale of properties.

Income from sale of properties

During the Reporting Period, revenue generated from the sale of properties decreased by 11.3% to RMB5,984.0 million from RMB6,747.1 million in 2014, mainly due to the lower average selling price of properties delivered in 2015 as compared to 2014, and the floor area delivered was below expectation.

| Type | For the year ended 31 December | | | | | |
|---------------------------|--|---------|--|-------|---|--------|
| | Sales area (square metres) ⁽¹⁾ | | Sales income (RMB million) ⁽²⁾ | | Unit selling price (RMB/square metre) ⁽¹⁾ | |
| | 2015 | 2014 | 2015 | 2014 | 2015 | 2014 |
| Commercial properties | 53,862 | 77,871 | 859 | 1,426 | 15,948 | 18,318 |
| Residential and car parks | 796,177 | 742,574 | 5,125 | 5,321 | 6,258 | 6,875 |
| Total | 850,039 | 820,445 | 5,984 | 6,747 | 6,872 | 7,992 |
| Proportion | | | | | | |
| Commercial properties | 6% | 9% | 14% | 21% | | |
| Residential and car parks | 94% | 91% | 86% | 79% | | |
| Total | 100% | 100% | 100% | 100% | | |

Notes:

(1) Excluding car parks

(2) Including car parks

Income from property management and hotel operation

During the Reporting Period, revenue generated from property management and hotel operation increased by 25.9% to RMB318.8 million from RMB253.2 million in 2014, primarily due to an increase in the area under property management of the Group.

Rental income from investment properties

During the Reporting Period, rental income from investment properties of the Group increased by 11.6% to RMB115.4 million from RMB103.4 million in 2014, primarily due to the increase of average rental rate and leaseable area.

Management Discussion and Analysis

Cost of sales

During the Reporting Period, the cost of sales of the Group decreased by 6.2% to RMB5,249.7 million from RMB5,598.2 million in 2014. Cost of sales of properties decreased by 7.5% to RMB4,937.6 million from RMB5,338.5 million in 2014, primarily due to the decrease of the average unit cost of the delivered properties. Cost of property management and hotel operation increased by 20.2% to RMB312.1 million from RMB259.7 million in 2014, primarily due to an increase in the area under property management of the Group.

Gross profit

As a result of the foregoing, during the Reporting Period, our gross profit decreased by 22.4% to RMB1,168.5 million from RMB1,505.5 million in 2014. Our gross profit margin decreased by 3 percentage points to 18.2% from 21.2% in 2014 primarily due to an increase in the proportion of delivered properties with lower gross profit margin.

Valuation gains on investment properties

During the Reporting Period, valuation gains on investment properties of the Group increased by 49.1% to RMB578.2 million from RMB387.8 million in 2014, mainly attributable to the newly added investment properties during the Reporting Period and the increase in the valuation of existing investment properties under construction as they progressed to completion.

Selling expenses

During the Reporting Period, the Group's selling expenses increased by 54.8% to RMB576.0 million from RMB372.2 million in 2014, mainly attributable to an increase in advertisement expenses and incentives for the sales team, as the Group increased efforts in promotion and the development of an internal sale as agent system.

Administrative expenses

During the Reporting Period, the administrative expenses of the Group decreased by 0.5% to RMB404.3 million from RMB406.3 million in 2014.

Financial expenses

During the Reporting Period, financial expenses of the Group increased by 18.2% to RMB171.2 million from RMB144.8 million in 2014, mainly attributable to an increase in the total scale of interest bearing liabilities of the Group.

Income tax

During the Reporting Period, the income tax expenses of the Group decreased by 22.0% to RMB389.6 million from RMB499.5 million in 2014, mainly attributable to a decrease in the profit of the Group.

Management Discussion and Analysis

Profit for the year

During the Reporting Period, the profit for the year of the Group decreased by 24.3% to RMB613.0 million from RMB810.2 million in 2014.

Profit attributable to equity shareholders of the Company

Based on the above mentioned factors, the profit attributable to equity shareholders of the Company decreased by 21.6% to RMB600.6 million from RMB766.5 million in 2014.

Working capital, finance and capital resources

Cash and cash equivalents

As at 31 December 2015, the Group had approximately RMB1,325.2 million in cash and cash equivalents, representing a decrease of RMB1,232.6 million as compared to that of 2014. The decrease was mainly due to an increase in the construction payments during the Reporting Period.

Current ratio, gearing ratio and net gearing ratio

As at 31 December 2015, the Group's current ratio increased to 167.7% from 136.1% in 2014. As at 31 December 2015, the Group's current assets increased from RMB27,084.7 million in 2014 to RMB32,424.0 million, while current liabilities amounted to RMB19,339.8 million decreased from RMB19,902.7 million as of 2014.

As at 31 December 2015, the Group's gearing ratio increased to 45.8% from 42.3% in 2014. Net gearing ratio increased by approximately 27 percentage points to 236.5% from 209.5% in 2014, mainly attributable to an increase in interest bearing liabilities of the Group.

Contingent liabilities

During the Reporting Period, the Group entered into agreements with certain banks to provide guarantees for the mortgage loans of purchasers of its properties. As at 31 December 2015, the Group provided guarantees for mortgage loans in an amount of RMB5,317.6 million (31 December 2014: RMB5,180.1 million) to banks in respect of such agreements.

Loans and borrowings and pledged assets

As at 31 December 2015, the Group had total loans and borrowings of RMB19,768.5 million, of which RMB7,577.5 million, RMB6,037.9 million, RMB5,860.1 million and RMB293.0 million are payable within one year or on demand, after 1 year but within 2 years, after 2 years but within 5 years and after 5 years, respectively.

Management Discussion and Analysis

For the year ended 31 December 2015, the Group had issued two tranches of domestic corporate bonds. The Issuer completed a non-public issuance of a tranche of domestic corporate bonds of RMB2 billion. This tranche of bonds comprised of two series, among which Series 1 amounts to RMB1 billion and is issued with a term of 4 years and an annual coupon rate of 7.85%. The Issuer has the option to adjust the coupon rate and the investors can exercise the put option at the end of the 2.5th year. Series 2 amounts to RMB1 billion and is issued with a term of 5 years with an annual coupon rate of 7.95%. The Issuer has an option to adjust the coupon rate and the investors can exercise the put option at the end of the 3rd year. The Issuer also completed a non-public issuance of another tranche of domestic corporate bonds of RMB1.5 billion. This tranche of bonds is issued with a term of 3 years and an annual coupon rate of 7.99%. The Issuer has the option to raise the coupon rate and the investors can exercise the put option at the end of the 2nd year. For further details on these issuances, please refer to the announcements of the Company dated 30 September 2015 and 20 October 2015.

As at 31 December 2015, the Group had pledged properties and restricted deposits with a carrying value of RMB12,514.7 million (2014: RMB9,268.8 million) to secure banking facilities granted to the Group.

Capital commitment

As at 31 December 2015, the Group's contracted capital commitments for properties under development and investment properties under construction not provided for in the financial statements was approximately RMB2,686.0 million (2014: approximately RMB1,566.7 million). Approved but not contracted for capital commitment of the Group was approximately RMB4,300.2 million as at 31 December 2015 (2014: approximately RMB5,301.3 million).

Foreign exchange exposure

As the renminbi is not freely convertible into foreign currencies, all foreign exchange transactions involving renminbi must take place through the People's Bank of China (the "PBOC") or other statutory institutions. The exchange rates adopted for foreign exchange transactions are those published by the PBOC and may be subject to a managed float against an unspecified basket of currencies. Foreign currency payments, including the remittance of earnings outside the PRC, are subject to the availability of foreign currencies (depending on the foreign currency in which the Group's earnings are denominated) or must be conducted through the PBOC with government approval.

Nearly all of the Group's income and expenses are denominated in renminbi, while certain bank deposits and loans are denominated in the HK dollar and US dollar. However, the operating cash flows and working capital of the Group have not been materially impacted by fluctuations in exchange rates. The Group currently does not hedge its foreign exchange exposures but may adopt hedging measures in the future.

Management Discussion and Analysis

Substantial acquisition and disposal

Repurchase 72% equity interest in Chongqing Yuneng 100 Real Estate Development Co., Ltd. (“Chongqing Yuneng 100”)

On 13 January 2015, Sunshine 100 Real Estate Group Co., Ltd. (“**Sunshine 100 Group**”) (a wholly-owned subsidiary of the Company) entered into an early repayment agreement with Sunshine 100 Real Estate (Liaoning) Co., Ltd., Zhongrong International Trust Co., Ltd. (“**Zhongrong International Trust**”) and Chongqing Yuneng 100, pursuant to which, (i) Sunshine 100 Group would repurchase, and Zhongrong International Trust would transfer, 72% of Chongqing Yuneng 100’s equities for a consideration of approximately RMB517.9 million; and (ii) Sunshine 100 Group would repay the Chongqing Yuneng 100’s outstanding loan (principal of RMB300 million plus gross interest of approximately RMB64.3 million) due to Zhongrong International Trust. For further details on the repurchase, please refer to the announcement of the Company dated 13 January 2015.

Acquisition of shares and shareholders’ loan of Sunshine 100 Resort Development Company Limited (“Sunshine 100 Resort Development”)

On 10 February 2015, Sunmode Limited, a wholly-owned subsidiary of the Company, entered into a share transfer agreement, pursuant to which Sunmode Limited agreed to purchase 510,000 shares and the shareholders’ loan of US\$4,335,000 of Sunshine 100 Resort Development from Wayfine Holdings Limited and Zhongran Investments Company Limited at an aggregate consideration of US\$5,951,821. Upon completion of the transaction, Sunshine 100 Resort Development would be held by Sunmode Limited, Tan Holdings Corporation and Zhongran Investments Company Limited as to 51%, 30% and 19%, respectively. For further details of the acquisition, please refer to the announcement of the Company dated 10 February 2015.

Transfer of 49% equity interest in Chongqing Yuneng 100 and the equity repurchase agreement

On 10 February 2015, Sunshine 100 Group entered into the equity transfer agreement with Beijing Dongfang Zhuochang Investment Management Center (limited partnership), pursuant to which 49% equity interest in Chongqing Yuneng 100 will be transferred by Sunshine 100 Group to Beijing Dongfang Zhuochang Investment Management Center (limited partnership) for a consideration of RMB49,000,000.

On 10 February 2015, Sunshine 100 Group entered into an equity repurchase agreement with Beijing Dongfang Zhuochang Investment Management Center (limited partnership), pursuant to which, Beijing Dongfang Zhuochang Investment Management Center (limited partnership) shall have the right to return the 49% equity interest in Chongqing Yuneng 100 to Sunshine 100 Group at a consideration of RMB49,000,000 according to the terms of the equity repurchase agreement. For further details on the transfer and repurchase, please refer to the announcements of the Company dated 10 February 2015 and 17 February 2015.

Management Discussion and Analysis

Acquisition of shares in Lijiang Snow Mountain Investment Co., Ltd. (“Lijiang Snow Mountain”)

On 10 June 2015, Sunshine 100 Group and Wuxi Suyuan Real Estate Co., Ltd. entered into an equity purchase agreement with Mr. Li Yapeng, Beijing Zhongshu Investment Holdings Co., Ltd. and Lijiang Snow Mountain to acquire 51% equity interest in Lijiang Snow Mountain at a total consideration of RMB193.8 million. The purpose of the acquisition is to develop the Lijiang COART Village project located in Shuhe Ancient Town, Lijiang. For further details of the acquisition, please refer to the announcement of the Company dated 10 June 2015.

Obtaining 51% equity interest in two project companies in Wenzhou by way of capital injection and acquisition of 49% equity interest in another project company in Wenzhou.

Sunshine 100 Group entered into the Capital Injection Agreement Regarding the Wenzhou Zhongxin Project with Sichuan Zhonghang Haoyuan Investment Co., Ltd. (“**Zhonghang Haoyuan**”), controlling shareholders Mr. Liu Jie and Mr. Zhang Bing (the “**Controlling Shareholders**”) and Wenzhou Zhongxin Tower Construction and Development Co., Ltd. (“**Wenzhou Zhongxin**”) on 1 September 2015 and entered into a supplementary agreement to the Capital Injection Agreement regarding the Wenzhou Zhongxin Project with the same parties on 30 October 2015. Pursuant to the Capital Injection Agreement regarding the Wenzhou Zhongxin Project dated on 1 September 2015, Sunshine 100 Group agreed to inject capital of RMB104.08 million as the new registered capital of Wenzhou Zhongxin. It also agreed to provide a shareholder loan of approximately RMB145.81 million to Wenzhou Zhongxin for the settlement of part of intra-group balances of Wenzhou Zhongxin. In addition, pursuant to the supplementary agreement to the Capital Injection Agreement regarding the Wenzhou Zhongxin Project dated 30 October 2015, Sunshine 100 Group agreed to further provide a shareholders’ loan of RMB84.93 million at the request of Wenzhou Zhongxin. After capital injection, Sunshine 100 Group will hold 51% registered capital of Wenzhou Zhongxin.

Sunshine 100 Group entered into the Capital Injection Agreement regarding the Wenzhou Shengtaicheng Project and a supplementary agreement thereto with Chongqing Shihe Tongsheng Investment Co., Ltd. (“**Chongqing Shihe**”), controlling shareholders and Wenzhou Shihe Shengtaicheng Development Co., Ltd. (“**Wenzhou Shengtaicheng**”) on 30 October 2015, pursuant to which, Sunshine 100 Group agreed to inject capital of RMB104.08 million as the new registered capital of Wenzhou Shengtaicheng and to provide a shareholders’ loan of approximately RMB423.6 million to Wenzhou Shengtaicheng for the settlement of part of intra-group balances of Wenzhou Shengtaicheng and further shareholder loan of RMB42.86 million at the request of Wenzhou Shengtaicheng. After capital injection, Sunshine 100 Group will hold 51% registered capital of Wenzhou Shengtaicheng.

Sunshine 100 Group entered into the Equity Transfer Agreement regarding the Wenzhou Zhongxin Haoyuan Project and a supplementary agreement thereto with Shanghai Haoming Equity Investment and Fund Management Co., Ltd. (“**Shanghai Haoming**”), the guarantor Mr. Zhang Bing and Wenzhou Zhongxin Haoyuan Investment Co., Ltd. (“**Wenzhou Zhongxin Haoyuan**”) on 30 October 2015, pursuant to which, Shanghai Haoming agreed to sell and Sunshine 100 Group agreed to acquire 49% equity interest in Wenzhou Zhongxin Haoyuan with a consideration of RMB49 million and to provide a further shareholders’ loan of RMB108.95 million at the request of Wenzhou Zhongxin Haoyuan. For further details on the capital injection and acquisition, please refer to the announcement of the Company dated 1 November 2015.

Management Discussion and Analysis

Save as disclosed above, the Company had no other major investments, acquisitions and disposals during the Reporting Period.

Future plans for substantial investments or capital assets

In June 2015, the Company completed its placing of an aggregate of 375,000,000 new shares at a subscription price of HK\$3.40 per share to the investment financial group led by EBA Investments. The net proceeds raised by the Company from the subscription were approximately HK\$1,240 million. As at the date of this annual report, all the proceeds raised have been used to repay loans, to develop new real estate-related businesses and for general corporate purposes (including property development and project acquisition), and the Group has been negotiating in terms of the purchase of several real estate-related projects.

Human resource

As at 31 December 2015, the Group employed a total of 4,511 employees (2014: 3,882 employees). The staff costs of the Group were RMB442.7 million for the year ended 31 December 2015 (2014: RMB424.6 million). The Group has adopted a performance-based reward system to motivate its staff. In addition to a basic salary, year-end bonuses are offered to staff with outstanding performance. In relation to staff training, the Group also provides various training programs to improve employees' skills and develop their respective expertise.

Events after the Reporting Period

Public offering of the first tranche domestic corporate bonds in China

On 21 January 2016, the Issuer completed the book building for the offering of domestic corporate bonds (the "**Domestic Bonds**") at the total par value of no more than RMB2 billion in China. According to results of book building, the actual amount of the issue of this tranche of the Domestic Bonds is RMB1.46 billion. This tranche of Domestic Bonds is issued with a term of 5 years and an annual coupon rate of 6.9%. The Issuer has the option to raise the coupon rate and the investors have the option to sell back at the end of the third year. The Domestic Bonds issued by the Issuer are secured by a guarantee provided by the Company. The Issuer issued the Domestic Bonds to qualified investors from 22 January 2016 to 25 January 2016. For further details on this offering, please refer to the announcement of the Company dated 5 November 2015 and 22 January 2016.

Sale of 100% equity interest in Yantai Sunshine Shengtong Investment Co., Ltd. ("Yantai Shengtong")

On 22 January 2016, Guangxi Vantone and Yantai Shengtong, each a subsidiary of the Company, entered into the Equity Transfer Agreement with Guangxi Xinheyun Aged Care Industry Investment Co., Ltd. ("**Guangxi Xinheyun**"), pursuant to which, Guangxi Vantone agreed to sell and Guangxi Xinheyun agreed to acquire 100% equity interest in Yantai Shengtong at a total consideration of RMB400 million (including the cash consideration of approximately RMB192.56 million and assumption of shareholders' loan of approximately RMB207.44 million). Yantai Shengtong holds 100% equity interest in Guilin Sunshine 100 Real Estate Co., Ltd. (which is the developer of Guilin Scape project). For further details on the sale, please refer to the announcement of the Company dated 25 January 2016.

Management Discussion and Analysis

Deemed acquisition of a subsidiary

On 21 March 2016, a shareholders' resolution of Chongqing Jiadao Real Estate Development Co., Ltd. ("**Chongqing Jiadao**") was passed to amend the articles of association of Chongqing Jiadao such that Sunshine 100 Group will be entitled to appoint three out of five directors of the board of directors of Chongqing Jiadao. Further, pursuant to the shareholders' resolution, one additional director nominated by Sunshine 100 Group was appointed to the board of directors of Chongqing Jiadao. Upon the appointment of the additional director by Sunshine 100 Group, the Group will control the composition of the majority of the board of Chongqing Jiadao. As a result, Chongqing Jiadao will become a subsidiary of the Company, and it constitutes a deemed acquisition of the Group under the Listing Rules. For further details on the deemed acquisition, please refer to the announcement of the Company dated 21 March 2016.

Directors and Senior Management

DIRECTORS

Executive Directors

Mr. Yi Xiaodi (易小迪), aged 52, is the Chairman of the board of directors of the Company, the pioneer founder, an executive Director, the Chief Executive Officer and the Chairman of the Company's nomination committee, and is in charge of the corporate strategy and the daily operations of the Group. Mr. Yi was appointed as an executive Director by the Company on September 20, 2007. Mr. Yi has extensive experience in the real estate development industry in China. In 1992, Mr. Yi established Guangxi Vantone Enterprise Development Company in Guangxi, which established Guangxi Vantone in 1994. He established the "Sunshine 100" brand in 2000 through the development of the Sunshine 100 International Apartment project (陽光100國際公寓) in Beijing. He received an award for being a leader in real estate innovation in Beijing (北京地產創新領袖人物) from sina.com (新浪網) in 2003, an award for being one of China's influential persons during China's 10 years of transformation (改變中國十年影響力人物) by the Asian Living Environment Association (亞洲人居環境協會) and the Economic Observer (經濟觀察報) in 2004, an award for his outstanding contributions to creating a living environment in China (中國人居環境傑出貢獻人物榮譽稱號) by the China Real Estate and Residential Housing Research Association (中國房地產及住宅研究會) and the Chinese Environmental Protection Fund (中華環境保護基金會) in 2005, an award for outstanding contribution to the creation of value in cities in China (創造城市價值中國地產年度卓越貢獻人物) by the Chinese Living Environment Committee (中國人居環境委員會) in 2006, an award named him a Person of Outstanding Contribution of 2006 China Chuangyi Real Estate Annual Meeting (2006年中國創意地產年會卓越貢獻人物) in 2007 by Lanchou Real Estate Commentary (《藍籌地產評論》), sina.com (新浪網), College of Real Estate of Beijing Normal University (北師大不動產學院) and Chinese Living Environment Committee (中國人居環境委員會), an award for special contribution for 2009 China urban commercial value (2009中國城市商業價值特殊貢獻人物) by China Federation of Urban Commercial Outlets Construction Administration (中國城市商業網點建設管理聯合會) and the International Real Estate Federation (國際不動產行業聯盟), an award named him an Influential Person of 2009 Lanchou Real Estate (2009年度藍籌地產影響力人物) by Lanchou Real Estate Media (藍籌地產傳媒) and Sina Leju (新浪樂居), an award for being one of the most respected entrepreneur of China in 2012 (2012年中國最受尊敬企業家) by Hurun Report (胡潤百富) and an award for being one of the top 10 annual persons in 2009 China brand real estate (2009品牌中國房地產十大年度人物) by China Brand Union Association (品牌中國產業聯盟) and China Real Estate Chamber of Commerce (全國工商聯房地產商會), and the "Special Promoting Award" on the 14th Venice Architectural Biennale-paralleled with the first exhibition in Chinese Cities Hall (第十四屆威尼斯建築雙年展平行展覽中國城市館首展) in June 2014. Mr. Yi was appointed the lecturer for the outstanding alumni's series report course (《優秀校友系列報告》) from September 2006 to July 2011 by the Alumni Association of (北京師範大學校友會) Beijing Normal University. He was the vice executive chairman for the second session of the Guangxi Chamber of Commerce in Beijing (北京廣西企業商會) and a member of the Entrepreneurial Forum of Sohu (搜狐企業家論壇). He obtained a bachelor of science degree in geography from Beijing Normal University (北京師範大學) in July 1986 and a master's degree in economics from Renmin University of China (中國人民大學) in October 1989.

Directors and Senior Management

Mr. Fan Xiaochong (范小冲), aged 51, is an executive Director appointed by the Company on 20 September 2007. Mr. Fan is the Executive Vice-President and is involved in formulating the corporate strategies of the Group, assists Mr. Yi Xiaodi in the Group's daily operations and supervises the land acquisition, human resources and administration departments of the Company. Since the establishment of Guangxi Vantone in 1994, Mr. Fan was engaged in the business and corporate strategy development of the Group. He was the deputy general manager of Guangxi Vantone from 1992 to 2003, the deputy general manager of Beijing Yinxin Guanghua Real Estate Development Co., Ltd. from 1999 to 2003, and has been the executive vice-president of Sunshine 100 Group since 2003. He received an award named Person of Outstanding Contribution of 2006 China Chuangyi Real Estate Annual Meeting (2006年中國創意地產年會卓越貢獻人物) in 2007 by Lanchou Real Estate Commentary (《藍籌地產評論》), sina.com (新浪網), College of Real Estate of Beijing Normal University (北師大不動產學院) and Chinese Living Environment Committee (中國人居環境委員會) and an award for outstanding contribution to China real estate (中國地產傑出貢獻人物獎) in 2010 by the Chinese Association of Urban Development and Public Relationship (中國城市發展暨公共關係協會). Mr. Fan obtained a bachelor of science degree in geography and a master of science degree in regional geography from Beijing Normal University (北京師範大學) in July 1986 and July 1989, respectively.

Non-executive Directors

Ms. Fan Xiaohua (范曉華), aged 73, is a non-executive Director appointed by the Company on 20 September 2007. Ms. Fan joined the Group as a member of the senior management of Guangxi Vantone in 1994. She has been the director of the Group since August 2005 and was involved in the decision-making process and supervised internal auditing of the Company. Ms. Fan served as head of the technology department, the deputy factory director and the factory director of Guangxi Nanning Chinese Medicine Pharmaceutical Factory (廣西南寧中藥廠) from 1979 to 1990, the chief deputy general manager of Nanning Pharmaceutical Group (南寧製藥企業集團) from 1991 to 1993 and has been the chairman and general manager of Guangxi Vantone Pharmaceutical Co., Ltd. (廣西萬通製藥有限公司) since 1993. Ms. Fan enjoys the life-long special allowance (終身享受國務院特殊津貼) which is an award granted by the State Council for experts and scholars who have outstanding contribution since 1993. She was honored as one of "Second Batch of Top Professional Talents in Nanning" (南寧市第二批專業技術拔尖人才) between 1991 and 1993. She obtained a bachelor's degree in medicine from Nanjing Pharmacy College (南京藥學院) (currently known as China Pharmaceutical University (中國藥科大學)) in August 1967.

Mr. Wang Gongquan (王功權), aged 53, was appointed as a non-executive director of the Company on 1 August 2015. Mr. Wang served as a partner of IDG Technology Venture Investments, LP (IDG技術創業投資基金) from 1999 to 2005, the managing partner and senior partner of Beijing Dinghui Venture Investment Advisory Company Limited (北京鼎暉創新投資顧問有限公司) from 2005 to 2011, and an independent director of China Digital TV Holding Co., Ltd. (中華數字電視控股有限公司), a company listed on the New York Stock Exchange (NYSE: STV) from 2007 to 2010. Mr. Wang obtained a bachelor's degree in engineering with major in management engineering from Jilin University of Technology (吉林工業大學) (currently known as Jilin University (吉林大學)) in 1984.

Directors and Senior Management

Independent Non-executive Directors

Mr. Chen Jinsong (陳勁松), aged 52, was appointed as an independent non-executive Director by the Company on February 17, 2014. Mr. Chen is the founder and board chairman of Shenzhen World Union Properties Consultancy Co., Ltd. (深圳世聯行地產顧問股份有限公司), a company established in 1993 and listed on Shenzhen Stock Exchange (Stock Code: 002285). Mr. Chen has more than 20 years of experience in the real estate development industry and has edited and published a number of works in relation to real estate development theory and market research. He is the adviser of administrative committee as well as a senior member of China Institute of Real Estate Appraisers and Agents (中國房地產估價師與房地產經紀人學會理學會顧問與資深會員), a committee member of the Expert Committee of Real Estate Appraisers and Agents of the Ministry of Construction of China (建設部房地產估價與房地產經紀專家委員會委員), the vice director-member of the City Development Professional Committee of China Real Estate Association (中國房地產業協會城市開發專業委員會副主任委員) and a member of the Committee for Statutory Plans of Shenzhen (深圳市法定圖則委員會委員). He obtained a master's degree in engineering management in April 1988 from Tongji University (同濟大學). He has resigned as an independent non-executive director of the Company on 27 August 2015.

Mr. Gu Yunchang (顧雲昌), aged 71, was appointed as our independent non-executive Director on February 17, 2014. Mr. Gu currently serves as the executive chairman of the National Real Estate Business Alliance and the deputy director of the Housing Policy Expert Committee of the Ministry of Housing and Urban-Rural Development and had also been the secretary-general of the China Real Estate Association from 1998 to 2006 and the vice president of the China Real Estate Research Association from 2006 to 2013.

Mr. Gu formerly served at different positions in the Ministry of Construction of the PRC, including the deputy director at Policy Research Centre of Ministry of Construction from 1988 to 1998; and the Deputy Division Head and Division Head at Urban Residence Bureau of Ministry of Construction from 1982 to 1986.

Mr. Gu engaged in theory and policy research, market research and analysis concerning China real estate industry. In the 1980s, he participated in the policy research and formulation of China's city and village residential construction techniques, carrying on a State key project "2000 China", and won the First Class National Science Technology Advance Award in China twice. After joining the China Real Estate Association in 1998, he has been involved in promoting the development of the China real estate industry as well as undertaking the research and analysis of the national real estate market. He is also the main organizer of the China Real Estate Market Report, an annual analysis report issued by the China Real Estate Association. Mr. Gu was an independent non-executive director of Shimao Property Holdings Limited (SEHK stock code: 813) from April 2006 to May 2011, and an independent non-executive director of E-House (China) Holdings Limited (NYSE: EJ) from August 2008 to March 2014. Mr. Gu has been the independent non-executive director of Sino-Ocean Land Holdings Limited (SEHK stock code: 3377) from March 2007 to March 2016 and of CIFI Holdings (Group) Co. Ltd. (SEHK stock code: 884) since 2012. Mr. Gu has also been the independent director of COFCO Property (Group) Co., Ltd. (SZSE stock code: 000031) and Zhejiang Yasha Decoration Co., Ltd. (SZSE stock code: 002375) since April 2012 and May 2013, respectively. Mr. Gu obtained his qualification as a senior urban planner in April 1988 and qualification as a researcher specializing in residence and real estate in December 1999, both of which were certified by the Ministry of Construction. Mr. Gu obtained a bachelor's degree in Urban Planning from Tongji University in July 1966.

Directors and Senior Management

Mr. Ng Fook Ai, Victor (黃博愛), aged 68, is an independent non-executive Director appointed by the Company on February 17, 2014. Mr. Ng is the chairman of 1 Rockstead GIP Fund Limited and was the founder and executive chairman of New Climate Assets Pte. Ltd, an investment company headquartered in Asia focused on investments in Greater China. He managed a number of China focused funds, including China Growth Opportunities Limited, a £50 million UK-listed fund that focuses on private equity investments in China. Mr. Ng has been a director and the chairman of audit committee of Asia Power Corporation Limited, a company listed on the main board of the Singapore Stock Exchange, the chairman and a member of audit committee of Devotion Energy Group Limited, a company listed on the main board of the Singapore Stock Exchange, and My E.G. Services Bhd, a company listed on the main board of Bursa Malaysia, since 1999, 2004 and 2008, respectively. Mr. Ng has been an independent director and the chairman of audit and risk committee of SB Reit Management Pte Ltd., a company listed on the main board of the Singapore Stock Exchange, since May 2015. Mr. Ng obtained a bachelor's degree in economics and a master's degree in economics from the University of London in 1976 and 1978, respectively.

Mr. Wang Bo (王波), aged 57, was appointed as an independent non-executive director of the Company on 1 August 2015. Mr. Wang served as a researcher in the 1989 World Bank Annual Report team in 1988, and a researcher in the Financial Policy and Systems Division of the World Bank from 1988 to 1994. He worked at the investment management department of China Securities Market Research and Design Center (中國證券市場研究中心投資管理部) from 1994 to 1995, and served as the chief economist of Vantone Group (萬通集團) and Beijing Vantone Industrial Co., Ltd. (北京萬通實業股份有限公司) from 1995 to 1997. From 1997 to 2014, he worked at Accenture (China) Co., Ltd. (埃森哲(中國)有限公司) and successively served as, inter alia, a management consulting manager, a senior manager, a global partner of Accenture, the general manager of management consulting of Greater China, the managing director of the government and medical business department of Greater China and the managing director of Greater China. Mr. Wang is a permanent director of China Mergers & Acquisitions Association (中國併購公會) and had served as an executive director of China Mergers & Acquisitions Association, the vice chairman of the China Enterprise Confederation Management Advisory Committee (中國企業聯合會管理諮詢委員會) and the chairman of the appraisal committee of "China M&A Awards" (中國併購專項獎). Mr. Wang obtained a bachelor's degree in economics with major in fiscal and financial studies from the School of Finance of Renmin University of China (中國人民大學財政系) in 1984 and a master's degree in economics with major in financial theory and international economics from Department of Economics of the American University (美利堅大學經濟系) in the United States in 1993.

SENIOR MANAGEMENT

Mr. Yi Xiaodi (易小迪) is the Chief Executive Officer of the Group. Please refer to the sub-section above headed "Executive Directors" of this annual report for Mr. Yi's biography.

Mr. Fan Xiaochong (范小冲) is the Executive Vice-President of the Group. Please refer to the sub-section above headed "Executive Directors" of this annual report for Mr. Fan's biography.

Directors and Senior Management

Mr. Chow Chi Ming (周志明), aged 53, is the Chief Financial Officer and Joint Company Secretary of the Group, and is responsible for the financial affairs of the Group. He graduated from the Institute of Textiles and Clothing of the Hong Kong Polytechnic University and Andrews University in Michigan, the United States of America, and obtained a master's degree in business administration. On 1 January 2016, Mr. Chow joined the Group as Group Vice President. Prior to joining the Group, Mr. Chow served as an independent investment advisor to a number of private equity funds, assisting clients to make equity investments in companies in the real estate, consumer and medical sectors (some of which were preparing for listing on the Stock Exchange). Mr. Chow served as the President of Beijing Rui Xi Ling Hang Investment Management Limited (北京瑞禧領航投資管理有限公司) and also worked at Dexter Specialty Materials H.K. Ltd. (a subsidiary of Dexter Asia Pacific Limited) and RBC Dominion Securities (加拿大皇家銀行多美年證券). Mr. Chow was also an independent adviser to the Company in 2005.

Mr. Du Hongwei (杜宏偉), aged 48, is the Vice President of the Group. Mr. Du joined the Group as the vice president in December 2013 and acted as the chief financial officer of the Group from January 2014 to 18 March 2016. He used to serve as the chief financial officer of Sunshine 100 Group from May 2005 to January 2007. Mr. Du has served as the general manager of capital market and investment banking department of China Merchants Securities Co., Ltd. from January 1999 to March 2002 and the general manager of China Aviation Industrial Fund (中國航空產業投資基金) from September 2009 to May 2012. Mr. Du obtained a master of degree in economics from Fudan University in July 1993.

Mr. Li Hui (黎輝), aged 49, was the Vice President of the Group and the General Manager of Southwestern Project Management Centre. He is responsible for property management and customer service of the Group, and daily management of the foresaid project. Mr. Li joined the Group as the assistant to the chief executive officer in January 2008. He was appointed as the vice president in April 2009, the general manager of Southwestern Project Management Centre in September 2010, the general manager of Wuxi Sunshine 100 International New Town project in September 2011, and the chief financial officer in June 2013. Prior to joining the Group, Mr. Li has served as the deputy general manager of Hainan Science Real Estate Development Co., Ltd. (海南賽特房地產開發有限公司) from 1993 to 1995 and the deputy general manager, the managing vice president and the general manager of Shanghai Oriental International Plaza Development Company (上海東方國際廣場發展公司) from 1996 to December 2000. He also served as the general manager and the chairman of the board of directors of Shanghai Hehe Property Management Co., Ltd. (上海禾和物業管理有限公司) from 2000 to 2008. Mr. Li obtained a bachelor of law degree in international economic law from East China University of Political Science and Law (華東政法大學) (formerly known as East China College of Politics and Law (華東政法學院) in July 1989. Mr. Li Hui resigned on 31 January 2015.

Directors and Senior Management

Mr. Jiang Qinyuan (江沁園), aged 46, is the Vice President of the Group. He is responsible for the commercial management of the Group and in charge of the Property Company (物業總公司). Mr. Jiang joined the Group as the vice president in April 2010. Prior to joining the Group, Mr. Jiang served as the group manager at Procter & Gamble (Guang Zhou) Ltd. from July 1992 to July 1998, a consultant at the PRC and Singapore offices of Bain & Company from 2000 to 2003, the managing director of the Chicago-based China Optimization Group (思歐捷有限公司) from 2004 to 2010, and the president of Catala (Hangzhou) Painting Projects Co., Ltd. (佳塗樂(杭州)塗裝服務有限公司), a professional painting contractor, from 2008 to early 2010. Mr. Jiang obtained a bachelor of science degree in mathematics from Sun Yat-Sen University (中山大學) in July 1991 and a master of business administration from Cornell University in May 2000.

Mr. Chen Meng (陳夢), aged 53, is the Vice-President of the Group. Mr. Chen joined the Group as the executive director of Nanning Sunshine 100 Australian Garden in December 1998. He was appointed as the general manager of Ji'nan Sunshine 100 International New Town project in January 2002, the general manager of Southern China Project Management Centre in September 2009, and the vice president of the Group since September 2010. Prior to joining the Group, Mr. Chen had served as a division head of Nanning Third Construction and Installation Co., Ltd. (南寧市三建建築安裝工程有限責任公司) from January 1991 to July 1992 and the chairman and general manager of Nanning Oriental Garden Property Co., Ltd. (南寧東方園物業有限責任公司) from October 1996 to November 1998. Mr. Chen obtained a professional diploma from University of South China (南華大學) (formerly known as Hunan Hengyang Technology Institute (湖南衡陽工學院) in July 1987.

Mr. Mo Qingpan (莫輕潘), aged 47, is the general manager of Southern China Project Management Centre and of Guilin project. Mr. Mo joined the Group in March 2002 as the manager of construction department of Ji'nan Sunshine 100 International New Town project. He was appointed as the assistant to general manager of Liuzhou Sunshine 100 Classic Era project in April 2003, the general manager of Nanning Sunshine 100 Upper East Side International project in August 2005, the general manager of Guilin Sunshine 100 project in June 2009 and the general manager of Shenyang Sunshine 100 International New Town project and the general manager of Northern China Project Management Centre in February 2010. From May 2011 to August 2012, he also was the general manager of Yantai Sunshine 100 City Plaza Project. He served as the general manager of Southern China Project Management Centre and of Guilin project since July 2015 and February 2016, respectively. Prior to joining the Group, Mr. Mo worked for Bureau of Culture Affairs of Guangxi Heng County (廣西橫縣文化局) from August 1989 to November 1991 and People's Government of Guangxi Heng County Nanxiang Township (廣西橫縣南鄉鎮人民政府) from December 1991 to May 1993. He was the deputy director of People's Government of Guangxi Heng County (廣西橫縣人民政府辦公室) from July 1993 to November 1993 and the director of Administrative Office of Culture and Market of Guangxi Heng County (廣西橫縣文化市場管理辦公室) from December 1993 to November 1994 and the office director of Guangxi Institute of Fisheries (廣西水產研究所) from August 1996 to November 2001. Mr. Mo obtained a bachelor's degree in Chinese language and literature from Central University of Nationalities (中央民族大學) (formerly known as Central Institute of Nationalities (中央民族學院)) in June 1989. He also completed his undergraduate studies in politics and law at the Correspondence Institute of the Party School of the Central Committee of C.P.C. (中共中央黨校函授學院) in December 1998.

