GUANGZHOU R&F PROPERTIES CO., LTD.

Stock code: 2777

2015 Annual Report

About R&F

One of China's largest and most well-known property developers, Guangzhou R&F Properties Co., Ltd. ("R&F" or the "Company", together with its subsidiaries, collectively the "Group") is a major player in the country's drive towards urbanization. Our core business lies in mass residential property development on a variety of scales, with 64 projects currently under development in 25 cities and regions including Beijing, Tianjin and Guangzhou. A proportion of our asset portfolio is held in investment properties (including prestigious hotels and shopping malls) as part of our ongoing development strategy. R&F is also involved in co-developing some important large-scale projects in conjunction with respected industry peers and expanded its property development and investment business from China to Malaysia & Australia. With a prime land bank portfolio sufficient for several years of developments and a brand name synonymous for quality and value nationwide, R&F is expecting to contribute significantly to the quality of urban life in China over the coming year.

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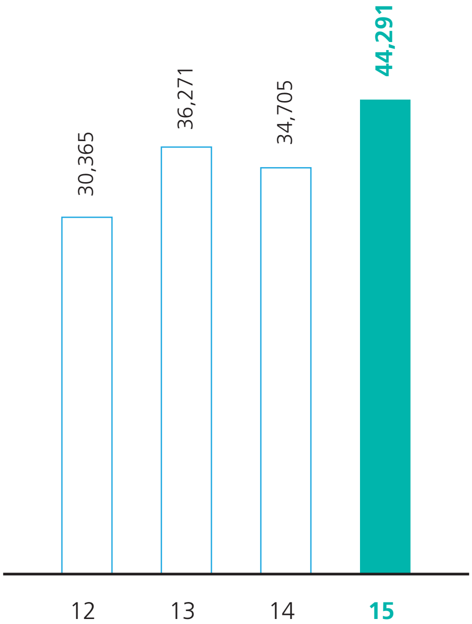
Financial Highlights

	2015	2014	% changes
Operating Results (RMB'000)			
Revenue	44,290,924	34,705,410	28%
Gross profit	14,207,071	12,313,979	15%
Profit for the year attributable to owners of the Company	5,615,795	5,220,603	8%
Basic earnings per share (RMB)	1.7524	1.6325	7%
Dividends per share (RMB)	1.20	—	N/A
Financial Position (RMB'000)			
Cash	21,284,407	19,829,922	7%
Total assets	183,732,931	171,840,273	7%
Total liabilities	134,515,551	119,694,711	12%
Financial Ratios			
Net assets per share (RMB)	12.7	11.2	13%
Dividend payout ratio (%)	68.5	—	N/A
Return on equity (%)	13.2	15.2	–13%
Net debt to total equity ratio (%)	124.3	91.7	36%

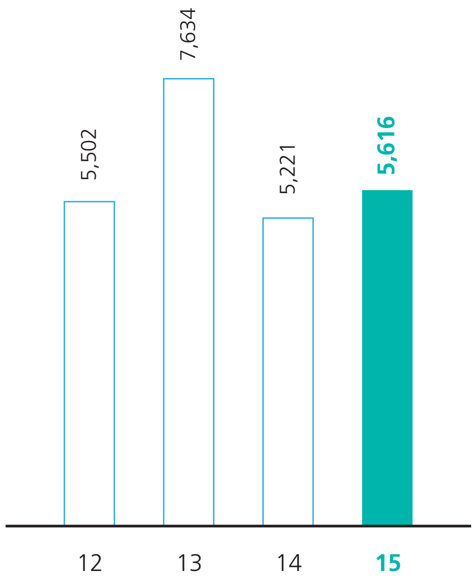
Revenue

RMB (in million)



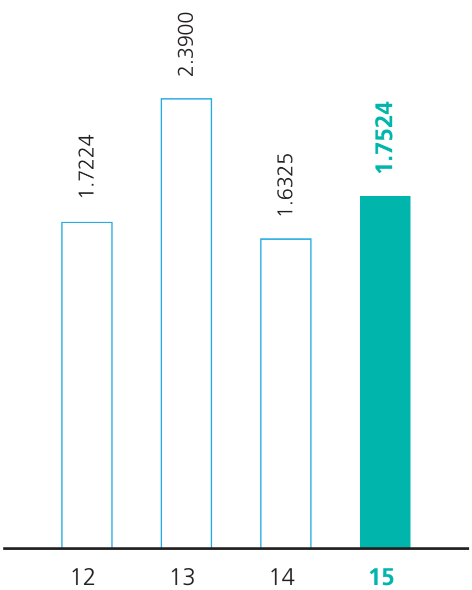
Profit attributable to owners of the Company

RMB (in million)



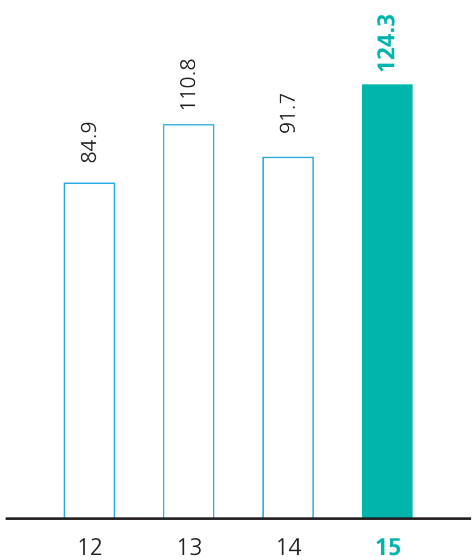
Basic earnings per share

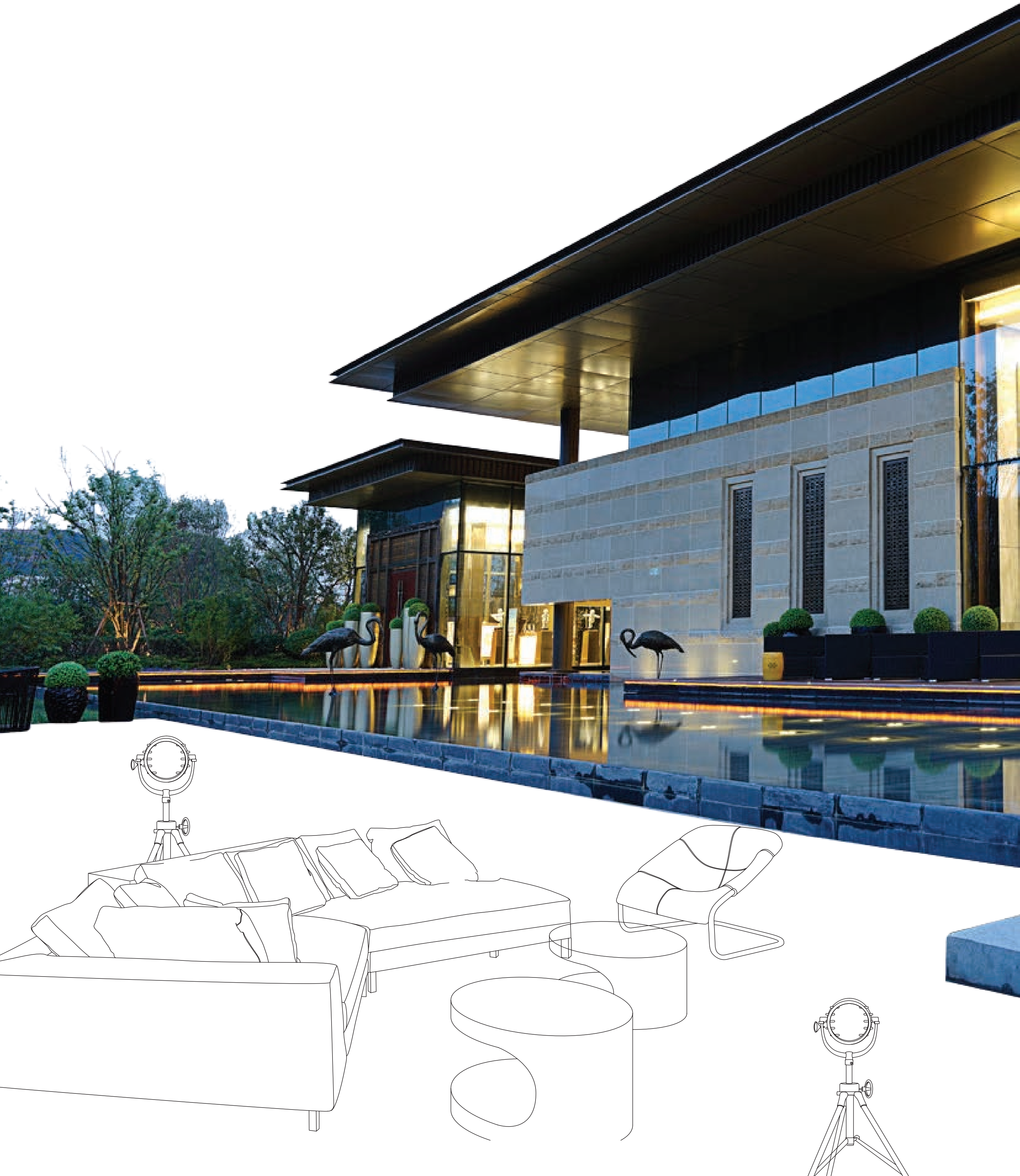
RMB



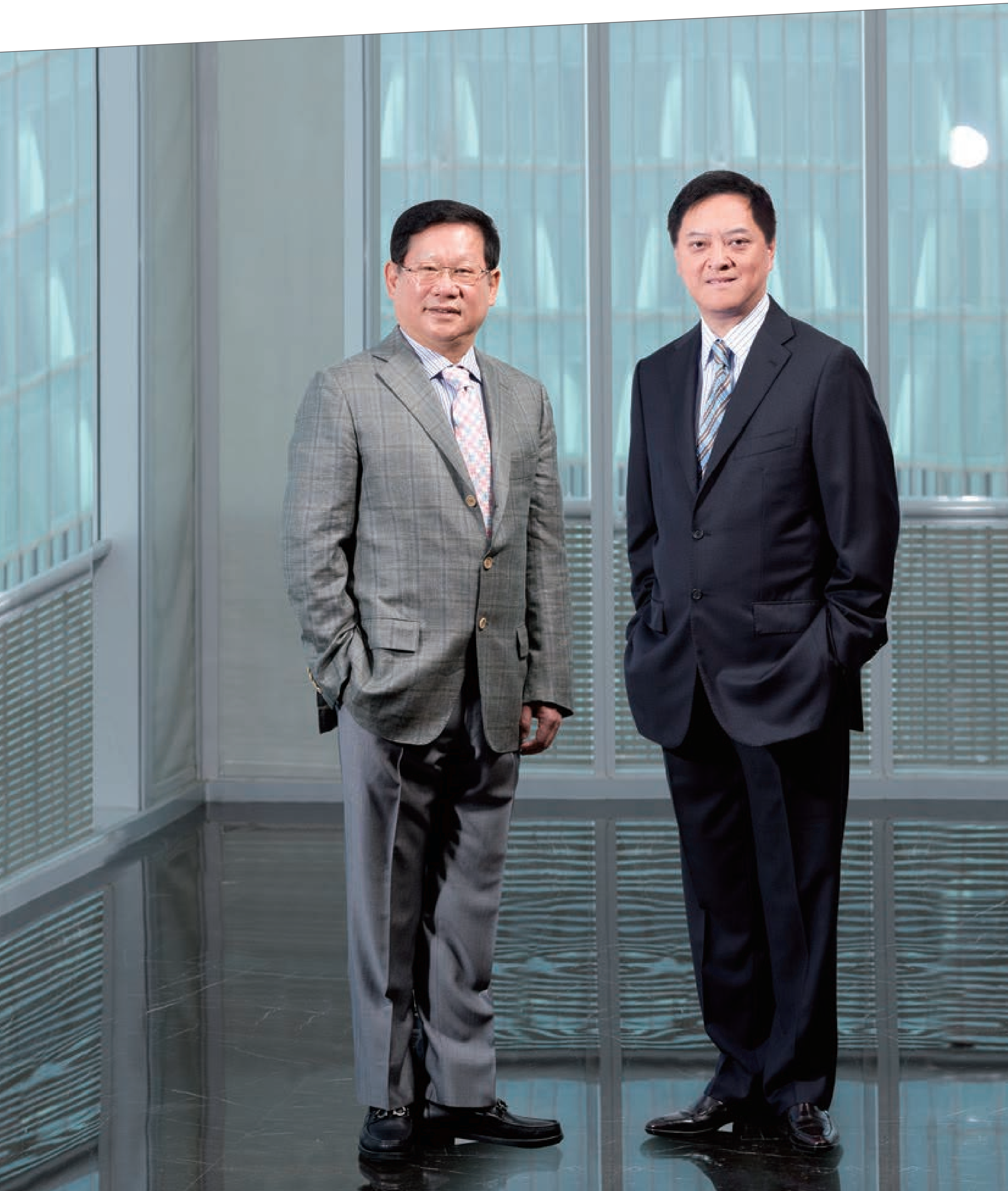
Net debt to total equity ratio

%





Letter to Shareholders



Having a strong land bank and strategic footholds in first- and second-tier cities gives the Group a strategic advantage...

DEAR SHAREHOLDERS,

Within a transformational period which saw a slowdown in China's economic growth, in 2015 the Group engaged in a strategic shift aimed at achieving long-term sustainability. This involved placing emphases on long-term profitability and lowering the cost of funding, two important factors in the Group's performance for the year. As it became apparent that the recovery of China's property market was likely to be gradual, during the year we revised our contracted sales target for 2015 (from RMB60 billion) to achieve contract sales of RMB54.4 billion. Whilst contracted sales were flat overall as compared to 2014, the Group's profitability increased against that year. The recovery in China's property market has been gradual, with the strongest recovery coming in core first- and second-tier cities in which the Group generates a significant proportion of its sales. Despite an expected slowdown in China's economic growth, unforeseen fluctuations in China's domestic A-share market during the year led to some volatility across many areas. These fluctuations, which prompted intervention by the China Central Government on multiple occasions, may have had an indirect effect on the property market and on investment sentiment towards China. This period of heightened volatility has prompted the China Central Government to accelerate certain financial reforms and introduce alternate forms of liquidity for corporates; these have included reopening A-share IPO applications and accelerating the approval process for the issuance of domestic corporate bonds. These reforms have opened up new financing opportunities and have been a positive to allow the Group to shift focus to longer term goals. The following paragraphs highlight recent market trends and financial reforms that have had an effect on our Group's operations over the year.

Letter to Shareholders

GROWTH IN SALES VOLUMES AGAINST ECONOMIC WEAKNESS

In 2015, China's economy recorded Gross Domestic Product ("GDP") growth of 6.9%. This represented its lowest growth rate in the last 10 years, as the China Central Government continued to focus on making structural reforms to boost the long-term sustainability of the economy. Against this backdrop of lower economic growth was a concurrent progressive liberalization of the RMB currency, which gradually placed pressure on the value of the RMB currency — particularly in the second half of the year. That pressure had accelerated further at the beginning of 2016. Under a slower economic backdrop in 2015, our listed peers experienced considerable growth in contracted sales in terms of gross floor area ("GFA") sold. This reflected factors such as an increasing stability in the underlying property market, reasonable average selling prices, and active destocking of built-up inventory from 2014.

Another notable trend in contracted sales in 2015 was a shift in demand to higher-tier cities. Fundamental drivers such as demographics, business activity, GDP per capita and existing infrastructure all helped create a preference for property in higher- rather than lower-tier cities for long-term living and investment. This demand, coupled with the scarcity of new land available for acquisition at historical price levels, has meant that developers like ourselves who hold a high concentration of land in first- and second-tier cities enjoy a slight advantage if economic conditions become less favourable. The greater demand for property in higher-tier cities has been a factor in the decision by management to term out resources for sale over subsequent years that will enable us to moderate the pace at which our property resources in prime locations are depleted, and allow us time to replenish our land bank appropriately.

LARGER FINANCING POOLS AT LOWER INTEREST RATES

Historically, the Group has primarily relied on debt financing and various forms of borrowing for the liquidity it has needed to facilitate property development, capture investment opportunities, and fulfil its strategic objectives each year. In recent years, an offshore high yield market and large pools of high cost short-term onshore financing products (such as trust loans and perpetual capital securities) have become available, and provided the primary source of capital for significant acquisitions made by the Group in 2013 and 2014. As a result, our financial gearing has deteriorated significantly, from a net gearing of 85% for the financial year ending 2012 to 124% for the financial year ending 2015. We do believe that the investments made during this period will provide valuable contributions in the future, but in the near term this borrowing has had the effect of increasing certain leverage metrics and adding to the financial burden of the Group.

However, the weakening economy has prompted the People's Bank of China to cut its one-year lending rate on six occasions, beginning in late 2014. The rate had fallen from 5.60% at the end of 2014 to 4.35% by the end of 2015. In addition, the reserve requirement ratio for Chinese banks and large financial institutions was lowered from 20% to 17%, with the aim of mitigating some of the financial risks and burdens that corporates and local governments have faced due to a slowing Chinese economy. Another key stimulus that has been directly beneficial to property developers was the opening up of the onshore corporate bond market. An amended promulgation issued in January 2015 significantly simplified the approval requisites and accelerated the issuance process, enabling developers to issue onshore corporate bonds at historically low interest levels. Subsequently in 2015, an estimated RMB22.3 trillion worth of domestic corporate bonds were issued domestically in China, up 87.5% from 2014. The Group took advantage of the depth of the issuance market in 2015 to issue RMB6.5 billion at an interest rate of 4.95%, and a further RMB9.6 billion early 2016 (January) at an interest rate of 3.95%. A further unused quota of RMB2.9 billion has been approved and can be issued when the timing is appropriate.

The monetary policy stimuli described above, together with the opening of the domestic bond market, has provided and is continuing to provide the Group with significant additional sources of funding at interest rates that compare favourably with our previous high funding costs. This additional source of funding enhances our financial flexibility and liquidity, while allowing the Group to reduce its existing high interest burden and to term out borrowings that are nearing maturity.

BUSINESS HIGHLIGHTS OF 2015

In 2015, the Group's contracted sales were largely flat by comparison with its contracted sales for 2014. The 2015 contracted sales amounted to RMB54.4 billion, a figure that met the revised sales target set mid-year. This figure was scaled down from the original figure of RMB60 billion once it became clear that the recovery of the property market was slower than expected, with the Group deciding to shift its focus to maintaining long-term profitability as against simply achieving year-on-year sales growth. Contracted sales, in terms of GFA sold in square metres, increased slightly by 2% to 4.11 million sq.m. Turnover (for the accounting income statement) increased significantly by 27.6% over 2014. In terms of GFA construction, there was a reduction in new starts compared with the preceding year, as resources were refocused on achieving a higher completion schedule. As a result, 3.51 million sq.m. of GFA was sold and delivered in 2015, an increase of 11% over 2014.

Despite 2015 contracted sales being flat, revenue and absolute gross profit rose by comparison with 2014, indicating that the Group was meeting its goal of maximizing profitability with its available resources. In 2015, we launched sales in our second overseas project in Brisbane, Australia; the result was relatively successful and, equally important, has deepened our overseas execution experience. Overall revenue was significantly higher on the basis of a larger scale of completions that were sold, but even taking into consideration the larger revenue base, the gross profit and net profit margin remained robust at 32.1% and 15.2% respectively. The Group's ability to maintain consistently higher margins when compared to the overall sector was especially significant in the context of declining margins in recent years, and the impact of such external factors such as the macroeconomic slowdown and forex exchange losses. This demonstrates the Group's ability to manage external factors and navigate challenging conditions to maintain a positive profit trend.

As in 2014, the Group continued to be selective about land acquisitions, as conserving capital was a key strategy going into 2015. Acquisitions made in the previous two years had adequately replenished the Group's land bank in line with our sales growth targets, and we consider that our current land is of sufficiently high quality to meet the needs of the next few years. Any further acquisitions will involve strategically replenishing our supplies in key areas. Land bank acquisitions in China amounted to GFA of 3.6 million sq.m., bringing the Group's total land bank to 39.8 million sq.m. of saleable area. In addition to existing land owned in 27 cities and areas, land was added in 2 new cities on a small scale in order to broaden our city exposure and explore new markets at a controlled pace. However, over 70% of GFA acquired was in cities and areas where we have an existing presence, and our intention is to stay firmly focused on those cities in which we have extensive market knowledge and experience.

In 2015, the Group opened a number of small hotels including Pullman Taiyuan R&F Hotel, Doubletree Resort by Hilton, Haikou-Chengmai and Holiday Inn Guangzhou Airport Zone. More notably, in December, the Group officially opened the Park Hyatt, Guangzhou, a five-star luxury hotel with 208 generously sized contemporary guestrooms (including 36 suites) that offers world-class service. The hotel is situated in the heart of Pearl River New Town's central business district ("CBD") and reflects the unparalleled elegance of the Park Hyatt brand. Adding to the city's growing skyline, the Park Hyatt, Guangzhou is situated above the 53rd floor of the R&F Yingkai Plaza, soaring above the CBD and offering breathtaking views across the city. The Group now has a number of significant landmark grade A office and 5-star hotel developments (under the Ritz-Carlton, Grand Hyatt and Park Hyatt brands) situated in the prime central district of the Pearl River New Town area, which between them are reinforcing our Group's reputation as a top tier developer.

Apart from hotels, the Group also added to its list of investment properties an additional shopping mall in the City Centre of Guangzhou, R&F Haizhu City. We soft-launched the first Guangzhou shopping mall R&F Haizhu City in October 2015. It is located at Jiangnanxi shopping rim which is the most developed and mature shopping area in Haizhu District. Total GFA of the shopping mall is 50,000 sq.m. with a MTR station No. 2 access underground.

On the financing front, 2015 was an active year for the Group both in terms of repayments and refinancing. Heading into 2015, the Group had substantial short-term liabilities which were either up for renewal or due for repayment. With local interest rates declining as the year proceeded and the onshore domestic bond market opening up to privately owned companies, the Group was able to actively manage its financing needs by issuing in July RMB6.5 billion of domestic bonds at a 4.95% coupon.

