YIDA亿达

2015 ANNUAL REPORT
年度報告

億達中國控股有限公司
YIDA CHINA HOLDINGS LIMITED

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

股份代號：3639.HK
Stock Code: 3639.HK

YIDA亿达

CONTENTS

YIDA亿达

Yida China Holdings Limited (the "Company"), together with its subsidiaries (collectively referred to as the "Group"), was established in 1988 with its headquarters in Dalian. It is the largest business park developer and the leading business park operator in the PRC. It is principally engaged in the development and operation of business parks, the development and sale of multi-functional and integrated residential communities, construction, decoration, landscaping, the management of business parks and property management services. The Company was successfully listed (the "Listing") on the Main Board of the Stock Exchange of Hong Kong Limited (the "Stock Exchange") on 27 June 2014.

With its strong integration ability in urban and industrial planning and design, the Group actively participated in urban planning and design with local governments and has gained trust from the governments. Its outstanding results and management ability in business park operation has attracted the residence of globally leading enterprises and established long-term and stable cooperation relationships with them. Its fully integrated service capabilities, with construction, landscaping, decoration and property management businesses guaranteed the services quality, the properties quality and pricing competitiveness of the Group. In addition, its management team with extensive experience and high recognition of corporate culture provides strong support to the future development of the Group.

Since 1998, the Group has led the development of Dalian Software Park, Dalian BEST City Core Area Business Park ("Dalian Best City"), Wuhan First City, Yida Information Software Park, Dalian Ascendas IT Park and Dalian Tiandi. It also participated in the development and operation of Wuhan Optical Valley Software Park and Tianjin Binhai Service Outsourcing Industry Park through BOT (Build-Operate-Transfer) arrangements.

In 2015, the Group continued in expanding its light asset business, contracted a few business parks, entrusted operation and management projects of office buildings, and consultation service projects, as well as entered into several strategic cooperation agreements in order to lay a solid foundation for further expanding the business of the Group. As at the end of 2015, the Group managed an aggregate area of 3 million sq.m. of office buildings in seven cities.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. Sun Yinhuan *(Chairman)*
Mr. Sun Yinfeng *(Vice Chairman)*
Mr. Sun Yansheng *(Chief Executive Officer)*
Mr. Jiang Xiuwen
Mr. Gao Wei
Mr. Wen Hongyu

Independent Non-executive Directors

Mr. Ip Yuk Chi Eddie
Mr. Yip Wai Ming
Mr. Guo Shaomu

JOINT COMPANY SECRETARY

Ms. Wang Huiting
Ms. Kwong Yin Ping Yvonne

AUTHORIZED REPRESENTATIVES

Mr. Sun Yansheng
Ms. Wang Huiting

BOARD COMMITTEES

Audit Committee

Mr. Yip Wai Ming *(Chairman)*
Mr. Ip Yuk Chi Eddie
Mr. Guo Shaomu

Remuneration Committee

Mr. Ip Yuk Chi Eddie *(Chairman)*
Mr. Jiang Xiuwen
Mr. Guo Shaomu

Nomination Committee

Mr. Sun Yinhuan *(Chairman)*
Mr. Ip Yuk Chi Eddie
Mr. Yip Wai Ming

REGISTERED OFFICE

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

HEADQUARTERS IN THE PEOPLE'S REPUBLIC OF CHINA ("PRC")

Block 4, Yida Plaza
93 Northeast Road
Shahekou District
Dalian, Liaoning Province
PRC

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Suites 2903–05
29th Floor
AIA Central
1 Connaught Road
Central
Hong Kong

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Codan Trust Company (Cayman) Limited
Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

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

AUDITORS

Ernst & Young
Certified Public Accountants

LEGAL ADVISORS

As to Hong Kong Law

Sidley Austin

As to PRC Law

Commerce & Finance Law Offices

As to Cayman Islands Law

Conyers Dill & Pearman (Cayman) Limited

COMPLIANCE ADVISOR

Quam Capital Limited

PRINCIPAL BANKERS

The Export-Import Bank of China
Agricultural Bank of China Dalian Branch
China Minsheng Bank Dalian Branch
China CITIC Bank Dalian Branch
China Construction Bank Dalian Branch
Bank of China Dalian Branch

STOCK CODE

3639

COMPANY'S WEBSITE

www.yidachina.com

A summary of the results and of the assets, liabilities and non-controlling interests of the Group for the last five financial years, as extracted from the published audited financial statements and the prospectus of the Company dated 17 June 2014, is set out below:

	Year ended 31 December				
	2015 RMB'000	2014 RMB'000	2013 RMB'000	2012 RMB'000	2011 RMB'000
RESULTS					
REVENUE	**7,473,200**	7,711,305	6,399,179	6,000,667	3,793,015
Cost of sales	**(5,400,560)**	(5,280,673)	(4,293,662)	(3,913,480)	(2,771,803)
Gross profit	**2,072,640**	2,430,632	2,105,517	2,087,187	1,021,212
Other income and gains	**134,733**	108,550	256,177	52,269	83,800
Selling and marketing costs	**(210,469)**	(302,206)	(304,413)	(228,476)	(239,326)
Administrative expenses	**(386,458)**	(427,116)	(449,562)	(353,221)	(299,644)
Other expenses	**(36,708)**	(165,370)	(64,314)	(87,179)	(114,719)
Fair value gains on investment properties	**215,066**	58,864	411,566	635,814	1,111,581
Finance costs	**(311,004)**	(190,699)	(260,464)	(92,010)	(101,792)
Share of profits and losses of					
Joint ventures	**62,975**	31,543	1,540	146,214	4,646
Associates	**(99,152)**	(52,563)	(28,726)	40,124	17,367
PROFIT BEFORE TAX	**1,411,623**	1,491,635	1,667,321	2,200,722	1,483,125
Income tax expenses	**(620,155)**	(594,791)	(810,059)	(801,047)	(544,367)
PROFIT FOR THE YEAR	**821,468**	896,844	857,262	1,399,675	938,758
Attributable to:					
Owners of the parent	**821,263**	896,887	827,865	1,310,691	864,096
Non-controlling interests	**205**	(43)	29,397	88,984	74,662
	821,468	896,844	857,262	1,399,675	938,758

	As at 31 December				
	2015 RMB'000	2014 RMB'000	2013 RMB'000	2012 RMB'000	2011 RMB'000
ASSETS, LIABILITIES AND NON-CONTROLLING INTERESTS					
TOTAL ASSETS	**34,518,188**	36,156,451	36,662,498	36,125,255	33,080,598
TOTAL LIABILITIES	**(25,109,702)**	(27,177,375)	(29,671,497)	(28,936,120)	(27,001,617)
NON-CONTROLLING INTERESTS	**(12,105)**	(1,399)	(1,426)	(285,166)	(214,223)
	9,396,381	8,977,677	6,989,575	6,903,969	5,864,758

CHAIRMAN'S STATEMENT

Sun Yinhuan Chairman

Dear Shareholders,

I am pleased to present to you the annual results of the Group for the year ended 31 December 2015.

RESULTS

The recognised revenue of the Group for the year ended 31 December 2015 was RMB7,473.0 million, representing a decrease of 3.1% compared with the corresponding period of last year, of which rental income increased by 17.1% to RMB361.0 million. The net profit attributable to equity owners of the Company was RMB821.3 million. The core net profit after deducting fair value gains on investment properties (net of tax) was RMB660.0 million, with core net profit margin of 8.8% that was attributable to the shareholders of the Company.

REVIEW OF 2015

While Chinese economy of 2015 slowed down, the quality of growth remained positive. The upgrade and transformation of economic structure progressed smoothly and the economy would go upward in long-term. Under the guidance of a series of policies such as "Steady growth and Adjusting Structure", emerging strategic industry, emerging service industry and innovative business enterprises developed rapidly, strongly supporting the growth of the Chinese economy.

Following the strategy of "Asset-light combined with Asset-heavy operation", the Group rapidly implemented the business expansion nationwide, achieving anticipated performance in all business sectors in 2015.

The development of business parks progressed steadily. The ancillaries of Dalian Software Park and Dalian BEST City continued to be more sufficient, further optimizing the form of industrial terms while the demonstration zone and residential ancillary zone of Wuhan First City were taking shape. The Group entered into collaboration with local governments of Zhengzhou, Xian and other places. The business model of "Enhancing the City with Industry and Achieving City-industry Integration" was well recognized by the market.

The operation and management of business parks progressed in various aspects. In 2015, the Group adopted the multiple business models of entrusted operation, subletting and consultancy and set foot in strategic target cities such as Shanghai, Shenzhen, Hangzhou, Suzhou and Changsha, managing an aggregate of 3 million sq.m. of office buildings in seven cities. The business layout across the country is taking shape.

The number and profile of corporate clients was further enhanced. 36 well-known corporate clients were newly enlisted throughout the year. More than 700 enterprises were fostered and recruited. Clients of various emerging service industries and emerging strategic industries including internet of things, cloud computing and cultural and creative industries together enriched our customer base. The key elements of innovation became more outstanding with the proportion of innovative and entrepreneurial enterprises reaching 20%.

Enterprise servicing was further optimised. The Group refined the service system of industry operation and property management, synergized the external resources, e.g. providing mass entrepreneurship service in collaboration with COCO SPACE. The standards of the products of the business parks were improved and Smart Business Park 2.0 was developed in Wuhan First City in collaboration with IBM.

The core capacities of property management, construction, landscaping and decoration were continuously strengthened and a market-oriented operation and organization structure, a management system and a business model were established, providing a solid foundation for business expansion across the country.

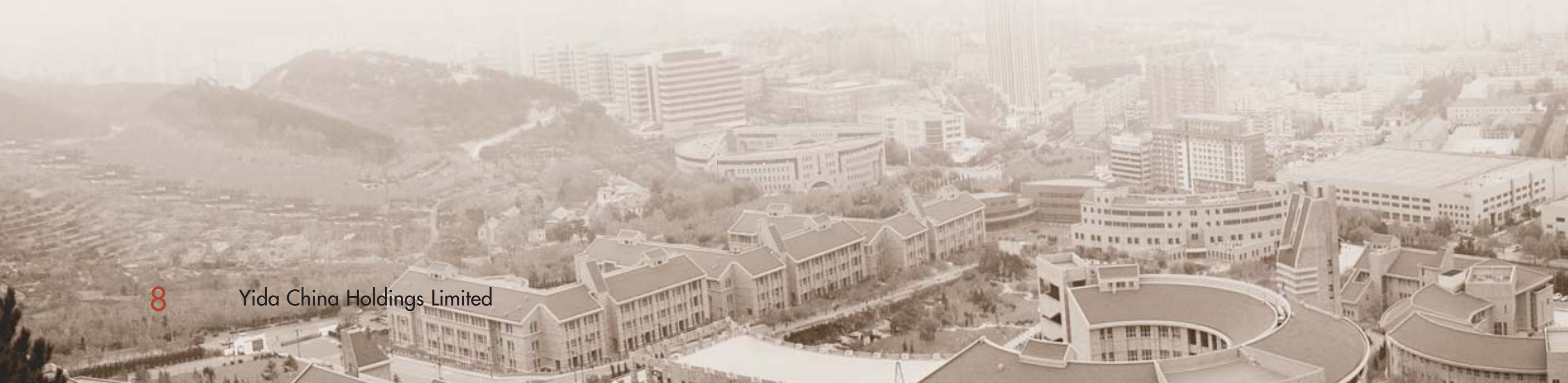
In 2015, the Group took the opportunity and obtained approval from the CSRC to publicly issue corporate bonds of RMB3,000 million. During the Year, the issuance of the first tranche of RMB1,000 million corporate bonds was completed. In March 2016, the issuance of the remaining RMB2,000 million corporate bonds was completed. The success in issuance of corporate bonds lowered the financing costs and further expanded the financing channels.

In 2015, the Group engaged in charitable pursuit as in the past and donated approximately RMB12.5 million to charitable funds. A series of "Sound of Yida" activities initiated by the Group had been held for 21 consecutive years and were highly recognized in community. "New Year Concert 2016 — Sound of Yida" was held in Dalian, Wuhan and Shanghai. Love Music Classroom Project of "Sound of Yida" was introduced to Inner Mongolia and Hebei and was awarded "China Corporate Citizenship Outstanding Public Projects 2015". The Group built and donated nearly a hundred classrooms.

OUTLOOK FOR 2016

2016 will be a critical year for implementing structural reforms on the supply side, the Chinese economy will adopt more to the "New normal", and is expected to grow steadily and will operate with improved quality. Meanwhile, with the promulgation of Thirteenth Five-year plan, new economic growth factors such as innovation drivers, information and technology integration, modern industrial system and new urbanization will be further activated. The Group will take the opportunities resulting from new policies, to uphold its development strategies, capitalize on the competitive edge accumulated through years and continuously consolidate its leadership in the market of business park development, operation and management.

In the business park development sector, the Group will continue to consolidate its market share in Dalian, strengthen the resources input to Wuhan, enhance sales capacity and promote destocking through improving the quality of products and ancillary products. By integrating various resources, using different models with flexibility and actively securing new investment opportunities of business parks in the strategic target cities, the Group will continuously optimize its product structure and the geographical allocation.

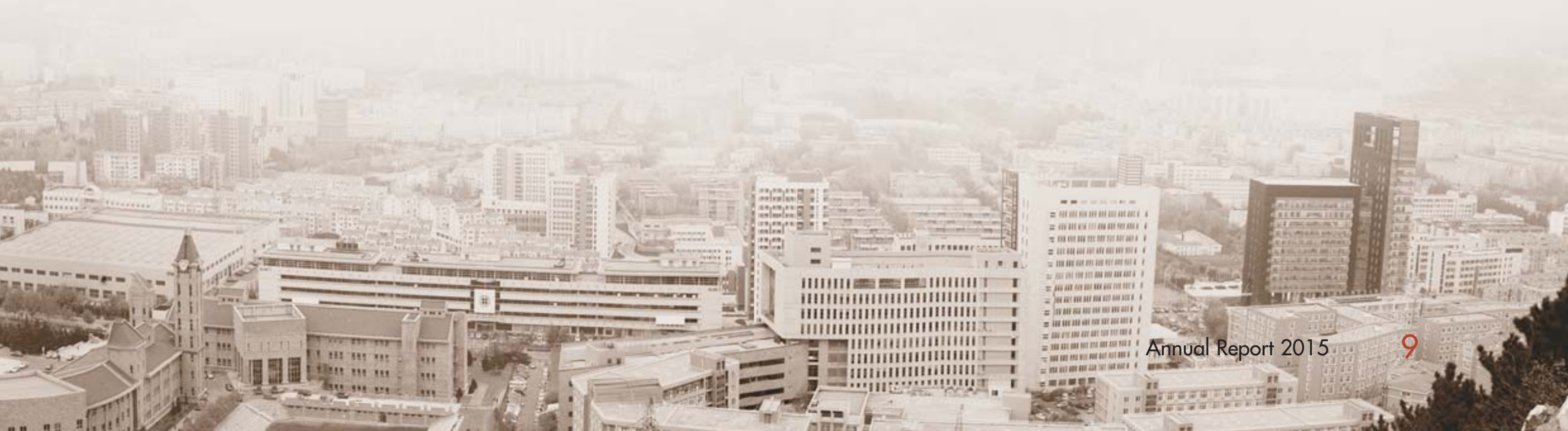


In the business park operation and management sector, the Group will continue to focus in the cities where it currently operates, speed up its expansion into the markets of its strategic target cities, accumulate resources from government, clients and partners, promote a rapid expansion in scale. The Group will improve the service platform, explore customer values, provide standardized or pre-set solution based on the needs of different customers, and explore the future standards of developing business parks by using the smart business park as core reference so as to increase market competitiveness.

In 2016, the Group will focus on the property development sector and rapidly expand the scale of business through all resorts to ride on this fast-growing window period of the property industry. The Group will construct "Property+" value-added service system to foster new opportunity of business growth and continue to strengthen the core capabilities in construction, decoration and landscaping on the basis of providing services support to the complete industry chain for the operation and management of business parks, the Group will endeavor to expand external markets and actively explore new development opportunities.

The year of 2016 will be critical for the implementation of the development strategy of the Group, where there are opportunities as well as challenges. We dedicate to become "The best business park developer and the leading business park operator in China", uphold the development tactics of "Asset-light combined with Asset-heavy operation" and "Expansion Across the Country", and continue to create greater value for shareholders and society.

I hereby express our gratitude to all shareholders, partners and customers who supported the Group and to the members of the Board, the management and employees who dedicated themselves to the Group.




Panasonic

MANAGEMENT DISCUSSION AND ANALYSIS

THE DEVELOPMENT AND OPERATION OF BUSINESS PARKS

Property Projects Owned

As at 31 December 2015, the Group developed, owned and operated six business parks. The wholly-owned projects include Dalian Software Park, Dalian BEST City and Yida Information Software Park. Wuhan First City, Dalian Ascendas IT Park and Dalian Tiandi are owned as to 50%, 50% and 30% by us, respectively.

In 2015, the Group reorganized the content of industry service, improved service standards while establishing major customers management solution, understanding the development status and actual needs of customers and continuing in providing value-added services with high added value.

During the Year, Dalian Software Park optimized the structure of its customer profile, innovated and upgraded the value-added business categories and rental income from new and renewed tenants increased significantly. Dalian BEST City lot 3# office buildings were completed and increased 50,000 sq.m. of leasable area. Yida Information Software Park Zone A office buildings were completed and increased 92,000 sq.m. of leasable area. As at 31 December 2015, with the three above-mentioned business parks, the Group had a total gross floor area of completed office buildings of 861,000 sq.m., leasable area of 828,000 sq.m., leased area of 720,000 sq.m., and an end of term occupancy rate of approximately 87.0%. Due to the increase in leased areas, increase in rentals and increase in the income from value-added services, the rental income of the Group during the year recorded a 17.1% increase as compared to the corresponding period of the previous year.

MANAGEMENT DISCUSSION AND ANALYSIS

Well-known Tenants

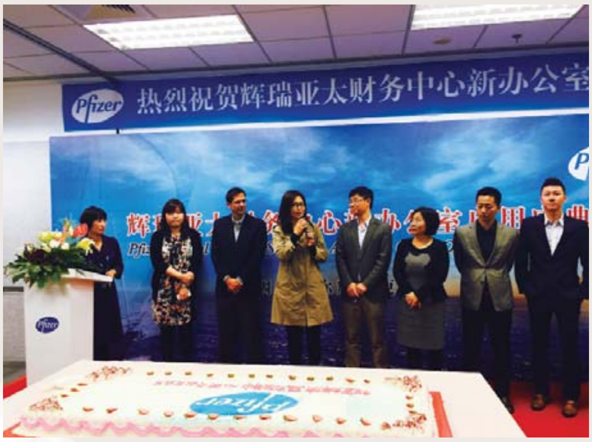
	Manufacturing	Consulting & Information Services	Financial/ Insurance	Telecommunications/ Communication	Chemicals/Medical
Software and product development center	Sony, Panasonic, Fujitsu	ORACLE, ABeam Consulting	Fidelity Science and Technology	OKI, NEC	Omron
IT technology development support center	Konica, Alpine	IBM, Cisco, SAP, Accenture	Softbank	British Telecom	SENYINT
Back office business processing center	Dell, HP, Adidas	Genpact, CONVERGYS	Citigroup	Ericsson	Pfizer
Shared Customer Service Center	Hitachi	Aeon	Fidelity	AVAYA	Albemarle

Dalian Software Park

During the Year, Dalian Software Park continued to attract many tenants in the emerging industries and enhance its customer portfolio. More comprehensive ancillary facilities were provided including a mechanical parking system, which relieved the pressure of parking in the park while innovative value-added services business maximized the operating efficiency of the tenants.

As at 31 December 2015, the occupancy rate of Dalian Software Park was approximately 95.0%, with a total of 284 enterprises operating inside the park, including 48 companies which are Fortune Global 500 Enterprises. In 2015, Dalian Software Park was awarded "2015 Best Business Park in China" ("2015中國最佳商務園區").

Dalian Software Park



The financial center of Asia Pacific region of Pfizer settled in Dalian Software Park

Dalian BEST City

As at 31 December 2015, the occupancy of the completed office buildings on lot 4# in the early phase of Dalian BEST City was 100%. During the Year, leasable area amounted to 50,000 sq.m. of completed office buildings on lot 3# was newly added and the contracted and leased area was approximately 22,000 sq.m. and 4 well-known customers moved in, including a company of WIPRO, a leading information and business process outsourcing company in India.

As at 31 December 2015, the occupancy rate of Dalian BEST City was approximately 67.0%. There were 54 enterprises settled in Dalian BEST City, including five Fortune Global 500 Enterprises. The number of employees of the settled enterprises reached approximately 3,000.

The office building lobby of Dalian BEST City Core Area Business Park

WIPRO settled in Dalian BEST City Core Area Business Park

Yida Information Software Park

During the year, office buildings in Zone A of Yida Information Software Park were completed and the leasable area was approximately 92,000 sq.m.. As at 31 December 2015, the contracted and leased area was approximately 60,000 sq.m., representing approximately 65.2% of the leasable area. The first batch of customers have already moved in.

Wuhan First City

As at 31 December 2015, the accumulative area sold of office buildings in Wuhan First City Phase II was approximately 94,000 sq.m., accounting for approximately 60.0% of the total saleable area. The construction progressed smoothly. During the year, the construction work of the office buildings in Phase III has already commenced.

The phase I of the residential building project of Wuhan First City commenced as planned. The gross floor area under construction was approximately 210,000 sq.m.. As at 31 December 2015, residential buildings were ready for sale. According to pre-market research and accumulation of customers, the environment of the Wuhan residential market remains positive.

Entrusted Operation Projects

The Group continued in expanding the light asset business, providing its services for the whole industry chain of light asset operation and management, covering selection of project location, product positioning, design and planning, construction agent management, business development and operation, property management and value-added services. As at 31 December 2015, the Group took up 11 projects of entrusted operation of business parks, with an operated and managed area of 1,400,000 sq.m. and provided consultation services to 7 projects through light asset model.

Wuhan

Since 2013, the Group has provided entrusted operation and management service for the whole industry chain for the Phase I of office buildings of Wuhan First City including properties positioning, design and planning, construction agent management and business development and operation. Such service and operation commenced within a short period of time.

The area of office buildings of Phase I of Wuhan First City entrusted for operation and management was approximately 167,000 sq.m.. As at 31 December 2015, 35 clients have signed agreements and the occupancy rate of the park was approximately 96%. The number of employees of the settled enterprises has reached about 2,500.

Shanghai

In 2015, the Group entered into an entrusted operation and management agreement in respect of Phase I of Shanghai Jiangqiao Business Park Project. The area under operation and management was 48,000 sq.m.. As at 31 December 2015, the occupancy rate was approximately 30%.

While the rent of CBD continue to escalate, there is huge outflowing demand in office building in Shanghai. The Group is optimistic towards the prospect of business parks in Shanghai. In addition to operating and managing Shanghai Jiangqiao Business Park Phase I, the Group will consider to carry out project estimates, feasibility study, preliminary work for licensing and project planning for subsequent projects


Staff canteen of Wuhan First City


Office scene of Wuhan First City

Suzhou

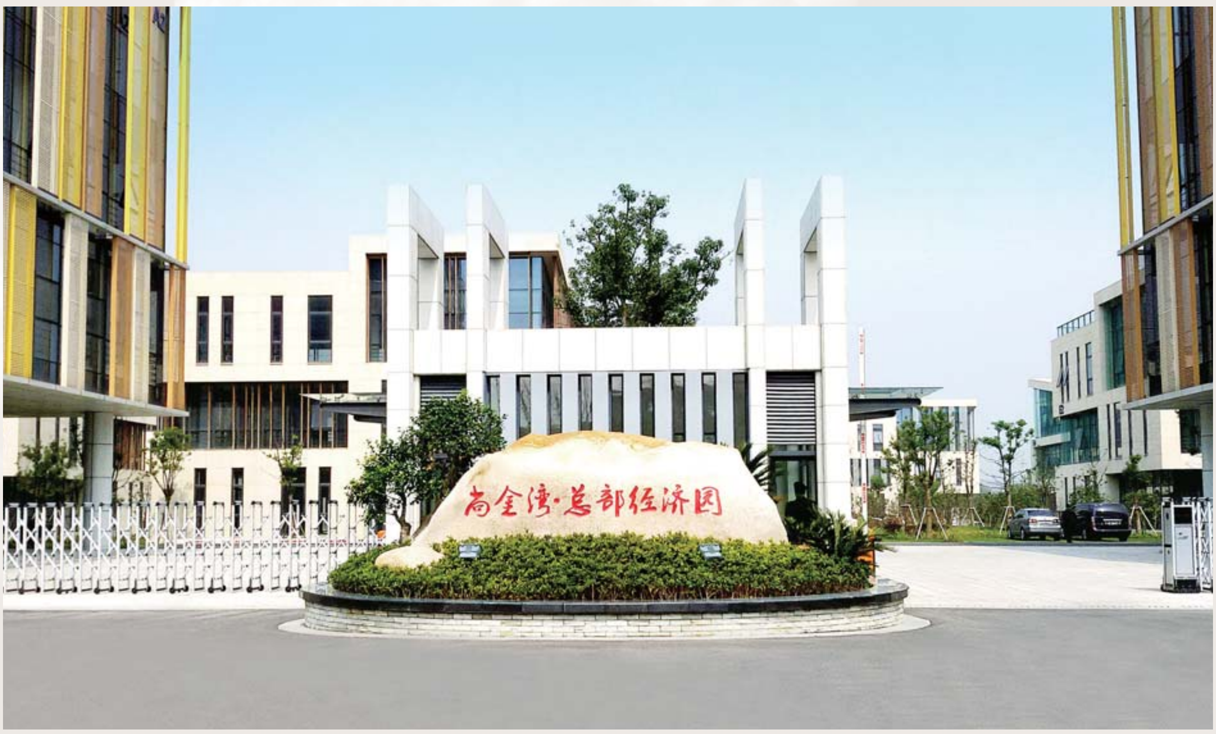
The Group had successful records of operating business parks in Suzhou and accumulated extensive experience in operating business parks. From 2007 to 2014, the Group provided entrusted operation and management services, which included product positioning, planning and design, marketing and operation and management to Suzhou Hi-tech Software Park.

As at 31 December 2015, the Group was entrusted for operation of three projects, namely, Suzhou Highspeed Rail Cultural and Creative Park Project, Suzhou Wuzhong Shangjinwan Project and Tiancheng Tower. The Group provided services such as marketing, operation and management.

The total gross floor area of Suzhou Highspeed Rail Cultural and Creative Park Project is approximately 171,000 sq.m., of which leasable gross floor area of approximately 134,000 sq.m. has been transferred to the Group for operation and management. The occupancy rate increased from 33.5% to approximately 53% as at 31 December 2015. 11 well-known customers were brought in.

The total gross floor area of Suzhou Wuzhong Shangjinwan Project is approximately 103,000 sq.m., of which leasable gross floor area of approximately 59,000 sq.m. is expected to be handed over to the Group for operation and management in March 2016. As at 31 December 2015, eight customers moved in and the contracted and leased area was approximately 17,000 sq.m..

In October 2015, the Group entered into an agreement for the entrusted operation and management of Suzhou Tiancheng Tower with a total gross floor area of 15,000 sq.m.. During the year, the Group implemented strategy on specific brand promotion and customers accumulation. The project is expected to be handed over to the Group for operation and management in June 2016.