Directors and Senior Management

Mr. Tang Liqun (湯立群), aged 47, is appointed as the Deputy General Manager of Wenzhou Center in October 2015 and acted as the Assistant to the Chief Executive Officer in June 2009 when he joined the Group and is responsible for the sales management of the Group. Prior to joining us, he served as the building manager of China World Trade Centre Co., Ltd. (中國國際貿易中心股份有限公司) from July 1989 to June 1995 and the sales manager of Nestlé (China) Co., Ltd. (雀巢(中國)有限公司) from July 1995 to March 1998. He successively worked as the VIP client manager and the regional sales operation manager of the Beijing branch of Budweiser China Sales Company Limited (百威(中國)銷售有限公司北京分公司) and the national VIP client manager of Anheuser-Busch (Shanghai) Enterprise Management Co., Ltd. (安海斯-布希企業管理(上海)有限公司) from December 2000 to June 2007. Mr. Tang obtained a college diploma in international trade from Beijing Union University (北京聯合大學) in July 1989.

Mr. Ding Gong (丁工), aged 48, is the Assistant to the Chief Executive Officer and is responsible for branding, marketing and popularization of the Group. He joined the Group in September 2003 as the assistant to the project general manager of Nanning Sunshine 100 City Plaza project and was appointed as the manager of promotion department of the Group in July 2005, the manager of brand development department of the Group in January 2008, the brand director of the Group in February 2010 and the assistant to the chief executive officer in September 2011. Prior to joining the Group, Mr. Ding was a tutor at Guangxi Nanning College of Education (廣西南寧教育學院) from October 1989 to January 1992 and a correspondent of Guangxi Nanning Radio Station (廣西南寧電台) from January 1992 to January 2003. Mr. Ding obtained a bachelor's degree in philosophy from Beijing Normal University (北京師範大學) in July 1989.

Mr. Wu Lei (吳雷), aged 44, is the General Manager of the Central-South China Project Management Centre and of Yixing project and Chengdu project. Mr. Wu joined the Group in June 2002 as the manager of procurement department of Nanning Sunshine 100 City Plaza project and was appointed as the assistant to the general manager of Liuzhou Sunshine 100 Classic Era project in April 2003, the assistant to the general manager of Changsha Sunshine 100 International New Town project in January 2004, the general manager of Changsha Sunshine 100 International New Town project in April 2009 and the deputy general manager of Central-South China Project Management Centre in December 2011. He served as the General Manager of Yixing project and Chengdu project since February 2016 and March 2016, respectively. Mr. Wu completed his undergraduate studies from Hubei University (湖北大學) in June 1997 and completed the advanced training courses in real estate innovative management from Tsinghua University (清華大學) in April 2009. He received a certificate as a mid-level financial analyst (中級金融師) from Ministry of Personnel, PRC (中華人民共和國人事部) in November 2001. Mr. Wu Lei is the son of Ms. Fan, a non-executive Director of the Company.

Mr. He Jie (賀杰), aged 54, is the Assistant to the President, and Chief Legal Officer of the Group. He is responsible for the Group's legal, administrative and information technology affairs. Mr. He joined the Group in June 2004 as legal counsel and deputy director general of the administrative office. He was appointed as administrative director general and legal counsel in January 2008 and assistant to the president and chief legal officer in January 2014. Before joining the Group, Mr. He worked at Beijing Chongwen First Law Firm (北京崇文第一法律事務所) in economic, civil, patent and other practice areas as well as acting as corporate legal counsel from 1992 to 1993. He served as the vice chairman and general manager of Beijing Fubu International Economic Consulting Services Ltd. (北京服部國際經濟諮詢有限公司) from August 1993 to May 1996. Mr. He obtained a bachelor's degree in law from China University of Political Science and Law (中國政法大學) in July 1984 and then studied at the Graduate School of Salem State College, Massachusetts, U.S. from September 2002 to July 2003.

Directors and Senior Management

Mr. Liang Yuan (梁源), aged 55, is the Deputy General Manager of the Group's Southern China Project Management Center (華南管理中心) and Project General Manager of Liuzhou City Plaza Project, responsible for the design and daily management in Southern China Project Management Center and day-to-day management for Liuzhou City Plaza Project. Mr. Liang joined our Group as deputy general manager of Guangxi Project Management Center and Nanning City Plaza Project in September 2003, and has been the deputy general manager of Guangxi project department and executive general manager of project department in Liuzhou Classical Era (柳州經典時代) since August 2005, the general manager of Liuzhou City Plaza Project and Classic Era project since December 2006, and the deputy general manager of the Southern China Project Management Center of Sunshine 100 since October 2011. Prior to joining our Group, Mr. Liang worked in Guangxi Second Construction Company (廣西第二建築公司) from December 1981 to June 1986. He worked in the management department of China Construction Company (中國建築總公司) in Gambia from July 1987 to January 1990, and Guangxi Second Construction Company (廣西第二建築公司) from February 1990 to March 1995. He had been a site manager of China Construction(HK) Company (中國建築香港公司) from March 1995 to February 1998 and the deputy general manager of Guangxi Second Construction Company (廣西第二建築公司) from March 1998 to August 2003. Mr. Liang obtained the title of senior engineer in 2010 and was awarded the 2013~2014 High-quality Project Contributors (優質工程突出貢獻者獎) by the Construction Companies Committee in China (中國施工企業協會) in 2014. Mr. Liang graduated from Guangxi Construction Engineering College (廣西建築工程學校) (currently known as Guangxi Polytechnic of Construction) in 1981 and obtained college diploma (correspondence) in Civil Engineering from Guilin University of Technology (桂林工學院) in 2001. Mr. Liang has resigned since 20 January 2016.

Mr. Lin Shaozhou (林少洲), aged 48, joined the Group in February 2016 and acted as the vice president of the Group, the General Manager of Chongqing New Town project and of Chongqing Banan project. Prior to joining the Group, Mr. Lin engaged in research activities in the population research institute of Guangdong Academy of Social Sciences in August 1989. He joined the Wanke Group (萬科集團) in April 1991 and acted as the director of the research office of Wanke Group from March 1992 to December 1994, the deputy general manager of Shanghai Wanke Real Estate Company (上海萬科房地產公司) from December 1994 to November 1996 and served as the general manager of Beijing Wanke Real Estate Company (北京萬科房地產公司) from November 1996 to January 2000. Mr. Lin served as the general manager of Beijing Taihe Real Estate Company (北京太合房地產公司) from April 2000 to October 2001 and was appointed as chairman of Beijing Houtu Real Estate Company (北京厚土房地產公司) in March 2002. Mr. Lin obtained the Bachelor in Social Science from Peking University in July 1989.

Mr. Xie Jun (解君), aged 48, is the General Manager of Northern China Project Management Center and Jinan project. Mr. Xie joined the Group as the General Manager of Guangxi Vantone Market (廣西萬通商場) in 2000. He acted as the deputy general manager of Jinan project from September 2001 to December 2002, the deputy general manager of Tianjin project from January 2003 to October 2003, the Marketing Director of Sunshine 100 Group from March 2007 to August 2007, the deputy general manager of Wuxi project from August 2007 to May 2011, the deputy general manager of Yantai Yindu Real Estate Co., Ltd. from May 2011 to March 2012, the general manager and chairman of Dongying project from March 2012 to March 2015. Since January 2013 and July 2015, Mr. Xie served as the general manager of Jinan project and Northern China Center. Prior to joining the Group, Mr. Xie worked at the Planning Office of Hainan Province (海南省計畫廳工作) from 1990 to 1992 and served as the department manager of Beihai Ocean Company (北海大洋公司) from 1992 to 1995. Mr. Xie graduated from Changzhou Vocational Institute of Engineering and obtained college diploma in Engineering and Electric in July 1989 and attended MBA course at Tianjin Nankai University since September 2014.

Directors and Senior Management

Mr. Xu Lianyi (徐聯義), aged 43, is the Assistant to the President, responsible for the Group's financial affairs. Mr. Xu joined the Group as the Audit Director of Sunshine 100 Group in 2007. He acted as the Chief Accountant of Sunshine 100 Group from March 2011 to December 2015 and the Assistant to the President since December 2015. Prior to joining the Group, Mr. Xu worked at Hainan Hong Kong and Macaw International Trust Investment Co., Ltd. (海南港澳國際信託投資有限公司) from July 1994 to September 1995 and served as project manager at Shenzhen Xingmeng Accounting Firm (深圳興蒙會計師事務所) from November 1995 to June 1997, project manager at Beijing Jingdu Certified Public Accountants (北京京都會計師事務所) from February 1998 to August 2001, senior manager at PricewaterhouseCoopers (普華永道中天會計師事務所) from September 2001 to October 2007. Mr. Xu graduated from Central University of Finance and Economics and obtained college diploma in taxation. Mr. Xu possesses professional qualifications of Chinese Certified Public Accountant and Chinese Certified Tax Agent.

Joint Company Secretaries

Mr. Chow Chi Ming (周志明) is the Chief Financial Officer and Joint Company Secretary of the Group. For the biography of Mr. Chow, please refer to the sub-section headed "Senior Management" above.

Dr. Ngai Wai Fung (魏偉峰), aged 54, is the Joint Company Secretary of the Company. Dr. Ngai is a director and chief executive officer of SW Corporate Services Group Limited. Dr. Ngai is a fellow member of the Hong Kong Institute of Chartered Secretaries and the Institute of Chartered Secretaries and Administrators in the United Kingdom, a fellow member of the Hong Kong Institute of Certified Public Accountants and a fellow member of the Association of Chartered Certified Accountants in the United Kingdom. Dr. Ngai obtained a master's degree in business administration from Andrews University in Michigan in August 1992, a bachelor's degree in law from University of Wolverhampton in the United Kingdom in October 1994, a master's degree in corporate finance from Hong Kong Polytechnic University in November 2002 and a doctoral degree in finance from Shanghai University of Finance and Economics in June 2011.

Report of the Directors

The Board of Directors of the Company (the “**Board**”) is pleased to present the directors’ report together with the audited consolidated financial statements of the Group for the year ended 31 December 2015.

GLOBAL OFFERING

The Company was incorporated in the Cayman Islands on 20 September 2007 as an exempted company with limited liability under the Companies Law of the Cayman Islands (the “**Companies Law**”). The Company’s shares (the “**Shares**”) became listed on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) on 13 March 2014 (the “**Listing**” or the “**Listing Date**”).

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The Group is principally engaged in property and land development, property investment and property management and hotel operation in China. An analysis of the Group’s revenue for the year by principal activities is set out in note 2 to the financial statements.

The fair review, major risks and uncertainties in relation to the businesses of the Group, the performance of the Group during the year and the discussion and analysis on significant factors in relation to results and financial conditions are set out in the Chairman’s Statement, Financial Review and Business Review of this annual report, respectively. The future development of the Group’s businesses is discussed in parts of this annual report, including Chairman’s Statement and Future Plans for Substantial Investments or Capital Assets.

RESULTS

The results of the Group for the year ended 31 December 2015 are set out in the consolidated statement of comprehensive income on pages 83 to 84 of this annual report.

SUBSIDIARIES

Details of the subsidiaries as at 31 December 2015 are set out in note 12 to the financial statements.

FINAL DIVIDENDS

The Board recommends the payment of dividend at RMB5.89 cents per share totaling RMB139,910,000 for the year ended 31 December 2015. The Final Dividends to be distributed is subject to approval by shareholders at the forthcoming annual general meeting of shareholders (the “**AGM**”). The Final Dividends will be distributed and paid on or around 19 July 2016.

FINANCIAL SUMMARY/FINANCIAL REVIEW

A financial summary of the Group’s results, assets and liabilities for the last five financial years are set out on pages 13 to 14 of this annual report. This summary does not form part of the audited consolidated financial statements.

Report of the Directors

USE OF NET PROCEEDS FROM LISTING

The net proceeds from the Listing (after deducting underwriting fees and related expenses) amounted to approximately HK\$1,876.1 million. As at 31 December 2015, all proceeds raised have been applied in the manner consistent with that disclosed in the Company's prospectus dated 27 February 2014 (the "**Prospectus**").

MAJOR CUSTOMERS AND SUPPLIERS

For the year ended 31 December 2015, purchases from the Group's five largest suppliers accounted for 15.9% (2014: 11.0%) of the Group's total purchases and the five largest suppliers of the Group accounted for less than 30% of the Group's purchases in the year.

For the year ended 31 December 2015, the Group's sales to its five largest customers accounted for 0.82% (2014: 2.2%) of the Group's total revenue and the five largest customers of the Group accounted for less than 30% of the Group's revenue in the year.

None of the directors of the Company (the "**Directors**") or any of their associates or any shareholders of the Company (the "**Shareholders**") (who, to the best of the 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.

RELATIONSHIP WITH CLIENTS AND SUPPLIERS

We are committed to maintaining sound relationship with customers and improving their satisfaction. By providing training and putting forward strict requirements, our frontline receptionists, sales persons, and property management personnel, etc. are able to continuously promote the level of communication and service for customers. Also, we keep focusing on user experience, collect and respond to customers' feedback and therefore the Company and its brand remain to be highly recommended among customers.

We have adopted a just, fair and transparent purchasing system which enables us to obtain competitive price and terms and to avoid the impact of changes in prices of other regions or items. In general, we may purchase raw materials from different local suppliers, and we may obtain all sorts of raw materials from different sources to impair our reliance on one supplier. The time of payment provided by suppliers is subject to various factors, including our relationship with suppliers and the transaction scale.

PROPERTY AND EQUIPMENT

Details of movements in the property and equipment of the Company and the Group during the year ended 31 December 2015 are set out in note 10 to the financial statements.

INVESTMENT PROPERTIES

Details of movements in the investment properties of the Company and the Group during the year ended 31 December 2015 are set out in note 11 to the financial statements.

Report of the Directors

SHARE CAPITAL

Details of movements in the share capital of the Company during the year ended 31 December 2015 are set out in note 23(c) to the financial statements.

From 1 January 2015 and up to the date of this annual report, movements in the share capital of the Company are as follows:

Pursuant to the placing agreement and subscription agreement entered into by the Company dated 12 June 2015, Joywise Holdings Limited (“**Joywise**”), the controlling shareholder of the Company, placed 375,000,000 existing shares in aggregate of HK\$0.01 each to no less than six independent placees (including Central New Ventures Limited constituted by an investment financial group led by EBA Investments Team) at a placing price of HK\$3.40 per placing shares, and the Company also allotted and issued 375,000,000 new shares in aggregate to Joywise at a subscription price of HK\$3.40 per new share. The authorised share capital of the Company has not increased as a result of the placing and subscription. For further details on the subscription, please refer to the announcements of the Company dated 12 June 2015 and 23 June 2015.

After deducting placing commission, professional fees, stamp duties, the Stock Exchange trading fee, the Securities and Futures Commission transaction levy and other expenses related to the placing and subscription related expenses (as adjusted by the amount of interest earned from the net proceeds from placing during the period from completion of placing to completion of subscription), the net subscription price for the above placing was approximately HK\$3.31 per new share. The net proceeds of the subscription was approximately HK\$1,240 million, which has been applied in accordance with the fund raising purposes of the repayment of loans, development of new real estate-related business and general corporate purpose (including property development and project acquisition (including the substantial acquisitions as disclosed in the Management Discussion and Analysis of this annual report)).

PROFESSIONAL TAX ADVICE RECOMMENDED

If the Shareholders of the Company are unsure about the taxation implications of purchasing, holding, disposing of, dealing in, or the exercise of any rights in relation to the shares of the Company, they are advised to consult an expert.

RESERVES

Details of movements in the reserves of the Group and the Company during the year ended 31 December 2015 are set out on page 87 in the consolidated statement of changes in equity and in note 23(d) to the financial statements.

DISTRIBUTABLE RESERVES

Details of the Company’s distributable reserves as at 31 December 2015 are set out in note 23(e) to the financial statements.

Report of the Directors

BANK LOANS AND OTHER BORROWINGS

Particulars of bank loans and other borrowings of the Company and the Group as at 31 December 2015 are set out in note 20 to the financial statements.

DIRECTORS

The Directors from 1 January 2015 up to the date of this annual report were:

Executive Director:

Mr. Yi Xiaodi (*Chairman and Chief Executive Officer*) (*appointed on 20 September 2007*)

Mr. Fan Xiaochong (*appointed on 20 September 2007 and re-elected on 26 June 2015*)

Non-executive Director:

Ms. Fan Xiaohua (*appointed on 20 September 2007*)

Mr. Wang Gongquan (*appointed on 1 August 2015*)

Independent non-executive Director:

Mr. Chen Jinsong (*resigned on 27 August 2015*)

Mr. Gu Yunchang (*appointed on 17 February 2014*)

Mr. Ng Fook Ai, Victor (*appointed on 17 February 2014*)

Mr. Wang Bo (*appointed on 1 August 2015*)

Mr. Chen Jinsong resigned as the independent non-executive director on 27 August 2015 as Mr. Chen needs to devote more time and efforts in other works.

According to articles 84(1) and 84(2) of the articles of association of the Company (the "**Articles of Association**"), Ms. Fan Xiaohua and Mr. Gu Yunchang will retire from office, and being eligible, have been recommended by the Board for re-election as Directors at the forthcoming AGM to be held on 28 June 2016. The proposals of the re-election of the aforementioned Directors will be put forward at the forthcoming AGM.

According to article 83(3) of the Articles of Association, Mr. Wang Gongquan and Mr. Wang Bo will retire from office, and being eligible, have been recommended by the Board for re-election as Directors at the forthcoming AGM to be held on 28 June 2016. The proposals of the re-election of the aforementioned Directors will be put forward at the forthcoming AGM.

BOARD OF DIRECTORS AND SENIOR MANAGEMENT

Biographical details of the Directors and senior management of the Group are set out on pages 38 to 46 of this annual report.

Report of the Directors

CONFIRMATION OF INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

During the year ended 31 December 2015, the Company has received an annual confirmation of independence pursuant to Rule 3.13 of the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”) from each of the independent non-executive Directors for the period from the Listing Date up to the date of this annual report.

DIRECTORS' SERVICE CONTRACTS AND LETTER OF APPOINTMENTS

None of the Directors has a service contract with the Group which is not terminable by the Group within one year without payment of compensation (other than statutory compensation).

For the details of the service contracts and the appointment letters of each of the Directors, please see the section headed “Corporate Governance Report” in this annual report.

DIRECTORS' SIGNIFICANT INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS OF SIGNIFICANCE

No Director had a material interest, either directly or indirectly, in any transaction, arrangement or contract of significance to the business of the Group to which the Company or any of its subsidiaries was a party during the year ended 31 December 2015.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed during the year ended 31 December 2015.

EMOLUMENT POLICY

A remuneration committee of the Board (the “**Remuneration Committee**”) was set up for reviewing the Group’s emolument policy and remuneration structure of all the directors and senior management of the Group, having regard to salaries paid by comparable companies, time commitment and responsibilities and employment conditions of other positions in the Group.

The Company has adopted a share option scheme (the “**Share Option Scheme**”) as incentive to eligible participants, details of which are set out in the sub-section headed “Share Option Scheme” below.

REMUNERATION OF DIRECTORS AND FIVE INDIVIDUALS WITH HIGHEST EMOLUMENTS

Details of the emoluments of the Directors and five highest paid individuals are set out in notes 6 and 7 to the financial statements.

No Director has waived or has agreed to waive any emoluments during the year ended 31 December 2015.

Report of the Directors

CHANGES TO INFORMATION IN RESPECT OF DIRECTORS

From 1 January 2015 up to the date of this annual report, there were no changes to the information which are required to be disclosed and has been disclosed by Directors pursuant to paragraphs (a) to (e) and (g) of Rule 13.51(2) of the Listing Rules.

RELATIONSHIP WITH EMPLOYEES

We believe that employees are the most valuable asset of the Group, and our human resources management aims to recognise and give back to our contributing employees. By means of providing competitive remuneration and implementing appraisal system with appropriate incentives as well as providing adequate training and opportunities, we endeavor to promote the career development of the Group's employees.

INTERESTS OF DIRECTORS AND CHIEF EXECUTIVES IN SHARES, UNDERLYING SHARES AND DEBENTURES

As at the date of this annual report, the interests or short positions of Directors or chief executives of the Company in the Shares, underlying Shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) (i) which were 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 were taken or deemed to have under such provisions of the SFO) or (ii) which were required, pursuant to section 352 of the SFO, to be entered into the register maintained by the Company, or (iii) which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") were as follows:

(i) Interests in the Company

| Name of Director | Capacities in which interests are held | Interests in Shares | Approximate percentage of issued share capital of the Company | Notes |
|------------------|--|---------------------|---|---------|
| Yi Xiaodi | Person acting in concert Interest of a controlled corporation Founder of a discretionary trust | 1,382,335,012 (L) | 58.20% | 1, 2, 3 |
| Fan Xiaochong | Person acting in concert Interest of a controlled corporation Founder of a discretionary trust | 1,382,335,012 (L) | 58.20% | 1, 2, 4 |
| Fan Xiaohua | Person acting in concert Interest of a controlled corporation Founder of a discretionary trust | 1,382,335,012 (L) | 58.20% | 1, 2, 5 |

Report of the Directors

Notes:

- (1) The letter "L" denotes the person's long positions in the Shares.
- (2) 40% of the issued share capital of Joywise is held by Ming Fai International Limited ("**Ming Fai**") and 60% of the issued share capital of Joywise is held by Harvest Well Holdings Limited ("**Harvest Well**"). Both Ming Fai and Harvest Well are deemed under the SFO to be interested in the Shares held by Joywise. 72.4% of the issued share capital of each of Ming Fai and Harvest Well are held by Fantasy Races Limited. In light of the above, Fantasy Races Limited is deemed under the SFO to be interested in the Shares held by Joywise.
- (3) Mr. Yi Xiaodi is the founder of a discretionary family trust, the discretionary beneficiaries of which are Mr. Yi Xiaodi, his family members and other persons who may join in from time to time (the "**Yi Family Trust**"). By virtue of the SFO, he is deemed to be interested in the Shares which Fantastic Magician Limited is interested in.

Mr. Yi Xiaodi is also one of the founders of the discretionary investment collective trust established by Mr. Yi Xiaodi, Mr. Fan Xiaochong, Ms. Fan Xiaohua, Mr. Jin Xiangfei, Ms. Liu Chaohui, Mr. Tian Feng, Mr. Li Mingqiang (the "**Individual Controlling Shareholders**"), the discretionary beneficiaries of which are the Individual Controlling Shareholders and other persons who may join in from time to time (the "**Sunshine Trust I**"). By virtue of the SFO, he is deemed to be interested in the Shares which Fantasy Races Limited is interested in.

Mr. Yi Xiaodi is one of the parties to each of the concert party agreement dated 12 August 2010 entered into between Mr. Yi Xiaodi, Mr. Fan Xiaochong, Ms. Fan Xiaohua and Mr. Liao Chimei (the "**2010 Agreement**") and the concert party agreement dated 1 August 2013 entered into among the Individual Controlling Shareholders (the "**2013 Agreement**"). By virtue of the SFO, he is deemed to be interested in the Shares which the other parties to each of those agreements are interested in.

In light of the above and the other notes, Mr. Yi Xiaodi is deemed under the SFO to be interested in the Shares held by Joywise.

- (4) Mr. Fan Xiaochong is the founder of a discretionary family trust, the discretionary beneficiaries of which are Mr. Fan Xiaochong, his family members and other persons who may join in from time to time (the "**FXC Family Trust**"). By virtue of the SFO, he is deemed to be interested in the Shares which True Passion Limited is interested in.

Mr. Fan Xiaochong is also one of the founders of the Sunshine Trust I. By virtue of the SFO, he is deemed to be interested in the Shares which Fantasy Races Limited is interested in.

Mr. Fan Xiaochong is also one of the founders of a discretionary collective trust established by the Individual Controlling Shareholders, the discretionary beneficiaries of which are three persons and other persons who may join in from time to time (the "**Sunshine Trust II**"). By virtue of the SFO, he is deemed to be interested in the Shares which Floral Crystal Limited is interested in.

Mr. Fan Xiaochong is one of the parties to each of the 2010 Agreement and the 2013 Agreement. By virtue of the SFO, he is deemed to be interested in the Shares which the other parties to each of those agreements are interested in.

In light of the above and the other notes, Mr. Fan Xiaochong is deemed to be interested in the Shares held by Joywise under the SFO.

- (5) Ms. Fan Xiaohua is the founder of a discretionary family trust, the discretionary beneficiaries of which are Ms. Fan Xiaohua, his family members and other persons who may join in from time to time (the "**FXH Family Trust**"). By virtue of the SFO, she is deemed to be interested in the Shares which Glorious Glory Limited is interested in.

Ms. Fan Xiaohua is also one of the founders of the Sunshine Trust I. By virtue of the SFO, she is deemed to be interested in the Shares which Fantasy Races Limited is interested in.

Ms. Fan Xiaohua is one of the parties to each of the 2010 Agreement and the 2013 Agreement. By virtue of the SFO, she is deemed to be interested in the Shares which the other parties to each of those agreements are interested in.

In light of the above and the other notes, Ms. Fan Xiaohua is deemed to be interested in the Shares held by Joywise under the SFO.

Report of the Directors

(ii) Interests in associated corporations

| Name of Director | Capacities in which interests are held | Name of associated corporation | Interests in Shares | Percentage of shareholding | Notes |
|------------------|---|--------------------------------|---------------------|----------------------------|-------|
| Yi Xiaodi | Person acting in concert Founder of discretionary trusts | Harvest Well | 50,000 | 100% | 1 |
| Fan Xiaochong | Person acting in concert Founder of discretionary trusts | Harvest Well | 50,000 | 100% | 2 |
| Fan Xiaohua | Person acting in concert Founder of discretionary trusts | Harvest Well | 50,000 | 100% | 3 |
| Yi Xiaodi | Person acting in concert Interest of a controlled corporation Founder of discretionary trusts | Joywise | 50,000 | 100% | 4 |
| Fan Xiaochong | Person acting in concert Interest of a controlled corporation Founder of discretionary trusts | Joywise | 50,000 | 100% | 5 |
| Fan Xiaohua | Person acting in concert Interest of a controlled corporation Founder of discretionary trusts | Joywise | 50,000 | 100% | 6 |
| Yi Xiaodi | Person acting in concert Founder of discretionary trusts | Ming Fai | 50,000 | 100% | 1 |
| Fan Xiaochong | Person acting in concert Founder of discretionary trusts | Ming Fai | 50,000 | 100% | 2 |
| Fan Xiaohua | Person acting in concert Founder of discretionary trusts | Ming Fai | 50,000 | 100% | 3 |

Notes:

- (1) Please refer to Note 3 in the sub-section above headed "(i) Interest in the Company".
- (2) Please refer to Note 4 in the sub-section above headed "(i) Interest in the Company".
- (3) Please refer to Note 5 in the sub-section above headed "(i) Interest in the Company".
- (4) Please refer to Notes 2 and 3 in the sub-section above headed "(i) Interest in the Company".
- (5) Please refer to Notes 2 and 4 in the sub-section above headed "(i) Interest in the Company".
- (6) Please refer to Notes 2 and 5 in the sub-section above headed "(i) Interest in the Company".

Save as disclosed above, as at the date of this annual report, none of the Directors or chief executives of the Company had or was deemed to have any interest or short position in the Shares, underlying Shares or debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) that was required to be recorded in the register of the Company required to be kept under Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

Report of the Directors

DIRECTORS' RIGHTS TO ACQUIRE SHARES OR DEBENTURES

Save as otherwise disclosed in this annual report, at no time during the year ended 31 December 2015 were rights to acquire benefits by means of the acquisition of Shares in or debentures of the Company granted to any Director or their respective spouse or children under 18 years of age, or were any such rights exercised by them; or was the Company and any of its subsidiaries a party to any arrangement to enable the Directors, or their respective spouse or children under 18 years of age, to acquire such rights in any other corporate body .

SUBSTANTIAL SHAREHOLDERS' INTERESTS OR SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at the date of this annual report, to the best knowledge of the Directors, the following persons (each not being a Director or chief executive of the Company) had interests or short positions in the Shares or underlying Shares which fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO as recorded in the register required to be kept by the Company pursuant to section 336 of the SFO:

| Name of shareholder | Capacities in which interests are held | Interests in Shares | Approximate percentage of shareholding | Notes |
|---|--|---------------------|--|-------|
| Joywise | Beneficial owner | 1,382,335,012 (L) | 58.20% | 1 |
| Ming Fai | Interest of a controlled corporation | 1,382,335,012 (L) | 58.20% | 1, 2 |
| Harvest Well | Interest of a controlled corporation | 1,382,335,012 (L) | 58.20% | 1, 3 |
| Fantasy Races Limited | Interest of a controlled corporation | 1,382,335,012 (L) | 58.20% | 1, 4 |
| Jin Xiangfei | Person acting in concert | 1,382,335,012 (L) | 58.20% | 1, 5 |
| | Interest of a controlled corporation | | | |
| | Founder of a discretionary trust | | | |
| Liu Chaohui | Person acting in concert | 1,382,335,012 (L) | 58.20% | 1, 6 |
| | Interest of a controlled corporation | | | |
| | Founder of a discretionary trust | | | |
| Tian Feng | Person acting in concert | 1,382,335,012 (L) | 58.20% | 1, 7 |
| | Interest of a controlled corporation | | | |
| | Founder of a discretionary trust | | | |
| Li Mingqiang | Person acting in concert | 1,382,335,012 (L) | 58.20% | 1, 8 |
| | Interest of a controlled corporation | | | |
| | Founder of a discretionary trust | | | |
| Cititrust Private Trust (Cayman) Limited | Trustee Interest of a controlled corporation | 1,382,335,012 (L) | 58.20% | 1, 9 |
| Central Huijin Investment Ltd. | Interest of a controlled corporation | 214,355,000 (L) | 9.03% | 1, 10 |
| Central New Ventures Limited | Beneficial owner | 214,355,000 (L) | 9.03% | 1, 10 |
| China Everbright Group Ltd. | Interest of a controlled corporation | 214,355,000 (L) | 9.03% | 1, 10 |
| China Everbright Holdings Company Limited | Interest of a controlled corporation | 214,355,000 (L) | 9.03% | 1, 10 |
| China Everbright Limited | Interest of a controlled corporation | 214,355,000 (L) | 9.03% | 1, 10 |
| Shanghai Libo Investment Center (LP) | Interest of a controlled corporation | 214,355,000 (L) | 9.03% | 1 |

Report of the Directors

| Name of shareholder | Capacities in which interests are held | Interests in Shares | Approximate percentage of shareholding | Notes |
|--|--|---------------------|--|-------|
| CEL Capital Prestige Asset Management Co., Ltd | Interest of a controlled corporation | 214,355,000(L) | 9.03% | 1 |
| China Post & Capital Fund Management Co., Ltd. | Interest of a controlled corporation | 214,355,000(L) | 9.03% | 1 |
| Capital Securities Co., Ltd. | Interest of a controlled corporation | 214,355,000(L) | 9.03% | 1 |
| Beijing Capital Group Co., Ltd. | Interest of a controlled corporation | 214,355,000(L) | 9.03% | 1 |

Notes:

- (1) The letter "L" denotes the person's long position in the Shares.
- (2) 40% of the issued share capital of Joywise is held by Ming Fai. Ming Fai is deemed under the SFO to be interested in the Shares held by Joywise.
- (3) 60% of the issued share capital of Joywise is held by Harvest Well. Harvest Well is deemed to be interested in the Shares held by Joywise under the SFO.
- (4) 72.4% of the issued share capital of each of Ming Fai and Harvest Well are held by Fantasy Races Limited.

In light of the above and notes 2 and 3, Fantasy Races Limited is deemed to be interested in the Shares held by Joywise under the SFO.

- (5) Mr. Jin Xiangfei is the founder of a discretionary family trust, the discretionary beneficiaries of which are Mr. Jin Xiangfei, his family members and other persons who may join in from time to time (the "**Jin Family Trust**"). By virtue of the SFO, he is deemed to be interested in the Shares which Creative Goal Limited is interested in. Out of the other parties, three of them, namely, Mr. Yi Xiaodi, Mr. Fan Xiaochong and Ms. Fan Xiaohua, are deemed to be interested in the Shares which Mr. Liao Chimei is interested in by virtue of the 2010 Agreement.

Mr. Jin Xiangfei is one of the parties to the 2013 Agreement. By virtue of the SFO, he is deemed to be interested in the Shares which the other parties to that agreement are interested in.

In light of the above and the other notes, Mr. Jin Xiangfei is deemed to be interested in the Shares held by Joywise under the SFO.

- (6) Ms. Liu Chaohui is the founder of a discretionary family trust, the discretionary beneficiaries of which are Ms. Liu Chaohui, her family members and other persons who may join in from time to time (the "**Liu Family Trust**"). By virtue of the SFO, she is deemed to be interested in the Shares which Butterfly Fairy Limited is interested in. Out of the other parties, three of them, namely, Mr. Yi Xiaodi, Mr. Fan Xiaochong and Ms. Fan Xiaohua, are deemed to be interested in the Shares which Mr. Liao Chimei is interested in by virtue of the 2010 Agreement.

Ms. Liu Chaohui is one of the parties to the 2013 Agreement. By virtue of the SFO, she is deemed to be interested in the Shares which the other parties to that agreement are interested in.

In light of the above and the other notes, Ms. Liu Chaohui is deemed under the SFO to be interested in the Shares held by Joywise.

- (7) Mr. Tian Feng is the founder of a discretionary family trust, the discretionary beneficiaries of which are Mr. Tian Feng, his family members and other persons who may join in from time to time (the "**Tian Family Trust**"). By virtue of the SFO, he is deemed to be interested in the Shares which Happy Sunshine Limited is interested in.

Mr. Tian Feng is one of the parties to the 2013 Agreement. By virtue of the SFO, he is deemed to be interested in the Shares which the other parties to that agreement are interested in. Out of the other parties, three of them, namely, Mr. Yi Xiaodi, Mr. Fan Xiaochong and Ms. Fan Xiaohua, are deemed to be interested in the Shares which Mr. Liao Chimei is interested in by virtue of the 2010 Agreement.

In light of the above and the other notes, Mr. Tian Feng is deemed to be interested in the Shares held by Joywise under the SFO.

Report of the Directors

- (8) Mr. Li Mingqiang is the founder of a discretionary family trust, the discretionary beneficiaries of which are Mr. Li Mingqiang, his family members and other persons who may join in from time to time (the “**Li Family Trust**”). By virtue of the SFO, he is deemed to be interested in the Shares which Ultimate Triumph Investments Limited is interested in.

Mr. Li Mingqiang is one of the parties to the 2013 Agreement. By virtue of the SFO, he is deemed to be interested in the Shares which the other parties to that agreement are interested in. Out of the other parties, three of them, namely, Mr. Yi Xiaodi, Mr. Fan Xiaochong and Ms. Fan Xiaohua, are deemed to be interested in the Shares which Mr. Liao Chimei is interested in by virtue of the 2010 Agreement.

In light of the above and the other notes, Mr. Li Mingqiang is deemed to be interested in the Shares held by Joywise under the SFO.

- (9) Cititrust Private Trust (Cayman) Limited (the “**Trustee**”) is the trustee under the Yi Family Trust, the FXC Family Trust, the FXH Family Trust, the Jin Family Trust, the Tian Family Trust, the Liu Family Trust, the Li Family Trust, the Sunshine Trust I and the Sunshine Trust II. For details of these trusts, see “History, Reorganization and Group Structure – Establishment of Offshore Trusts” from page 121 to page 122 of the Prospectus.

In light of the above and notes 2 and 3, the Trustee is deemed to be interested in the Shares held by Joywise under the SFO.

- (10) One-third or more of the equity interests of Central New Ventures Limited are directly or indirectly held by Central Huijin Investment Ltd., China Everbright Group Ltd., China Everbright Holdings Company Limited and China Everbright Limited respectively. Therefore, Central Huijin Investment Ltd., China Everbright Group Ltd., China Everbright Holdings Company Limited and China Everbright Limited are deemed to be interested in the Shares held by Central New Ventures Limited under the SFO.

Save as disclosed above, as at the date of this annual report, the Directors were not aware of any persons (who were not Directors or chief executive of the Company) who had an interest or short position in the Shares or underlying Shares which would fall to be disclosed under Divisions 2 and 3 of Part XV of the SFO, or which would be required, pursuant to Section 336 of the SFO, to be entered in the register referred to therein.

CONTROLLING SHAREHOLDERS' INTERESTS IN CONTRACTS OF SIGNIFICANCE

No controlling shareholders (as defined in the Listing Rules) or its subsidiary had a material interest, either directly or indirectly, in any contract of significance, whether for the provision of services or otherwise, to the business of the Group to which the Company or any of its subsidiaries was a party during the year ended 31 December 2015.

PURCHASE, SALE AND REDEMPTION OF THE LISTED SECURITIES OF THE COMPANY

Pursuant to the placing agreement and subscription agreement entered into by the Company dated 12 June 2015, Joywise placed 375,000,000 existing shares in aggregate of HK\$0.01 each to no less than six independent places (including the Central New Ventures Limited constituted by an investment financial group led by EBA Investments Team) at a placing price of HK\$3.40 per placing share, and the Company also allotted and issued 375,000,000 new shares in aggregate to Joywise at a subscription price of HK\$3.40 per new share. The authorised share capital of the Company has not increased as a result of the placing and subscription. The net subscription price for the above placing was approximately HK\$3.31 per new share. The net proceeds of the subscription was approximately HK\$1,240 million, which has been applied in accordance with the fund raising purposes for the repayment of loans, development of new real estate-related business and general corporate purpose (including property development and project acquisition (including the substantial acquisitions as disclosed in the Management Discussion and Analysis of this annual report)). For further details on the subscription, please refer to the announcements of the Company dated 12 June 2015 and 23 June 2015.