Furthermore, despite a tightening trust financing market, the Group continued its strategic partnership with Ping An Asset Management by extending RMB1.6 billion of the RMB3.2 billion trust financing due in August. With a disciplined land bank acquisition strategy and strong cost controls in place, the Group was able to allocate excess funds to retire RMB7.6 billion of perpetual capital securities. As a result, the Group's overall effective cost of borrowings was reduced to 7.83% for 2015, as against 8.22% in 2014.

Whilst 2015 was a year dominated by debt financing activity across the sector, the Group achieved a significant milestone on the equity front. In June, it submitted an A-share application to the China Securities Regulation Committee ("CSRC") for a planned initial public offering of A-share to be listed on the Shanghai Stock Exchange. The submission marks our second attempt in the last five years to seek a listing in China; the previous application was discontinued in 2013. Whilst the volatility in China has created some uncertainty about the timing for completion, the Group remains optimistic given numerous statements issued by the CSRC indicating its support for A-share reform. In November 2014, the CSRC announced that it was removing the ban on A-share offerings; and in January 2015, it further stipulated that the process of offering shares and bonds for real estate developers will not be precluded from onshore fundraising. If and when successful, our A-share offering will provide the Group with significant funds for refinancing existing debt and investing in future projects. An A-share listing would also have the added effect of adjusting the financial profile of the Group by enlarging the proportion of its long-term equity capital, representing a move away from its historical reliance on debt financing.

THE OUTLOOK FOR 2016

With uncertainties in the overall economy persisting in 2016 and the real estate sector continuing to play a significant role in direct investment, financing conditions are expected to remain favourable to companies in order to help them ease into the "new normal". It is also anticipated that certain austerity measures targeted at the sector may be loosened or relaxed in ways that could stimulate end-user investment and achieve long-term stability. In February 2016, the China Central Bank announced reductions in the minimum down-payment in non-home purchase restriction cities for first home buyers to 20%, and for second home buyers to 30%. After significant domestic fundraising activity undertaken by the sector at historically low rates, and further policy easing, developers are now able to afford to participate more actively in the land market. This is enabling them to plan strategically for the longer term, although they still need to be cautious of the risk of over-investing as the economy adjusts from a high growth rate to a more moderate one.

Inventory levels and stock clearance will continue to remain a focus in 2016 as developers look to monetize inventory as a means of unlocking cash flow for reinvestment. Inventory destocking is beneficial in two main ways; first as a means of generating immediate cash flow, and second as a way of achieving same-year recognition of earnings in which no back end completion time is required. With a lower level of new starts in 2015, the Group's existing inventory will provide us with additional resources for meeting our 2016 contracted sales target.

PLANS AND PROJECTS FOR 2016

The Group has delivered robust contract sales and profitability in recent financial periods, while maintaining an emphasis on cash conservation. However, with sufficient financing and a stronger bank balance, in 2016 the Group will look to continue maintaining profitability while also strategically replenishing its land bank for long-term sustainability. Our lower financing cost structure should offset margin declines that may arise from factors such as rising land prices versus stagnant selling prices, pricing pressure from inventory destocking, higher construction costs, and macroeconomic factors such as depreciation of the RMB. As a result, the Group has set its contracted sales target for 2016 at RMB60 billion, a modest 10% increase over the actual sales achieved in 2015, and a figure which takes into account both the outlook for the sector as a whole and the quality of our saleable resources.

Having a strong land bank and strategic footholds in first- and second-tier cities gives the Group a strategic advantage when it comes to weathering difficult markets, and also places us in a good position to take advantage of any significant sector recovery. In addition to looking at acquiring land predominantly in first- and second-tier cities, we will also focus on quick asset turn projects in which the time from acquisition to sale and then delivery is shorter. This is a good way of supplementing the slower turn of first- and second-tier city projects, which can be harder to replicate and replenish given scarcity of land and higher costs. In 2015, the Group's strategy in Taiyuan fulfilled a number of important criteria; it is a second-tier city with strong rigid demand, relatively low cost land, reasonable margins and scope for quick asset turn. In 2016, Taiyuan and other projects of a similar profile will form part of the Group's land acquisition strategy for achieving a good balance between cash flow and profitability.

As speculative investment is harder to foresee and the China Central Government's focus is on affordable rigid demand, the Group's projects will continue to be weighted towards residential projects targeted at the mass market, where rigid demand and upgrade demand are in line with government policies targeting long-term sustainability in the sector. Now that the one-child policy has been abolished, population growth and the needs of ordinary family households will be a factor in driving end user demand in first- and second-tier cities. In addition, the Group will continue to leverage its past successes in developing commercial projects and seek further investment opportunities in prime CBD locations and higher-tier cities for sale and long-term investment return.

In 2016, management will remain focused on achieving sustainable long-term profitability by implementing a balanced expansion plan involving higher sell-through rates and careful management of overall costs. After emerging from a period of tight liquidity and a high cost funding environment, management intends to remain disciplined on expenditure and continue to term out or lower the amount of its high cost debt over time. This should further improve cash flow and reduce the impact on margins. Overall, with improving market conditions and the further relaxation of austerity measures, we are confident of meeting our targets. Lastly, a successful A-share listing will definitely be a significant factor in determining the direction of the Group going forward.

ACKNOWLEDGEMENTS

We are coming to the end of a transformational period that has involved significant corporate adjustments against a backdrop of major economic and sector challenges. Management continues to appreciate the loyalty shown by our shareholders and other investors throughout this period, and their support as we have developed and implemented new longer-term strategies and directions. Achieving our contracted sales is key to achieving our overall strategy, so on behalf of the Group I would like to thank our customers for their support in investing in our products, and placing confidence in our market expertise. Within the Group, I would like to express my sincere thanks to the directors, whose experience and oversight have provided important guidance. Finally, I wish to extend my sincere appreciation to our thousands of staff members, whose dedication and commitment have been vital in communicating our core values to our shareholders, customers and investors. Without the support of all these groups, management could not have confidently overcome the challenges and developed the forward-looking strategies designed to continue the successes of the past into the years to come.

Li Sze Lim
Chairman

Zhang Li
Co-chairman and Chief Executive Officer

Business Review

CONTRACTED SALES

The Group generated contracted sales of RMB54.4 billion in 2015, substantially in line with that in 2014. The contracted sales were derived from 62 projects in aggregate in 24 cities and regions across three main regions of China (Northern China, Southern China and Hainan), along with two cities overseas in Johor Bahru, Malaysia and Brisbane, Australia. On a regional basis, contracted sales for Southern China decreased by 6% to RMB19.140 billion, contracted sales for Northern China increased by 6% to RMB32.523 billion, while that for Hainan decreased by 11% to RMB1.549 billion. Four cities — Zhuhai, Zhengzhou, Nanning and Brisbane in Australia — contributed contracted sales for the first time, which together accounted for 3% of the overall total. At the city level, contracted sales for Guangzhou and Beijing remained the highest of all cities at RMB11.185 billion and RMB10.353 billion respectively, accounting for 21% and 19% of our total sales in 2015. The combined contracted sales for these two cities accounted for approximately 40% of the Group's total contracted sales. In 2015, the Group launched, in total, 14 new projects in 11 cities in China and Australia, accounting for 15% of total contracted sales of the Group. Total contracted sales of the Group in terms of GFA increased by 2% to 4,110,400 sq.m. from 4,048,200 sq.m., and the average selling price in 2015 was RMB13,200 per sq.m., substantially in line with RMB13,400 per sq.m. in 2014.

Details of the Group's 2015 contracted sales by geographical distribution are set out below:

Location	Approximate saleable area sold (sq.m.)	+/– % vs. 2014	Approximate total value (RMB million)	+/– % vs. 2014
Guangzhou	457,800	–14%	11,185	–22%
Huizhou	222,100	45%	1,627	47%
Chongqing	246,000	–4%	1,302	–9%
Chengdu	138,900	0%	751	0%
Fuzhou	68,500	164%	1,326	161%
Meizhou	298,900	45%	1,531	59%
Guiyang	14,000	26%	122	–32%
Foshan	19,200	–85%	344	–66%
Nanning	1,000	N/A	14	N/A
Zhuhai	35,200	N/A	938	N/A
Southern Region	**1,501,600**	**3%**	**19,140**	**–6%**
Beijing and vicinity	624,600	–32%	10,353	–18%
Tianjin	364,800	39%	5,964	31%
Taiyuan	553,500	–9%	4,865	8%
Xian	29,700	–26%	292	–43%
Shenyang	61,600	63%	536	90%
Harbin	101,200	48%	1,646	18%
Shanghai and vicinity	68,100	–27%	2,345	–1%
Hangzhou and vicinity	159,800	38%	2,198	14%
Nanjing	101,700	57%	1,662	42%
Wuxi	145,900	155%	1,249	98%
Datong	42,100	33%	217	44%
Baotou	140,900	50%	895	63%
Zhengzhou	32,000	N/A	301	N/A
Northern Region	**2,425,900**	**2%**	**32,523**	**6%**
Hainan	**118,400**	**3%**	**1,549**	**–11%**
Johor Bahru, Malaysia	**60,300**	**–32%**	**1,011**	**–40%**
Brisbane, Australia	**4,200**	**N/A**	**174**	**N/A**
Total	**4,110,400**	**2%**	**54,397**	**0%**

PROJECTS UNDER DEVELOPMENT

In response to changing market condition, the Group was flexible in its approach to managing its property under development during the year, looking to ensure efficient deployment of its resources and to avoid accumulating excessive inventory. The Group started the year with approximately 14.24 million sq.m. of GFA under development, and started construction of approximately 2.94 million sq.m. GFA. During the year, the Group completed 4.63 million sq.m. GFA of development properties with 3.79 million sq.m. of saleable area, and completed 230,000 sq.m. GFA of investment properties.

By the end of the year, the Group's GFA under development had decreased by 13% to approximately 12.32 million sq.m. which were distributed across 64 projects in 25 cities and regions. This GFA of property under development at year-end, when put together with further planned construction new starts in 2016, is expected to make available pre-sale permits for properties with an approximate value of approximately RMB96 billion, which should provide a solid basis for meeting the Company's sales target for 2016.

The following is the position as at 31 December 2015:

Location	**Number of projects**	**Approximate total GFA (sq.m.)**	**Approximate saleable area (sq.m.)**
Guangzhou	10	1,614,000	1,294,000
Beijing and vicinity	4	1,439,000	994,000
Tianjin	6	1,153,000	755,000
Taiyuan	4	1,092,000	733,000
Harbin	2	869,000	737,000
Huizhou	3	793,000	545,000
Shanghai and vicinity	3	746,000	445,000
Hangzhou and vicinity	3	622,000	451,000
Meizhou	1	589,000	450,000
Zhengzhou	2	582,000	406,000
Chongqing	3	382,000	287,000
Wuxi	3	316,000	233,000
Fuzhou and vicinity	2	307,000	245,000
Johor Bahru, Malaysia	1	304,000	167,000
Baotou	1	282,000	206,000
Hainan	4	220,000	193,000
Foshan	1	209,000	157,000
Nanning	1	150,000	105,000
Shenyang	2	139,000	93,000
Zhuhai	1	135,000	99,000
Nanjing and vicinity	2	118,000	86,000
Chengdu	1	117,000	87,000
Guiyang	1	63,000	46,000
Xian	2	56,000	35,000
Datong	1	22,000	0
Total	**64**	**12,319,000**	**8,849,000**

CURRENT MAJOR PROPERTY DEVELOPMENT

Southern China

The Group did not enter any new cities in the region during the year; its operations in Southern China covered ten cities, which contributed contracted sales in the year. This was the first year for Nanning and Zhuhai to contribute contracted sales to the Group.

Guangzhou is the Group's key city in Southern China. The city recorded the highest contracted sales of the Group, not simply for Southern China but for all the cities where it operates. Contracted sales for Guangzhou in the previous year amounted to RMB11.19 billion. Sales were mainly derived from nine continuing projects. Sales performance of R&F Dongshan Xintiandi (a continuing project launched in 2013) was satisfactory, accounting for approximately 49% of contracted sales in Guangzhou and recording the highest sales of all development projects in Guangzhou. In 2016, the Group will put efforts on R&F Yuexi Garden (Bigangcun Project) which will be one of the projects in Guangdong province to be launched.

Huizhou is one of the cities where the Group has been operating for years. Huizhou R&F Bay Shore is located at the heart of the top three seaside tourist attractions in Guangdong province, namely Xunliao Bay, Shuangyue Bay and Yapo Corner, with total GFA of approximately 5.30 million sq.m. Huizhou R&F Bay Shore offers well-equipped facilities. With an emerging lifestyle for health, wellness and leisure, R&F Bay Shore project has an ecological park with an area of 29,000 sq.m., having a health valley, a water park and a seaside greenway. Sales performance of the project was satisfactory upon its launch with approximately 1,100 units sold, the third highest transactions of all projects in seaside area of Huizhou in 2015.

After the Group entered the **Meizhou** property market with the rigid demand project Meizhou R&F City last year, the sales of the project totaled approximately RMB1.53 billion in 2015. The saleable area of the project is anticipated to be more than 300,000 sq.m. in 2016, a considerable revenue is expected by the Group. Meizhou R&F City is located at the core zone of Meixian New Town in Meizhou City with planned site area of 662,942 sq.m. and a total GFA of 2,351,581 sq.m. The project is planned for the construction of mid-to-high end residential properties.

In addition to the above cities, the Group's R&F Center, in **Fuzhou** was well-received by the public in 2015. With the strictly implementation of the Group's marketing channel strategy with three key principles of "maximizing sales, securing geographical presence and controlling costs", the Group will achieve excellent sales performance in Fuzhou through smooth business operation.

Northern China

The Group developed new markets and operated in 13 cities in Northern China in the year. **Beijing**, **Tianjin** and **Taiyuan** were the key sales contributors in Northern China. The three cities provided 13 projects for sales with up to approximately RMB21.18 billion of total contracted sales.

In 2015, the contracted sales of the Group in **Beijing** was approximately RMB10.35 billion, achieving outstanding performance. The contracted sales was principally from four projects, namely Tongzhou R&F Center, Beijing R&F New Town, R&F Huilan Meju and R&F Shangyue Court. Tongzhou R&F Center Project (also known as R&F Tongzhou Yunhe No. 10) is located in Tongzhou New Town of Tongzhou District, Beijing with a planned site area of 69,796 sq.m. and a total GFA of 465,800 sq.m. It will provide residential units, apartments, commercial properties and offices in one development. The residential units will mainly be flats with high-quality decor complemented by high-end properties. Beijing R&F New Town is located in Xianghe New Town District adjacent to the Xianghe Exit of Jingha Expressway in Xianghe County. Xianghe is located along the core corridor zone of the Beijing-Tianjin-Hebei region and connects with the business circle in eastern Beijing. The project has a total GFA of 1,937,660 sq.m. and is planned for the construction of high-end residential properties. In 2016, major projects of the Group to be put onto the market in Beijing will remain Tongzhou R&F Center Project and Beijing R&F New Town.

In 2015, the contracted sales of the Group in **Tianjin** totaled approximately RMB5.96 billion, over 50% of which was from R&F Jinmen Lake Project. The Group focused on the development and the launch of Tianjin R&F New Town Project in Tianjin in 2016. Tianjin R&F New Town is located at the junction of Renai Avenue and Zeshui North Road in Tuanpo New Town Eastern District in Tianjin with a planned site area of 1,440,497 sq.m. and a total GFA of 2,160,999 sq.m. The project is planned to be built into an integrated complex featuring mainly low density residences and high-rise residential buildings, complemented by boutique commercial properties.

In 2015, the contracted sales of the Group in **Taiyuan** totalled approximately RMB4.87 billion, mostly from Taiyuan R&F City. In addition, Pullman Taiyuan R&F Hotel officially opened in April 2015 and it is located in Taiyuan R&F City where easily accessible to Taiyuan airport, train station, major commercial and shopping centers in 20 minutes. The hotel has about 280 guest rooms with well-equipped facilities, including modern food and beverage outlets, event venue and other ancillary facilities. In addition to the launch of Taiyuan R&F City, Taiyuan R&F Prosperous Palace and Taiyuan R&F Xiyue Court for sale in 2016, the Group is expected to launch the sales of several new projects to further increase the sales in Taiyuan.

In addition, the projects in Northern China are planned to be developed and/or launched by the Group in 2016 include: **Shanghai** R&F Hongqiao No. 10 is located within the core area of Hongqiao Business Zone in Minhang District with a planned site area of 152,455 sq.m. and a total GFA of 534,058 sq.m. The project will provide a variety of properties, such as high-end residential units, office towers of international standards, customised offices, flagship commercial properties and high-end hotels; **Harbin** R&F City is located at Youyi West Road in Daoli District, Harbin adjacent to the core zone of the Songbei Financial CBD. The project has a planned site area of 399,197 sq.m. and a total GFA of 832,500 sq.m. The project is planned to be built into an integrated complex featuring mainly low-density residences and high-rise residential buildings with high-quality decoration, complemented and enhanced by boutique commercial properties; **Nanjing** R&F Shangyue Court is located at Xinhu Avenue in Banqiao New Town of Yuhuatai District, Nanjing with a planned site area of 105,021 sq.m. and a total GFA of 343,472 sq.m. Property types will include mid- to high-end residential units and commercial properties; and **Wuxi** R&F No. 10 is located in the core area of Taihu New Town in Binhu District, Wuxi with an overall planned site area of 111,261 sq.m. and a total GFA of 233,648 sq.m. The project is planned for the construction of high-end residential buildings with high-quality decoration.

Hainan

In 2015, the Group provided 4 projects for sale in Hainan, including R&F Bay Shore, R&F Yingxi Valley, R&F Mangrove Bay and R&F Moon Bay Shore. As compared with the previous year, the contracted sales for the year of the four projects contributed RMB1.55 billion to the Group.

Overseas

For overseas markets, R&F Princess Cove located in Johor Bahru, **Malaysia** has drawn much attention from all sectors since its launch in mid-2014. In 2015, R&F Princess Cove won the People Choice award 2015 for "Best Waterfront Development in Malaysia" presented by iProperty.com, the most influential professional online property portal website in Malaysia and Singapore. The award was voted by over 3,000 local residents and the nominees for the award included Country Garden Danga Bay and Greenland Jade Palace, showing a relatively high reputation of R&F Princess Cove in Malaysia.

The Group will launch Brisbane One for sale in **Australia** in 2016. The project is well-equipped with full facilities, including swimming pool, sky garden, indoor club and fitness center on the top level. For the apartment design, Brisbane One Project provides dual key apartments which could principally address market demand in Australia as well as demand from Chinese investors. Dual key apartments are commonly found in Singapore and believed to be well received by both users and investors.

Business Review

LAND BANK

In 2015, the Group continued to apply the same conservative and balanced criteria as always to general direction towards its land acquisitions. The general principles on land assessment of the Group during the year were total price being reasonable, fulfillment of profit forecast and quickness of turnover. The Group acquired 13 plots of land in 10 cities and regions with additional saleable area of approximately 3,605,000 sq.m. in 2015, 9 out of the 13 plots of land are located in the cities and regions where the Group currently has operations and 4 out the 13 plots of land are located in Shijiazhuang and Zhengzhou where we have newly established business presence. The Group's total land bank at year-end was GFA of 41.85 million sq.m. distributed across 26 cities and regions in China and 3 overseas cities. Details are given below:

Location	Approximate total GFA (sq.m.)	Approximate saleable area (sq.m.)
Development Properties		
Guangzhou	2,054,000	1,854,000
Foshan	162,000	162,000
Zhuhai	100,000	100,000
Huizhou	2,840,000	2,840,000
Meizhou	1,776,000	1,776,000
Hainan	3,216,000	3,135,000
Changsha and vicinity	3,299,000	3,299,000
Fuzhou and vicinity	1,064,000	934,000
Nanning	294,000	166,000
Chongqing	4,519,000	4,519,000
Chengdu	400,000	195,000
Guiyang	142,000	142,000
Shanghai and vicinity	402,000	401,000
Nanjing and vicinity	1,158,000	1,084,000
Hangzhou and vicinity	941,000	900,000
Wuxi	750,000	749,000
Beijing and vicinity	1,886,000	1,233,000
Shijiazhuang	718,000	718,000
Tianjin	4,444,000	3,928,000
Xian	299,000	299,000
Taiyuan	1,866,000	1,866,000
Datong	1,833,000	1,833,000
Harbin	1,250,000	1,250,000
Shenyang	198,000	184,000
Baotou	1,364,000	1,364,000
Zhengzhou	306,000	306,000
Johor Bahru, Malaysia	3,500,000	3,500,000
Melbourne, Australia	163,000	163,000
Brisbane, Australia	198,000	198,000
Investment Properties	**707,000**	**660,000**
Total	**41,849,000**	**39,758,000**

INVESTMENT PROPERTIES

One of the Group's key business strategies continues to be to own a portfolio of investment properties that generate a reliable cash flow through the ups and downs of the economic cycle. The Group plans to grow its investment portfolio over time, and at an appropriate pace, into a collection of rental office buildings, shopping malls and hotels of the highest quality and capital value. These qualities can already be seen in its existing key properties, which include the Group's office building, R&F Center, in Pearl River New Town in Guangzhou, and its shopping mall, Viva Beijing R&F Plaza, both of which also enjoy the benefit of excellent locations. During the year, a new shopping mall and four new hotels were added to the portfolio, while a further 451,000 sq.m. of investment properties of all categories was at various stages of construction. Situated atop the metro station, the new shopping mall R&F Haizhu City enjoys the benefit of excellent location. While the pre-opening has partly commenced since October 2015, its full operation is expected to take place in 2016.