Suzhou Wuzhong Shangjinwan Project

Hangzhou

Hangzhou has a good environment for the information technology and software outsourcing industry. Since it is recognized as a national base city for service outsourcing in 2006, the advantages of construction of software parks and industry bases become eminent. Meanwhile, Hangzhou is abundant in human resources in information and software industry and such advantage fostered a number of outstanding domestic software service outsourcing enterprises. Many Fortune Global 500 Enterprises, including Cisco, Microsoft, Intel and NEC, established research centers in Hangzhou one after the other.

In 2015, the Group entered into agreements regarding the entrusted operation of two projects in Hangzhou, being Hangzhou North Software Park and Inventronics Project.

The total gross floor area of Hangzhou North Software Park was approximately 300,000 sq.m. and the area entrusted to the Group for operation and management was approximately 150,000 sq.m.. Hangzhou North Software Park was handed over to the Group for marketing consultation and agency service in August 2015. During the year, the Group launched business solicitation strategy for marketing promotion and customer accumulation, and realized a contracted and leased area of 4,000 sq.m..

The total gross floor area of Inventronics Building was approximately 140,000 sq.m. and the area entrusted to the Group for operation and management was approximately 50,000 sq.m.. The Group will provide the services of industry positioning and client profiling, sales and marketing and business development.

Hangzhou Inventronics Building

Shenzhen

Shenzhen has an excellent environment for various industries to develop. Biopharmaceutical, internet, new energy, new material, a new generation of IT and cultural and innovative industries are the six fastest growing industries in Shenzhen and will continue to develop rapidly. This meets the Group's criteria of city selection for off-site expansion.

In 2015, the Group entered into agreements regarding the entrusted operation of two projects in Shenzhen, being Shenzhen Longgang Haikexing Project and Shenzhen Shenlong Entrepreneur Park Project.

As at 31 December 2015, the total gross floor area of 71,000 sq.m. of Shenzhen Longgang Haikexing Project was handed over to the Group for operation and management. During the year, four well-known clients moved in and the contracted and leased area was increased by 21,000 sq.m..

The total gross floor area of Shenlong Entrepreneur Park Project was 35,000 sq.m.. As at 31 December 2015, 24,000 sq.m. was handed over to the Group for operation and management. During the year, the contracted and leased area was 23,000 sq.m. and the occupancy rate was approximately 95%.

Shenzhen Longgang Haikexing Park

PROPERTY MANAGEMENT

Dalian Yida Property Management Company Limited ("Yida Property"), a wholly-owned subsidiary of the Group, was licensed as a first class property management enterprise. It provides services to properties including upscale residential communities, apartments, villas, hotels, commercial properties, office buildings and school buildings.

Residential Properties

The projects managed by the Group, including Clouds & Woods Apartment and Yida New World were awarded "國家物業管理示範小區", "國家綠色社區"; International New City and Century City were awarded "遼寧省優秀物業管理示範小區". In 2005, Yida Property passed the certification for quality, environment, occupational health & safety management system, and became the first multi-properties property management service provider in China which obtained the domestic and international (UKAS) certification. With a decade's hard work, Yida became a brand widely recognized by different sectors of the society. According to the "China property management industry development report" published by China Property Management Association in 2013, Yida Property ranked 28 among the top 200 property management enterprise and was the top in the north-eastern region.

Office Properties

With outstanding result of serving a number of Fortune Global 500 Enterprises, the Group has accumulated extensive experience in property management of office buildings. In 2015, the Group continued to improve the service standard of office buildings and further expand the scale of the office buildings it manages. During the year, the Group successfully obtained the property management contracts for Tencent Building, Shenzhen Shenlong Entrepreneur Park and Suzhou Wuzhong Shangjinwan. The area of office buildings entrusted for property management increased by 996,000 sq.m..

LAND RESERVES

As at 31 December 2015, the total gross floor area ("GFA") of the Group's land reserves was approximately 10.07 million sq.m., and the attributable GFA of the Group's land reserves was approximately 6.50 million sq.m..

The following table sets forth a breakdown of the Group's land reserves as at 31 December 2015:

Business Parks/ Multi-functional, Integrated Residential Community Projects	Equity Held by the Group	GFA Completed Remaining Leasable/ Saleable (sq.m.)	GFA Under Development (sq.m.)	GFA Held for Future Development (sq.m.)
Business Parks				
Dalian Software Park				
Office Building Area	100%	594,935	—	—
Residential Area	100%	235,184	—	—
Subtotal	100%	830,119	—	—
Dalian Best City Core Area Business Park				
Office Building Area	100%	133,040	149,000	557,530
Residential Area	100%	522,354	—	105,340
Subtotal	100%	655,394	149,000	662,870
Wuhan First City				
Office Building Area	50%	—	589,647	549,269
Residential Area	50%	—	227,800	144,277
Subtotal	50%	—	817,447	693,546
Yida Information Software Park				
Office Building Area	100%	86,880	64,406	118,798
Residential Area	59.5%–100%	385,277	345,273	—
Subtotal	59.5%–100%	472,157	409,679	118,798
Dalian Ascendas IT Park				
Office Building Area	50%	193,318	—	41,968
Subtotal	50%	193,318	—	41,968
Dalian Tiandi				
Office Building Area	30%	317,982	172,373	1,330,709
Residential Area	30%	243,621	66,999	767,776
Subtotal	30%	561,603	239,372	2,098,485
Business Parks Subtotal	30%–100%	2,712,591	1,615,498	3,615,667
Multi-functional, Integrated Residential Community Projects				
Dalian	25%–100%	467,045	752,607	722,443
Shenyang	100%	14,535	42,069	—
Chengdu	80–100%	4,846	119,784	3,737
Multi-functional, Integrated Residential Community Subtotal	25%–100%	486,426	914,460	726,180
Grand Total	25%–100%	3,199,017	2,529,958	4,341,847

OVERVIEW ON MAJOR PROPERTIES

Below are major properties of the Group as at 31 December 2015.

Office Buildings at Dalian Software Park

The office buildings at Dalian Software Park, located on the north side of Zhongshan Road, the arterial road of Dalian City and adjacent to Dalian University of Technology, Dongbei University of Finance and Economics and Dalian Maritime University, are operated under the property held for investment segment of Dalian Software Park, in which the Group has 100% equity interest. The project is completed, with an aggregate GFA of 594,935 sq.m. comprising various types of properties such as offices, student apartments, retails and car parks. The Group possesses the office buildings at Dalian Software Park with medium term lease contract.

Office Buildings at Dalian BEST City

The office buildings at Dalian BEST City, located in Ganjingzi District, Dalian City and are approximately five kilometers away from the airport, are operated under the property held for investment segment of Dalian BEST City, in which the Group has 100% equity interest, with a completed GFA of 133,040 sq.m., a GFA under development of 149,000 sq.m. and a planned GFA held for future development of 557,530 sq.m.. The office buildings project comprises various types of properties such as offices, retails and car parks. The Group possesses the office buildings at Dalian BEST City with medium term lease contract.

Office Buildings at Yida Information Software Park

The office buildings at Yida Information Software Park, located in the Lvshun South Road Software Industry Belt, are operated under the property held for investment segment of Yida Information Software Park, in which the Group has 100% equity interest, with a completed GFA of 86,880 sq.m., a GFA under development of 64,406 sq.m. and a planned GFA held for future development of 118,798 sq.m.. The office buildings project comprises various types of properties such as offices and car parks. The Group possesses the office buildings at Yida Information Software Park with medium term lease contract.

Office Buildings at Wuhan First City

The office buildings at Wuhan First City are located in the National Independent Innovation Demonstration Zone of East Lake, Wuhan City, Hubei Province and 40% of its GFA are investment properties held by Wuhan First City. In these office buildings the Group has 50% equity interest, with no completed area, a GFA under development of 589,647 sq.m. and a planned GFA held for future development of 549,269 sq.m.. The office buildings project comprises various types of properties such as offices and car parks.

FINANCIAL REVIEW

Revenues

The sources of revenue of the Group primarily include (I) income from the sales of properties; (II) rental income; (III) income from providing business park operation and management services; (IV) income from providing construction, decoration and landscaping services; and (V) income from providing property management services. For the year ended 31 December 2015, the revenue of the Group was RMB7,473.2 million, representing a decrease of 3.1% from the corresponding period of last year.

The following table sets forth a breakdown of the revenue for the periods indicated:

	Year ended 31 December			
	2015		2014	
	Amount RMB'000	% of total	Amount RMB'000	% of total
Sales of properties	**6,275,428**	**84.0%**	7,007,324	90.9%
Rental income	**361,412**	**4.8%**	308,581	4.0%
Business park operation and management income	**25,482**	**0.3%**	4,662	0.1%
Construction, decoration and landscaping income	**533,800**	**7.2%**	185,850	2.4%
Property management income	**277,078**	**3.7%**	204,888	2.6%
Total	**7,473,200**	**100.0%**	7,711,305	100.0%

(1) Sales of Properties

The income derived from sales of property of the Group in 2015 amounted to RMB6,275.40 million, representing a decrease of 10.4% from last year, mainly attributable to the relatively lower unit price of the resettlement project for which income was recognized during the year.

(2) Rental Income

The rental income of the Group in 2015 was RMB361.40 million, representing an increase of 17.1% from the corresponding period of last year, mainly attributable to the increase in the unit rent for new tenants and renewed tenants and the increase in the leased area during the year.

(3) Business Park Operation and Management Income

In the year of 2015, the income from business park operation and management services provided by the Group amounted to RMB25.50 million, representing an increase of 446.6% from the corresponding period of last year, mainly attributable to the continuous development of the business park operation and management and the increase in the customers and business that we served.

(4) Construction, Decoration and Landscaping Income

The construction, decoration and landscaping income of the Group increased by 187.2% to approximately RMB533.80 million in 2015 from approximately RMB185.90 million in the corresponding period in 2014, which was mainly attributable to the increase in settlement income arising from the settlement of several construction projects during the year.

(5) Property Management Income

The property management income increased by 35.2% to approximately RMB277.10 million in 2015 from approximately RMB204.90 million in the corresponding period of last year, which was mainly attributable to the increase in the area of residential properties under management, and the increase in the standard of property service fee of office buildings during the year.

Cost of Sales

The cost of sales of the Group in 2015 was approximately RMB5,400.60 million, representing an increase of 2.3% from approximately RMB5,280.70 million in 2014, which was mainly attributable to the increase in the areas of sale of properties during the year.

Gross Profit and Gross Profit Margin

The gross profit of the Group in 2015 was RMB2,072.60 million, representing a decrease of 14.7% from approximately RMB2,430.60 million in 2014. The gross profit margin decreased to 27.7% in 2015 from 31.5% in 2014, which was mainly attributable to the lower gross profit margin for properties which had rigid demand and the sale of a resettlement project for which the gross profit margin is below regular sales projects.

Other Income and Gains

Other income and gains of the Group include interest income, dividend income, government subsidy and other income. During 2015, other income and gains was RMB134.70 million, representing an increase of RMB26.10 million from approximately RMB108.60 million in 2014, which was mainly attributable to the increase in interest income from time deposits and loans to associates.

Sales and Marketing Costs

The sales and marketing costs of the Group was approximately RMB210.50 million in 2015, representing a decrease of 30.4% from approximately RMB302.20 million in 2014, mainly attributable to the decrease in the advertising expenses during the year.

Administrative Expenses

The administrative expenses of the Group decreased by 9.5% to RMB386.50 million in 2015 from RMB427.10 million in 2014, which was mainly attributable to the enhancement of the cost management during the year as well as the absence of the listing expense.

Other Expenses

Other expenses of the Group include charity donation, fair value loss of derivative financial instruments and other expenses. In 2015, other expenses of the Group were RMB36.70 million, representing a decrease of approximately RMB128.70 million from RMB165.40 million in 2014, which was mainly due to the decrease in the losses arising from changes in fair value of put and call options during the year.

Fair Value Gains on Investment Properties

The fair value gains on investment properties of the Group increased by 265.4% to approximately RMB215.10 million in 2015 from approximately RMB58.70 million in 2014, which was mainly due to the increase in fair value as a result of the completion of investment properties during the year.

Finance Costs

The finance costs of the Group mainly represented the interests on borrowings that were not capitalised and such costs increased by 63.1% to approximately RMB311.00 million in 2015 from approximately RMB190.70 million in 2014. The increase was primarily attributable to the cessation of interests capitalized upon the completion of construction of certain projects during the year.

Share of Profits and Losses of Joint Ventures

In 2015, the Group's share of profits of joint ventures was approximately RMB63.00 million, representing an increase of RMB31.50 million from RMB31.50 million in 2014, which was mainly attributable to the increase of profits in Dalian Software Park Ascendas Development Company Limited.

Share of Profits and Losses of Associates

Share of losses of associates was primarily from Richcoast Group Limited ("Richcoast Group") and Crown Speed Investments Limited. In 2015, the Group's share of losses of associates was approximately RMB99.20 million, which was mainly attributable to the losses of Dalian Tiandi project which the Group held interest through Richcoast Group.

Income Tax Expenses

The income tax expenses of the Group mainly include corporate income tax, land appreciation tax and deferred income tax. The income tax expenses of the Group increased by 4.3% to RMB620.20 million in 2015 from RMB594.80 million in 2014, which was mainly attributable to the increase in land appreciation tax.

Profit for the year

As a result of the foregoing, the pre-tax profit of the Group decreased by 3.4% to approximately RMB1,441.60 million in 2015 from approximately RMB1,491.60 million in 2014.

The profit for the year of the Group decreased by 8.4% to approximately RMB821.50 million in 2015 from approximately RMB896.80 million in 2014.

The profit attributable to equity owners decreased by 8.4% to approximately RMB821.30 million in 2015 from approximately RMB896.90 million in 2014.

The core profit attributable to equity owners (excluding effects of fair value gains on investment properties, net of tax) decreased by 22.6% to approximately RMB660.00 million in 2015 from approximately RMB852.70 million in 2014.

LIQUIDITY, FINANCIAL AND CAPITAL RESOURCES

Cash Position

As at 31 December 2015, the Group had cash and bank balances of approximately RMB3,310.70 million, including restricted cash of approximately RMB2,252.20 million. (31 December 2014: cash and bank balances of approximately RMB2,799.10 million, including restricted cash of approximately RMB2,059.00 million.)

Debts

As at 31 December 2015, the Group had bank and other borrowings of approximately RMB16,231.0 million (31 December 2014: approximately RMB16,251.8 million), of which:

(1) *By loan type*

	31 December 2015 RMB'000	31 December 2014 RMB'000
Secured bank loans	**11,043,008**	11,371,125
Unsecured bank loans	**—**	406,000
Secured other borrowings	**3,987,000**	3,274,648
Unsecured other borrowings	**1,201,028**	1,200,000
	16,231,036	16,251,773

(2) *By maturity date*

	31 December 2015 RMB'000	31 December 2014 RMB'000
Within one year or on demand	**8,263,349**	5,342,262
In the second year	**3,324,969**	5,243,786
In the third to fifth years	**3,994,668**	4,463,975
Beyond five years	**648,050**	1,201,750
	16,231,036	16,251,773

Gearing Ratio

The gearing ratio of the Group (net borrowings, including interest-bearing bank loans and other borrowings less cash and cash equivalents and restricted cash, divided by the total equity) was approximately 137.3% as at 31 December 2015 and 149.8% as at 31 December 2014.

Foreign Exchange Risks

The functional currency of the Group is RMB and most transactions were denominated in RMB. As at 31 December 2015, the Group had cash and bank balances (including restricted cash) of approximately RMB56.0 million and RMB1.3 million denominated in United States dollars and Hong Kong dollars, respectively. All such amounts were exposed to foreign currency risks. The Group currently has no hedging policies, but the management monitors foreign exchange risks and will consider hedging significant foreign exchange risks when necessary.

Contingent Liabilities

The Group enters into arrangements with commercial banks in China to provide mortgage facilities to its customers to purchase the Group's properties. In accordance with industry practice, the Group is required to provide guarantees to these banks in respect of mortgages provided to such customers. Guarantees for such mortgages are generally discharged at the earlier of: (I) registration of mortgage interest to the bank, or (II) the settlement of mortgage loans between the mortgagee banks and the purchasers. As at 31 December 2015, the Group provided a guarantee of approximately RMB329.3 million to commercial banks in China in respect of bank mortgages loans granted to the customers of the Group (as at 31 December 2014: approximately RMB598.9 million).

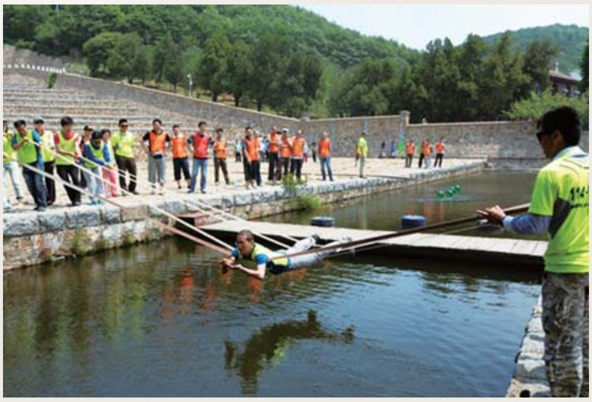
In addition to guarantees the Group provided in respect of the mortgage facilities for its customers, as at 31 December 2015, the Group provided a guarantee in the amount of not exceeding RMB37.8 million (31 December 2014: RMB150.0 million) to the shareholders of Richcoast Group. This guarantee was provided in respect of the payment obligations of Richcoast Group to a joint venture and the joint venture partner, and such guarantee was provided in accordance with the Group's shareholding percentage.

As at 31 December 2015, the Group also provided guarantees to the extent of RMB356.2 million (31 December 2014: RMB181.6 million) in respect of bank and other borrowings granted to associated companies of the Group.

As at 31 December 2015, the Group also provided guarantees to the extent of RMB1,478.0 million (31 December 2014: RMB1,268.0 million) in respect of bank and other borrowings granted to the joint ventures of the Group.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2015, the Group had 2,363 full-time employees in the PRC and Hong Kong. The Group pays remunerations to the staff based on the performances, work experience of the employees and the current market salary level. The Group regularly reviews the remuneration policy and plan and will make necessary adjustments to make it in line with the industry salary standards. The Group continuously conducts trainings of various occupational skills and activities of team building to enhance the communication between the Company and staff, improve the team cohesion and motivate staff to contribute more for the sustainable development of the Company.

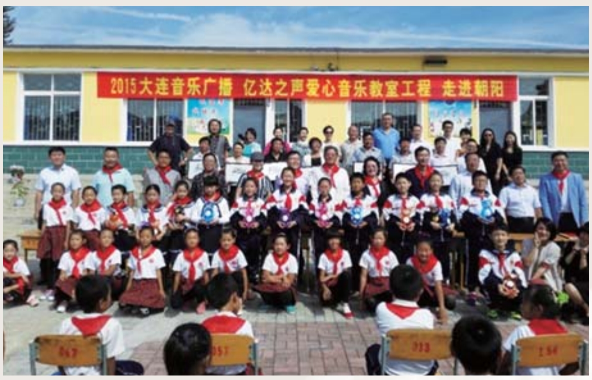


Enhance the team building of human resources team and enrich staff's living.

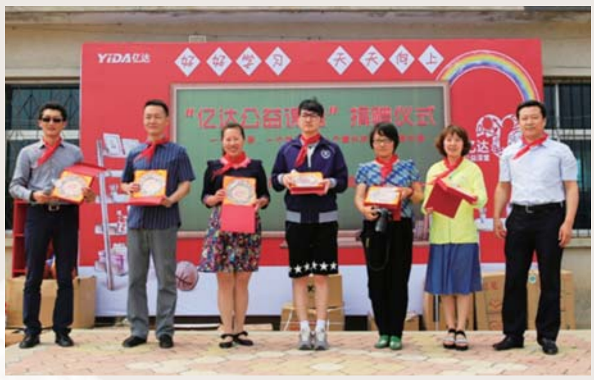
Actively undertaking social responsibility

The Group has been actively undertaking social responsibility; adhering to the concept of “serving the society and rewarding the society”, the Group keeps making contribution to the society in its course of development since its establishment. During the year , the Group proactively participated in public welfare activities and engaged in various educational, cultural and charitable activities.

“Sound of Yida” activities were held by the Group for consecutive twenty-one years. Summer Music Festival and New Year’s Concert of “Sound of Yida” as well as hundreds of high-quality shows performed by more than a hundred domestic and international first-class art groups for the past 21 years have allowed more members of community to enjoy the charm of art and have interactions with domestic and international well-known artists. Love Music Classroom Project of “Sound of Yida” initiated by the Group was awarded “China Corporate Citizenship Outstanding Public Projects 2015” and nearly a hundred classrooms were built and donated by the Group.



Love Music Classroom Project



Yida public welfare classrooms were introduced to the rural primary schools and were warmly welcomed by the children.

Honors and awards

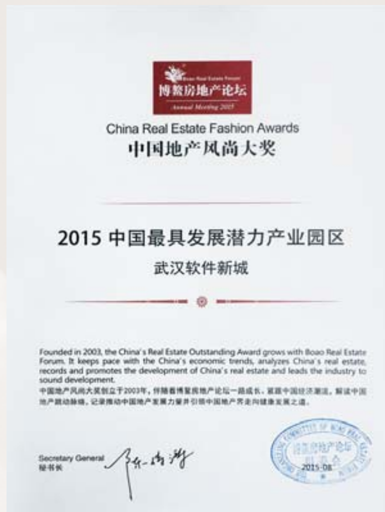
The Group’s innovative practice of city-industry integration gained significant recognition from investors, business partners, customers and all sectors of the society and was selected by Tsinghua University as part of the case bank for the case study in business and administration in 2015.

In the “Global Chinese Real Estate Summit 2016” jointly hosted by IFENG.COM and Phoenix TV, Yida was awarded the “Innovation Award for Industrial Cluster Incubator” (大產業孵化創新獎) for enterprises in 2015. The Group formed industries clusters in the parks through soliciting high quality customers, and promoted the transformation and upgrade of urban industries and accumulated valuable experience in the development and operation of business parks.

Mr. Sun Yinhuan, chairman of the Board of the Group, had exchanges with the students of Tsinghua University

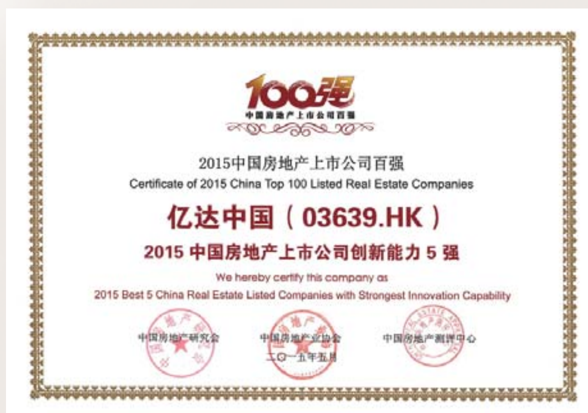
Yida was awarded the "Innovation Award for Industrial Cluster Incubator"

In the "Excellent Ceremony for Hubei Software enterprises in 2015" (2015年湖北省軟件企業風雲榜卓越盛典) hosted by Hubei Software Industry Association, Wuhan New Software Park Development Company Limited (武漢軟件新城發展有限公司), a subsidiary of the Group, was awarded the "Real Estate Fashion Award for Hubei Software Enterprises" (湖北軟件產業地產風尚獎) and Wuhan First City was selected as an industrial park with the strongest development potential in Wuhan in 2015. Currently, many development and research centers of Fortune Global 500 Enterprises had settled in Wuhan First City, thus forming an important cluster of industries for conducting outsourcing businesses.

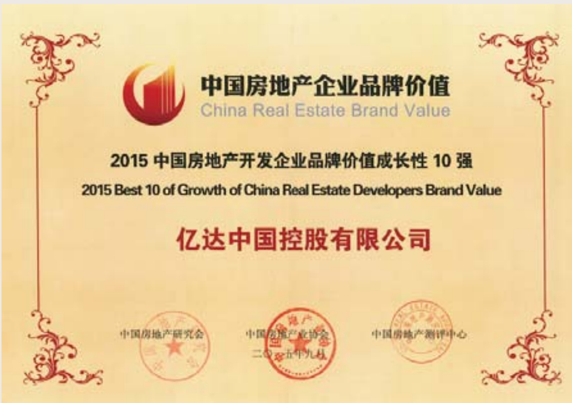


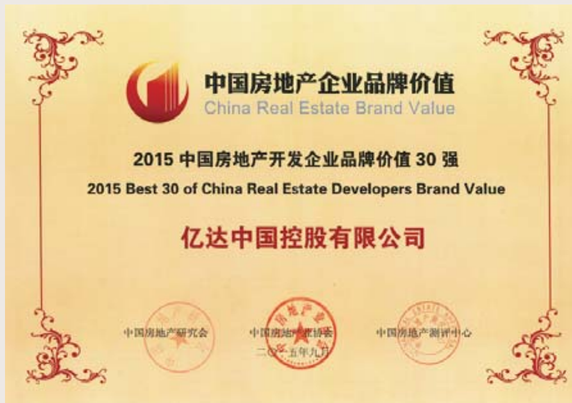
Wuhan First City developed by Yida was recognized as an industrial park with the biggest development potential in China in 2015

In May 2015, the "Appraisal Research Report of China Real Estate Listed Companies in 2015" and "Top 100 of China Real Estate Listed Companies in 2015" issued by China Real Estate Association, China Real Estate Research Association and China Real Estate Appraisal was published in Hong Kong. Yida was selected among the "Top 50 of Comprehensive Strength of China Real Estate Listed Companies in 2015" (2015中國房地產上市公司綜合實力50強) and "Top 5 of Innovation capability of China Real Estate Listed Companies in 2015" (2015中國房地產上市公司創新能力5強).



In September 2015, in the "Appraisal Results Conference of China Real Estate Brand Value cum the Development of Real Estate Brand Summit Forum in 2015" (2015中國房地產企業品牌價值測評成果發佈會暨房地產品牌發展高峰論壇) jointly hosted by China Real Estate Association, China Real Estate Research Association and China Real Estate Appraisal, the Group was awarded the "2015 Best 30 of China Real Estate Development Brand Value" (2015中國房地產開發企業品牌價值30強) and "2015 Best 10 of Growth of China Real Estate Development Brand Value" (2015中國房地產開發企業品牌價值成長性10強).





EXECUTIVE DIRECTORS

Mr. Sun Yinhuan (孫蔭環), aged 66 was appointed as a Director on 2 April 2008 and was redesignated as an executive Director on 16 December 2013. Mr. Sun is the founder and the chairman of the Group. Mr. Sun is also the chairman of the nomination committee of the Company. He is responsible for the strategic development, investment strategies as well as the operation and management decision-making of the project planning and business development of the Group. Mr. Sun has over 27 years of experience in the PRC real estate development and has around 21 years of experience in the operations of business parks in the PRC. Mr. Sun is the standing committee member of The Twelfth National Committee of the Chinese People's Political Consultative Conference (中國人民政治協商會議第十二屆全國委員會), the vice chairman of The Eleventh All-China Federation of Industry & Commerce (第十一屆中華全國工商業聯合會), the vice chairman of the board of directors of China Minsheng Investment Corp., Ltd. (中國民生投資股份有限公司), the vice president of the China Enterprise Confederation (中國企業聯合會), the vice president of the China Real Estate Association (中國房地產業協會), the member of The Twelfth, Thirteenth, Fourteenth and Fifteenth Dalian Municipal People's Congress Standing Committee (大連市第十二屆、第十三屆、第十四屆、第十五屆人民代表大會常務委員會) and the honorary chairman of the Dalian Charity Federation (大連慈善總會). Mr. Sun is the brother of Mr. Sun Yinfeng and the uncle of Mr. Jiang Xiuwen.