Report of the Directors

For the year ended 31 December 2015, the Group had issued two tranches of domestic corporate bonds. The Issuer completed a non-public issuance of a tranche of domestic corporate bonds of RMB2 billion. This tranche of bonds comprised of two series, among which Series 1 amounts to RMB1 billion and is issued with a term of 4 years and an annual coupon rate of 7.85%. The Issuer has the option to adjust the coupon rate and the investors can exercise the put option at the end of the 2.5th year. Series 2 amounts to RMB1 billion and is issued with a term of 5 years with an annual coupon rate of 7.95%. The Issuer has an option to adjust the coupon rate and the investors can exercise the put option at the end of the 3rd year. The Issuer also completed a non-public issuance of another tranche of domestic corporate bonds of RMB1.5 billion. This tranche of bonds is issued with a term of 3 years and an annual coupon rate of 7.99%. The Issuer has the option to raise the coupon rate and the investors can exercise the put option at the end of the 2nd year. For further details on these issuances, please refer to the announcements of the Company dated 30 September 2015 and 20 October 2015.

Save as disclosed above, during the Reporting Period, there was no purchase, sale or redemption by the Company or any of its subsidiaries of the Company's listed shares.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Articles of Association or the Companies Law or the laws of the Cayman Islands where the Company was incorporated which would oblige the Company to offer new Shares on a pro rata basis to existing Shareholders.

NON-COMPETITION UNDERTAKING

Each of the Individual Controlling Shareholders, Joywise, Ming Fai, Harvest Well (together with the Individual Controlling Shareholders, the "**Controlling Shareholders**") has, under the deed of non-competition dated 17 February 2014 (the "**Deed of Non-Competition**"), undertaken and covenanted with the Company that for so long as they and/or their respective associates (as defined in the Listing Rules), directly or indirectly, whether individually or taken together, remain the Controlling Shareholders of the Company, each of them will not, and will procure his associates not to directly or indirectly, (including through any controlled company, associate, corporate body, partnership, joint venture or other contractual arrangement) carry on, engage, invest, participate or otherwise be interested in the property development business in the PRC.

The Controlling Shareholders have confirmed in writing to the Company of their compliance with the Deed of Non-Competition for disclosure in this annual report during the year ended 31 December 2015.

EXECUTIVE DIRECTORS' INTEREST IN COMPETING BUSINESS

As at 31 December 2015, none of the executive Directors or their respective associates had engaged in or had any interest in any business which, directly or indirectly, competed or might compete with the businesses of the Group.

Report of the Directors

CONNECTED TRANSACTIONS

Connected transactions entered into by the Group for the year ended 31 December 2015 are set out as follows:

Repurchase 72% equity interest in Chongqing Yuneng 100

On 13 January 2015, Sunshine 100 Group entered into an early repayment agreement with Sunshine 100 Real Estate (Liaoning) Co., Ltd., Zhongrong International Trust and Chongqing Yuneng 100, pursuant to which, (i) Sunshine 100 Group would repurchase, and Zhongrong International Trust would transfer, 72% of Chongqing Yuneng 100's equities for a consideration of approximately RMB517.9 million; and (ii) Sunshine 100 Group would repay the Chongqing Yuneng 100's outstanding loan (principal of RMB300 million plus gross interest of approximately RMB64.3 million) due to Zhongrong International Trust. For further details on the repurchase, please refer to the announcement of the Company dated 13 January 2015.

Acquisition of shares and shareholders' loan of Sunshine 100 Resort Development

On 10 February 2015, Sunmode Limited, a wholly-owned subsidiary of the Company entered into a share purchase agreement, pursuant to which Sunmode Limited agreed to purchase 510,000 shares and the shareholders' loan of US\$4,335,000 of Sunshine 100 Resort Development from Wayfine Holdings Limited and Zhongran Investments Company Limited at an aggregate consideration of US\$5,951,821. Upon completion of the transaction, Sunshine 100 Resort Development would be held by Sunmode Limited, Tan Holdings Corporation and Zhongran Investments Company Limited as to 51%, 30% and 19%, respectively. For further details of the acquisition, please refer to the announcement of the Company dated 10 February 2015.

Transfer of 49% equity interest in Chongqing Yuneng 100 and the equity repurchase agreement

On 10 February 2015, Sunshine 100 Group entered into the equity transfer agreement with Beijing Dongfang Zhuochang Investment Management Center (limited partnership) (北京東方卓昶投資管理中心(有限合夥)), pursuant to which 49% equity interest in Chongqing Yuneng 100 will be transferred by Sunshine 100 Group to Beijing Dongfang Zhuochang Investment Management Center (limited partnership) for a consideration of RMB49,000,000. On 10 February 2015, Sunshine 100 Group entered into an equity repurchase agreement with Beijing Dongfang Zhuochang Investment Management Center (limited partnership), pursuant to which, Beijing Dongfang Zhuochang Investment Management Center (limited partnership) shall have the right to return the 49% equity interest in Chongqing Yuneng 100 to Sunshine 100 Group at a consideration of RMB49,000,000 according to the terms of the equity repurchase agreement. For further details on the transfer and repurchase, please refer to the announcements of the Company dated 10 February 2015 and 17 February 2015.

Report of the Directors

Obtaining 51% equity interest in two project companies in Wenzhou by way of capital injection and acquisition of 49% equity interest in another project company in Wenzhou.

Sunshine 100 Group entered into the Capital Injection Agreement Regarding the Wenzhou Zhongxin Project with Zhonghang Haoyuan, the Controlling Shareholders and Wenzhou Zhongxin on 1 September 2015 and entered into a supplementary agreement to the Capital Injection Agreement Regarding the Wenzhou Zhongxin Project with the same parties on 30 October 2015. Pursuant to the Capital Injection Agreement Regarding the Wenzhou Zhongxin Project dated 1 September 2015, Sunshine 100 Group agreed to inject capital of RMB104.08 million as the new registered capital of Wenzhou Zhongxin. It also agreed to provide a shareholders' loan of approximately RMB145.81 million to Wenzhou Zhongxin for the settlement of part of intra-group balances of Wenzhou Zhongxin. In addition, pursuant to the supplementary agreement to the Capital Injection Agreement Regarding the Wenzhou Zhongxin Project dated 30 October 2015, Sunshine 100 Group agreed to further provide a shareholders' loan of RMB84.93 million at the request of Wenzhou Zhongxin. After capital injection, Sunshine 100 Group will hold 51% registered capital of Wenzhou Zhongxin.

Sunshine 100 Group entered into the Capital Injection Agreement Regarding the Wenzhou Shengtaicheng Project and a supplementary agreement thereto with Chongqing Shihe Tongsheng Investment Co., Ltd., controlling shareholders and Wenzhou Shihe Shengtaicheng Development Co., Ltd. on 30 October 2015, pursuant to which, Sunshine 100 Group agreed to inject capital of RMB104.08 million as the new registered capital of Wenzhou Shengtaicheng and to provide a shareholders' loan of approximately RMB423.6 million to Wenzhou Shengtaicheng for the settlement of part of intra-group balances of Wenzhou Shengtaicheng and further shareholders' loan of RMB42,860,000 at the request of Wenzhou Shengtaicheng. After capital injection, Sunshine 100 Group will hold 51% registered capital of Wenzhou Shengtaicheng.

Sunshine 100 Group entered into the Equity Transfer Agreement Regarding the Wenzhou Zhongxin Haoyuan Project and a supplementary agreement thereto with Shanghai Haoming, the guarantor Mr. Zhang Bing and Wenzhou Zhongxin Haoyuan on 30 October 2015, pursuant to which, Shanghai Haoming agreed to sell and Sunshine 100 Group agreed to acquire 49% equity interest in Wenzhou Zhongxin Haoyuan with a consideration of RMB49 million and to provide a further shareholders' loan of RMB108.95 million at the request of Wenzhou Zhongxin Haoyuan. For further details on the capital injection and acquisition, please refer to the announcement of the Company dated 1 November 2015.

The loan of an indirect subsidiary of the Company

On 30 November 2015, an indirect subsidiary of the Company (the "**Borrower**"), entered into the loan agreement with a substantial shareholder of the Borrower (the "**Lender**"), pursuant to which the Lender has agreed to make available a loan in the principal sum of RMB100,000,000 to the Borrower at an interest rate of 12% per annum. The loan is secured by the shares held by the Borrower in Lofty Talent Limited (a wholly-owned subsidiary of the Borrower) and the share held by Keyasia Investment Limited (an indirect wholly-owned subsidiary of the Borrower) in the Borrower. For further details on the loan, please refer to the announcement of the Company dated 30 November 2015.

Report of the Directors

Furthermore, the Group engages in property development in China, which is a business operation that requires external funding. In addition to traditional bank loans, developers in China may obtain other funding from trust finance companies by pledging their equity interests in project companies and lands. As at 31 December 2015, the Group had entered into certain trust financing arrangements and lending facility arrangements with connected persons in the ordinary course of business. Such trust financing arrangements and lending facility arrangements involved the provision of financial assistance by connected persons which are not exempt from the requirements in relation to connected transactions under the Listing Rules pursuant to Rule 14A.90 of the Listing Rules and are required to be disclosed in this annual report in compliance with the conditions of waivers previously granted by the Stock Exchange. For details of such arrangements, please see paragraphs 8 to 17 under the section headed “Connected Transactions” in the Prospectus.

Details of continuing connected transactions entered into by the Group for the year ended 31 December 2015 are set out as follows:

Yantai Sunshine 100 Commercial Development Co., Ltd. (煙台陽光商業發展有限公司) (“**Yantai Commercial**”), an indirect wholly-owned subsidiary of the Company, entered into a lease agreement for a term of ten years starting from 15 March 2011 with Yantai Shenghe Department Store Co., Ltd. (煙台盛和百貨有限公司) (“**Yantai Shenghe**”), pursuant to which Yantai Commercial leased certain units situated at the lower Ground Level 1 of Block T and level 1 to level 4 of Block S1 of Yantai Sunshine 100 City Plaza, 26 Harbour Road, Zhifu District, Yantai, the PRC (“**Yantai Properties**”) with an aggregate gross floor area of 33,617.21 square metres to Yantai Shenghe for commercial use. Yantai Commercial have entered into an amended property leasing agreement on 17 February 2014, (the “**Yantai Amended Property Leasing Agreement**”) with Yantai Shenghe regarding the terms and conditions for the lease of the Yantai Properties for a period commencing from 17 February 2014 and ending on 31 December 2015 which superseded and replaced the original lease agreement.

Pursuant to the Yantai Amended Property Leasing Agreement, the annual rental payable by Yantai Shenghe to us for the three years ending 31 December 2015 would be approximately RMB11,300,000, RMB12,200,000 and RMB12,400,000 (excluding management fees which shall be paid by Yantai Shenghe directly to the property management company and utilities expense which shall be paid by Yantai Shenghe to relevant utility service providers) which are determined based on prevailing market rate. Yantai Shenghe is a wholly-owned subsidiary of Guangxi Jiaxiang, a company owned as to 60% by Ms. Fan Xiaohua, a Director and one of the Controlling Shareholders, and Yantai Shenghe is therefore an associate of Ms. Fan Xiaohua, hence, it is a connected person of the Company.

As each of the applicable percentage ratios (other than the profits ratio) in relation to the amount payable by Yantai Shenghe to Yantai Commercial under the Yantai Amended Property Leasing Agreement is lower than 5%, such transaction is exempt from the independent shareholders’ approval requirement under Rule 14A.76(2) of the Listing Rules but subject to the annual review requirements set out in Rules 14A.55 to 14A.59 of the Listing Rules and the reporting and announcement requirements set out in Rule 14A.35 of the Listing Rules.

Report of the Directors

The continuing connected transaction mentioned above has been reviewed by the independent non-executive Directors who have confirmed that the transaction has been entered into: (a) in the ordinary and usual course of business of the Company; (b) on normal commercial terms; and (c) in accordance with the relevant agreement governing such transaction on terms that are fair and reasonable and in the interests of the Shareholders as a whole.

The Company's auditor was engaged to report on the Group's continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 "Auditor's Letter on Continuing Connected Transactions under the Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants. The auditor has issued an unqualified letter containing their findings and conclusions in respect of the continuing connected transaction disclosed by the Company in this annual report in accordance with Rule 14A.56 of the Listing Rules. A copy of the auditor's letter has been provided by the Company to the Stock Exchange.

Save as disclosed above, a summary of significant related party transactions, which do not constitute connected transactions or continuing connected transactions, made during the year ended 31 December 2015 is disclosed in note 27 to the financial statements.

LITIGATION RELATED TO CHENGDU PRIMARY LAND DEVELOPMENT PROJECT

In 2005 and 2007, the Group entered into a series of co-operation framework agreements with local government authorities of Chenghua District, Chengdu to conduct primary development of a parcel of land located in the district. Pursuant to these framework agreements, the Group was responsible for providing assistance to the local government in overall project design and planning, relocation and resettlement of incumbent residents and businesses, as well as clearance and delivery of land. It was agreed that if the land is sold at a premium greater than the cost we have incurred to prepare it and if we win the bid at the auction, we will be entitled to deduct our incurred cost from the land premium to be paid; if, however, another developer wins the bid at the auction, the local government shall, within seven days it receives the land premium from the purchaser, pay the same to us (after deduction of an agreed fixed amount as the government's share of the profit from the land sale).

The project consists of four phases with site areas of approximately 244,361 square metres, 59,967 square metres, 14,667 square metres and 109,334 square metres respectively. Phase I was completed and the underlying land was sold through a public auction to a third party in July 2007. The land premium was paid to the Chenghua district government in 2008, and it began to make payments to us pursuant to the framework agreements with us. We cumulatively received approximately RMB1,927.0 million from the Chenghua district government out of such land premium proceeds. A remaining land premiums that we are entitled to, in the amount of RMB581.1 million, however, remained unpaid and stayed on our balance sheet as an overdue trade receivable.

Report of the Directors

On 28 January 2015, the Group commenced proceedings in the High People's Court of Sichuan Province against the People's Government of Chenghua district, Chengdu and Reconstruction and Development Office of Dangerous Buildings of Chenghua District, Chengdu (成都成華區危房改造開發辦公室) for a payment of such land premiums (land clearance income) and fees of RMB15 million, which totaled RMB596.1 million. On 10 February 2015, the Company is informed that the High People's Court of Sichuan Province has accepted the case. As at June 2015, the High People's Court of Sichuan Province commenced the court session for the case but it was still underway as at the date of this annual report. The Company will publish relevant announcements on the website of the Stock Exchange and the Company's website when there is any material development in respect of the case.

SHARE OPTION SCHEME

The Company adopted the Share Option Scheme on 17 February 2014.

1. Purpose

The Share Option Scheme is a share incentive scheme and is established to enable the Company to grant options to the Eligible Participants (as defined in paragraph 2 below) as incentives or rewards for their contribution they had or may have made to the Group. The Share Option Scheme will provide the Eligible Participants an opportunity to have a personal stake in the Company with the view to achieving the following objectives:

- (i) motivate the Eligible Participants to optimize their performance efficiency for the benefit of the Group; and
- (ii) attract and retain or otherwise maintain on-going business relationship with the Eligible Participants whose contributions are or will be beneficial to the long-term growth of the Group.

2. Eligible Participants

The Board may, at its discretion, offer to grant an option to subscribe for such number of new Shares as the Board may determine at an exercise price determined in accordance with paragraph 5 below to:

- (i) any full-time or part-time employees, executives or officers of the Company or any of its subsidiaries;
- (ii) any directors (including independent non-executive directors) of the Company or any of its subsidiaries;
- (iii) any advisers, consultants, suppliers, customers, distributors and agents to the Company or any of its subsidiaries; and
- (iv) any such other persons who in the sole opinion of the Board, will contribute or have contributed to the Company and/or any of its subsidiaries.

Report of the Directors

Upon acceptance of the option, the grantee shall pay HK\$1.00 (or an equivalent amount in RMB) to the Company by way of consideration for the grant. Any offer to grant an option to subscribe for Shares may be accepted in respect of less than the number of Shares for which it is offered provided that it is accepted in respect of a board lot of dealing in Shares on the Stock Exchange or an integral multiple thereof and such number is clearly stated in the duplicate offer document constituting the acceptance of the option. To the extent that the offer to grant an option is not accepted by any prescribed acceptance date, it shall be deemed to have been irrevocably declined.

3. Maximum number of Shares

The maximum number of Shares in respect of which options may be granted under the Share Option Scheme and under any other share option schemes of the Company must not in aggregate exceed 10% of the total number of Shares in issue immediately following the completion of the Global Offering (as defined in the Prospectus), being 200,000,000 Shares.

4. Maximum number of options to any one individual

The total number of Shares issued and which may fall to be issued upon exercise of the options granted under the Share Option Scheme and any other share option schemes of the Company (including both exercised and outstanding options) to each Eligible Participant in any 12-month period up to the date of grant shall not exceed 1% of the Shares in issue as at the date of grant.

5. Price of Shares

The subscription price of a Share in respect of any particular option granted under the Share Option Scheme shall be such price as the Board in its absolute discretion shall determine, save that such price will be at less the higher of:

- (i) the official closing price of the Shares as stated in the Stock Exchange's daily quotation sheets on the date of grant, which must be a day on which the Stock Exchange is open for the business of dealing in securities;
- (ii) the average of the official closing prices of the Shares as stated in the Stock Exchange's daily quotation sheets for the five business days immediately preceding the date of grant; and
- (iii) the nominal value of a Share.

6. Granting options to connected persons

Any grant of options to a Director, chief executive or substantial shareholder (as defined in the Listing Rules) of the Company or any of their respective associates (as defined in the Listing Rules) is required to be approved by the independent non-executive Directors (excluding any independent non-executive Director who is the grantee of the options).

Report of the Directors

7. Restrictions on the times of grant of options

A grant of options may not be made when inside information has come to the knowledge of the Company until such inside information has been announced pursuant to the requirements of the Listing Rules. In particular, no options may be granted during the period commencing one month immediately preceding the earlier of:

- (i) the date of the Board meeting (as such date to first notified to the Stock Exchange in accordance with the Listing Rules) for the approval of the Company's annual results, half year, quarterly or other interim period (whether or not required under the Listing Rules);
- (ii) the deadline for the Company to publish an announcement of results of the Company for (i) any year or half-year period in accordance with the Listing Rules: and (ii) any quarterly or any other interim period, where the Company has elected to publish such results (whether or not required under the Listing Rules), and ending on the date of actual publication of the results for such year, half year, quarterly or interim period (as the case may be),

and no options shall be granted where the grant of options is to a Director:

- (iii) during the period of 60 days immediately preceding the publication date of the annual results or, if shorter, the period from the end of the relevant financial year up to the publication date of the results; and
- (iv) during the period of 30 days immediately preceding the publication date of the quarterly results (if any) and half-year results or, if shorter, the period from the end of the relevant quarterly or half-year period up to the publication date of the results.

8. Rights are personal to grantee

An option is personal to the grantee and may be exercised or treated as exercised, as the case may be, in whole or in part. No grantee shall in any way sell, transfer, charge, mortgage, encumber or create any interest (legal or beneficial) in favour of any third party over or in relation to any option or attempt so to do.

9. Time of exercise of option and duration of the Share Option Scheme

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

Report of the Directors

The Company shall be entitled to issue options, provided that the total number of Shares which may be issued upon exercise of all options to be granted under the Share Option Scheme does not exceed 10% of the Shares in issue on the date of Listing. The Company may at any time refresh such limit subject to the Shareholders' approval and issue of a circular in compliance with the Listing Rules, provided that the total number of Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under all the share option schemes of the Company does not exceed 30% of the shares in issue at the time.

As at the date of this annual report, no option under the Share Option Scheme has been granted by the Company. The total number of 200,000,000 shares are available for issue under the Share Option Scheme as at the date of this annual report, representing approximately 8.42% of the shares of the Company in issue as at the date of this annual report.

EQUITY-LINKED AGREEMENT

Save as disclosed in this annual report, the Company has not entered into any other equity-linked agreements.

ENVIRONMENT POLICIES AND PERFORMANCE

It is enterprise social responsibility to promote sustainable development and conservation to the environment. We commit ourselves to saving power and carrying out company affairs in sustainable ways so as to minimize our impact on the environment.

The Group has been implementing the idea of energy saving and pollution prevention, taking active actions (such as conserving water and power and reducing pollution and emission in the process of construction) and formulating emergency and controlling procedures as prevention measures against unexpected environmental pollutions.

PERMITTED INDEMNITY AND DIRECTORS' AND OFFICERS' LIABILITY INSURANCE

Pursuant to the Articles of Association and subject to the provisions of the Companies Law, every Director, auditor or other officer of the Company shall be entitled to be indemnified out of the assets and profits of the Company against all actions, costs, charges, losses, damages and expenses incurred or sustained by him/her as a Director, auditor or other officer of the Company, other than for any matter in respect of any fraud or dishonesty which may attach to any such persons. The Company has arranged appropriate Directors' and officers' liability insurance coverage for the Directors and officers of the Company during the year in respect of any legal liabilities which may be assumed by the Directors and officers in the execution and discharge of their duties or in relation thereto.

Report of the Directors

COMPLIANCE WITH LAWS AND REGULATIONS WHICH HAVE SIGNIFICANT EFFECT ON THE COMPANY

The Group is operated principally by subsidiaries of the Company in the PRC which itself is listed on the Stock Exchange. Our operation is subject to the relevant laws and regulations of the PRC and Hong Kong. For the year ended 31 December 2015 and up to the date of the annual report, we have complied with all the relevant laws and regulations of the PRC and Hong Kong in all material respects.

CHARITABLE DONATIONS

During the year ended 31 December 2015, the Group made charitable donations of approximately RMB7.8 million.

POST BALANCE SHEET EVENTS

Events after the Reporting Period of the Group are set out in the sub-section “Events after the Reporting Period” of Management Discussion and Analysis on pages 36 to 37 of this annual report.

Save as foregoing, the Group has no material post balance sheet events which are required to be disclosed in the audited financial statements.

AUDIT COMMITTEE

The audit committee of the Board (the “**Audit Committee**”) has reviewed together with the management and external auditor the accounting principles and policies adopted by the Group and the audited consolidated financial statements for the year.

CORPORATE GOVERNANCE

The Group is committed to maintaining high standards of corporate governance to safeguard the interests of the Shareholders and to enhance corporate value and accountability. Since the Listing Date, the Company has adopted and complied with all the applicable provisions under the Corporate Governance Code (the “**CG Code**”) contained in Appendix 14 to the Listing Rules, except for the following deviations from Code Provisions A.2.1 which are described in further details in the section headed “Corporate Governance Report” in this annual report. Information on the corporate governance practices adopted by the Company is set out in the Corporate Governance Report on pages 69 to 80 of this annual report.

Report of the Directors

CLOSURE OF REGISTER OF MEMBERS

For the purpose of determining the shareholders who are entitled to attend and vote at the AGM, the register of members of the Company will be closed from Friday, 24 June 2016 to Tuesday, 28 June 2016, both days inclusive. In order to qualify for attending and voting at the AGM, all transfer documents together with the relevant share certificate must be lodged with the Company's Hong Kong branch share registrar for registration, Computershare Hong Kong Investor Services Limited at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong no later than 4:30 p.m. on Thursday, 23 June 2016.

For the purpose of determining the shareholders who are entitled to the right of the 2015 Final Dividends, the register of members of the Company will be closed from Tuesday, 5 July 2016 to Thursday, 7 July 2016, both days inclusive. Only those shareholders whose names appear on the register of members of the Company on Thursday, 7 July 2016 will be entitled to the right of the 2015 Final Dividends. In order to qualify for receiving the 2015 Final Dividends, which must first be approved by shareholders in the AGM, all completed transfer documents together with the relevant share certificate must be returned to the Company's Hong Kong branch share registrar for registration, Computershare Hong Kong Investor Services Limited at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong no later than 4:30 p.m. on Monday, 4 July 2016.

SUFFICIENCY OF PUBLIC FLOAT

Based on public information available to the Company and to the knowledge of the Directors, the Company has maintained a sufficient public float in compliance with the requirements of the Listing Rules since 1 January 2015 up to the date of this annual report.

AUDITOR

KPMG has acted as auditor of the Company for the year ended 31 December 2015.

KPMG shall retire in the AGM and, being eligible, will offer themselves for re-appointment. A resolution for the reappointment of KPMG as auditor of the Company will be proposed at the AGM.

On behalf of the Board

Yi Xiaodi

Chairman and Executive Director

Beijing, the PRC, 25 March 2016

Corporate Governance Report

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

CORPORATE GOVERNANCE PRACTICES

The Group has committed to achieving high corporate governance standards in order to safeguard the interests of the shareholders of the Company and enhance corporate value and accountability of the Company. Since the Listing Date, the Company has adopted and complied with all the applicable code provisions (the “**Code Provision(s)**”) under the CG Code, except for the following deviation:

The Code Provision A.2.1 stipulates that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. Mr. Yi Xiaodi is the chairman and chief executive officer of the Company. The Board considers that this structure will not impair the balance of power and authority between the Board and the management of the Company. The balance of power and authority is ensured by the operations of the Board, which comprises experienced and high calibre individuals and meets regularly to discuss issues affecting the operations of the Group. The Board believes that this structure is conducive to strong and consistent leadership, enabling the Group to make and implement decisions promptly and efficiently. The Board has full confidence in Mr. Yi and believes that his appointment to the positions of Chairman and Chief Executive Officer is beneficial to the business prospects of the Group.

THE BOARD

Responsibilities

The Board is responsible for the overall leadership of the Group, oversees the Group’s strategic decisions and monitors business and performance. The Board has delegated the authority and responsibility for day-to-day management and operation of the Group to the senior management of the Group. To oversee particular aspects of the Company’s affairs, the Board has established three Board committees including the Audit Committee, the Remuneration Committee and the Nomination Committee (together, the “**Board Committees**”). The Board has delegated to the Board Committees responsibilities as set out in their respective terms of reference.

All Directors shall ensure that they carry out duties in good faith, in compliance with applicable laws and regulations, and in the interests of the Company and its shareholders at all times.

Board Composition

The Board currently comprises two executive Directors, namely Mr. Yi Xiaodi and Mr. Fan Xiaochong, two non-executive Director, namely Ms. Fan Xiaohua, Mr. Wang Gongquan and three independent non-executive Directors, namely Mr. Gu Yunchang, Mr. Ng Fook Ai, Victor and Mr. Wang Bo. The biographies of the Directors are set out under the section headed “Directors and Senior Management” of this annual report.

Corporate Governance Report

Since 1 January 2015 up to the date of this annual report, the Board at all times met the requirements of Rules 3.10 and 3.10A of the Listing Rules. Of the three independent non-executive Directors appointed, which represents at least one-third of the Board, one independent non-executive Director, namely Mr. Ng Fook Ai, Victor, is equipped with appropriate professional qualifications or adequate accounting or related financial management expertise.

The Company has received written annual confirmation from each independent non-executive Director of his independence pursuant to the requirements of the Listing Rules. The Company considers all independent non-executive Directors to be independent in accordance with the independence guidelines as set out in the Listing Rules.

Save as disclosed in the biographies of the Directors as set out under the section headed "Directors and Senior Management" of this annual report, none of the Directors has any personal relationship (including financial, business, family or other material/relevant relationship), with any other Director.

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 and the Nomination Committee.

Diversity of the Board

In order to enhance the efficiency of the Board and corporate governance standard of the Company, the Board should maintain a balanced mix of executive Directors and non-executive Directors (including independent non-executive Directors) so that the Board is highly independent and is able to make independent judgements efficiently. In selecting candidates, a diversified perspective, including but not limited to the age, cultural and education background, professional and industry experience, skills, knowledge, race and other qualifications that are essential to the business of the Company, will be applied so that the candidate can bring advantage and make contribution to the Board. The Board will review such measurable objectives from time to time to ensure their appropriateness and confirm the progress on achieving such objectives.

As regards the Code Provision requiring directors to disclose the number and nature of offices held in public companies or organisations and other significant commitments as well as their identity and the time involved to the issuer, the Directors will disclose their commitments to the Company annually.

Training 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 statutes, laws, rules and regulations. The Company will also arrange regular seminars to provide Directors with updates on latest development and changes in the Listing Rules and other relevant legal and regulatory requirements 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.

All Directors have provided their training records to the Company.

Corporate Governance Report

Chairman and Chief Executive Officer

Under the current organization structure of the Company, Mr. Yi Xiaodi is the Chairman of the Board and the Chief Executive Officer. The reason for the two roles being vested in the same individual was set out in the sub-section headed "Corporate Governance Practices" above.

Appointment, Re-Election and Removal of Directors

Each of the executive Directors has entered into a service contract with the Company under which he has agreed to act as an executive Director for an initial term of three years commencing from the Listing Date, which may be terminated by not less than three months' notice in writing served by either the executive Director or the Company.

Ms. Fan Xiaohua, a non-executive Director, has entered into a service contract with the Company under which she agreed to act as a non-executive Director for an initial term of three years commencing from the Listing Date, which may be terminated by not less than three months' notice in writing served by either Ms. Fan or the Company.

Mr. Wang Gongquan, a non-executive Director, has entered into a service contract with the Company under which he agreed to act as a non-executive Director for a term of three years commencing from 1 August 2015, which may be terminated by not less than three months' notice in writing served by either Mr. Wang or the Company.

Mr. Gu Yunchang and Mr. Ng Fook Ai, Victor, the independent non-executive Directors, have signed an appointment letter with the Company for a term of three years with effect from the Listing Date.

Mr. Wang Bo, an independent non-executive Director, has signed an appointment letter with the Company for a term of three years with effect from 1 August 2015.

In accordance with the Articles of Association, one-third of the Directors for the time being shall retire by rotation at each annual general meeting of the Company but every Director is subject to retirement by rotation at least once every three years and, being eligible, can offer himself for re-election at the annual general meeting. Any new Director appointed by the Board to fill a causal vacancy is subject to re-election by the Shareholders at the first annual general meeting of the Company after appointment. Any new Director appointed as an addition to the Board is subject to re-election by Shareholders at the next following annual 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, monitoring the appointment, re-election and succession planning of Directors.

Corporate Governance Report

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 are given for all regular Board meetings to provide all Directors with an opportunity to attend and include matters in the agenda for a regular meeting. For other meetings of the Board and the Board Committees, reasonable notice is generally given. The agenda and accompanying Board papers are dispatched to the Directors or members of the relevant Board Committees at least three days before the meetings to ensure that they have sufficient time to review the papers and be adequately prepared for the meetings. When Directors or members of the relevant Board Committees 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 Company Secretary with copies circulated to all Directors for information and records.

Sufficient details of the matters considered, decisions reached and concerns raised by any Directors are recorded in the minutes of the meetings of the Board and Board Committees. Draft minutes of each meeting of the Board or Board Committees 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 Reporting Period, 4 Board meetings were held and the attendance is set out in the table below:

| | 2014 Annual Results | Appointment of New Directors | 2015 Interim Results | Acquisition of Wenzhou Project |
|--|------------------------|---------------------------------|-------------------------|-----------------------------------|
| Executive Directors | | | | |
| Mr. Yi Xiaodi | ✓ | ✓ | ✓ | ✓ |
| Mr. Fan Xiaochong | ✓ | ✓ | ✓ | ✓ |
| Non-executive Directors | | | | |
| Ms. Fan Xiaohua | ✓ | ✓ | ✓ | ✓ |
| Mr. Wang Gongquan [△] | | | ✓ | ✓ |
| Independent Non-executive Directors | | | | |
| Mr. Chen Jinsong* | ✓ | | | |
| Mr. Gu Yunchang | ✓ | | ✓ | ✓ |
| Mr. Ng Fook Ai, Victor | ✓ | ✓ | ✓ | ✓ |
| Mr. Wang Bo [△] | | | ✓ | ✓ |

✓ represents attending the meeting

* resigned on 27 August 2015

△ appointed on 1 August 2015

Corporate Governance Report

Model Code for Securities Transactions

The Company has adopted the Model Code as set out in Appendix 10 to the Listing Rules as its own code of conduct regarding the Directors' securities transactions. Having made specific enquiries with all the Directors, all the Directors confirmed that they have complied with the Model Code since the Listing Date and up to the date of this annual report.

Delegation by the Board

The Board reserves its rights of decision over all major matters of the Company, including: approval and monitoring of all policy matters, overall strategies and budgets, internal control and risk management systems, material transactions (in particular those that may involve conflict of interests), financial information, appointment of Directors and other significant financial and operational matters. Directors have the option to obtain 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 are entered into by the management.

Corporate Governance Functions

The Board recognizes that corporate governance should be the collective responsibility of Directors and delegated the corporate governance duties to the Audit Committee which include the following:

- to develop, review and implement the Company's policy and practices on corporate governance and make recommendations to the Board;
- to review and monitor the training and continuous professional development of Directors and senior management;
- to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;
- to develop, review and monitor the code of conduct and compliance manual (if any) applicable to employees and Directors; and
- to review the Company's compliance with the CG Code and disclosure in the Corporate Governance Report.

Corporate Governance Report

BOARD COMMITTEES

Nomination Committee

The Nomination Committee currently comprises three members, namely Mr. Yi Xiaodi (chairman), Mr. Gu Yunchang and Mr. Wang Bo, the majority of them are independent non-executive Directors.

The principal duties of the Nomination Committee include the following:

- to review the structure, size and composition (including the skills, knowledge, experience and diversity of perspectives) of the Board at least annually and make recommendations on any proposed changes to the Board to complement the Company's corporate strategy;
- 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;
- to assess the independence of independent non-executive Directors;
- to make recommendations to the Board on appointment or re-appointment of Directors and succession planning for Directors, in particular the chairman and the chief executive; and
- to review the policy on Board diversity (the "**Board Diversity Policy**") and any measurable objectives for implementing such Board Diversity Policy as may be adopted by the Board from time to time and to review the progress on achieving the objectives; and to make disclosure of its review results in the annual report of the Company annually.

The Nomination Committee will assess the candidate or the incumbent on criteria such as skills, knowledge, experience and diversity of perspectives. The recommendations of the Nomination Committee will then be put to the Board for decision. The written terms of reference of the Nomination Committee are available on the websites of the Stock Exchange and the Company.

In 2015, after review, the Nomination Committee took the view that the appointment of the Directors meets with the Board Diversity Policy and the Board Diversity Policy need not be revised.

Corporate Governance Report

During the Reporting Period, 2 meetings were held by the Nomination Committee and the attendances are set out in the table below:

| | 2014 Annual Results | Appointment of New Directors |
|--|------------------------|---------------------------------|
| Executive Directors | | |
| Mr. Yi Xiaodi | ✓ | ✓ |
| Independent non-executive Directors | | |
| Mr. Chen Jinsong* | ✓ | |
| Mr. Gu Yunchang | | ✓ |
| Mr. Wang Bo [△] | | |

✓ represents attending the meeting
 * resigned on 27 August 2015
 △ appointed on 27 August 2015

Remuneration Committee

The Remuneration Committee comprises three members, namely Mr. Wang Bo (chairman), Mr. Fan Xiaochong and Mr. Gu Yunchang, the majority of them are independent non-executive Directors.

The primary duties of the Remuneration Committee include but not limited to the following:

- to make recommendations to the Board on the Company's policy and structure of all Directors and senior management remuneration and on the establishment of a formal and transparent procedure for developing remuneration policy;
- either: (i) to determine, with delegated responsibility by the Board, the remuneration packages of individual executive Directors and senior management; or (ii) to make recommendations to the Board on the remuneration packages of individual executive Directors and senior management;
- to review and approve the 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;
- 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;
- to review and approve the management's remuneration proposals with reference to the Board's corporate policies and objectives; and
- to consider and approve the granting of share options to eligible participants under the Share Option Scheme.

Corporate Governance Report

The Remuneration Committee is also responsible for ensuring that no Director or any of his/her associates (as defined in the Listing Rules) will participate in deciding his/her own remuneration, whose remuneration will be determined by reference to salaries paid by comparable companies, time commitment and responsibilities and employment conditions elsewhere in the Group. The written terms of reference of the Remuneration Committee are available on the websites of the Stock Exchange and the Company.

During the Reporting Period, 2 meetings were held by the Remuneration Committee and the attendances are set out in the table below:

| | 2014 Annual Results | Appointment of New Directors |
|--|------------------------|---------------------------------|
| Executive Directors | | |
| Mr. Fan Xiaochong | ✓ | ✓ |
| Independent non-executive Directors | | |
| Mr. Chen Jinsong* | ✓ | |
| Mr. Gu Yunchang | | ✓ |
| Mr. Wang Bo [△] | | |

✓ represents attending the meeting

* resigned on 27 August 2015

△ appointed on 27 August 2015

Details of the remuneration by band of the 16 members of the senior management of the Company, whose biographies are set out on pages 38 to 46 of this annual report, for the year ended 31 December 2015 are set out below:

| Remuneration band (RMB'000) | Number of Individuals |
|-----------------------------|-----------------------|
| Below 1,000 | 8 |
| 1,000 to 2,000 | 7 |
| 2,001 to 3,000 | 1 |
| 3,001 to 4,000 | 0 |

Corporate Governance Report

Audit Committee

The Audit Committee comprises all the three independent non-executive Directors namely, Mr. Ng Fook Ai, Victor (chairman), Mr. Wang Bo and Mr. Gu Yunchang. The main duties of the Audit Committee include the following:

- to deal with the relationship with the Company's external auditors;
- to review the Company's financial information;
- to oversee the Company's financial reporting system and internal control procedures; and
- to perform the Company's corporate governance functions.

During the Reporting Period, 2 meetings were held by the Audit Committee and the attendances are set out in the table below:

| | 2014 Annual Results | 2015 Interim Results |
|--|------------------------|-------------------------|
| Independent non-executive Directors | | |
| Mr. Chen Jinsong* | ✓ | |
| Mr. Gu Yunchang | | ✓ |
| Mr. Ng Fook Ai, Victor | ✓ | ✓ |
| Mr. Wang Bo [△] | | |

✓ represents attending the meeting

* *resigned on 27 August 2015*

△ *appointed on 27 August 2015*

The Audit Committee reviewed the financial control system, crisis management and internal control processes and assessed their effectiveness considering the factors including the adequacy of resources for financial reporting, staff qualifications and experience, training programmes and the budget of the Company's accounting and financial reporting function. The Audit Committee also reviewed the state of the Company's corporate governance against the criteria set out in the CG Code and considered the reappointment of the external auditor. The Board had not deviated from any recommendation given by the Audit Committee on the selection, appointment, resignation or dismissal of external auditor.