Park Hyatt, Guangzhou opened officially in December 2015. It is situated above the 53rd floor of the R&F Yingkai Plaza, soaring above the new hub and CBD of the city. This hotel is strategically located in Pearl River New Town, adjacent to the Canton Tower, the Guangzhou Opera House and the charming Huacheng Square. Park Hyatt, Guangzhou features 208 state-of-the-art guestrooms, including 36 suites.

The newly-operating hotels also included Holiday Inn Guangzhou Airport Zone, Doubletree Resort by Hilton, Haikou-Chengmai and Pullman Taiyuan R&F Hotel. All these hotels, which are operated by reputable international hotel management companies and are characterized by the highest hospitality industry service standards, remained competitive in their respective localities. They add diversity to the Group's existing hotel portfolio, mainly made up of city-centre business hotels and comprising 5-star hotels in Beijing, Guangzhou, Chengdu, Chongqing and Huizhou. The Group currently owns 12 operating hotels. Investment properties completed or in the pipeline or under planning are as follows:

Investment properties	Location	Description	Approximate total GFA (sq.m.)
Guangzhou			
The Ritz-Carlton, Guangzhou*	Pearl River New Town J2-7	5-star hotel 351 rooms and 91 serviced apartments	104,000
Grand Hyatt, Guangzhou*	Pearl River New Town F1-2	5-star hotel 375 rooms	115,000
R&F Center*	Pearl River New Town J1-4	54-storey office building	163,000
Holiday Inn Guangzhou Airport Zone*	R&F Jingang City	4-star hotel 340 rooms	38,000
Park Hyatt, Guangzhou*	Pearl River New Town J1-1	5-star hotel 208 rooms	35,000
Conrad, Guangzhou#	Pearl River New Town Liede Village	5-star hotel 350 rooms	39,000
R&F Haizhu City*	R&F Tianyu Center	Shopping mall	50,000
Guangzhou International Airport R&F Integrated Logistics Park	Guangzhou R&F Jingang City	Logistics Park	1,200,000
Beijing			
Renaissance Beijing Capital Hotel*	Beijing R&F City	5-star hotel 531 rooms	120,000
R&F Center*	Beijing R&F City	Office building	60,000
Viva Beijing R&F Plaza*	Beijing R&F City	Shopping mall	111,000
Holiday Inn Express Temple of Heaven Beijing*	R&F Xinran Court/Plaza	4-star hotel 316 rooms	22,000

Investment properties	Location	Description	Approximate total GFA (sq.m.)
Tianjin			
Marriott Hotel, Tianjin	Tianjin R&F City	5-star hotel 400 rooms	58,000
R&F Plaza*	Tianjin R&F City	Shopping mall	43,000
Huizhou			
Renaissance Huizhou Hotel*	R&F Ligang Center	5-star hotel 342 rooms	54,000
Hilton Huizhou Longmen Resort	R&F Hot Spring Valley	5-star hotel 350 rooms	45,000
Doubletree Resort by Hilton, Huizhou R&F Bay Shore	Huizhou R&F Bay Shore	5-star hotel	47,000
Chongqing			
Hyatt Regency, Chongqing*	Jiangbei District	5-star hotel 321 rooms	46,000
R&F Ocean Plaza (Retail)*	R&F Ocean Plaza	Shopping mall	73,000
Holiday Inn Chongqing University Town	Chongqing R&F City	4-star hotel 390 rooms	68,000
Chengdu			
R&F Plaza* (Former R&F Tianhui Mall)	Panda City	Shopping mall	255,000
The Ritz-Carlton, Chengdu*	Panda City	5-star hotel 353 rooms	57,000
Hainan			
Doubletree Resort by Hilton, Haikou–Chengmai*	R&F Mangrove Bay	5-star hotel 309 rooms	45,000
Lingshui R&F Bay Shore Marriott & Yacht Club	R&F Bay Shore	5-star hotel 300 rooms	76,000
R&F Ocean Park	Lingshui County	Hotel, travel & commercial	200,000
Xian			
R&F Holiday Inn Xian	Xian R&F City	4-star hotel 380 rooms	50,000
Harbin			
The Ritz-Carlton, Harbin	R&F Jiangwan New Town	5-star hotel 350 rooms	67,000
Taiyuan			
Pullman Taiyuan R&F Hotel*	Taiyuan R&F City	5-star hotel 280 rooms	43,000

Investment properties	Location	Description	Approximate total GFA (sq.m.)
Shanghai			
Hyatt Place, Shanghai#	Jiayu Wan	5-star hotel 150 rooms	16,000
The Ritz-Carlton, Shanghai	Shanghai R&F Hongqiao No. 10	5-star hotel	58,000
AC Hotels, Shanghai	Shanghai R&F Hongqiao No. 10	Business hotel	16,000

* *Completed, operating and pre-opening*

\# *Joint Venture Project*

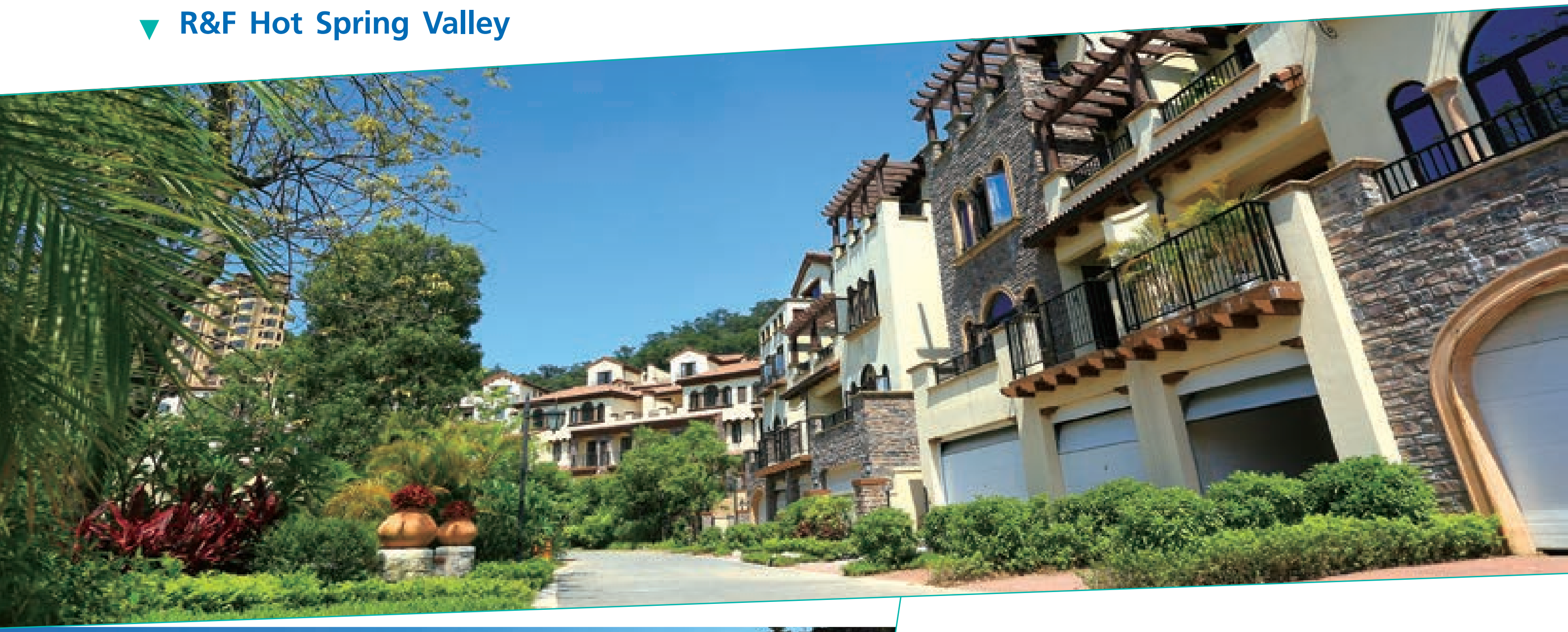
OUTLOOK

For 2016, the Group's contracted sales target has been set at RMB60 billion, approximately 10% more than its actual contracted sales for 2015. This target will be achieved from sales of 68 projects in 26 cities and areas and 3 overseas cities, which will deliver 4.81 million sq.m. of properties. The details are set out below:

Location	To be completed in 1st half of 2016		To be completed in 2nd half of 2016	
	Approximate total GFA (sq.m.)	Approximate total saleable area (sq.m.)	Approximate total GFA (sq.m.)	Approximate total saleable area (sq.m.)
Guangzhou	142,000	99,000	304,000	241,000
Huizhou	—	—	231,000	197,000
Chongqing	81,000	59,000	139,000	104,000
Chengdu	—	—	57,000	43,000
Meizhou	222,000	221,000	144,000	143,000
Guiyang	—	—	104,000	77,000
Fuzhou	100,000	78,000	—	—
Hainan	70,000	62,000	150,000	128,000
Beijing and vicinity	116,000	92,000	517,000	420,000
Tianjin	141,000	98,000	559,000	398,000
Taiyuan	412,000	372,000	261,000	217,000
Harbin	129,000	121,000	268,000	257,000
Shenyang	30,000	28,000	61,000	57,000
Shanghai and vicinity	216,000	131,000	111,000	65,000
Nanjing	—	—	124,000	86,000
Hangzhou and vicinity	313,000	236,000	249,000	215,000
Wuxi	68,000	52,000	220,000	194,000
Baotou	118,000	108,000	94,000	90,000
Foshan	34,000	21,000	134,000	103,000
Total	**2,192,000**	**1,778,000**	**3,727,000**	**3,035,000**

Our Property Portfolio

Huizhou
R&F Hot Spring Valley



Chongqing
R&F Bay Shore

Guangzhou
R&F Nansha Tangning

Guiyang
R&F Center

Baotou
R&F City

Guangzhou
R&F Hot Spring
Village

Chengdu
R&F Peach Garden

Hainan
R&F Yingxi
Village

Tianjin
R&F Jinmen Lake

Our Property Portfolio

▲ **Beijing**
R&F Danish Town

Shanghai
▼ **R&F Bay Shore**

Beijing ▶
R&F Peach Garden

▲ **Taiyuan**
R&F Xiyue Court

Nanjing ▶
R&F City

Harbin
R&F City

Malaysia
R&F Princess Cove

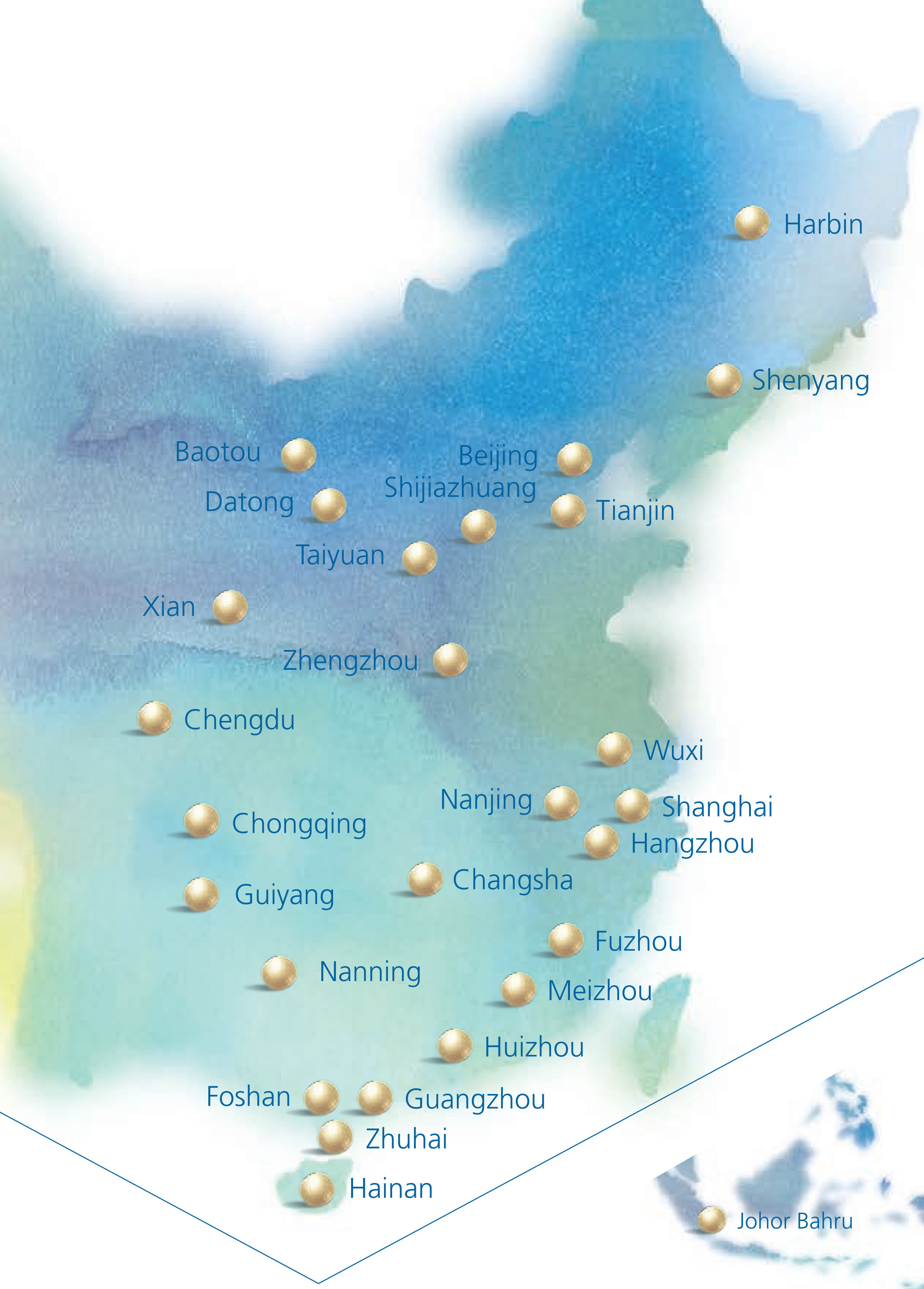
Hangzhou Huzhou R&F City

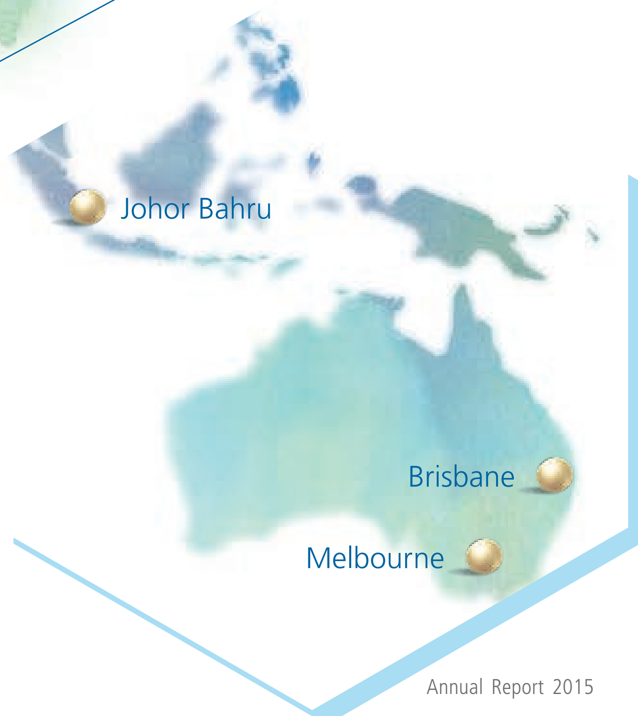
Xian
R&F
Bailu
Wan

Australia
Brisbane No.1

Map

Hainan
R&F Moon Bay Shore ▼


Harbin
Shenyang
Baotou
Beijing
Shijiazhuang
Datong
Tianjin
Taiyuan
Xian
Zhengzhou
Chengdu
Wuxi
Nanjing
Shanghai
Chongqing
Hangzhou
Changsha
Guiyang
Fuzhou
Nanning
Meizhou
Huizhou
Foshan
Guangzhou
Zhuhai
Hainan


Johor Bahru
Brisbane
Melbourne

Investor Relations

To allow investors to make an informed assessment of the Company and attain a high level of governance, maximize shareholder awareness and protect investors' right to timely information, the Company maintains an open dialogue with our shareholders and potential investors through regular information disclosure and active communication.

To maintain good investor relations, the Company's principle is timely and detailed information disclosure that includes our comprehensive interim and annual reports as well as monthly sales announcements. In addition to regular disclosures, the Company has an active investor meeting calendar and open dialogue with the research community to highlight key messages and explain in further detail any concerns or clarifications that are not clear. In the event of specific requests, the Company allocates the time to make sure investors are well responded to with direct and accurate information on a timely basis. Lastly, there are times when certain messages where investors may not have been immediately aware but deemed important for their assessment, the Company will take the next availability importunity to point out to investors.

During the year, the Company has facilitated regular investor site visits, engaged in face-to-face meetings, held conference calls, and participated in investor conferences to make available ourselves for every opportunity to inter-react with investors. The Company values every opportunity to engage in open conversation with the investment community to provide updates on industry developments, upcoming trends and the overall macro environment. In 2015, we attended 17 global conferences, post-result analyst meetings, and non-deal roadshows ("NDR") in Asia, Europe and the U.S.

The Company would like to thank all investors and shareholders who have provided feedback and suggestions to the Company to take onboard. We would also like to thank the property research community for their hard work in communicating and analyzing the sector and the Company such that investors can take a different perspective when forming their own judgment. We look forward to another year of cooperation and delivering the highest level of standard of investor relations to the investor community.

Month	Conference/Roadshow (location)
January	• DB Access China Conference 2015 (Beijing)
March	• Post-result NDR with Deutsche Bank (Hong Kong) • Post-result NDR with J.P. Morgan Securities (Asia Pacific) Limited (Hong Kong) • Post-result NDR with Bank of America Merrill Lynch ("BAML") (Hong Kong) • Post-result NDR with The Hongkong and Shanghai Banking Corporation Limited ("HSBC") (Singapore)
May	• HSBC China Conference (Shanghai) • 6th Annual dbAccess Asia Conference 2015 (Singapore)
June	• HSBC 3rd Annual Asia Investor Forum (London) • Macquarie Investor Conference (Hong Kong)
August	• Post-interim result NDR with Deutsche Bank (Hong Kong) • Post-interim result NDR with BAML (Hong Kong) • Post-interim result NDR with HSBC (Hong Kong) • Post-interim result NDR with HSBC (Singapore)
September	• Deutsche Bank China Property Day (Hong Kong)
October	• NDR with HSBC (London/U.S.)
November	• BAML 2015 China Conference (Beijing) • Citi China Investor Conference (Macau)

WORKPLACE AND EMPLOYEES

The Group endeavours to build a workplace where there are open communication, trust and respect among co-workers. A healthy work-life balance for employees is encouraged. The Group offers an all-round and cozy working environment as well as other ancillary facilities to its employees to alleviate their concerns at work.

The Group has always given training of employees a high priority and it has become even more important with the Group growing not only in China but also expanding overseas to Malaysia and Australia. The Group adopts a proactive approach to employees training and development believing in its long-term value and positive impact. Training encompassing professional skill, general technical skills, as well as management and career development which suit employees at all departments and levels are offered as appropriate. During the year, with enhanced promotional efforts, the Group continued with existing and at the same time introduced new up-to-date training modules such as R&F Star programme (including graduate internship programme), R&F induction training, and specific programmes for new managers and senior management such as advance training course on engineering management by Tsinghua University, design training camp in Finland, Talent A/B programme and practical training camp for general managers.

During the year, in order to encourage employees to develop hobbies other than work and study so as to achieve work-life balance, the Group introduced new elements to its training programmes, such as R&F Seminar, English Enhancement Programme, Morality Talk, and staff care. R&F Seminar, led by different professional senior management teams, provides professional universal courses to employees, while English Enhancement Programme creates a favourable environment for employees to strengthen and solidify their English proficiency through active participation, which secures manpower for the Company's expansion overseas.

Adhering to its philosophy of "always people first", the Group offers diversified trainings to ensure sustainable supply of high-calibre manpower for the Group's development and expansion.

As at 31 December 2015, the Group had a total of approximately 19,264 employees (31 December 2014: 26,458).

SOCIAL RESPONSIBILITY

1. For a long time, the Group has been paying close attention to the development of youth-related public welfare in Guangdong. In January 2015, the Group was joined by Guangzhou Province Youth Development Foundation (廣東省青少年發展基金會), Communist Youth League Committee of Qingcheng District, Qingyuan City (共青團清遠市清城區委員會) and Qingyuan Boyang Social Work Centre (清遠市博陽社工服務中心) in a charitable initiative "Mini-Wish" (微心願) targeting school children, whereby the volunteers from the Group collected the mini-wishes from children and helped them realise them. A total of 100 students in difficulty from 5 schools of Qingcheng District, Qingyuan City were aided in making their dreams come true, the first school being Dongcheng Street Jiangbu Primary School in Qingcheng District (清城區東城街江埗小學). In addition to making children's mini-wishes come true, the Group also cooperated with Shanghai True Love and Dream Charitable Foundation (上海真愛夢想公益基金會) in July of the same year to donate RMB300,000 for the establishment of three "Dream Centres", one of which was located in Shan Town Wenfeng Primary School in Huidong County (惠東縣山鎮文峰小學).

2. In March 2015, in response to the "Lei Feng in Beautiful Guangzhou" (美麗廣州有雷鋒) campaign organised by the Provincial and Municipal Ministries of Culture and Civilisation, the Municipal Committee of Youth League and the Municipal Youth Federation, the volunteers recruited by the Group hand-made a batch of refined lanterns for the Yuanxiao Festival, a traditional festival celebrated on the Lunar Calendar. These Yuanxiao lanterns were then transported to frontline workers, the disabled, the elderly in solitary residence and youngsters from poor families by our Social Love and Care Cars as a symbol of the volunteers' good wishes for them.

   Not being confined by donation on monetary terms, the Group promotes the spirit of charity by having each subsidiary set up its own volunteers' teams and championing the participation in volunteer work of various types, covering visits to the elderly's homes, social welfare homes and social cultural exchange activities.