Mr. Sun Yinfeng (孫蔭峰), aged 59, was appointed as an executive Director on 16 December 2013. Mr. Sun is the co-founder and the vice chairman of the Group. He is responsible for the planning and design of business parks of the Group and product research and development of various projects. Mr. Sun has over 27 years of experience in real estate development. Mr. Sun received his professional certificate in economics management from Dalian Management College (大連管理幹部學院) in January 1999, now known as Dalian Vocational and Technical College (大連職業技術學院). Mr. Sun also won the "National May 1st Labor Medal" (全國五一勞動獎章) from the All China Federation of Trade Unions. Mr. Sun is the brother of Mr. Sun Yinhuan and the uncle of Mr. Jiang Xiuwen.

Mr. Sun Yansheng (孫燕生), aged 60, was appointed as an executive Director on 16 December 2013. Mr. Sun is the chief executive officer of the Group. He is responsible for the overall operations management of the Group. Mr. Sun joined the Group as the chief accountant of Yida Group Co., Ltd. (億達集團有限公司), the former holding company of the Group's PRC subsidiaries, in July 1999. Prior to joining the Group, Mr. Sun was employed by Dalian Daqi Company Limited (大連大起集團有限公司), a company principally engaged in the manufacture of cranes and other heavy machinery from January 1982 to July 1999, where he last served as the deputy factory manager and deputy general manager, and he was primarily responsible for its financial management. He was accredited as a senior engineer by the Evaluation Committee of Senior Level Qualifications in Electronical and Mechanical Engineering of Dalian City (大連市機電工程高級職務任職條件評審委員會) in October 1992. Mr. Sun received his bachelor's degree in automation instrument from Shanghai College of Mechanics (上海機械學院), now known as the University of Shanghai for Science and Technology, in January 1982 and a master's degree in business and administration from the State University of New York in February 1991.

Mr. Jiang Xiuwen (姜修文), aged 39 was appointed as an executive Director on 16 December 2013. Mr. Jiang is also a member of the remuneration committee of the Company. He is primarily co-working with the chief executive officer in the overall operations management of the Group, and is responsible for the operations management of sales and marketing, construction, human resources and branding. Mr. Jiang joined the Group in July 2000 as an employee of the marketing department of Dalian Yida Property Company Limited (大連億達房地產股份有限公司), a wholly owned subsidiary of the Group. Mr. Jiang received his bachelor's degree in thermal treatment of metal from Dalian Jiaotong University (大連交通大學) in July 2000 and an executive master's degree in advanced business administration from Dalian University of Technology (大連理工大學) in July 2011. Mr. Jiang is the vice chairman of the Liaoning Commercial Federation (遼寧省工商業聯合會) and the vice chairman of the Dalian Federation of Industry and Commerce (大連工商聯合會). Mr. Jiang also won several awards, namely the "Liaoning May 1st Labour Medal" (遼寧五一勞動獎章) of the General Labor Union of Liaoning Province in 2010 and the "Model Worker" (勞動模範) by the People's Government of Liaoning Province in 2012. Mr. Jiang Xiuwen is the nephew of Mr. Sun Yinhuan and Mr. Sun Yinfeng.

Mr. Gao Wei (高煒), aged 53, was appointed as executive Director on 16 December 2013. He is the president of Yida New Software Park Management Company Limited (億達軟件新城管理有限公司) and Dalian Software Park Company Limited (大連軟件園股份有限公司), the wholly owned subsidiaries of the Group, and is primarily responsible for the operations management of Dalian Software Park and the operations development of new business parks projects in Wuhan, Shanghai and Suzhou. Mr. Gao joined the Group in 1998 as the deputy chief economist of Yida Group. From March 1988 to December 1993, Mr. Gao was a lecturer in industrial economics at Dalian Management College (大連管理幹部學院), now known as Dalian Vocational and Technical College (大連職業技術學院), where he taught industrial economics, business administration and economic law. Mr. Gao was accredited as a senior economist by the Liaoning Province Department of Personnel (遼寧省人事廳) in September 1996. Mr. Gao received his bachelor's degree in applied mechanics in July 1985 and a master's degree in industrial management engineering in May 1988 from Beijing Institute of Technology (北京工業學院), now known as Beijing Institute of Technology (北京理工大學). Mr. Gao was awarded the "Model Worker Honorary Certificate of Liaoning Province" (遼寧省勞動模範榮譽證書) from the People's Government of Liaoning Province in 2012.

Mr. Wen Hongyu (問宏宇), aged 53, was appointed as an executive Director on 16 December 2013. He is the general manager of Dalian BEST City Development Company Limited (大連科技城發展有限公司), a wholly owned subsidiary of the Group, and is primarily responsible for the operations management of Dalian BEST City Development Company Limited and its subsidiaries. Mr. Wen joined the Group in 1998 as the general manager of Dalian Yida Property Company Limited. Prior to joining the Group, Mr. Wen had held various positions within the construction department of the Shaanxi Provincial Denghe Mining Bureau (陝西省澄河礦務局建安處), including head of construction department and chief engineer, where he was primarily responsible for management of construction. Mr. Wen was accredited as a senior engineer by the Shaanxi Province Department of Personnel (陝西省人事廳) in December 1996. Mr. Wen received his bachelor's degree in industrial and civil architecture from Xi'an Metallurgy & Architecture College (西安冶金建築學院), now known as Xi'an University of Architecture and Technology (西安建築科技大學) in July 1984. Mr. Wen also won several awards, namely the "Model Worker Honorary Certificate of Liaoning Province" (遼寧省勞動模範榮譽證書) from the People's Government of Liaoning Province in 2009 and the "Outstanding Representative of the Honorary Title Certificate of the 16th People's Congress" (第16屆人民代表大會優秀代表榮譽稱號證書) from the City of Dalian Ganjingzi District People's Congress Standing Committee in 2011.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Ip Yuk Chi Eddie (葉毓池), aged 65, was appointed as an independent non-executive Director on 1 June 2014. Mr. Ip is also the chairman of the remuneration committee, a member of both the audit committee and nomination committee of the Company. Mr. Ip has 32 years of experience working at a number of multinational banks in Hong Kong. His areas of expertise include corporate banking, emerging market debt trading and distressed asset trading and investment. From 1989 to 1998, Mr. Ip served as the manager of asset trading and head of corporation banking group at ING Bank, a bank principally engaged in providing banking services, where he was primarily responsible for asset trading and corporate banking services. From 1998 to 2003, Mr. Ip served as the managing director of distressed asset trading and investment at Bank of America, a bank principally engaged in providing banking services, where he was primarily responsible for management of corporate non-performing assets and investment. From 2004 to 2008, Mr. Ip served as the regional director of Spinnaker Capital Group, a global emerging market investment group, where he was primarily responsible for special situation investment in China. Mr. Ip received his bachelor's degree in applied mathematics and computer science from Washington University in St. Louis, Missouri in May 1973 and a master's degree in business administration from the University of California, Los Angeles in December 1975.

Mr. Yip Wai Ming (葉偉明), aged 51, was appointed as an independent non-executive Director on 1 June 2014. Mr. Yip is also the chairman of the audit committee and a member of the nomination committee of the Company. Mr. Yip has over 20 years of experience in accounting, capital markets and corporate finance. From 1987 to 1996, Mr. Yip worked at Ernst & Young, where his last position held was senior manager. From 1996 to 1998, Mr. Yip served as an associate director of ING Bank N.V., where he was principally engaged in corporate finance. From 1999 till now, Mr. Yip has held positions in a number of companies listed on the Stock Exchange, including serving as the chief financial officer of China New Energy Power Group Limited (stock code: 1041) from 1999 to 2001; the vice president of Hi Sun Technology (China) Limited (stock code: 818) from 2001 to 2003; the chief financial officer of Haier Electronics Group Co., Ltd. (stock code: 1169) from 2004 to 2009; an independent non-executive director of Ju Teng International Holdings Limited (stock code: 3336) from 2006 till now; an independent non-executive director of BBMG Corporation (stock code: 2009) from 2009 to 2015; the deputy general manager of Yuzhou Properties Company Limited (stock code: 1628) in 2010; an independent non-executive director of PAX Global Technology Limited (stock code: 327) from 2010 till now; an independent non-executive director of Far East Horizon Limited (stock code: 3360) from 2011 till now; and an independent non-executive director of Poly Culture Group Corporation Limited (stock code: 3636) from 2013 till now. Mr. Yip holds a bachelor's degree in social sciences from the University of Hong Kong and a bachelor's degree in laws from the University of London. Mr. Yip is a fellow of the Association of Chartered Certified Accountants, an associate of the Hong Kong Institute of Certified Public Accountants and a member of the Chinese Institute of Certified Public Accountants.

Mr. Guo Shaomu (郭少牧), aged 50, was appointed as an independent non-executive Director on 1 June 2014. Mr. Guo is also a member of both the audit committee and remuneration committee of the Company. Mr. Guo has over 13 years of experience in investment banking in Hong Kong. From February 2000 to February 2001, Mr. Guo served as an associate of corporate finance of Salomon Smith Barney, an investment bank principally engaged in providing financial services (an investment banking arm of Citigroup Inc.), where he was primarily responsible for supporting the marketing and execution efforts of the China team. From March 2001 to September 2005, Mr. Guo served as an associate director of global investment banking of HSBC Investment Banking, an investment bank principally engaged in providing financial services, where he was primarily responsible for the execution of China-related transactions. From October 2005 to April 2007, Mr. Guo served as a vice president and a director of the real estate team of J.P. Morgan Investment Banking Asia, an investment bank principally engaged in providing financial services, where he was primarily responsible for marketing efforts covering the real estate sector in China. From April 2007 to April 2013, Mr. Guo served as a director and a managing director of the real estate team of Morgan Stanley Investment Banking Asia, an investment bank principally engaged in providing financial services, where he was one of the key members responsible for the business in the real estate sector in the Greater China region. From February 2015 till now, Mr. Guo has been an independent non-executive director of Fantasia Holdings Group Co., Limited (stock code: 1777), a company listed on the Stock Exchange. Mr. Guo received his bachelor's degree in electrical engineering from Zhejiang University in July 1989, a master's degree in computer engineering from the University of Southern California in May 1993 and a master's degree in business administration from the School of Management of Yale University in May 1998.

SENIOR MANAGEMENT

Ms. Ma Lan (馬蘭), aged 44, is a vice president and the chief financial officer of the Group. She is primarily responsible for the investment, financing, land expansion and development as well as the operation of investment properties of the business parks of the Group. Ms. Ma joined the Group as the general manager of the investment department of Yida Group Co., Ltd., the former holding company of the PRC subsidiaries of the Group, in October 2004. Prior to joining the Group, Ms. Ma was a manager at Shanghai Youlian Strategy Management Centre (上海友聯戰略管理中心), a company principally engaged in the management of financial holding companies, where she was primarily responsible for marketing activities. Ms. Ma received her bachelor's degree in industrial economic management from Dongbei University of Finance and Economics (東北財經大學) in July 1994.

Mr. Qin Xuesen (秦學森), aged 45, is a vice president of the Group. He is primarily responsible for the design and planning, product positioning, cost control, construction and property management of the Group. Mr. Qin joined the Group in November 2002, as the head of quality control department of Dalian Software Park Development Co., Ltd. (大連軟件園開發有限公司). Prior to joining the Group, Mr. Qin was the director of engineering at Dalian Jian-An Engineering Construction Supervision & Management Co., Ltd. (大連建安工程建設監理有限公司), a company principally engaged in building construction supervision, from December 1996 to January 2002, where he was primarily responsible for construction management. Mr. Qin was accredited as an engineer by the Liaoning Province Department of Personnel (遼寧省人事廳) in February 2002. Mr. Qin received his bachelor's degree in construction surveying at Hohai University (河海大學) in July 1995.

Mr. Bao Hongkui (暴洪奎), aged 50, is a vice president of the Group. He is primarily responsible for the brand operation and administration work. Mr. Bao joined the Group in July 1996, as the deputy general manager, and was primarily responsible for the personnel administration and project management. He was also the vice chancellor of Neusoft University of Information (東軟信息學院) from 2005 to 2009, being responsible for enrollment and employment. Prior to joining the Group, from 1989 to 1994, Mr. Bao was the business manager of Liaoning Animal Products Import & Export Company (遼寧省畜產進出口公司), being responsible for business management. From 1994 to 1996, Mr. Bao was the general manager of China National Native Produce and Animal By-products Import and Export Corporation, Dalian branch (中國土產畜產進出口總公司大連公司), being responsible for its overall operation management. Mr. Bao received his bachelor's degree in chemistry engineering and his master of philosophy degree in science at Dalian University of Technology (大連理工大學) in July 1986 and February 1989, respectively.

Mr. Liu Dashun (劉大舜), aged 45, is a vice president of the Group. He is primarily responsible for the financial management and accounting as well as tax planning of the Group. Mr. Liu joined the Group in 1998, being responsible for the financial management. He was the chief financial officer of Shenyang Yida Property Company Limited (瀋陽億達房地產有限公司), a wholly owned subsidiary of the Group, from 2003 to 2005, being responsible for the financial management. He was the chief financial officer of Dalian Yida Development Company Limited (大連億達發展有限公司), a wholly owned subsidiary of the Group, from 2005 to 2006. He was the general manager of Dalian Yida Meijia Property Development Company Limited (大連億達美加房地產開發有限公司), a wholly owned subsidiary of the Group, from 2006 to 2013, being responsible for its operation management. He was the general manager of Shenyang Yida Property Company Limited from 2013 to 2014, being responsible for its operation management. Prior to joining the Group, he was an accountant at Dalian Santai Edifice Company Limited (大連三泰大廈有限公司) from 1995 to 1998. Mr. Liu received his bachelor's degree in accounting in July 1995 at Northeastern University (東北大學).

JOINT COMPANY SECRETARIES

Ms. Wang Huiting (王慧婷), aged 38, is one of joint company secretaries of the Company. She joined the Group in September 2010 and is currently the senior business manager of the investment department of the Company. She is primarily responsible for the Company's compliance and other related legal work. Prior to joining the Group, Ms. Wang was the minister of the securities department of Merro Pharmaceutical Co., Ltd. (美羅藥業股份有限公司) and the deputy chief of the securities department of Dashang Co., Ltd. (大商股份有限公司), both companies of which shares are listed on the Shanghai Stock Exchange. Ms. Wang obtained her bachelor of law degree in international economic law and her master of law degree in international law from Dalian Maritime University (大連海事大學). Ms. Wang holds a PRC legal professional qualification certificate.

Ms. Kwong Yin Ping Yvonne (鄺燕萍), is one of joint company secretaries of the Company. She is a vice president of SW Corporate Services Group Limited. She holds a degree in accountancy from the Hong Kong Polytechnic University and is a fellow of The Hong Kong Institute of Chartered Secretaries and a fellow of The Institute of Chartered Secretaries and Administrators. Ms. Kwong has extensive experience in providing company secretarial and compliance services to numerous private and listed companies. She is currently the named company secretary or joint company secretary of several companies listed on the Stock Exchange.

DIRECTORS' REPORT


GOODYEAR
HITACHI

The Board is pleased to present their report and audited financial statements of the Group for the year ended 31 December 2015.

PRINCIPAL ACTIVITIES

The Company is an investment holding company and its subsidiaries principally engage in the business of development and operation of business parks, the development and sales of multi-functional integrated residential community projects, the operation and management, construction, decoration, landscaping and the property management of business parks. There were no significant changes in nature of the Group's principal activities during the year.

RESULTS

The results of the Group for the year ended 31 December 2015 are set out on page 63 of this annual report.

Business review

The fair review of the Group's business, the financial key performance indicators and analysis of future development of the Group are disclosed in sections headed "Chairman's Statement" and "Management Discussion and Analysis" in this annual report. Both sections form parts of this report.

Environmental policy and performance

The Group puts emphases on environmental responsibility, always adheres to the concept of low-carbon environmental protection, enhances its environmental protection performance through planning, construction and property management, and fulfills its commitment to environmental protection by actively implementing green construction design and adopting measures of energy saving and emission reduction during construction of buildings and throughout all aspects in property management and office operation. In 2015, the Group was awarded the best business park operator of green real estate in China.

Compliance with relevant laws and regulations

The Group always operates its businesses in compliance with laws and regulations. The Group closely monitors various policies and regulations promulgated by the state from time to time, in particular those in land, credit and tax associated with the production and operations of the Group, and adapts to the economic trend and the changes in the orientation of policies and regulations.

Major risks and uncertainties

The Group is mainly exposed to risks and uncertainties arising from the changes of its own operations and industry environment. Risks from own operations include cross-regional operations risk, vacant land risk, construction quality risk and human resources management risk. Risks from the industry environment include risk arising from the fluctuation of the macro economy and the industry cycle, risk of increase in costs of land, raw materials and labor, risk of changes in financial policies, risk of changes in land policies and risk of changes in tax policies.

Relationships with major stakeholders

The Group encourages the participation of stakeholders, keeps in touch with stakeholders by different means and coordinates the opinions and requirements from different stakeholders. The Group regularly submits documents to the relevant regulatory authority, or receives its inspection from time to time to meet the requirements of the regulatory authority. In addition, the regulatory authority will investigate the Group's projects through investors, customers and suppliers and strengthen the mutual communication.

DIVIDENDS

The Board has recommended a payment of final dividend of RMB5.1 cents per share for the year ended 31 December 2015, payable to shareholders whose names appear in the register of members of the Company on 27 June 2016. The proposed final dividend will be payable on or around 12 July 2016, subject to the approval of the shareholders of the Company in the forthcoming annual general meeting ("AGM") to be held by the Company.

The proposed final dividend will be declared in Renminbi and paid in Hong Kong dollars. The payable final dividend will be translated into Hong Kong dollars at the average middle exchange rate for Renminbi to Hong Kong dollars as published by The People's Bank of China between 15 June 2016 and 17 June 2016.

There is no arrangement that a shareholder of the Company has waived or agreed to waive any dividend.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed from Wednesday, 15 June 2016 to Friday, 17 June 2016 (both days inclusive), during such period no transfer of shares will be registered. To ascertain shareholders who are eligible to attend and vote at the AGM to be held on Friday, 17 June 2016, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Tuesday, 14 June 2016.

The register of members of the Company will be closed from Thursday, 23 June 2016 to Monday, 27 June 2016 (both days inclusive), during such period no transfer of shares will be registered. In order to qualify for entitlement to the final dividend, all transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong not later than 4:30 p.m. on Wednesday, 22 June 2016.

FINANCIAL SUMMARY

A summary of the results and of the assets, liabilities and non-controlling interests of the Group for the last five financial years is set out on page 5 of this annual report.

PROPERTY, PLANT AND EQUIPMENT AND INVESTMENT PROPERTIES

The details of changes of the property, plant and equipment and investment properties of the Company and the Group during the year are set out in notes 13 and 14 to the consolidated financial statements of the Group, respectively. Further details of the Group's major investment properties are set out on page 22 of this annual report.

BORROWINGS

Details of borrowings are set out in note 30 to the financial statements of the Group.

RESERVES

The changes of reserves of the Group during the year are set out in the consolidated statement of changes in equity and note 36 to the financial statements of the Group.

DISTRIBUTABLE RESERVES

As at 31 December 2015, the available distributable reserves of the Company was approximately RMB1,710,650,000.

DONATIONS

The donations of the Group during the year was approximately RMB12,500,000.

MAJOR CUSTOMERS AND SUPPLIERS

For the year ended 31 December 2015, the aggregate sales attributable to the Group's five largest customers was less than 30% of the Group's total sales for the same period and the aggregate purchases attributable to the Group's five largest suppliers was less than 30% of the Group's total purchases for the same period. None of the Directors, their close associates or any shareholder (who to the knowledge of the Directors owns more than 5% of the share capital of the Company) had any interest in the share capital of any of the five largest customers and suppliers of the Group for the year ended 31 December 2015.

SHARE CAPITAL

The details of the changes in the share capital of the Company during the year are set out in note 34 to the financial statements of the Group.

PURCHASES, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

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

MATERIAL ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES AND ASSOCIATED COMPANIES

During the year ended 31 December 2015, the Group had no material acquisitions or disposals of subsidiaries and associated companies.

PRE-EMPTIVE RIGHTS

There are no provision for pre-emptive rights over shares of the Company under the Company's Articles of Association or the laws of Cayman Islands where the Company is incorporated.

SHARE OPTION SCHEME

The Company adopted a share option scheme on 1 June 2014 (the "Share Option Scheme"). During the period from the date of adoption to 31 December 2015, no share options have been granted under the share option scheme.

The following is a summary of the principal terms of the Share Option Scheme:

1. Purpose of the Share Option Scheme:

   The Share Option Scheme is established to recognize and acknowledge the contributions the Eligible Participants (as defined in paragraph 2 below) 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. Participants of the Share Option Scheme:

   The Board may, at its discretion, offer to grant an option to the following persons (collectively the "Eligible Participants") to subscribe for such number of new Shares as the Board may determine:

   (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; and

   (iii) any advisers, consultants, suppliers, customers, distributors and such other persons who in the sole opinion of the Board will contribute or have contributed to the Company or any of its subsidiaries.

3. Total number of Shares available for issue under the Share Option Scheme and percentage of issued share capital as at 31 December 2015:

   As at 31 December 2015, no share option has been granted under the Share Option Scheme.

   The maximum number of Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme shall not in aggregate exceed 258,000,000 Shares.

4. Maximum entitlement of each participant under the Share Option Scheme:

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

(i) the issue of a circular by the Company containing the identity of the Eligible Participant, the numbers and terms of the options to be granted (and options previously granted to such participant) and the information as required under Rules 17.02(2)(d) and the disclaimer required under 17.02(4) of the Listing Rules; and

(ii) the approval of the shareholders in general meeting and/or other requirements prescribed under the Listing Rules from time to time with such Eligible Participant and his/her associates (as defined in the Listing Rules) abstaining from voting.

5. The period within which the Shares must be exercised under the Share Option Scheme:

An option may be exercised at any time during a period to be determined and notified by the Directors to each grantee, but shall not be more than 10 years from the date of grant of options subject to the provisions for early termination set out in the Share Option Scheme.

6. The minimum period for which an option must be held before it can be exercised:

There is no minimum period for which an option granted must be held before it can be exercised except otherwise imposed by the Directors.

7. The basis of determining the exercise price:

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 must be at least the highest of (i) the closing price of the Shares as stated in the Stock Exchange's daily quotation sheets on the date of grant of options, which must be a trading day; (ii) the average closing price of the Shares as stated in the Stock Exchange's daily quotation sheets for the five business days immediately preceding the date of grant of options; and (iii) the nominal value of a Share.

8. The remaining lift of the Share Option Scheme:

Subject to the earlier termination by the Company in general meeting or by the Board, the Share Option Scheme shall be valid and effective for a period of 10 years from the date of its adoption.

USE OF PROCEEDS FROM GLOBAL OFFERING

On 27 June 2014, the shares of the Company were listed on the Main Board of the Stock Exchange. The net proceeds from the above global offering were approximately HK$1,328.0 million (after deducting relevant listing expenses). During the year, the Company has been using the net proceeds in proportion on the terms of that listed out in the section headed "Future Plans and Use of Proceeds — Use of Proceeds" in the prospectus issued by the Company on 17 June 2014.

DIRECTORS AND DIRECTORS' SERVICE CONTRACTS

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

Executive Directors

Mr. Sun Yinhuan *(Chairman)*
Mr. Sun Yinfeng *(Vice-chairman)*
Mr. Sun Yansheng *(Chief executive officer)*
Mr. Jiang Xiuwen
Mr. Gao Wei
Mr. Wen Hongyu

Independent Non-Executive Directors

Mr. Ip Yuk Chi Eddie
Mr. Yip Wai Ming
Mr. Guo Shaomu

Each of the executive Directors has entered into a service contract with the Company for a term of three years commencing from 27 June 2014 and each of the independent non-executive Directors has entered into a letter of appointment with the Company for a term of three years commencing from 27 June 2014. None of the Directors, including Directors being proposed for re-election at the forthcoming annual general meeting, has a service contract with the Company or any of its subsidiaries, which is not determinable by the Group within one year without payments of compensation other than statutory compensation.

In accordance with Article 84(1) of the Articles of Association, Mr. Sun Yinfeng, Mr. Jiang Xiuwen, and Mr. Ip Yuk Chi Eddie shall retire and being eligible, have offered themselves for re-election at the Company's forthcoming annual general meeting.

PERMITTED INDEMNITY PROVISION

In accordance with Article 164(1) of the Articles of the Company, each of the Directors and senior management of the Company shall be indemnified and secured harmless out of the assets and profits of the Company from and against all actions, costs, charges, losses, damages and expenses which the Directors and senior management, shall or may incur or sustain by or by reason of any act done, concurred in or omitted in or about the execution of their duty, or supposed duty, in their respective offices, except any matter in respect of any fraud or dishonesty which may attach to any of aforesaid persons.

Liability insurance for Directors and senior management officers of the Company was maintained by the Company with coverage for any legal liabilities which may arise in the course of performing their duties.

REMUNERATION OF DIRECTORS AND FIVE HIGHEST PAID INDIVIDUALS

For the year ended 31 December 2015, the details of the remuneration of the directors and five highest paid individuals of the Group are set out in notes 8 and 9 to the financial statements of the Group, respectively. The remuneration for Directors is determined with reference to their time commitment and responsibilities, and employment condition in the Group and comparable companies.

DIRECTORS'/CONTROLLING SHAREHOLDERS' INTERESTS IN TRANSACTIONS, ARRANGEMENTS OR CONTRACTS

Save as disclosed in sections headed "Connected Transactions" and "Related Party Transactions" in this annual report, there has been no transaction, arrangement or contract of significance to which the Company, its holding company, or any of its subsidiaries or fellow subsidiaries was a party and in which a Director, an entity connected with the Director, either directly or indirectly, or controlling shareholders, is or was materially interested, subsisting during or at the end of the year.

DIRECTORS' INTERESTS IN A COMPETING BUSINESS

As at 31 December 2015, none of the Directors had interests in a business which competes or is likely to compete, either directly or indirectly, with the businesses of the Group.

NON-COMPETITION UNDERTAKINGS

The Company has received from each of the controlling shareholders of the Company an annual declaration on his/its compliance with the undertakings contained in the deed of non-competition (the "Deed of Non-Competition") entered into by each of them in favour of the Company pursuant to which each of the controlling shareholders of the Company has undertaken to the Company that he/it will not and will procure that his/its associates (other than members of the Group) not to directly or indirectly be involved in or undertake any business that directly or indirectly competes with the Group's business.

Details of the Deed of Non-Competition were disclosed in the prospectus of the Company dated 17 June 2014 under the section headed "Relationship with Our Controlling Shareholders".

For the year ended 31 December 2015, the Company has received an annual written confirmation from each of the Company's controlling shareholders in respect of their and their associates' compliance with the Deed of Non-Competition. The independent non-executive Directors have reviewed and were satisfied that each of the controlling shareholders of the Company has complied with the Deed of Non-Competition for the year ended 31 December 2015.