The members of the Audit Committee also reviewed the preliminary results of the Company and its subsidiaries for the year ended 31 December 2015 as well as the audit report prepared by the external auditor relating to accounting issues and major findings in course of audit. There are proper arrangements for employees, in confidence, to raise concerns about possible improprieties in financial reporting, internal control and other matters.

The written terms of reference of the Audit Committee are available on the websites of the Company and the Stock Exchange.

Corporate Governance Report

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 Directors were 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 on pages 81 to 82 of this annual report.

INTERNAL CONTROL

The Board acknowledges that it is the responsibility of the Board for maintaining an adequate internal control system to safeguard shareholder investments and the Group's assets and reviewing the effectiveness of such system on an annual basis.

The Audit Committee, pursuant to its terms of reference, has conducted reviews on the effectiveness of the internal control system of the Company since 1 January 2015, and considered the internal control system to be effective and adequate. The Audit Committee will continue to review the internal control system regularly in the future.

AUDITOR'S REMUNERATION

The external auditor's annual audit fees of the Group for the year ended 31 December 2015 are estimated to be approximately RMB3.9 million. The Group incurred approximately RMB5.4 million in 2015 for services provided by external auditor in connection with the annual audit and the review of the interim financial report.

Corporate Governance Report

JOINT COMPANY SECRETARIES

In order to uphold good corporate governance and ensure compliance with the Listing Rules, the Company has engaged Dr. Ngai Wai Fung (“**Dr. Ngai**”), a director and chief executive officer of SW Corporate Services Group Limited (a corporate service provider) and Mr. Chow Chi Ming (“**Mr. Chow**”), the chief financial officer of the Group, as its joint company secretaries. Dr. Ngai and Mr. Chow are responsible for advising the Board on corporate governance matters and ensuring that the Board complies with the applicable policies and procedures, and the applicable laws, rules and regulations. The primary corporate contact person of the Company is Mr. Chow, the joint company secretary of the Company.

In compliance with Rule 3.29 of the Listing Rules, Dr. Ngai and Mr. Du Hongwei (resigned on 18 March 2016), the former joint company secretary, have undertaken not less than 15 hours of relevant professional training in the year ended 31 December 2015.

COMMUNICATION WITH SHAREHOLDERS AND INVESTOR RELATIONS

The Company considers that effective communication with Shareholders is essential for enhancing investor relations and understanding 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. The primary contact person of the Company is Mr. Chow, the chief financial officer of the Company.

The AGM of the Company provides an opportunity for shareholders to communicate directly with the Directors. The Chairman of the Company and the Chairman of the Board Committees of the Company will attend the AGM to answer shareholders’ questions. The external auditor of the Company will also attend the AGM to answer questions about the conduct of the audit, the preparation and content of the auditor’s report, the accounting policies and auditor’s independence.

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.ss100.com.cn, 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.

Corporate Governance Report

SHAREHOLDERS' RIGHTS

To safeguard shareholders' interests and rights, a separate resolution will be proposed for each issue raised at a general meeting, including the election of individual Directors. All resolutions put forward at a general meeting will be voted on 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.

Calling extraordinary general meeting and putting forward proposals

Shareholders may put forward proposals for consideration at a general meeting according to Article 58 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 of the Company, to require an extraordinary general meeting to be called by the Board for the transactions of any business specified in such requisition; and such meeting shall be held within two (2) months after such requisition.

Such requisition shall be made in writing to the Board or the joint company secretaries of the Company by the following channels:

Address: 18/F, Tesbury Centre,
28 Queen Road East,
Wanchai, Hong Kong
Email: ir@ss100.com.cn

If within 21 days of such requisition the Board fails to proceed to convene such meeting the requisitionist(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company.

As regards to how to nominate a person to stand for election as a Director, the procedures are available on the websites of the Company and the Stock Exchange.

Enquiries to the Board

Shareholders who intend to put forward their enquiries about the Company to the Board could send their enquiries to the principal place of business for the Company in Hong Kong at 18/F, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong (email address ir@ss100.com.cn).

Change in Constitutional Documents

The Articles of Association was adopted by the Board on 17 February 2014 and became effective on the Listing Date. A copy of the Articles of Association is available on the websites of the Company and the Stock Exchange. During the period from 1 January 2015 up to the date of this annual report, there was no significant change in constitutional documents of the Company.

Independent Auditor's Report



To the members of Sunshine 100 China Holdings Ltd

(Incorporated in Cayman Islands with limited liability)

We have audited the consolidated financial statements of Sunshine 100 China Holdings Ltd (“the Company”) and its subsidiaries (together referred to as “the Group”) set out on pages 83 to 196, which comprise the consolidated statement of financial position as at 31 December 2015, 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 International Financial Reporting Standards issued by the International Accounting Standards Board and the disclosure requirements of the Hong Kong Companies Ordinance and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

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

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the 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 the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the consolidated financial statements.

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

Independent Auditor's Report

Opinion

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

KPMG

Certified Public Accountants

8th Floor, Prince's Building

10 Chater Road

Central, Hong Kong

25 March 2016

Consolidated Statement of Comprehensive Income

for the year ended 31 December 2015

(Expressed in Renminbi)

| | Note | 2015 RMB'000 | 2014 RMB'000 |
|---|------|--------------------|-----------------|
| Revenue | 2 | 6,418,190 | 7,103,681 |
| Cost of sales | | (5,249,703) | (5,598,150) |
| Gross profit | | 1,168,487 | 1,505,531 |
| Valuation gains on investment properties | 11 | 578,179 | 387,763 |
| Other income | 3 | 246,841 | 254,888 |
| Selling expenses | | (576,032) | (372,241) |
| Administrative expenses | | (404,275) | (406,326) |
| Other operating expenses | | (47,486) | (57,913) |
| Profit from operations | | 965,714 | 1,311,702 |
| Financial income | 4(a) | 86,528 | 68,946 |
| Financial expenses | 4(a) | (171,212) | (144,776) |
| Share of profits less losses of associates and a joint venture | | 121,522 | 73,797 |
| Profit before taxation | 4 | 1,002,552 | 1,309,669 |
| Income tax | 5 | (389,593) | (499,478) |
| Profit for the year | | 612,959 | 810,191 |
| Other comprehensive income for the year (after tax and reclassification adjustments) | | | |
| Items that may be reclassified to profit or loss: | | | |
| Exchange differences on translation of financial statements of overseas subsidiaries | | (2,780) | – |
| Total comprehensive income for the year | | 610,179 | 810,191 |

Consolidated Statement of Comprehensive Income

for the year ended 31 December 2015

(Expressed in Renminbi)

| | Note | 2015 RMB'000 | 2014 RMB'000 |
|--|------|-----------------|-----------------|
| Profit attributable to: | | | |
| Equity shareholders of the Company | | 600,591 | 766,543 |
| Non-controlling interests | | 12,368 | 43,648 |
| Profit for the year | | 612,959 | 810,191 |
| Total comprehensive income attributable to: | | | |
| Equity shareholders of the Company | | 597,811 | 766,543 |
| Non-controlling interests | | 12,368 | 43,648 |
| Total comprehensive income for the year | | 610,179 | 810,191 |
| Basic and diluted earnings per share (RMB) | 8 | 0.27 | 0.41 |

The accompanying notes on pages 90 to 196 form part of these financial statements. Details of dividends payable to equity shareholders of the Company attributable to the profit for the year are set out in Note 23(b).

Consolidated Statement of Financial Position

at 31 December 2015
(Expressed in Renminbi)

| | Note | 2015 RMB'000 | 2014 RMB'000 |
|--|-------|-------------------|-----------------|
| Non-current assets | | | |
| Property and equipment | 10 | 784,100 | 966,940 |
| Investment properties | 11 | 7,964,552 | 5,946,189 |
| Restricted deposits | 18 | 405,019 | 399,453 |
| Investments in associates and a joint venture | 13 | 536,496 | 118,423 |
| Trade and other receivables | 17 | 294,300 | 54,705 |
| Deferred tax assets | 14(b) | 730,423 | 500,725 |
| Total non-current assets | | 10,714,890 | 7,986,435 |
| Current assets | | | |
| Properties under development and completed properties held for sale | 15 | 24,541,073 | 19,795,763 |
| Land development for sale | 16 | 767,869 | 752,809 |
| Trade and other receivables | 17 | 5,091,648 | 3,249,831 |
| Restricted deposits | 18 | 698,178 | 728,461 |
| Cash and cash equivalents | 19 | 1,325,221 | 2,557,846 |
| Total current assets | | 32,423,989 | 27,084,710 |
| Current liabilities | | | |
| Loans and borrowings | 20 | 7,577,551 | 8,003,546 |
| Trade and other payables | 21 | 6,166,680 | 6,736,907 |
| Contract retention payables | | 161,917 | 159,115 |
| Sales deposits | 22 | 4,408,362 | 4,077,342 |
| Current tax liabilities | 14(a) | 1,025,252 | 925,787 |
| Total current liabilities | | 19,339,762 | 19,902,697 |
| Net current assets | | 13,084,227 | 7,182,013 |
| Total assets less current liabilities | | 23,799,117 | 15,168,448 |

The notes on pages 90 to 196 form part of these financial statements.

Consolidated Statement of Financial Position

at 31 December 2015

(Expressed in Renminbi)

| | Note | 2015 RMB'000 | 2014 RMB'000 |
|--|-------|-------------------|-----------------|
| Non-current liabilities | | | |
| Loans and borrowings | 20 | 12,190,959 | 6,837,472 |
| Contract retention payables | | 216,139 | 224,009 |
| Trade and other payables | 21 | 880,943 | 1,281,930 |
| Deferred tax liabilities | 14(b) | 3,008,661 | 1,309,009 |
| Total non-current liabilities | | 16,296,702 | 9,652,420 |
| NET ASSETS | | | |
| | | 7,502,415 | 5,516,028 |
| CAPITAL AND RESERVES | | | |
| Share capital | 23 | 18,718 | 15,760 |
| Reserves | | 6,177,367 | 4,604,115 |
| Total equity attributable to equity shareholders of the Company | | 6,196,085 | 4,619,875 |
| Non-controlling interests | | 1,306,330 | 896,153 |
| TOTAL EQUITY | | 7,502,415 | 5,516,028 |

Approved and authorised for issue by the board of directors on 25 March 2016.

YI Xiaodi
Director

FAN Xiaochong
Director

The notes on pages 90 to 196 form part of these financial statements.

Consolidated Statement of Changes in Equity

for the year ended 31 December 2015

(Expressed in Renminbi)

| | Attributable to equity shareholders of the Company | | | | | | | Non-controlling interests | Total equity |
|--|--|------------------|------------------|----------------------|------------------------------|------------------|------------------|---------------------------|------------------|
| | Share capital | Share premium | Exchange reserve | General reserve fund | Property revaluation reserve | Retained profits | Sub-total | | |
| | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 |
| | Note 23(c) | Note 23(d)(i) | Note 23(d)(ii) | Note 23(d)(iii) | Note 23(d)(iv) | | | | |
| Balance at 1 January 2014 | 376 | - | - | 406,601 | 9,865 | 1,575,217 | 1,992,059 | 759,334 | 2,751,393 |
| Changes in equity for 2014: | | | | | | | | | |
| Profit and total comprehensive income for the year | - | - | - | - | - | 766,543 | 766,543 | 43,648 | 810,191 |
| Acquisition of subsidiaries | - | - | - | - | - | - | - | 93,171 | 93,171 |
| Split and repurchase of shares | (69) | - | - | - | - | - | (69) | - | (69) |
| Initial public offering | 3,949 | 1,499,317 | - | - | - | - | 1,503,266 | - | 1,503,266 |
| Conversion of loans from Riverside | 895 | 357,181 | - | - | - | - | 358,076 | - | 358,076 |
| Capitalisation of shares | 10,609 | (10,609) | - | - | - | - | - | - | - |
| Transfer to general reserve fund | - | - | - | 95,312 | - | (95,312) | - | - | - |
| Balances at 31 December 2014 and 1 January 2015 | 15,760 | 1,845,889 | - | 501,913 | 9,865 | 2,246,448 | 4,619,875 | 896,153 | 5,516,028 |
| Changes in equity for 2015: | | | | | | | | | |
| Profit for the year | - | - | - | - | - | 600,591 | 600,591 | 12,368 | 612,959 |
| Other comprehensive income | - | - | (2,780) | - | - | - | (2,780) | - | (2,780) |
| Total comprehensive income | - | - | (2,780) | - | - | 600,591 | 597,811 | 12,368 | 610,179 |
| Acquisition of subsidiaries (Note 28) | - | - | - | - | - | - | - | 453,182 | 453,182 |
| Acquisition of non-controlling interests | - | - | - | - | - | - | - | (50,400) | (50,400) |
| Issuance of shares (Note 23(a)(i)) | 2,958 | 1,002,524 | - | - | - | - | 1,005,482 | - | 1,005,482 |
| Cost of issuance of shares (Note 23(a)(i)) | - | (27,083) | - | - | - | - | (27,083) | - | (27,083) |
| Disposal of subsidiaries | - | - | - | - | - | - | - | (4,973) | (4,973) |
| Transfer to general reserve fund | - | - | - | 57,725 | - | (57,725) | - | - | - |
| Balance at 31 December 2015 | 18,718 | 2,821,330 | (2,780) | 559,638 | 9,865 | 2,789,314 | 6,196,085 | 1,306,330 | 7,502,415 |

The notes on pages 90 to 196 form part of these financial statements.

Consolidated Cash Flow Statement

for the year ended 31 December 2015

(Expressed in Renminbi)

| | Note | 2015 RMB'000 | 2014 RMB'000 |
|--|------|--------------------|------------------|
| Operating activities | | | |
| Profit before taxation | | 1,002,552 | 1,309,669 |
| Adjustments for: | | | |
| – Depreciation | 4(c) | 58,576 | 47,624 |
| – Valuation gains on investment properties | 11 | (578,179) | (387,763) |
| – Financial expenses | | 163,487 | 137,758 |
| – Financial income | 4(a) | (86,528) | (68,946) |
| – Gains on disposal of a subsidiary | 3 | (78,735) | – |
| – Net loss on disposal of property and equipment | 4(c) | 397 | 415 |
| – Net gain on disposal of investment properties | 3 | (264) | (9,184) |
| – Impairment loss on trade and other receivables | 4(c) | 8,675 | 45,000 |
| – Write-down of properties under development and completed properties held for sale | 4(c) | 223,821 | 109,783 |
| – Gains on acquisition of subsidiaries | 3 | (155,064) | – |
| – Remeasurement to fair value of pre-existing interest in acquiree | 3 | – | (232,255) |
| – Share of profits less losses of associates and a joint venture | | (121,522) | (73,797) |
| | | 437,216 | 878,304 |
| Decrease/(increase) in properties under development and completed properties held for sale | | 281,924 | (2,516,973) |
| Increase in land development for sale | | (15,060) | (72,803) |
| Increase in trade and other receivables | | (696,158) | (838,366) |
| Increase in restricted deposits | | (252,975) | (174,893) |
| (Decrease)/increase in trade and other payables, and contract retention payables | | (1,387,957) | 3,740,092 |
| Increase/(decrease) in sales deposits | | 254,672 | (1,212,278) |
| Cash used in operation | | (1,378,338) | (196,917) |
| Income tax paid | | (225,229) | (272,544) |
| Net cash used in operating activities | | (1,603,567) | (469,461) |

The notes on pages 90 to 196 form part of these financial statements.

Consolidated Cash Flow Statement

for the year ended 31 December 2015

(Expressed in Renminbi)

| | Note | 2015 RMB'000 | 2014 RMB'000 |
|--|------|--------------------|------------------|
| Investing activities | | | |
| Financial income received | | 71,834 | 59,332 |
| Dividend received from associates | | – | 1,611 |
| Net cash inflow from disposal of a subsidiary | | 29,733 | – |
| Proceeds from disposal of other financial assets | | – | 45,417 |
| Proceeds from disposal of property and equipment | | 3,262 | 2,645 |
| Proceeds from disposal of investment properties | | 5,153 | 28,584 |
| Acquisition of subsidiaries, net of cash acquired | | (410,421) | (667,873) |
| Acquisition of property and equipment | | (36,070) | (22,029) |
| Acquisition of investment properties | | (566,154) | (29,304) |
| Acquisition of other financial assets | | – | (45,417) |
| Acquisition of associates and a joint venture | | (130,238) | (117,312) |
| Repayment of advances to related parties | | 20 | 686,514 |
| Advances to related parties | | (363,735) | (332,309) |
| Advances to third parties | | (783,589) | – |
| Net cash used in investing activities | | (2,180,205) | (390,141) |
| Financing activities | | | |
| Proceeds from loans and borrowings | | 8,205,355 | 5,875,967 |
| Repayment of loans and borrowings | | (8,519,648) | (6,076,737) |
| Proceeds from issuance of shares, net of listing expenses | | 978,399 | 1,503,197 |
| Proceeds from issue of corporate bonds and senior notes | | 3,444,500 | 1,280,939 |
| Interest paid | | (1,776,508) | (1,319,361) |
| Decrease in restricted deposits | | 277,692 | 1,007,104 |
| Advances from related parties | | 17,157 | 198,546 |
| Repayment of advances from related parties | | (15,830) | (268,187) |
| Acquisition of non-controlling interests | | (50,400) | – |
| Net cash generated from financing activities | | 2,560,717 | 2,201,468 |
| Net (decrease)/increase in cash and cash equivalent | | (1,223,055) | 1,341,866 |
| Cash and cash equivalents at 1 January | 19 | 2,557,846 | 1,216,524 |
| Effect of foreign exchange rate changes | | (9,570) | (544) |
| Cash and cash equivalents at 31 December | 19 | 1,325,221 | 2,557,846 |

The notes on pages 90 to 196 form part of these financial statements.

Notes to the Financial Statements

1 SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of compliance

These financial statements have been prepared in accordance with all applicable International Financial Reporting Standards (IFRSs), which collective term includes all applicable individual International Financial Reporting Standards, International Accounting Standards (IASs) and Interpretations issued by the International Accounting Standards Board (IASB), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"). A summary of the significant accounting policies adopted by the Group is set out below.

The IASB has issued certain new and revised IFRSs that are first effective or available for early adoption for the current accounting period of the Group and the Company. Note 1(c) provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current and prior accounting periods reflected in these financial statements.

(b) Basis of preparation of the financial statements

The consolidated financial statements for the year ended 31 December 2015 comprise the Company and its subsidiaries (together referred to as the "Group") and the Group's interests in associates and a joint venture.

The consolidated financial statements are presented in Renminbi ("RMB"), rounded to the nearest thousand, which is the functional currency of the Company and the entities carrying out the principal activities of the Group in the People's Republic of China (the "PRC").

The measurement basis used in the preparation of the financial statements is the historical cost basis except that the following assets and liabilities are stated at their fair value as explained in the accounting policies set out below:

- investment property (see Note 1(i));
- financial instruments classified as available-for-sale or as trading securities (see Note 1(g));
- derivative financial instruments (see Note 1(h)); and
- loans and borrowings designated at fair value through profit or loss (see Note 1(p)(ii)).

Notes to the Financial Statements

1 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(b) Basis of preparation of the financial statements (Continued)

The preparation of the consolidated financial statements in conformity with IFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Judgements made by management in the application of IFRSs that have significant effect on the financial statements and major sources of estimation uncertainty are discussed in Note 29.

(c) Changes in accounting policies

The IASB has issued the following amendments to IFRSs that are first effective for the current accounting period of the Group:

- Amendments to IAS 19, *Employee benefits: Defined benefit plans: Employee contributions*
- *Annual Improvements to IFRSs 2010–2012 Cycle*
- *Annual Improvements to IFRSs 2011–2013 Cycle*

None of these developments have had a material effect on how the Group's results and financial position for the current or prior periods have been prepared or presented. The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

Notes to the Financial Statements

1 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(d) Subsidiaries and non-controlling interests

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed, 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. When assessing whether the Group has power, only substantive rights (held by the Group and other parties) are considered.

An investment in a subsidiary is consolidated into the consolidated financial statements from the date that control commences until the date that control ceases. Intra-group balances, transactions and cash flows and any unrealized profits arising from intra-group transactions are eliminated in full in preparing the consolidated financial statements. Unrealized losses resulting from intra-group transactions are eliminated in the same way as unrealized gains but only to the extent that there is no evidence of impairment.

Non-controlling interests represent the equity in a subsidiary not attributable directly or indirectly to the Company, and in respect of which the Group has not agreed any additional terms with the holders of those interests which would result in the Group as a whole having a contractual obligation in respect of those interests that meets the definition of a financial liability. For each business combination, the Group can elect to measure any non-controlling interests either at fair value or at the non-controlling interests' proportionate share of the subsidiary's net identifiable assets.

Non-controlling interests are presented in the consolidated statement of financial position within equity, separately from equity attributable to the equity shareholders of the Company. Non-controlling interests in the results of the Group are presented on the face of the consolidated statement of comprehensive income as an allocation of the total profit or loss and total comprehensive income for the year between non-controlling interests and the equity shareholders of the Company. Loans from holders of non-controlling interests and other contractual obligations towards these holders are presented as financial liabilities in the consolidated statement of financial position in accordance with Notes 1(p) or (q) depending on the nature of the liability.

Changes in the Group's interests in a subsidiary that do not result in a loss of control are accounted for as equity transactions, whereby adjustments are made to the amounts of controlling and non-controlling interests within consolidated equity to reflect the change in relative interests, but no adjustments are made to goodwill and no gain or loss is recognized.

When the Group loses control of a subsidiary, it is accounted for as a disposal of the entire interest in that subsidiary, with a resulting gain or loss being recognized in profit or loss. Any interest retained in that former subsidiary at the date when control is lost is recognized at fair value and this amount is regarded as the fair value on initial recognition of a financial asset (see Note 1(g)) or, when appropriate, the cost on initial recognition of an investment in an associate or joint venture (see Note 1(e)).

In the Company's statement of financial position, an investment in a subsidiary is accounted for under equity method, unless the investment is classified as held for sale (or included in a disposal group that is classified as held for sale).

Notes to the Financial Statements

1 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(e) Associates and joint ventures

An associate is an entity in which the Group or Company has significant influence, but not control or joint control, over its management, including participation in the financial and operating policy decisions.

A joint venture is an arrangement whereby the Group or Company and other parties contractually agree to share control of the arrangement, and have rights to the net assets of the arrangement.

An investment in an associate or a joint venture is accounted for under the equity method, unless it is classified as held for sale (or included in a disposal group that is classified as held for sale). Under the equity method, the investment is initially recorded at cost, adjusted for any excess of the Group's share of the acquisition-date fair values of the investee's identifiable net assets over the cost of the investment (if any). Thereafter, the investment is adjusted for the post acquisition change in the Group's share of the investee's net assets and any impairment loss relating to the investment (see Notes 1(f) and (l)). Any acquisition-date excess over cost, the Group's share of the post-acquisition, post-tax results of the investees and any impairment losses for the year are recognized in the consolidated statement of comprehensive income, whereas the Group's share of the post-acquisition post-tax items of the investees' other comprehensive income is recognized in the consolidated statement of comprehensive income.

When the Group's share of losses exceeds its interest in the associate or the joint venture, the Group's interest is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the investee. For this purpose, the Group's interest is the carrying amount of the investment under the equity method together with the Group's long-term interests that in substance form part of the Group's net investment in the associate or the joint venture.

Unrealized profits and losses resulting from transactions between the Group and its associates and joint ventures are eliminated to the extent of the Group's interest in the investee, except where unrealized losses provide evidence of an impairment of the asset transferred, in which case they are recognized immediately in profit or loss.

If an investment in an associate becomes an investment in a joint venture or vice versa, retained interest is not remeasured. Instead, the investment continues to be accounted for under the equity method.

In all other cases, when the Group ceases to have significant influence over an associate or joint control over a joint venture, it is accounted for as a disposal of the entire interest in that investee, with a resulting gain or loss being recognized in profit or loss. Any interest retained in that former investee at the date when significant influence is lost is recognized at fair value and this amount is regarded as the fair value on initial recognition of a financial asset (see Note 1(g)).

Notes to the Financial Statements

1 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Goodwill

Goodwill represents the excess of:

- (i) the aggregate of the fair value of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of the Group's previously held equity interest in the acquiree; over
- (ii) the net fair value of the acquiree's identifiable assets and liabilities measured as at the acquisition date.

When (ii) is greater than (i), then this excess is recognized immediately in profit or loss as a gain on a bargain purchase.

Goodwill is stated at cost less accumulated impairment losses. Goodwill arising on a business combination is allocated to each cash-generating unit, or groups of cash generating units, that is expected to benefit from the synergies of the combination and is tested annually for impairment (see Note 1(l)).

On disposal of a cash generating unit during the year, any attributable amount of purchased goodwill is included in the calculation of the profit or loss on disposal.

(g) Other investments in debt and equity securities

The Group's and the Company's policies for investments in debt and equity securities, other than investments in subsidiaries, associates and joint ventures, are as follows:

Investments in debt and equity securities are initially stated at fair value, which is their transaction price unless it is determined that the fair value at initial recognition differs from the transaction price and that fair value is evidenced by a quoted price in an active market for an identical asset or liability or based on a valuation technique that uses only data from observable markets. Cost includes attributable transaction costs, except where indicated otherwise below. These investments are subsequently accounted for as follows, depending on their classification:

Investments in securities held for trading are classified as current assets. Any attributable transaction costs are recognized in profit or loss as incurred. At the end of each reporting period the fair value is remeasured, with any resultant gain or loss being recognized in profit or loss. The net gain or loss recognized in profit or loss does not include any dividends or interest earned on these investments as these are recognized in accordance with the policies set out in Notes 1(v)(vi) and (v).

Notes to the Financial Statements

1 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(g) Other investments in debt and equity securities (Continued)

Dated debt securities that the Group and/or the Company have the positive ability and intention to hold to maturity are classified as held-to-maturity securities. Held-to-maturity securities are stated at amortized cost less impairment losses (see Note 1(l)).

Investments in securities which do not fall into any of the above categories are classified as available-for-sale securities. At the end of each reporting period the fair value is remeasured, with any resultant gain or loss being recognized in other comprehensive income and accumulated separately in equity in the fair value reserve. As an exception to this, investments in equity securities that do not have a quoted price in an active market for an identical instrument and whose fair value cannot otherwise be reliably measured are recognized in the statement of financial position at cost less impairment losses (see Note 1(l)). Dividend income from equity securities and interest income from debt securities calculated using the effective interest method are recognized in profit or loss in accordance with the policies set out in Notes 1(v)(vi) and (v), respectively. Foreign exchange gains and losses resulting from changes in the amortised cost of debt securities are also recognized in profit or loss.

When the investments are derecognized or impaired (see Note 1(l)), the cumulative gain or loss recognized in equity is reclassified to profit or loss. Investments are recognized/derecognized on the date the Group commits to purchase/sell the investments or they expire.

(h) Derivative financial instruments

Derivative financial instruments are recognized initially at fair value. At the end of each reporting period the fair value is remeasured. The gain or loss on remeasurement to fair value is recognized immediately in profit or loss, except where the derivatives qualify for cash flow hedge accounting or hedge the net investment in a foreign operation, in which case recognition of any resultant gain or loss depends on the nature of the item being hedged.

(i) Investment property

Investment properties are land and/or buildings which are owned to earn rental income and/or for capital appreciation. These include land held for a currently undetermined future use and property that is being constructed or developed for future use as investment property.

Investment properties are stated at fair value, unless they are still in the course of construction or development at the end of each reporting period and their fair value cannot be reliably measured at that time. Any gain or loss arising from a change in fair value or from the retirement or disposal of investment properties is recognized in profit or loss. Rental income from investment properties is accounted for as described in Note 1(v)(iii).

When an own-occupied property becomes an investment property that will be carried at fair value, any surplus at the date of such transfer between the carrying amount of the property and its fair value is recorded in other comprehensive income and accumulated separately in equity in the property revaluation reserve, when a deficit arises, it will be charged to profit or loss.

Notes to the Financial Statements

1 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(j) Property and equipment

Property and equipment are stated at cost less accumulated depreciation and impairment losses (see Note 1(l)).

The cost of self-constructed items of property includes the cost of materials, direct labor, the initial estimate, where relevant, of the costs of dismantling and removing the items and restoring the site on which they are located, and an appropriate proportion of production overheads and borrowing costs (see Note 1(x)).

Gains or losses arising from the retirement or disposal of an item of property and equipment are determined as the difference between the net disposal proceeds and the carrying amount of the item and are recognized in profit or loss on the date of retirement or disposal.

Depreciation is calculated to write off the cost of items of property and equipment, less their estimated residual value, if any, using the straight line method over their estimated useful lives as follows:

| | |
|--------------------|-------------|
| – Hotel properties | 30–40 years |
| – Supermarkets | 20–30 years |
| – Office premises | 20–30 years |
| – Motor vehicles | 5–8 years |
| – Office equipment | 3–5 years |

Where parts of an item of property and equipment have different useful lives, the cost of the item is allocated on a reasonable basis between the parts and each part is depreciated separately. Both the useful life of an asset and its residual value, if any, are reviewed annually.

(k) Operating lease charges

Where the Group has the use of assets held under operating leases, payments made under the leases are charged to profit or loss in equal instalments over the accounting periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased asset. Lease incentives received are recognized in profit or loss as an integral part of the aggregate net lease payments made. Contingent rentals are charged to profit or loss in the accounting period in which they are incurred.

Notes to the Financial Statements

1 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(I) Impairment of assets

(i) *Impairment of investments in debt and equity securities and other receivables*

Investments in debt and equity securities and other current and non-current receivables that are stated at cost or amortized cost or are classified as available-for-sale securities are reviewed at the end of each reporting period to determine whether there is objective evidence of impairment. Objective evidence of impairment includes observable data that comes to the attention of the Group about one or more of the following loss events:

- significant financial difficulty of the debtor;
- a breach of contract, such as a default or delinquency in interest or principal payments;
- it becoming probable that the debtor will enter bankruptcy or other financial reorganisation;
- significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor; and
- a significant or prolonged decline in the fair value of an investment in an equity instrument below its cost.

If any such evidence exists, any impairment loss is determined and recognized as follows:

- For investments in associates and joint ventures accounted for under the equity method in the consolidated financial statements (see Note 1(e)) and investments in subsidiaries in the Company's statement of financial position (see Note 1(d)), the impairment loss is measured by comparing the recoverable amount of the investment with its carrying amount in accordance with Note 1(l)(ii). The impairment loss is reversed if there has been a favorable change in the estimates used to determine the recoverable amount in accordance with Note 1(l)(ii).
- For unquoted equity securities carried at cost, the impairment loss is measured as the difference between the carrying amount of the financial asset and the estimated future cash flows, discounted at the current market rate of return for a similar financial asset where the effect of discounting is material. Impairment losses for equity securities are not reversed.

Notes to the Financial Statements

1 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(I) Impairment of assets (Continued)

(i) *Impairment of investments in debt and equity securities and other receivables* (Continued)

- For trade and other current receivables and other financial assets carried at amortized cost, the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition of these assets), where the effect of discounting is material. This assessment is made collectively where these financial assets share similar risk characteristics, such as similar past due status, and have not been individually assessed as impaired. Future cash flows for financial assets which are assessed for impairment collectively are based on historical loss experience for assets with credit risk characteristics similar to the collective group.

If in a subsequent period the amount of an impairment loss decreases and the decrease can be linked objectively to an event occurring after the impairment loss was recognized, the impairment loss is reversed through profit or loss. A reversal of an impairment loss shall not result in the asset's carrying amount exceeding that which would have been determined had no impairment loss been recognized in prior years.

- For available-for-sale securities, the cumulative loss that has been recognized in the fair value reserve is reclassified to profit or loss. The amount of the cumulative loss that is recognized in profit or loss is the difference between the acquisition cost (net of any principal repayment and amortization) and current fair value, less any impairment loss on that asset previously recognized in profit or loss.

Impairment losses recognized in profit or loss in respect of available-for-sale equity securities are not reversed through profit or loss. Any subsequent increase in the fair value of such assets is recognized in other comprehensive income.

Impairment losses in respect of available-for-sale debt securities are reversed if the subsequent increase in fair value can be objectively related to an event occurring after the impairment loss was recognized. Reversals of impairment losses in such circumstances are recognized in profit or loss.

Impairment losses are written off against the corresponding assets directly, except for impairment losses recognized in respect of loans and receivables included within trade and other receivables, whose recovery is considered doubtful but not remote. In this case, the impairment losses for doubtful debts are recorded using an allowance account. When the Group is satisfied that recovery is remote, the amount considered irrecoverable is written off against loans and receivables directly and any amounts held in the allowance account relating to that debt are reversed. Subsequent recoveries of amounts previously charged to the allowance account are reversed against the allowance account. Other changes in the allowance account and subsequent recoveries of amounts previously written off directly are recognized in profit or loss.

Notes to the Financial Statements

1 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(I) Impairment of assets (Continued)

(ii) Impairment of other assets

Internal and external sources of information are reviewed at the end of each reporting period to identify indications that the following assets may be impaired or, except in the case of goodwill an impairment loss previously recognized no longer exists or may have decreased:

- property, plant and equipment;
- goodwill

If any such indication exists, the asset's recoverable amount is estimated. In addition, for goodwill, the recoverable amount is estimated annually, whether or not there is any indication of impairment.

– *Calculation of recoverable amount*

The recoverable amount of an asset is the greater of its fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generates cash inflows independently (i.e. a cash-generating unit).

– *Recognition of impairment losses*

An impairment loss is recognized in profit or loss if the carrying amount of an asset, or the cash-generating unit to which it belongs, exceeds its recoverable amount. Impairment losses recognized in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (or group of units) and then, to reduce the carrying amount of the other assets in the unit (or group of units) on a pro rata basis, except that the carrying value of an asset will not be reduced below its individual fair value less costs of disposal (if measurable) or value in use (if determinable).

Notes to the Financial Statements

1 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(l) Impairment of assets (Continued)

(ii) Impairment of other assets (Continued)

– Reversals of impairment losses

In respect of assets other than goodwill, an impairment loss is reversed if there has been a favorable change in the estimates used to determine the recoverable amount. An impairment loss in respect of goodwill is not reversed.

A reversal of an impairment loss is limited to the asset's carrying amount that would have been determined had no impairment loss been recognized in prior years. Reversals of impairment losses are credited to profit or loss in the year in which the reversals are recognized.

(iii) Interim financial reporting and impairment

Under the Listing Rules, the Group is required to prepare an interim financial report in compliance with IAS 34, *Interim financial reporting*, in respect of the first six months of the financial year. At the end of the interim period, the Group applies the same impairment testing, recognition, and reversal criteria as it would at the end of the financial year (see Notes 1(l)(i) and (ii)).

Impairment losses recognized in an interim period in respect of goodwill, available-for-sale equity securities and unquoted equity securities carried at cost are not reversed in a subsequent period. This is the case even if no loss, or a smaller loss, would have been recognized had the impairment been assessed only at the end of the financial year to which the interim period relates. Consequently, if the fair value of an available-for-sale equity security increases in the remainder of the annual period, or in any other period subsequently, the increase is recognized in other comprehensive income and not profit or loss.

(m) Land development for sale

Development cost of land development for sale comprises the aggregate cost of development, materials and supplies, capitalized borrowing costs on related borrowing funds during the period of development and other costs directly attributable to such land development for sale. Land development for sale is stated at the lower of cost and net realizable value. Net realizable value takes into account the Group's share of proceeds derived from the sale of land development for sale by government authorities, less costs to completion and the costs to be incurred in realizing the revenue derived from the sale of land development for sale based on prevailing market conditions.

Notes to the Financial Statements

1 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(n) Properties under development and completed properties held for sale

Properties under development and completed properties held for sale in respect of property development activities are carried at the lower of cost and net realizable value. Cost and net realizable values are determined as follows:

– ***Property under development for sale***

The cost of properties under development for sale comprises specifically identified cost, including the acquisition cost of land, aggregate cost of development, materials and supplies, wages and other direct expenses, an appropriate proportion of overheads and borrowing costs capitalized (see Note 1(x)). Net realizable value represents the estimated selling price less estimated costs of completion and costs to be incurred in selling the property.

– ***Completed property held for sale***

In the case of completed properties developed by the Group, cost is determined by apportionment of the total development costs for that development project, attributable to the unsold properties. Net realizable value represents the estimated selling price less costs to be incurred in selling the property.

The cost of completed properties held for sale comprises all costs of purchase, costs of conversion and other costs incurred in bringing the properties to their present location and condition.

The amount of any write-down of properties under development and completed properties held for sale to net realisable value are recognized as an expense in the period the write-down occurs. The amount of any reversal of any write-down of properties under development and completed properties held for sale is recognized as a reduction in the amount of properties held for sale recognized as an expense in the period in which the reversal occurs.

(o) Trade and other receivables

Trade and other receivables are initially recognized at fair value and thereafter stated at amortized cost using the effective interest method, less allowance for impairment of doubtful debts (see Note 1(l)), except where the receivables are interest-free loans made to related parties without any fixed repayment terms or the effect of discounting would be immaterial. In such cases, the receivables are stated at cost less allowance for impairment of doubtful debts.

Notes to the Financial Statements

1 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(p) Loans and borrowings

The Group adopted two measurement methods on loans and borrowings:

- (i) Loans and borrowings are recognized initially at fair value less attributable transaction costs. Subsequent to initial recognition, loans and borrowings are stated at amortized cost with any difference between the amount initially recognized and redemption value being recognized in profit or loss over the period of the borrowings, together with any interest and fees payable, using the effective interest method.
- (ii) Loans and borrowings are designated at fair value through profit or loss upon initial recognition when:
 - the loans and borrowings are managed, evaluated and reported internally on a fair value basis;
 - the designation eliminates or significantly reduces an accounting mismatch which would otherwise arise;
 - the loans and borrowings contains an embedded derivative that significantly modifies the cash flows that would otherwise be required under the contract; and
 - the separation of the embedded derivatives from the financial instrument is not prohibited.