3. In order to promote blood donation, the Group launched the "Join hands for R&F to Spread Love" (牽手富力 • 傳遞愛心) blood donation campaign jointly with Guangzhou Tianli Properties Development Co., Ltd, a subsidiary of the Group, and the Guangzhou Blood Centre.

   The blood donation campaign was held from 5 August 2015 at R&F Center and Yinglong Plaza, among other commercial landmarks, where on-site blood donation activities were in place as Guangzhou Blood Centre arranged specialised blood donation trucks to each of the venues to provide services and support for volunteering blood donors.

4. As at 31 December 2015, the Group made donation of over RMB247 million in aggregate.

ENVIRONMENTAL PROTECTION

In keeping with the energy conservation and environmental protection policies of the government, the Company implemented various practices in its electric layouts to save energy and reduce emission. Innovative design ideas were adopted in the details of the layouts according to the needs of property owners and clients.

For energy conservation, auto switch-off controls were used for the lightings installed in the staircase of residential communities, buildings, office buildings, hotels and shopping malls. Control by circuit and by timeslots was used for the lightings in the lobby, public corridors and underground carpark to save power. LED lightings were installed as much as possible. Variable-frequency control technology was used in large-scale public infrastructure project to minimise energy consumption by water pumps and air conditioning.

For water conservation, rainwater collection technology was implemented by the Company for building underground water tanks used which allow collection and usage of rainwater for irrigating the greeneries and street cleaning in the communities during rainy season and use pipeline water during dry season or water shortage. The technique has been applied in Ying Yao Plaza.

For environmental protection, solar water heater systems were installed in the residential buildings in Hainan or projects where central heating is provided to enhance the ecological value of the equipment.

For all of the property development projects of the Group, environmental reviews have been conducted and passed by the relevant authorities, and environmental laws and regulations are strictly abided by during production and operation. Pollutant emission is within the related national environmental standards.

To facilitate a low-carbon environment, the Group planted a variety of species of plants in adaptation to local climatic conditions and the natural botany in its garden and park design. Horizontal and vertical greeneries were in place in the car parks, rooftops and balconies. Rainwater collection and recycle facilities were used to collect water for the artificial lakes. Permeable materials were used for the paving of non-vehicle roads, ground-level carparks, and other hard paving, and greenery is used to provide shading. In addition to the development and construction process, energy saving and environmental conservation were also a concern for the Group after the communities finished construction, emphasising low-carbon emission. A variety of outstanding outdoor activities helps encourage property owners to adopt a low-carbon lifestyle, starting by energy saving.

CUSTOMER COMMUNICATIONS AND SERVICES

Customer Service Department of the Group directly deals with our vast customer base and provide a diversity of after-sale service, consultation and offerings for customers, as well as processing inquiries and customer complaints. Its duties include following up customer feedbacks and requests in a timely, efficient and effective manner for a satisfying resolution. In order to maintain our good relations with customers during and after sale, enhance our reputation among customers and improve customer loyalty, we work with other departments of the Group to encourage the uninterrupted operation and sustained development of the Group.

Through our customer service team which provides professional, quality, timely and comprehensive after-sale services, customer satisfaction was facilitated, helping enhance our profile and competitiveness in the industry.

Financial Review

The Group's profit for the year increased by 3% to RMB6.712 billion from RMB6.506 billion the previous year. Revenue and profit from property development increased by 29% and 13% to RMB40.744 billion and RMB6.178 billion in 2015 from RMB31.651 billion and RMB5.449 billion in 2014. During the year, due to the depreciation of both the exchange rate of RMB to US dollars and Malaysian Ringgit to US dollars, the Group had incurred an exchange loss of RMB1.21 billion. Rental income increased by 4% and brought profit for the property investment segment to RMB380 million not taking into account the fair value gains from investment properties of RMB1.106 billion (2014: RMB1.638 billion). The hotel operations recorded a loss of RMB167 million as compared to a loss of RMB140 million the prior year. The Group's other business segments (including property management, construction services and the soccer team) recorded a loss of RMB509 million as compared with a loss of RMB379 million the previous year.

The Group carries out its core business of property development in 19 cities. The following comments, with the exception of #7 (on financing costs) and #9 (on profit for the year), relate only to the results from sales of properties:

CONSOLIDATED INCOME STATEMENT

2015

	Note	**Property development (RMB'000)**	**Property investment (RMB'000)**	**Hotel operation (RMB'000)**	**All other segments (RMB'000)**	**Group (RMB'000)**
Turnover	1	**40,744,245**	**857,255**	**1,181,150**	**1,508,274**	**44,290,924**
Cost of sales	2	**(26,952,819)**	**(152,270)**	**(932,163)**	**(2,046,601)**	**(30,083,853)**
Gross profit	3	**13,791,426**	**704,985**	**248,987**	**(538,327)**	**14,207,071**
Other gains — net	4	**190,830**	**1,105,652**	**1,805**	**86,092**	**1,384,379**
Selling and administrative expenses	5	**(2,898,569)**	**(70,274)**	**(252,884)**	**(84,502)**	**(3,306,229)**
Other operating income/(expenses)		**130,714**	**—**	**(1)**	**3,000**	**133,713**
Operating profit/(loss)		**11,214,401**	**1,740,363**	**(2,093)**	**(533,737)**	**12,418,934**
Finance costs	7	**(1,639,068)**	**(128,414)**	**(221,168)**	**(165,345)**	**(2,153,995)**
Share of results of joint ventures	6	**1,343,455**	**—**	**—**	**—**	**1,343,455**
Share of results of associates	6	**(30,828)**	**—**	**—**	**11,935**	**(18,893)**
Profit/(loss) before income tax		**10,887,960**	**1,611,949**	**(223,261)**	**(687,147)**	**11,589,501**
Income tax (expense)/credit	8	**(4,709,625)**	**(401,518)**	**55,815**	**178,099**	**(4,877,229)**
Profit/(loss) for the year	9	**6,178,335**	**1,210,431**	**(167,446)**	**(509,048)**	**6,712,272**

2014

	Note	Property development (RMB'000)	Property investment (RMB'000)	Hotel operation (RMB'000)	All other segments (RMB'000)	Group (RMB'000)
Turnover	1	31,650,997	827,263	1,108,603	1,118,547	34,705,410
Cost of sales	2	(19,912,903)	(167,427)	(847,051)	(1,464,050)	(22,391,431)
Gross profit	3	11,738,094	659,836	261,552	(345,503)	12,313,979
Other gains — net	4	270,665	1,638,174	12,517	3,742	1,925,098
Selling and administrative expenses	5	(2,824,362)	(41,096)	(225,755)	(25,347)	(3,116,560)
Other operating income/(expenses)		103,830	—	(3,286)	4,662	105,206
Operating profit/(loss)		9,288,227	2,256,914	45,028	(362,446)	11,227,723
Finance costs	7	(697,934)	(155,492)	(231,187)	(131,308)	(1,215,921)
Share of results of joint ventures	6	169,789	—	—	—	169,789
Share of results of associates	6	(24,705)	—	—	(500)	(25,205)
Profit/(loss) before income tax		8,735,377	2,101,422	(186,159)	(494,254)	10,156,386
Income tax (expense)/credit	8	(3,285,959)	(525,356)	46,540	114,778	(3,649,997)
Profit/(loss) for the year	9	5,449,418	1,576,066	(139,619)	(379,476)	6,506,389

1. Revenue increased by 29% to RMB40.744 billion from RMB31.651 billion in the previous year. This revenue was based on delivery of 3.514 million sq.m. of sale properties in the year which was approximately 11% more than the 3.162 million sq.m. delivered the previous year. Overall average selling price increased by 16% to RMB11,590 per sq.m. from RMB10,010 per sq.m. resulting in the increase in revenue. The higher overall average selling price for the year was mainly due to the two new projects. They were Guangzhou's R&F Ying Yao Plaza and R&F Dongshan Xintiandi which together accounted for 25% of the overall revenue at average selling price of RMB44,630 per sq.m. Four out of six significant projects (with revenue not less than RMB1 billion) having comparable selling prices in prior year registered increase in average selling price. These projects which accounted for 18% of total revenue included R&F Shangyue Court and R&F New Town in Beijing, R&F Jinmen Lake in Tianjin, and Jiangwan New Town in Harbin and had average selling price increased between 4% to 57% from the previous year. The two significant projects with selling price decrease was R&F City in Taiyuan and Chongqing which accounted for 7% of total revenue and had a decrease of 4% and 16% in average selling price. New projects accounted for approximately 38% of total revenue. For revenue by city, Guangzhou had become again the highest revenue of RMB12.043 billion (2014: RMB4.955 billion) and followed by Beijing and Tianjin each accounting for 30%, 25% and 9% (2014: 16%, 27% and 11%) of total revenue respectively. Revenue in Guangzhou increased 143% as a result of the delivery of two new projects. They were R&F Ying Yao Plaza and R&F Dongshan Xintiandi with revenue of RMB4.710 billion and RMB5.386 billion and selling price at RMB50,860 per sq.m. and RMB40,320 per sq.m. respectively. Revenue of Beijing for the year increased by 18% to RMB10.276 billion (2014: RMB8.688 billion). Revenue of Tianjin increased by 6% to RMB3.797 billion (2014: 3.581 billion). The flagship project, R&F Jinmen Lake, delivered 73,060 sq.m. (2014: 175,100 sq.m.) at an average selling price of RMB27,440 per sq.m. (2014: RMB17,440 per sq.m.) and generated RMB2.005 billion (2014: RMB3.054 billion) in revenue. The new project R&F Shangyue Court in Tianjin, recorded RMB844 million in revenue and accounted for 22% of the city's revenue. Of the cities which had revenue in the year aside from the three cities mentioned above, Taiyuan, Chengdu and Wuxi were the cities that saw modestly strong gain in revenue; in Taiyuan's case it was mainly due to the increased delivery of the project, R&F Prosperous Palace, in Chengdu's case, it was the increased delivery of its project R&F Peach Garden and in Wuxi's case, it was mainly due to the new project, R&F City. Three cities had first delivery of properties in the year, they were Meizhou, Fuzhou, and Baotou, which together accounted for 6% of total revenue.

The following table gives the breakdown of saleable area, turnover, and percentage attributable to the Group for the sale of properties during the year:

Project	Approximate saleable area sold (sq.m.)	Amount of turnover (RMB'000)	Percentage attributable to the Group (%)
Guangzhou			
R&F Dongshan Xintiandi	133,588	5,385,924	100%
R&F Ying Yao Plaza	92,622	4,710,279	100%
R&F Hot Spring Village	124,271	877,252	100%
R&F Nansha Tangning (Nansha Prosperous Palace)	44,128	408,684	100%
R&F Jingang City	58,671	402,990	100%
R&F Tianxi Garden	6,932	92,280	100%
R&F Haizhu City	3,489	79,503	100%
R&F Tangning Garden	1,243	47,005	100%
R&F Forture Garden	1,388	22,239	100%
Others	7,133	16,524	100%
	473,465	**12,042,680**	

Project	Approximate saleable area sold (sq.m.)	Amount of turnover (RMB'000)	Percentage attributable to the Group (%)
Beijing			
R&F Huilan Meiju	298,029	3,998,579	100%
R&F Shangyue Court	183,312	2,882,823	100%
R&F Golden Jubilee Garden	62,996	1,301,189	100%
R&F New Town	148,126	1,068,856	100%
R&F City	9,530	841,231	100%
R&F Danish Town Phase II	3,650	62,055	100%
R&F Shengyue Court	7,554	48,709	100%
R&F Danish Town	3,028	45,862	100%
R&F Festival City	2,139	12,001	100%
Others	2,387	14,635	100%
	720,751	**10,275,940**	
Tianjin			
R&F Jinmen Lake	73,064	2,004,555	100%
R&F Shangyue Court	95,774	843,733	100%
R&F Center	33,971	536,125	100%
R&F New Town	25,286	273,681	100%
R&F City	35,581	110,130	100%
R&F Peach Garden	11,911	29,197	100%
	275,587	**3,797,421**	
Chongqing			
R&F City	223,276	1,061,824	100%
R&F Ocean Plaza	162	2,336	100%
	223,438	**1,064,160**	
Xian			
R&F City	48,871	336,252	100%
	48,871	**336,252**	
Huizhou			
R&F Hot Spring Valley	106,503	634,584	100%
R&F Bay Shore	77,176	599,272	100%
R&F Modern Plaza	55,798	216,881	100%
R&F Ligang Center	2,050	8,897	100%
	241,527	**1,459,634**	
Hainan			
R&F Bay Shore	44,075	776,797	100%
R&F Mangrove Bay	59,051	549,022	100%
R&F Yingxi Valley	6,584	94,898	100%
	109,710	**1,420,717**	
Shanghai			
R&F Bay Shore	19,017	182,325	100%
	19,017	**182,325**	

Project	Approximate saleable area sold (sq.m.)	Amount of turnover (RMB'000)	Percentage attributable to the Group (%)
Taiyuan			
R&F City	227,433	1,611,759	100%
R&F Prosperous Palace	98,188	898,970	100%
R&F American Dream Island	152,968	470,000	100%
R&F Peach Garden	52,760	300,832	100%
R&F Modern Plaza	1,933	20,404	100%
	533,282	**3,301,965**	
Chengdu			
R&F Peach Garden	153,776	725,151	100%
R&F Villa	1,654	22,191	100%
R&F Center	265	4,640	100%
	155,695	**751,982**	
Nanjing			
R&F Shangyue Court	63,210	914,480	100%
R&F City	22,834	397,505	100%
	86,044	**1,311,985**	
Datong			
R&F City	31,150	128,872	100%
	31,150	**128,872**	
Wuxi			
R&F City	48,621	390,466	100%
R&F No.10	27,394	313,496	100%
	76,015	**703,962**	
Hangzhou			
R&F Xixi Resident	6,226	105,210	100%
	6,226	**105,210**	
Harbin			
Jiangwan New Town	60,883	1,227,291	100%
	60,883	**1,227,291**	
Shenyang			
R&F Shangyue Court	43,273	297,679	100%
R&F Royal Villa	4,813	42,632	100%
	48,086	**340,311**	
Meizhou			
R&F City	295,250	1,443,087	100%
	295,250	**1,443,087**	

Financial Review

Project	Approximate saleable area sold (sq.m.)	Amount of turnover (RMB'000)	Percentage attributable to the Group (%)
Fuzhou			
R&F Center	18,581	373,673	100%
	18,581	**373,673**	
Baotou			
R&F City	90,585	476,778	100%
	90,585	**476,778**	
Total	**3,514,163**	**40,744,245**	

2. Overall cost of sales and costs of land and construction per sq.m. increased 22% and 22% respectively to RMB7,670 per sq.m. and RMB6,380 per sq.m. (2014: RMB6,300 per sq.m. and RMB5,220 per sq.m.) with the change in sale mix. The range for land and construction cost per sq.m. of individual project ranged from RMB29,100 to RMB2,560. At the high end of the range were commercial projects in Beijing that typically carried higher land and construction costs. In the low end of the range were rigid demand type housing in tier 2 or 3 cities e.g. R&F American Dream Island in Taiyuan. The top project in the year Guangzhou's R&F Dongshan Xintiandi also carried high land and construction cost per sq.m. of RMB17,350 and due to its weight in the total revenue, had significant effect on overall per sq.m. land and construction cost. Each of the four main components of cost of sales, land cost, construction costs, business tax and capitalized interest, remained proportionally stable from year to year. In the year under review, land and construction costs accounted for 83% (2014: 83%), business tax 9% (2014: 9%) and capitalized interest 8% (2014: 8%). Capitalized interest included in the cost of sales increased to RMB2.051 billion from 2014's RMB1.540 billion. As a percentage of revenue from sale of properties, it remained stable at 5.0% (2014: 4.9%). The cost of sales also included RMB2.473 billion (2014: RMB1.863 billion) in business tax.

3. As described above, with the cost of sales per sq.m. increased by 22% and a rise in average selling price of revenue of 16%, the overall gross margin fell accordingly by 3% to 34% from 37% the previous year. Analysing based on the gross margin by city, gross margin of the key cities including Guangzhou, Beijing and Tianjian were 51% and 28% and 35% respectively as compared to 50%, 38% and 34% the prior year. The gross margins of the three new cities Meizhou, Fuzhou, and Baotou were 30%, 25% and 27% respectively.

4. Other gains mainly arose from interest income.

5. Selling and administrative expenses as a percentage of revenue decreased to 7.1% from 8.9% in the previous year due to selling and administration expenses for the year of RMB2.899 billion stayed practically at last year's level of RMB2.824 billion. Broken down into its two components, selling expenses decreased by RMB15 million to RMB821 million and administrative expenses increased by RMB89 million to RMB2.078 billion. The effectiveness of the Group's cost controlling effort were reflected in these numbers which were achieved through efficient use of resources without compromising on investment in key competitive factors such as manpower and advertising.

6. The share of result of associated companies was mainly derived from the Group's 20% share in the Guangzhou Asian Games City project. The share of results of joint ventures were mainly 33.34% in the Guangzhou Liedecun project, 25% interest in Tianjin Jinnan New Town project and 50% in Hines Shanghai New Jiangwan Development Co. Ltd. These four projects mentioned had a combined revenue in the year of RMB6.961 billion which was approximately RMB1.396 billion more than previous year.

7. Finance costs being interest expenses and exchange losses incurred in the year after deduction of amounts capitalized to development costs, increased by 77% to RMB2.154 billion (2014: RMB1.216 billion) mainly coming from an exchange loss of RMB1.21 billion due to the depreciation of both the exchange rate of RMB to US dollars and Malaysian Ringgit to US dollars. Total interest incurred in the year actually increased from RMB5.801 billion in the prior year to RMB6.019 billion with outstanding loans at the year-end of approximately RMB82.4 billion (2014: RMB67.7 billion) and an average interest rate of 7.8%. Aggregate interest costs

included in this year's results amounted to RMB4.256 billion (2014: RMB2.756 billion) counting also capitalized interest released to cost of sales of RMB2.102 billion (2014: RMB1.540 billion).

8. Land appreciation tax ("LAT") of RMB2.533 billion (2014: RMB1.283 billion) and enterprise income tax of RMB2.176 billion brought the Group's total income tax expenses for the year to RMB4.710 billion. As a percentage of turnover, LAT increased to 6.2% from 4.1% in 2014. This increase was due to two particular projects — Guangzhou R&F Ying Yao Plaza and R&F Dongshan Xintiandi with especially high gross margin attracting a combined LAT of RMB1.483 billion or 14.7% of their revenue. The effective enterprise income tax rate stood at 26.1% (2014: 26.9%), deviating from the standard rate by 1.1% because of permanent differences limiting the tax deductible amount.

9. Overall, the Group's net profit margin for the year was 15.2%, as compared to 18.7% in the previous year, reflecting the change in gross margin from property development.

CONSOLIDATED BALANCE SHEET

	Note	**2015 (RMB'000)**	2014 (RMB'000)	Changes (%)
ASSETS				
Non-current assets				
Land use rights	1	**1,264,041**	1,198,045	6%
Property, plant and equipment	2	**9,009,864**	7,495,641	20%
Investment properties	3	**19,251,951**	18,047,632	7%
Intangible assets	4	**1,034,849**	977,958	6%
Interests in joint ventures	5	**5,954,631**	4,617,519	29%
Interests in associates	6	**71,052**	86,213	–18%
Deferred income tax assets	7	**3,295,186**	2,927,764	13%
Available-for-sale financial assets	8	**645,140**	535,477	20%
Trade and other receivables and prepayments	9	**4,046,552**	3,772,884	7%
Current assets				
Properties under development	10	**78,671,926**	81,327,691	–3%
Completed properties held for sale	11	**22,427,988**	17,222,116	30%
Inventories		**414,888**	358,831	16%
Trade and other receivables and prepayments	9	**13,576,168**	10,890,728	25%
Tax prepayments		**2,784,288**	2,551,852	9%
Restricted cash	12	**6,814,094**	6,339,497	7%
Time deposit	12	**500,000**	—	N/A
Cash and cash equivalents	12	**13,970,313**	13,490,425	4%
LIABILITIES				
Non-current liabilities				
Long-term borrowings	13	**49,759,398**	45,553,602	9%
Accruals and other payables		**—**	171,222	–100%
Deferred income tax liabilities		**3,935,947**	3,278,908	20%
Current liabilities				
Accruals and other payables	14	**18,727,912**	19,270,956	–3%
Deposits received on sale of properties	15	**18,407,668**	19,225,725	–4%
Current income tax liabilities	16	**11,005,384**	10,089,230	9%
Short-term borrowings	13	**5,661,596**	3,085,000	84%
Current portion of long-term borrowings	13	**27,017,646**	19,020,068	42%
TOTAL EQUITY		**49,217,380**	52,145,562	–6%
Perpetual capital instruments		**7,977,869**	15,648,416	–49%
Non-controlling interests		**527,895**	531,785	–1%

1. This related to self-use assets and hotels. Increase represented by mainly the new additions of the land cost of self-use assets and hotels in Guangzhou.

2. The increase being the additional costs in the year of which main items were the further construction costs of self-use assets and hotels in Guangzhou, Tianjin, Hainan and Taiyuan.

3. The increase represented by mainly the fair value gain of four existing properties in Guangzhou, Beijing, Chongqing and Chengdu.

4. The increase was mainly related to the acquisition of soccer team members.

5. Increase mainly being the Group's share of profits of the joint venture projects at Liede, Guangzhou and Yangpu, Shanghai.

6. Decrease mainly being the Group's share of loss of the Asian Game City associate for the year.

7. Increase mainly due to the increase in tax loss carry-forwards and accrued LAT cannot be deductible for income tax.

8. The change was increase in the fair value of 2.53% interest in Guangzhou Securities Co., Ltd.

9. Trade receivables maintained at a controllable level of less than 10% of the contract sales for the year and there were no material overdue debts under efficient credit control.

10. The decrease was mainly coming from several completed projects or properties in Guangzhou and Beijing; there were 64 projects and 12.319 million sq.m. GFA under development at 31 December 2015 as compare to 66 projects and 14.235 million sq.m. GFA.