CONNECTED TRANSACTIONS

On 28 August 2015, (i) Dalian Yida Construction Engineering Company Limited ("Dalian Yida Construction"), an indirectly wholly owned subsidiary of the Company, entered into the Water Bank Reinforcement Contract with Dalian Shengbei Property Company Limited ("Dalian Shengbei"), pursuant to which Dalian Yida Construction agreed to provide water bank reinforcement service to Dalian Shengbei at a consideration of RMB25,647,871.44 (equivalent to approximately HK$30,520,967.01) and (ii) Dalian Yida Landscaping Engineering Company Limited ("Dalian Yida Landscaping"), an indirectly wholly owned subsidiary of the Company, entered into the Landscaping Contract with Dalian Shengbei, pursuant to which Dalian Yida Landscaping agreed to provide landscaping service to Dalian Shengbei at a consideration of RMB16,386,691.97 (equivalent to approximately HK$19,500,163.44) (the "Transactions").

Dalian Shengbei is indirectly owned as to 40% by Mr. Sun Yinhuan, an executive Director and the controlling shareholder of the Company and therefore Dalian Shengbei is an associate of a connected person of the Company. As such, the Transactions constitute connected transactions of the Company under Chapter 14A of the Listing Rules. Further details of the connected transactions were disclosed in the announcement of the Company dated 28 August 2015.

The Company has complied with the disclosure requirements in accordance with Chapter 14A of the Listing Rules for the year ended 31 December 2015.

RELATED PARTY TRANSACTIONS

During the year ended 31 December 2015, the Group entered into transactions with related parties as disclosed in note 42 to the financial statements of the Group. These related party transactions included the following transactions which constituted continuing connected transactions under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") but exempted from the reporting, announcement and independent shareholders' approval requirements pursuant to Rule 14A.76 of the Listing Rules:

1. Provision of real estate agency services to Shenyang Yida Property Company Limited (瀋陽億達房地產有限公司) and/or its subsidiaries;

2. Lease of property to Yida Information Technology Co., Ltd. (億達信息技術有限公司);

3. Lease of property from Dalian Software Park Development Co., Ltd. (大連軟件園開發有限公司);

4. License of certain trademarks from Yida Group Co., Ltd. (億達集團有限公司).

Save for the above exempted continuing connected transactions, there were no other continuing connected transactions as of 31 December 2015.

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

As at 31 December 2015, the interests and short positions of each of the Directors and the chief executives of the Company in the shares (the "Shares") and underlying Shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) as recorded in the register required to be kept by the Company pursuant to section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as contained in Appendix 10 to the Listing Rules were as follows:

(I) Interest in the Shares and underlying Shares

Name of Director	Capacity/Nature of interest	Number of shares held(1)	Approximate percentage in the company's issued share capital
Mr. Sun Yinhuan	Interest of a controlled corporation	1,611,400,000(L)(2)	62.36%
Mr. Sun Yinfeng	Interest of a controlled corporation	93,400,000(L)(3)	3.61%
Mr. Sun Yansheng	Interest of a controlled corporation	78,800,000(L)(4)	3.05%
Mr. Jiang Xiuwen	Interest of a controlled corporation	68,600,000(L)(5)	2.65%
Mr. Wen Hongyu	Interest of a controlled corporation	93,400,000(L)(6)	3.61%
Mr. Gao Wei	Interest of a controlled corporation	78,800,000(L)(7)	3.05%

Notes:

(1) The letter "L" denotes the person's long position in such securities.

(2) Mr. Sun Yinhuan beneficially owns the entire issued share capital of Right Won Management Limited. By virtue of the SFO, Mr. Sun Yinhuan is deemed to be interested in the Shares held by Right Won Management Limited.

(3) Mr. Sun Yinfeng beneficially owns the entire issued share capital of Grand Create Limited, which in turn owns 42.10% of the issued share capital of Keen Harmony Limited. Keen Harmony Limited owns 3.61% of the issued share capital of the Company. By virtue of the SFO, Mr. Sun Yinfeng is deemed to be interested in the Shares held by Keen Harmony Limited.

(4) Mr. Sun Yansheng beneficially owns the entire issued share capital of Everest Talent Limited, which in turn owns 37.50% of the issued share capital of Keen Sky Grace Limited. Keen Sky Grace Limited owns 3.05% of the issued share capital of the Company. By virtue of the SFO, Mr. Sun Yansheng is deemed to be interested in the Shares held by Keen Sky Grace Limited.

(5) Mr. Jiang Xiuwen beneficially owns the entire issued share capital of Grace Excellence Limited and Everest Everlasting Limited, which, in aggregate, in turn own 45.56% of the issued share capital of Keen High Keen Source Limited. Keen High Keen Source Limited owns 2.65% of the issued share capital of the Company. By virtue of the SFO, Mr. Jiang Xiuwen is deemed to be interested in the Shares held by Keen High Keen Source Limited.

(6) Mr. Wen Hongyu beneficially owns the entire issued share capital of Kind Source Limited, which in turn owns 31.58% of the issued share capital of Keen Harmony Limited. Keen Harmony Limited owns 3.61% of the issued share capital of the Company. By virtue of the SFO, Mr. Wen Hongyu is deemed to be interested in the Shares held by Keen Harmony Limited.

(7) Mr. Gao Wei beneficially owns the entire issued share capital of Everest Excellence Limited, which in turn owns 25% of the issued share capital of Keen Sky Grace Limited. Keen Sky Grace Limited owns 3.05% of the issued share capital of the Company. By virtue of the SFO, Mr. Gao Wei is deemed to be interested in the Shares held by Keen Sky Grace Limited.

(II) Interest in associated corporations of the Company

Name of Director	Name of associated corporation	Capacity	Number of shares[1]	Percentage of the issued share capital of that associated corporation held
Mr. Sun Yinhuan	Right Won Management Limited	Beneficial owner	1(L)	100.00%
Mr. Sun Yinfeng	Keen Harmony Limited	Interest of a controlled corporation	4,000(L)[2]	42.10%
Mr. Sun Yansheng	Keen Sky Grace Limited	Interest of a controlled corporation	3,000(L)[3]	37.50%
Mr. Jiang Xiuwen	Keen High Keen Source Limited	Interest of a controlled corporation	3,180(L)[4]	45.56%
Mr. Wen Hongyu	Keen Harmony Limited	Interest of a controlled corporation	3,000(L)[5]	31.58%
Mr. Gao Wei	Keen Sky Grace Limited	Interest of a controlled corporation	2,000(L)[6]	25.00%

Notes:

(1) The letter "L" denotes the person's long position in such securities.

(2) These shares are held by Grand Create Limited which is wholly owned by Mr. Sun Yinfeng.

(3) These shares are held by Everest Talent Limited which is wholly owned by Mr. Sun Yansheng.

(4) These shares include 3,000 shares held by Grace Excellence Limited and 180 shares held by Everest Everlasting Limited, which are wholly owned by Mr. Jiang Xiuwen.

(5) These shares are held by Kind Source Limited which is wholly owned by Mr. Wen Hongyu.

(6) These shares are held by Everest Excellence Limited which is wholly owned by Mr. Gao Wei.

Save as disclosed above, as at 31 December 2015, none of the Directors and chief executive of the Company and/or their respective associated persons had any personal, family, corporate or other interests or short positions in any Shares, underlying Shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) 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 and short positions which he/she was deemed or taken to have under such provisions of the SFO) or which were required to be entered into the register kept by the Company pursuant to section 352 of the SFO or which were required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

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

As at 31 December 2015, so far as the Directors are aware, the following persons (other than the Directors and the chief executive of the Company) or institutions have interests or short positions in the Shares and underlying Shares as recorded in the register required to be kept pursuant to section 336 of the SFO:

Name of shareholder	Capacity/Nature of interest	Number of shares held(1)	Approximate percentage in the Company's issued share capital
Right Won Management Limited(2)	Beneficial owner	1,611,400,000(L)	62.36%

Notes:

(1) The letter "L" denotes the person's long position in such securities.

(2) Right Won Management Limited is beneficially and wholly owned by Mr. Sun Yinhuan. By virtue of the SFO, Mr. Sun Yinhuan is deemed to be interested in the Shares held by Right Won Management Limited.

Save as disclosed above, as at 31 December 2015, there was no other person, other than a Director or chief executive of the Company, who had interests or short positions in the Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company pursuant to section 336 of the SFO, or as otherwise notified to the Company and the Stock Exchange.

SUFFICIENCY OF PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of the Directors, at the date of this annual report, the Company has maintained a sufficient public float of at least 25% of the Company's total number of issued shares as required under the Listing Rules.

AUDITORS

The financial statements have been audited by the Company's auditors, Ernst & Young, who will retire and, being eligible, will offer themselves for re-appointment at the forthcoming annual general meeting.

By order of the Board
Yida China Holdings Limited
Sun Yinhuan
Chairman

Dalian, Liaoning Province, PRC, 24 March 2016

Corporate Governance Report

The Board is pleased to present this Corporate Governance Report for the year ended 31 December 2015.

The Company recognizes the value and importance of achieving high corporate governance standards to enhance corporate performance and accountability. The Board will strive to uphold the principles of corporate governance and adopt sound corporate governance practices to meet the legal and commercial standards, focusing on areas such as internal control, fair disclosure and accountability to all shareholders of the Company.

The Board is of the view that, for the period from 1 January 2015 to 31 December 2015 (the "Review Period"), the Company has complied with the principles and the code provisions set out in the Corporate Governance Code and Corporate Governance Report in Appendix 14 of the Listing Rules (the "CG Code").

(A) THE BOARD OF DIRECTORS

Board Composition

During the Review Period, the Board consisted of nine Directors including Mr. Sun Yinhuan (Chairman), Mr. Sun Yinfeng (Vice Chairman), Mr. Sun Yansheng (Chief Executive Officer), Mr. Jiang Xiuwen, Mr. Gao Wei and Mr. Wen Hongyu as the executive Directors and Mr. Ip Yuk Chi Eddie, Mr. Yip Wai Ming and Mr. Guo Shaomu as the independent non-executive Directors. The biographical details of the Directors are set out in the section headed "Profile of Directors and Senior Management" of this annual report. The overall management of the Company's operation is vested in the Board. Saved as disclosed in this annual report, to the knowledge of the Directors, the Board members have no financial, business, family or other material relationship with each other.

Board's Responsibilities

The Board takes on the responsibility to oversee all major matters of the Group, including the formulation and approval of all policy matters, overall strategies, internal control and risk management systems, and monitor the performance of the senior management. The Board has established three Board committees and has delegated to these Board committees various responsibilities as set out in their respective terms of reference. All relevant terms of reference are published on the websites of the Stock Exchange and the Company. All Directors have carried out their duties in good faith and in compliance with the standards of applicable laws and regulations, and have acted in the best interests of the Company and its shareholders at all times.

Liability insurance for Directors and senior management officers of the Company was maintained by the Company with coverage for any legal liabilities which may arise in the course of performing their duties.

Delegation by the Board

The management, consisting of the Company's executive Directors along with other senior management officers, is delegated with responsibilities for implementing the strategy and direction as adopted by the Board from time to time, and conducting the day-to-day operations of the Group. Executive Directors and senior management officers meet regularly to review the performance of the businesses of the Group as a whole, co-ordinate overall resources and make financial and operational decisions. The Board also gives clear directions as to their powers of management and will review the delegation arrangements on a periodic basis to ensure that they remain appropriate to the needs of the Group.

Compliance with the Model Code for Directors' Securities Transactions

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 of the Listing Rules as the standard for securities transactions by the Directors. The Company has made specific enquiries of all the Directors and all the Directors confirmed that they have complied with the required standards set out in the Model Code during the Review Period. The Company has also established written guidelines on no less exacting terms than the Model Code (the "Employees Written Guidelines") for securities transactions by the relevant employees, including the Directors, who are likely to be in possession of inside information of the Company. No incident of non-compliance of the Employees Written Guidelines by any employees was noted by the Company.

Directors' Responsibilities for Financial Statements

The Directors acknowledge their responsibilities for preparing the financial statements of the Group in accordance with statutory requirements and applicable accounting standards. The Directors also acknowledge their responsibilities to ensure that the financial statements of the Group are published in a timely manner.

The reporting responsibilities of the Company's external auditors on the financial statements of the Group are set out in the "Independent Auditors' Report" in this annual report.

Chairman and Chief Executive Officer

Pursuant to the code provision A.2.1 of the CG Code, the roles of the chairman and the chief executive officer should be separate and should not be performed by the same individual. During the Review Period, the roles of the chairman and the chief executive officer of the Company have been performed by Mr. Sun Yinhuan and Mr. Sun Yansheng, respectively. Pursuant to the code provision A.2.4 of the CG Code, the chairman plays a leadership role in the Board and is responsible for the management and functioning of the Board. The chairman is also responsible for the formulation of the Group's strategic vision, direction and objectives as well as participating in the Group's strategic and key operational decision-making process. The chairman is also responsible for establishing good corporate governance practices and procedures for the Company. On the other hand, the chief executive officer primarily focuses on developing and implementing objectives and policies approved and delegated by the Board. The chief executive officer is also responsible for the Group's day-to-day management and operations and the formulation of the organization structure, control systems and internal procedures and processes of the Company for the Board's approval.

Pursuant to the code provision A.2.7 of the CG Code, the chairman of the Company met with the three independent non-executive Directors without the presence of other executive Directors on 10 December 2015.

Independent Non-Executive Directors

During the Review Period, the Board at all times met the requirements of the Listing Rules and the Company appointed three independent non-executive Directors representing one-third of the Board, of which Mr. Yip Wai Ming, an independent non-executive Director, possessed appropriate professional qualifications, accounting and related financial management expertise.

The Company has also received an annual written confirmation from each of the independent non-executive Directors in respect of their independence in accordance with the requirement under Rule 3.13 of the Listing Rules. The Company considers all independent non-executive Directors to be independent.

All independent non-executive Directors of the Company possess extensive industry expertise, professional and management experience. They play a significant role in the Board by virtue of their independent judgment. They advise on the Company's strategies, performance and control. They are also members of various Board committees and devote sufficient amount of time and attention to the affairs of the Company.

Board Meetings and General Meetings

The Board meets regularly to discuss and formulate the overall strategy as well as the operation and financial performance of the Group. Directors may participate either in person or through electronic means of communications. Pursuant to the code provision A.1.1 of the CG Code, during the Review Period, the Company held four Board meetings at approximately quarterly intervals. All Directors participated in the Board meetings.

At least 14 days' notice will be given for a regular Board meeting. All Directors are provided with relevant materials relating to the matters in issue in advance before the meetings and have the opportunity to include matters in the agenda for Board meetings.

Directors can separately get access to the senior management and the company secretary at all time and may seek independent professional advice at the Company's expense. Pursuant to the code provisions A.1.4 and A.1.5 of the CG Code, minutes of Board meetings and meetings of Board committees are kept by the company secretary of the meeting and such minutes are open for inspection at any reasonable time on reasonable notice by any Director. Minutes of Board meetings and meetings of Board committees record in sufficient detail the matters considered by the Board and decisions reached.

Pursuant to the code provision A.1.7 of the CG Code, if a substantial shareholder or a Director has a conflict of interest in a matter to be considered by the Board which the Board has determined to be material, the matter would not be dealt with by way of circulation or by a committee (except an appropriate Board committee set up for that purpose pursuant to a resolution passed in a Board meeting) but a Board meeting would be held. Executive Directors and independent non-executive Directors who have no material conflict of interest in the transaction would be present at such Board meeting.

The Board procedures are in compliance with the articles of association (the "Articles") of the Company, as well as relevant rules and regulations.

During the Review Period, the Company held an annual general meeting on 10 June 2015.

Appointment, Re-election and Removal of Directors

The procedures of appointment, re-election and removal of Directors are set out in the Articles of the Company. The Nomination Committee is responsible for reviewing the Board composition, developing and formulating the relevant procedures for nomination and appointment of Directors, monitoring the appointment and succession planning of Directors and assessing the independence of independent non-executive Directors.

Each of the executive Directors and independent non-executive Directors has entered into a service contract or a letter of appointment with the Company for a term of three years commencing from the Listing Date. Such term is subject to his re-election by the Company at an annual general meeting upon retirement. The Articles provide that any Director appointed by the Board to fill a casual vacancy in the Board shall hold office until the first general meeting of the Company after his appointment and shall then be eligible for re-election at such meeting. Besides, any Director appointed by the Board as an addition to the existing Board shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election. In accordance with the Articles, at every annual general meeting of the Company, one third of the Directors for the time being or, if their number is not three or a multiple of three, then the number nearest to but not less than one-third shall retire from office by rotation provided that every Director (including those appointed for a specific term) shall be subject to retirement by rotation at least once every three years and being eligible offer themselves for re-election.

In accordance with Article 84(1) and (2) of the Articles, Mr. Sun Yinhuan, Mr. Sun Yinfeng, Mr. Sun Yansheng, Mr. Jiang Xiuwen, Mr. Gao Wei, Mr. Wen Hongyu, the executive Directors and Mr. Ip Yuk Chi Eddie, Mr. Yip Wai Ming and Mr. Guo Shaomu, the Independent non-executive Directors, retired at the AGM held on 10 June 2015 and offered themselves for re-election at the Company's AGM.

The shareholders of the Company may, at any general meetings convened and held in accordance with the Articles, remove a Director at any time before the expiration of his period of office notwithstanding anything contrary in the Articles or in any agreement between the Company and such Director.

Induction and Continuing Development for Directors

Each newly appointed director receives formal, comprehensive and tailored induction on the first occasion of his/her appointment, so as to ensure that he/she has appropriate understanding of the business and operations of the Company and that he/she is fully aware of his/her responsibilities and obligations under the Listing Rules and relevant regulatory requirements. The Directors are continually provided with information related to the latest developments in the legal and regulatory regime and the business and market environments to facilitate the execution of their responsibilities. Relevant training such as continuing briefing and professional development for Directors were also arranged by the Company and its legal adviser.

During the Review Period, a training course was organized by the Company for Directors to update the Directors on the new amendments to the relevant code and the related Listing Rules. All Directors participated in such training course. Individual Directors also attended seminars, conferences and/or forums and read newspapers, journals, Company newsletters and updates relating to the economy, general business, real estate or Directors' duties and responsibilities, etc.

Board Diversity Policy

The Board adopted a board diversity policy setting out the approach to achieve diversity on the Board. In designing the Board's composition, the Company considered diversity of board members from a number of aspects, including but not limited to gender, age, cultural and educational background, professional experience, skills and knowledge. All Board appointments will be based on meritocracy, and candidates will be considered against objective criteria, having due regard for the benefits of diversity on the Board.

Board Committees

The Board has established three committees, namely, the Nomination Committee, the Remuneration Committee and the Audit Committee, for overseeing particular aspects of the Board and the Group's affairs. All Board committees are established with defined written terms of reference which are available to shareholders on the Company's website and the website of the Stock Exchange. The Board committees are provided with sufficient resources to discharge their duties and, upon reasonable request, are able to seek independent professional advice in appropriate circumstances, at the Company's expense.

Nomination Committee

The Nomination Committee of the Company is established with written terms of reference in compliance with Rule A.5 of the CG Code. The Nomination Committee is comprised of one executive Director and two independent non-executive Directors. The Nomination Committee comprises Mr. Sun Yinhuan as the chairman and Mr. Ip Yuk Chi Eddie and Mr. Yip Wai Ming as members.

The Nomination Committee is primarily responsible for recommending to the Board suitably qualified persons to become the member of the Board and is also responsible for reviewing the structure, size and composition of the Board on a regular basis and as required as well as assessing the independence of each independent Director. Its written terms of reference cover recommendations to the Board on the appointment, succession or removal of Directors, evaluation of Board composition and the management of Board succession with reference to certain guidelines as endorsed by the committee. These guidelines include appropriate professional knowledge and industry experience, personal ethics, integrity and personal skills, and time commitments of members. The written terms of reference of the committee are in line with the provisions of the code. During the Review Period, the Nomination Committee convened a meeting on 31 March 2015 to discuss the structure, size and composition of the Board and assess the independence of each independent Director.

Audit Committee

The Audit Committee of the Company is established with written terms of reference in compliance with Rule 3.21 of the Listing Rules and code provisions C.3 and D.3 of the CG Code. The Audit Committee is comprised of all three independent non-executive Directors. The chairman is Mr. Yip Wai Ming, who confirmed that he possesses appropriate professional qualifications as required under Rule 3.10(2) and Rule 3.21 of the Listing Rules. The other members are Mr. Ip Yuk Chi Eddie and Mr. Guo Shaomu. The Group's accounting principles and practices, financial statements and related materials for the year ended 31 December 2015 had been reviewed by the committee.

The primary duties of the Audit Committee include, but are not limited to: (i) reviewing and monitoring the relationship of the external auditors and the Group, particularly the independence, objectivity and effectiveness of the external auditors; (ii) providing an independent view of the effectiveness of the financial reporting process, internal control, compliance and risk management systems of the Group; (iii) overseeing the audit process and performing other duties and responsibilities as assigned by the Board; (iv) developing, reviewing and monitoring our policies and practices on corporate governance, compliance with legal and regulatory requirements and requirements under the Listing Rules; (v) reviewing the financial statements of the Company including annual and interim reports as well as ensuring compliance with accounting standards and reviewing significant adjustments resulting from audit; and (vi) developing, reviewing and monitoring the code of conduct applicable to our employees and Directors. The written terms of reference of the committee are in line with the provisions of the code.

During the Review Period, the Audit Committee convened a meeting on 23 March 2015 with the Company's external auditors to review the Company's annual financial report as of 31 December 2014, convened a meeting on 17 August 2015 with the Company's external auditors to review the Company's interim financial report as of 30 June 2015 and convened a meeting on 10 December 2015 to review the revision of the written terms of reference of the committee.

In addition, the committee has recommended the Board to re-appoint Ernst & Young as the Company's external auditors for the financial year ending 31 December 2016 at the forthcoming AGM.

Remuneration Committee

The Remuneration Committee of the Company is established with written terms of reference in compliance with Rule B.1 of the CG Code. The Remuneration Committee is comprised of two independent non-executive Directors and one executive Director. The committee comprises Mr. Ip Yuk Chi Eddie as the chairman and Mr. Jiang Xiuwen and Mr. Guo Shaomu as members.

The primary duties of the Remuneration Committee include, but are not limited to: (i) making recommendations to the Board on our policy and structure for all remuneration of Directors and senior management and on the establishment of a formal and transparent procedure for developing policies on such remuneration; (ii) reviewing and approving the management's remuneration proposals with reference to the Board's corporate goals and objectives and ensuring that it is consistent with contractual terms and are reasonable and appropriate; and (iii) determining the terms of the remuneration package of our Directors and senior management with reference to their time commitment and responsibilities, and employment condition in the Group, and comparable companies. The written terms of reference of the committee are in line with the provisions of the code.

During the Review Period, the Remuneration Committee convened a meeting on 27 March 2015 to discuss the reasonableness matters related to the remuneration of the Directors and senior management.

The remuneration policy of the Group and details of the remuneration of the Directors are set out in the section headed "Management Discussion and Analysis" and note 8 to the financial statements.

Details of the remuneration by band of the four members of the senior management of the Company, whose biographies are set out on pages 34 to 35 of this annual report, for the year ended 31 December 2015 are set out below:

	2015			
	Salaries, allowances and benefits in kind RMB'000	Discretionary bonuses RMB'000	Pension scheme contributions RMB'000	Total emoluments RMB'000
Ma Lan	1,295	418	82	1,795
Qin Xuesen	624	658	83	1,365
Bao Hongkui	637	658	83	1,378
Liu Dashun	637	656	76	1,369

Meeting Attendance

The attendance of Directors at Board meetings, meetings of the Board committees and annual general meetings during the Review Period, as well as the number of such meetings held, is set out as follows:

Meetings attended/held

Directors	Board	Audit Committee	Nomination Committee	Remuneration Committee	AGM
Executive Directors					
Mr. Sun Yinhuan *(Chairman)*	4/4		1/1		1/1
Mr. Sun Yinfeng *(Vice Chairman)*	4/4				1/1
Mr. Sun Yansheng *(Chief Executive Officer)*	4/4				1/1
Mr. Jiang Xiuwen	4/4			1/1	1/1
Mr. Gao Wei	4/4				1/1
Mr. Wen Hongyu	4/4				1/1
Independent Non-executive Directors					
Mr. Ip Yuk Chi Eddie	4/4	3/3	1/1	1/1	1/1
Mr. Yip Wai Ming	4/4	3/3	1/1		1/1
Mr. Guo Shaomu	4/4	3/3		1/1	1/1

Company Secretary

Mr. Law Siu Wo, the company secretary, is a full-time employee of the Company. In 2015, Mr. Law has confirmed that he has complied with Rule 3.29 of the Listing Rules by taking no less than 15 hours of relevant professional training. Mr. Law resigned as the company secretary of the Company on 10 December 2015.

On 10 December 2015, Ms. Wang Huiting and Ms. Kwong Yin Ping Yvonne were appointed as the joint company secretaries of the Company. Ms. Wang is a full-time employee of the Company. She took less than 15 hours of relevant professional training in 2015, as her appointment was not for a full year but she undertook to comply with Rule 3.29 of the Listing Rules in the next financial year as the joint company secretary.

Ms. Kwong is an external joint company secretary and assist Ms. Wang to discharge the functions as a joint company secretary. Ms. Kwong has confirmed that she has complied with Rule 3.29 of the Listing Rules.

The major contact person of the Company is Ms. Wang Huiting, the joint company secretary.

(B) FINANCIAL REPORTING AND INTERNAL CONTROL

Financial Reporting

The Directors acknowledge their responsibility for preparing the financial statements of the Company for the year ended 31 December 2015, and for ensuring the financial statements are published in a timely manner.

The Board is responsible for presenting a balanced, clear and understandable assessment of annual and interim reports, inside information announcements and other financial disclosures required by the Listing Rules and other regulatory requirements.

Pursuant to the code provision C.1.1 of the CG Code, the senior management has provided such explanation and information to the Board as necessary to enable the Board to carry out an informed assessment of the financial information and position of the Company put to the Board for approval.

The working scope and reporting responsibilities of Ernst & Young, the Company's external auditors, are set out on pages 61 and 62 of the "Independent Auditors' Report" in this annual report.

External Auditors and Auditors' Remuneration

The statement of the external auditors of the Company about its reporting responsibilities for the financial statements is set out under the section headed "Independent Auditors' Report" in this annual report.

The external auditors of the Company will be invited to attend the AGM to answer questions about the conduct of the audit, the preparation and content of the auditors' report and auditors' independence.

During the year, the remuneration paid to the external auditors of the Company in respect of audit services and non-audit services for the year ended 31 December 2015 amounted to RMB6 million and RMB1 million, respectively.

Ernst & Young has been appointed as the Company's external auditors since 2014.

Internal Control

During the year, the Board has conducted a review of the effectiveness of the internal control system of the Group. The review has covered the financial, operational compliance and risk management aspects of the Group.

The Board is responsible for maintaining an adequate internal control system to safeguard shareholders' investments and the Group's assets, and reviewing the effectiveness of such on an annual basis through the Audit Committee. In addition to the external audit, an internal audit department has been established to perform regular financial and operational reviews and conduct audit of the Company and its subsidiaries. The work carried out by the internal audit department will ensure the internal controls are in place and functioning properly as intended.