Changes in the fair value are included in profit or loss in the period in which they arise. Upon disposal or repurchase, the difference between the net sale proceeds or the net payment and the carrying value is included in profit or loss.

(q) Trade and other payables

Trade and other payables are initially recognized at fair value. Except for financial guarantee liabilities measured in accordance with Note 1(u)(i), trade and other payables are subsequently stated at amortized cost unless the effect of discounting would be immaterial, in which case they are stated at cost.

(r) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value, having been within three months of maturity at acquisition.

Notes to the Financial Statements

1 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(s) Employee benefits

(i) *Short term employee benefits and contributions to defined contribution retirement plans*

Salaries, annual bonuses, paid annual leave, contributions to defined contribution retirement plans and the cost of non-monetary benefits are accrued in the year in which the associated services are rendered by employees. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

Contributions to defined contributions retirement scheme as required under the relevant PRC laws and regulations are charged to profit or loss when incurred.

(ii) *Termination benefits*

Termination benefits are recognized at the earlier of when the Group can no longer withdraw the offer of those benefits and when it recognizes restructuring costs involving the payment of termination benefits.

(t) Income tax

Income tax for the year comprises current tax and movements in deferred tax assets and liabilities. Current tax and movements in deferred tax assets and liabilities are recognized in profit or loss except to the extent that they relate to items recognized in other comprehensive income or directly in equity, in which case the relevant amounts of tax are recognized in other comprehensive income or directly in equity, respectively.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the end of each reporting period, and any adjustment to tax payable in respect of previous years.

Deferred tax assets and liabilities arise from deductible and taxable temporary differences respectively, being the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases. Deferred tax assets also arise from unused tax losses and unused tax credits.

Apart from certain limited exceptions, all deferred tax liabilities, and all deferred tax assets to the extent that it is probable that future taxable profits will be available against which the asset can be utilized, are recognized. Future taxable profits that may support the recognition of deferred tax assets arising from deductible temporary differences include those that will arise from the reversal of existing taxable temporary differences, provided those differences relate to the same taxation authority and the same taxable entity, and are expected to reverse either in the same period as the expected reversal of the deductible temporary difference or in periods into which a tax loss arising from the deferred tax asset can be carried back or forward. The same criteria are adopted when determining whether existing taxable temporary differences support the recognition of deferred tax assets arising from unused tax losses and credits, that is, those differences are taken into account if they relate to the same taxation authority and the same taxable entity, and are expected to reverse in a period, or periods, in which the tax loss or credit can be utilized.

Notes to the Financial Statements

1 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(t) Income tax (Continued)

The limited exceptions to recognition of deferred tax assets and liabilities are those temporary differences arising from goodwill not deductible for tax purposes, the initial recognition of assets or liabilities that affect neither accounting nor taxable profit (provided they are not part of a business combination), and temporary differences relating to investments in subsidiaries to the extent that, in the case of taxable differences, the Group controls the timing of the reversal and it is probable that the differences will not reverse in the foreseeable future, or in the case of deductible differences, unless it is probable that they will reverse in the future.

Where investment properties are carried at their fair value in accordance with the accounting policy set out in Note 1(i), the amount of deferred tax recognized is measured using the tax rates that would apply on sale of those assets at their carrying value at the reporting date unless the property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the property over time, rather than through sale. In all other cases, the amount of deferred tax recognized is measured based on the expected manner of realization or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the the end of each reporting period. Deferred tax assets and liabilities are not discounted.

The carrying amount of a deferred tax asset is reviewed at the end of each reporting period and is reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow the related tax benefit to be utilized. Any such reduction is reversed to the extent that it becomes probable that sufficient taxable profits will be available.

Current tax balances and deferred tax balances, and movements therein, are presented separately from each other and are not offset. Current tax assets are offset against current tax liabilities, and deferred tax assets against deferred tax liabilities, if the Company or the Group has the legally enforceable right to set off current tax assets against current tax liabilities and the following additional conditions are met:

- in the case of current tax assets and liabilities, the Company or the Group intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously; or
- in the case of deferred tax assets and liabilities, if they relate to income taxes levied by the same taxation authority on either:
 - the same taxable entity; or
 - different taxable entities, which, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered, intend to realize the current tax assets and settle the current tax liabilities on a net basis or realize and settle simultaneously.

Notes to the Financial Statements

1 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(u) Financial guarantees issued, provisions and contingent liabilities

(i) *Financial guarantees issued*

Financial guarantees are contracts that require the issuer (i.e. the guarantor) to make specified payments to reimburse the beneficiary of the guarantee (the “holder”) for a loss the holder incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument.

Where the Group issues a financial guarantee, the fair value of the guarantee is initially recognized as deferred income within trade and other payables. The fair value of financial guarantees issued at the time of issuance is determined by reference to fees charged in an arm’s length transaction for similar services, when such information is obtainable, or is otherwise estimated by reference to interest rate differentials, by comparing the actual rates charged by lenders when the guarantee is made available with the estimated rates that lenders would have charged, had the guarantees not been available, where reliable estimates of such information can be made. Where consideration is received or receivable for the issuance of the guarantee, the consideration is recognized in accordance with the Group’s policies applicable to that category of asset. Where no such consideration is received or receivable, an immediate expense is recognized in profit or loss on initial recognition of any deferred income.

The amount of the guarantee initially recognized as deferred income is amortized in profit or loss over the term of the guarantee as income from financial guarantees issued. In addition, provisions are recognized in accordance with Note 1(u)(iii) if and when (i) it becomes probable that the holder of the guarantee will call upon the Group under the guarantee, and (ii) the amount of that claim on the Group is expected to exceed the amount currently carried in trade and other payables in respect of that guarantee i.e. the amount initially recognized, less accumulated amortization.

(ii) *Contingent liabilities assumed in business combinations*

Contingent liabilities assumed in a business combination which are present obligations at the date of acquisition are initially recognized at fair value, provided the fair value can be reliably measured. After their initial recognition at fair value, such contingent liabilities are recognized at the higher of the amount initially recognized, less accumulated amortization where appropriate, and the amount that would be determined in accordance with Note 1(u)(iii). Contingent liabilities assumed in a business combination that cannot be reliably fair valued or were not present obligations at the date of acquisition are disclosed in accordance with Note 1(u)(iii).

Notes to the Financial Statements

1 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(u) Financial guarantees issued, provisions and contingent liabilities (Continued)

(iii) *Other provisions and contingent liabilities*

Provisions are recognized for other liabilities of uncertain timing or amount when the Group or the Company has a legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditure expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

(v) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Provided it is probable that the economic benefits will flow to the Group and the revenue and costs, if applicable, can be measured reliably, revenue is recognized in profit or loss as follows:

(i) *Sale of properties*

Revenue arising from the sale of properties held for sale is recognized in profit or loss when the significant risks and rewards of ownership have been transferred to the buyers. The Group considers that the significant risks and rewards of ownership are transferred when the properties are completed and delivered to the buyers. Revenue from sales of properties excludes business tax and is after deduction of any trade discounts. Deposits and instalments received on properties sold prior to the date of revenue recognition are included in the statement of financial positions as sales deposits.

(ii) *Revenue from land development for sale*

Revenue from land development for sale is recognized upon the transfer of risks and rewards in connection with the land development for sale and when the amount of revenue can be measured reliably, which occurs upon the completion of related works as well as the sale of land.

(iii) *Rental income from operating leases*

Rental income receivable under operating leases is recognized in profit or loss in equal instalments over the periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the use of the leased asset. Rental income from operating leases excludes business tax. Lease incentives granted are recognized in profit or loss as an integral part of the aggregate net lease payments receivable. Contingent rentals are recognized as income in the accounting period in which they are earned.

Notes to the Financial Statements

1 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(v) Revenue recognition (Continued)

(iv) *Property management and hotel operation income*

Property management and hotel operation income is recognized over the periods in which the services management are rendered. Property management and hotel operation income excludes business tax.

(v) *Interest income*

Interest income is recognized as it accrues using the effective interest method.

(vi) *Dividends*

Dividend income from investments is recognized when the shareholder's right to receive payment is established.

(w) Translation of foreign currencies

Foreign currency transactions during the year are translated at the foreign exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rates ruling at the end of each reporting period. Exchange gains and losses are recognized in profit or loss.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the foreign exchange rates ruling at the transaction dates. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated using the foreign exchange rates ruling at the dates the fair value was measured.

The results of foreign operations are translated into RMB at the exchange rates approximating the foreign exchange rates ruling at the dates of the transactions. Statement of financial position items are translated into RMB at the closing foreign exchange rates at the end of each reporting periods. The resulting exchange differences are recognized in other comprehensive income and accumulated separately in equity in the exchange reserve.

On disposal of a foreign operation, the cumulative amount of the exchange differences relating to that foreign operation is reclassified from equity to profit or loss when the profit or loss on disposal is recognized.

Notes to the Financial Statements

1 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(x) Borrowing costs

Borrowing costs that are directly attributable to the acquisition, construction or production of an asset which necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of that asset. Other borrowing costs are expensed in the period in which they are incurred.

The capitalization of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalization of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or complete.

(y) Related parties

(a) *A person, or a close member of that person's family, is related to the Group if that person:*

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

(b) *An entity is related to the Group if any of the following conditions applies:*

- (i) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
- (ii) One entity is an associate or a joint venture of the other entity (or an associate or a joint venture of a member of a group of which the other entity is a member).
- (iii) Both entities are a joint venture of the same third party.
- (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
- (v) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group.

Notes to the Financial Statements

1 SIGNIFICANT ACCOUNTING POLICIES (Continued)

(y) Related parties (Continued)

(b) *An entity is related to the Group if any of the following conditions applies:* (Continued)

- (vi) The entity is controlled or jointly controlled by a person identified in (a).
- (vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
- (viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the Group's parent.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

(z) Segment reporting

Operating segments, and the amounts of each segment item reported in the financial statements, are identified from the financial information provided regularly to the Group's most senior executive management for the purposes of allocating resources to, and assessing the performance of, the Group's various lines of business and geographical locations.

Individually material operating segments are not aggregated for financial reporting purposes unless the segments have similar economic characteristics and are similar in respect of the nature of products and services, the nature of production processes, the type or class of customers, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. Operating segments which are not individually material may be aggregated if they share a majority of these criteria.

Notes to the Financial Statements

2 REVENUE

The principal activities of the Group are property and land development, property investment and property management and hotel operation. Revenue represents sale of properties, rental income from investment properties and property management and hotel operation income, net of business tax, analyzed as follows:

| | 2015 <i>RMB'000</i> | 2014 <i>RMB'000</i> |
|--|-------------------------------|------------------------|
| Sale of properties | 5,983,945 | 6,747,117 |
| Property management and hotel operation income | 318,829 | 253,155 |
| Rental income from investment properties | 115,416 | 103,409 |
| | 6,418,190 | 7,103,681 |

3 OTHER INCOME

| | 2015 <i>RMB'000</i> | 2014 <i>RMB'000</i> |
|--|-------------------------------|------------------------|
| Gains on disposal of a subsidiary | 78,735 | – |
| Gains on acquisition of subsidiaries | 155,064 | – |
| Remeasurement to fair value of pre-existing interest in acquiree | – | 232,255 |
| Penalty and compensation income | 7,563 | 11,762 |
| Net gain on disposal of investment properties | 264 | 9,184 |
| Others | 5,215 | 1,687 |
| | 246,841 | 254,888 |

Notes to the Financial Statements

4 PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging/(crediting):

(a) Financial income and financial expenses

| Note | 2015 RMB'000 | 2014 RMB'000 |
|--|-----------------|-----------------|
| Financial income | | |
| Interest income on financial assets not at fair value through profit or loss | (71,504) | (59,332) |
| Net change in fair value of the loans from Hangzhou Industrial and Commerce Trust (Note 20(b)) | (15,024) | – |
| Net foreign exchange gain | – | (9,614) |
| | (86,528) | (68,946) |
| Financial expenses | | |
| Total interest expense on loans and borrowings not at fair value through profit or loss | 1,805,884 | 1,315,312 |
| Less: Interest expense capitalized into land development for sale, properties under development and investment properties under construction | (1,675,192) | (1,208,600) |
| | 130,692 | 106,712 |
| Net change in fair value of the loans from Riverside | – | 30,086 |
| Net change in fair value of the loans from Hangzhou Industrial and Commerce Trust (Note 20(b)) | – | 960 |
| Net foreign exchange loss | 1,143 | – |
| Bank charges and others | 39,377 | 7,018 |
| | 171,212 | 144,776 |

Note:

(i) The borrowing costs have been capitalized at a rate of 5.50%–15.00% per annum (2014: 6.15%–15.00%).

Notes to the Financial Statements

4 PROFIT BEFORE TAXATION (Continued)

(b) Staff costs

| | 2015 | 2014 |
|---|----------------|----------------|
| | RMB'000 | <i>RMB'000</i> |
| Contributions to defined contribution retirement plan | 31,567 | 30,924 |
| Salaries, wages and other benefits | 411,178 | 393,666 |
| | 442,745 | 424,590 |

(c) Other items

| | 2015 | 2014 |
|---|------------------|----------------|
| | RMB'000 | <i>RMB'000</i> |
| Depreciation | 58,576 | 47,624 |
| Auditors' remuneration | | |
| – Audit services | 8,031 | 6,516 |
| – Tax services | 212 | 520 |
| Net loss on disposal of property and equipment | 397 | 415 |
| Operating lease charges in respect of properties | 18,296 | 26,163 |
| Rental receivable from investment properties | | |
| less direct outgoing of RMB nil | (115,416) | (103,409) |
| Impairment loss on trade and other receivables | 8,675 | 45,000 |
| Write-down of properties under development and completed properties held for sale | 223,821 | 109,783 |

Notes to the Financial Statements

5 INCOME TAX IN THE CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(a) Income tax in the consolidated statements of comprehensive income represents:

| | Note | 2015 RMB'000 | 2014 RMB'000 |
|---|-------|-----------------|-----------------|
| Provision for the year | | | |
| – PRC Corporate Income Tax | | 202,273 | 187,908 |
| – Land Appreciation Tax | | 111,102 | 177,090 |
| Under-provision of PRC Corporate Income Tax in respect of prior years | | 10,445 | – |
| Deferred tax | 14(b) | 65,773 | 134,480 |
| | | 389,593 | 499,478 |

Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Island (the “BVI”), the Company and its subsidiaries incorporated in the Cayman Islands and the BVI, are not subject to any income tax.

In accordance with the Corporate Income Tax Law of the PRC, the income tax rate applicable to the Company’s subsidiaries in the PRC is 25%.

In accordance with the Land Appreciation Tax Law of the PRC, Land Appreciation Tax is levied at the properties developed by the Group for sale in the PRC. Land Appreciation Tax is charged on the appreciated amount at progressive rates ranged from 30% to 60%, except for certain projects which are charged on the contract revenue of properties sold or pre-sold at different rates ranged from 5% to 7% based on types of properties.

Notes to the Financial Statements

5 INCOME TAX IN THE CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(Continued)

(b) Reconciliation between tax expense and accounting profit at applicable tax rates:

| | 2015 <i>RMB'000</i> | 2014 <i>RMB'000</i> |
|--|------------------------|------------------------|
| Profit before taxation | 1,002,552 | 1,309,669 |
| Notional tax at profit before taxation, calculated at the tax rate of 25% | 250,638 | 327,417 |
| Tax effect of Land Appreciation Tax deductible for PRC Corporate Income Tax | (27,776) | (44,273) |
| Tax effect of unused tax losses not recognized | 78,850 | 54,123 |
| Effect of differential tax rate on loss | 4,717 | 8,686 |
| Tax effect of share of profits less losses of associates and a joint venture | (30,381) | (18,449) |
| Tax effect of non-deductible expenses | 54,204 | 52,948 |
| Tax effect of non-taxable income | (62,206) | (58,064) |
| Under-provision in prior years | 10,445 | – |
| Provision for Land Appreciation Tax | 111,102 | 177,090 |
| Actual tax expense | 389,593 | 499,478 |

Notes to the Financial Statements

6 DIRECTORS' EMOLUMENTS

Directors' emoluments disclosed pursuant to section 383(1) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation are as follows:

| | Directors' fees <i>RMB'000</i> | Salaries, allowances and benefits in kind <i>RMB'000</i> | Discretionary bonuses <i>RMB'000</i> | Retirement scheme contributions <i>RMB'000</i> | Total <i>RMB'000</i> |
|---|-----------------------------------|---|---|---|-------------------------|
| 2015 | | | | | |
| Chairman: | | | | | |
| Mr. Yi Xiaodi | – | 1,191 | 528 | 30 | 1,749 |
| Executive director: | | | | | |
| Mr. Fan Xiaochong | – | 1,142 | 737 | 28 | 1,907 |
| Non-executive directors: | | | | | |
| Ms. Fan Xiaohua (“Ms. Fan”) | – | 581 | 130 | – | 711 |
| Mr. Wang Gongquan (appointed on 1 August 2015) | 82 | – | – | – | 82 |
| Independent non-executive directors: | | | | | |
| Mr. Ng Fook Ai, Victor | 201 | – | – | – | 201 |
| Mr. Chen Jinsong (resigned on 27 August 2015) | 128 | – | – | – | 128 |
| Mr. Gu Yunchang | 201 | – | – | – | 201 |
| Mr. Wang Bo (appointed on 1 August 2015) | 82 | – | – | – | 82 |
| | 694 | 2,914 | 1,395 | 58 | 5,061 |

Notes to the Financial Statements

6 DIRECTORS' EMOLUMENTS (Continued)

| | Directors' fees | Salaries, allowances and benefits in kind | Discretionary bonuses | Retirement scheme contributions | Total |
|--|-----------------|---|-----------------------|---------------------------------|----------------|
| | <i>RMB'000</i> | <i>RMB'000</i> | <i>RMB'000</i> | <i>RMB'000</i> | <i>RMB'000</i> |
| 2014 | | | | | |
| Chairman: | | | | | |
| Mr. Yi Xiaodi | – | 1,303 | 730 | 31 | 2,064 |
| Executive director: | | | | | |
| Mr. Fan Xiaochong | – | 1,238 | 724 | 31 | 1,993 |
| Non-executive directors: | | | | | |
| Ms. Fan Xiaohua (“Ms. Fan”) | – | 580 | 141 | – | 721 |
| Mr. Gagnon Joseph Raymond (resigned on 10 September 2014) | – | – | – | – | – |
| Independent non-executive directors: | | | | | |
| Mr. Ng Fook Ai, Victor | 189 | – | – | – | 189 |
| Mr. Chen Jinsong | 189 | – | – | – | 189 |
| Mr. Gu Yunchang | 189 | – | – | – | 189 |
| | 567 | 3,121 | 1,595 | 62 | 5,345 |

Notes to the Financial Statements

7 INDIVIDUALS WITH HIGHEST EMOLUMENTS

Of the five individuals with the highest emoluments, two (2014: two) are directors whose emoluments are disclosed in Note 6. The aggregate of the emoluments in respect of the other three (2014: three) individuals are as follows:

| | 2015 <i>RMB'000</i> | 2014 <i>RMB'000</i> |
|---------------------------------|-------------------------------|------------------------|
| Salaries and other emoluments | 3,774 | 3,736 |
| Discretionary bonuses | 1,008 | 1,648 |
| Retirement scheme contributions | 78 | 130 |
| | 4,860 | 5,514 |

The emoluments of the three (2014: three) individuals with the highest emoluments are within the following bands presented in Hong Kong Dollar ("HKD"):

| | 2015 Numbers of individuals | 2014 Numbers of individuals |
|------------------------------|--|-----------------------------------|
| HKD2,000,001 to HKD2,500,000 | 3 | 3 |

Notes to the Financial Statements

8 EARNINGS PER SHARE

The calculation of basic earnings per share is based on the profit attributable to equity shareholders of the Company of RMB600,591,000 (2014: RMB766,543,000) and the weighted average of 2,194,791,667 ordinary shares (2014: 1,879,023,235 shares after adjusting for the share split and capitalisation issue in 2014) in issue during the year, calculated as follows:

| | 2015 | 2014 |
|---|---------------|---------------|
| Weighted average number of ordinary shares: | | |
| Issued ordinary shares at 1 January | 2,000,000,000 | 50,000 |
| Issuance of shares | 194,791,667 | – |
| Effect of share split | – | 38,950,000 |
| Effect of capitalisation issue | – | 1,347,715,012 |
| Effect of initial public offering | – | 401,369,863 |
| Conversion of loans from Riverside | – | 90,938,360 |
| Weighted average number of ordinary shares at 31 December | 2,194,791,667 | 1,879,023,235 |

There was no difference between basic and diluted earnings per share as there were no dilutive potential shares outstanding during the years ended 31 December 2015 and 2014.

9 SEGMENT REPORTING

The Group manages its businesses based on its products and services, which are divided into property development that comprises mixed-use business complexes projects and multi-functional residential communities, investment properties, and property management and hotel operation. In a manner consistent with the way in which information is reported internally to the Group's most senior executive management for the purposes of resources allocation and performance assessment, the Group has presented the following four reportable segments:

- the mixed-use business complexes segment that develops and sells business complex products;
- the multi-functional residential communities segment that develops and sells residential properties and develops land;
- investment properties segment that leases offices and commercial premises; and
- the property management and hotel operation segment that provides property management service and hotel accommodation services.

Notes to the Financial Statements

9 SEGMENT REPORTING (Continued)

No operating segments have been aggregated to form the above reportable segments.

(a) Segment results, assets and liabilities

For the purposes of assessing segment performance and allocating resources between segments, the Group's senior executive management monitors the results, assets and liabilities attributable to each reportable segment on the following bases:

Segment assets and liabilities include all non-current assets and liabilities and current assets and liabilities with the exception of unallocated head office and corporate assets and liabilities.

Revenue and expenses are allocated to the reportable segments with reference to sales generated by those segments and the expenses incurred by those segments or which otherwise arise from the depreciation of assets attributable to those segments. Head office and corporate expenses are not allocated to individual segments.

Segment profit represents the profit after taxation generated by individual segments.

Inter-segment sales are priced with reference to prices charged to external parties for similar orders.

Management is provided with segment information concerning revenue, cost of sales, valuation gains on investment properties, net operating expenses, financial income, financial expenses, income tax, depreciation, additions on investment properties and property and equipment, and loans and borrowings.

Notes to the Financial Statements

9 SEGMENT REPORTING (Continued)

(a) Segment results, assets and liabilities (Continued)

Information regarding the Group's reportable segments as provided to the Group's most senior executive management for purposes of resources allocation and assessment of segment performance for the years ended 31 December 2015 and 2014 is set out below:

| | Year ended 31 December 2015 | | | | |
|---|---|---|-------------------------------------|---|------------------|
| | Mixed-use business complexes RMB'000 | Multi- functional residential communities RMB'000 | Investment properties RMB'000 | Property management and hotel operation RMB'000 | Total RMB'000 |
| Reportable segment revenue | 549,942 | 5,434,003 | 115,416 | 359,482 | 6,458,843 |
| Cost of sales | (457,892) | (4,557,250) | – | (283,145) | (5,298,287) |
| Reportable segment gross profit | 92,050 | 876,753 | 115,416 | 76,337 | 1,160,556 |
| Valuation gains on investment properties | – | – | 578,179 | – | 578,179 |
| Net operating expenses | (143,538) | (770,646) | (12,540) | (53,036) | (979,760) |
| Financial income | 22,185 | 12,330 | 12 | 2,289 | 36,816 |
| Financial expenses | (50,576) | (6,327) | (1,219) | (32,879) | (91,001) |
| Reportable segment (loss)/profit before taxation | (79,879) | 112,110 | 679,848 | (7,289) | 704,790 |
| Income tax | (3,356) | (211,666) | (141,636) | (18) | (356,676) |
| Reportable segment (loss)/profit | (83,235) | (99,556) | 538,212 | (7,307) | 348,114 |
| Depreciation | 4,856 | 7,557 | 194 | 44,681 | 57,288 |
| Additions on investment properties and property and equipment | 1,930 | 8,547 | 504,937 | 18,798 | 534,212 |

Notes to the Financial Statements

9 SEGMENT REPORTING (Continued)

(a) Segment results, assets and liabilities (Continued)

| | At 31 December 2015 | | | | |
|-----------------------------------|--|--|--|--|-------------------------|
| | Mixed-use business complexes <i>RMB'000</i> | Multi- functional residential communities <i>RMB'000</i> | Investment properties <i>RMB'000</i> | Property management and hotel operation <i>RMB'000</i> | Total <i>RMB'000</i> |
| Loans and borrowings | 3,607,798 | 13,140,305 | 19,799 | – | 16,767,902 |
| Reportable segment assets | 9,117,447 | 23,337,855 | 8,339,808 | 579,454 | 41,374,564 |
| Reportable segment liabilities | 9,585,967 | 22,296,462 | 376,171 | 220,456 | 32,479,056 |

Notes to the Financial Statements

9 SEGMENT REPORTING (Continued)

(a) Segment results, assets and liabilities (Continued)

| | Year ended 31 December 2014 | | | | |
|--|--|--|--------------------------------------|--|-------------------|
| | Mixed-use business complexes RMB' 000 | Multi- functional residential communities RMB' 000 | Investment properties RMB' 000 | Property management and hotel operation RMB' 000 | Total RMB' 000 |
| Reportable segment revenue | 1,286,500 | 5,460,617 | 103,409 | 284,964 | 7,135,490 |
| Cost of sales | (979,592) | (4,479,364) | – | (228,652) | (5,687,608) |
| Reportable segment gross profit | 306,908 | 981,253 | 103,409 | 56,312 | 1,447,882 |
| Valuation gains on investment properties | – | – | 387,763 | – | 387,763 |
| Net operating expenses | (127,722) | (495,385) | (36,121) | (28,395) | (687,623) |
| Financial income | 11,462 | 6,068 | 14 | 148 | 17,692 |
| Financial expenses | (12,632) | (29,380) | (2,084) | (8,037) | (52,133) |
| Reportable segment profit before taxation | 178,016 | 462,556 | 452,981 | 20,028 | 1,113,581 |
| Income tax | (110,409) | (208,821) | (116,338) | (64) | (435,632) |
| Reportable segment profit | 67,607 | 253,735 | 336,643 | 19,964 | 677,949 |
| Depreciation | 4,552 | 8,036 | 289 | 34,233 | 47,110 |
| Additions on investment properties and property and equipment | 5,790 | 10,959 | 52,559 | 13,116 | 82,424 |

Notes to the Financial Statements

9 SEGMENT REPORTING (Continued)

(a) Segment results, assets and liabilities (Continued)

| | At 31 December 2014 | | | | |
|--------------------------------|--|--|--|--|-------------------------|
| | Mixed-use business complexes <i>RMB'000</i> | Multi- functional residential communities <i>RMB'000</i> | Investment properties <i>RMB'000</i> | Property management and hotel operation <i>RMB'000</i> | Total <i>RMB'000</i> |
| Loans and borrowings | 3,480,634 | 7,768,099 | 19,799 | – | 11,268,532 |
| Reportable segment assets | 10,198,705 | 18,450,544 | 6,063,823 | 854,093 | 35,567,165 |
| Reportable segment liabilities | 11,021,238 | 16,116,164 | 372,632 | 497,062 | 28,007,096 |

(b) Reconciliations of reportable segment revenue, profit or loss, assets and liabilities

| | 2015 <i>RMB'000</i> | 2014 <i>RMB'000</i> |
|--|------------------------|------------------------|
| Revenue | | |
| Reportable segment revenue | 6,458,843 | 7,135,490 |
| Elimination of intra-group revenue | (40,653) | (31,809) |
| Consolidated revenue | 6,418,190 | 7,103,681 |
| Profit | | |
| Reportable segment profit | 348,114 | 677,949 |
| Elimination of intra-group loss | 15,359 | 15,828 |
| Unallocated head office and corporate income | 249,486 | 116,414 |
| Consolidated profit | 612,959 | 810,191 |
| Loans and borrowings | | |
| Reportable segment loans and borrowings | 16,767,902 | 11,268,532 |
| Unallocated head office and corporate loans and borrowings | 3,000,608 | 3,572,486 |
| Consolidated loans and borrowings | 19,768,510 | 14,841,018 |

Notes to the Financial Statements

9 SEGMENT REPORTING (Continued)

(b) Reconciliations of reportable segment revenue, profit or loss, assets and liabilities (Continued)

| | 2015 RMB'000 | 2014 RMB'000 |
|---|-----------------|-----------------|
| Assets | | |
| Reportable segment assets | 41,374,564 | 35,567,165 |
| Elimination of intra-group balances | (7,866,703) | (8,938,161) |
| Unallocated head office and corporate assets | 9,631,018 | 8,442,141 |
| Consolidated total assets | 43,138,879 | 35,071,145 |
| Liabilities | | |
| Reportable segment liabilities | 32,479,056 | 28,007,096 |
| Elimination of intra-group balances | (8,375,781) | (8,845,972) |
| Unallocated head office and corporate liabilities | 11,533,189 | 10,393,993 |
| Consolidated total liabilities | 35,636,464 | 29,555,117 |

(c) Geographical information

The Group's operations are substantially located in the PRC, therefore no geographical segment reporting is presented.

Notes to the Financial Statements

10 PROPERTY AND EQUIPMENT

| | Hotel properties <i>RMB'000</i> | Supermarkets <i>RMB'000</i> | Office premises <i>RMB'000</i> | Motor vehicles <i>RMB'000</i> | Office equipment <i>RMB'000</i> | Total <i>RMB'000</i> |
|--|---------------------------------------|--------------------------------|--------------------------------------|-------------------------------------|---------------------------------------|-------------------------|
| Cost: | | | | | | |
| At 1 January 2014 | 636,507 | – | 164,484 | 37,777 | 57,682 | 896,450 |
| Transfer from properties under development and completed properties held for sale | – | 145,700 | – | – | – | 145,700 |
| Transfer from investment properties (Note 11) | 68,130 | – | – | – | – | 68,130 |
| Acquisition of subsidiaries | – | – | – | 888 | 1,229 | 2,117 |
| Additions | 12,718 | – | 3,713 | 8,542 | 13,359 | 38,332 |
| Disposals | – | – | (1,291) | (4,351) | (1,682) | (7,324) |
| At 31 December 2014 | 717,355 | 145,700 | 166,906 | 42,856 | 70,588 | 1,143,405 |
| At 1 January 2015 | 717,355 | 145,700 | 166,906 | 42,856 | 70,588 | 1,143,405 |
| Acquisition of subsidiaries (Note 28) | – | – | – | 3,075 | 2,974 | 6,049 |
| Additions | 1,112 | 10,931 | 1,490 | 4,491 | 14,137 | 32,161 |
| Transfer to investment Properties (Note 11) | (68,130) | (97,224) | – | – | – | (165,354) |
| Disposals | (9) | – | (1,938) | (2,592) | (3,524) | (8,063) |
| At 31 December 2015 | 650,328 | 59,407 | 166,458 | 47,830 | 84,175 | 1,008,198 |

Notes to the Financial Statements

10 PROPERTY AND EQUIPMENT (Continued)

| | Hotel properties <i>RMB'000</i> | Supermarkets <i>RMB'000</i> | Office premises <i>RMB'000</i> | Motor vehicles <i>RMB'000</i> | Office equipment <i>RMB'000</i> | Total <i>RMB'000</i> |
|----------------------------------|---------------------------------------|--------------------------------|--------------------------------------|-------------------------------------|---------------------------------------|-------------------------|
| Accumulated depreciation: | | | | | | |
| At 1 January 2014 | 40,239 | – | 32,391 | 23,667 | 36,808 | 133,105 |
| Charge for the year | 26,782 | – | 6,282 | 6,238 | 8,322 | 47,624 |
| Written back on disposals | – | – | (125) | (2,867) | (1,272) | (4,264) |
| At 31 December 2014 | 67,021 | – | 38,548 | 27,038 | 43,858 | 176,465 |
| At 1 January 2015 | 67,021 | – | 38,548 | 27,038 | 43,858 | 176,465 |
| Charge for the year | 32,383 | 4,911 | 6,218 | 5,656 | 9,408 | 58,576 |
| Transfer to investment | | | | | | |
| Properties (Note 11) | (3,056) | (3,483) | – | – | – | (6,539) |
| Written back on disposals | (8) | – | (11) | (1,776) | (2,609) | (4,404) |
| At 31 December 2015 | 96,340 | 1,428 | 44,755 | 30,918 | 50,657 | 224,098 |
| Net book value: | | | | | | |
| At 31 December 2014 | 650,334 | 145,700 | 128,358 | 15,818 | 26,730 | 966,940 |
| At 31 December 2015 | 553,988 | 57,979 | 121,703 | 16,912 | 33,518 | 784,100 |

(a) The analysis of net book value of properties

The net book values of hotel properties, supermarkets and office premises in aggregate of RMB733,670,000 as at 31 December 2015 (2014: RMB924,392,000), were under medium-term leases in the PRC.

(b) Certain portion of the Group's hotel properties were pledged against the loans and borrowings, details are set out on Note 20(h).

(c) As at 31 December 2015, the Group had not obtained ownership certificates for certain hotel properties, supermarkets and office premises with aggregate carrying value of RMB43,462,000 (2014: RMB171,981,000). The directors are of the opinion that the Group is entitled to lawfully occupy or use these properties.

Notes to the Financial Statements

11 INVESTMENT PROPERTIES

| | Properties under construction <i>RMB'000</i> | Completed properties <i>RMB'000</i> | Total <i>RMB'000</i> |
|--|--|---|-------------------------|
| At 1 January 2014 | 124,400 | 4,268,172 | 4,392,572 |
| Additions | 50,992 | – | 50,992 |
| Transfer from properties under development and completed properties held for sale | 250,760 | 171,681 | 422,441 |
| Acquisition of subsidiaries | 779,951 | – | 779,951 |
| Transfer to completed properties | (432,549) | 432,549 | – |
| Valuation gains on investment properties for the year | 120,152 | 267,611 | 387,763 |
| Disposals | – | (19,400) | (19,400) |
| Transfer to property and equipment (Note 10) | – | (68,130) | (68,130) |
| At 31 December 2014 | 893,706 | 5,052,483 | 5,946,189 |
| At 1 January 2015 | 893,706 | 5,052,483 | 5,946,189 |
| Additions | 504,817 | – | 504,817 |
| Transfer from properties under development and completed properties held for sale | 453,205 | – | 453,205 |
| Transfer from property and equipment (Note 10) | – | 158,815 | 158,815 |
| Acquisition of subsidiaries (Note 28) | 531,036 | – | 531,036 |
| Transfer to completed properties | (843,300) | 843,300 | – |
| Valuation gains on investment properties for the year | 412,967 | 165,212 | 578,179 |
| Disposals | – | (4,889) | (4,889) |
| Disposal of a subsidiary (Note 28) | (202,800) | – | (202,800) |
| At 31 December 2015 | 1,749,631 | 6,214,921 | 7,964,552 |

Notes to the Financial Statements

11 INVESTMENT PROPERTIES (Continued)

(a) Fair value measurement of properties

(i) Fair value hierarchy

The following table presents the fair value of the Group's investment properties measured at the end of each reporting period on a recurring basis, categorised into the three-level fair value hierarchy as defined in IFRS 13, *Fair value measurement*. The level into which a fair value measurement is classified is determined with reference to the observability and significance of the inputs used in the valuation technique as follows:

- Level 1 valuations: Fair value measured using only Level 1 inputs i.e. unadjusted quoted prices in active markets for identical assets or liabilities at the measurement date
- Level 2 valuations: Fair value measured using Level 2 inputs i.e. observable inputs which fail to meet Level 1, and not using significant unobservable inputs. Unobservable inputs are inputs for which market data are not available
- Level 3 valuations: Fair value measured using significant unobservable inputs

| | Fair value at 31 December 2015 RMB'000 | Fair value measurements as at 31 December 2015 categorised into | | |
|---|---|--|--------------------|--------------------|
| | | Level 1 RMB'000 | Level 2 RMB'000 | Level 3 RMB'000 |
| Recurring fair value measurement | | | | |
| Investment properties: | | | | |
| – Commercial-Mainland China | 7,964,552 | – | – | 7,964,552 |

| | Fair value at 31 December 2014 RMB'000 | Fair value measurements as at 31 December 2014 categorised into | | |
|---|--|--|--------------------|--------------------|
| | | Level 1 RMB'000 | Level 2 RMB'000 | Level 3 RMB'000 |
| Recurring fair value measurement | | | | |
| Investment properties: | | | | |
| – Commercial-Mainland China | 5,946,189 | – | – | 5,946,189 |

Notes to the Financial Statements

11 INVESTMENT PROPERTIES (Continued)

(a) Fair value measurement of properties (Continued)

(i) Fair value hierarchy (Continued)

During the year ended 31 December 2015, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3 (2014: nil). The Group's policy is to recognize transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

All of the Group's completed investment properties and investment properties under construction were revalued as at 31 December 2015. The valuations were carried out by Crowe Horwath (HK) Consulting & Valuation Limited ("Crowe Horwath"), a firm of independent qualified valuers in Hong Kong with recent experience in the location and category of properties being valued. The Group's finance manager and the chief financial officer have discussion with the surveyors on the valuation assumptions and valuation results when the valuation is performed at each interim and annual reporting date.