11. The increase was mainly coming from the completion of various projects in Guangzhou, Nanjing, Fuzhou and Wuxi. Balance represented approximately 3.28 million sq.m. GFA. In terms of value, Guangzhou, Nanjing, Beijing, Hainan and Tianjin accounted for over 60% of the total.

12. Cash maintained at a level adequate for the Group's operation and further development.

13. Refer to "Financial resources, liquidity and liabilities".

14. Construction payables representing approximately 49% of the total and decreased by RMB1.354 billion for the year.

15. Decrease due to the rate of delivery of completed properties was faster than the rate of cash received from sale of properties during the year.

16. The increase in income tax liabilities was due to the increase in accrued LAT.

CASH FLOW

	Note	**2015 (RMB'000)**	2014 (RMB'000)
Net cash used in operating activities	1	**(355,895)**	(22,064,801)
Net cash used in investing activities	2	**(2,762,504)**	(2,129,907)
Net cash generated from financing activities	3	**3,526,361**	19,933,701
Net increase/(decrease) in cash		**407,962**	(4,261,007)
Exchange gains on cash		**71,926**	29,270
Cash at 1 January		**13,490,425**	17,722,162
Cash at 31 December		**13,970,313**	13,490,425

1. Pre-sale proceeds increased significantly while/and payments decreased significantly.

2. Mainly the cash used in construction of hotels.

3. Mainly due to no new issuance of perpetual capital instruments and significant increase in redemption of perpetual capital instruments.

FINANCIAL RESOURCES, LIQUIDITY AND LIABILITIES

At 31 December 2015, the Group's cash amounted to RMB21.28 billion of which RMB20.56 billion was in RMB, RMB0.63 billion was in US dollar, RMB28 million was in Malaysian Ringgit, RMB46 million was in Hong Kong dollar, RMB16 million was in Australian dollar and RMB0.4 million was in Singaporean dollar and with total borrowings at RMB82.44 billion of which RMB69.66 billion was in RMB and RMB12.78 billion was in US dollar. Net debt to total equity ratio was at 124%. The total borrowings were made up of financing from sources which included 1) bank loans, 2) offshore USD senior notes, 3) domestic corporate bonds and 4) trust loans and others each accounted for 47%, 15%, 8% and 30% respectively. The Group has secured from various relationship banks uncommitted credit facilities of which approximately RMB34.79 billion (2014: RMB20.1 billion) was unutilised. Such credit facilities indicate that the banks are prepared to lend to the Group up to the limit of the facilities when certain conditions are met such as the production of suitable projects and specified documents e.g. construction permits.

The Group has also available to it perpetual capital instruments which decreased by RMB7.6 billion in the year.

Debt Profile

	Due within 1 year	2 years	3–5 years (RMB million)	over 5 years	Total
Borrowings	32,679	19,386	23,042	7,332	82,439

In July 2015, the Group issued a RMB6.5 billion domestic corporate bond with 5 year maturity at a fixed interest rate of 4.95%. Debts due within 1 year accounted for 40% of total debts. Bank loans repaid in the year amounted to RMB13.48 billion while new bank loans of RMB17.86 billion were procured. The effective interest rate of the total bank loan portfolio at 31 December 2015 was 6.52% (2014: 6.76%). Exchange rate exposure was insignificant as non-RMB borrowings accounted for approximately 15.5% of total borrowings. Therefore, the Group has not entered into any foreign exchange hedging transactions. As for interest rate, RMB bank loans were at normally stable floating interest rates benchmarked to rates published by the People's Bank of China. The fixed rate offshore bonds further reduced interest rate exposure and therefore no interest rate hedging arrangements had been put in place. Overall, the Group has not used any financial instruments for hedging purposes.

Charge on assets

As at 31 December 2015, assets with total carrying values of RMB51.86 billion were pledged to secure bank loans and other borrowings amounting to RMB53.21 billion (at 31 December 2014: RMB45.10 billion).

Contingent liabilities

The Group provided guarantees in respect of bank mortgage loans taken out by purchasers of the Group's sale properties and joint liability counter-guarantees for certain borrowings granted to the Group's joint ventures and associates for project development purpose. For guarantees provided in respect of residential properties, the guarantees are released upon the issuance of real estate ownership certificates for the properties concerned. As at 31 December 2015, such guarantees totaled RMB26.98 billion, increased by 18% from RMB22.92 billion as at 31 December 2014.

EMPLOYEE AND EMOLUMENT POLICIES

As of 31 December 2015, the Group has approximately 19,264 employees (31 December 2014: 26,458). The total staff costs incurred was approximately RMB1,426 million during the financial year ended 31 December 2015. The Company's emolument policy is to ensure that the remuneration offered to employees including executive directors and senior management is based on skill, knowledge, responsibilities and involvement in the Company's business affair. The remuneration of executive directors is also link with business performance and profitability of the Company and the market conditions. Individual director and senior management would not be involved in deciding their own remuneration.

MATERIAL ACQUISITIONS AND DISPOSALS

There were no material acquisition or disposal of subsidiaries or associated companies in the year.

Corporate Governance Report

The Company is committed to good corporate governance practices, believing that they enhance shareholder value. The practices adopted by the Company place a focus on maintaining a high-quality board, effective internal controls, a high level of transparency and full accountability to shareholders. Throughout the year the Company complied with all relevant laws and the Corporate Governance Code (the "Code") as set out in Appendix 14 of the Rules Governing the Listing of Securities (the "Listing Rules") on the Stock Exchange of Hong Kong Limited (the "Stock Exchange").

THE BOARD

The board of directors (the "Board") is charged with providing overall leadership for and effective control over the Company in a way that maximizes financial performance and shareholder value. The Board formulates business policies and strategies for the Group, including dividend policy and risk management strategies. It is also responsible for implementing internal controls and monitoring their effectiveness. The day-to-day execution of the Board's policies and strategies is delegated to the Company's executive directors and a team of designated senior managers. For better formulation of the Company's long-term strategic policy and the submission of A-share application in PRC, the Company authorized the formation of a specific function in the year of 2015, of which is supported by senior management. Mr. Zheng Ercheng, an independent non-executive director of the Company, and Mr. Li Sze Lim and Mr. Zhang Li, the executive directors of the Company, are the member of that function. In 2015, it discussed and reviewed the 2016 debt financing proposal.

The Board is well-diversified in term of gender, industry experience, professional expertise and education background. As at 31 December 2015, the Board consisted of nine directors. This number was made up of four executive directors: Mr. Li Sze Lim, Chairman, Mr. Zhang Li, Co-chairman and chief executive officer, Mr. Zhou Yaonan, and Mr. Lu Jing; two non-executive directors, Ms. Zhang Lin and Ms. Li Helen; and three independent non-executive directors, Mr. Huang Kaiwen (retired on 30 May 2015), Mr. Lai Ming, Joseph, Mr. Zheng Ercheng and Mr. Ng Yau Wah, Daniel (appointed on 30 May 2015). Biographical details of the directors and their relationships, if any, are set out on pages 61 to 62 of this annual report.

All directors, including non-executive directors and independent non-executive directors, have devoted sufficient time and effort to the business affairs of the Company. The Board believes that the ratio of executive directors to non-executive directors is reasonable, and provides checks and balances that are sufficient to safeguard the interests of shareholders and of the Group. The Board also believes that the independent judgments offered by non-executive directors and independent non-executive directors on issues relating to strategy, performance, conflicts of interest and management processes are valuable for protecting the interests of the Company's shareholders. The term of office of all directors shall be three years. Upon maturity of the current term of office, a director shall be eligible to offer himself/herself for re-election and reappointment.

All directors of the Company have access to timely information about the Group's business and are able to make further enquires whenever necessary. They also have unrestricted access to the advice and services of the company secretary, who is responsible for providing directors with board papers and related materials. The Board has also agreed that any director may seek independent professional advice on issues related to the Group's business at the Company's expense.

The Company has subscribed appropriate and sufficient insurance coverage on directors' liabilities in respect of legal actions taken against directors arising out of corporate activities.

Chairman and Chief Executive Officer

The Chairman, Mr. Li Sze Lim, provides leadership and oversees the Board's jobs and performances. He is responsible for the Board's effectiveness by ensuring that all key issues are discussed within the Board in a timely and informed manner, and that the Board adopts good corporate governance practices.

The Chairman from time to time holds meetings with independent non-executive directors without the presence of executive directors.

Mr. Zhang Li, the Co-chairman, is the chief executive officer of the Company. He is responsible for the execution of all business policies, strategies, objectives and plans adopted by the Board.

The role of the chief executive officer is separate from that of the Chairman.

Independent Non-executive Directors

Pursuant to the requirement of Rule 3.13 of the Listing Rules, the Company has appointed three independent non-executive directors, one of whom has appropriate professional qualifications in accounting and financial management. All independent non-executive directors have confirmed their independence. The nomination committee of the Board has also conducted an annual review of the independence of all independent non-executive directors of the Company. The Board is of the view that all the independent non-executive directors satisfied the requirement of independence as set out in Rule 3.13 of the Listing Rules.

The Company has maintained an updated list of its directors identifying their roles and functions on websites of the Company and the Stock Exchange. Independent non-executive directors are identified in all corporate communications that disclose the names of directors.

BOARD MEETINGS

The Board held five meetings during the year under review, and the attendance records of the directors are set out below:

Directors	Meetings attended/Total
Executive Directors	
Li Sze Lim	5/5
Zhang Li	5/5
Zhou Yaonan	5/5
Lu Jing	5/5
Non-executive Directors	
Zhang Lin	5/5
Li Helen	5/5
Independent Non-executive Directors	
Huang Kaiwen (retired on 30 May 2015)	1/1
Lai Ming, Joseph	5/5
Zheng Ercheng	4/5
Ng Yau Wah, Daniel (appointed on 30 May 2015)	4/4

During these meetings, the directors discussed matters relating to business policies and strategies, corporate governance, financial, risk management and internal control systems. They reviewed the interim and final financial results and other relevant matters. All directors are urged to participate in these Board meetings in person, but those who are unable to attend in person can also participate via electronic means. According to the articles of association of the Company ("Articles of Association"), directors participating by electronic means are deemed to have physically attended the Board meeting.

Notice and agenda for Board meetings are given to all directors at least 14 days prior to the date of a meeting. All directors are given the opportunity to include any matter they would like discussed in the agenda.

The company secretary/the joint company secretaries assists the Chairman in preparing the agenda for the Board and Board committees' meeting, to ensure that all applicable rules and regulations are followed. He also prepares detailed minutes of each meeting. After the meeting, the draft minutes are circulated to all or related directors for comment as soon as practicable. All Board members are given a copy of the final approved minutes.

Should a matter being considered involve a potential conflict of interest for a director, the director concerned will abstain from voting. Independent non-executive directors with no conflicts of interest will be present at meetings dealing with such issues.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The directors acknowledge their responsibility for preparation of the financial statements for the financial year ended 31 December 2015 which give a true and fair view of the state of affairs of the Company and of the Group at that date and of the Group's results and cash flows for the year then ended and are properly prepared on the going concern basis in accordance with the applicable statutory requirements and accounting standards.

The statement of the external auditor of the Company about its reporting responsibilities on the financial statements is set out in the "Independent Auditor's Report" contained in this annual report.

BOARD COMMITTEES

The Company currently maintains three Board committees with defined terms of reference which are posted on the websites of the Company and the Stock Exchange. The Board committees adopt the practices used in the general Board meetings.

Audit Committee

The audit committee was established with terms of reference in accordance with Appendix 14 to the Listing Rules. Terms of reference were revised on 18 December 2015 according to the new Code effective from 1 January 2016 that risk management is incorporated into the scope of work of audit committee. The committee is made up of three members: a non-executive director, Ms. Li Helen, and two independent non-executive directors, Mr. Lai Ming, Joseph and Mr. Zheng Ercheng. The chairman of the committee is Mr. Lai Ming, Joseph, who has professional accounting qualifications and expertise in financial management.

The Board is responsible for presenting a clear and balanced assessment of the Group's performance, results and prospects. The audit committee is delegated by the Board to be responsible for reviewing the accounting policies and practices adopted by the Group as well as reviewing internal control, risk management and financial reporting matters of the Group. It is also tasked with coordinating with external auditors in respect of the annual audit on matters such as the scope of the audit and any issues arising from it; make recommendations to the Board on appointing or removing external auditors; and consider their remuneration and terms of engagement.

The audit committee held three meetings during the year. Following Board practice, minutes of these meetings were circulated to all members for comment, approval and record as soon as practicable after each meeting. There was no disagreement between the Board and the audit committee regarding the selection and appointment of external auditors. The audit committee has reviewed the annual results for the year ended 31 December 2014 and the interim results for the six months ended 30 June 2015 and discussed with the management and/or the Company's auditor the accounting policies and practices adopted, internal control, risk management and financial reporting matters of the year. The audit committee reported that there was no material uncertainty that cast doubt on the Company's going concern ability.

The attendance records of individual committee members are set out as below:

Committee members	Meetings attended/Total
Lai Ming, Joseph	3/3
Li Helen	3/3
Zheng Ercheng	3/3

Remuneration Committee

The remuneration committee was established with written terms of reference. The committee comprises three directors: Mr. Li Sze Lim, executive director, and two independent non-executive directors, Mr. Zheng Ercheng and Mr. Ng Yau Wah, Daniel (appointed on 30 May 2015) who replaced Mr. Huang Kaiwen (retired on 30 May 2015). Mr. Zheng Ercheng is chairman of the committee.

The remuneration committee is responsible for formulating and recommending to the Board policy on remuneration-related matters including, among others, bonus structures and provident funds. The Company's remuneration policy is designed to ensure that the remuneration offered to employees, including executive directors and senior management, is based on factors such as levels of skill, knowledge, responsibility and involvement in the Company's affairs. The remuneration of executive directors is also linked to the Company's business performance and profitability in the context of the prevailing market conditions. The committee determines the remuneration packages of executive directors and senior management. Individual directors and senior management are not involved in determining their own levels of remuneration.

During the year, the remuneration committee held one meeting, in which it reviewed the Company's remuneration policies, its terms of service contracts, and the performance of executive directors and senior management. It reported that the compensation payable to each director and senior management was in accordance with contractual terms, and that such compensation was fair and not excessive.

For the year ended 31 December 2015, the remuneration of the senior management by band is set out below:

Remuneration band (RMB)	Number of person
0–500,000	0
500,001–1,000,000	1
1,000,001–1,500,000	7
1,500,001–2,000,000	0
2,000,001–2,500,000	0
2,500,001–3,000,000	0

Further particulars regarding the directors' emoluments and the five highest paid employees as required to be disclosed pursuant to Appendix 16 of the Listing Rules are set out in notes 31 and 44 to the financial statements.

The attendance records of individual committee members are set out below:

Committee members	Meetings attended/Total
Zheng Ercheng	1/1
Li Sze Lim	1/1
Huang Kaiwen (retired on 30 May 2015)	1/1
Ng Yau Wah, Daniel (appointed on 30 May 2015)	0/0

Nomination Committee

The nomination committee has been established with written terms of reference. The committee comprised three directors: Mr. Li Sze Lim, executive director, and two independent non-executive directors, Mr. Lai Ming, Joseph and Mr. Zheng Ercheng. Mr. Li Sze Lim is chairman of the committee.

The nomination committee is responsible for the formulation of nomination policy for the consideration of the Board and implements the policy approved by the Board. Specific responsibilities include, among others, review the structure, size and composition of the Board according to the Board diversity policy, identify and nominate candidates to fill causal vacancies of directors and make recommendation to the Board in respect of succession planning. The full terms of reference of the nomination committee are available on the websites of the Company and the Stock Exchange.

During the year, the nomination committee held one meeting, the attendance records of individual committee members are set out below:

Committee members	Meetings attended/Total
Li Sze Lim	1/1
Lai Ming, Joseph	1/1
Zheng Ercheng	1/1

During the year under review, the nomination committee had reviewed the structure, size and composition of the Board of the Company and considered the retirement and re-appointment of the director and supervisor in the Company's forthcoming general meeting.

CORPORATE GOVERNANCE FUNCTIONS

In the year, the Board had:

(a) developed and reviewed the Company's policies and practices on corporate governance;

(b) reviewed and monitored the training and continuous professional development of directors and senior management;

(c) reviewed and monitored the Company's policies and practices on compliance with legal and regulatory requirements;

(d) reviewed and monitored the code of conduct applicable to employees and directors; and

(e) reviewed the Company's compliance with the Code and disclosure in the Corporate Governance Report.

DIRECTORS' TRAINING

The Company would provide a comprehensive induction package to each newly appointed director to ensure that he/she has a proper understanding of the Group's operations and is sufficiently aware of his/her responsibilities and obligations under the relevant statues, laws, rules and regulations.

The directors are encouraged to participate in continuous professional development to develop and refresh their knowledge and skills. The company secretary/the joint company secretaries provides the directors with updates on latest changes and development in the Listing Rules, corporate governance practices and others relevant legal and regulatory requirements from time to time.

During the year, directors are provided with updates on the Company's performance and in-house training had been arranged. A summary of training of directors is as follow:

Name of Directors	Type of Continuous Professional Development: Training on corporate governance, regulatory development and other relevant topics	Type of Continuous Professional Development: Attending corporate events or visits
Executive Directors		
Li Sze Lim	√	√
Zhang Li	√	√
Zhou Yaonan	√	√
Lu Jing	√	√
Non-executive Directors		
Zhang Lin	√	√
Li Helen	√	√
Independent Non-executive Directors		
Huang Kaiwen (retired on 30 May 2015)	√	√
Lai Ming, Joseph	√	√
Zheng Ercheng	√	√
Ng Yau Wah, Daniel (appointed on 30 May 2015)	√	√

SUPERVISORY COMMITTEE

The supervisory committee of the Company consists of three members, including two supervisors who represent shareholders, Ms. Liang Yingmei and Mr. Zhao Xianglin, and one who represents employees, Mr. Chen Liangnuan. The supervisors effectively performed their supervisory duties relating to the Company's operations.

During the year, the supervisory committee held two meetings, the attendance records of individual committee members are set out below:

Committee members	Meetings attended/Total
Chen Liangnuan	2/2
Liang Yingmei	2/2
Zhao Xianglin	2/2

RE-ELECTION OF DIRECTOR AND SUPERVISOR

All directors and supervisors have entered into a service contract with the Company for a specific term of three years. All are subject once every three years to retirement from office by rotation and re-election at the general meeting, in accordance with the Articles of Association.

Ms. Zhang Lin, the non-executive director of the Company and Ms. Liang Yingmei, the supervisor of the Company will retire and offer themselves for re-election at the forthcoming 2016 second extraordinary general meeting.

SECURITIES TRANSACTIONS OF DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers ("the Model Code"), laid out in Appendix 10 to the Listing Rules, as the code of conduct for directors in any dealings in the Company's securities. The Company has made specific enquiries of each director, each of whom has confirmed their compliance with the Model Code during the financial year ended 31 December 2015.

AUDITOR'S REMUNERATION

PricewaterhouseCoopers is the Company's external auditor. During the year the firm had not been engaged to perform any other work that could have conflicted with its role as auditor of the Company or otherwise compromised its independence.

The audit committee has recommended to the Board, and the Board has accordingly agreed, to propose the reappointment of PricewaterhouseCoopers as the external auditor of the Group until the date of the next AGM, pending approval by shareholders at the forthcoming 2015 AGM. During the year, the total remuneration paid in respect of audit services and non-audit services was RMB5.9 million and RMB0.5 million respectively. Audit services include the review of financial information. Non-audit services mainly consisted of advisory, review and other reporting services.

INTERNAL CONTROL AND RISK MANAGEMENT SYSTEMS

The Board, with the assistance of the audit committee, is responsible for maintaining systems of internal control and risk management effectively to protect the Group's assets and its shareholders' interests. The Company's internal control and risk management systems are embedded within its various operational departments.

The systems are designed to manage rather than eliminate the risk of failure to achieve business objective, and can only provide reasonable and not absolute assurance against material misstatement or loss.

The Company has an internal audit function. The Group's system of internal control includes a well-established corporate structure and an organization with clearly defined lines of responsibility and authority, which are set out in writing in an operation manual where appropriate. Each department is responsible for its daily operations, and is required to implement the strategies and policies adopted by the Board. Each department has a responsibility to effectively use Company resources so as to avoid misappropriation or damage to assets, and to prevent errors and fraud. The Board has set up some independent monitoring departments to assist it to closely monitor the implementation of the Company's internal control system on an on-going basis and assessing their effectiveness. The scope of surveillance covers project development, tendering, sales and leasing, financial reporting, human resources and computer systems. The monitoring departments have not identified any material errors, frauds or non-compliance of the Group's policies and procedures based on its work during the year.

The Board, as a pivotal component of an effective risk governance framework, enhances its accountability with regard to risk management. A risk management system is well-established and will be implemented throughout the Group. The Board, with the assistance of audit committee, should collect the information from the reporting procedure of the risk management system, include discussions of risk and oversight of the management of those risks into the agenda of Board meetings.

The Board also takes an active role overseeing the Group's informatization process including the continuous improvement of various systems including enterprise resources planning ("ERP"), office automation ("OA/Portal"), business process management ("BPM"), business intelligence ("BI") and customer relationship management ("CRM"). Based on a strong foundation of highly effective control over key corporate resources such as capital and land, the Group currently focuses on further enhancing the operational control of other important resources (e.g. materials, manpower, customers and suppliers) and the further development of business process flow management and control platform for the control of project progress, costs, sales and finance. Through these efforts, management will be provided with timely, accurate, comprehensive and valuable data for decision making and enhancing the overall control environment of the Group.

The Board believes that the existing internal control and risk management systems are effective and adequate; and the resources, staff qualifications and experience, training programmes and budget of the Company's accounting, internal audit and financial reporting functions are adequate.