The Directors of the Company believe that the above internal control measures are adequate and effective.

(C) COMMUNICATIONS WITH SHAREHOLDERS AND INVESTORS

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

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

In addition, the Company has also established and maintained various channels of communication with the Company's shareholders and the public to ensure that they are kept abreast of the Company's latest news and business development. Information relating to the Company's financial results, corporate details, property projects and major events are disseminated through publications of interim and annual reports, announcements, circulars, press release and newsletters. The Company is committed to maintaining a high level of corporate transparency and disclosing relevant information to shareholders, investors, analysts and bankers in a timely manner.

There were no changes to the Company's constitutional documents during the year ended 31 December 2015. The Company's existing constitutional documents have been published at the website of the Company and the website of Hong Kong Exchanges and Clearing Limited and are available for access.

(D) GENERAL MEETINGS AND SHAREHOLDERS' RIGHTS

If shareholders have any enquiries about their shareholdings and entitlements to dividend, they can contact Computershare Hong Kong Investor Services Limited, the share registrar and transfer office of the Company, at Shops 1712–16, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong. Shareholders who wish to put enquiries to the Board can send their enquiries to the company secretary at the Company's principal place of business in Hong Kong who will ensure these enquiries to be properly directed to the Board. Shareholders may at any time make a request for the Company's information to the extent such information is publicly available.

Pursuant to the code provisions of the CG Code, to safeguard shareholders' interests and rights, in respect of each substantially separate issue at a general meeting, a separate resolution would be proposed by the chairman of that meeting. The chairman of the Board should attend the AGM and arrange for the chairman of the Audit, Remuneration and Nomination Committees or in the absence of the chairman of such committees, another member of the committee, to be available to answer questions at the AGM. The Company would arrange for the notice to shareholders to be sent in the case of AGM at least 20 clear business days before the meeting and to be sent at least 10 clear business days in the case of all other general meetings. The chairman of a meeting should at the commencement of the meeting ensure that an explanation is provided of the detailed procedures for conducting a poll and then answer any questions from shareholders regarding voting by way of a poll.

Pursuant 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 rights of voting at general meetings of the Company shall at all times have the right, by written requisition to the Board or company secretary of the Company, to require an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition. Such meeting shall be held within two months after the deposit of such requisition. If within 21 days of such deposit 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.

Shareholders who wish to put forward proposals at general meetings may follow article 58 of the Articles of Association for requisitioning an extraordinary general meeting and including a resolution at such meeting. The requirements and procedures of article 58 of the Articles of Association of the Company are set out above.

As at 31 December 2015, the Company had a diversified shareholding structure and had maintained sufficient public float as required under the Listing Rules.

To the shareholders of Yida China Holdings Limited
(Incorporated in the Cayman Islands with limited liability)

We have audited the consolidated financial statements of Yida China Holdings Limited (the "Company") and its subsidiaries set out on pages 63 to 156, which comprise the consolidated statement of financial position as at 31 December 2015, and the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Directors' responsibility for the consolidated financial statements

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

Auditors' responsibility

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

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

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

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

Opinion

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

Ernst & Young
Certified Public Accountants
22/F CITIC Tower
1 Tim Mei Avenue
Central
Hong Kong

24 March 2016

	Notes	2015 RMB'000	2014 RMB'000
REVENUE	5	**7,473,200**	7,711,305
Cost of sales		**(5,400,560)**	(5,280,673)
Gross profit		**2,072,640**	2,430,632
Other income and gains	5	**134,733**	108,550
Selling and marketing expenses		**(210,469)**	(302,206)
Administrative expenses		**(386,458)**	(427,116)
Other expenses		**(36,708)**	(165,370)
Fair value gains on investment properties	14	**215,066**	58,864
Finance costs	7	**(311,004)**	(190,699)
Share of profits and losses of:			
Joint ventures		**62,975**	31,543
Associates		**(99,152)**	(52,563)
PROFIT BEFORE TAX	6	**1,441,623**	1,491,635
Income tax expenses	10	**(620,155)**	(594,791)
PROFIT FOR THE YEAR		**821,468**	896,844
Attributable to:			
Owners of the parent		**821,263**	896,887
Non-controlling interests		**205**	(43)
		821,468	896,844
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	12		
Basic (RMB per share)		**0.32**	0.39
Diluted (RMB per share)		**0.32**	0.39

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2015

	2015 RMB'000	2014 RMB'000
PROFIT FOR THE YEAR	**821,468**	896,844
Other comprehensive loss to be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	**(61,464)**	(17,892)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**760,004**	878,952
Attributable to:		
Owners of the parent	**759,788**	878,979
Non-controlling interests	**216**	(27)
	760,004	878,952

	Notes	2015 RMB'000	2014 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment	13	**99,191**	118,628
Investment properties	14	**11,486,300**	11,055,930
Investments in joint ventures	17	**2,331,361**	2,458,340
Investments in associates	18	**639,310**	697,185
Prepayments for acquisition of land		**1,943,122**	1,875,683
Land held for development for sale	15	**815,516**	840,255
Other receivables	25	**578,878**	38,000
Intangible assets	16	**10,845**	10,906
Available-for-sale investments	19	**24,540**	24,540
Deferred tax assets	32	**140,839**	159,543
Total non-current assets		**18,069,902**	17,279,010
CURRENT ASSETS			
Inventories	23	**6,168**	2,892
Land held for development for sale	15	**131,047**	269,551
Properties under development	20	**5,049,279**	8,253,644
Completed properties held for sale	21	**3,496,672**	2,050,867
Prepayments for acquisition of land		**249,655**	386,212
Gross amount due from contract customers	22	**78,531**	67,251
Trade receivables	24	**597,033**	384,629
Prepayments, deposits and other receivables	25	**3,433,081**	4,483,976
Prepaid corporate income tax		**44,353**	70,719
Prepaid land appreciation tax		**51,748**	108,586
Restricted cash	26	**2,252,154**	2,059,043
Cash and cash equivalents	26	**1,058,565**	740,071
Total current assets		**16,448,286**	18,877,441
CURRENT LIABILITIES			
Gross amount due to contract customers	22	**510,819**	382,076
Receipts in advance	27	**2,261,924**	3,629,206
Trade payables	28	**2,163,636**	2,311,255
Other payables and accruals	29	**953,641**	1,793,659
Derivative financial instruments	33	**399,521**	138,697
Interest-bearing bank and other borrowings	30	**8,263,349**	5,342,262
Tax payable		**481,162**	386,616
Provision for land appreciation tax	31	**407,760**	367,577
Total current liabilities		**15,441,812**	14,351,348

	Notes	2015 RMB'000	2014 RMB'000
NET CURRENT ASSETS		**1,006,474**	4,526,093
TOTAL ASSETS LESS CURRENT LIABILITIES		**19,076,376**	21,805,103
NON-CURRENT LIABILITIES			
Derivative financial instruments	33	**–**	245,480
Interest-bearing bank and other borrowings	30	**7,967,687**	10,909,511
Other payables	29	**97,970**	122,570
Deferred tax liabilities	32	**1,602,233**	1,548,466
Total non-current liabilities		**9,667,890**	12,826,027
Net assets		**9,408,486**	8,979,076
EQUITY			
Equity attributable to owners of the parent			
Issued capital	34	**159,418**	159,418
Reserves	36	**9,236,963**	8,818,259
		9,396,381	8,977,677
Non-controlling interests		**12,105**	1,399
Total equity		**9,408,486**	8,979,076

Sun Yinhuan
Director

Sun Yansheng
Director

	Attributable to owners of the parent									
	Issued capital RMB'000 (Note 34)	Share premium account RMB'000	Statutory surplus reserve RMB'000 (Note 36(a))	Merger reserve RMB'000 (Note 36(b))	Share-based payment reserve RMB'000 (Note 36(c))	Exchange fluctuation reserve RMB'000	Retained profits RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
At 1 January 2015	159,418	2,051,734	337,621	352,979	81,000	25,156	5,969,769	8,977,677	1,399	8,979,076
Profit for the year	–	–	–	–	–	–	821,263	821,263	205	821,468
Other comprehensive loss for the year:										
Exchange differences on translation of foreign operations	–	–	–	–	–	(61,475)	–	(61,475)	11	(61,464)
Total comprehensive income/(loss) for the year	–	–	–	–	–	(61,475)	821,263	759,788	216	760,004
Transfer from retained profits	–	–	112,481	–	–	–	(112,481)	–	–	–
Final 2014 dividend	–	(341,084)	–	–	–	–	–	(341,084)	–	(341,084)
Capital contribution from non-controlling shareholders	–	–	–	–	–	–	–	–	10,490	10,490
At 31 December 2015	159,418	1,710,650*	450,102*	352,979*	81,000*	(36,319)*	6,678,551*	9,396,381	12,105	9,408,486

		Attributable to owners of the parent									
	Notes	Issued capital RMB'000 (Note 34)	Share premium account RMB'000	Statutory surplus reserve RMB'000 (Note 36(a))	Merger reserve RMB'000 (Note 36(b))	Share-based payment reserve RMB'000 (Note 36(c))	Exchange fluctuation reserve RMB'000	Retained profits RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
At 1 January 2014		61	1,101,968	322,105	352,979	81,000	43,064	5,088,398	6,989,575	1,426	6,991,001
Profit/(loss) for the year		–	–	–	–	–	–	896,887	896,887	(43)	896,844
Other comprehensive loss for the year:											
Exchange differences on translation of foreign operations		–	–	–	–	–	(17,908)	–	(17,908)	16	(17,892)
Total comprehensive income/(loss) for the year		–	–	–	–	–	(17,908)	896,887	878,979	(27)	878,952
Transfer from retained profits		–	–	15,516	–	–	–	(15,516)	–	–	–
Capitalisation issue of shares	34	123,329	(123,329)	–	–	–	–	–	–	–	–
Issuance of new shares	34	36,028	1,111,095	–	–	–	–	–	1,147,123	–	1,147,123
Share issue expenses		–	(38,000)	–	–	–	–	–	(38,000)	–	(38,000)
At 31 December 2014		159,418	2,051,734*#	337,621*	352,979*	81,000*	25,156*	5,969,769*	8,977,677	1,399	8,979,076

* These reserve accounts comprise the consolidated reserves of RMB9,236,963,000 (2014: RMB8,818,259,000) in the consolidated statement of financial position.

Share premium account has been adjusted for the proposed final 2014 dividend in accordance with the current year's presentation, which is described in note 2.4 to the financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2015

	Notes	2015 RMB'000	2014 RMB'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		**1,441,623**	1,491,635
Adjustments for:			
Depreciation	6	**22,559**	22,894
Amortisation of intangible assets	6	**515**	985
Loss on disposal/write-off of items of property, plant and equipment	6	**4,293**	7,375
Gain on derecognition of a property	6	**—**	(57,800)
Fair value gains on investment properties	14	**(215,066)**	(58,864)
Fair value loss on derivative financial instruments	6	**15,344**	127,575
Share of profits and losses of joint ventures		**(62,975)**	(31,543)
Share of profits and losses of associates		**99,152**	52,563
Finance costs	7	**311,004**	190,699
Interest income	5	**(59,402)**	(15,675)
Dividend income	5	**(5,511)**	(669)
		1,551,536	1,729,175
(Increase)/decrease in inventories		**(3,276)**	10,750
Decrease/(increase) in properties under development		**644,198**	(2,248,229)
Decrease in completed properties held for sale		**2,514,352**	3,848,599
Increase in land held for development for sale		**—**	(247,394)
Increase in prepayments for acquisition of land		**(146,939)**	(697,800)
(Increase)/decrease in gross amount due from contract customers		**(11,280)**	62,355
(Increase)/decrease in trade receivables		**(212,404)**	192,583
(Increase)/decrease in prepayments, deposits and other receivables		**(271,875)**	211,173
Decrease in trade payables		**(147,619)**	(234,731)
Decrease in other payables and accruals		**(1,054,502)**	(88,606)
Decrease in receipts in advance		**(1,367,282)**	(1,496,724)
Increase/(decrease) in gross amount due to contract customers		**128,743**	(175,600)
Increase in deferred income		**18,112**	9,478
Cash generated from operations		**1,641,764**	875,029
Interest received		**59,402**	15,675
PRC corporate income tax paid		**(169,487)**	(237,654)
PRC land appreciation tax paid		**(160,264)**	(119,150)
Net cash flows from operating activities		**1,371,415**	533,900

	Notes	2015 RMB'000	2014 RMB'000
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from disposal of investment properties		—	101,144
Proceeds from disposal of intangible assets		—	58
Repayment from/(advances to) joint ventures		105,113	(1,083)
Advances to associates		(26,398)	(806)
Decrease in amounts due from related parties		—	43
(Increase)/decrease in amounts due from joint ventures and associates		(292,189)	82,512
Purchases of items of property, plant and equipment		(7,415)	(28,151)
Purchases of intangible assets	16	(454)	(2,943)
Investment in an associate		(10,000)	—
Investments in joint ventures		(40,250)	—
Additions to investment properties	14	(108,923)	(138,540)
Increase in restricted cash		(193,111)	(648,407)
Dividends received		5,511	669
Dividend received from a joint venture		104,601	—
Receipt of government grants		—	212,100
Net cash flows used in investing activities		(463,515)	(423,404)
CASH FLOWS FROM FINANCING ACTIVITIES			
Issuance of new shares	34	—	1,147,123
Expenses on issuance of new shares		—	(82,000)
Capital contribution by non-controlling interest		10,490	—
Interest paid		(1,438,075)	(1,537,671)
Dividend paid	11	(341,084)	—
Decrease in amounts due to related parties		—	(779,348)
New bank and other borrowings		8,975,044	7,119,508
Repayment of bank and other borrowings		(7,795,781)	(7,354,438)
Net cash flows used in financing activities		(589,406)	(1,486,826)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		318,494	(1,376,330)
Cash and cash equivalents at beginning of year		740,071	2,116,401
CASH AND CASH EQUIVALENTS AT END OF YEAR		1,058,565	740,071
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS			
Cash and bank balances	26	1,058,565	740,071

1. CORPORATE AND GROUP INFORMATION

Yida China Holdings Limited (the "Company") was incorporated in the Cayman Islands on 26 November 2007 as an exempted company with limited liability under the Companies Law, Cap 22 of the Cayman Islands. The registered office address of the Company is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands.

The Company is an investment holding company. During the year, the Company and its subsidiaries (collectively referred to as the "Group") were principally involved in property development, property investment, business park operation and management, property construction, decoration and landscaping and property management in Dalian, Wuhan, Shenyang, Beijing, Shanghai, Suzhou, Hangzhou, Shenzhen, Changsha and Chengdu, the People's Republic of China (the "PRC" or "Mainland China").

In the opinion of the directors of the Company (the "Directors"), the holding company and the ultimate holding company of the Company is Right Won Management Limited ("Right Won"), which is incorporated in the British Virgin Islands.

Information about subsidiaries

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

Company name	Place of incorporation/ registration and business	Issued ordinary share capital/paid-up registered capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
Dalian Service Outsourcing Base Development Company Limited (大連服務外包基地發展有限公司)*#	The PRC/ Mainland China	RMB210,000,000	—	95.2	Property development
Dalian BEST City Development Company Limited (大連科技城發展有限公司)*#	The PRC/ Mainland China	RMB10,000,000	—	100	Investment holding
Dalian BEST City Taifeng Development Company Limited (大連科技城泰楓開發有限公司)*#	The PRC/ Mainland China	RMB10,000,000	—	100	Property investment
Dalian BEST City Changyuan Development Company Limited (大連科技城常源開發有限公司)*#	The PRC/ Mainland China	RMB10,000,000	—	100	Property investment
Dalian BEST City Xintong Development Company Limited (大連科技城欣同開發有限公司)*#	The PRC/ Mainland China	RMB10,000,000	—	100	Property investment
Dalian BEST City Xinyuan Development Company Limited (大連科技城欣原開發有限公司)*#	The PRC/ Mainland China	RMB10,000,000	—	100	Property investment

1. CORPORATE AND GROUP INFORMATION (continued)

Information about subsidiaries (continued)

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

Company name	Place of incorporation/ registration and business	Issued ordinary share capital/paid-up registered capital	Percentage of equity attributable to the Company Direct	Indirect	Principal activities
Dalian BEST City Xinrui Development Company Limited (大連科技城欣銳開發有限公司)*#	The PRC/ Mainland China	RMB10,000,000	—	100	Property investment
Dalian BEST City Tairui Development Company Limited (大連科技城泰銳開發有限公司)*#	The PRC/ Mainland China	RMB10,000,000	—	100	Property investment
Dalian BEST City Changde Development Company Limited (大連科技城昌得開發有限公司)*#	The PRC/ Mainland China	RMB10,000,000	—	100	Property investment
Dalian Shengyue Property Development Company Limited (大連聖躍房地產開發有限公司)*#	The PRC/ Mainland China	RMB10,000,000	—	100	Property development
Dalian Changhe Property Development Company Limited (大連昌和房地產開發有限公司)*#	The PRC/ Mainland China	RMB10,000,000	—	100	Property development
Dalian Yitong Property Development Company Limited (大連益通房地產開發有限公司)*#	The PRC/ Mainland China	RMB10,000,000	—	100	Property development
Dalian San Ann Real Estate Development Co., Ltd. (大連聖安房地產開發有限公司)@#	The PRC/ Mainland China	RMB563,000,000	—	100	Property development
Dalian San Yan Real Estate Development Co., Ltd. (大連聖仁房地產開發有限公司)@#	The PRC/ Mainland China	RMB257,700,000	—	100	Property development
Dalian Software Park Development Company Limited (大連軟件園發展有限公司)*#	The PRC/ Mainland China	RMB200,000,000	—	100	Property development
Dalian Software Park Hengrui Development Company Limited (大連軟件園恒瑞開發有限公司)*#	The PRC/ Mainland China	RMB10,000,000	—	100	Property investment
Dalian Software Park Hengrong Development Company Limited (大連軟件園恒榮開發有限公司)*#	The PRC/ Mainland China	RMB10,000,000	—	100	Property development

1. CORPORATE AND GROUP INFORMATION (continued)

Information about subsidiaries (continued)

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

Company name	Place of incorporation/ registration and business	Issued ordinary share capital/paid-up registered capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
Dalian Yida Information Consulting Company Limited (大連億達信息諮詢有限公司)*#	The PRC/ Mainland China	RMB10,000,000	—	100	Property investment
Dalian Software Park Company Limited (大連軟件園股份有限公司)*#	The PRC/ Mainland China	RMB660,000,000	—	100	Property investment
Dalian Yida Construction Engineering Company Limited (大連億達建設工程有限公司)*#	The PRC/ Mainland China	RMB200,000,000	—	100	Construction
Dalian Yida Property Management Company Limited (大連億達物業管理有限公司)*#	The PRC/ Mainland China	RMB5,000,000	—	100	Property management
Dalian Yida Landscaping Engineering Company Limited (大連億達園林綠化工程有限公司)*#	The PRC/ Mainland China	RMB20,000,000	—	100	Landscaping
Dalian Yida Development Company Limited (大連億達發展有限公司)@#	The PRC/ Mainland China	RMB200,000,000	—	100	Property development
Dalian Yida Jincheng Development Company Limited (大連億達金城開發有限公司)*#	The PRC/ Mainland China	RMB10,000,000	—	100	Property development
Dalian Yida Management Consulting Co., Ltd. (大連億達管理諮詢有限公司)*#	The PRC/ Mainland China	RMB10,000,000	—	100	Investment holding
Dalian Yida Service Consulting Co., Ltd. (大連億達服務諮詢有限公司)*#	The PRC/ Mainland China	RMB10,000,000	—	100	Investment holding
Sichuan Yixing Real Estate Development Company Limited (四川億興置業發展有限公司)*#	The PRC/ Mainland China	RMB30,000,000	—	100	Property development

1. CORPORATE AND GROUP INFORMATION (continued)

Information about subsidiaries (continued)

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

Company name	Place of incorporation/ registration and business	Issued ordinary share capital/paid-up registered capital	Percentage of equity attributable to the Company Direct	Indirect	Principal activities
Dalian Gaoji Property Development Company Limited (大連高基房地產開發有限公司)*#	The PRC/ Mainland China	RMB561,000,000	—	100	Property development
Dalian Shengbei Development Company Limited (大連聖北開發有限公司)*#	The PRC/ Mainland China	RMB10,000,000	—	100	Property development
Dalian Yida Meijia Property Development Company Limited (大連億達美加房地產開發有限公司)*#	The PRC/ Mainland China	RMB120,000,000	—	100	Property development
Dalian Lanwan Property Company Limited (大連藍灣房地產有限公司)*#	The PRC/ Mainland China	RMB250,000,000	—	100	Property development
Dalian Shenghe Property Development Company Limited (大連聖和房地產開發有限公司)*#	The PRC/ Mainland China	RMB10,000,000	—	100	Property development
Liaoning Jiaye Real Estate Development Company Limited (遼寧佳業地產開發有限公司)*#	The PRC/ Mainland China	RMB20,000,000	—	100	Property development
Dalian Ruanjing Property Development Company Limited (大連軟景房地產開發有限公司)*#	The PRC/ Mainland China	RMB30,000,000	—	100	Property development
Dalian Yida Property Company Limited (大連億達房地產股份有限公司)*#	The PRC/ Mainland China	RMB150,000,000	—	100	Property development
King Equity Holdings Limited	Hong Kong	HK$2	—	100	Investment holding

* Registered as domestic limited liability companies under PRC law.

@ Registered as Sino-foreign equity entities under PRC law.

\# The English names of these companies represent the best effort made by management of the Company to directly translate their Chinese names as they did not register any official English names.

1. CORPORATE AND GROUP INFORMATION (continued)

Information about subsidiaries (continued)

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

Except for King Equity Holdings Limited and Dalian Yida Development Company Limited, the above subsidiaries were not audited by Ernst & Young, Hong Kong or another member firm of the Ernst & Young global network.

2.1 BASIS OF PREPARATION

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

Basis of consolidation

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

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

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

(b) rights arising from other contractual arrangements; and

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

2.1 BASIS OF PREPARATION (continued)

Basis of consolidation (continued)

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

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

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

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

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

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

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

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

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

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

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

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

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

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (continued)

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

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

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

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

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

2.3 ISSUED BUT NOT YET EFFECTIVE HONG KONG FINANCIAL REPORTING STANDARDS

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

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

1 Effective for annual periods beginning on or after 1 January 2016
2 Effective for annual periods beginning on or after 1 January 2018
3 Effective for an entity that first adopts HKFRSs for its annual financial statements beginning on or after 1 January 2016 and therefore is not applicable to the Group
4 No mandatory effective date is determined but is available for early adoption.

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

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

The amendments to HKFRS 10 and HKAS 28 (2011) address an inconsistency between the requirements in HKFRS 10 and in HKAS 28 (2011) in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require a full recognition of a gain or loss when the sale or contribution of assets between an investor and its associate or joint venture constitutes a business. For a transaction involving assets that do not constitute a business, a gain or loss resulting from the transaction is recognised in the investor's profit or loss only to the extent of the unrelated investor's interest in that associate or joint venture. The amendments are to be applied prospectively. The Group expects to adopt the amendments from 1 January 2016.

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

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

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

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

(i) the materiality requirements in HKAS 1;

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

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

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

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

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

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Investments in associates and joint ventures

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

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

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

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fair value measurement

The Group measures investment properties and derivative financial instruments at fair value at the end of each reporting period. Also, fair values of financial instruments measured at amortised cost including loans to joint ventures and associates and interest-bearing bank and other borrowings are disclosed in note 44. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability; or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible to by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best use.

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

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

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

- Level 1 — Quoted (unadjusted) prices in active markets for identical assets or liabilities

- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Related parties

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

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

  (i) has control or joint control over the Group;

  (ii) has significant influence over the Group; or

  (iii) is a member of the key management personnel of the Group or of a parent of the Group;

  or

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

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

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

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

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

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

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

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

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of non-financial assets

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

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to the statement of profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset.

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

Property, plant and equipment and depreciation

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

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

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

Leasehold land and buildings	Over the shorter of lease terms and 20 years
Plant and machinery	5 to 10 years
Motor vehicles	3 to 10 years
Furniture, fixtures and office equipment	3 to 20 years

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Property, plant and equipment and depreciation (continued)

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

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

Investment properties

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

Property under construction or development for future use as an investment property is classified as investment property under construction. If the fair value cannot be reliably determined, the investment property under construction will be measured at cost until such time as fair value can be determined or construction is completed.

When the Group completes the construction or development of a self-constructed investment property, any difference between the fair value of the property at the completion date and its previous carrying amount is recognised in the statement of profit or loss.

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

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

For a transfer from inventories to investment properties, any difference between the fair value of the property at that date and its previous carrying amount is recognised in the statement of profit or loss.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Intangible assets

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

Licences

Purchased licences are stated at cost less any impairment losses and are amortised on the straight-line basis over their estimated useful lives of 10 to 15 years.

Operating leases

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

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

When the lease payments cannot be allocated reliably between the land and buildings elements, the entire lease payments are included in the cost of the land and buildings as a finance lease in property, plant and equipment.

Land held for development for sale

The land held for future development represents parcels of land owned by the Group for the purpose of development of properties for sale. The land is initially stated at cost less any impairment losses and is not depreciated. It is transferred to properties under development upon commencement of the related construction work in the property development project.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Properties under development

Properties under development are intended to be held for sale after completion.

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

Properties under development are classified as current assets unless the construction period of the relevant property development project is expected to complete beyond the normal operating cycle. On completion, the properties are transferred to completed properties held for sale.

Completed properties held for sale

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

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

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

Investments and other financial assets

Initial recognition and measurement

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

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Investments and other financial assets (continued)

Subsequent measurement

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

Loans and receivables

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

Available-for-sale financial investments

Available-for-sale financial investments are non-derivative financial assets in listed and unlisted equity investments. Equity investments classified as available for sale are those which are neither classified as held for trading nor designated as at fair value through profit or loss.

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

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

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Investments and other financial assets (continued)

Available-for-sale financial investments (continued)

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

Impairment of financial assets

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

Available-for-sale financial investments

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

If an available-for-sale asset measured at cost is impaired, an amount comprising the difference between the carrying amount of the financial assets and the present value of estimated future cash flows, discounted at the current market rate of return for a similar financial asset is recognised in the statement of profit or loss.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of financial assets (continued)

Available-for-sale financial investments (continued)

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

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

Financial assets carried at amortised cost

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

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate (i.e., the effective interest rate computed at initial recognition). If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of financial assets (continued)

Financial assets carried at amortised cost (continued)

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

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

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when:

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

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

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial liabilities

Initial recognition and measurement

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

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

The Group's financial liabilities include trade payables, other payables and accruals, derivative financial instruments and interest-bearing bank and other borrowings.