(ii) Information about Level 3 fair value measurements

| | Valuation techniques | Significant unobservable inputs | Range | Weighted average |
|--|---------------------------------|--------------------------------------|---|--------------------------|
| Completed investment properties | Direct comparison approach, and | Market unit sale price (RMB/sq.m.) | 5,680–69,900 (2014: 5,380–67,000) | 25,030 (2014: 24,981) |
| | | Income capitalization approach | Capitalisation rate 3.50%-7.00% (2014: 3.50%-7.00%) | 5.60% (2014: 5.61%) |
| | | Market monthly rent rate (RMB/sq.m.) | 11–206 (2014: 12–204) | 119 (2014: 120) |
| Investment properties under construction | Direct comparison approach | Market unit sale price (RMB/sq.m.) | 13,420–25,354 (2014: 12,025–52,260) | 21,078 (2014: 19,418) |

The fair values of completed investment properties is determined using an open market value basis with reference to comparable sales transactions as identified in the relevant markets, and where, appropriate, taking into account the fair market valuations using the income capitalization approach. The fair value measurement is positively correlated to the market monthly rent rate, market unit sale price, and negatively correlated to the capitalization rate.

Notes to the Financial Statements

11 INVESTMENT PROPERTIES (Continued)

(a) Fair value measurement of properties (Continued)

(ii) Information about Level 3 fair value measurements (Continued)

The investment properties under construction have been valued on the basis that the properties will be constructed and completed in accordance with the relevant development plans. The valuation were performed by Crowe Horwath by using the direct comparison approach which is commonly used in valuating development sites by establishing the market value of the properties on an "as-if" completed basis with appropriate deductions on construction costs, professional fees and interest payments to be incurred as at the valuation date as well as developer's profits. The fair value measurement is positively correlated to the market unit sale price.

The gain/(loss) on disposal of investment properties and changes in fair value of investment properties are presented in "other income" and "valuation gains on investment properties" in the consolidated statements of comprehensive income, respectively.

- (b) The investment properties were under medium-term leases in the PRC.
- (c) Certain investment properties of the Group were pledged against the loans and borrowings, details are set out in Note 20(h).
- (d) As at 31 December 2015, the Group had not obtained ownership certificates for certain completed investment properties with aggregate carrying value of RMB1,892,347,000 (2014: RMB616,683,000). The directors are of the opinion that the Group is entitled to lawfully occupy or use these properties.
- (e) As at 31 December 2015, completed investment properties with carrying value of RMB43,882,000 of the Group (2014: RMB42,419,000), were pledged with bank to secure banking facilities of a related party, details are set out in Note 27(c).

As at 31 December 2015, completed investment properties with carrying value of RMB65,805,000 of the Group (2014: RMB63,611,000), were pledged with banks to secure banking facilities of a third party of the Group. The pledge period ranged 3 years.
- (f) As at 31 December 2015, certain investment properties with carrying value of RMB1,128,300,000 (2014: RMB678,200,000) of the Group are not permitted for sale until the end of May 2021.

Notes to the Financial Statements

12 INVESTMENTS IN SUBSIDIARIES

| | 2015 RMB'000 | 2014 RMB'000 |
|---------------------|------------------|-----------------|
| Share of net assets | 4,770,883 | 3,984,216 |

As at 31 December 2015, the Company had direct or indirect interests in the following material subsidiaries, all of which are private companies and the Company has the power to govern, particulars of which are set out below:

| Name of company (Note (i)) | Place of incorporation/ establishment | Issued and paid- in capital | Attributable equity interest | | Principal activities |
|---|--|--------------------------------|---------------------------------|----------|-------------------------|
| | | | Direct | Indirect | |
| 1 Sunmode Limited ("Sunmode") 新進有限公司 | the BVI | USD50,000 | 100% | – | Investment holding |
| 2 Guangxi Vantone Real Estate Co., Ltd. ("Guangxi Vantone") 廣西萬通房地產有限公司** | Guangxi Zhuang, Autonomous Region, the PRC | RMB192,525,900 | – | 100% | Property development |
| 3 Sunshine 100 Real Estate Group Co., Ltd. ("Sunshine 100 Group") 陽光壹佰置業集團有限公司* | Beijing, the PRC | RMB300,000,000 | – | 100% | Investment holding |
| 4 Beijing Century Chengjing Investment Co., Ltd. ("Beijing Century") 北京世紀程景投資有限公司* | Beijing, the PRC | RMB10,000,000 | – | 100% | Investment holding |
| 5 Beijing Sunshine 100 Assets Operation Co., Ltd. ("Beijing Asset Operation") 北京陽光壹佰資產經營有限公司* | Beijing, the PRC | RMB10,000,000 | – | 100% | Investment holding |
| 6 Beijing Sunshine 100 Property Services Co., Ltd. ("Beijing Sunshine 100 Property Services") 北京陽光壹佰物業服務有限公司* | Beijing, the PRC | RMB3,000,000 | – | 100% | Property management |

Notes to the Financial Statements

12 INVESTMENTS IN SUBSIDIARIES (Continued)

| Name of company (Note (i)) | Place of incorporation/ establishment | Issued and paid- in capital | Attributable equity interest | | Principal activities |
|--|--|--------------------------------|---------------------------------|----------|---|
| | | | Direct | Indirect | |
| 7 Chongqing Rambo Family Hotel Property Services Co., Ltd. ("Chongqing Rambo Family Hotel") 重慶蘭博世家酒店物業服務有限公司* | Chongqing, the PRC | RMB6,000,000 | – | 100% | Property management |
| 8 Chongqing Sunshine 100 Real Estate Development Co., Ltd. ("Chongqing Sunshine 100") 重慶陽光壹佰房地產開發有限公司* | Chongqing, the PRC | RMB100,000,000 | – | 100% | Property development Notes (ii), (v), (viii) |
| 9 Gold Leader (Qing Yuan) Properties Limited ("Gold Leader (Qing Yuan)") 金倫 (清遠) 置業有限公司* | Guangdong Province, the PRC | HKD32,896,742 | – | 55% | Property development |
| 10 Qing Yuan Delun Properties Limited ("Qing Yuan Delun") 清遠德倫置業有限公司* | Guangdong Province, the PRC | HKD39,355,556 | – | 55% | Property development |
| 11 Qing Yuan Liantou Properties Limited ("Qing Yuan Liantou Properties") 清遠聯投置業有限公司* | Guangdong Province, the PRC | HKD136,000,000 | – | 55% | Property development |
| 12 Qingyuan Weitai Properties Ltd. ("Qingyuan Weitai") 清遠威泰置業有限公司* | Guangdong Province, the PRC | HKD30,720,145 | – | 55% | Property development |
| 13 Rich Hope (QY) Properties Ltd. ("Rich Hope (QY)") 威康 (清遠) 置業有限公司* | Guangdong Province, the PRC | HKD41,746,692 | – | 55% | Property development |

Notes to the Financial Statements

12 INVESTMENTS IN SUBSIDIARIES (Continued)

| Name of company (Note (i)) | Place of incorporation/ establishment | Issued and paid- in capital | Attributable equity interest | | Principal activities |
|---|---|--------------------------------|---------------------------------|----------|--|
| | | | Direct | Indirect | |
| 14 Guilin Pingle Sunshine 100 Real Estate Investment Co., Ltd. ("Guilin Pingle Sunshine 100") 桂林平樂陽光壹佰置業有限公司* | Guangxi Zhuang Autonomous Region, the PRC | RMB50,000,000 | – | 75% | Property and land development |
| 15 Guangxi Lijin Hotel Management Co., Ltd. ("Guangxi Lijin") 廣西儷錦酒店投資管理有限公司* | Guangxi Zhuang Autonomous Region, the PRC | RMB50,000,000 | – | 75% | Hotel management |
| 16 Liuzhou Lisheng Hotel Management Co., Ltd. ("Liuzhou Lisheng") 柳州麗笙酒店有限公司* | Guangxi Zhuang Autonomous Region, the PRC | RMB2,000,000 | – | 75% | Hotel management |
| 17 Liuzhou Sunshine 100 Real Estate Co., Ltd. ("Liuzhou Sunshine 100") 柳州陽光壹佰置業有限公司* | Guangxi Zhuang Autonomous Region, the PRC | RMB50,000,000 | – | 75% | Property development |
| 18 Nanning Sunshine 100 Real Estate Co., Ltd. ("Nanning Sunshine 100") 南寧陽光壹佰置業有限公司* | Guangxi Zhuang Autonomous Region, the PRC | RMB50,000,000 | – | 51% | Investment holding |
| 19 Nanning Zhuangye Real Estate Development Co., Ltd. ("Nanning Zhuangye") 南寧壯業房地產開發有限責任公司* | Guangxi Zhuang Autonomous Region, the PRC | RMB20,000,000 | – | 26% | Property development Note (iii) |
| 20 Hubei Sunshine 100 Real Estate Development Co., Ltd. ("Hubei Sunshine 100") 湖北陽光一百房地產開發有限公司* | Hubei Province, the PRC | RMB385,628,100 | – | 100% | Property development Notes (iv), (viii) |

Notes to the Financial Statements

12 INVESTMENTS IN SUBSIDIARIES (Continued)

| Name of company (Note (i)) | Place of incorporation/ establishment | Issued and paid- in capital | Attributable equity interest | | Principal activities |
|--|--|--------------------------------|---------------------------------|----------|---|
| | | | Direct | Indirect | |
| 21 Wuhan Sunshine 100 Real Estate Co., Ltd. ("Wuhan Sunshine 100") 武漢陽光壹佰置業有限公司* | Hubei Province, the PRC | RMB50,000,000 | – | 100% | Property development Note (ii) |
| 22 Sunshine 100 Property Development Co., Ltd. ("Sunshine 100 Property Development") 陽光壹佰物業發展有限公司* | Hunan Province, the PRC | RMB50,000,000 | – | 100% | Property management |
| 23 Sunshine 100 Real Estate (Hunan) Development Co., Ltd. ("Hunan Sunshine 100") 陽光壹佰(湖南)置業發展 有限責任公司* | Hunan Province, the PRC | RMB105,880,000 | – | 100% | Property development Notes (vii), (viii) |
| 24 Wuxi Suyuan Real Estate Co., Ltd. ("Wuxi Suyuan") 無錫蘇源置業有限公司* | Jiangsu Province, the PRC | RMB100,000,000 | – | 100% | Property development Note (viii) |
| 25 Liaoning Yingda Weihua Real Estate Development Co., Ltd. ("Yingda Weihua") 遼寧鷹達衛華房地產開發有限公司* | Liaoning Province, the PRC | RMB150,000,000 | – | 51% | Property development Note (viii) |
| 26 Shenyang Sunshine 100 Assets Operation Co., Ltd. ("Shenyang Assets Operation") 瀋陽陽光壹佰資產經營有限公司* | Liaoning Province, the PRC | RMB1,000,000 | – | 100% | Property management |
| 27 Sunshine 100 Real Estate (Liaoning) Co., Ltd. ("Liaoning Sunshine 100") 陽光一百置業(遼寧)有限公司* | Liaoning Province, the PRC | USD79,000,000 | – | 100% | Property development Note (viii) |
| 28 Dongying Shengxing Real Estate Co., Ltd. ("Dongying Shengxing") 東營勝興置業有限公司* | Shandong Province, the PRC | RMB80,000,000 | – | 100% | Property development |

Notes to the Financial Statements

12 INVESTMENTS IN SUBSIDIARIES (Continued)

| Name of company (Note (i)) | Place of incorporation/ establishment | Issued and paid- in capital | Attributable equity interest | | Principal activities |
|--|--|--------------------------------|---------------------------------|----------|--|
| | | | Direct | Indirect | |
| 29 Weifang Sunshine 100 Real Estate Co., Ltd. ("Weifang Sunshine 100") 濰坊陽光壹佰置業有限公司* | Shandong Province, the PRC | RMB200,000,000 | – | 100% | Property and land development |
| 30 Yantai Yindu Real Estate Co., Ltd. ("Yantai Yindu") 煙臺銀都置業有限公司* | Shandong Province, the PRC | RMB15,000,000 | – | 100% | Property development |
| 31 Yantai Sunshine 100 Commercial Development Co., Ltd. ("Yantai Commercial Development") 煙臺陽光壹佰商業發展有限公司* | Shandong Province, the PRC | RMB5,000,000 | – | 100% | Property investment |
| 32 Yantai Sunshine 100 Property Management Services Co., Ltd. ("Yantai Sunshine 100 Property Management Services") 煙臺陽光壹佰物業管理服務有限公司* | Shandong Province, the PRC | RMB5,000,000 | – | 100% | Property management |
| 33 Yantai Sunshine 100 Real Estate Development Co., Ltd. ("Yantai Sunshine 100") 煙臺陽光壹佰房地產開發有限公司* | Shandong Province, the PRC | RMB50,000,000 | – | 100% | Property development Notes (vi), (viii) |
| 34 Chengdu Xin Sheng Yuan Real Estate Development Co., Ltd. ("Chengdu Xin Sheng Yuan") 成都鑫勝源房地產開發有限公司* | Sichuan Province, the PRC | RMB20,000,000 | – | 100% | Property development |
| 35 Sunshine 100 Real Estate (Chengdu) Co., Ltd. ("Chengdu Sunshine 100") 陽光壹佰置業(成都)有限公司* | Sichuan Province, the PRC | RMB200,000,000 | – | 100% | Property and land development |
| 36 Tianjin Lande 100 Real Estate Investment Co., Ltd. ("Tianjin Lande") 天津蘭德壹佰房地產投資有限公司* | Tianjin, the PRC | RMB20,000,000 | – | 51% | Investment holding |

Notes to the Financial Statements

12 INVESTMENTS IN SUBSIDIARIES (Continued)

| Name of company (Note (i)) | Place of incorporation/ establishment | Issued and paid- in capital | Attributable equity interest | | Principal activities |
|---|--|--------------------------------|---------------------------------|----------|-------------------------------------|
| | | | Direct | Indirect | |
| 37 Tianjin Meidinghui Commercial Investment Management Co., Ltd. ("Tianjin Meidinghui") 天津美鼎惠商業投資管理有限公司* | Tianjin, the PRC | RMB12,000,000 | – | 86% | Property investment |
| 38 Tianjin Sentai 100 Real Estate Investment Co., Ltd. ("Tianjin Sentai 100") 天津森泰壹佰置業投資有限公司* | Tianjin, the PRC | RMB70,000,000 | – | 52% | Property development |
| 39 Tianjin Sunshine 100 Property Services Co., Ltd. ("Tianjin Sunshine 100 Property Services") 天津陽光壹佰物業服務有限公司* | Tianjin, the PRC | RMB6,000,000 | – | 100% | Property management |
| 40 Tianjin Sunshine 100 Real Estate Development Co., Ltd. ("Tianjin Sunshine 100") 天津陽光壹佰房地產開發有限公司* | Tianjin, the PRC | RMB78,000,000 | – | 86% | Property development |
| 41 Tianjin Wanyi Real Estate Asset Operation Co., Ltd. ("Tianjin Real Estate Operation") 天津萬怡房地產經營有限公司* | Tianjin, the PRC | RMB500,000 | – | 100% | Agency service for property sales |
| 42 Chang Jia International Limited ("Chang Jia") 長佳國際有限公司 | the BVI | USD1 | – | 55% | Investment holding Note (xiii) |
| 43 Jinan Sunshine 100 Real Estate Development Co., Ltd. ("Jinan Sunshine 100") 濟南陽光壹佰房地產開發有限公司* | Shandong Province, the PRC | RMB100,000,000 | – | 49% | Property development Note (xiii) |
| 44 Chengdu Shen Teng Xiang Construction and Decoration Co., Ltd. ("Chengdu Shen Teng Xiang") 成都盛騰翔建築裝飾工程有限公司* | Sichuan Province, the PRC | RMB2,000,000 | – | 100% | Decoration and design project |

Notes to the Financial Statements

12 INVESTMENTS IN SUBSIDIARIES (Continued)

| Name of company (Note (i)) | Place of incorporation/ establishment | Issued and paid- in capital | Attributable equity interest | | Principal activities |
|---|---|--------------------------------|---------------------------------|----------|--|
| | | | Direct | Indirect | |
| 45 Jinan Wanyi Properties Management Co., Ltd. ("Jinan Wanyi") 濟南萬怡物業服務有限公司* | Shandong Province, the PRC | RMB6,000,000 | – | 49% | Properties management |
| 46 Liuzhou Sunshine Xinqiannian Real Estate Development Co., Ltd. ("Liuzhou Xinqiannian") 柳州陽光新千年房地產開發 有限公司* | Guangxi Zhuang Autonomous Region, the PRC | RMB50,000,000 | – | 100% | Property development Note (viii) |
| 47 Guangxi Jingqi Investment Co., Ltd. ("Guangxi Jingqi") 廣西景祺投資有限公司* | Guangxi Zhuang Autonomous Region, the PRC | RMB100,000,000 | – | 100% | Investment holding Note (viii) |
| 48 Guilin Sunshine 100 Real Estate Co., Ltd. ("Guilin Sunshine 100") 桂林陽光壹佰置業有限公司* | Guangxi Zhuang Autonomous Region, the PRC | RMB30,000,000 | – | 100% | Property development |
| 49 Wuxi Jintao Real Estate Development Co., Ltd. ("Wuxi Jintao") 無錫金濤置業發展有限公司* | Jiangsu Province, The PRC | RMB150,000,000 | – | 80% | Property development |
| 50 Linzhou Liyi Hotel Management Co., Ltd. ("Linzhou Liyi") 柳州麗怡酒店管理有限公司* | Guangxi Zhuang Autonomous Region, the PRC | RMB1,000,000 | – | 75% | Hotel management |
| 51 Yantai Sunshine Shengtong Investment Co., Ltd. ("Yantai Shengtong") 煙臺陽光盛通投資有限公司* | Shandong Province, the PRC | RMB20,000,000 | – | 100% | Investment holding |
| 52 Riverside Investment Ltd. ("Riverside") | Mauritius | USD107,175,935 | – | 100% | Investment holding |

Notes to the Financial Statements

12 INVESTMENTS IN SUBSIDIARIES (Continued)

| Name of company (Note (i)) | Place of incorporation/ establishment | Issued and paid- in capital | Attributable equity interest | | Principal activities |
|---|--|--------------------------------|---------------------------------|----------|--|
| | | | Direct | Indirect | |
| 53 Lijiang Snow Mountain Investment Co., Ltd. ("Lijiang Snow Mountain") 麗江雪山投資有限責任公司* | Yunnan Province, the PRC | RMB261,500,000 | – | 51% | Property development Notes (viii), (ix) |
| 54 Wenzhou Center Plaza Construction Development Co., Ltd. ("Wenzhou Center") 溫州中心大廈建設發展有限公司* | Zhejiang Province, the PRC | RMB204,080,000 | – | 51% | Property development Notes (x), (xiii) |
| 55 Wenzhou Shihe Ecological Town Development Co., Ltd. ("Wenzhou Shihe") 溫州世和生態城開發有限公司* | Zhejiang Province, the PRC | RMB110,000,000 | – | 51% | Property development Note (xi) |
| 56 Chongqing Himalayan Hotel Property Management Co., Ltd. ("Chongqing Himalayan") 重慶喜馬拉雅酒店物業管理 有限公司* | Chongqing, the PRC | – | – | 100% | Property management |
| 57 Wenzhou Himalayan Hotel Property Management Co., Ltd. ("Wenzhou Himalayan") 溫州喜馬拉雅酒店物業管理 有限公司* | Zhejiang Province, the PRC | – | – | 100% | Property management |
| 58 Chongqing Sunshine 100 Hotel Management Co., Ltd. ("Chongqing Sunshine 100 Hotel Management") 重慶陽光壹佰酒店管理 有限公司* | Chongqing the PRC | – | – | 100% | Hotel management |
| 59 Weifang Liji Hotel Management Co., Ltd. ("Weifang Liji Hotel Management") 濰坊麗怡酒店管理有限公司* | Shandong Province, the PRC | RMB1,000,000 | – | 100% | Hotel management |
| 60 Sunshine 100 Resort Development Co., Ltd. ("Sunshine 100 Resort") | Saipan, CNMI | USD1,000,000 | – | 51% | Property development Note (xii) |
| 61 Guangxi Rongyue Consulting Service Co., Ltd. ("Guangxi Rongyue") 廣西榮悅諮詢服務有限公司** | Guangxi Zhuang, Autonomous Region, the PRC | USD100,000 | – | 100% | Consulting service |

Notes to the Financial Statements

12 INVESTMENTS IN SUBSIDIARIES (Continued)

* The Company is registered as a limited liability company in the PRC.

** The Company is registered as a sino-foreign equity joint venture enterprise in the PRC.

Notes:

- (i) Except for the subsidiaries incorporated in the BVI and Hong Kong, the English translation of the names is for reference only and the official names of these entities are in Chinese.
- (ii) The Group entered into share transfer agreements with part or all of the third party equity shareholders of those entities to acquire part or all of equity interests held by those equity shareholders. The considerations were fixed when entering into share transfer agreements. In accordance with the share transfer agreements, those equity shareholders no longer own the right to share the profit or loss of those entities from the effective dates of the share transfer agreements despite legal procedures for transfer were yet to be completed. From the effective dates of the share transfer agreements, the equity interests acquired from those equity shareholders have been treated as the Group's equity interests.
- (iii) Nanning Zhuangye was 51% owned by Nanning Sunshine 100, which was 51% owned by the Group. Accordingly, the Group controlled Nanning Zhuangye through controlling Nanning Sunshine 100 although the Group only owned 26% equity interest in Nanning Zhuangye indirectly.
- (iv) In April 2011, Sunshine 100 Group, Chengdu Sunshine 100 and Hubei Sunshine 100 entered into a cooperation development agreement, an equity transfer agreement, a capital injection agreement and an equity repurchase agreement with Sichuan Trust Co., Ltd. ("Sichuan Trust") (collectively referred to as the "Sichuan Trust Agreements on Hubei Project"). Based on the Sichuan Trust Agreements on Hubei Project, Sichuan Trust acquired 18% equity interest of Hubei Sunshine 100 from Chengdu Sunshine 100 at a consideration of RMB40,000,000, and subsequently injected paid-in capital and capital reserve of RMB132,000,000 and RMB112,600,000, respectively in April 2011. After the capital injection, Sunshine 100 Group and Sichuan Trust held 51% and 49% equity interest in Hubei Sunshine 100, respectively. Pursuant to the Sichuan Trust Agreements on Hubei Project, Sunshine 100 Group will repurchase the 49% equity interest in Hubei Sunshine 100 from Sichuan Trust at a consideration of RMB369,620,000 in 2013. In October 2012, Sunshine 100 Group and Hubei Sunshine 100 entered into a cooperation agreement with Tianjin Nongken Hongyilian Investment Co., Ltd. ("Tianjin Nongken Hongyilian"), based on which Tianjin Nongken Hongyilian granted loans of RMB500 million bearing interest at 12% per annum and acquired 8.85% equity interest of Hubei Sunshine 100 from Sunshine 100 Group by way of an additional capital injection of RMB100 million. Sunshine 100 Group will repurchase the 8.85% equity interest in Hubei Sunshine 100 from Tianjin Nongken Hongyilian at RMB100 million upon the loan from Tianjin Nongken Hongyilian is repaid in 2018. In June 2013, Sunshine 100 Group repurchased 49% equity interest in Hubei Sunshine 100 from Sichuan Trust. As at 31 December 2015, Sunshine 100 Group and Tianjin Nongken Hongyilian held 91.15% and 8.85% equity interest of Hubei Sunshine 100, respectively. Tianjin Nongken Hongyilian only owned the right to obtain interest income based on a fixed rate generated from the financing provided to the Group. Accordingly, the cash consideration and capital injected were in substance a secured financing arrangement and have been recognized as financial liability in the consolidated financial statements as loan granted to the Group rather than equity interest in Hubei Sunshine 100. The Group maintained control over Hubei Sunshine 100 and treated it as a wholly-owned subsidiary of the Group during the year.
- (v) In February 2015, Sunshine 100 Group entered into an equity transfer agreement and an investment framework agreement with Shenzhen Qianhai Oriental Business Financial Holding Co., Ltd. ("Shenzhen Qianhai") and Shenzhen Dongfang Asset Management Co., Ltd. ("Shenzhen Dongfang") (collectively referred to as the "Chongqing Trust Agreements"). Pursuant to the Chongqing Trust Agreements, in February 2015, Beijing Dongfang Zhuochang Investment Management Center ("Beijing Dongfang"), designated by Shenzhen Dongfang, acquired 49% equity interest in Chongqing Sunshine 100 at a consideration of RMB49,000,000 and shall have the right to put back the 49% equity interest in Chongqing Sunshine 100 to Sunshine 100 Group at a consideration of RMB49,000,000 on 10 February 2018, the maturity date. Beijing Dongfang agreed to vote together with Sunshine 100 Group at Chongqing Sunshine 100's shareholders' meeting and the board of directors' meeting, allowing Sunshine 100 Group having the power to direct the relevant activities of Chongqing Sunshine 100. Based on the facts and circumstances, the whole arrangement is in substance a secured financing and the 49% shareholding in Chongqing Sunshine 100 is in substance a security for such financing. Accordingly, the cash consideration and capital injected were in substance a secured financing arrangement and have been recognized as financial liabilities in the consolidated financial statements as loan granted to the Group rather than equity interest in Chongqing Sunshine 100. The Group maintained control over Chongqing Sunshine 100 and treated it as a wholly-owned subsidiary of the Group during the year.

Notes to the Financial Statements

12 INVESTMENTS IN SUBSIDIARIES (Continued)

Notes: (Continued)

- (vi) In March 2013, Sunshine 100 Group, Beijing Sunshine Star and Yantai Sunshine 100 entered into an investment cooperation agreement, an equity transfer agreement and an equity repurchase agreement with Hangzhou Industrial and Commercial Trust Co., Ltd. (“Hangzhou Industrial and Commerce Trust”) (hereinafter collectively referred to as the “Cooperation Agreement”). In accordance with the Cooperation Agreement, Hangzhou Industrial and Commerce Trust established a trust (the “Trust”) to raise financing of RMB400,000,000 for the Group (the “Yantai loans from Hangzhou Industrial and Commerce Trust”). In May 2015, Sunshine 100 Group, Beijing Sunshine Star and Yantai Sunshine 100 entered into a revised investment cooperation agreement with Hangzhou Industrial and Commerce Trust (the “Revised Cooperation Agreement”).

The details of Cooperation Agreement and Revised Cooperation Agreement were disclosed in Note 20(b).

Based on the facts and circumstances of the Cooperation Agreement, the whole arrangement is in substance a secured financing from Hangzhou Industrial and Commerce Trust and the 30% shareholding in Yantai Sunshine 100 is in substance a security for such financing. The Group maintained control over Yantai Sunshine 100 and treated it as a wholly-owned subsidiary of the Group.

- (vii) In September 2012, Sunshine 100 Group and Hunan Sunshine 100 entered into a cooperation agreement with Tianjin Nongken Hongyilian, based on which Tianjin Nongken Hongyilian granted loans of RMB500 million bearing interest at 12% per annum and acquired 15% equity interest of Hunan Sunshine 100 from Sunshine 100 Group by way of an additional capital injection of RMB100 million. Sunshine 100 Group will repurchase the 15% equity interest in Hunan Sunshine 100 from Tianjin Nongken Hongyilian at RMB100 million upon the loan from Tianjin Nongken Hongyilian is repaid in 2018. As at 31 December 2015, Sunshine 100 Group and Tianjin Nongken Hongyilian held 85% and 15% equity interest of Hunan Sunshine 100, respectively. Tianjin Nongken Hongyilian only owned the right to obtain interest income based on a fixed rate generated from the financing provided to the Group. Accordingly, the cash consideration and capital injected were in substance a secured financing arrangement and have been recognized as financial liability in the consolidated financial statements as loan granted to the Group rather than equity interest in Hunan Sunshine 100. The Group maintained control over Hunan Sunshine 100 and treated it as a wholly-owned subsidiary of the Group during the year.
- (viii) In connections with loans received from certain trust companies, the Group pledged or transferred the Group’s equity interests in these entities to certain trust companies.

Although the Group has pledged its equity interests in these entities to the trust companies or transferred the Group’s equity interests in these entities to the trust companies, the Group consolidates these entities in accordance with IFRS 10 Consolidated Financial Statements because the Group is exposed, or has rights, to variable returns from its involvement with these entities and the Group has the ability to affect those returns through its power to direct the relevant activities of the entities as more fully described below.

- *Hunan Sunshine 100, Wuxi Suyuan, Hubei Sunshine 100, Liaoning Sunshine 100, Yingda Weihua, Liuzhou Xinqiannian and Guangxi Jingqi*

Although the Group has pledged its equity interests in these entities to the trust companies as security, the trust companies do not have (i) any representation at the shareholders meetings (ii) any representation on the board of directors or (iii) any veto rights. Accordingly, the Group’s rights, including its power to direct the activities of these entities, are not impacted by such pledges.

- *Hubei Sunshine 100, Chongqing Sunshine 100, Lijiang Snow Mountain and Yantai Sunshine 100*

The Group has transferred its equity interests in these entities to the trust companies. In addition, the trust companies have voting rights at the shareholders meetings and the board of directors meetings and certain resolutions require approval of the trust companies. Despite these rights held by the trust companies, the Group has maintained the power to direct the relevant activities of these entities because the Group has (i) substantive potential voting rights, such as call options to buy back the equity interests held by the trust companies, or (ii) obtained a letter of commitment from the trust companies confirming that the trust companies would vote in line with the decisions of the Group.

For all the entities described above, the Group’s returns from its interests in these entities vary with the entities business performance. In addition, the Group is also entitled to the residual interests in these entities. In contrast, the returns of the trust companies are fixed and pre-determined in the trust financing agreements.

Notes to the Financial Statements

12 INVESTMENTS IN SUBSIDIARIES (Continued)

Notes: (Continued)

- (ix) On 10 June 2015, the Group entered into a share purchase agreement (the "Share Purchase Agreement") with independent third parties, including Mr. Li Yapeng, Beijing Zhong Shu Investment Holdings Co., Ltd. ("Beijing Zhong Shu") and China Industrial Asset Management Limited ("China Industrial") to acquire 14.02% and 36.98% entity interest in Lijiang Snow Mountain Investment Co., Ltd. ("Lijiang Snow Mountain") from Mr. Li Yapeng and Beijing Zhong Shu, respectively, at a total consideration of RMB193,800,000. Lijiang Snow Mountain is engaged in the development of Yilianfang Project in Lijiang City, Yunnan Province. After the acquisition, the Group holds 51% equity interests in Lijiang Snow Mountain.

Pursuant to the revised articles of associations of Lijiang Snow Mountain, passing certain resolutions at shareholders meeting and the board of directors meeting, which are related to the financial and operational decisions of Lijiang Snow Mountain, require the approval by China Industrial. However, the Group has obtained a letter of commitment from China Industrial confirming that China Industrial would vote in line with the decisions of the Group and, therefore, obtained the unilateral ability to direct the policies and management that guide the ongoing activities, obtain decision-making powers, receive majority benefits and bear substantive operation risks of Lijiang Snow Mountain. Lijiang Snow Mountain has become a subsidiary of the Group during the year.

- (x) On 1 September 2015, the Group entered into a capital injection agreement with Sichuan Zhonghang Haoyuan Investment Co., Ltd., Liu Jie and Zhang Bing to inject capital of RMB104,080,000 to Wenzhou Center. After the capital injection, Sunshine 100 Group owned 51% equity interests in Wenzhou Center. On 1 September 2015, the Group obtained the unilateral ability to direct the policies and management that guide the ongoing activities, obtain decision-making powers, receive benefits and bear substantive operation risks of Wenzhou Center. Wenzhou Center has been accounted for as a subsidiary of the Group from then on.
- (xi) On 30 October 2015, the Group entered into a capital injection agreement with Chongqing Shihe Tongsheng Investment Co., Ltd., Liu Jie and Zhang Bing to inject capital of RMB104,080,000 to Wenzhou Shihe. After the capital injection, Sunshine 100 Group owned 51% equity interests in Wenzhou Shihe. On 30 October 2015, the Group obtained the unilateral ability to direct the policies and management that guide the ongoing activities, obtain decision-making powers, receive benefits and bear substantive operation risks of Wenzhou Shihe. Wenzhou Shihe has been accounted for as a subsidiary of the Group from then on.
- (xii) On 10 February 2015, the Group entered into a share purchase agreement (the "Share Purchase Agreement") with Zhongran Investments Company Limited ("Zhongran Investments") and Wayfine Holdings Limited ("Wayfine"), an entity under control of Ms. Fan, to acquire 11% and 40% entity interest in Sunshine 100 Resort from Zhongran Investments and Wayfine at a consideration of USD348,726 and USD1,268,095, respectively. Sunshine 100 Resort is engaged in the properties development in Saipan, CNMI. After the acquisition, the Group holds 51% equity interests in Sunshine 100 Resort.
- (xiii) The following tables list out the information relating to Jinan Sunshine 100, Chang Jia and Wenzhou Center, the subsidiaries of the Group which have material non-controlling interests (NCI). The summarised financial information presented below represents the amounts before any inter-company elimination.

Jinan Sunshine 100

| | 2015 RMB'000 | 2014 RMB'000 |
|-------------------------|-----------------|-----------------|
| NCI percentage | 51% | 51% |
| Current assets | 2,584,498 | 2,343,999 |
| Non-current assets | 1,077,065 | 945,032 |
| Current liabilities | (2,045,414) | (1,619,345) |
| Non-current liabilities | (913,847) | (972,494) |
| Net assets | 702,302 | 697,192 |
| Carrying amount of NCI | 358,174 | 355,568 |

Notes to the Financial Statements

12 INVESTMENTS IN SUBSIDIARIES (Continued)

Notes: (Continued)

(xiii) (Continued)

Jinan Sunshine 100 (Continued)

| | 2015 RMB'000 | 2014 RMB'000 |
|--------------------------------------|-----------------|-----------------|
| Revenue | 436,607 | 1,052,591 |
| Profit for the year | 5,110 | 71,439 |
| Total comprehensive income | 5,110 | 71,439 |
| Profit allocated to NCI | 2,606 | 36,434 |
| Cash flows from operating activities | 343,402 | (116,681) |
| Cash flows from investing activities | (133) | (393) |
| Cash flows from financing activities | (215,245) | 82,053 |

Chang Jia

| | 2015 RMB'000 | 2014 RMB'000 |
|--------------------------------------|-----------------|-----------------|
| NCI percentage | 45% | 45% |
| Current assets | 1,945,667 | 1,826,999 |
| Non-current assets | 176,536 | 36,809 |
| Current liabilities | (1,484,293) | (1,315,539) |
| Non-current liabilities | (300,000) | (248,824) |
| Net assets | 337,910 | 299,445 |
| Carrying amount of NCI | 152,059 | 134,750 |
| Revenue | 676,621 | 654,835 |
| Profit/(loss) for the year | 38,465 | (693) |
| Total comprehensive income | 38,465 | (693) |
| Profit/(loss) allocated to NCI | 17,309 | (312) |
| Cash flows from operating activities | 91,874 | (19,421) |
| Cash flows from investing activities | (141,935) | 109,312 |
| Cash flows from financing activities | 35,687 | (163,502) |

Notes to the Financial Statements

12 INVESTMENTS IN SUBSIDIARIES (Continued)

Notes: (Continued)

(xiii) (Continued)

Wenzhou Center

| | 2015 RMB'000 |
|--------------------------------------|--|
| NCI percentage | 49% |
| Current assets | 2,915,344 |
| Non-current assets | 505,205 |
| Current liabilities | (2,096,099) |
| Non-current liabilities | (874,242) |
| Net assets | 450,208 |
| Carrying amount of NCI | 220,602 |
| | |
| | From 1 September to 31 December 2015 RMB'000 |
| Revenue | – |
| Loss for the period | (20,297) |
| Total comprehensive income | (20,297) |
| Loss allocated to NCI | (9,946) |
| Cash flows from operating activities | 11,284 |
| Cash flows from investing activities | (1,521) |
| Cash flows from financing activities | 51,045 |

Notes to the Financial Statements

13 INVESTMENTS IN ASSOCIATES AND A JOINT VENTURE

| | 2015 RMB'000 | 2014 RMB'000 |
|---------------------|-----------------|-----------------|
| Share of net assets | 536,496 | 118,423 |

The following list contains only the particulars of the material associates, which are unlisted corporate entities incorporated in the PRC, whose quoted market prices are not available.

| Name of company | Place of incorporation | Particulars of paid-in capital RMB'000 | Proportion of ownership interest held by subsidiaries | Principal activities |
|---|------------------------|---|---|----------------------------------|
| 1 Chongqing Yuneng Wanyi Real Estate Co., Ltd. ("Chongqing Yuneng Wanyi") 重慶渝能萬怡房地產開發有限公司 | Chongqing, the PRC | 80,000 | 30% | Property development Note (i) |
| 2 Beijing Yinxin Guanghua Real Estate Development Co., Ltd. ("Beijing Yinxin") 北京銀信光華房地產開發有限公司 | Beijing, the PRC | 66,660 | 49% | Property investment Note (ii) |

Notes:

(i) Chongqing Yuneng Wanyi

During the year ended 31 December 2004, the Group acquired 30% equity interest in Chongqing Yuneng Wanyi, a company that mainly engages in the development of Chongqing City Plaza project. Chongqing Yuneng Wanyi is a property developer in the Chongqing market, enables the Group to have exposure to this market through local expertise.

(ii) Beijing Yinxin

During the year ended 31 December 2015, the Group acquired 49% equity interest in Beijing Yinxin, a company that mainly engages in the business of lease of Beijing Sunshine 100 International Apartment project. Beijing Yinxin is a property developer in the Beijing market, enables the Group to share the competitive strengths and business prospects in Beijing market.

All of the associates and a joint venture are accounted for using the equity method in the consolidated financial statements.