COMPANY SECRETARY

On 23 September 2015, Mr. Chow Oi Wah, Fergus stepped down from his position of company secretary of the Company. Mr. Lee Michael has taken up the vacancy, jointly with Mr. Cheung Sze Yin, as the joint company secretaries of the Company with effect from the same date.

The company secretary/the joint company secretaries is/are a full time employee of the Company and has/have day-to-day knowledge of the Company's affairs. For the year under review, the company secretary/the joint company secretaries has/have confirmed that each of them has undertaken enough hours of relevant professional training.

SHAREHOLDERS' RIGHTS

The proceedings of the AGM are reviewed periodically to ensure that shareholders' rights are maintained. Notice of the AGM, setting out details of each proposed resolution, voting procedures and other relevant information, is sent to all shareholders at least 30 days prior to the date of the meeting.

Vote of shareholders at general meeting will be taken by poll in accordance with the Listing Rules, unless otherwise required and permitted. Detailed procedures for conducting a poll will be explained to the shareholders at the inception of general meeting to ensure that shareholders are familiar with such voting procedures. Separate resolution will be proposed by the chairman of general meeting in respect of each substantial issue. The poll results will be posted on the websites of the Company and the Stock Exchange on the same business day of the general meeting.

Pursuant to the Articles of Association, an extraordinary general meeting and class meeting can be convened on the requisition of any two or more members holding in aggregate ten percent or more of the paid up capital of the Company carrying the right of voting at such meeting of the Company. Such requisition must be in writing and the Board will follow up to convene such meeting within 30 days.

According to the Articles of Association of the Company, shareholders solely or collectively holding more than 3% of the shares of the Company may submit in writing interim proposal to the convenor ten (10) days before the date of the convening of the shareholders' general meeting.

The convenor shall, within two (2) days upon receipt of such proposals, review the proposals and serve a supplementary notice of the shareholders' general meeting to announce the content of the interim proposals.

Procedures in relation to the nomination of directors by shareholders have been published on the website of the Company.

INVESTOR AND SHAREHOLDER RELATIONS

The Company aims to maintain amicable relationships with its shareholders and investors, and to enhance the transparency of its business operations. It disseminates information about its business operations to investors and shareholders in a timely manner using a variety of channels and methods. In addition to publishing interim and annual reports, the Company occasionally meets with analysts and holds press conferences. Enquiries and suggestions from shareholders, investors, media and the general public are followed up by executive directors or appropriate management staff. The corporate website is another channel through which the Company provides up-to-date information.

The AGM also serves as an important channel of communication between directors and shareholders. The chairman personally chairs the AGM to ensure shareholders' views are communicated to the Board. During the AGM, the chairman of the Board and its committees are present to answer any queries from shareholders. External auditors are also invited to attend the AGM to answer questions about the conduct of the audit, the preparation and content of the auditors' report, the accounting policies and auditor independence.

The Company takes every precaution in its handling of price-sensitive information. The Company has implement a set of guidelines formally adopted by the Board on 20 March 2014 which aims to prevent inadvertent or selective dissemination of inside information and above all, to ensure compliance of the Securities and Future Ordinance in relation to the disclosure of inside information.

GENERAL MEETINGS

In 2015, the Company held three general meetings, including the 2014 annual general meeting ("AGM"), the first and second extraordinary general meetings for 2015.

Attendance of the directors at the general meetings is set out below:

Name of Directors	AGM	The First Extraordinary General Meeting	The Second Extraordinary General Meeting
Executive Directors			
Li Sze Lim	√	√	√
Zhang Li	√	√	√
Zhou Yaonan	√	√	√
Lu Jing	√	√	√
Non-executive Directors			
Zhang Lin	√	√	√
Li Helen	—	√	—
Independent Non-executive Directors			
Huang Kaiwen (retired on 30 May 2015)	—	N/A	N/A
Lai Ming, Joseph	√	√	√
Zheng Ercheng	√	√	√
Ng Yau Wah, Daniel (appointed on 30 May 2015)	N/A	√	—

PROCEDURES FOR DIRECTING SHAREHOLDERS' ENQUIRIES TO THE BOARD

Shareholders may at any time send their enquiries and concerns to the Board in writing through the company secretary which contact details are as follows:

Company Secretary
Guangzhou R&F Properties Co., Ltd.
Room 1103, Yue Xiu Building,
160–174 Lockhart Road, Wanchai, Hong Kong
Telephone: (852) 2511 6675
Fax: (852) 2511 9087

CONSTITUTIONAL DOCUMENTS

During the year, there is no change on the Articles of Association of the Company.

Report of the Directors

The directors are pleased to submit their report, together with the audited financial statements of the Group, for the year ended 31 December 2015. The audited financial statements were approved by the directors on 11 March 2016.

PRINCIPAL ACTIVITIES

The Group's principal activity is the development of quality residential and commercial properties for sale mainly in China, and its target customers are members of China's large and growing middle class. The Group also develops hotels, office buildings and shopping malls in Beijing, Guangzhou and other cities, which are held as investment properties.

An analysis of the Group's turnover and total assets during the financial year, by business segment, is set out in note 5 to the financial statements.

A list of principal subsidiaries, joint ventures and associated companies, together with their places of operation and incorporation, their issued capital and registered capital, is set out in notes 10, 11 and 12 to the financial statements.

RESULTS

The profit of the Group for the year ended 31 December 2015 and the state of affairs of the Company and of the Group as at that date are set out in the financial statements on pages 67 to 156 of this annual report.

FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the last five years is set out on page 158 of this annual report. The summary of results is for comparative purposes only, and does not form an integral part of the audited financial statements.

MANAGEMENT DISCUSSION AND ANALYSIS

Details of the management discussion and analysis during the year are set out on pages 16 to 41 of this report and the paragraphs below.

Policy Risk

The property industry is an important pillar of overall national economic development and the industry as a whole is more susceptible to the impact of macro-economic and industrial policies. With the slowdown in growth of the property industry since 2014, there have also been signs of these austerity measure easing, as implementations of policies such as classified regulation and by varying measures for different regions have been seen. Subsequently, purchase restrictions in certain regions have been cancelled and conditions for loans for the first property purchase have also been adjusted. In late March 2015, a number of ministries and ministerial commissions announced policies to lower the ratio for housing provident fund loans for the first property purchase and the down-payment ratio for the second property purchase, and to shorten the duration for the charge or exemption of business tax on the amount of difference in property transactions in the secondary market from 5 years to 2 years.

At the Third Plenum of the Central Committee of the 18th Party Congress of the Chinese Communist Party, it was emphasised that "the market should be the decisive factor in the allocation of resources". Currently, the priority of the government is to maintain the stable and healthy development of the property market. Guided by the general principle of stable housing consumption, the policy of differentiated guidance is firmly adhered to in support of the voluntary and upgrade demand of residents. Driven by government policies, the property industry has generally enjoyed a stable development. Nevertheless, the property industry is always subject to cyclical fluctuations, while uncertainties will remain in the direction of future policies. If the Company is unable to proactively adapt itself to changes in regulatory policies, and improve its risk control, business management standards on an ongoing basis and formulate reasonable business strategies, the operations and results of the Company might be adversely affected.

Business Risk

Property project development comprises multiple phases which include site selection, land acquisition, planning, design, construction, sales and after-sales service. Project development typically requires long turnover periods, significant financial investments and interaction with numerous parties. It is subject to approval and supervision by a number of government authorities, such as authorities for the administration of land and resources, housing and urban-rural development, fire prevention and environmental protection, and will also be affected by factors such as market conditions.

In recent years, the government has announced policies containing more stringent approval requirements for land transactions, housing layout planning, and application for construction permits and sales permits, etc. This may result in longer turnover periods for the Company's property development and sales. Our development costs and development risks will be increased as a consequence and our operating results will be adversely affected.

As a property development company, if we are unable to obtain land required by our project development in a timely manner, our production operations will be forced into suspension.

At present, the transfer of land sites for development and construction in China is conducted through the "tender, auction and listing" system of transfer in the public market. Property development companies face intense competition in land acquisition. If the Company is unable to acquire land sites required for project development in a timely manner and maintain a dynamic land bank required for ongoing development, the Company's development will be restrained and the continuous growth in the Company's revenue and operating results will be affected as a result.

Market Risk

The property sector of China has experienced rapid development for nearly 20 years.

As the growth rate of the industry becomes stabilised, the industry will face the risk of declining long-term potential demands. If the Company is unable to maintain or further enhance its market competitiveness under this context and distinguish itself from its competition to secure larger market shares, the ongoing development of its property development and sales business will face challenges.

From 2013 to 2015, the Company had been expanding its property development business in Malaysia and Australia, and its overseas projects had yet to generate significant revenue.

If the Company is unable to optimise and adjust its business strategies in line with the political, legal and market developments in Malaysia, Australia and other overseas regions for its intended future expansion, the Company's operating results and market reputation in the overseas market will be directly affected.

In addition, the overseas business of the Company is primarily settled in foreign currencies, and changes in RMB exchange rates will be subject to a number of factors, such as changes in the political and economic conditions in China and elsewhere. This might result in exchange losses for the Company and affect the assets and business revenue of the Company denominated in RMB.

Financial Risk

The Company raises funds mainly through internal resources, bank borrowings and debt issues in the capital markets. Restrictions in access to bank borrowings, funds derived from internal resources and revenue from presales/sales of commodity housing falling short of project construction requirements, or inability to issue debt in the capital markets will affect the property project development plans of the Company and hence the business development of the Company, while also adversely affecting the stability of the Company's financial conditions. In order to maintain financial flexibility, the Company has completed a consent solicitation process with respect to offshore borrowings to modify certain terms and conditions on 19 April 2016.

If significant volatility occurs in the sales market or financial market and the funding sources of the Company are not sufficiently covered, the Company's ability to repay debts when due will be directly affected.

As a PRC property development and investment company listed in the Main Board of the Stock Exchange, R&F shall comply with the relevant rules and regulations of both of the PRC and Hong Kong.

For maintaining the property development and investment business in Mainland China, R&F shall comply with nation policy set out by the PRC Government as mentioned in the "Policy Risk" above.

On the corporate level, the Group complies with the requirements under the Companies Ordinance in Hong Kong and PRC, the Listing Rules and the Securities and Futures Ordinance (the "SFO") for, among other things, the disclosure of information and corporate governance, and the Group has adopted the Model Code.

INTERIM DIVIDEND

The Board declared an interim dividend for the six months ended 30 June 2015 of RMB0.3 per share, or a Hong Kong dollar equivalent of HK$0.363609 per share.

FINAL DIVIDEND

The Board has proposed a final dividend for 2015 at RMB0.9 per share. The proposed final dividend, if approved by the shareholders at the AGM on 27 June 2016, will be paid to shareholders (including domestic shares and H shares), whose names appear on the register of members on Friday, 8 July 2016. The proposed final dividend has not been reflected in the financial statements as at 31 December 2015. Dividends on H shares are also subject to withholding of PRC enterprise income tax.

According to the Articles of Association of the Company, dividend payable to shareholders shall be calculated and declared in RMB. Dividends payable to holders of the Company's domestic shares shall be paid in RMB, whereas dividends payable to holders of the Company's H shares shall be in Hong Kong Dollars. The exchange rate to be adopted shall be the average closing rate of the five business days preceding the date of declaration of dividend as announced by the People's Bank of China.

According to the Enterprise Income Tax Law of the PRC (中華人民共和國企業所得稅法) and its implementation regulations (the "EIT Law"), the tax rate of the enterprise income tax applicable to the income of a non-resident enterprise deriving from the PRC is 10%. For this purpose, any H shares registered under the name of non-individual enterprise, including the H shares registered under the name of HKSCC Nominees Limited, other nominees or trustees, or other organizations or entities, shall be deemed as shares held by non-resident enterprise shareholders (as defined under the EIT Law). The Company will distribute the dividend to those non-resident enterprise shareholders subject to a deduction of 10% enterprise income tax withheld and paid by the Company on their behalf.

Any resident enterprise (as defined under the EIT Law) which has been legally incorporated in the PRC or which was established pursuant to the laws of foreign countries (regions) but has established effective administrative entities in the PRC, and whose name appears on the Company's H share register should deliver a legal opinion ascertaining its status as a resident enterprise furnished by a qualified PRC lawyer (with the official chop of the law firm issuing the opinion affixed thereon) and relevant documents to Computershare Hong Kong Investor Services Limited in due course, if they do not wish to have the 10% enterprise income tax withheld and paid on their behalf by the Company.

Pursuant to the Notice on the Issues on Levy of Individual Income Tax after the Abolishment of Guoshuifa (1993) No. 045 Document (關於國稅發(1993)045號文件廢止後有關個人所得稅徵管問題的通知) (the "Notice") issued by the State Administration of Taxation on 28 June 2011, the dividend to be distributed by the PRC non-foreign invested enterprise which has issued shares in Hong Kong to the overseas resident individual shareholders, is subject to the individual income tax with a tax rate of 10% in general.

However, the tax rates for respective overseas resident individual shareholders may vary depending on the relevant tax agreements between the countries of their residence and Mainland China. Thus, 10% individual income tax will be withheld from the dividend payable to any individual shareholders of H shares whose names appear on the H share register of members of the Company on the record date, unless otherwise stated in the relevant taxation regulations, tax treaties or the Notice.

PROFIT DISTRIBUTION TO INVESTORS OF SOUTHBOUND TRADING

For investors of the Shanghai Stock Exchange (including enterprises and individuals) investing in the H shares of the Company listed on the Hong Kong Stock Exchange (the "Southbound Trading"), the Company has entered into the Agreement on Distribution of Cash Dividends of H shares for Southbound Trading (港股通H股股票現金紅利派發協議) with the Shanghai Branch of China Securities Depository and Clearing Corporation Limited ("China Securities"), pursuant to which, China Securities, as the nominee of the holders of H shares for Southbound Trading, will receive all cash dividends distributed by the Company and distribute the cash dividends to the relevant investors of H shares of Southbound Trading through its depositary and clearing system. The cash dividends for the investors of H shares of Southbound Trading will be paid in RMB. Pursuant to the relevant requirements under the Notice on the Tax Policies Related to the Pilot Program of the Shanghai-Hong Kong Stock Connect (關於滬港股票市場交易互聯互通機制試點有關稅收政策的通知) (Caishui [2014] No. 81), for dividends received by domestic investors from investing in H shares listed on the Hong Kong Stock Exchange through Shanghai-Hong Kong Stock Connect, the company of such H shares shall withhold and pay individual income tax at the rate of 20% on behalf of the investors. For dividends received by domestic securities investment funds from investing in H shares listed on the Hong Kong Stock Exchange through Shanghai-Hong Kong Stock Connect, the tax payable shall be the same as that for individual investors. The company of such H shares will not withhold and pay the income tax of dividends for domestic enterprise investors and those domestic enterprise investors shall report and pay the relevant tax themselves.

CLOSURE OF REGISTER OF MEMBERS FOR THE ENTITLEMENT OF DIVIDEND

Upon obtaining approval of the shareholders at the AGM, the final dividends will be payable to shareholders whose names appear on the H Share register of members of the Company as at the close of business on Friday, 8 July 2016. The payment date of the final dividend will be further announced. The H Share register of members of the Company will be closed from Monday, 4 July 2016 to Friday, 8 July 2016, both days inclusive, during which period no transfer of H shares will be registered. In order for H shareholders to qualify for the proposed final dividends, all the share transfer documents must be lodged with the Company's H 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, no later than 4:30 p.m. on Thursday, 30 June 2016.

AGM AND CLOSURE OF REGISTER OF MEMBERS FOR THE ENTITLEMENT OF ATTENDING AGM

The 2015 AGM of the Company will be held on Monday, 27 June 2016 and the notice of AGM will be published and dispatched in the manner as required by the Listing Rules.

For the purpose of determining shareholders who are entitled to attend and vote at the AGM to be held on Monday, 27 June 2016, the register of members of the Company will be closed from Friday, 27 May 2016 to Monday, 27 June 2016, both days inclusive. In order for the shareholders to qualify for attending and voting at the AGM, all transfer documents should be lodged for registration with the Company's H 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 Thursday, 26 May 2016.

PURCHASE, REDEMPTION OR SALES OF LISTED SECURITIES OF THE COMPANY

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

DISCLOSURE PURSUANT TO RULE 13.21 OF THE LISTING RULES

The following two loan agreements include a condition imposing specific performance obligations on Mr. Li Sze Lim ("Mr. Li"), a controlling shareholder of the Company who is interested in approximately 33.52% of the issued share capital of the Company as at 31 December 2015:

1. An agreement for a bank loan of RMB1.0 billion dated 21 May 2013 entered into by Tianjin Jinnan Xincheng Real Estate Development Co., Ltd. (天津津南新城房地產開發有限公司), owned as to 25% by the Group. This loan will be fully repaid in May 2016.

2. An agreement for a bank loan of HK$2.7 billion dated 10 October 2013 entered into by Charm Talent Limited, owned as to 25% by the Group. This loan will be fully repaid in October 2016.

For each of the above loans, it will be an event of default in the event that Mr. Li ceases to hold directly or indirectly an aggregate beneficial ownership of not less than 30% in the shares of and interests in the Company and in such event (amongst other things), the loan agreements may be terminated by the lenders and the loans may become immediately due and repayable.

MAJOR SUPPLIERS AND CUSTOMERS

During the year, the percentage of purchases attributable to the Group's five largest suppliers combined was less than 30% of the Group's total purchase. The percentage of turnover attributable to the Group's five largest customers combined was less than 30% of the Group's total turnover.

DONATIONS

During the year, the total amount of charitable donations made by the Group was approximately RMB2.44 million (2014: RMB15.34 million).

PROPERTY, PLANT AND EQUIPMENT AND INVESTMENT PROPERTIES

The detailed changes in property, plant and equipment, and investment properties of the Group for the year are set out in notes 7 and 8 to the financial statements, respectively.

PROPERTIES UNDER DEVELOPMENT

Details of the properties under development of the Group during the year are set out in note 15 to the financial statements.

COMPLETED PROPERTIES HELD FOR SALE

Details of the completed properties held for sale of the Group during the year are set out in note 16 to the financial statements.

BANK BORROWINGS

Particulars of the bank borrowings of the Group as at 31 December 2015 are set out in note 26 to the financial statements.

PERMITTED INDEMNITY PROVISIONS

At no time during the financial year and up to the date of this Director's Report, there was or is, any permitted indemnity provision being in force for the benefit of any of the directors of the Company or an associated company.

MANAGEMENT CONTRACTS

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

CAPITALIZED BORROWING COSTS

Borrowing costs capitalized by the Group during the year amounted to approximately RMB5,076 million (2014: approximately RMB4,886 million).

MAJOR PROPERTIES

Major properties of the Group as at 31 December 2015 are set out on pages 159 to 166 of this annual report.

SHARE PREMIUM AND RESERVES

Movements in the share premium and reserves of the Company during the year up to 31 December 2015 are set out in note 22 to the financial statements.

DISTRIBUTABLE RESERVES

In accordance with the Articles of Association, distribution of dividends should be made out of distributable reserves, this being the lower amount either as determined under China Accounting Standard for Business Enterprises ("CAS") or as determined under the Hong Kong Financial Reporting Standards ("HKFRS"). As at 31 December 2015, the Company's distributable reserves were approximately RMB3.677 billion, being the smaller of the distributable reserves as determined under CAS and HKFRS.

SHARE CAPITAL

Details of movements in the share capital of the Company during the year up to 31 December 2015 are set out in the statement of changes in equity on pages 71 to 72 of this annual report.

DIRECTORS AND SUPERVISORS

The directors of the Company during the year were:

Executive Directors
Mr. Li Sze Lim
Mr. Zhang Li
Mr. Zhou Yaonan
Mr. Lu Jing

Non-executive Directors
Ms. Zhang Lin
Ms. Li Helen

Independent Non-executive Directors
Mr. Huang Kaiwen (retired on 30 May 2015)
Mr. Lai Ming, Joseph
Mr. Zheng Ercheng
Mr. Ng Yau Wah, Daniel (appointed on 30 May 2015)

Supervisors
Mr. Chen Liangnuan
Ms. Liang Yingmei
Mr. Zhao Xianglin

The Company has received confirmation from each of the independent non-executive directors of their independence and considered all independent non-executive directors to be independent of the Company.

In accordance with the Articles of Association of the Company, Ms. Zhang Lin, the non-executive director of the Company and Ms. Liang Yingmei, the supervisor of the Company, retire by rotation in the forthcoming general meeting and, being eligible, offer themselves for re-appointment.

DIRECTORS', SUPERVISORS' AND SENIOR MANAGEMENT'S BIOGRAPHICAL DETAILS

Biographical details of the directors and supervisors of the Company and the senior management of the Group are set out on pages 61 to 64 of the annual report.

CHANGES IN INFORMATION OF DIRECTORS

Pursuant to Rule 13.51(B) of the Listing Rules, there are changes in the information required to be disclosed pursuant to paragraph (a) to (e) and (g) of Rule 13.51(2) of the Listing Rules during the course of the directors' term of office. The changes of information on directors are as follows:

(1) Mr. Huang Kaiwen retired as an independent non-executive director of the Company and a member of the remuneration committee on 30 May 2015.

(2) Mr. Ng Yau Wah, Daniel was appointed as an independent non-executive director of the Company and a member of the remuneration committee on 30 May 2015.

(3) The director's fee of Mr. Lai Ming, Joseph, independent non-executive director of the Company, was increase from HKD372,000 to HKD396,000 annually with effect from 1 January 2016.

(4) The directors' fee of Ms. Zhang Lin and Ms. Li Helen, the non-executive directors of the Company, were increase from HKD468,000 to HKD492,000 annually with effect from 1 January 2016.

DIRECTORS' AND SUPERVISORS' SERVICE CONTRACTS

Each of the directors and supervisors of the Company has entered into a service contract with the Company for a term of three years. None of the directors or supervisors has entered into any service contract with the Company or any of its subsidiaries, which is not terminable by the Group within one year without payment of compensation (other than statutory compensation).