Subsequent measurement

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

Loans and borrowings

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

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

Derivative financial instruments

Derivatives are initially recognised at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognised in profit or loss immediately. Further details of derivative financial instruments are disclosed in note 33.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial liabilities (continued)

Financial guarantee contracts

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

Derecognition of financial liabilities

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

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

Offsetting of financial instruments

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

Cash and cash equivalents

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

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Provisions

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

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

Income tax

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

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

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

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

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

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

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Income tax (continued)

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

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

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

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

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

Revenue recognition

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

(a) from the sale of completed properties, when the significant risks and rewards of ownership of the properties are transferred to the buyers, provided that the Group maintains neither managerial involvement to the degree usually associated with ownership, nor effective control over the completed properties, that is when the construction of the relevant properties has been completed and the properties have been delivered to the buyers pursuant to the sales agreement, and the collectability of the related receivables is reasonably assured;

(b) from construction contracts, using the percentage of completion basis, as further explained in the accounting policy for “Construction contracts” below;

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue recognition (continued)

(c) from the rendering of property management services, when the services are rendered;

(d) from the provision of business park operation and management services, when the services are provided;

(e) rental income, on a time proportion basis over the lease terms;

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

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

Government grants

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

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

Employee benefits

Pension scheme

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

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Borrowing costs

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

Construction contracts

Contract revenue comprises the agreed contract amount and appropriate amounts from variation orders, claims and incentive payments. Contract costs incurred comprise direct materials, the costs of subcontracting, direct labour and an appropriate proportion of variable and fixed construction overheads.

Revenue from fixed price construction contracts is recognised using the percentage of completion method, measured by reference to the progress of certified value of work performed to date.

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

Inventories

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

Dividends

Final dividends are recognised as a liability when they are approved by the shareholders in a general meeting. In prior years, final dividends proposed by the directors were classified as a separate allocation of retained profits within the equity section of the statement of financial position, until they have been approved by the shareholders in a general meeting. Following the implementation of the Hong Kong Companies Ordinance (Cap. 622), proposed final dividends are disclosed in note 11 to the financial statements.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Foreign currencies

These financial statements are presented in RMB which is the Company's functional and presentation currency. In the opinion of the Directors, as the Group's operations are mainly in the PRC, the use of RMB as the presentation currency is more appropriate for the presentation of the Group's results and financial position. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange ruling at the end of the reporting period. Differences arising from settlement or translation of monetary items are recognised in the statement of profit or loss.

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

The functional currencies of certain overseas subsidiaries are currencies other than the RMB. As at the end of the reporting period, the assets and liabilities of these entities are translated into RMB at the exchange rates prevailing at the end of the reporting period, and their statements of profit or loss are translated into RMB at the weighted average exchange rates for the year. The resulting exchange differences are recognised in other comprehensive income and accumulated in the exchange fluctuation reserve. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in the statement of profit or loss.

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

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

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

Judgements

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

Operating lease commitments — Group as lessor

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

Classification between investment properties and owner-occupied properties

The Group determines whether a property qualifies as an investment property, and has developed criteria in making that judgement. Investment property is a property held to earn rentals or for capital appreciation or both. Therefore, the Group considers whether a property generates cash flows largely independently of the other assets held by the Group.

Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes. If these portions could be sold separately or leased out separately under a finance lease, the Group accounts for the portions separately. If the portions could not be sold separately, the property is an investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes.

Judgement is made on an individual property basis to determine whether ancillary services are so significant that a property does not qualify as an investment property.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (continued)

Judgements (continued)

Classification between investment properties and properties held for sale

The Group develops properties held for sale and properties held to earn rentals and/or for capital appreciation. Judgement is made by management in determining whether a property is designated as an investment property or a property held for sale. The Group considers its intention of holding the properties at the early development stage of the related properties. During the course of construction, the related properties under construction are accounted for as properties under development included in current assets if the properties are intended for sale after its completion, whereas, the properties are accounted for as investment properties under construction included in non-current assets if the properties are intended to be held to earn rentals and/or for capital appreciation. Upon completion of construction of the properties, the properties held for sale are transferred to completed properties held for sale and are stated at cost, while the properties held to earn rentals and/or for capital appreciation are transferred to completed investment properties. Investment properties, both under construction and completed, are subject to revaluation at the end of each reporting period.

Deferred tax 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 Directors have reviewed the Group's investment property portfolios and concluded that the Group's investment properties are 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 determining the Group's deferred tax on investment properties, the Directors have determined that the presumption set out in HKAS 12 Income Taxes that investment properties measured using the fair value model are recovered through sale is rebutted.

Estimation uncertainty

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

Valuation of properties under development and properties held for sale

Properties under development and properties held for sale are stated at the lower of cost and net realisable value. The cost of each unit in each phase of development is determined using the weighted average method. The estimated net realisable value is the estimated selling price less selling expenses and the estimated cost of completion (if any), which are estimated based on the best available information.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (continued)

Estimation uncertainty (continued)

Allocation of construction cost on properties under development

When developing properties, the Group typically divides the development projects into phases. Costs directly related to the development of a phase are recorded as the cost of such phase. Costs that are common to each phase are allocated to each phase based on the saleable floor area of each phase as a percentage of the total saleable floor area of the entire project. The cost of the unit sold is determined by the floor area in square meter sold during the year multiplied by the average cost per square meter of that particular phase of the project.

PRC corporate income tax ("CIT")

The Group is subject to income taxes in the PRC. As a result of the fact that certain matters relating to income taxes have not been confirmed by the local tax bureau, objective estimate and judgement based on currently enacted tax laws, regulations and other related policies are required in determining the provision for income taxes. Where the final tax outcome of these matters is different from the amounts originally recorded, the differences will impact on the income tax and tax provisions in the period in which the differences realise.

PRC land appreciation tax ("LAT")

The Group is subject to LAT in the PRC. The provision for LAT is based on management's best estimates according to its understanding of the requirements set forth in the relevant PRC tax laws and regulations. The actual LAT liabilities are subject to the determination by the tax authorities upon the completion of the property development projects. The Group has not finalised its LAT calculation and payments with the tax authorities for certain property development projects. The final outcome could be different from the amounts that were initially recorded, and any differences will have impact on the land appreciation tax expense and the related provision in the period in which the differences realise.

Deferred tax assets

Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (continued)

Estimation uncertainty (continued)

Fair value of investment properties

Investment properties including completed investment properties and investment properties under construction are revalued at the end of the reporting period on a market value, existing use basis by independent professionally qualified valuers. Such valuations were based on certain assumptions, which are subject to uncertainty and might materially differ from the actual results. In making the estimation, information from current prices in an active market for similar properties is considered and assumptions that are mainly based on market conditions existing at the end of the reporting period are used.

Fair values of derivative financial instruments

The fair values of derivative financial instruments that are not traded in an active market are estimated by management based on the valuation performed by an independent professional valuer using the Binomial Model. This valuation requires the Group to make estimates on dividend yield, net asset value volatility, option life, risk free-interest rate, and stock volatility of comparable companies, and hence they are subject to uncertainty. The fair values of the derivative financial instruments at 31 December 2015 were RMB399,521,000 (2014: RMB384,177,000). Further details are included in note 33 to the financial statements.

Impairment of trade and other receivables

The provision for impairment of trade and other receivables of the Group is based on the evaluation of collectability and ageing analysis of accounts and on management's estimation. Significant estimation is required in assessing the ultimate realisation of these receivables, including the current creditworthiness and the past collection history of each debtor. If the financial conditions of debtors were to deteriorate, resulting in an impairment of their ability to make payments, additional allowances may be required. The carrying amounts of trade receivables and other receivables at 31 December 2015 were RMB597,033,000 (2014: RMB384,629,000) and RMB3,483,362,000 (2014: RMB3,852,547,000), respectively. Further details are set out in notes 24 and 25 to the financial statements.

4. OPERATING SEGMENT INFORMATION

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

(a) the property development segment engages in the development and sale of properties;

(b) the property investment segment invests in properties for their rental income potential and/or for capital appreciation;

(c) the business park operation and management segment engages in the provision of operation and management services to the business park projects owned by the local governments or other real estate developers;

(d) the construction, decoration and landscaping segment engages in property construction, the provision of interior decoration services to property buyers and landscaping services to property projects;

(e) the property management segment engages in the provision of management services to properties; and

(f) the others segment comprises corporate income and expense items.

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

Segment assets exclude deferred tax assets, prepaid corporate income tax, prepaid land appreciation tax, amounts due from related parties, restricted cash and cash and cash equivalents as these assets are managed on a group basis.

Segment liabilities exclude derivative financial liabilities, interest-bearing bank and other borrowings, amounts due to related parties, tax payable, provision for land appreciation tax and deferred tax liabilities as these liabilities are managed on a group basis.

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

During the year, no revenue from transactions with a single external customer amounted to 10% or more of the Group's total revenue.

4. OPERATING SEGMENT INFORMATION (continued)

Year ended 31 December 2015

	Property development RMB'000	Property investment RMB'000	Business park operation and management RMB'000	Construction, decoration and landscaping RMB'000	Property management RMB'000	Others RMB'000	Total RMB'000
Segment revenue:							
Sales to external customers	6,275,428	361,412	25,482	533,800	277,078	–	7,473,200
Segment results	1,188,199	476,858	(12,378)	38,864	38,172	(26,657)	1,703,058
Reconciliation:							
Interest income							59,402
Dividend income and unallocated gains							5,511
Corporate and other unallocated expenses							(15,344)
Finance costs							(311,004)
Profit before tax							1,441,623
Income tax expenses							(620,155)
Profit for the year							821,468
Segment assets	31,963,174	12,089,074	11,382	7,192,115	305,564	3,920,239	55,481,548
Reconciliation:							
Elimination of intersegment receivables							(24,511,019)
Corporate and other unallocated assets							3,547,659
Total assets							34,518,188

4. OPERATING SEGMENT INFORMATION (continued)

Year ended 31 December 2015 (continued)

	Property development RMB'000	Property investment RMB'000	Business park operation and management RMB'000	Construction, decoration and landscaping RMB'000	Property management RMB'000	Others RMB'000	Total RMB'000
Segment liabilities	20,585,706	1,747,675	27,555	2,804,094	144,089	5,189,891	30,499,010
Reconciliation:							
Elimination of intersegment payables							(24,511,019)
Corporate and other unallocated liabilities							19,121,711
Total liabilities							25,109,702
Other segment information:							
Depreciation and amortisation	18,829	1,688	8	1,155	365	1,029	23,074
Capital expenditure*	2,260	110,519	91	1,883	485	1,554	116,792
Fair value gains on investment properties	–	215,066	–	–	–	–	215,066
Share of profits and losses of joint ventures	(13,853)	70,654	–	6,174	–	–	62,975
Share of losses of associates	(99,152)	–	–	–	–	–	(99,152)
Investments in joint ventures	1,517,971	775,655	–	37,735	–	–	2,331,361
Investments in associates	639,310	–	–	–	–	–	639,310

* Capital expenditure consists of additions to property, plant and equipment, additions to investment properties and additions to intangible assets.

4. OPERATING SEGMENT INFORMATION (continued)

Year ended 31 December 2014

	Property development RMB'000	Property investment RMB'000	Business park operation and management RMB'000	Construction, decoration and landscaping RMB'000	Property management RMB'000	Others RMB'000	Total RMB'000
Segment revenue:							
Sales to external customers	7,007,324	308,581	4,662	185,850	204,888	–	7,711,305
Segment results	1,569,086	227,400	3,636	2,146	8,839	(17,542)	1,793,565
Reconciliation:							
Interest income							15,675
Dividend income and unallocated gains							669
Corporate and other unallocated expenses							(127,575)
Finance costs							(190,699)
Profit before tax							1,491,635
Income tax expenses							(594,791)
Profit for the year							896,844
Segment assets	32,507,692	12,338,856	–	7,700,030	354,232	2,530,203	55,431,013
Reconciliation:							
Elimination of intersegment receivables							(22,412,523)
Corporate and other unallocated assets							3,137,961
Total assets							36,156,451

4. OPERATING SEGMENT INFORMATION (continued)

Year ended 31 December 2014 (continued)

	Property development RMB'000	Property investment RMB'000	Business park operation and management RMB'000	Construction, decoration and landscaping RMB'000	Property management RMB'000	Others RMB'000	Total RMB'000
Segment liabilities	21,823,367	2,137,458	–	2,931,461	68,457	3,690,545	30,651,288
Reconciliation:							
Elimination of intersegment payables							(22,412,523)
Corporate and other unallocated liabilities							18,938,610
Total liabilities							27,177,375
Other segment information:							
Depreciation and amortisation	20,453	1,705	–	812	407	502	23,879
Capital expenditure*	21,140	138,766	–	7,060	566	2,102	169,634
Fair value gains on investment properties	–	58,864	–	–	–	–	58,864
Share of profits and losses of joint ventures	7,090	18,550	–	5,903	–	–	31,543
Share of losses of associates	(52,563)	–	–	–	–	–	(52,563)
Investments in joint ventures	1,754,875	667,984	–	35,481	–	–	2,458,340
Investments in associates	697,185	–	–	–	–	–	697,185

* Capital expenditure consists of additions to property, plant and equipment, additions to investment properties and additions to intangible assets.

5. REVENUE, OTHER INCOME AND GAINS

Revenue represents the gross proceeds, net of business tax, from the sale of properties; gross rental income, net of business tax, received and receivable from investment properties; property management income, net of business tax, received and receivable; an appropriate proportion of contract revenue from construction, decoration and landscaping; and business park operation and management service income, net of business tax, received and receivable from the provision of operation and management services to the business park projects during the year.

An analysis of the Group's revenue, other income and gains is as follows:

	Note	2015 RMB'000	2014 RMB'000
Revenue			
Sale of properties		6,275,428	7,007,324
Gross rental income		361,412	308,581
Business park operation and management service income		25,482	4,662
Construction, decoration and landscaping income		533,800	185,850
Property management income		277,078	204,888
		7,473,200	7,711,305
Other income and gains			
Interest income		59,402	15,675
Dividend income		5,511	669
Government subsidies	(a)	27,937	—
Gain on derecognition of a property		—	57,800
Others		41,883	34,406
		134,733	108,550

Note:

(a) Government subsidies have been received by the Group from government authorities in Mainland China mainly in respect of the operation of a recreational facility of the Group. The government subsidies have been recognised in the consolidated statement of profit or loss to the extent of operating expenses incurred up to the year ended 31 December 2015. There are no unfulfilled conditions or contingencies relating to these subsidies.

6. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging/(crediting):

	Notes	2015 RMB'000	2014 RMB'000
Cost of properties sold		**4,621,946**	4,827,902
Cost of services provided		**680,405**	347,854
Depreciation	13	**22,559**	22,894
Amortisation of intangible assets*	16	**515**	985
Gain on derecognition of a property		**—**	(57,800)
Loss on disposal of items of property, plant and equipment		**4,293**	7,375
Fair value loss on derivative financial instruments**		**15,344**	127,575
Auditors' remuneration		**4,019**	3,040
Minimum lease payments under operating leases		**6,600**	6,002
Employee benefit expense (including directors' and chief executive's remuneration (note 8)):			
Wages and salaries		**213,165**	232,998
Pension scheme contributions		**39,832**	48,711
		252,997	281,709
Direct operating expenses (including repairs and maintenance) arising on rental-earning investment properties		**98,209**	104,917
Foreign exchange differences, net#		**(24,600)**	—

* The amortisation of intangible assets for the year is included in "Administrative expenses" in the consolidated statement of profit or loss.

** The fair value loss on derivative financial instruments for the year is included in "Other expenses" in the consolidated statement of profit or loss.

\# The foreign exchange differences, net for the year is included in "Other income and gains" in the consolidated statement of profit or loss.

7. FINANCE COSTS

An analysis of finance costs is as follows:

	2015 RMB'000	2014 RMB'000
Interest on bank loans and other loans	**1,438,075**	1,537,671
Less: Interest capitalised	**(1,127,071)**	(1,346,972)
	311,004	190,699

8. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION

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

	2015 RMB'000	2014 RMB'000
Fees	900	450
Other emoluments:		
Salaries, allowances and benefits in kind	5,894	4,372
Discretionary bonuses	15,900	22,662
Pension scheme contributions	415	416
	22,209	27,450
	23,109	27,900

The remuneration of each of the directors and chief executive for the year ended 31 December 2015 is set out below:

	Fees RMB'000	Salaries, allowances and benefits in kind RMB'000	Discretionary bonuses RMB'000	Pension scheme contributions RMB'000	Total remuneration RMB'000
Executive directors:					
Mr. Sun Yinhuan	–	1,116	6,920	–	8,036
Mr. Sun Yinfeng	–	850	2,164	83	3,097
Mr. Sun Yansheng*	–	1,706	1,300	83	3,089
Mr. Jiang Xiuwen	–	1,050	1,644	83	2,777
Mr. Gao Wei	–	611	2,096	83	2,790
Mr. Wen Hongyu	–	561	1,776	83	2,420
		5,894	15,900	415	22,209
Independent non-executive directors:					
Mr. Ip Yuk Chi Eddie	300	–	–	–	300
Mr. Yip Wai Ming	300	–	–	–	300
Mr. Guo Shaomu	300	–	–	–	300
	900	–	–	–	900
	900	5,894	15,900	415	23,109

8. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION (continued)

The remuneration of each of the directors and chief executive for the year ended 31 December 2014 is set out below:

	Fees RMB'000	Salaries, allowances and benefits in kind RMB'000	Discretionary bonuses RMB'000	Pension scheme contributions RMB'000	Total remuneration RMB'000
Executive directors:					
Mr. Sun Yinhuan	–	1,080	8,760	–	9,840
Mr. Sun Yinfeng	–	821	3,177	77	4,075
Mr. Sun Yansheng*	–	819	2,961	77	3,857
Mr. Jiang Xiuwen	–	558	2,148	77	2,783
Mr. Gao Wei	–	537	3,268	106	3,911
Mr. Wen Hongyu	–	557	2,348	79	2,984
	–	4,372	22,662	416	27,450
Independent non-executive directors:					
Mr. Ip Yuk Chi Eddie@	150	–	–	–	150
Mr. Yip Wai Ming@	150	–	–	–	150
Mr. Guo Shaomu@	150	–	–	–	150
	450	–	–	–	450
	450	4,372	22,662	416	27,900

* Mr. Sun Yansheng is a director and the chief executive of the Company.

@ Appointed as independent non-executive directors on 1 June 2014.

There was no arrangement under which a director or the chief executive waived or agreed to waive any remuneration during the year.

9. FIVE HIGHEST PAID INDIVIDUALS

The five highest paid individuals of the Group during each of the years ended 31 December 2015 and 2014 are directors of the Company, details of whose remuneration for these years are set out in note 8 to the financial statements.

10. INCOME TAX EXPENSES

Hong Kong profits tax has been provided at the rate of 16.5% (2014: Nil) on the estimated assessable profits arising in Hong Kong during the year. The income tax for the subsidiaries operating in Mainland China is calculated at the applicable tax rates on the taxable profits for the year.

An analysis of the income tax charges for the year is as follows:

	2015 RMB'000	2014 RMB'000
Current — Hong Kong		
Charge for the year	**3,614**	—
Current — PRC		
Charge of corporate income tax for the year	**286,785**	429,590
Land appreciation tax (note 31)	**257,285**	270,895
Overprovision in prior years*	**—**	(104,767)
	547,684	595,718
Deferred (note 32):		
Current year	**72,471**	(27,119)
Reversal of deferred tax assets on LAT overprovided in prior years	**—**	26,192
	72,471	(927)
Total tax charge for the year	**620,155**	594,791

* During the year ended 31 December 2014, the Group filed and agreed with the local tax bureau in the PRC the computation for the LAT of certain property development projects that had been completed and sold in previous years. As a result of the local tax bureau's assessments, the Group has reversed and recognised an overprovision of LAT on the relevant property development projects of RMB104,767,000 to the consolidated statement of profit or loss for the prior year.

10. INCOME TAX EXPENSES (continued)

A reconciliation of the tax expense applicable to profit before tax using the statutory rate for the jurisdiction in which the majority of the Company's subsidiaries are domiciled to the tax expense at the effective tax rate, and a reconciliation of the applicable rate (i.e., the statutory tax rate) to the effective tax rate for the year, are as follows:

	2015		2014	
	RMB'000	%	RMB'000	%
Profit before tax	**1,441,623**		1,491,635	
At the statutory income tax rate	**360,406**	**25.0**	372,909	25.0
Tax losses utilised from previous periods	**(55,058)**	**(3.8)**	—	—
Profits and losses attributable to joint ventures and associates	**10,024**	**0.7**	5,255	0.4
Income not subject to tax	**(1,378)**	**(0.1)**	(167)	(0.0)
Expenses not deductible for tax	**32,931**	**2.3**	30,075	2.0
Tax losses not recognised	**80,266**	**5.6**	62,123	4.1
Reversal of an overprovision for LAT in prior years	**—**	**—**	(104,767)	(7.0)
Reversal of deferred tax effect on an overprovision for LAT in prior years	**—**	**—**	26,192	1.8
LAT	**257,285**	**17.8**	270,895	18.1
Tax effect of LAT	**(64,321)**	**(4.5)**	(67,724)	(4.5)
Tax charge at the Group's effective rate	**620,155**	**43.0**	594,791	39.9

The share of tax credit attributable to joint ventures amounting to RMB18,492,000 (2014: share of tax RMB42,688,000) is included in "Share of profits and losses of joint ventures" in the consolidated statement of profit or loss.

The share of tax credit attributable to associates amounting to RMB28,038,000 (2014: RMB12,145,000) is included in "Share of profits and losses of associates" in the consolidated statement of profit or loss.

11. DIVIDEND

	2015 RMB'000	2014 RMB'000
Proposed final — RMB5.1 cents (2014: RMB13.2 cents) per ordinary share	**131,782**	341,084

The proposed final dividend for the year is subject to the approval of the Company's shareholders at the forthcoming annual general meeting.

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

The calculation of the basic and diluted earnings per share amounts is based on the profit for the year attributable to the ordinary equity holders of the parent of RMB821,263,000 (2014: RMB896,887,000), and the weighted average number of ordinary shares of 2,583,970,000 (2014: 2,300,501,753) in issue during the year.

The weighted average number of ordinary shares used to calculate the basic earnings per share amount for the year ended 31 December 2014 included 1,000,000 issued ordinary shares of the Company upon completion of the group reorganisation and 1,999,000,000 ordinary shares of the Company issued by capitalisation issue, on the assumption that these shares had been in issue throughout the year ended 31 December 2014, and the weighted average number of 298,739,726 ordinary shares of the Company and 1,762,027 ordinary shares of the Company issued upon the completion of the listing of the Company and the partial exercise of the over-allotment option by the joint global coordinators of the Company's initial public offering, respectively.

No adjustment has been made to the basic earnings per share amounts presented for the years ended 31 December 2015 and 2014 as the Group had no potentially diluted ordinary shares in issue during those years.

13. PROPERTY, PLANT AND EQUIPMENT

	Leasehold land and buildings RMB'000	Plant and machinery RMB'000	Motor vehicles RMB'000	Furniture, fixtures and office equipment RMB'000	Total RMB'000
31 December 2015					
At 31 December 2014 and at 1 January 2015:					
Cost	118,870	61,397	26,324	42,263	248,854
Accumulated depreciation	(47,023)	(35,063)	(17,394)	(30,746)	(130,226)
Net carrying amount	71,847	26,334	8,930	11,517	118,628
At 1 January 2015, net of accumulated depreciation	71,847	26,334	8,930	11,517	118,628
Additions	–	1,633	2,651	3,131	7,415
Depreciation provided during the year	(5,348)	(8,120)	(3,964)	(5,127)	(22,559)
Write-off/disposal	(1,772)	(539)	(1,269)	(713)	(4,293)
At 31 December 2015, net of accumulated depreciation	64,727	19,308	6,348	8,808	99,191
At 31 December 2015:					
Cost	117,097	58,641	25,215	42,116	243,069
Accumulated depreciation	(52,370)	(39,333)	(18,867)	(33,308)	(143,878)
Net carrying amount	64,727	19,308	6,348	8,808	99,191

13. PROPERTY, PLANT AND EQUIPMENT (continued)

	Leasehold land and buildings RMB'000	Plant and machinery RMB'000	Motor vehicles RMB'000	Furniture, fixtures and office equipment RMB'000	Total RMB'000
31 December 2014					
At 1 January 2014:					
Cost	113,958	62,472	26,132	37,851	240,413
Accumulated depreciation	(47,874)	(33,407)	(13,305)	(25,081)	(119,667)
Net carrying amount	66,084	29,065	12,827	12,770	120,746
At 1 January 2014, net of accumulated depreciation	66,084	29,065	12,827	12,770	120,746
Additions	16,729	6,818	192	4,412	28,151
Depreciation provided during the year	(3,986)	(9,154)	(4,089)	(5,665)	(22,894)
Write-off/disposal	(6,980)	(395)	—	—	(7,375)
At 31 December 2014, net of accumulated depreciation	71,847	26,334	8,930	11,517	118,628
At 31 December 2014:					
Cost	118,870	61,397	26,324	42,263	248,854
Accumulated depreciation	(47,023)	(35,063)	(17,394)	(30,746)	(130,226)
Net carrying amount	71,847	26,334	8,930	11,517	118,628

At 31 December 2015, a building of the Group with a carrying value of RMB61,547,000 (2014: RMB66,960,000) was pledged to a financial institution to secure the loans granted to the Group (note 30).

14. INVESTMENT PROPERTIES

	Completed RMB'000	Under construction RMB'000	Total RMB'000
Carrying amount at 1 January 2014	8,089,870	2,706,712	10,796,582
Additions	23,199	115,341	138,540
Disposals	(90,000)	(11,144)	(101,144)
Transfers from completed properties held for sale	163,088	—	163,088
Net gains from fair value adjustments	(46,787)	105,651	58,864
Carrying amount at 31 December 2014 and 1 January 2015	**8,139,370**	**2,916,560**	**11,055,930**
Additions	**7,790**	**101,133**	**108,923**
Transfers from investment properties under construction to completed investment properties	**510,218**	**(510,218)**	**—**
Transfers from completed properties held for sale	**106,381**	**—**	**106,381**
Net gains from fair value adjustments	**201,941**	**13,125**	**215,066**
Carrying amount at 31 December 2015	**8,965,700**	**2,520,600**	**11,486,300**

At 31 December 2015, certain of the Group's investment properties of RMB11,422,362,000 (2014: RMB9,205,808,000) were pledged to banks to secure the loans granted to the Group (note 30).

The Group's completed investment properties are leased to third parties under operating leases, further summary details of which are included in note 39(a) to the financial statements.

14. INVESTMENT PROPERTIES (continued)

The Group's completed investment properties and investment properties under construction were revalued at the end of the reporting period by DTZ Debenham Tie Leung Limited, independent professionally qualified valuers.

For completed investment properties, valuations were based on the capitalisation of net rental income derived from the existing tenancies with due allowance for the reversionary income potential of the properties.

For investment properties under construction which were stated at fair value at 31 December 2015 and 2014, valuations were based on the residual approach, and have taken into account the expended construction costs and the costs that will be expended to complete the development to reflect the quality of the completed development on the basis that the properties will be developed and completed in accordance with the Group's latest development plan.

In the opinion of the Directors, for all investment properties that are measured at fair value, the current use of the properties is their highest and best use. Included in the Group's investment properties are certain completed investment properties and investment properties under construction measured at fair value in the aggregate carrying amount of RMB1,292,000,000 (2014: RMB1,146,000,000) as at 31 December 2015, which are subject to restrictions on sale and transfer, but may be leased to tenants that are engaged in software research and development and outsourcing services.