Notes to the Financial Statements

13 INVESTMENTS IN ASSOCIATES AND A JOINT VENTURE (Continued)

Summarised financial information of the material associates, adjusted for any differences in accounting policies, and reconciled to the carrying amounts in the consolidated financial statements, are disclosed below:

Chongqing Yuneng Wanyi

| | 2015 <i>RMB'000</i> | 2014 <i>RMB'000</i> |
|--|------------------------|------------------------|
| Current assets | 359,544 | 438,653 |
| Non-current assets | 294,965 | 286,404 |
| Current liabilities | (272,763) | (315,379) |
| Non-current liabilities | (193,766) | (191,641) |
| Net assets | 187,980 | 218,037 |
| Reconciled to the Group's interests in the associate | | |
| Gross amounts of net assets of the associate | 187,980 | 218,037 |
| Group's effective interest | 30% | 30% |
| Group's share of net assets of the associate | 56,394 | 65,411 |
| Revenue | 77,430 | 123,367 |
| Loss from continuing operations | (30,057) | (6,053) |
| Total comprehensive income | (30,057) | (6,053) |

Notes to the Financial Statements

13 INVESTMENTS IN ASSOCIATES AND A JOINT VENTURE (Continued)

Beijing Yinxin

| | 2015 <i>RMB'000</i> |
|--|--|
| Current assets | 144,674 |
| Non-current assets | 927,026 |
| Current liabilities | (100,168) |
| Non-current liabilities | (225,350) |
| Net assets | 746,182 |
| Reconciled to the Group's interests in the associate | |
| Gross amounts of net assets of the associate | 746,182 |
| Group's effective interest | 49% |
| Group's share of net assets of the associate | 365,629 |
| | |
| | From 10 April to 31 December 2015 <i>RMB'000</i> |
| Revenue | 19,803 |
| Profit from continuing operations | 281,284 |
| Total comprehensive income | 281,284 |

Notes to the Financial Statements

13 INVESTMENTS IN ASSOCIATES AND A JOINT VENTURE (Continued)

Aggregate information of associates and a joint venture that are not individually material:

| | 2015 RMB'000 | 2014 RMB'000 |
|--|-----------------|-----------------|
| Aggregate carrying amount of individually immaterial associates and a joint venture in the consolidated financial statements | 114,473 | 53,012 |
| Aggregate amounts of the Group's share of those associates' and a joint venture's (loss) /profit from continuing operations | (7,290) | 75,614 |
| Total comprehensive income | (7,290) | 75,614 |

14 INCOME TAX IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(a) Current taxation in the consolidated statement of financial position represents:

| | 2015 RMB'000 | 2014 RMB'000 |
|----------------------------------|-----------------|-----------------|
| PRC Corporate Income Tax payable | 669,018 | 531,214 |
| Land Appreciation Tax payable | 356,234 | 394,573 |
| | 1,025,252 | 925,787 |

Notes to the Financial Statements

14 INCOME TAX IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)

(b) Deferred tax assets and liabilities recognized:

(i) *The components of deferred tax assets/(liabilities) recognized in the consolidated statement of financial position and the movements during the year are as follows:*

| | Note | Tax losses RMB'000 | Land development for sale, properties under development and completed properties held for sale RMB'000 | Investment properties RMB'000 | Property and equipment RMB'000 | Total RMB'000 |
|--------------------------------------|------|-----------------------|--|-------------------------------------|--------------------------------------|------------------|
| At 1 January 2014 | | 59,221 | 282,010 | (752,756) | (10,117) | (421,642) |
| Acquisition of a subsidiary | | – | (178,636) | (73,552) | 26 | (252,162) |
| Credited/(charged) to profit or loss | 5(a) | 7,964 | (46,893) | (96,063) | 512 | (134,480) |
| At 31 December 2014 | | 67,185 | 56,481 | (922,371) | (9,579) | (808,284) |
| At 1 January 2015 | | 67,185 | 56,481 | (922,371) | (9,579) | (808,284) |
| Acquisition of subsidiaries | 28 | 96,836 | (1,386,688) | (114,329) | – | (1,404,181) |
| Credited/(charged) to profit or loss | 5(a) | 38,088 | 34,513 | (138,565) | 191 | (65,773) |
| At 31 December 2015 | | 202,109 | (1,295,694) | (1,175,265) | (9,388) | (2,278,238) |

Notes to the Financial Statements

14 INCOME TAX IN THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)

(b) Deferred tax assets and liabilities recognized: (Continued)

(ii) Reconciliation to the consolidated statement of financial position:

| | 2015 RMB'000 | 2014 RMB'000 |
|---|--------------------|-----------------|
| Deferred tax assets recognized in the consolidated statement of financial position | 730,423 | 500,725 |
| Deferred tax liabilities recognized in the consolidated statement of financial position | (3,008,661) | (1,309,009) |
| | (2,278,238) | (808,284) |

(c) Deferred tax assets not recognized

In accordance with the accounting policy set out in Note 1(t), the Group has not recognized deferred tax assets in respect of cumulative tax losses in certain subsidiaries of RMB947,171,000 at 31 December 2015 (2014: RMB655,140,000), as it is not probable that future taxable profits against which the losses can be utilized will be available in the relevant subsidiaries. As at 31 December 2015, RMB43,193,000, RMB93,640,000, RMB303,165,000, RMB193,040,000 and RMB314,133,000 of these tax losses will expire in 2016, 2017, 2018, 2019 and 2020, respectively.

(d) Deferred tax liabilities not recognized

According to the Implementation Rules of the Corporate Income Tax Law of the PRC, the Company's subsidiaries in the PRC are levied a 10% withholding tax on dividends declared to their foreign investment holding companies arising from profits earned subsequent to 1 January 2008. In respect of dividends that are subject to the withholding tax, provision for withholding tax is recognized for the dividends that have been declared, and deferred tax liability is recognized for those to be declared in the foreseeable future. As at 31 December 2015, temporary differences relating to the undistributed profits of the subsidiaries in the PRC amounted to RMB4,888,523,000 (2014: RMB4,326,846,000). Deferred tax liabilities of RMB488,852,000 (2014: RMB432,685,000) have not been recognized in respect of the tax that would be payable on the distribution of these retained profits as the Company controls the dividend policy of these subsidiaries and it has been determined that it is probable that profits earned subsequent to 1 January 2008 will not be distributed in the foreseeable future.

Notes to the Financial Statements

15 PROPERTIES UNDER DEVELOPMENT AND COMPLETED PROPERTIES HELD FOR SALE

| | 2015 <i>RMB'000</i> | 2014 <i>RMB'000</i> |
|------------------------------------|------------------------|------------------------|
| Properties under development | 17,295,305 | 12,789,665 |
| Completed properties held for sale | 7,245,768 | 7,006,098 |
| | 24,541,073 | 19,795,763 |

- (a) The analysis of carrying value of leasehold land included in properties under development and completed properties held for sale is as follows:

| | 2015 <i>RMB'000</i> | 2014 <i>RMB'000</i> |
|---------------------|------------------------|------------------------|
| In the PRC | | |
| – Long-term lease | 4,018,193 | 5,165,226 |
| – Medium-term lease | 3,370,078 | 2,732,253 |
| | 7,388,271 | 7,897,479 |

- (b) The amount of properties under development expected to be recovered after more than one year is analyzed as follows:

| | 2015 <i>RMB'000</i> | 2014 <i>RMB'000</i> |
|------------------------------|------------------------|------------------------|
| Properties under development | 11,790,516 | 7,237,441 |

All of the other properties under development and completed properties held for sale are expected to be recovered within one year.

Notes to the Financial Statements

15 PROPERTIES UNDER DEVELOPMENT AND COMPLETED PROPERTIES HELD FOR SALE

(Continued)

(c) The analysis of the amount of properties under development and completed properties held for sale recognised as cost of sales and included in profit or loss is as follows:

| | 2015 <i>RMB'000</i> | 2014 <i>RMB'000</i> |
|---|------------------------|------------------------|
| Carrying amount of properties sold | 4,713,751 | 5,253,883 |
| Write-down of properties under development and completed properties held for sale | 223,821 | 109,783 |
| | 4,937,572 | 5,363,666 |

(d) Certain properties under development and completed properties held for sale of the Group were pledged against the loans and borrowings, details are set out in Note 20(h).

16 LAND DEVELOPMENT FOR SALE

| | 2015 <i>RMB'000</i> | 2014 <i>RMB'000</i> |
|---------------------------|------------------------|------------------------|
| Land development for sale | 767,869 | 752,809 |

Land development for sale mainly represents the cost of land development for the Group's land development projects. Though the Group does not have ownership title or land use rights to the land, the Group is given the right to carry out preparation works in respect of land infrastructure in those projects. When the land plots are sold by the local governments, the Group is entitled to receive from the local authorities a proportion of the proceeds from land sales.

Land development for sale is expected to be realized in the normal operating cycle, which is longer than twelve months.

In accordance with the accounting policy set out in Note 1(v)(ii), revenue in relation to land development for sale is recognized depending on the timing of sales of related land plots by the government to third parties.

Notes to the Financial Statements

17 TRADE AND OTHER RECEIVABLES

| | Note | 2015 RMB'000 | 2014 RMB'000 |
|---|------|------------------|-----------------|
| Trade receivables, net of allowance for doubtful debts of RMB nil | (a) | 1,153,190 | 1,167,910 |
| Advances provided to third parties | | 2,282,067 | 903,869 |
| Amounts due from associates and a joint venture | (b) | 404,849 | 20 |
| Other receivables | | 193,813 | 157,709 |
| | | 4,033,919 | 2,229,508 |
| Less: allowance for doubtful debts | (c) | 8,675 | 45,000 |
| Loans and receivables | (d) | 4,025,244 | 2,184,508 |
| Deposits and prepayments | | 1,360,704 | 1,120,028 |
| | | 5,385,948 | 3,304,536 |
| Less: non-current portion of trade receivables | | 16,661 | 54,705 |
| non-current portion of other receivables | | 277,639 | – |
| Sub-total | | 294,300 | 54,705 |
| | | 5,091,648 | 3,249,831 |

Notes to the Financial Statements

17 TRADE AND OTHER RECEIVABLES (Continued)

(a) Ageing analysis

The ageing analysis of trade receivables based on due date is as follows:

| | 2015 <i>RMB'000</i> | 2014 <i>RMB'000</i> |
|-----------------------------|-------------------------------|------------------------|
| Current | 369,931 | 352,936 |
| 1 to 6 months past due | 34,161 | 196,525 |
| 6 months to 1 year past due | 28,214 | 12,793 |
| More than 1 year past due | 720,884 | 605,656 |
| Amounts past due | 783,259 | 814,974 |
| | 1,153,190 | 1,167,910 |

The Group's credit policy is set out in Note 26(a).

Notes to the Financial Statements

17 TRADE AND OTHER RECEIVABLES (Continued)

(b) Amounts due from associates and a joint venture

| | Note | 2015 RMB'000 | 2014 <i>RMB'000</i> |
|----------------------------------|------|-------------------------------|------------------------|
| Amounts due from | | | |
| – Associates and a joint venture | (i) | 403,349 | – |
| – An associate | (ii) | 1,500 | 20 |
| | | 404,849 | 20 |

(i) The balance amounting to RMB362,235,000 as at 31 December 2015 represented loans provided to a joint venture, Chongqing Jiadao Real Estate Co., Ltd., bearing an interest rate at 13% per annum and will be matured on 31 December 2016.

The balance amounting to RMB41,114,000 as at 31 December 2015 represented loans provided to an associate, Wenzhou Zhongxin Haoyuan Investment Co., Ltd., bearing an interest rate at 12% per annum, unsecured and will be matured on 29 February 2016.

(ii) The balance amounting to RMB1,500,000 as at 31 December 2015 (2014: RMB20,000) represented advances provided to the related parties, which were interest-free, unsecured and had no fixed term of repayment.

(c) Impairment of loans and receivables

Impairment losses in respect of loans and receivables are recorded using an allowance account unless the Group is satisfied that recovery of the amount is remote, in which case the impairment loss is written off against loans and receivables directly (see Note 1(l)(i)).

Notes to the Financial Statements

17 TRADE AND OTHER RECEIVABLES (Continued)

(d) Loans and receivables that are not impaired

The ageing analysis of loans and receivables that are neither individually nor collectively considered to be impaired are as follows:

| | 2015 RMB'000 | 2014 RMB'000 |
|-------------------------------|------------------|-----------------|
| Neither past due nor impaired | 3,201,805 | 1,369,534 |
| 1 to 6 months past due | 44,161 | 196,525 |
| 6 months to 1 year past due | 28,214 | 12,793 |
| More than 1 year past due | 751,064 | 605,656 |
| Amounts past due | 823,439 | 814,974 |
| | 4,025,244 | 2,184,508 |

Receivables that were neither past due nor impaired related to customers and debtors for whom there was no recent history of default.

Receivables that were past due but not impaired mainly included revenue from land development for sale of RMB581,089,000 as at 31 December 2015 and 31 December 2014 from the government of Chenghua District, Chengdu. Based on a series of agreements entered into by the Group and the government of Chenghua District, Chengdu, the Group is entitled to receive RMB581,089,000 and the government issued a notice to confirm this amount on 2 July 2013. Considering the long ageing of the receivables, in January 2015, the Group sued and asked for the repayment of RMB581,089,000 as well as a penalty of RMB15,000,000. The first trial was called in court on 17 June 2015. During the first trial, the judge asked the Group and the government of Chenghua District, Chengdu to further negotiate about the settlement of the receivables. As of the date of this report, the Group is still negotiating with the government of Chenghua District, Chengdu.

As at 31 December 2015 and 31 December 2014, the directors of the Group were of the opinion that no provision on the receivables of RMB581,089,000 due from the government of Chenghua District, Chengdu was required, as supported by a legal opinion on the result of the lawsuit received by the Group, and there is no indication that the government of Chenghua District, Chengdu will not, or will have financial difficulties to fulfil its obligation to settle the balance.

Notes to the Financial Statements

17 TRADE AND OTHER RECEIVABLES (Continued)

(d) Loans and receivables that are not impaired (Continued)

Accordingly, the management believes that no impairment allowance is necessary in respect of these balances and the balances are still considered fully recoverable.

The remaining receivables that were past due but not impaired mainly represented receivables in relation to sale of properties from a number of independent customers that have a good relationship with the Group. Based on past experience, the management believes that no impairment allowance is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable. Of the remaining balances that were past due but not impaired, the Group holds the title of the property units as collateral over the balance of trade receivables of RMB172,583,000 (2014: RMB233,885,000).

18 RESTRICTED DEPOSITS

| | Note | 2015 RMB'000 | 2014 RMB'000 |
|---|-------|------------------|-----------------|
| Non-current restricted deposits for: | | | |
| – Guarantee for mortgage loans | (i) | 83,283 | 72,700 |
| – Guarantee for demolition fees | (ii) | 21,442 | 21,696 |
| – Guarantee for loans and borrowings | 20(h) | 39,511 | 139,043 |
| – Restricted cash related to pre-sale proceeds received | (v) | 260,783 | 166,014 |
| | | 405,019 | 399,453 |
| Current restricted deposits for: | | | |
| – Guarantee for mortgage loans | (i) | 94,968 | 75,492 |
| – Guarantee for bills payable | (iv) | 91,000 | 197,000 |
| – Guarantee for loans and borrowings | 20(h) | 217,840 | 396,000 |
| – Guarantee for construction fees | (iii) | 63,640 | 7,014 |
| – Restricted cash related to pre-sale proceeds received | (v) | 230,730 | 52,955 |
| | | 698,178 | 728,461 |
| | | 1,103,197 | 1,127,914 |

Notes to the Financial Statements

18 RESTRICTED DEPOSITS (Continued)

The above restricted deposits are restricted as follows:

- (i) The Group has entered into agreements with certain banks and other financial institutions with respect to mortgage loans provided to buyers of the Group's property units. As at 31 December 2015, the Group had restricted bank deposits of RMB178,251,000 (2014: RMB148,192,000), as security for settlement of the mortgage instalments under these agreements. Should the mortgagors fail to pay the mortgage monthly instalments, the bank or other financial institution can draw down the security deposits up to the amount of outstanding mortgage instalments and demand the Group to repay the outstanding balance to the extent that the deposit balance is insufficient. Such guarantee deposits will be released when the title of properties are pledged to banks and other financial institutions or the related mortgage loans are repaid by buyers.
- (ii) As at 31 December 2015, the Group had restricted bank deposits of RMB21,442,000 (2014: RMB21,696,000), as non-cancellable guarantees on demolition fees payable to original residents. Should the Group fail to pay the demolition fees, the government can draw down the security deposits up to the amount of outstanding demolition fees and demand the Group to repay the outstanding balance to the extent that the deposit balance is insufficient.
- (iii) As at 31 December 2015, pursuant to a government regulation, the Group had restricted deposits placed at banks of RMB63,640,000 (2014: RMB7,014,000), as non-cancellable guarantees on construction fees payable to construction contractors. Should the Group fail to settle related construction fees, the bank or the government can drawdown the deposits to settle the relevant sums and demand the Group to repay the outstanding balance to the extent that the deposit balance is insufficient.
- (iv) As at 31 December 2015, the Group had restricted bank deposits with terms of four to five months of RMB91,000,000 (2014: RMB197,000,000), as security for settlement of bills payable. Should the Group fail to settle the bills payable, the bank can draw down the security deposits up to the amount of outstanding bills payable and demand the Group to repay the outstanding balance to the extent that the deposit balance is insufficient.
- (v) In accordance with relevant government regulations, certain project companies of the Group are required to place the pre-sale proceeds of properties received of RMB491,513,000, at designated bank accounts as guarantee deposits for construction work of related properties as at 31 December 2015 (2014: RMB218,969,000). The deposits can only be used for purchases of construction materials and payments of construction fee of the relevant properties upon the approval of Authorities of the Ministry of Housing and Urban-Rural Development and relevant banks. Such guarantee deposits will be released according to the completion stage of the related pre-sold properties.

Notes to the Financial Statements

19 CASH AND CASH EQUIVALENTS

| | 2015 | 2014 |
|--------------|------------------|----------------|
| | RMB'000 | <i>RMB'000</i> |
| Cash on hand | 805 | 808 |
| Cash at bank | 1,324,416 | 2,557,038 |
| | 1,325,221 | 2,557,846 |

20 LOANS AND BORROWINGS

| | 2015 | 2014 |
|---|-------------------|----------------|
| <i>Note</i> | RMB'000 | <i>RMB'000</i> |
| Loans and borrowings at amortized cost: | | |
| – Long-term | 12,563,180 | 12,329,792 |
| – Short-term | 2,292,927 | 1,193,468 |
| – Senior notes (a) | 1,370,087 | 1,279,513 |
| – Corporate bonds (c) | 3,519,095 | – |
| | 19,745,289 | 14,802,773 |
| Loans at fair value through profit or loss: | | |
| – Loans from Hangzhou Industrial and Commerce Trust (b) | 23,221 | 38,245 |
| | 23,221 | 38,245 |
| | 19,768,510 | 14,841,018 |

Notes to the Financial Statements

20 LOANS AND BORROWINGS (Continued)

(a) Senior notes

The Company issued senior notes of aggregate amount of USD115,000,000 and USD100,000,000 on 8 October 2014 and 10 December 2014, respectively (the “Senior Notes”), which are interest bearing at 12.75% per annum, due in October 2017 and listed on the Stock Exchange of Hong Kong Limited.

As at 31 December 2015, the Senior Notes were guaranteed by the Company, Sunmode, Riverside and Keyasia, the four subsidiaries of the Company registered in Mauritius, the BVI and the Cayman Islands, respectively. The guarantees will be released upon the full and final payments of the Senior Notes.

The Senior Notes are subject to the fulfilment of certain covenants relating to limitations on indebtedness and certain transactions of the Group. The Group regularly monitors its compliance with these covenants. For the year ended 31 December 2015, none of the covenants relating to the Senior Notes were breached.

(b) Loans from Hangzhou Industrial and Commerce Trust

| | <i>Note</i> | <i>RMB'000</i> |
|--|-------------|-----------------|
| At 1 January 2014 | | 37,285 |
| Fair value adjustment charged to profit or loss | 4(a) | 960 |
| At 31 December 2014 | | 38,245 |
| At 1 January 2015 | | 38,245 |
| Fair value adjustment credited to profit or loss | 4(a) | (15,024) |
| At 31 December 2015 | | 23,221 |

The loans from Hangzhou Industrial and Commerce Trust were provided to the Group in two batches as follows:

- (a) Hangzhou Industrial and Commerce Trust lent loans amounting to RMB185,000,000 and RMB200,000,000 to Yantai Sunshine 100 in March and June 2013, respectively. The loan bears interests at 14.6% per annum and will be matured on 25 March 2015 and 6 June 2015, respectively.
- (b) 30% shareholding of Yantai Sunshine 100 (the “30% Yantai Sunshine 100 Shareholding”) was transferred from the Group to Hangzhou Industrial and Commerce Trust at a consideration of RMB15,000,000.

Notes to the Financial Statements

20 LOANS AND BORROWINGS (Continued)

(b) Loans from Hangzhou Industrial and Commerce Trust (Continued)

Pursuant to the Cooperation Agreement, the Group and Hangzhou Industrial and Commerce Trust reached the following agreements:

- (a) Yantai Sunshine 100 or the Group has a right to early repay the loans amounted to RMB385,000,000 from the 13th month at the principal plus the outstanding interests.
- (b) The Group has a call option to purchase 20% Yantai Sunshine 100 Shareholding in the first year at variable considerations as detailed below:
 - If the call option was exercised and the principal was repaid instalment in accordance with the payment schedule till the maturity date stipulated in the Cooperation Agreement, the consideration would be RMB10,000,000 plus a 15% annual rate of return;
 - If the call option was exercised and the principal was repaid early, the consideration would be RMB10,000,000 plus a 18% annual rate of return.

In May 2014, the Group exercised the call option and repaid the principle instalment in accordance with the payment schedule till the maturity date stipulated in the Cooperation Agreement.

- (c) The Group has an obligation to purchase 10% Yantai Sunshine 100 Shareholding at variable considerations as detailed below:
 - If the principal was repaid at the maturity date, the consideration would be the (i) the fair value of Yantai Sunshine 100 at the date of settlement, if the fair value was higher than RMB5,000,000 plus a 20% annual rate of return but lower than RMB400,000,000 plus a 18% annual rate of return deducting repaid loans and interests and the consideration of acquisition back of the 20% Yantai Sunshine 100 Shareholding or (ii) RMB5,000,000 plus a 20% annual rate of return, if the fair value of Yantai Sunshine 100 was lower than RMB5,000,000 plus a 20% annual rate of return, or (iii) RMB400,000,000 plus a 18% annual rate of return deduct repaid loans and interests, if the fair value was higher than RMB400,000,000 plus a 18% annual rate of return deducting repaid loans and interests and the consideration of acquisition back of the 20% Yantai Sunshine 100 Shareholding;
 - If the principal was repaid early, the consideration would be RMB5,000,000 plus a 40% annual rate of return.

Notes to the Financial Statements

20 LOANS AND BORROWINGS (Continued)

(b) Loans from Hangzhou Industrial and Commerce Trust (Continued)

Pursuant to the Revised Cooperation Agreement, the Group and Hangzhou Industrial and Commerce Trust reached following agreements as below:

- (a) The loan amounting to RMB185,000,000 would be matured on 13 January 2016; and
- (b) The loans amounting to RMB115,000,000 and RMB85,000,000 would be matured on 13 January 2016 and 26 February 2016, respectively.

Pursuant to the Revised Cooperation Agreement, the Group repaid loans and purchased back 30% shareholding of Yantai Sunshine 100 in February 2016 at a consideration of RMB23,221,000 and recognised gains of RMB15,024,000 accordingly (see Note 4(a)).

(c) Corporate bonds

In September and October 2015, Guangxi Vantone issued corporate bonds of RMB3,500,000,000 in total, which comprise following 3 bonds:

- 4-year corporate bonds of RMB1,000,000,000 issued at par, with a coupon rate at 7.85% per annum and an effective interest rate at 8.09% per annum;
- 5-year corporate bonds of RMB1,000,000,000 issued at par, with a coupon rate at 7.95% per annum and an effective interest rate at 8.11% per annum; and
- 3-year corporate bonds of RMB1,500,000,000 issued at par, with a coupon rate at 7.99% per annum and an effective interest rate at 8.36% per annum, which is guaranteed by the Company.

Notes to the Financial Statements

20 LOANS AND BORROWINGS (Continued)

(d) The Group's long-term loans and borrowings comprise:

| | 2015 RMB'000 | 2014 RMB'000 |
|--|-----------------|-----------------|
| Loans at fair value through profit or loss: | | |
| Loans from Hangzhou Industrial and Commerce Trust | 23,221 | 38,245 |
| Loans and borrowings at amortized cost: | | |
| Bank loans | | |
| – secured | 4,806,785 | 4,738,305 |
| Loans from other financial institutions | | |
| – secured | 7,506,395 | 7,079,544 |
| Loans from third parties | | |
| – unsecured | 250,000 | 511,943 |
| Senior Notes | 1,370,087 | 1,279,513 |
| Corporate bonds | 3,519,095 | – |
| Sub-total | 17,452,362 | 13,609,305 |
| Less: Current portion of long-term loans and borrowings: | | |
| Loans from Hangzhou Industrial and Commerce Trust | 23,221 | – |
| Bank loans | 2,144,000 | 2,645,050 |
| Loans from other financial institutions | 2,867,403 | 4,095,028 |
| Loans from third parties | 250,000 | 70,000 |
| Sub-total | 5,284,624 | 6,810,078 |
| | 12,190,959 | 6,837,472 |

Notes to the Financial Statements

20 LOANS AND BORROWINGS (Continued)

(e) The Group's short-term loans and borrowings comprise:

| | Note | 2015 RMB'000 | 2014 RMB'000 |
|--|------|-----------------|-----------------|
| Loans and borrowings at amortized cost: | | | |
| Bank loans | | | |
| – secured | | 860,006 | 562,650 |
| Loans from other financial institutions | | | |
| – secured | | 68,800 | 13,000 |
| Loans from associates | | | |
| – unsecured | (i) | 420,577 | 20,817 |
| Loans from third parties | | | |
| – secured | | 290,001 | 585,001 |
| – unsecured | | 653,543 | 12,000 |
| Sub-total | | 2,292,927 | 1,193,468 |
| Current portion of long-term loans and borrowings | | 5,284,624 | 6,810,078 |
| | | 7,577,551 | 8,003,546 |

(i) The balance as at 31 December 2015 represented the loans amounting to RMB20,817,000 borrowed from Chongqing Yuneng Wanyi, bearing an interest rate at 10% per annum and was matured on 15 December 2014, and the loans amounting to RMB399,760,000 borrowed from Wenzhong Zhongxin Haoyuan Co., Ltd, bearing an interest rate at 12% per annum and had no fixed terms of repayment.

The balance as at 31 December 2014 represented the loans amounting to RMB20,817,000 borrowed from Chongqing Yuneng Wanyi, bearing an interest rate at 10% per annum and was matured on 15 December 2014.

Notes to the Financial Statements

20 LOANS AND BORROWINGS (Continued)

- (f) The Group's effective interest rates per annum on loans and borrowings at amortized cost are as follows:

| | 2015 | 2014 |
|---|----------------------|--------------|
| Long-term | | |
| Bank loans | 5.50%–15.00% | 6.15%–10.46% |
| Loans from other financial institutions | 8.00%–14.60% | 7.12%–15.00% |
| Loans from third parties | 6.15% | 6.15%–8.03% |
| Senior Notes | 12.75% | 12.75% |
| Corporate bonds | 8.09%–8.36% | – |
| Short-term | | |
| Bank loans | 2.00%–10.60% | 3.00%–10.00% |
| Loans from other financial institutions | 12.50% | 12.50% |
| Loans from related parties | 12.00% | 12.00% |
| Loans from third parties | 11.00%–13.50% | 6.15%–15.00% |

Notes to the Financial Statements

20 LOANS AND BORROWINGS (Continued)

(g) The Group's loans and borrowings are repayable as follows:

| | 2015 <i>RMB'000</i> | 2014 <i>RMB'000</i> |
|----------------------------------|------------------------|------------------------|
| Within 1 year or on demand | 7,577,551 | 8,003,546 |
| After 1 year but within 2 years | 6,037,852 | 3,574,957 |
| After 2 years but within 5 years | 5,860,107 | 2,784,515 |
| After 5 years | 293,000 | 478,000 |
| | 12,190,959 | 6,837,472 |
| | 19,768,510 | 14,841,018 |

(h) The following items were pledged and entities or individuals provided guarantees to secure and guarantee certain loans and borrowings granted to the Group at the end of each reporting period:

| (i) | <i>Note</i> | 2015 <i>RMB'000</i> | 2014 <i>RMB'000</i> |
|---|-------------|------------------------|------------------------|
| Property and equipment | 10(b) | 572,466 | 510,117 |
| Investment properties | 11(c) | 2,662,932 | 1,965,333 |
| Properties under development and completed properties held for sale | 15(d) | 9,021,977 | 6,258,269 |
| Restricted deposits | 18 | 257,351 | 535,043 |
| | | 12,514,726 | 9,268,762 |

Notes to the Financial Statements

20 LOANS AND BORROWINGS (Continued)

(h) The following items were pledged and entities or individuals provided guarantees to secure and guarantee certain loans and borrowings granted to the Group at the end of each reporting period: (Continued)

(ii) As at 31 December 2015, loans and borrowings amounted to RMB5,766,363,000 (2014: RMB5,322,741,000), were secured by a charge over the shares of the Company and 17 subsidiaries of the Group, Sunmode, Riverside, Keyasia Investment Limited, Hubei Sunshine 100, Yingda Weihua, Hunan Sunshine 100, Weifang Sunshine 100, Yantai Sunshine 100, Guangxi Jingqi, Liuzhou Xinqiannian, Liaoning Sunshine 100, Dongying Shengxing, Lijiang Snow Mountain, Lofty Talent Limited, Chang Jia, Wenzhou Center and Chongqing Sunshine 100.

(iii) As at 31 December 2015, loans amounted to RMB60,000,000 (2014: RMB400,000,000), were guaranteed by Mr. Yi Xiaodi, the Chairman of the Group, and Ms. Xu Yunxia, the spouse of Mr. Yi Xiaodi.

(i) The Group has defaulted in the repayment of loans and borrowings as follows:

| | 2015 RMB'000 | 2014 RMB'000 |
|----------------------------------|-----------------|-----------------|
| Loan from Chongqing Yuneng Wanyi | | |
| – Principal payables | 20,817 | 20,817 |
| – Interest payables | 6,837 | 4,725 |
| | 27,654 | 25,542 |

The loan from Chongqing Yuneng Wanyi was not duly settled as the Group is in the process of negotiating certain transactions with the related party. It will be settled together with the mentioned transactions.

Notes to the Financial Statements

21 TRADE AND OTHER PAYABLES

| | Note | 2015 RMB'000 | 2014 RMB'000 |
|--|------|------------------|-----------------|
| Trade payables | (a) | 4,616,295 | 5,141,767 |
| Advances received from third parties | (b) | 1,362,291 | 912,714 |
| Consideration payables | | 211,799 | 306,870 |
| Amounts due to related parties | (c) | 84,828 | 4,783 |
| Other payables | (d) | 683,001 | 430,086 |
| Financial liabilities measured at amortized cost | | 6,958,214 | 6,796,220 |
| Receipts in advance | | 37,354 | 1,144,739 |
| Other taxes payable | | 52,055 | 77,878 |
| | | 7,047,623 | 8,018,837 |
| Less: non-current portion of trade payables | | 880,943 | 1,177,106 |
| non-current portion of other payables | (e) | – | 104,824 |
| | | 880,943 | 1,281,930 |
| | | 6,166,680 | 6,736,907 |

Notes to the Financial Statements

21 TRADE AND OTHER PAYABLES (Continued)

Notes:

- (a) The ageing analysis of trade payables based on due date is as follows:

| | 2015 RMB'000 | 2014 RMB'000 |
|--------------------------------------|------------------|------------------|
| Due within 1 year or on demand | 3,735,352 | 3,964,661 |
| Due after 1 year but within 2 years | 737,141 | 1,011,783 |
| Due after 2 years but within 5 years | 143,802 | 165,323 |
| | 4,616,295 | 5,141,767 |

- (b) Advances received from third parties

The balances as at 31 December 2015 and 2014 mainly represented advances received from third parties, which were interest-free, unsecured and had no fixed terms of repayment except for advance from a third party amounted to RMB517,500,000, which will be due on 31 December 2016.

- (c) Amounts due to related parties

| | Note | 2015 RMB'000 | 2014 RMB'000 |
|-------------------------------------|------|-----------------|-----------------|
| Amounts due to | | | |
| – Entities under control of Ms. Fan | (i) | 30,094 | 58 |
| – Associates | (ii) | 54,734 | 4,725 |
| | | 84,828 | 4,783 |

- (i) The balance as at 31 December 2015 represented the loans amounting to RMB28,709,000 received from Guangxi Vantone Pharmaceutical Co., Ltd, an entity under control of Ms. Fan, bearing an interest rate at 14% per annum, unsecured and had no fixed terms of repayment, and the advances received from related parties amounting to RMB1,385,000, which were interest-free, unsecured and had no fixed terms of repayment.

The balance as at 31 December 2014 represented the advances received from related parties, which were interest-free, unsecured and had no fixed terms of repayment.

- (ii) The balances as at 31 December 2015 and 2014 represented interest payables to associates.

- (d) Other payables mainly represented interest payables, deposits received from constructors and salary payables.

- (e) The non-current portion of other payables represented the consideration payables for acquisition of subsidiaries, which will be due in 2016 and was included in the current portion of trade and other payables as at 31 December 2015.

Notes to the Financial Statements

22 SALES DEPOSITS

Sales deposits represented proceeds received on property unit sales that have not been recognized as revenue in accordance with the Group's revenue recognition policy.

23 CAPITAL, RESERVES AND DIVIDENDS

(a) Movements in components of equity

The reconciliation between the opening and closing balances of each component of the Group's consolidated equity is set out in the consolidated statements of changes in equity. Details of the changes in the Company's individual components of equity between the beginning and the end of the year are set out below:

The Company:

| Note | Share capital RMB'000 | Share premium RMB'000 | Retained profits RMB'000 | Total RMB'000 |
|---|-----------------------------|-----------------------------|--------------------------------|------------------|
| Balances at 1 January 2014 | 376 | – | 1,991,683 | 1,992,059 |
| Changes in equity for 2014: | | | | |
| Total comprehensive income for the year | – | – | 766,543 | 766,543 |
| Split and repurchase of shares | (69) | – | – | (69) |
| Initial public offering | 3,949 | 1,499,317 | – | 1,503,266 |
| Conversion of loans of Riverside | 895 | 357,181 | – | 358,076 |
| Capitalisation of shares | 10,609 | (10,609) | – | – |
| Balance at 31 December 2014 and 1 January 2015 | 15,760 | 1,845,889 | 2,758,226 | 4,619,875 |
| Changes in equity for 2015: | | | | |
| Total comprehensive income for the year | – | – | 597,811 | 597,811 |
| Issuance of shares (i) | 2,958 | 1,002,524 | – | 1,005,482 |
| Cost of issuance of shares (i) | – | (27,083) | – | (27,083) |
| Balance at 31 December 2015 | 18,718 | 2,821,330 | 3,356,037 | 6,196,085 |

Note:

(i) Issuance of shares

During the year ended 31 December 2015, the Company issued 375,000,000 shares at HKD3.40 per share, and received a net proceeds of HKD1,240 million (equivalent to approximately RMB978 million).

Notes to the Financial Statements

23 CAPITAL, RESERVES AND DIVIDENDS (Continued)

(b) Dividends

(i) Dividends payable to equity shareholders of the Company attributable to the year

| | 2015 RMB'000 |
|--|-----------------|
| Final dividend proposed after the end of the reporting period of 5.89 cents per ordinary share (2014: RMB nil) | 139,910 |

The final dividend proposed after the end of the reporting period has not been recognised as a liability at the end of the reporting period.

The Company did not declare any interim dividends during the year ended 31 December 2015.

(ii) The Company did not declare any dividends for the year ended 31 December 2014.

(c) Share capital

| | 2015 | | 2014 | |
|--------------------|---------------|---------|---------------|---------|
| | No. of shares | HKD'000 | No. of shares | HKD'000 |
| Authorised: | | | | |
| Ordinary shares | 3,000,000,000 | 30,000 | 3,000,000,000 | 30,000 |

| | Note | 2015 | | 2014 | |
|--|--------|----------------------|---------------|---------------|---------|
| | | No. of shares | RMB'000 | No. of shares | RMB'000 |
| Ordinary shares, issued and fully paid: | | | | | |
| At 1 January | | 2,000,000,000 | 15,760 | 50,000 | 376 |
| Issuance of shares | (a)(i) | 375,000,000 | 2,958 | – | – |
| Split and repurchase of shares | | – | – | 38,950,000 | (69) |
| Initial public offering | | – | – | 500,000,000 | 3,949 |
| Conversion of loans from Riverside | | – | – | 113,284,988 | 895 |
| Capitalisation of shares | | – | – | 1,347,715,012 | 10,609 |
| At 31 December | | 2,375,000,000 | 18,718 | 2,000,000,000 | 15,760 |

Notes to the Financial Statements

23 CAPITAL, RESERVES AND DIVIDENDS (Continued)

(d) Nature and purpose of reserves

(i) *Share premium*

The share premium account is governed by the Cayman Companies Law and may be applied by the Company subject to the provisions, if any, of its memorandum and articles of association in (a) paying distributions or dividends to equity shareholders; (b) paying up unissued shares of the Company to be issued to equity shareholders as fully paid bonus shares; (c) the redemption and repurchase of shares (subject to the provisions of section 37 of the Cayman Companies Law); (d) writing-off the preliminary expenses of the Company; (e) writing-off the expenses of, or the commission paid or discount allowed on, any issue of shares or debentures of the Company; and (f) providing for the premium payable on redemption or purchase of any shares or debentures of the Company.

No distribution or dividend may be paid to equity shareholders out of share premium account unless immediately following the date on which the distribution or dividend is proposed to be paid, the Company will be able to pay its debts as they fall due in the ordinary course of business.

(ii) *Exchange reserve*

The exchange reserve comprises all foreign exchange differences arising from the translation of financial statements of foreign operations. The reserve is dealt with in accordance with the accounting policies set out in Note 1(w).