DIRECTORS' AND SUPERVISORS' INTERESTS IN CONTRACTS

No contract of significance to which the Company or any of its subsidiaries or joint ventures was a party, and in which a director or a supervisor of the Company was materially interested, whether directly or indirectly, subsisted at any time during the year or as at 31 December 2015.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

During the year, the following directors had interests in the following businesses which are considered to compete or be likely to compete, either directly or indirectly, with the business of the Group, (other than those businesses where the directors were appointed as director of the businesses concerned to represent the interests of the Company/Group):

	Businesses which are considered to compete or be likely to compete, either directly or indirectly, with the business of the Group		
Name of Director	**Name of Entity**	**Description of Business**	**Nature of the interest of the director in the entity**
Li Sze Lim	Beijing Fushengli Investment Consulting Co., Ltd. ("Fushengli")	Owns an office building in Beijing for rental income	Shareholder
Zhang Li	Fushengli	Owns an office building in Beijing for rental income	Shareholder

Mr. Li Sze Lim and Mr. Zhang Li have confirmed that Fushengli has no intention of engaging in any business (save as disclosed) which competes or is likely to compete with the Group. The Company's directors are of the view that the Company is capable of carrying on its business independently of Fushengli.

DIRECTORS', CHIEF EXECUTIVE'S AND SUPERVISORS' INTERESTS AND SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES AND DEBENTURES OF THE COMPANY

As at 31 December 2015, the beneficial interests and short positions of the directors, chief executive and supervisors of the Company and any of the associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong ("SFO")), which are required to be (i) notified to the Company and the Stock Exchange pursuant to Division 7 and 8 of Part XV of the SFO; or (ii) entered into the register required to be kept by the Company under Section 352 of Part XV of the SFO; or (iii) notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transaction by Directors of Listed Issuers, were as follows:

(a) Long positions in the shares, underlying shares and debentures of the Company as at 31 December 2015 were as follows:

		Number of Shares				
Director/Supervisor	**Class of Shares**	**Personal**	**Spouse or child under 18**	**Corporate Interest**	**Total number of shares held at the end of the period**	**Approximate Percentage of interests in the total Share Capital [Note]**
Li Sze Lim	Domestic share	1,045,092,672				
	H share	30,000,000	5,000,000		1,080,092,672	33.52%
Zhang Li	Domestic share	1,005,092,672	20,000,000			
	H share	6,632,800			1,031,725,472	32.02%
Lu Jing	Domestic share	35,078,352			35,078,352	1.09%
Zhou Yaonan	Domestic share	22,922,624			22,922,624	0.71%
Li Helen	H share	1,003,600			1,003,600	0.03%
Zheng Ercheng	H share	260,280			260,280	0.008%
Ng Yau Wah, Daniel	H share	22,588,000			22,588,000	0.7%
Chen Liangnuan	Domestic share	20,000,000			20,000,000	0.62%

Note:

The Company's total number of issued shares as at 31 December 2015 was 3,222,367,344 of which 2,207,108,944 shares are domestic shares held by domestic shareholders, accounting for 68.49% of the total share capital of the Company and 1,015,258,400 shares were held by the holders of H shares, accounting for 31.51% of the total share capital of the Company.

(b) Long positions in the shares, underlying shares and debentures of the Company's associated corporations (within the meaning of Part XV of the SFO):

Director	Name of associated corporation	Type	No. of shares	Percentage of total issued capital
Li Sze Lim	Guangzhou Tianfu Property Development Co., Ltd. (Note 1)	Corporate	N/A	7.5%
	Fushengli (Note 2)	Corporate	N/A	35.0%
Zhang Li	Guangzhou Tianfu Property Development Co., Ltd. (Note 1)	Corporate	N/A	7.5%
	Fushengli (Note 2)	Corporate	N/A	35.0%

Notes:

1. Guangzhou Tianfu Property Development Co., Ltd. is 15% and 85% owned by Century Land Properties Limited and the Company respectively. Century Land Properties Limited is beneficially owned by Mr. Li Sze Lim and Mr. Zhang Li at 50% each.

2. Fushengli is 70% and 30% owned by Well Bright International Limited and Guangzhou Tianli Construction Co., Ltd. respectively. Guangzhou Tianli Construction Co., Ltd. is a subsidiary of the Company. Well Bright International Limited is beneficially owned by Mr. Li Sze Lim and Mr. Zhang Li at 50% each.

Save as disclosed above, as at 31 December 2015, none of the directors, chief executive or supervisors of the Company or their associated had any interests or short positions in the shares, underlying shares or debentures of the Company or its associates corporations (within the meaning of Part XV of the SFO) as recorded in the register maintained by the Company under section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code.

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY

As at 31 December 2015, so far as the directors are aware, only the following persons (other than the directors, supervisors and chief executive officer of the Company) held 5% or more beneficial interests or short positions in the shares and underlying shares of the Company which would be required to be disclosed to the Company under division 2 and 3 of Part XV of the SFO, as recorded in the register as required to be kept under section 336 of the SFO.

Name of shareholder	Type of share	Number of shares [1]	Approximate Percentage of interests in H shares [2]
BlackRock, Inc.	H share	128,824,435(L)	12.69%
		1,132,400(S)	0.11%
BlackRock Global Funds	H share	54,573,600(L)	5.38%
Commonwealth Bank of Australia	H share	53,233,212(L)	5.24%
		5,067,768(S)	0.49%
Lehman Brothers Holdings Inc.	H share	51,049,240(L)	5.03%
		67,663,183(S)	6.66%

Notes:

1. The letters "L", "S" and "P" respectively denote a long position, short position and lending pool in the shares.

2. 1,015,258,400 shares were held by the holders of H shares, accounting for 31.51% of the total share capital of the Company.

Save as disclosed above, as at 31 December 2015, no other persons' (other than the directors', chief executive's and supervisors') interests and short positions in the shares and underlying shares of the Company as recorded in the register required to be kept by the Company under section 336 of the SFO.

SHARE OPTION SCHEME

The Group did not adopt any share option scheme during the year.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Articles of Association or the laws of the PRC which would oblige the Company to offer new shares on a pro rata basis to existing shareholders.

FINANCIAL ASSISTANCE AND GUARANTEE TO AFFILIATED COMPANIES

The Company has not provided any financial assistance to or guarantee for facilities granted to affiliated companies (within the definition under chapter 13 of the Listing Rules) which together in aggregate would exceed the relevant percentage of 8%, requiring disclosure under the Listing Rules.

CONNECTED TRANSACTIONS

During the year ended 31 December 2015, the Group entered into transactions with related parties as disclosed in note 41 "Significant related-party transactions" to the consolidated financial statements. These related-party transactions included the following transactions which constituted connected transactions under the Listing Rules but exempted from the reporting, announcement and independent shareholders' approval requirements pursuant to Rule 14A.31 of the Listing Rules:

1. Lease of property and provision of property management services to Guangzhou Golden Shell Investment Co., Ltd. (廣州金貝殼投資有限公司);

2. Purchase of environment drinking water system from Guangzhou Canton-Rich Environment Inc.; and

3. Purchase of installation services from 廣州鉅融機電工程有限公司 (formerly named 廣州恒量機電工程有限公司).

Save for the above exempted connected transactions, there were no other connected transactions in the year.

POST BALANCE SHEET EVENTS

(a) Business combination

On 5 February 2016, the Group completed an acquisition of 100% equity interest in Huizhou Golden Swan Hot Spring Co. Ltd. from Mr. Li Sze Lim and Mr. Zhang Li at a consideration of RMB530,000,000.

(b) Borrowings

On 13 January 2016 and 26 January 2016, the Company issued 60,000,000 and 36,000,000 domestic corporate bonds with aggregate principal amounts of RMB6.0 billion and RMB3.6 billion respectively in the PRC (the "Bonds"). The Bonds will mature after five years from the date of issue.

SUFFICIENCY OF PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the directors of the Company, as at the date of this annual report, the Company has maintained the prescribed public float under the Listing Rules.

AUDITOR

The financial statements of the Group have been audited by PricewaterhouseCoopers and it has indicated its willingness to be continuously in office. A resolution will be proposed by the Board at the AGM to re-appoint the firm as the auditor of the Company until the close of the next AGM.

By order of the Board
Li Sze Lim
Chairman

Guangzhou, China
19 April 2016

Report of the Supervisory Committee

Dear Shareholders,

During 2015, the Supervisory Committee (the "Committee") carried out its supervisory duties conscientiously and diligently to protect the interests of shareholders, in accordance with PRC Company Law and the Company's Articles of Association.

The Committee consists of three members: Mr. Chen Liangnuan, who was elected from amongst the Company's employees; and Ms. Liang Yingmei and Mr. Zhao Xianglin, both independent supervisors representing shareholders' interests. A member of the Committee attended the meeting of the Board at which the Company's final 2015 results were approved, and will also attend the upcoming 2015 AGM.

Throughout the year, members of the Committee monitored the performance of the Company's directors and senior management, and reviewed all material policies formulated and important decisions taken. The Committee considers that the directors and senior management have conducted the Company's business diligently and honestly with the aim of advancing its stated corporate goals, and that they have acted in the best interests of the Company and its shareholders and in compliance with the laws and regulations of the PRC and the Company's Articles of Association.

The Committee has reviewed the financial statements for the year ended 31 December 2015, prepared in accordance with Hong Kong Financial Reporting Standards and audited by the Company's auditor, PricewaterhouseCoopers. The Committee has also reviewed the report of the directors and the profit appropriation proposal to be presented by the Board at the forthcoming 2015 AGM. The Committee considers that the financial statements reflect a true and fair view of the Company's financial position and the results of its operations, and that they comply with all regulations applicable to the Company.

The Committee is satisfied with the business performance and achievement of the Company in 2015, and has great confidence in its future.

By order of the Supervisory Committee
Chen Liangnuan
Convenor

Guangzhou, China
11 March 2016

Directors, Supervisors and Senior Management

EXECUTIVE DIRECTORS

Li Sze Lim (李思廉), JP, aged 59, is the Chairman of the Company

Mr. Li is the founder of the Group, the Chairman of the Company, an executive director, a member of the remuneration committee and the chairman of the nomination committee of the Company. He is responsible for the strategic direction of the Group and also specially responsible for the sales and financial management function. Mr. Li obtained his bachelor degree in mathematics in 1978 from the Chinese University of Hong Kong and was a merchant when starting his career in the real estate business in 1993. In August 1994, Mr. Li Sze Lim and Mr. Zhang Li together founded the Company. Mr. Li owns over 20 years of experience in real estate development and investment. Mr. Li is the chairman of the Council of Guangdong Chamber of Real Estate, the president of China Real Estate Developers and Investors Association, the vice chairman of the Board and the chairman of the supervisory board of New Home Association and a part-time professor of Jinan University. Mr. Li is the brother of Ms. Li Helen who is a non-executive director of the Company. Save as disclosed above, Mr. Li is also a director of certain subsidiaries incorporated in the British Virgin Islands (the "BVI"), the PRC and Hong Kong; and a director of all subsidiaries incorporated in Malaysia and Singapore.

Zhang Li (張力) aged 64, is the Co-chairman and Chief Executive Officer of the Company

Mr. Zhang is the founder of the Group, the Co-chairman of the Company, an executive director and chief executive officer. He is responsible for land acquisition, construction development, cost control and managing daily operations. Mr. Zhang started his career in the construction and renovation business. Prior to joining the Group, he was the Secretary of Youth League Committee of Guangzhou 2nd Light Industry Bureau and the Head of production department of Guangzhou Baiyun District Township Enterprise Administration. In 1993, Mr. Zhang began to engage in real estate development and in August 1994, together with Mr. Li Sze Lim, founded the Company. Mr Zhang owns over 20 years of experience in real estate development and investment. Mr. Zhang is also chairman and executive director of Kinetic Mines and Energy Limited (Stock code: 1277). Mr. Zhang is a member of the 11th and 12th National Committee of the Chinese People's Political Consultative Conference, the chairman of China Real Estate Chamber of Commerce and a part-time professor of Jinan University. Mr. Zhang is the brother of Ms. Zhang Lin who is a non-executive director of the Company. Save as disclosed above, Mr. Zhang is also a director of certain subsidiaries incorporated in the BVI the PRC and Australia; and a director of two subsidiaries incorporated in Hong Kong.

Zhou Yaonan (周耀南) aged 62, is an Executive Director of the Company and Deputy Vice President

Mr. Zhou is primarily responsible for coordinating and monitoring the construction and development of property projects and project management. Mr. Zhou graduated from South China Normal University with a bachelor's degree. He was appointed as a deputy general manager when he joined the Group in October 1995 and was made general manager in 2005. He was elected as an executive director of the Board of the Company in October 2001 and appointed as a deputy vice president in September 2008. He is currently an executive director and deputy vice president of the Company. Prior to joining the Group, he held various teaching and administrative positions with a number of middle schools in Guangzhou. Save as disclosed above, Mr. Zhou is also a director of certain subsidiaries incorporated in the PRC.

Lu Jing (呂勁) aged 56, is an Executive Director of the Company

Mr. Lu graduated from the Guangdong University of Mining in 1982 with a bachelor's degree in industrial automation. He has also been awarded an EMBA degree from Peking University. Mr. Lu has been with the Company since the formation of Tianli Properties Development Co., Ltd. in August 1994, and has been serving as deputy general manager of the Company since then. He was elected as an executive director of the Board of the Company in October 2001. Mr. Lu was appointed as a general manager of the subsidiaries, Beijing R&F Properties Development Co., Ltd. and R&F (Beijing) Properties Development Co., Ltd. and was appointed as a vice director of Shanghai R&F Properties Development Co., Ltd. Prior to joining the Group, Mr. Lu was deputy manager of a pharmaceutical factory in Guangzhou. Save as disclosed above, Mr. Lu is also a director of three subsidiaries incorporated In the PRC and all subsidiaries incorporated in Australia.

Directors, Supervisors and Senior Management

NON-EXECUTIVE DIRECTORS

Zhang Lin (張琳) aged 67

Ms. Zhang is a non-executive director of the Company. Ms. Zhang graduated from the South China University of Technology having majored in electrical engineering. Ms. Zhang served as a lecturer at the South China University of Technology from 1982 to 1993 and as an associate professor in the Engineering Training Centre from 1993 to 2003, teaching electrical and electronic engineering technology. Ms. Zhang is the sister of Mr. Zhang Li.

Ms. Zhang is also a non-executive director of Kinetic Mines and Energy Limited, a company listed on the Hong Kong Stock Exchange.

Li Helen (李海倫) aged 65

Ms. Li is a non-executive director and a member of the audit committee of the Company. Ms. Li has over 25 years of experience in international trade and has held various senior executive positions with several international companies. From 1986 to 1987, she was the managing director of Sunrise Knitwear Ltd., a knitwear manufacturing company in Hong Kong and a subsidiary of Hong Kong Sales Knitwear Ltd. From 1988 to 2005, she was the president of Great Seas Marketing Inc., a Canadian garment wholesale and distribution company. Ms. Li is the sister of Mr. Li Sze Lim.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Lai Ming, Joseph (黎明) aged 71

Mr. Lai is an independent non-executive director, the chairman of audit committee and a member of nomination committee of the Company. Mr. Lai is a fellow member of the Hong Kong Institute of Certified Public Accountants ("HKICPA"), C.P.A. (Australia), the Chartered Institute of Management Accountants ("CIMA") and the HK Institute of Directors. He co-founded the Hong Kong Centre of CIMA and was its president from 1974 to 1975 and from 1979 to 1980. He was the president of the HKICPA in 1986. Mr. Lai became an independent non-executive director of the Company in May 2005 and has been chairman of the audit committee since then.

Until his retirement in 2004, Mr. Lai served several Hong Kong listed companies in key management positions with particular emphasis on corporate finance and organization and management information. He is an independent non-executive director of Jolimark Holdings Limited and Country Garden Holdings Company Limited, both of which are companies whose shares are listed on the Stock Exchange of Hong Kong Limited. He is also an independent non-executive director of Nan Fung Group Holdings Limited.

Zheng Ercheng (鄭爾城) aged 58

Mr. Zheng is an independent non-executive director, a member of the audit committee, the chairman of the remuneration committee and a member of the nomination committee of the Company. Mr. Zheng has extensive experience in the China banking industry and financial sector. He was sub-branch deputy governor and then governor of China Construction Bank, Guangzhou Branch, Tianhe Sub-branch from 1987 to 1997 and general manager of the International Business Department of the Guangzhou Branch of the China Construction Bank from 1997 to 1999. He was the general manager of the Guangzhou Branch of Cinda Asset Management Company from 1999 to 2000. Mr. Zheng was appointed supervisor of the Company in June 2004. He was retired from the position of supervisor and was appointed as independent non-executive director on 30 May 2014.

Ng Yau Wah, Daniel (吳又華) aged 60

Mr. Ng is an independent non-executive director of the Company and a member of the remuneration committee. He obtained his bachelor degree in economics in 1978 from the York University, Canada. Mr. Ng had engaged in carpet trading and manufacturing business for more than 20 years; he was previously the executive director of International Carpet Company Limited. Mr. Ng also has substantial past experience in property investment projects in China, Hong Kong and Malaysia. He is currently the executive director of Gayloy Limited, a company engaged in real estate property investment and management, leasing of property and rental of parking spaces in Hong Kong. Mr. Ng became an independent non-executive director of the Company and a member of the remuneration committee on 30 May 2015.

SUPERVISORS

Mr. Chen Liangnuan (陳量暖) aged 66

Mr. Chen is a supervisor of the Company. Mr. Chen graduated from Shanghai Textile College in 1977. From 1977 to 1996, Mr. Chen had served as the general manager or party secretary of various textile factories in Guangzhou. Mr. Chen joined Guangzhou Tianli Construction Co., Ltd. ("Tianli") in 1996 as its general manager and has acted as the additional position of managing director since 2003. Tianli is presently a wholly-owned subsidiary of the Company. Mr. Chen was also the director of Tianli, Foshan Lizun Metal Products Co., Ltd. (佛山力尊金屬製品有限公司) and Guangzhou Tianyin Landscape Engineering Co., Ltd. (廣州天盈園林工程有限公司). Mr. Chen is currently a supervisor and a chairman of the supervisory committee of the Company and also a supervisor of Tianli. Save as disclosed above, Mr. Chen is also a director of certain subsidiaries incorporated In the PRC.

Liang Yingmei (梁英梅) aged 75

Ms. Liang is a supervisor of the Company. Ms. Liang received a bachelor's degree in chemistry from the South China University of Technology in 1964. She was the chairman of the Association of the Construction Materials Industry of Guangzhou. Prior to 2000, she served as an engineer, a deputy general manager and finally chairman and general manager of Guangzhou Construction Materials Group Corporation. Ms. Liang has over 40 years of experience in the construction industry. She was appointed as a supervisor of the Company in June 2004 to act as a representative of the Company's shareholders.

Mr. Zhao Xianglin (趙祥林) aged 74

Mr. Zhao is a supervisor of the Company. Mr. Zhao graduated from Yangzhou University in 1964 with a higher education diploma. From 1969 to 2002, Mr. Zhao was a senior teacher at the Affiliated High School of Yangzhou University ("AHSYU"). During Mr. Zhao's tenure at AHSYU, he was also the head of the Music Curriculum Development Team, vice-president of the Labor Union and the director of the Office of School Sponsored Enterprises of AHSYU. Mr. Zhao is very experienced in supervising the functioning of sizable enterprises. From 1998 to 2002, Mr. Zhao was a member of the Political Consultative Conference of the City of Yangzhou. Mr. Zhao retired in 2002. He was appointed as a supervisor of the Company in September 2014 to act as a representative of the Company's shareholders.

SENIOR MANAGEMENT

Zhu Ling (朱玲) aged 49, is the Chief Financial Officer of the Company

Ms. Zhu graduated from Guangdong Radio and Television University, Research Center for International Management at Tsinghua University majoring in financial accounting and capital operation and Tianjin University of Finance and Economics majoring in financial management in 1985, 2007 and 2009 respectively. Prior to joining the Company, Ms. Zhu had worked with, among others, Guangzhou Suburban District Sugar Tobacco and Liquor Company (廣州郊區糖煙酒公司), China National Aero-Technology Import & Export Corporation (中國航空技術進出口公司) and Guangzhou Hangcheng Company (廣州航城公司) as chief financial officer or financial manager. Ms. Zhu had held the positions of financial controller and vice general manager of the Company since February 1995 and became the chief financial officer of the Company since October 2005.

Wang Heng (王珩) aged 46, is a vice president of the Company

Ms. Wang graduated from Shanghai Jiaotong University. She was a lecturer in Guangzhou Normal Institute from 1992 to 1995. Prior to joining the Company in 1995, Ms. Wang held several positions in the Company, such as manager of human resources and administration department, director of human resources and administration department and secretary of the Board of the Company. Ms. Wang was appointed as secretary of the board of the Company in 2001, vice general manager of the Company in 2003. She has been appointed as vice president since December 2010. Save as disclosed above, Ms. Wang was also a director of several subsidiaries, two of which are incorporated in the PRC and the rest are incorporated in Australia.

Zhang Hui (張輝) aged 41, is a vice president of the Company

Mr. Zhang graduated from South China University of Technology with a major in architecture. Mr. Zhang worked with Guangzhou Design Institute from 1998 to 2002. Upon joining the Company in 2002, Mr. Zhang held several positions in the Company from 2002 to 2005, such as vice chief engineer and chief engineering of the Company. He was appointed as vice general manager of the Company in 2005 and as general manager of Beijing R&F Properties Development Co., Ltd. and R&F (Beijing) Properties Development Co., Ltd., the subsidiaries of the Company, in 2007, principally in charge of project development in Beijing. Mr. Zhang has been appointed as a vice president of the Company since December 2010. Save as disclosed above, Mr. Zhang was also a director of several subsidiaries which are incorporated in the PRC.