Reconciliation for investment properties that are measured at fair value:

	Completed RMB'000	Under construction RMB'000	Total RMB'000
At 1 January 2014	8,089,870	2,136,000	10,225,870
Additions	23,199	115,172	138,371
Disposals	(90,000)	—	(90,000)
Transfers from completed properties held for sale	163,088	—	163,088
Net gains from fair value adjustments	(46,787)	105,651	58,864
At 31 December 2014 and 1 January 2015	**8,139,370**	**2,356,823**	**10,496,193**
Additions	**7,790**	**101,093**	**108,883**
Transfers from investment properties under construction to completed investment properties	**510,218**	**(510,218)**	**—**
Transfers from completed properties held for sale	**106,381**	**—**	**106,381**
Net gains from fair value adjustments	**201,941**	**13,125**	**215,066**
At 31 December 2015	**8,965,700**	**1,960,823**	**10,926,523**

14. INVESTMENT PROPERTIES (continued)

Unrealised gains included in the consolidated statement of profit or loss for completed investment properties for the year ended 31 December 2015 was RMB201,941,000 (2014: unrealised losses of RMB46,787,000).

Unrealised gains included in the consolidated statement of profit or loss for investment properties under construction for the year ended 31 December 2015 was RMB13,125,000 (2014: RMB105,651,000).

Investment properties which have been measured at cost included in the consolidated statement of financial position as at 31 December 2015 were RMB559,777,000 (2014: RMB559,737,000).

Description of valuation techniques used and key inputs to valuation on investment properties:

	Valuation technique	Significant unobservable inputs	Range (weighted average) 2015	2014
Completed	Income approach (refer above)			
Retail		Estimated yearly rental value per square metre (RMB)	**409–2,004**	396–2,004
Office		Estimated yearly rental value per square metre (RMB)	**565–873**	563–851
Car park		Estimated yearly rental value per lot (RMB)	**3,564–5,012**	3,564–5,012
Retail		Capitalisation rate	**5%–6%**	5%–6%
Office		Capitalisation rate	**4.5%–5%**	4.5%–5%
Car park		Capitalisation rate	**3.5%–4%**	3.5%–4%
Under construction	Residual approach (refer above)			
Retail		Estimated yearly rental value per square metre (RMB)	**–**	665–672
Office		Estimated yearly rental value per square metre (RMB)	**665–749**	684–721
Car park		Estimated yearly rental value per lot (RMB)	**3,564–4,243**	3,125–4,248
Retail		Capitalisation rate	**5%**	5%
Office		Capitalisation rate	**5%**	5%
Car park		Capitalisation rate	**3.5%–4%**	3.5%–4%
Retail, office and car park		Development profit	**1%–8%**	1.5%–20%

14. INVESTMENT PROPERTIES (continued)

A significant increase/(decrease) in the estimated yearly rental value per square metre or per lot in isolation would result in a significantly higher/(lower) fair value of the investment properties. A significant increase/(decrease) in the capitalisation rate in isolation would result in a significantly lower/(higher) fair value of the investment properties.

Generally, a change in the assumption made for the estimated yearly rental value per square meter or per lot is accompanied by a directionally similar change in the development profit and an opposite change in the capitalisation rate.

15. LAND HELD FOR DEVELOPMENT FOR SALE

	2015 RMB'000	2014 RMB'000
Carrying amount at beginning of year	1,109,806	1,210,589
Additions during the year	—	247,394
Transfer from prepayments for acquisition of land	216,057	—
Transfer to properties under development	(379,300)	(348,177)
Carrying amount at end of year	946,563	1,109,806
Current portion	(131,047)	(269,551)
Non-current portion	815,516	840,255

At 31 December 2015, certain of the Group's land held for development for sale of RMB946,563,000 (2014: RMB840,255,000) were pledged to banks to secure the bank and other loans granted to the Group (note 30).

16. INTANGIBLE ASSETS

	Software licenses RMB'000
At 1 January 2014	9,006
Additions during the year	2,943
Amortisation during the year	(985)
Disposals during the year	(58)
At 31 December 2014 and 1 January 2015	**10,906**
Additions during the year	**454**
Amortisation during the year	**(515)**
At 31 December 2015	**10,845**

17. INVESTMENTS IN JOINT VENTURES

	2015 RMB'000	2014 RMB'000
Share of net assets	**2,331,361**	2,353,227
Loans to joint ventures	**—**	105,113
	2,331,361	2,458,340

The loans to joint ventures were unsecured, interest-free and were not repayable within one year.

The Group's other payable balances due to joint ventures are disclosed in note 29 to the financial statements.

17. INVESTMENTS IN JOINT VENTURES (continued)

Particulars of the joint ventures, all of which are unlisted corporate entities, are as follows:

Company name	Registered and paid-up capital	Place of registration/ business	Percentage of ownership interest 2015	Percentage of ownership interest 2014	Principal activities
Dalian Software Park Ambo Development Company Limited (大連軟件園安博開發有限公司)*@@#	RMB427,600,000	The PRC/ Mainland China	**51**	51	Property development
Dalian Software Park Shitong Development Company Limited (大連軟件園世通開發有限公司)*@@#	RMB550,000,000	The PRC/ Mainland China	**51**	51	Property development
Dalian Software Park Ascendas Development Company Limited (大連軟件園騰飛發展有限公司)@@#	US$52,700,000	The PRC/ Mainland China	**50**	50	Property investment
Wuhan New Software Park Development Company Limited (武漢軟件新城發展有限公司)*@#	RMB400,000,000	The PRC/ Mainland China	**42**	50	Property investment
Dalian Yida Deji Decoration Engineering Company Limited (大連億達德基裝飾工程有限公司)*@@#	RMB10,800,000	The PRC/ Mainland China	**50**	50	Interior decoration
Dalian Yize Property Development Company Limited (大連億澤房地產開發有限公司)@@#	RMB314,770,000	The PRC/ Mainland China	**52.57**	52.57	Property development
Dalian Yihong Property Development Company Limited (大連億鴻房地產開發有限公司)@@#	RMB347,200,000	The PRC/ Mainland China	**52.57**	52.57	Property development
Dalian Qingyun Sky Realty and Development Company Limited (大連青雲天下房地產開發有限公司)*@@^	RMB2,963,280,000	The PRC/ Mainland China	**25**	25	Property development
Panasonic Yida Decoration Co., Ltd. ("Panasonic Yida") (松下億達裝飾工程有限公司)*	RMB50,000,000	The PRC/ Mainland China	**49**	49	Decoration
Shenzhen Shenlong Yida BEST City Development Company Limited (深圳市深龍億達科技園發展有限公司)*@#&	RMB5,000,000	The PRC/ Mainland China	**55**	–	Business park investment and management
Eagle Fit Limited ("Eagle Fit")*	US$200	British Virgin Islands	**35**	35	Dormant

17. INVESTMENTS IN JOINT VENTURES (continued)

* Not audited by Ernst & Young, Hong Kong or another member firm of the Ernst & Young global network.

@ Registered as domestic limited liability companies under PRC law.

@@ Registered as Sino-foreign joint ventures under PRC law.

\# The English names of these companies represent the best effort made by management of the Company to directly translate their Chinese names as these companies did not register any official English names.

& The company was newly set up in 2015.

^ Material joint venture

Summarised financial information in respect of the Group's material joint venture is set out below. The summarised financial information below represents amounts shown in the joint venture's financial statements prepared in accordance with HKFRSs:

Dalian Qingyun Sky Realty and Development Company Limited, which is considered a material joint venture of the Group, co-develops a property development project with the other joint venture partner in Mainland China and is accounted for using the equity method.

17. INVESTMENTS IN JOINT VENTURES (continued)

Dalian Qingyun Sky Realty and Development Company Limited:

	2015 RMB'000	2014 RMB'000
Current assets	**2,945,452**	2,863,163
Non-current assets	**1,637**	620
Current liabilities	**(28,145)**	(15,373)
Non-current liabilities	**(79,703)**	—
	2,839,241	2,848,410

The above amounts of assets and liabilities include the following:

	2015 RMB'000	2014 RMB'000
Cash and cash equivalents	**361**	37,784
Current financial liabilities (excluding trade and other payables and accruals)	**(2,000)**	—
Non-current financial liabilities (excluding trade and other payables and accruals)	**(79,703)**	—
Revenue	**—**	—
Cost of sales and operating expenses	**(9,169)**	(20,272)
Loss before tax	**(9,169)**	(20,272)
Income tax expense	**—**	—
Loss for the year and total comprehensive loss for the year	**(9,169)**	(20,272)
The above loss for the year includes the following:		
Depreciation and amortisation	**(156)**	(201)
Interest income	**3,469**	5,157
Interest expense	**(206)**	(10)

17. INVESTMENTS IN JOINT VENTURES (continued)

Reconciliation of the above summarised financial information to the carrying amount of the interest in the joint venture recognised in the consolidated statement of financial position:

	2015 RMB'000	2014 RMB'000
Net assets of the joint venture	**2,839,241**	2,848,410
Group's effective interest	**25%**	25%
Carrying amount of the Group's interest in the joint venture	**709,810**	712,103

The Group's share of the material joint venture's own capital commitments at the end of the reporting period:

	2015 RMB'000	2014 RMB'000
Contracted, but not provided for:		
Capital expenditure for investment properties under construction and properties under development in Mainland China	**12,280**	16,567

Aggregate information of joint ventures that are not individually material:

	2015 RMB'000	2014 RMB'000
The Group's share of profit	**65,267**	36,610
The Group's share of total comprehensive income	**65,267**	36,610

	2015 RMB'000	2014 RMB'000
Aggregate carrying amount of the Group's interests in these joint ventures	**1,621,551**	1,641,124

17. INVESTMENTS IN JOINT VENTURES (continued)

The Group's share of the joint ventures' own capital commitments at the end of the reporting period:

	2015 RMB'000	2014 RMB'000
Contracted, but not provided for:		
Capital expenditure for investment properties under construction and properties under development in Mainland China	**409,473**	338,730

The joint ventures had the following contingent liabilities at the end of the reporting period:

	2015 RMB'000	2014 RMB'000
Guarantees in respect of the mortgage facilities provided to certain purchasers of a joint venture's properties	**79,178**	98,640

The joint ventures cannot distribute their profits until they obtain the consent of the joint venturers.

18. INVESTMENTS IN ASSOCIATES

	2015 RMB'000	2014 RMB'000
Share of net assets	**538,222**	622,495
Loans to associates	**101,088**	74,690
	639,310	697,185

The loans to associates are unsecured, interest-free and are not repayable within one year.

18. INVESTMENTS IN ASSOCIATES (continued)

Particulars of the associates, which are unlisted corporate entities, are as follows:

Company name	Registered and paid-up capital	Place of registration/ business	Percentage of ownership interest 2015	2014	Principal activities
Richcoast Group Limited ("Richcoast Group")*	US$780	British Virgin Islands/ Mainland China	**10.26**	10.26	Investment holding
Dalian Delan Software Development Co., Ltd.*	RMB300,000,000	The PRC/ Mainland China	**30.00**	30.00	Property development
Dalian Jiadao Information Co., Ltd.*	RMB300,000,000	The PRC/ Mainland China	**30.00**	30.00	Property development
Dalian Qiantong Science & Technology Development Co., Ltd.*	RMB800,000,000	The PRC/ Mainland China	**30.00**	30.00	Property development
Dalian Ruisheng Software Development Co., Ltd.*	RMB800,000,000	The PRC/ Mainland China	**30.00**	30.00	Property development
Hunan Jinke Yida Estate Development Company Limited (湖南金科億達產業發展有限公司)*#	RMB100,000,000	The PRC/ Mainland China	**10.00**	–	Business park investment and management
Crown Speed Investments Limited*	HK$10,000	Hong Kong/ Mainland China	**21.22**	21.22	Investment holding

* Not audited by Ernst & Young, Hong Kong or another member firm of the Ernst & Young global network.

\# The English names of these companies represent the best effort made by management of the Company to directly translate their Chinese names as these companies did not register any official English names.

18. INVESTMENTS IN ASSOCIATES (continued)

The following table illustrates the aggregate financial information of the Group's associates that are not individually material. The Group did not have any material associates for the year.

	2015 RMB'000	2014 RMB'000
The Group's share of loss	**(99,152)**	(52,563)
The Group's share of total comprehensive loss	**(99,152)**	(52,563)

	2015 RMB'000	2014 RMB'000
Aggregate carrying amount of the Group's interests in the associates	**538,222**	622,495

The Group's share of the associates' own capital commitments at the end of the reporting period:

	2015 RMB'000	2014 RMB'000
Capital expenditure for investment properties under construction and properties under development in Mainland China		
— authorised, but not contracted for	**384,737**	285,089
— contracted, but not provided for	**872,897**	1,528,992
	1,257,634	1,814,081

As at the end of the reporting period, the associates had no significant contingent liabilities.

19. AVAILABLE-FOR-SALE INVESTMENTS

	2015 RMB'000	2014 RMB'000
Unlisted equity investments, at cost	**24,540**	24,540

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

As at the end of the reporting period, the above investments were stated at cost because the range of reasonable fair value estimates is so significant that the Directors are of the opinion that their fair value cannot be measured reliably.

20. PROPERTIES UNDER DEVELOPMENT

	2015 RMB'000	2014 RMB'000
Properties under development expected to be completed: Within normal operating cycle included under current assets	**5,049,279**	8,253,644
Properties under development expected to be completed within normal operating cycle and recoverable:		
— Within one year	**2,443,490**	4,886,138
— After one year	**2,605,789**	3,367,506
	5,049,279	8,253,644

At 31 December 2015, certain of the Group's properties under development of RMB4,865,005,000 (2014: RMB5,828,943,000) were pledged to banks to secure the loans granted to the Group (note 30).

21. COMPLETED PROPERTIES HELD FOR SALE

The completed properties held for sale are stated at cost.

22. CONSTRUCTION CONTRACTS

	2015 RMB'000	2014 RMB'000
Gross amount due from contract customers	**78,531**	67,251
Gross amount due to contract customers	**(510,819)**	(382,076)
	(432,288)	(314,825)
Contract costs incurred plus recognised profits less recognised losses to date	**4,770,828**	3,927,744
Less: Progress billings	**(5,203,116)**	(4,242,569)
	(432,288)	(314,825)

At 31 December 2015, retentions held by customers for contract works included in trade receivables amounted to approximately RMB27,540,000 (2014: RMB22,454,000).

23. INVENTORIES

	2015 RMB'000	2014 RMB'000
Construction materials	**6,168**	2,892

24. TRADE RECEIVABLES

	2015 RMB'000	2014 RMB'000
Trade receivables	**597,033**	384,629

Trade receivables mainly represent receivables for contract works. The payment terms of contract works receivables are stipulated in the relevant contracts. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by senior management. In view of the aforementioned and the fact that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

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

	2015 RMB'000	2014 RMB'000
Neither past due nor impaired		
Within 1 year	**445,309**	196,990
1 to 2 years	**79,522**	115,943
Over 2 years	**28,407**	18,794
Past due but not impaired		
1 to 2 years	**43,795**	52,902
	597,033	384,629

Receivables that were neither past due nor impaired relate to a large number of diversified customers for whom there was no recent history of default.

As at 31 December 2015, included in the Group's trade receivables are amounts due from related companies controlled by Yida Group Co., Ltd. ("Yida Group") (a company controlled by Right Won) of RMB21,197,000 (2014: RMB20,081,000), which are repayable on credit terms similar to those offered to the major customers of the Group.

As at 31 December 2015, included in the Group's trade receivables are amounts due from the Group's joint ventures of RMB221,278,000 (2014: RMB158,295,000), which are repayable on credit terms similar to those offered to the major customers of the Group.

As at 31 December 2015, included in the Group's trade receivables are amounts due from the Group's associates of RMB54,590,000 (2014: RMB74,341,000), which are repayable on credit terms similar to those offered to the major customers of the Group.

25. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	2015 RMB'000	2014 RMB'000
Prepayments	**367,796**	551,189
Deposits and other receivables	**3,644,163**	3,970,787
Carrying amount at end of the year	**4,011,959**	4,521,976
Current portion	**(3,433,081)**	(4,483,976)
Non-current portion	**578,878**	38,000

None of the above assets is either past due or impaired. The financial assets included in the above balances relate to receivables for which there was no recent history of default.

As at 31 December 2015, included in the Group's other receivables are amounts due from joint ventures of RMB730,115,000 (2014: RMB344,073,000), which are unsecured, interest-free and repayable on demand.

At 31 December 2015, included in the Group's other receivables are advances of RMB2,377,995,000 (2014: RMB3,289,050,000) to the local government in Dalian in connection with the land development and resettlement on certain land parcels in Dalian. Pursuant to the relevant agreements, the local government agrees to reimburse the Group for the costs and expenses it incurred after such costs and expenses are verified and approved by the local government.

As at 31 December 2015, included in the Group's other receivables are amounts due from joint ventures of RMB38,000,000 (2014: RMB38,000,000), which is unsecured, bears interest at 6.4% per annum and is repayable in 2017, and RMB4,650,000 (2014: Nil), where is unsecured, bears interest at 5.06% per annum and is repayable in 2016, respectively.

As at 31 December 2015, included in the Group's other receivables are amounts due from associates of RMB231,364,000, which are unsecured, bear interest at rates ranging from 4.8% to 6.2% per annum and are repayable in 2016. As at 31 December 2014, included in the Group's other receivables are amounts due from associates of RMB104,484,000, which are unsecured, interest-free and repayable on demand.

26. CASH AND CASH EQUIVALENTS AND RESTRICTED CASH

	2015 RMB'000	2014 RMB'000
Cash and bank balances	**3,310,719**	2,799,114
Less: Restricted cash (notes)	**(2,252,154)**	(2,059,043)
Cash and cash equivalents	**1,058,565**	740,071

Cash at banks earns interest at floating rates based on daily bank deposit rates.

At the end of the reporting period, the cash and bank balances of the Group denominated in RMB amounted to RMB3,253,286,000 (2014: RMB2,360,635,000). The RMB is not freely convertible into other currencies, however, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

Notes:

(a) According to the relevant loan facility agreements signed by certain subsidiaries of the Group with the banks, the subsidiaries are required to place the pre-sale proceeds from their properties at designated bank accounts. The deposits can only be used for the payment of property development costs incurred by the subsidiaries and the repayment of the relevant loans. At 31 December 2015, such guarantee deposits amounted to RMB444,933,000 (2014: RMB328,363,000).

(b) According to the relevant construction safety regulation implemented by the local government, certain subsidiaries of the Group are required to place at designated bank accounts certain amounts as deposits for potential industrial accidents during construction works. At 31 December 2015, such deposits amounted to RMB43,733,000 (2014: RMB42,737,000).

(c) At 31 December 2015, certain of the Group's time deposits of RMB1,763,488,000 (2014: RMB1,687,943,000) were pledged to banks to secure the bank and other loans granted to the Group (note 30).

27. RECEIPTS IN ADVANCE

Receipts in advance of the Group represented amounts received from buyers in connection with the pre-sale of properties during the year.

28. TRADE PAYABLES

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

	2015 RMB'000	2014 RMB'000
Due within 1 year or on demand	**1,511,580**	1,289,887
Due within 1 to 2 years	**652,056**	1,021,368
	2,163,636	2,311,255

The trade payables are non-interest-bearing and unsecured.

As at 31 December 2015, included in the Group's trade payables are amounts due to the Group's joint venture of RMB80,138,000 (2014: RMB76,405,000), which are unsecured, interest-free and repayable within 1 to 2 years.

29. OTHER PAYABLES AND ACCRUALS

	2015 RMB'000	2014 RMB'000
Accruals	**211,071**	265,940
Other payables	**840,540**	1,650,289
Carrying amount at end of the year	**1,051,611**	1,916,229
Current portion	**(953,641)**	(1,793,659)
Non-current portion	**97,970**	122,570

As at 31 December 2015, included in the Group's other payables are amounts due to joint ventures of RMB351,236,000 (2014: RMB163,853,000), which are unsecured, interest-free and repayable within one year.

30. INTEREST-BEARING BANK AND OTHER BORROWINGS

	2015			2014		
	Effective interest rate (%)	Maturity	RMB'000	Effective interest rate (%)	Maturity	RMB'000
Current						
Bank loans — secured	2.09–14.00	2016	6,214,549	6.09–10.50	2015	4,261,214
Bank loans — unsecured			–	6.00–7.29	2015	306,000
Other loans — secured	6.15–12.00	2016	1,833,800	6.40–11.50	2015	775,048
Other loans — unsecured	4.57-4.75	2016	215,000			–
			8,263,349			5,342,262
Non-current						
Bank loans — secured	3.58–9.00	2017–2024	4,828,459	6.15–14.00	2016–2022	7,109,911
Bank loans — unsecured			–	6.15	2017	100,000
Other loans — secured	1.20–12.00	2017–2025	2,153,200	6.40–12.00	2016–2022	2,499,600
Other loans — unsecured	6.76	2020	986,028	11.80	2017	1,200,000
			7,967,687			10,909,511
			16,231,036			16,251,773

	2015 RMB'000	2014 RMB'000
Analysed into:		
Bank loans repayable:		
Within one year or on demand	6,214,549	4,567,214
In the second year	2,511,269	3,524,186
In the third to fifth years, inclusive	1,686,640	2,503,975
Beyond five years	630,550	1,181,750
	11,043,008	11,777,125
Other loans repayable:		
Within one year or on demand	2,048,800	775,048
In the second year	813,700	1,719,600
In the third to fifth years, inclusive	2,308,028	1,960,000
Beyond five years	17,500	20,000
	5,188,028	4,474,648
	16,231,036	16,251,773

30. INTEREST-BEARING BANK AND OTHER BORROWINGS (continued)

(a) Included in other loans of the Group are corporate bonds in an aggregate principal amount of RMB1,000,000,000 due in 2020 issued by a subsidiary of the Group in September 2015 (the "Corporate Bonds"). The Corporate Bonds are unsecured, have a term of five years and bear interest at a rate of 6.0% per annum.

(b) Certain of the Group's bank and other loans are secured or guaranteed by:

(i) mortgages over the Group's properties under development with an aggregate carrying value at 31 December 2015 of approximately RMB4,865,005,000 (2014: RMB5,828,943,000);

(ii) pledges of the Group's investment properties with an aggregate carrying value at 31 December 2015 of approximately RMB11,405,362,000 (2014: RMB9,205,808,000);

(iii) pledges of the Group's land held for development for sale with an aggregate carrying value at 31 December 2015 of approximately RMB946,563,000 (2014: RMB840,255,000);

(iv) pledges of the Group's completed properties held for sale with an aggregate carrying value at 31 December 2015 of approximately RMB2,597,759,000 (2014: RMB522,582,000);

(v) pledge of a building of the Group with a carrying value at 31 December 2015 of approximately RMB61,547,000 (2014: RMB66,960,000);

(vi) pledge of the Group's prepayment for acquisition of land with a carrying value at 31 December 2015 of approximately RMB249,655,000 (2014: RMB249,655,000);

(vii) corporate guarantees executed by certain subsidiaries of the Group to the extent of RMB10,962,120,000 (2014: RMB10,595,103,000) as at 31 December 2015;

(viii) pledges of certain equity interests of the subsidiaries of the Company as at the end of the reporting period; and

(ix) pledges of certain of the Group's time deposits with an aggregate carrying value at 31 December 2015 of approximately RMB1,763,488,000 (2014: RMB1,687,943,000).

(c) Other than certain other borrowings with a carrying amount of RMB509,488,000 (2014: RMB455,048,000) denominated in United States dollars as at 31 December 2015, all bank and other borrowings of the Group are denominated in RMB as at 31 December 2015 and 2014.

(d) As at 31 December 2015, included in other loans of the Group are loans from joint ventures with principal amounts of RMB194,000,000, which is unsecured, bears interest at 5.3% per annum and is repayable in 2016, and RMB21,000,000, which is unsecured, bears interest at 4.8% per annum and repayable on demand, respectively.

31. PROVISION FOR LAND APPRECIATION TAX

	RMB'000
At 1 January 2014	406,471
Charged to the consolidated statement of profit or loss during the year (note 10)	270,895
Overprovision in prior years (note 10)	(104,767)
Payment for the year	(205,022)
At 31 December 2014 and 1 January 2015	**367,577**
Charged to the consolidated statement of profit or loss during the year (note 10)	**257,285**
Payment for the year	**(217,102)**
At 31 December 2015	**407,760**

According to the requirements of the Provisional Regulations of the PRC on LAT (中華人民共和國土地增值税暫行條例) effective from 1 January 1994, and the Detailed Implementation Rules on the Provisional Regulations of the PRC on LAT (中華人民共和國土地增值税暫行條例實施細則) effective from 27 January 1995, all gains arising from the sale or transfer of state-owned land use rights, buildings and their attached facilities in Mainland China are subject to LAT at progressive rates ranging from 30% to 60% of the appreciation value, with an exemption provided for the sale of ordinary residential properties (普通標準住宅) if their appreciation values do not exceed 20% of the sum of the total deductible items.

The Group has estimated, made and included a provision for LAT according to the requirements set forth in the relevant PRC tax laws and regulations. The actual LAT liabilities are subject to the determination by the tax authorities upon completion of the property development projects and the tax authorities might disagree with the basis on which the provision for LAT is calculated.

32. DEFERRED TAX

Net deferred tax assets and liabilities recognised in the consolidated statement of financial position are as follows:

	2015 RMB'000	2014 RMB'000
Deferred tax assets	**140,839**	159,543
Deferred tax liabilities	**(1,602,233)**	(1,548,466)
	(1,461,394)	(1,388,923)

32. DEFERRED TAX (continued)

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

	Unrealised profits from intra-group transactions RMB'000	Provision for LAT RMB'000	Revaluation of investment properties RMB'000	Total RMB'000
At 1 January 2014	51,596	101,618	(1,543,064)	(1,389,850)
Credited/(charged) to the consolidated statement of profit or loss during the year (note 10)	16,053	(9,724)	(5,402)	927
At 31 December 2014 and 1 January 2015	67,649	91,894	(1,548,466)	(1,388,923)
(Charged)/credited to the consolidated statement of profit or loss during the year (note 10)	(28,750)	10,046	(53,767)	(72,471)
At 31 December 2015	38,899	101,940	(1,602,233)	(1,461,394)

The Group had unutilised tax losses of approximately RMB963,541,000 (2014: RMB862,713,000) as at 31 December 2015, that can be carried forward for five years from the year in which the losses arose for offsetting against future taxable profits of the tax entities in which the losses arose. Deferred tax assets are recognised for tax losses carried forward only to the extent that the realisation of the related benefits through future taxable profits is probable. The Group did not recognise deferred tax assets in respect of such unutilised tax losses as the realisation of the related benefits is uncertain.

Pursuant to the PRC Corporate Income Tax Law, a 10% withholding tax is levied on dividends declared to foreign investors from the foreign investment enterprises established in Mainland China. The requirement is effective from 1 January 2008 and applies to earnings after 31 December 2007. A lower withholding tax rate may be applied if there is a tax treaty between China and the jurisdiction of the foreign investors. The Group is therefore liable to withholding taxes on dividends distributed by those subsidiaries established in Mainland China in respect of earnings generated from 1 January 2008.

As 31 December 2015 and 2014, no deferred tax has been recognised for withholding taxes that would be payable on the unremitted earnings that are subject to withholding taxes of the Group's subsidiaries established in Mainland China. In the opinion of the Directors, it is not probable that these subsidiaries will distribute such earnings in the foreseeable future. The aggregate amounts of temporary differences associated with investments in subsidiaries in Mainland China for which deferred tax liabilities have not been recognised totalled approximately RMB4,020,130,000 (2014: RMB3,851,293,000) as at 31 December 2015.