(iii) *General reserve fund*

Pursuant to the Articles of Association of the Company's subsidiaries in the PRC, appropriations to the general reserve fund were made at a certain percentage of profit after taxation determined in accordance with the accounting rules and regulations of the PRC. The percentage for this appropriation was decided by the directors of the subsidiaries. This reserve fund can be utilized in setting off accumulated losses or increasing capital of the subsidiaries and is non-distributable other than in liquidation.

(iv) *Property revaluation reserve*

The property revaluation reserve has been set up and is dealt with in accordance with the accounting policies adopted for investment properties transferred from property and equipment in Note 1(i).

Notes to the Financial Statements

23 CAPITAL, RESERVES AND DIVIDENDS (Continued)

(e) Distributability of reserves

At 31 December 2015, the aggregate amount of reserves available for distribution to equity shareholders of the Company was RMB6,177,367,000 (2014: RMB4,604,115,000), including retained profits and share premium as disclosed in Note 23(a).

(f) Capital management

The Group's primary objectives when managing capital are to safeguard the Group's ability to continue as a going concern, so that it can fund its development and construction of real estate properties, and continue to provide returns for equity shareholders, by pricing properties commensurately with the level of risk and by securing access to finance at a reasonable cost.

The Group actively and regularly reviews and manages its capital structure to maintain a balance between the higher equity shareholder returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position, and makes adjustments to the capital structure in light of changes in economic conditions.

Consistent with industry practice, the Group monitors its capital structure on the basis of a gearing ratio, which was unchanged during the year, as defined by the Group, being the total of loans and borrowings divided by the total assets. As at 31 December 2015, the gearing ratio of the Group was 45.83% (2014: 42.32%).

24 EMPLOYEE BENEFIT PLAN

The Group participates in a defined contribution retirement scheme established by the relevant local government authorities for its staff. The Group was required to make contributions to the retirement scheme at 13% to 20% of the gross salaries of its staff.

The Group has no other obligation for the payment of post-retirement benefits beyond the contributions described above.

Notes to the Financial Statements

25 COMMITMENTS AND CONTINGENT LIABILITIES

(a) Capital commitments

As at 31 December 2015 and 2014, the Group has the following commitments in respect of properties under development and investment properties under construction not provided for in the financial statements:

| | 2015 <i>RMB'000</i> | 2014 <i>RMB'000</i> |
|---------------------------------|-------------------------------|------------------------|
| Contracted for | 2,686,005 | 1,566,697 |
| Approved but not contracted for | 4,300,189 | 5,301,290 |
| | 6,986,194 | 6,867,987 |

The Group's share of its joint venture's own capital commitment, which is not included above, is as follows:

| | 2015 <i>RMB'000</i> | 2014 <i>RMB'000</i> |
|---------------------------------|-------------------------------|------------------------|
| Contracted for | 578 | – |
| Approved but not contracted for | 171,413 | – |
| | 171,991 | – |

Notes to the Financial Statements

25 COMMITMENTS AND CONTINGENT LIABILITIES (Continued)

(b) Investment commitments

Commitments in respect of equity investments outstanding at 31 December 2015 not provided for in the financial statements were as follows:

| | 2015 <i>RMB'000</i> | 2014 <i>RMB'000</i> |
|----------------|-------------------------------|------------------------|
| Contracted for | – | 160,888 |

(c) Operating lease commitments

As at 31 December 2015, the total future minimum lease payments under non-cancellable operating leases are payable as follows:

| | 2015 <i>RMB'000</i> | 2014 <i>RMB'000</i> |
|---------------------------------|-------------------------------|------------------------|
| Within 1 year | 9,536 | 12,556 |
| After 1 year but within 5 years | 20,662 | 22,746 |
| After 5 years | 6,324 | 12,330 |
| | 36,522 | 47,632 |

(d) Guarantees

The Group has entered into agreements with certain banks with respect to mortgage loans provided to buyers of property units. The Group has given guarantees on mortgage loans provided to the buyers by these banks. The guarantees will be released when the property title deeds are pledged to banks as security for the respective mortgage loans, which generally take place within two years after the property units are delivered to the buyers. The total amounts of mortgages outstanding which are guaranteed by the Group, were RMB5,317,632,000 as at 31 December 2015 (2014: RMB5,180,068,000).

Notes to the Financial Statements

25 COMMITMENTS AND CONTINGENT LIABILITIES (Continued)

(e) Warranty against defects of properties

Properties purchased by buyers are provided with various warranties of term between one to five years against certain defects as stipulated in the relevant PRC laws and regulations, and these warranties are covered by back-to-back warranties provided by the relevant contractors of the projects.

(f) Legal contingencies

The Group is a defendant in certain lawsuits as well as the named party in other proceedings arising in the normal course of business. While the outcomes of such contingencies, lawsuits or other proceedings cannot be determined at present, the directors believe that any resulting liabilities will not have a material adverse impact on the financial position, liquidity, or operating results of the Group.

(g) Investment properties and properties held for sale

The Group leases out investment properties under operating leases. The leases typically run for an initial period of 1 to 20 years, with an option to renew the lease after that date at which time all terms are renegotiated.

The Group's total future minimum lease payments under non-cancellable operating leases are receivable as follows:

| | 2015 <i>RMB'000</i> | 2014 <i>RMB'000</i> |
|---------------------------------|------------------------|------------------------|
| Within 1 year | 110,445 | 98,598 |
| After 1 year but within 5 years | 305,875 | 405,016 |
| After 5 years | 449,452 | 449,222 |
| | 865,772 | 952,836 |

Notes to the Financial Statements

26 FINANCIAL RISK MANAGEMENT AND FAIR VALUES

Exposure to credit, liquidity, interest rate and currency risks arises in the normal course of the Group's business. The Group's exposure to these risks and the financial risk management policies and practices used by the Group to manage these risks are described below.

(a) Credit risk

The Group's credit risk is primarily attributable to trade and other receivables. Management has a credit policy in place and the exposures to these credit risks are monitored on an ongoing basis.

Credit evaluations are performed on all customers requiring credit over a certain amount. With respect to credit risk arising from trade receivables, the Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer rather than the industry or country in which the customers operate and therefore significant concentrations of credit risk primarily arise when the Group has significant exposure to individual customers. The Group generally would not release the property ownership certificates to the buyers before the buyers finally settle the selling price.

With respect to credit risk arising from advances to third parties and amounts due from associates and a joint venture, the Group's exposure to credit risk arising from default of the counterparty is limited as the counterparty has good history of repayment and has further business with the Group and the Group does not expect to incur a significant loss for uncollected advances to these parties.

The receivable from the Group's largest customer accounted for 10.79% of total trade and other receivables as at 31 December 2015 (2014: 17.58%).

The maximum exposure to credit risk without taking account of any collateral held is represented by the carrying amount of each financial asset, including derivative financial instruments, in the statement of financial positions after deducting any impairment allowance. Except for the financial guarantees given by the Group as set out in Note 25(d), the Group does not provide any other guarantees which would expose the Group to credit risk. The maximum exposure to credit risk in respect of these financial guarantees at the end of each reporting period is disclosed in Note 25(d).

Further quantitative disclosures in respect of the Group's exposure to credit risk arising from trade and other receivables are set out in Note 17.

Notes to the Financial Statements

26 FINANCIAL RISK MANAGEMENT AND FAIR VALUES (Continued)

(b) Liquidity risk

Historically, the Group relied to a great extent on proceeds received from pre-sale of property units (sold in advance of the completion of the real estate projects) to fund its development and construction of real estate projects. As there is no assurance that proceeds received from future pre-sales of the Group's current real estate projects will be sufficient to meet the Group's needs, the Group's operating plan requires it to raise additional funds to finance the development and construction of its current real estate projects. If the Group is unable to raise additional equity or debt financing, the Group's expansion plans and operations might need to be curtailed.

Sunshine 100 Group is responsible for the Group's overall cash management and the raising of borrowings to cover expected cash demands. The Group's policy is to regularly monitor current and expected liquidity requirements and its compliance with lending covenants, to ensure that it maintains sufficient reserves of cash and adequate committed lines of funding from major financial institutions to meet its liquidity requirement in the short and longer term.

The following table details the remaining contractual maturities at the end of each reporting periods of the Group's financial liabilities which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on rates current at the end of each reporting periods) and the earliest date the Group can be required to pay:

| | Contractual undiscounted cash outflow | | | | | Carrying amount RMB'000 |
|--|---------------------------------------|---|--|------------------------------|------------------|----------------------------|
| | Within 1 year or on demand RMB'000 | More than 1 year but less than 2 years RMB'000 | More than 2 years but less than 5 years RMB'000 | More than 5 years RMB'000 | Total RMB'000 | |
| The Group | | | | | | |
| At 31 December 2015 | | | | | | |
| Loans and borrowings | | | | | | |
| – Long-term | 6,808,300 | 6,938,058 | 6,573,007 | 355,095 | 20,674,460 | 17,452,362 |
| – Short-term | 2,473,762 | – | – | – | 2,473,762 | 2,292,927 |
| Contract retention payables | 161,917 | 179,920 | 8,206 | 28,013 | 378,056 | 378,056 |
| Financial liabilities measured at amortized cost | 6,077,271 | 737,141 | 143,802 | – | 6,958,214 | 6,958,214 |
| | 15,521,250 | 7,855,119 | 6,725,015 | 383,108 | 30,484,492 | 27,081,559 |

Notes to the Financial Statements

26 FINANCIAL RISK MANAGEMENT AND FAIR VALUES (Continued)

(b) Liquidity risk (Continued)

| | Contractual undiscounted cash outflow | | | | | Carrying amount RMB'000 |
|---|---------------------------------------|--|---|----------------------|------------|----------------------------|
| | Within 1 year or on demand | More than 1 year but less than 2 years | More than 2 years but less than 5 years | More than 5 years | Total | |
| | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | |
| At 31 December 2014 | | | | | | |
| Loans and borrowings | | | | | | |
| – Long-term | 7,928,787 | 4,164,403 | 3,306,231 | 626,270 | 16,025,691 | 13,647,550 |
| – Short-term | 1,233,047 | – | – | – | 1,233,047 | 1,193,468 |
| Contract retention payables | 159,115 | 55,786 | 168,223 | – | 383,124 | 383,124 |
| Financial liabilities measured at amortized cost | 5,514,290 | 1,011,783 | 270,147 | – | 6,796,220 | 6,796,220 |
| | 14,835,239 | 5,231,972 | 3,744,601 | 626,270 | 24,438,082 | 22,020,362 |

(c) Interest rate risk

The interest rates of the Group's loans and borrowings are disclosed in Note 20(f). The annual interest rates of the Group's deposits at bank ranged from 0.75% to 2.75% as at 31 December 2015 and 2014.

The interest rate profile of the Group's interest-bearing financial instruments was:

| | 2015 RMB'000 | 2014 RMB'000 |
|--|-----------------|-----------------|
| Fixed rate instruments | | |
| Loans and borrowings at amortized cost | 15,787,504 | 10,569,938 |
| Variable rate instruments | | |
| Loans and borrowings at amortized cost | 3,957,785 | 4,232,835 |

Notes to the Financial Statements

26 FINANCIAL RISK MANAGEMENT AND FAIR VALUES (Continued)

(c) Interest rate risk (Continued)

As at 31 December 2015, it is estimated that a general increase/decrease of 100 basis points in interest rates for loans and borrowings, with all other variables held constant, would decrease/increase the Group's profit after tax and retained profits by approximately RMB3,447,000 (2014: RMB3,289,000), and would increase/decrease the Group's properties under development and completed properties held for sale, investment properties, property and equipment and land development for sale, by approximately RMB34,982,000 (2014: RMB37,943,000).

The sensitivity analysis above has been determined assuming that the change in interest rates had occurred at the end of each reporting periods and had been applied to the exposure to interest rate risk for non-derivative financial instruments in existence at the end of each reporting periods. The analysis is performed on the same basis for 2014.

(d) Currency risk

RMB is not freely convertible into foreign currencies. All foreign exchange transactions involving RMB must take place through The People's Bank of China ("PBOC") or other institutions authorized to buy and sell foreign exchange. The exchange rate adopted for the foreign exchange transactions are the rates of exchange quoted by the PBOC that would be subject to a managed float against an unspecified basket of currencies.

Foreign currency payments, including the remittance of earnings outside the PRC, are subject to the availability of foreign currency (which depends on the foreign currency denominated earnings of the Group) or must be arranged through the PBOC with government approval.

All the revenue-generating operations of the Group are transacted in RMB. The Group is exposed to foreign currency risk on cash and cash equivalents denominated in currencies other than RMB. Depreciation or appreciation of the RMB against foreign currencies can affect the Group's results.

Notes to the Financial Statements

26 FINANCIAL RISK MANAGEMENT AND FAIR VALUES (Continued)

(d) Currency risk (Continued)

Included in cash and cash equivalents and loans and borrowings in the consolidated statement of financial position as at 31 December 2015 and 2014, the amounts denominated in currencies other than the functional currency of the entities to which they relate were as follows:

| | 2015 '000 | 2014 '000 |
|--------------------------------------|------------------|--------------|
| United States Dollars ("USD") | | |
| – Other receivables | 101,650 | 96,250 |
| – Cash and cash equivalents | 158 | 48,595 |
| – Senior Notes | (234,728) | (215,000) |
| Net exposure | (132,920) | (70,155) |

5% increase or decrease in USD exchange rate against RMB, assuming such change had occurred as at 31 December 2015, would decrease/increase the Group's profit after tax and retained profits by approximately RMB41,471,000 (2014: RMB21,464,000).

(e) Fair values

(i) Fair values of financial instruments carried at other than fair value

The carrying amounts of the Group's financial instruments carried at cost or amortized cost are not materially different from their fair value as at 31 December 2015 and 2014.

Notes to the Financial Statements

27 MATERIAL RELATED PARTY TRANSACTIONS

(a) Transactions with related parties

The principal transactions which were carried out in the ordinary course of business are as follows:

| | 2015 <i>RMB'000</i> | 2014 <i>RMB'000</i> |
|--|------------------------|------------------------|
| Advances provided to/(received from) | | |
| – Associates | 1,500 | 11,628 |
| – Entities under control of Ms. Fan | (1,385) | (58) |
| – Entities under significant influence of the 8 individual founders of the Group (the “8 individuals”) | – | 4,873 |
| – Entities under control of the key management personnel of the Group | – | 117,319 |
| – Joywise Holdings Limited (“Joywise”) the immediate holding company of the Company | (15,772) | – |
| Repayment of advances (from)/to | | |
| – Associates | (20) | (428,936) |
| – Entities under control of Ms. Fan | 58 | (32,154) |
| – Entities under significant influence of the 8 individuals | – | 42,763 |
| – Joywise | 15,772 | – |

Notes to the Financial Statements

27 MATERIAL RELATED PARTY TRANSACTIONS (Continued)

(a) Transactions with related parties (Continued)

| | 2015 RMB'000 | 2014 RMB'000 |
|---|-----------------|-----------------|
| Interest repaid by | | |
| – An associate | 13,400 | – |
| Interest expense charged by | | |
| – Associates | 6,110 | 2,425 |
| Consideration paid on acquisition of an associate | | |
| – Entities under significant influence of the 8 individuals | 110,488 | 117,312 |
| Consideration paid on acquisition of a subsidiary | | |
| – Entities under control of Ms. Fan | – | 117,319 |
| Loans incurred from acquisition of a subsidiary | | |
| – Entities under control of Ms. Fan | 28,709 | – |
| Loans provided to | | |
| – A joint venture | 362,235 | – |
| Rental charged by | | |
| – An associate | 3,566 | 7,708 |
| Property management income charged to | | |
| – An associate | 625 | 534 |
| Rental charged to | | |
| – Entity under control of Ms. Fan | 12,400 | 12,200 |
| – Entity under significant influence of the 8 individuals | – | 2,201 |

Notes to the Financial Statements

27 MATERIAL RELATED PARTY TRANSACTIONS (Continued)

(b) Key management personnel remuneration

Key management personnel are those persons holding positions with authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly, including the Group's directors.

Remuneration for key management personnel, including amounts paid to the Company's directors as disclosed in Note 6, and certain of the highest paid employees as disclosed in Note 7, is as follows:

| | 2015 RMB'000 | 2014 RMB'000 |
|---|-----------------|-----------------|
| Salaries, wages and other benefits | 15,406 | 17,289 |
| Contributions to defined contribution retirement plan | 292 | 367 |
| | 15,698 | 17,656 |

Total remuneration is included in "Staff costs" (see Note 4(b)).

(c) Other related party transactions

The Group pledged certain investment properties with carrying value of RMB43,882,000 (2014: RMB42,419,000), as collaterals for banking facilities provided to Guangxi Vantone Pharmaceuticals Co., Ltd. The pledge period ranged 3 years and will be matured in September 2018.

As at 31 December 2015 and 2014, certain loans were guaranteed by Mr. Yi Xiaodi and Ms. Xu Yunxia (see Note 20(h)(iii)).

(d) The Listing Rules relating to connected transactions

The related party transactions in respect of consideration on acquisition of a subsidiary from a related party, received loans and borrowings from a related party and rental charged to related parties, above constitute connected transactions or continuing connected transactions as defined in Chapter 14A of the Listing Rules, however, except for rental charged to entity under control of Ms. Fan, of which the disclosures required by Chapter 14A of the Listing Rules are provided in section connected transactions of the Reports of the Directors, other related party transactions mentioned above are exempt from the disclosure requirements in Chapter 14A of the Listing Rules.

Notes to the Financial Statements

28 ACQUISITION AND DISPOSAL OF SUBSIDIARIES

(a) The Group acquired following major subsidiaries during the year ended 31 December 2015.

The Group acquired certain subsidiaries during the year ended 31 December 2015, the following table summarizes the recognized amounts of assets acquired and liabilities assumed at the acquisition dates:

| | Note | Lijiang Snow Mountain '000 | Wenzhou Center '000 | Wenzhou Shihe '000 | Sunshine 100 Resort '000 | Total '000 |
|--|-------|----------------------------------|---------------------------|--------------------------|--------------------------------|------------------|
| Property and equipment | 10 | 1,536 | 4,505 | 8 | – | 6,049 |
| Properties under development and completed properties held for sale | | 826,050 | 1,611,173 | 1,591,845 | – | 4,029,068 |
| Investment properties | 11 | – | 461,433 | – | 69,603 | 531,036 |
| Deferred tax assets | 14(b) | 22,154 | 37,074 | 37,608 | – | 96,836 |
| Trade and other receivables | | 12,262 | 576,234 | 96,188 | 4 | 684,688 |
| Cash and cash equivalents | | 18,626 | 3,724 | 1,068 | 1,854 | 25,272 |
| Trade and other payables | | (74,477) | (775,848) | (186,789) | (52,072) | (1,089,186) |
| Sales deposits | | (76,348) | – | – | – | (76,348) |
| Loans and borrowings | | (203,500) | (573,516) | (817,788) | – | (1,594,804) |
| Deferred tax liabilities | 14(b) | (146,303) | (874,274) | (480,440) | – | (1,501,017) |
| Total identifiable net assets acquired | | 380,000 | 470,505 | 241,700 | 19,389 | 1,111,594 |
| Non-controlling interests acquired | | 94,700 | 230,548 | 118,433 | 9,501 | 453,182 |
| Cash acquired during the year | | 18,626 | 3,724 | 1,068 | 1,854 | 25,272 |
| Cash paid during the year | | (181,800) | (104,080) | (104,080) | (2,133) | (392,093) |
| Net cash outflow including in the consolidated cash flow statements | | (163,174) | (100,356) | (103,012) | (279) | (366,821) |

Notes to the Financial Statements

28 ACQUISITION AND DISPOSAL OF SUBSIDIARIES (Continued)

- (a) The Group acquired following major subsidiaries during the year ended 31 December 2015.
(Continued)

(i) **Lijiang Snow Mountain**

As disclosed in Note 12(ix), Lijiang Snow Mountain became and was accounted for as a subsidiary of the Group from 10 June 2015.

Lijiang Snow Mountain are project companies which develop Lijiang Snow Mountain Art Town Project, located in Beam Ancient Town of Lijiang. Taking control of Lijiang Snow Mountain will enable the Group to have exposure to this market through local expertise.

For the period from 10 June 2015 to 31 December 2015, Lijiang Snow Mountain contributed revenue of RMB nil and a loss of RMB3,604,000 to the Group's results for the year ended 31 December 2015. If the acquisition had occurred on 1 January 2015, Lijiang Snow Mountain would not have contributed any revenue to the Group and management estimates that there would have been a loss of RMB37,814,000 for the year ended 31 December 2015 incurred by this subsidiary. In determining these amounts, management has assumed that the fair value adjustments, determined provisionally, that arose on the acquisition date would have been the same if the acquisition had occurred on 1 January 2015.

(1) *Measurement of fair value*

The valuation techniques used for measuring the fair value of material assets acquired were as follows.

| Assets acquired | Valuation technique |
|---|---|
| Property, plant and equipment | <i>Market comparison technique:</i> The valuation model considers quoted market prices for similar items when available, and depreciated replacement cost when appropriate. |
| Property under development and completed properties held for sale | <i>Market comparison technique:</i> The fair value is determined based on the estimated selling price in the ordinary course of business less the estimated costs of completion and sale, and a reasonable profit margin based on the effort required to complete and sell the inventories. Depreciated replacement cost reflects adjustments for physical deterioration as well as functional and economic obsolescence. |

Notes to the Financial Statements

28 ACQUISITION AND DISPOSAL OF SUBSIDIARIES (Continued)

(a) The Group acquired following major subsidiaries during the year ended 31 December 2015.
(Continued)

(i) **Lijiang Snow Mountain** (Continued)

(2) *Goodwill*

No goodwill has been recognized from the acquisition, as presented follows:

| | <i>RMB'000</i> |
|--|----------------|
| Consideration transferred | 193,800 |
| Non-controlling interests, based on their proportionate interest in the recognized amounts of the assets and liabilities (Note (i)) | 186,200 |
| Fair value of identifiable net assets | (380,000) |
| Goodwill on acquisition of Lijiang Snow Mountain | – |

Note (i): It included an amount of RMB91,500,000 in relation to the consideration for the Group's obligation to repurchase of 34.99% equity interest in Lijiang Snow Mountain held by China Industrial, in case Mr Li Yapeng is default to do so in May 2017, which was recognised as a financial liability in the consolidated financial statements.

(ii) **Wenzhou Center**

As disclosed in Note 12(x), Wenzhou Center became and was accounted for as a subsidiary of the Group from 1 September 2015.

Wenzhou Center is a project company which develops Wenzhou Center Project. Taking control of Wenzhou Center will enable the Group to have exposure to this market through local expertise.

Notes to the Financial Statements

28 ACQUISITION AND DISPOSAL OF SUBSIDIARIES (Continued)

(a) The Group acquired following major subsidiaries during the year ended 31 December 2015.
(Continued)

(ii) **Wenzhou Center** (Continued)

For the period from 1 September 2015 to 31 December 2015, Wenzhou Center contributed revenue of RMB nil and a loss of RMB20,297,000 to the Group's results for the year ended 31 December 2015. If the acquisition had occurred on 1 January 2015, Wenzhou Center would not have contributed any revenue to the Group and management estimates that there would have been a loss of RMB154,001,000 for the year ended 31 December 2015 incurred by this subsidiary. In determining these amounts, management has assumed that the fair value adjustments, determined provisionally, that arose on the acquisition date would have been the same if the acquisition had occurred on 1 January 2015.

(1) *Measurement of fair value*

The valuation techniques used for measuring the fair value of material assets acquired were as follows.

| Assets acquired | Valuation technique |
|---|---|
| Property, plant and equipment | <i>Market comparison technique:</i> The valuation model considers quoted market prices for similar items when available, and depreciated replacement cost when appropriate. |
| Property under development and completed properties held for sale | <i>Market comparison technique:</i> The fair value is determined based on the estimated selling price in the ordinary course of business less the estimated costs of completion and sale, and a reasonable profit margin based on the effort required to complete and sell the inventories. Depreciated replacement cost reflects adjustments for physical deterioration as well as functional and economic obsolescence. |
| Investment properties | <i>Market comparison technique:</i> The valuation model considers quoted market prices for similar items when available, and depreciated replacement cost when appropriate. |

Notes to the Financial Statements

28 ACQUISITION AND DISPOSAL OF SUBSIDIARIES (Continued)

(a) **The Group acquired following major subsidiaries during the year ended 31 December 2015.**
(Continued)

(ii) **Wenzhou Center** (Continued)

(2) *Goodwill*

No goodwill has been recognized from the acquisition, as presented follows:

| | <i>RMB'000</i> |
|---|------------------|
| Consideration transferred | 104,080 |
| Non-controlling interests, based on their proportionate interest in the recognized amounts of the assets and liabilities | 230,548 |
| Fair value of identifiable net assets | (470,505) |
| Gains on acquisition of Wenzhou Center | (135,877) |

(iii) **Wenzhou Shihe**

As disclosed in Note 12(xi), Wenzhou Shihe became and was accounted for as a subsidiary of the Group from 30 October 2015.

Wenzhou Shihe is a project company which develops Wehzhou Shengtaicheng Project. Taking control of Wenzhou Shihe will enable the Group to have exposure to this market through local expertise.

For the period from 30 October 2015 to 31 December 2015, Wenzhou Shihe contributed revenue of RMB nil and a loss of RMB4,000 to the Group's results for the year ended 31 December 2015. If the acquisition had occurred on 1 January 2015, Wenzhou Shihe would not have contributed any revenue to the Group and management estimates that there would have been a loss of RMB146,252,000 for the year ended 31 December 2015 incurred by this subsidiary. In determining these amounts, management has assumed that the fair value adjustments, determined provisionally, that arose on the acquisition date would have been the same if the acquisition had occurred on 1 January 2015.

Notes to the Financial Statements

28 ACQUISITION AND DISPOSAL OF SUBSIDIARIES (Continued)

(a) The Group acquired following major subsidiaries during the year ended 31 December 2015.
(Continued)

(iii) **Wehzhou Shihe** (Continued)

(1) *Measurement of fair value*

The valuation techniques used for measuring the fair value of material assets acquired were as follows.

| Assets acquired | Valuation technique |
|---|---|
| Property, plant and equipment | <i>Market comparison technique:</i> The valuation model considers quoted market prices for similar items when available, and depreciated replacement cost when appropriate. |
| Property under development and completed properties held for sale | <i>Market comparison technique:</i> The fair value is determined based on the estimated selling price in the ordinary course of business less the estimated costs of completion and sale, and a reasonable profit margin based on the effort required to complete and sell the inventories. Depreciated replacement cost reflects adjustments for physical deterioration as well as functional and economic obsolescence. |

(2) *Goodwill*

No goodwill has been recognized from the acquisition, as presented follows:

| | <i>RMB'000</i> |
|--|----------------|
| Consideration transferred | 104,080 |
| Non-controlling interests, based on their proportionate interest in the recognized amounts of the assets and liabilities | 118,433 |
| Fair value of identifiable net assets | (241,700) |
| Gains on acquisition of Wenzhou Shihe | (19,187) |

Notes to the Financial Statements

28 ACQUISITION AND DISPOSAL OF SUBSIDIARIES (Continued)

(b) Disposal of Dongguan City Qingyuan Incubator Co.,Ltd. (“Dongguan Incubator”)

During the year ended 31 December 2015, the Group entered into an equity transfer agreement with a third party and disposed the entire equity interest in Dongguan Incubator, which was engaged in the development of Dongguan Songshan Project.

The disposal had the following effects on the Group’s assets and liabilities on the disposal date:

| | <i>Note</i> | <i>RMB’000</i> |
|--|-------------|----------------|
| Investment properties | 11 | 202,800 |
| Trade and other receivables | | 6,130 |
| Cash and cash equivalents | | 717 |
| Trade and other payables | | (209,382) |
| Net assets | | 265 |
| Consideration | | 79,000 |
| Gains on disposal of a subsidiary | | 78,735 |
| Cash received during the year | | 30,450 |
| Cash disposed during the year | | (717) |
| Net cash inflow included in the consolidated cash flow statements | | 29,733 |

Notes to the Financial Statements

29 CRITICAL ACCOUNTING JUDGEMENTS IN APPLYING THE GROUP'S ACCOUNTING POLICIES

Estimates and judgements used in preparing the accounts are evaluated and based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that may have a significant effect on the carrying amounts of assets and liabilities mainly include those related to property development activities.

(a) Land appreciation taxes

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

The Group is subject to land appreciation taxes in the PRC which has been included in income tax of the Group. However, the Group has not finalized its land appreciation tax returns with the tax authorities for certain property development projects of the Group. Accordingly, significant judgement is required in determining the amount of land appreciation and its related taxes. The ultimate tax determination is uncertain during the ordinary course of business. The Group recognizes these liabilities based on management's best estimates. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred income tax provisions in the period in which such determination is made.

(b) Provision for properties under development and completed properties held for sale

As explained in Note 1(n), the Group's properties under development and completed properties held for sale are stated at the lower of cost and net realizable value. Based on the Group's recent experience and the nature of the subject properties, the Group makes estimates of the selling prices, the costs of completion in case for properties under development, and the costs to be incurred in selling the properties based on prevailing market conditions.

If there is an increase in costs to completion or a decrease in net sales value, the net realizable value will decrease and this may result in provision for properties under development and completed properties held for sale. Such provision requires the use of judgement and estimates. Where the expectation is different from the original estimate, the carrying value and provision for properties in the periods in which such estimate is changed will be adjusted accordingly.

In addition, given the volatility of the PRC property market and the unique nature of individual properties, the actual outcomes in terms of costs and revenue may be higher or lower than estimated at the end of each reporting periods. Any increase or decrease in the provision would affect profit or loss in future periods.

Notes to the Financial Statements

29 CRITICAL ACCOUNTING JUDGEMENTS IN APPLYING THE GROUP'S ACCOUNTING POLICIES (Continued)

(c) Recognition and allocation of construction cost on properties under development

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

When developing properties, the Group typically divides the development projects into phases. Specific costs directly related to the development of a phase are recorded as the cost of such phase. Costs that are common to phases are allocated to individual phases based on the estimated market value of each phase as a percentage of the total estimated market value of the entire project, or if the above is not practicable, the common costs are allocated to individual phases based on saleable area.

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

(d) Impairment for property and equipment

If circumstances indicate that the net book value of a property or equipment may not be recoverable, the asset may be considered "impaired", and an impairment loss may be recognized to reduce the carrying amount to the recoverable amount in accordance with the accounting policy for impairment of property and equipment as described in Note 1(l)(ii). The recoverable amount is the greater of the net selling price and the value in use. In determining the value in use, expected cash flows generated by the asset are discounted to their present value, which requires significant judgement relating to level of future income and operating costs. The Group uses all readily available information in determining an amount that is a reasonable approximation of recoverable amount, including estimates based on reasonable and supportable assumptions and projections of future income and operating costs. Changes in these estimates could have a significant impact on the carrying value of the assets and could result in additional impairment charge or reversal of impairment in future periods.

Notes to the Financial Statements

29 CRITICAL ACCOUNTING JUDGEMENTS IN APPLYING THE GROUP'S ACCOUNTING POLICIES (Continued)

(e) Valuation of investment properties

As described in Note 11(a), investment properties are stated at fair value based on the valuation performed by an independent firm of professional valuers after taking into consideration the market evidence of transaction prices, and where appropriate, the rental income allowing for reversionary income potential.

In determining the fair value, the valuers have taken into consideration the market conditions existed at the end of each reporting period or where appropriate, a method of valuation which involves, inter alia, certain estimates including market prices, prevailing market rents for comparable properties in the same location and condition, appropriate discount rates and expected future market rents. In relying on the valuation report, the management has exercised their judgement and are satisfied that the method of valuation is reflective of the prevailing market conditions as at the respective end of each reporting periods.

(f) Impairment for loans and receivables

The Group estimates impairment losses for loans and receivables resulting from the inability of the customers to make the required payments. The Group bases the estimates on the ageing of the loans and receivables balance, customer credit-worthiness, and historical write-off experience. If the financial condition of the customers were to deteriorate, actual write-offs would be higher than estimated.

(g) Deferred taxation on investment properties

For the purposes of measuring deferred tax liabilities or deferred tax assets arising from investment properties that are measured using the fair value model, the management have reviewed the investment property portfolios of the Group and concluded that investment properties held by the Group are not held under a business model whose objective is to consume substantially all of the economic benefits embodied in the investment properties over time, rather than through sale. Therefore, in measuring the deferred taxation on investment properties of the Group, the management have determined that the "sales" presumption that the carrying amounts of investment properties measured using the fair value model are recovered entirely through sale is not rebutted. As a result, the Group has recognised the deferred taxes on changes in fair value of investment properties as the Group is subject to land appreciation taxes on disposal of its investment properties.

Notes to the Financial Statements

30 COMPANY-LEVEL STATEMENT OF FINANCIAL POSITION

| | Note | 2015 RMB'000 | 2014 RMB'000 |
|--|-------|------------------|-----------------|
| Non-current assets | | | |
| Investments in subsidiaries | 12 | 4,770,883 | 3,984,216 |
| Property and equipment | | 581 | 574 |
| Long-term receivables | | 64,948 | – |
| Total non-current assets | | 4,836,412 | 3,984,790 |
| Current assets | | | |
| Other receivables | | 806,332 | 590,265 |
| Amounts due from subsidiaries | | 2,067,484 | 1,221,650 |
| Cash and cash equivalents | | 15,371 | 297,588 |
| Total current assets | | 2,889,187 | 2,109,503 |
| Current liabilities | | | |
| Loans and borrowings | | 128,106 | 135,000 |
| Other payables | | 31,321 | 59,905 |
| Total current liabilities | | 159,427 | 194,905 |
| Net current assets | | 2,729,760 | 1,914,598 |
| Total assets less current liabilities | | 7,566,172 | 5,899,388 |
| Non-current liabilities | | | |
| Loans and borrowings | | 1,370,087 | 1,279,513 |
| NET ASSETS | | 6,196,085 | 4,619,875 |
| CAPITAL AND RESERVES | | | |
| Share capital | 23(a) | 18,718 | 15,760 |
| Reserves | | 6,177,367 | 4,604,115 |
| TOTAL EQUITY | | 6,196,085 | 4,619,875 |

Approved and authorised for issue by the board of directors on 25 March 2016.

YI Xiaodi
Director

FAN Xiaochong
Director

Notes to the Financial Statements

31 PARENT AND ULTIMATE HOLDING COMPANY

As at 31 December 2015, the directors considered that the parent company of the Company is Joywise, a company with limited liability incorporated in the BVI on 8 January 2007. The ultimate holding company is Harvest Well Holding Limited, a company with limited liability incorporated in the BVI on 9 March 2007. These entities do not produce financial statements available for public use.

32 POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET ADOPTED FOR THE YEAR ENDED 31 DECEMBER 2015

Up to the date of issue of these financial statements, the IASB has issued a few amendments and new standards which are not yet effective for the year ended 31 December 2015 and which have not been adopted in these financial statements. These include the following which may be relevant to the Group.

| | Effective for accounting periods beginning on or after |
|--|---|
| <i>Annual improvements to IFRSs 2012–2014 cycle</i> | 1 January 2016 |
| <i>Amendments to IFRS 10 and IAS 28, Sale or contribution of assets between an investor and its associate or joint venture</i> | 1 January 2016 |
| <i>Amendments to IFRS 11, Accounting for acquisitions of interests in joint operations</i> | 1 January 2016 |
| <i>Amendments to IAS 1, Disclosure initiative</i> | 1 January 2016 |
| <i>Amendments to IAS 16 and IAS 38, Clarification of acceptable methods of depreciation and amortisation</i> | 1 January 2016 |
| <i>Amendments to IAS 7, Disclosure Initiative</i> | 1 January 2016 |
| <i>Amendments to IAS 12, Recognition of Deferred Tax Assets for Unrealised Losses</i> | 1 January 2016 |
| <i>IFRS 15, Revenue from contracts with customers</i> Basis for conclusions on IFRS 15 Illustrative examples on IFRS 15 Effective date of IFRS 15 | 1 January 2018 |
| <i>IFRS 9, Financial instruments (2014)</i> Basis for conclusions on IFRS 9 (2014) Implementation guidance on IFRS 9 (2014) | 1 January 2018 |
| <i>IFRS 16, Leases</i> Basis for conclusions on IFRS 16 Illustrative examples on IFRS 16 | 1 January 2019 |

Notes to the Financial Statements

32 POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET ADOPTED FOR THE YEAR ENDED 31 DECEMBER 2015 (Continued)

The Group is in process of making an assessment of what the impact of these amendments and new standards is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the consolidated financial statements, except for the following:

IFRS 15 Revenue from contracts with customers

IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaces existing revenue recognition guidance, including IAS 18 *Revenue*, IAS 11 *Construction contracts* and IFRIC 13 *Customer Loyalty Programmes*. It also includes guidance on when to capitalise costs of obtaining or fulfilling a contract not otherwise addressed in other standards, and includes expanded disclosure requirements.

IFRS 16 Leases

IFRS 16 provides comprehensive guidance for the identification of lease arrangements and their treatment by lessees and lessors. In particular, IFRS 16 introduces a single lessee accounting model, whereby assets and liabilities are recognised for all leases, subject to limited exceptions. It replaces IAS 17 *Leases* and the related interpretations including IFRIC 4 *Determining whether an arrangement contains a lease*.

The Group does not plan to early adopt the above new standards or amendments. With respect to IFRSs 9, 15 and 16, given the Group has not completed its assessment of their full impact on the Group, their possible impact on the Group's results of operations and financial position has not been quantified.

33 SUBSEQUENT EVENTS

On 22 January 2016, Guangxi Vantone and Yantai Shengtong, two subsidiaries of the Group, entered into an agreement with Guangxi Xinheyun Aged Care Industry Investment Co., Ltd., a third party company, to dispose the entire equity interest in Yantai Shengtong at a total consideration of RMB400,000,000.

Yantai Shengtong owns 100% equity interest in Guilin Sunshine 100, which develops of the Guilin Scape project.