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

33. DERIVATIVE FINANCIAL INSTRUMENTS

	2015 RMB'000	2014 RMB'000
Liabilities		
Current		
Call and put options, net	399,521	138,697
Non-current		
Call and put options, net	—	245,480
	399,521	384,177

In April 2010 and November 2011, the Group granted a total of four put options to certain joint venture partners to sell their interests in certain joint ventures to the Group, which can be exercised at any time after the expiry of the first 54 months after the date of initial investments or after the pre-sale of a certain percentage of saleable construction area and a certain percentage of saleable construction area is delivered, whichever is earlier, at the option price determined based on the adjusted net asset value of the joint ventures.

In December 2013, a supplemental agreement was signed between certain subsidiaries of the Group and the joint venture partners and two of the put options were modified. Besides, a new put option was granted to the joint venture partners and, after an agreed amount has been paid by the Group, a new call option will be granted by the joint venture partners to the Group which can be exercised at any time within the first 54 months after the date of initial investments.

The new call option and put options are correlated and offset against each other and the net balance is recorded as derivative liabilities in the consolidated statement of financial position and carried at fair value with reference to a valuation performed by an independent professional valuer using the Binomial Model.

Description of valuation techniques used and key inputs to valuation on put options:

		Range/weighted average	
Valuation technique	Significant unobservable inputs	31 December 2015	31 December 2014
Binomial model	Dividend yield	0%	0%
	Net asset value volatility	17.27%–25.46%	19.00%–20.84%
	Option life (Year(s))	0.25–1.0	0.5–2.0
	Risk-free interest rate	2.19%–2.34%	2.97%–3.36%
	Stock volatility of comparable companies	28.10%–44.49%	26.25%–29.90%

33. DERIVATIVE FINANCIAL INSTRUMENTS (continued)

Generally, a change in the assumption made for the net asset value volatility is accompanied by a directionally similar change in the risk free-interest rate and an opposite change in the dividend yield, the option life and stock volatility.

The following table demonstrates the sensitivity of the Group's profit before tax to a reasonably possible change in combined net effect of the dividend yield, net asset value volatility, risk-free interest rate and stock volatility of comparable companies (collectively the "Combined factors").

	Increase/ (decrease) in basis points	Combined net effect on profit before tax RMB'000
31 December 2015		
Combined factors	**100**	**(1,833)**
Combined factors	**(100)**	**2,176**
31 December 2014		
Combined factors	100	(5,838)
Combined factors	(100)	6,555

In November 2014 and June 2015, the Group received notices served by certain joint venture partners during the option exercise period in respect of the exercise of certain put options. As at the date of approval of these financial statements, the acquisition of the equity interests in the joint ventures being subject to the put options exercised has not been completed as the relevant joint venture partners and the Group are still in the process of finalising the arrangement and certain terms of the transactions.

34. SHARE CAPITAL

	2015 RMB'000	2014 RMB'000
Authorised: 50,000,000,000 shares of US$0.01 each	**3,124,300**	3,124,300
Issued and fully paid: 2,583,970,000 (2014: 2,583,970,000) ordinary shares of US$0.01 each	**159,418**	159,418

35. SHARE OPTION SCHEME

The Company operates a share option scheme (the "Scheme") for the purpose of motivating eligible participants to optimise their performance efficiency for the benefit of the Group and to attract and retain or otherwise maintain an on-going business relationship with such eligible participants whose contributions are or will be beneficial to the long-term growth of the Group. Eligible participants of the Scheme include the Directors, including independent non-executive directors, executives or officers of the Group, full-time or part-time employees of the Group, and advisers, consultants, suppliers, customers, distributors and such other persons who in the sole opinion of the Directors will contribute or have contributed to the Group. The Scheme became effective on 1 June 2014 and, unless otherwise cancelled or amended, will remain in force for 10 years from that date.

The maximum number of shares in respect of which options may be granted under the Scheme must not in aggregate exceed 10% of the total number of shares in issue of the Company immediately following the completion of the Company's initial public offering, i.e. 258,000,000 shares. The maximum number of shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Scheme shall not exceed 30% of the Company's issued shares from time to time. The maximum number of shares issuable under the share options to each eligible participant in the Scheme within any 12-month period is limited to 1% of the shares of the Company in issue as at the date of grant. Any further grant of options in excess of this 1% limit is subject to shareholders' approval in a general meeting.

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

The offer of a grant of share options may be accepted within 21 days from the date of offer, upon payment of a nominal consideration of HK$1 in total by the grantee. The exercise period of the share options granted is determinable by the Directors, and commences after a certain vesting period and ends on a date which is not later than 10 years from the date of offer of the share options.

The exercise price of share options is determinable by the Directors, but must be at least of the highest of (i) the Stock Exchange closing price of the Company's shares on the date of offer of the share options; (ii) the average Stock Exchange closing price of the Company's shares for the five trading days immediately preceding the date of offer; and (iii) the nominal value of the Company's shares.

35. SHARE OPTION SCHEME (continued)

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

As at the date of approval of these financial statements, no options had been granted since the adoption of the Scheme.

36. RESERVES

The amounts of the Group's reserves and the movements therein for the current and prior years are presented in the consolidated statement of changes in equity on page 67 of the financial statements.

(a) Statutory surplus reserve

Transfers from retained profits to the statutory surplus reserve were made in accordance with the relevant PRC rules and regulations and the articles of association of the Company's subsidiaries established in the PRC, and were approved by the respective boards of directors.

(b) Merger reserve

The merger reserve represents the reserve arising pursuant to the reorganisation of the Group in 2013.

(c) Share-based payment reserve

On 27 November 2013, a total of 1,550 ordinary shares of US$1.00 each of the Company (before capitalisation issue and sub-division) were issued for cash of US$180,100,000 (equivalent to RMB1,101,977,000) to certain companies owned by certain employees of the Group. The shortfall in the amount of RMB81,000,000 between the estimated fair value of the shares at the date of issue and the consideration paid by the companies owned by certain employees of the Group for the shares was accounted for as share-based payment during the year ended 31 December 2013. The fair value of the shares was determined with reference to the business value of the Group determined by an external valuer using a market approach.

37. FINANCIAL GUARANTEES

The Group had the following financial guarantees as at the end of the reporting period:

(a) As at 31 December 2015, the maximum obligation in respect of the mortgage facilities provided to certain purchases of the Group's properties amounted to RMB329,287,000 (2014: RMB598,949,000).

At the end of the reporting period, the Group provided guarantees in respect of the mortgage facilities granted by certain banks to certain purchasers of the Group's properties. Pursuant to the terms of the guarantees, upon default on mortgage payments by these purchasers, the Group is responsible for repaying the outstanding mortgage principals together with the accrued interest and penalties owed by the defaulted purchasers to the banks.

Under the above arrangement, the related properties were pledged to the banks as security on the mortgage loans. Upon default on mortgage payments by these purchasers, the banks are entitled to take over the legal titles and can realise the pledged properties through open auction. The Group is obliged to repay the banks for the shortfall if the proceeds from the auction of the properties cannot cover the outstanding mortgage principals together with the accrued interest and penalties.

The Group's guarantee period starts from the dates of grant of the relevant mortgage loans, and ends upon the earlier of (i) the issuance of real estate ownership certificates to the purchasers, which will generally be available within one to two years after the purchasers take possession of the relevant properties; and (ii) the settlement of mortgage loans between the mortgage banks and the purchasers.

(b) As at 31 December 2015, the Group provided a guarantee for an amount not exceeding RMB37,776,000 (2014: RMB150,000,000) in respect of the payment obligations of a subsidiary of Richcoast Group to a joint venture (formed between Richcoast Group and an independent third party) and the joint venture partner.

(c) The Group provided guarantees to the extent of RMB356,200,000 (2014: RMB181,600,000) as at 31 December 2015 in respect of the bank and other loans granted to the associates.

(d) The Group provided guarantees to the extent of RMB1,478,000,000 (2014: RMB1,268,000,000) as at 31 December 2015 in respect of bank loans granted to the joint ventures.

In determining whether financial liabilities should be recognised in respect of the Group's financial guarantee contracts, the Directors exercise judgement in the evaluation of the probability of resources outflow that will be required and the assessment of whether a reliable estimate can be made of the amount of the obligation.

37. FINANCIAL GUARANTEES (continued)

In the opinion of the Directors, the fair values of the financial guarantee contracts of the Group are insignificant at initial recognition and the Directors consider that the possibility of the default of the parties involved is remote, and accordingly, no value has been recognised in the financial statements.

38. PLEDGE OF ASSETS

Details of the Group's bank and other loans which are secured by the assets of the Group, are included in note 30 to the financial statements.

39. OPERATING LEASE ARRANGEMENTS

(a) As lessor

The Group leases its investment properties (note 14 to the financial statements) under operating lease arrangements, with leases negotiated for terms ranging from one to twenty years. The terms of the leases generally also require the tenants to pay security deposits and to provide for periodic rent adjustments according to the then prevailing market conditions. Certain contingent rent receivables are determined based on the turnover of the lessees.

At the end of the reporting period, the Group had total future minimum lease receivables under non-cancellable operating leases with its tenants falling due as follows:

	2015 RMB'000	2014 RMB'000
Within one year	**298,039**	245,826
In the second to fifth years, inclusive	**596,418**	406,692
After five years	**100,061**	89,037
	994,518	741,555

39. OPERATING LEASE ARRANGEMENTS (continued)

(b) As lessee

The Group leases certain of the office properties under operating lease arrangements. Leases for properties are negotiated for terms ranging from one to ten years.

At the end of the reporting period, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	2015 RMB'000	2014 RMB'000
Within one year	**14,474**	6,600
In the second to fifth years, inclusive	**23,139**	3,177
After five years	**21,619**	—
	59,232	9,777

40. COMMITMENTS

In addition to the operating lease commitments detailed in note 39(b) above, the Group had the following capital commitments at the end of the reporting period:

	2015 RMB'000	2014 RMB'000
Contracted, but not provided for:		
Capital expenditure for investment properties under construction and properties under development in Mainland China	**3,436,811**	2,395,287

41. MAJOR NON-CASH TRANSACTIONS

(i) Prior to the initial public offering of the Company, during the year ended 31 December 2014, the Group entered into supplemental agreements with certain banks and Yida Group to change the borrowing entity under certain existing financing arrangements in an aggregate amount of RMB3,060 million from Yida Group to entities within the Group.

(ii) During the year ended 31 December 2015, a subsidiary of the Company entered into a tripartite arrangement with two local government authorities, pursuant to which an amount receivable of RMB1,200 million due from a government authority to the Company's subsidiary was offset against a payable of RMB1,200 million due by the subsidiary to the other government authority. Under the tripartite arrangement, the subsidiary has no further rights and interests in the amount receivable of RMB1,200 million and the obligations in the amount payable of RMB1,200 million.

42. RELATED PARTY TRANSACTIONS

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

	Notes	2015 RMB'000	2014 RMB'000
Service fees from joint ventures	(i)	**297,658**	132,887
Service fees to a joint venture	(i)	**93,005**	62,602
Service fees from associates	(i)	**104,961**	75,181
Service fees from companies controlled by Right Won	(i)	**42,403**	6,676
Rental income from joint ventures	(ii)	**10,109**	5,197
Rental income from companies controlled by Right Won	(ii)	**2,798**	1,848
Rental expense to a company controlled by Right Won	(ii)	**1,400**	1,400
Consulting fees from joint ventures	(iii)	**20,700**	30,186
Interest income from a joint venture	(iv)	**2,432**	—
Interest expenses to joint ventures	(iv)	**5,522**	—
Interest income from associates	(iv)	**27,987**	4,484

Notes:

(i) The service fees were related to the construction services, landscaping services and property management services provided by the Group and related to decoration provided to the Group by a joint venture at rates determined in accordance with the terms and conditions set out in the contracts entered into between the related parties.

(ii) The rentals were determined at rates mutually agreed by the related parties.

(iii) The consulting fees were charged for the project design, implementation and management services provided by the Group at rates determined in accordance with the terms and conditions set out in the contracts entered into between the related parties.

(iv) The interest income was related to advances made by the Group to a joint venture and associates. The interest expense was related to loans from joint ventures to the Group. The interest rates were mutually agreed with the related parties.

In the opinion of the Directors, the above transactions were entered into in the ordinary course of business of the Group.

42. RELATED PARTY TRANSACTIONS (continued)

(b) Compensation of key management personnel of the Group

In the opinion of the Directors, the Directors represent the key management personnel of the Group and details of the compensation are set out in note 8 to the financial statements.

43. FINANCIAL INSTRUMENTS BY CATEGORY

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

At 31 December 2015

Financial assets

	Loans and receivables RMB'000	Available-for-sale financial assets RMB'000	Total RMB'000
Loans to associates (note 18)	101,088	—	101,088
Available-for-sale investments (note 19)	—	24,540	24,540
Trade receivables (note 24)	597,033	—	597,033
Deposits and other receivables (note 25)	3,644,163	—	3,644,163
Restricted cash (note 26)	2,252,154	—	2,252,154
Cash and cash equivalents (note 26)	1,058,565	—	1,058,565
	7,653,003	24,540	7,677,543

Financial liabilities

	Financial liabilities at fair value through profit or loss RMB'000	Financial liabilities at amortised cost RMB'000	Total RMB'000
Derivative financial instruments (note 33)	399,521	—	399,521
Trade payables (note 28)	—	2,163,636	2,163,636
Other payables and accruals (note 29)	—	768,384	768,384
Interest-bearing bank and other borrowings (note 30)	—	16,231,036	16,231,036
	399,521	19,163,056	19,562,577

43. FINANCIAL INSTRUMENTS BY CATEGORY (continued)

At 31 December 2014

Financial assets

	Loans and receivables RMB'000	Available-for-sale financial assets RMB'000	Total RMB'000
Loans to joint ventures (note 17)	105,113	—	105,113
Loans to associates (note 18)	74,690	—	74,690
Available-for-sale investments (note 19)	—	24,540	24,540
Trade receivables (note 24)	384,629	—	384,629
Deposits and other receivables (note 25)	3,970,787	—	3,970,787
Restricted cash (note 26)	2,059,043	—	2,059,043
Cash and cash equivalents (note 26)	740,071	—	740,071
	7,334,333	24,540	7,358,873

Financial liabilities

	Financial liabilities at fair value through profit or loss RMB'000	Financial liabilities at amortised cost RMB'000	Total RMB'000
Derivative financial instruments (note 33)	384,177	—	384,177
Trade payables (note 28)	—	2,311,255	2,311,255
Other payables and accruals (note 29)	—	502,853	502,853
Interest-bearing bank and other borrowings (note 30)	—	16,251,773	16,251,773
	384,177	19,065,881	19,450,085

44. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

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

At 31 December 2015

	Carrying amounts RMB'000	Fair values RMB'000
Financial assets		
Loans to associates (note 18)	**101,088**	**101,088**
Financial liabilities		
Derivative financial instruments (note 33)	**399,521**	**399,521**
Interest-bearing bank and other borrowings (note 30)	**16,231,036**	**16,231,036**
	16,630,557	**16,630,557**

At 31 December 2014

	Carrying amounts RMB'000	Fair values RMB'000
Financial assets		
Loans to joint ventures (note 17)	105,113	105,113
Loans to associates (note 18)	74,690	74,690
	179,803	179,803
Financial liabilities		
Derivative financial instruments (note 33)	384,177	384,177
Interest-bearing bank and other borrowings (note 30)	16,251,773	16,251,773
	16,635,950	16,635,950

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

Fair value hierarchy as at 31 December 2015

	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
Assets measured at fair value:				
Investment properties (note 14)	–	–	10,926,523	10,926,523
Assets measured at amortised cost:				
Loans to associates (note 18)	–	–	101,088	101,088
Liabilities measured at fair value:				
Derivative financial instruments (note 33)	–	–	399,521	399,521
Liabilities measured at amortised cost:				
Interest-bearing bank and other borrowings (note 30)	–	–	16,231,036	16,231,036

Fair value hierarchy as at 31 December 2014

	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
Assets measured at fair value:				
Investment properties (note 14)	–	–	10,496,193	10,496,193
Assets measured at amortised cost:				
Loans to joint ventures (note 17)	–	–	105,113	105,113
Loans to associates (note 18)	–	–	74,690	74,690
	–	–	179,803	179,803
Liabilities measured at fair value:				
Derivative financial instruments (note 33)	–	–	384,177	384,177
Liabilities measured at amortised cost:				
Interest-bearing bank and other borrowings (note 30)	–	–	16,251,773	16,251,773

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

The fair values of the non-current portion of loans to joint ventures and associates, other receivables and interest-bearing bank and other borrowings have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. The Group assessed the credit risks as at the end of the reporting period of loans to joint ventures and associates and other receivables to be insignificant. The Group's own non-performance risk for interest-bearing bank and other borrowings as at the end of each reporting period was assessed to be insignificant.

The details of valuation technique and the inputs used in the fair value measurement of investment properties and derivative financial instruments have been disclosed in note 14 and note 33 to the financial statements, respectively.

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

The Group's finance department determines the policies and procedures for recurring fair value measurement, such as investment properties and derivative financial instruments. The finance department comprises the head of the investment properties segment, head of the Group's investment team, chief financial officer and the managers of each property.

External valuers are involved for valuation of significant assets, such as investment properties and significant liabilities, such as derivative financial liabilities. Involvement of external valuers is decided upon annually by the finance department. Selection criteria include market knowledge, reputation, independence and whether professional standards are maintained. The finance department decides, after discussions with the Group's external valuers, which valuation techniques and inputs to use for each case.

At each reporting date, the finance department analyses the movements in the values of assets and liabilities which are required to be re-measured or re-assessed as per the Group's accounting policies. For this analysis, the finance department verifies the major inputs applied in the latest valuation by agreeing the information in the valuation computation to contracts and other relevant documents.

The finance department, in conjunction with the Group's external valuers, also compares the changes in the fair value of each asset and liability with relevant external sources to determine whether the change is reasonable.

The finance department and the Group's external valuers present the valuation results to the Group's independent auditors. This includes a discussion of the major assumptions used in the valuations.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

45. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise bank and other borrowings and cash and short term deposits. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial assets and liabilities such as trade payables, which arise directly from its operations.

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

Market risk

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

The sensitivity analyses of fair value measurement of investment properties and derivative financial instruments are disclosed in note 14 and note 33 to the financial statements, respectively.

Interest rate risk

The Group's income and operating cash flows are substantially independent of changes in market interest rates. Other than deposits held at banks, the Group does not have significant interest-bearing assets. Restricted deposits were held at banks in Mainland China at the same savings rate of unrestricted deposits throughout the year. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long term debt obligations. Borrowings at floating rates expose the Group to cash flow interest rate risk. Borrowings at fixed rates expose the Group to fair value interest rate risk. Since the Group has mainly entered into floating interest rate loans, there is no significant fair value interest rate risk. The Group has not used any interest rate swaps to hedge its exposure to interest rate risk.

45. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Interest rate risk (continued)

The following table demonstrates the sensitivity at the end of the reporting period to a reasonably possible change in interest rates, with all other variables held constant, of the Group's profit before tax. There is no material impact on other components of the Group's equity.

	Increase/ (decrease) in basis points	Effect on profit before tax RMB'000
31 December 2015		
RMB	**50**	**29,867**
RMB	**(50)**	**(29,867)**
31 December 2014		
RMB	50	37,251
RMB	(50)	(37,251)

Foreign currency risk

All of the Group's turnover and substantially all of the Group's operating expenses are denominated in RMB, which is currently not a freely convertible currency. The PRC Government imposes controls on the convertibility of RMB into foreign currencies and, in certain cases, the remittance of currency out of Mainland China. Shortages in the availability of foreign currencies may restrict the ability of the Group's PRC subsidiaries to remit sufficient foreign currencies to pay dividends or other amounts to the Group.

Under the existing PRC foreign exchange regulations, payments of current account items, including dividends, trade and service-related foreign exchange transactions, can be made in foreign currencies without prior approval from the State Administration of Foreign Exchange by complying with certain procedural requirements. However, approval from appropriate PRC governmental authorities is required where RMB is to be converted into a foreign currency and remitted out of Mainland China to pay capital account items, such as the repayment of bank and other borrowings denominated in foreign currencies.

45. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Foreign currency risk (continued)

Currently, the Group's PRC subsidiaries may purchase foreign currencies for settlement of current account transactions, including payment of dividends to the Company, without prior approval of the State Administration of Foreign Exchange. The Group's PRC subsidiaries may also retain foreign currencies in their current accounts to satisfy foreign currency liabilities or to pay dividends. Since foreign currency transactions on the capital account are still subject to limitations and require approval from the State Administration of Foreign Exchange, this could affect the Group's subsidiaries' ability to obtain required foreign exchange through debt or equity financing, including by means of loans or capital contributions from the Company.

The Group's financial assets and liabilities including certain short term deposits denominated in Hong Kong dollars are subject to foreign currency risk. Therefore, the fluctuations in the exchange rates of RMB against foreign currencies could affect the Group's results of operations.

There are limited hedging instruments available in Mainland China to reduce the Group's exposure to exchange rate fluctuations between RMB and other currencies. To date, the Group has not entered into any hedging transactions in an effort to reduce the Group's exposure to foreign currency exchange risk. While the Group may decide to enter into hedging transactions in the future, the availability and effectiveness of these hedges may be limited and the Group may not be able to hedge the Group's exposure successfully, or at all.

As at 31 December 2015, if RMB had weakened/strengthened by 3% against the United States dollars, which was considered reasonably possible by management, the Group's profit before tax for the year would have been decreased/increased by RMB10,142,000 and there would be no material impact on other components of the Group's equity.

Credit risk

It is the Group's policy that all customers are required to pay deposits in advance of the purchase of properties. In addition, the Group does not have any significant credit risk as the credit given to any individual or corporate entity is not significant. There is no significant concentration of credit risk within the Group.

On top of the credit risk arising from the financial guarantees provided by the Group as detailed in note 37, the credit risk of the Group's other financial assets, which mainly comprise cash and short term deposits and other receivables, arises from default of the counterparty, with a maximum exposure equal to the carrying amounts of these instruments.

45. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Liquidity risk

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

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of bank and other borrowings. In addition, banking facilities are available for contingency purposes.

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

	At 31 December 2015				
	On demand or within 1 year RMB'000	In the second year RMB'000	3 to 5 years RMB'000	Beyond 5 years RMB'000	Total RMB'000
Interest-bearing bank and other borrowings (note 30)	8,840,691	3,596,264	4,294,089	692,809	17,423,853
Trade payables (note 28)	1,511,580	652,056	—	—	2,163,636
Other payables and accruals (note 29)	768,384	—	—	—	768,384
Derivative financial instruments (note 33)	408,745	—	—	—	408,745
	11,529,400	4,248,320	4,294,089	692,809	20,764,618
Financial guarantees issued: Maximum amount guaranteed (note 37)	2,201,263	—	—	—	2,201,263

	At 31 December 2014				
	On demand or within 1 year RMB'000	In the second year RMB'000	3 to 5 years RMB'000	Beyond 5 years RMB'000	Total RMB'000
Interest-bearing bank and other borrowings (note 30)	5,669,758	5,561,733	5,082,592	1,298,060	17,612,143
Trade payables (note 28)	1,289,887	1,021,368	—	—	2,311,255
Other payables and accruals (note 29)	502,853	—	—	—	502,853
Derivative financial instruments (note 33)	142,816	262,254	—	—	405,070
	7,605,314	6,845,355	5,082,592	1,298,060	20,831,321
Financial guarantees issued: Maximum amount guaranteed (note 37)	2,198,549	—	—	—	2,198,549

45. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Capital management

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and provide returns for shareholders and benefits for other stakeholders.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. The Group is subject to financial covenants attached to the interest-bearing bank and other borrowings that define capital structure requirements. The financial institutions have the right to call the bank and other borrowings immediately for breach of the relevant financial covenants. There have been no breaches in the financial covenants during the year. No changes were made in the objectives, policies or processes for managing capital during the year.

The Group monitors capital using a net debt ratio, which is net debt divided by the capital. Net debt includes interest-bearing bank and other borrowings, less cash and cash equivalents and restricted cash. Capital represents total equity. The net debt ratios as at the end of the reporting period was as follows:

	2015 RMB'000	2014 RMB'000
Interest-bearing bank and other borrowings	**16,231,036**	16,251,773
Less: Cash and cash equivalents	**(1,058,565)**	(740,071)
Less: Restricted cash	**(2,252,154)**	(2,059,043)
Net debt	**12,920,317**	13,452,659
Total equity	**9,408,486**	8,979,076
Net debt ratio	**137%**	150%

46. EVENT AFTER THE REPORTING PERIOD

On 8 March 2016, a subsidiary of the Company issued a second tranche of corporate bonds in an aggregate principal amount of RMB2,000,000,000 due in 2021 (the "Second Tranche Corporate Bonds"). The Second Tranche Corporate Bonds are unsecured, have a term of five years and bear interest at a rate of 6.5% per annum.

47. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

Information about the statement of financial position of the Company at the end of the reporting period is as follows:

	2015 RMB'000	2014 RMB'000
NON-CURRENT ASSET		
Investment in a subsidiary	**—***	—*
CURRENT ASSETS		
Other receivables	**101,246**	—
Due from subsidiaries	**1,340,377**	627,506
Restricted cash	**1,141,600**	1,525,313
Cash and cash equivalents	**57,371**	58,259
Total current assets	**2,640,594**	2,211,078
CURRENT LIABILITIES		
Accruals	**5,281**	—
Due to subsidiaries	**225,784**	—
Interest-bearing bank loan	**509,488**	—
Total current liabilities	**740,553**	—
NET CURRENT ASSETS	**1,900,041**	2,211,078
Net assets	**1,900,041**	2,211,078
EQUITY		
Issued capital	**159,418**	159,418
Reserves (note)	**1,740,623**	2,051,660
Total equity	**1,900,041**	2,211,078

* Less than RMB1,000

47. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (continued)

Note:

A summary of the Company's reserves is as follows:

	Share premium account RMB'000	Share-based payment reserve RMB'000	Accumulated losses RMB'000	Total reserves RMB'000
As at 1 January 2014	1,101,968	81,000	(69,805)	1,113,163
Loss for the year and total comprehensive loss for the year	—	—	(11,269)	(11,269)
Capitalisation issue of shares	(123,329)	—	—	(123,329)
Issuance of new shares	1,111,095	—	—	1,111,095
Share issue expenses	(38,000)	—	—	(38,000)
As at 31 December 2014 and 1 January 2015	**2,051,734**	**81,000**	**(81,074)**	**2,051,660**
Final 2014 dividend	**(341,084)**	**—**	**—**	**(341,084)**
Profit for the year and total comprehensive income for the year	**—**	**—**	**30,047**	**30,047**
As at 31 December 2015	**1,710,650**	**81,000**	**(51,027)**	**1,740,623**

48. COMPARATIVE AMOUNTS

As further explained in note 2.2 to the financial statements, due to the implementation of the Hong Kong Companies Ordinance (Cap. 622) during the current year, the presentation and disclosures of certain items and balances in the financial statements have been revised to comply with the new requirements. Accordingly, certain comparative amounts have been reclassified to conform with the current year's presentation and disclosures.

49. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the board of directors on 24 March 2016.

商務園區運營專家

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