Liu Zhen (劉臻) aged 50, is a deputy general manager of the Company and general manager of Southern China region

Prior to joining the Company, Mr. Liu had worked with Guangdong Guangxin Project Management Co., Ltd. (廣東廣信監理工程有限公司) and Guangdong Xinyu Construction Decoration Engineering Co., Ltd. (廣東信譽建築裝飾工程有限公司). Since joining the Company in 2002 until 2008, Mr. Liu held several positions in the Company, such as project manager and general manager of the Company's engineering department. In 2008, Mr. Liu was appointed as a vice general manager of the Company and general manager of Southern China region. In 2009, he was appointed as a vice general manager of the Company and chairman of Guangdong Hengli Engineering Co., Ltd. (廣東恒力建設工程有限公司), a subsidiary of the Company. Save as disclosed above, Mr. Liu was also a director of several subsidiaries which are incorporated in the PRC.

Zhao Feng (趙灃) aged 46, is a deputy general manager of the Company

Prior to joining the Company, Mr. Zhao had held the position of general manager of Guangzhou Yue Fu Technologies (Environmental) Inc. Since joining the Company in 2004 until 2008, Mr. Zhao had held several positions in the Company, such as general manager of Shenyang Yilong Housing Development Co., Ltd., executive vice general manager and general manager of the Company's engineering department. In 2009, Mr. Zhao was appointed as a vice general manager of the Company and chairman of Hainan R&F Properties Development Co., Ltd. (海南富力房地產開發有限公司). Save as disclosed above, Mr. Zhao was also a director of several subsidiaries which are incorporated in the PRC.

Zhang Yanqi (張彥琦) aged 37, is a vice president of the Company

Since 2001, Mr. Zhang had been a project manager and a vice general manager of the Company's engineering department, assistant to chairman of Beijing R&F Properties Development Co., Ltd., a subsidiary of the Company, general manager for northern region of Guangzhou Tianli Construction Co., Ltd., a subsidiary of the Company, and a vice general manager of the Group. Mr. Zhang was promoted to a vice president of the Company in October 2014.

Xiang Lijun (相立軍) aged 43, is a deputy general manager of the Company

Upon joining the Company in 2005, Mr. Xiang had held the position of a vice general manager of Guangzhou Tianli Construction Co., Ltd., a subsidiary of the Company. Since March 2013, he was appointed as a vice general manager of the Company and held the position of chairman of Taiyuan R&F Properties Development Co., Ltd. (太原富力城房地產開發有限公司), Datong R&F Properties Development Co., Ltd. (大同富力城房地產開發有限公司), Baotou R&F Properties Development Co., Ltd. (包頭市富力房地產開發有限公司) and Xian R&F Properties Development Co., Ltd. (西安富力房地產開發有限公司).

Hu Jie (胡杰) aged 41, is secretary of the Board of the Company

Mr. Hu graduated from Jinan University with a master degree in finance. He had worked with China Southern Securities Co., Ltd. and Ping An Securities Limited engaging in investment banking business. Upon joining the Company in 2002, Mr. Hu held the position of manager of investment department, in charge of company restructuring, listing and major investment as well as financing. He has held the position of secretary of the Board of the Company since June 2007.

pwc 羅兵咸永道

To the shareholders of Guangzhou R&F Properties Co., Ltd.
(Incorporated in the People's Republic of China with limited liability)

We have audited the consolidated financial statements of Guangzhou R&F Properties Co., Ltd. (the "Company") and its subsidiaries set out on pages 67 to 156, which comprise the consolidated balance sheet as at 31 December 2015, and the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

AUDITOR'S RESPONSIBILITY

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

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

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

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

PricewaterhouseCoopers, 22/F, Prince's Building, Central, Hong Kong
T: +852 2289 8888, F: +852 2810 9888, www.pwchk.com

Independent Auditor's Report

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 Hong Kong Companies Ordinance.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 11 March 2016

Consolidated balance sheet

(All amounts in RMB Yuan thousands unless otherwise stated)

		As at 31 December	
	Note	2015	2014
ASSETS			
Non-current assets			
Land use rights	6	1,264,041	1,198,045
Property, plant and equipment	7	9,009,864	7,495,641
Investment properties	8	19,251,951	18,047,632
Intangible assets	9	1,034,849	977,958
Interests in joint ventures	11	5,954,631	4,617,519
Interests in associates	12	71,052	86,213
Deferred income tax assets	27	3,295,186	2,927,764
Available-for-sale financial assets	13	645,140	535,477
Trade and other receivables and prepayments	17	4,046,552	3,772,884
		44,573,266	39,659,133
Current assets			
Properties under development	15	78,671,926	81,327,691
Completed properties held for sale	16	22,427,988	17,222,116
Inventories		414,888	358,831
Trade and other receivables and prepayments	17	13,576,168	10,890,728
Tax prepayments		2,784,288	2,551,852
Restricted cash	18	6,814,094	6,339,497
Time deposits	19	500,000	—
Cash and cash equivalents	20	13,970,313	13,490,425
		139,159,665	132,181,140
Total assets		183,732,931	171,840,273
EQUITY			
Equity attributable to owners of the Company			
Share capital	21	805,592	805,592
Other reserves	22	4,590,948	4,538,822
Shares held for Share Award Scheme	23	(88,947)	(128,711)
Retained earnings		35,404,023	30,749,658
		40,711,616	35,965,361
Perpetual capital instruments	24	7,977,869	15,648,416
Non-controlling interests		527,895	531,785
Total equity		49,217,380	52,145,562

Consolidated balance sheet

(All amounts in RMB Yuan thousands unless otherwise stated)

	Note	As at 31 December 2015	2014
LIABILITIES			
Non-current liabilities			
Long-term borrowings	26	**49,759,398**	45,553,602
Accruals and other payables	25	**—**	171,222
Deferred income tax liabilities	27	**3,935,947**	3,278,908
		53,695,345	49,003,732
Current liabilities			
Accruals and other payables	25	**18,727,912**	19,270,956
Deposits received on sale of properties		**18,407,668**	19,225,725
Current income tax liabilities	28	**11,005,384**	10,089,230
Short-term borrowings	26	**5,661,596**	3,085,000
Current portion of long-term borrowings	26	**27,017,646**	19,020,068
		80,820,206	70,690,979
Total liabilities		**134,515,551**	119,694,711
Total equity and liabilities		**183,732,931**	171,840,273

The notes on pages 74 to 156 are an integral part of these consolidated financial statements.

The financial statements on pages 67 to 156 were approved by the Board of Directors on 11 March 2016 and were signed on its behalf.

Li Sze Lim
Director

Zhang Li
Director

Consolidated income statement

(All amounts in RMB Yuan thousands unless otherwise stated)

	Note	Year ended 31 December 2015	2014
Revenue	5	**44,290,924**	34,705,410
Cost of sales	30	**(30,083,853)**	(22,391,431)
Gross profit		**14,207,071**	12,313,979
Other income and other gains — net	29	**1,518,092**	2,030,304
Selling and marketing costs	30	**(896,657)**	(896,059)
Administrative expenses	30	**(2,409,572)**	(2,220,501)
Operating profit		**12,418,934**	11,227,723
Finance costs	32	**(2,153,995)**	(1,215,921)
Share of results of joint ventures		**1,343,455**	169,789
Share of results of associates		**(18,893)**	(25,205)
Profit before income tax		**11,589,501**	10,156,386
Income tax expenses	33	**(4,877,229)**	(3,649,997)
Profit for the year		**6,712,272**	6,506,389
Profit attributable to:			
— Owners of the Company		**5,615,795**	5,220,603
— Holders of perpetual capital instruments		**1,105,249**	1,331,328
— Non-controlling interests		**(8,772)**	(45,542)
		6,712,272	6,506,389
Basic and diluted earnings per share for profit attributable to owners of the Company (expressed in RMB Yuan per share)	34	**1.7524**	1.6325

The notes on pages 74 to 156 are an integral part of these consolidated financial statements.

Consolidated statement of comprehensive income

(All amounts in RMB Yuan thousands unless otherwise stated)

	Note	Year ended 31 December 2015	2014
Profit for the year		**6,712,272**	6,506,389
Other comprehensive income			
Item that may be reclassified to profit or loss			
— Fair value gains on available-for-sale financial assets, net of tax	22	**17,498**	173,683
— Currency translation differences		**24,173**	5,810
Other comprehensive income for the year, net of tax		**41,671**	179,493
Total comprehensive income for the year		**6,753,943**	6,685,882
Total comprehensive income attributable to:			
— Owners of the Company		**5,657,262**	5,400,096
— Holders of perpetual capital instruments		**1,105,249**	1,331,328
— Non-controlling interests		**(8,568)**	(45,542)
		6,753,943	6,685,882

The notes on pages 74 to 156 are an integral part of these consolidated financial statements.

Consolidated statement of changes in equity

(All amounts in RMB Yuan thousands unless otherwise stated)

	Attributable to owners of the Company							
	Share capital	Shares held for Share Award Scheme	Other reserves	Retained earnings	Total	Perpetual capital instruments	Non-Controlling interests	Total equity
Balance at 1 January 2014	805,592	(172,563)	4,344,253	27,129,554	32,106,836	1,000,000	375,207	33,482,043
Comprehensive income								
Profit for the year	—	—	—	5,220,603	5,220,603	1,331,328	(45,542)	6,506,389
Other comprehensive income								
Fair value gains on available-for-sale financial assets, net of tax	—	—	173,683	—	173,683	—	—	173,683
Currency translation differences	—	—	5,810	—	5,810	—	—	5,810
Total other comprehensive income, net of tax	—	—	179,493	—	179,493	—	—	179,493
Total comprehensive income for the year	—	—	179,493	5,220,603	5,400,096	1,331,328	(45,542)	6,685,882
Transactions with owners								
Decrease in ownership interests in a subsidiary without change of control	—	—	—	—	—	—	200,277	200,277
Acquisition of subsidiaries	—	—	—	—	—	—	1,843	1,843
Dividends for the year	—	—	—	(1,600,499)	(1,600,499)	—	—	(1,600,499)
Disposals of shares held for Share Award Scheme	—	43,852	15,076	—	58,928	—	—	58,928
Issuance of perpetual capital instruments	—	—	—	—	—	14,543,912	—	14,543,912
Distributions to holders of perpetual capital instruments	—	—	—	—	—	(1,226,824)	—	(1,226,824)
Total transactions with owners	—	43,852	15,076	(1,600,499)	(1,541,571)	13,317,088	202,120	11,977,637
Balance at 31 December 2014	805,592	(128,711)	4,538,822	30,749,658	35,965,361	15,648,416	531,785	52,145,562

Consolidated statement of changes in equity

(All amounts in RMB Yuan thousands unless otherwise stated)

	Attributable to owners of the Company							
	Share capital	Shares held for Share Award Scheme	Other reserves	Retained earnings	Total	Perpetual capital instruments	Non-Controlling interests	Total equity
Balance at 1 January 2015	805,592	(128,711)	4,538,822	30,749,658	35,965,361	15,648,416	531,785	52,145,562
Comprehensive income								
Profit for the year	—	—	—	5,615,795	5,615,795	1,105,249	(8,772)	6,712,272
Other comprehensive income								
Fair value gains on available-for-sale financial assets, net of tax	—	—	17,498	—	17,498	—	—	17,498
Currency translation differences	—	—	23,969	—	23,969	—	204	24,173
Total other comprehensive income, net of tax	—	—	41,467	—	41,467	—	204	41,671
Total comprehensive income for the year	—	—	41,467	5,615,795	5,657,262	1,105,249	(8,568)	6,753,943
Transactions with owners								
Changes in ownership interests in subsidiaries without change of control	—	—	(2,203)	—	(2,203)	—	2,203	—
Acquisition of subsidiaries	—	—	—	—	—	—	2,475	2,475
Dividends for the year	—	—	—	(961,430)	(961,430)	—	—	(961,430)
Disposals of shares held for Share Award Scheme	—	39,764	12,862	—	52,626	—	—	52,626
Redemptions of perpetual capital instruments	—	—	—	—	—	(7,643,912)	—	(7,643,912)
Distributions to holders of perpetual capital instruments	—	—	—	—	—	(1,131,884)	—	(1,131,884)
Total transactions with owners	—	39,764	10,659	(961,430)	(911,007)	(8,775,796)	4,678	(9,682,125)
Balance at 31 December 2015	805,592	(88,947)	4,590,948	35,404,023	40,711,616	7,977,869	527,895	49,217,380

The notes on pages 74 to 156 are an integral part of these consolidated financial statements.

Consolidated statement of cash flows

(All amounts in RMB Yuan thousands unless otherwise stated)

	Note	Year ended 31 December 2015	2014
Cash flows from operating activities			
Cash generated from/(used in) operations	36	**9,572,573**	(12,407,150)
Interest paid		**(5,930,702)**	(5,842,478)
Enterprise income tax and land appreciation tax paid		**(3,997,766)**	(3,815,173)
Net cash used in operating activities		**(355,895)**	(22,064,801)
Cash flows from investing activities			
Purchases of property, plant and equipment		**(1,302,766)**	(971,283)
Purchases of intangible assets		**(158,568)**	(145,917)
Additions of investment properties		**(136,323)**	(161,420)
Proceeds from disposals of property, plant and equipment		**15,568**	25,393
Proceeds from disposals of investment properties		**43,392**	41,442
Proceeds from disposals of intangible assets		**120,210**	—
Investments in available-for-sale financial assets		**(101,032)**	(22,500)
Investments in joint ventures		**—**	(220,560)
Acquisition of subsidiaries, net of cash acquired		**(106,009)**	—
Prepayment made for acquisition of a subsidiary		**(434,000)**	—
Cash repayments from joint ventures and associates		**585,660**	879,078
Cash advances to joint ventures and associates		**(892,026)**	(1,771,515)
Dividends received on available-for-sale financial assets		**4,332**	—
Dividends received from an associate		**6,015**	5,615
Increase in time deposits		**(500,000)**	—
Increase in guarantee deposits for borrowings of a related party		**(50,000)**	—
Interest received		**143,043**	211,760
Net cash used in investing activities		**(2,762,504)**	(2,129,907)
Cash flows from financing activities			
Proceeds from borrowings, net of transaction costs		**46,050,426**	28,950,368
Repayments of borrowings		**(32,031,877)**	(22,886,034)
Repayments of finance lease liabilities		**(50,222)**	(50,222)
Proceeds from disposal of equity interests in a subsidiary		**—**	200,277
(Increase)/decrease in guarantee deposits for borrowings		**(757,366)**	1,994,960
Net proceeds from issuance of perpetual capital instruments		**—**	14,543,912
Redemption of perpetual capital instruments		**(7,643,912)**	—
Distributions paid to holders of perpetual capital instruments		**(1,131,884)**	(1,226,824)
Proceeds from disposals of shares for Share Award Scheme		**52,626**	58,928
Dividends paid to owners of the Company		**(961,430)**	(1,651,664)
Net cash generated from financing activities		**3,526,361**	19,933,701
Net increase/(decrease) in cash and cash equivalents		**407,962**	(4,261,007)
Exchange gains on cash and cash equivalents		**71,926**	29,270
Cash and cash equivalents at beginning of year		**13,490,425**	17,722,162
Cash and cash equivalents at end of year	20	**13,970,313**	13,490,425

The notes on pages 74 to 156 are an integral part of these consolidated financial statements.

Notes to the consolidated financial statements

(All amounts in RMB Yuan thousands unless otherwise stated)

1. GENERAL INFORMATION

Guangzhou R&F Properties Co., Ltd. (the "Company") and its subsidiaries (together, the "Group") are principally engaged in the development and sale of properties, property investment, hotel operations and other property development related services in the People's Republic of China (the "PRC").

The Company is a limited liability company incorporated in the PRC. The address of its registered office is 45–54/F, R&F Center, No.10 Hua Xia Road, Guangzhou 510623, the PRC.

The shares of the Company have been listed on The Main Board of Stock Exchange of Hong Kong Limited since 14 July 2005.

These financial statements are presented in RMB Yuan (RMB), unless otherwise stated.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

2.1 Basis of preparation

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

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

2.1.1 Changes in accounting policy and disclosures

(a) *New and amended standards adopted by the Group*

The following amended standards have been adopted by the Group for the first time for the financial year beginning on 1 January 2015.

Standards	Subject
Amendment to HKAS 19	Defined benefit plans
Annual improvements 2012	Annual improvements 2010–2012 cycle
Annual improvements 2013	Annual improvements 2011–2013 cycle

The adoption of amended standards has no material impact on the Group's financial statements except for disclosure.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.1 Basis of preparation (Continued)

2.1.1 Changes in accounting policy and disclosures (Continued)

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

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

(c) *New and amended standards and annual improvements not yet adopted*

A number of new standards, amendments to standards and annual improvements are effective for annual periods beginning after 1 January 2015 and have not been applied in preparing the Group's consolidated financial statements. Management is in the process of making an assessment of their impact and is not yet in a position to state whether any substantial changes to the Group's significant accounting policies and presentation of the financial information will be resulted in.

Standards	**Subject**	**Effective for annual periods beginning on or after**
HKFRS 14	Regulatory deferral accounts	1 January 2016
Amendment to HKFRS 11	Accounting for acquisitions of interests in joint operations	1 January 2016
Amendments to HKAS 16 and HKAS 38	Clarification of acceptable methods of depreciation and amortisation	1 January 2016
Amendments to HKAS 16 and HKAS 41	Agriculture: bearer plants	1 January 2016
Amendment to HKAS 27	Equity method in separate financial statements	1 January 2016
Annual improvements 2014	Annual improvements 2012–2014 cycle	1 January 2016
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment entities: applying the consolidation exception	1 January 2016
Amendments to HKAS 1	Disclosure initiative	1 January 2016
HKFRS 15	Revenue from contracts with customers	1 January 2018
HKFRS 9	Financial instruments	1 January 2018
Amendments to HKFRS 10 and HKAS 28	Sale or contribution of assets between an investor and its associate or joint venture	To be determined

2.2 Subsidiaries

2.2.1 Consolidation

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.2 Subsidiaries (Continued)

2.2.1 Consolidation (Continued)

(a) *Business combinations*

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

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

Acquisition-related costs are expensed as incurred.

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

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

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

Intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. When necessary, amounts reported by subsidiaries have been adjusted to conform to the Group's accounting policies.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.2 Subsidiaries (Continued)

2.2.1 Consolidation (Continued)

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

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

(c) *Disposal of subsidiaries*

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

2.2.2 Separate financial statements

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

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

2.3 Joint arrangements

The Group has applied HKFRS 11 to all joint arrangements. Under HKFRS 11 investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations each investor. The Group has assessed the nature of its joint arrangements and determined them to be joint ventures. Joint ventures are accounted for using the equity method.

Under the equity method of accounting, interests in joint ventures are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses and movements in other comprehensive income. The Group's investments in joint ventures include goodwill identified on acquisition. Upon the acquisition of the ownership interest in a joint venture, any difference between the cost of the joint venture and the Group's share of the net fair value of the joint venture's identifiable assets and liabilities is accounted for as goodwill. When the Group's share of losses in a joint venture equals or exceeds its interests in the joint ventures (which includes any long-term interests that, in substance, form part of the Group's net investment in the joint ventures), the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the joint ventures.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.3 Joint arrangements (Continued)

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

2.4 Associates

An associate is an entity over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting. Under the equity method, the investment is initially recognised at cost, and the carrying amount is increased or decreased to recognise the investor's share of the profit or loss of the investee after the date of acquisition. The Group's investments in associates include goodwill identified on acquisition. Upon the acquisition of the ownership interest in an associate, any difference between the cost of the associate and the Group's share of the net fair value of the associate's identifiable assets and liabilities is accounted for as goodwill.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income is reclassified to profit or loss where appropriate.

The Group's share of post-acquisition profit or loss is recognised in the income statement, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income with a corresponding adjustment to the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount adjacent to "share of results of associates" in the income statement.

Profits and losses resulting from upstream and downstream transactions between the Group and its associate are recognised in the Group's financial statements only to the extent of unrelated investor's interests in the associates. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

Gains or losses on dilution of equity interest in associates are recognised in the income statement.

2.5 Segment reporting

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.6 Foreign currency translation

(a) Functional and presentation currency

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

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement, except when deferred in other comprehensive income as qualifying cash flow hedges and qualifying net investment hedges.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the income statement within "finance costs". All other foreign exchange gains and losses are presented in the income statement within "other income and other gains — net".

(c) Group companies

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

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

(ii) income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and

(iii) all resulting currency translation differences are recognised in other comprehensive income.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.7 Property, plant and equipment

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

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

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

— Buildings	20–30 years
— Furniture, fixtures and equipment	3–5 years
— Transportation equipment	4–15 years
— Machinery	5–10 years

Buildings comprise mainly office buildings and hotel buildings.

The asset's residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

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

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

Assets under construction mainly represent hotel buildings under construction and are stated at historical cost less accumulated impairment losses, if any. Historical cost includes direct costs of construction, amortisation of land being developed and interest charges arising from borrowings used to finance these assets during the period of construction. No provision for depreciation is made on assets under construction. When the construction activities necessary to prepare the assets for their intended use are completed, the costs are transferred to property, plant and equipment and depreciated in accordance with the policy as stated in the preceding paragraphs.

2.8 Investment properties

Investment property, principally comprising leasehold land and buildings, is held for long-term rental yields or for capital appreciation or both, and that is not occupied by the Group. It also includes properties that are being constructed or developed for future use as investment properties. Lands held under operating leases are accounted for as investment properties when the rest of the definition of an investment property is met. In such cases, the operating leases concerned are accounted for as if they were finance leases. Investment property is initially measured at cost, including related transaction costs and where applicable borrowing costs. After initial recognition, investment properties are carried at fair value, representing open market value determined at each reporting date by external valuers. Fair value is based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. If the information is not available, the Group uses alternative valuation methods such as recent prices on less active markets or discounted cash flow projections. Changes in fair values are recorded in the income statement as part of a valuation gain or loss in "other income and other gains — net".

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.9 Intangible assets

(a) *Goodwill*

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

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

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

(b) *Construction licence*

Construction licence acquired in a business combination is recognised at fair value at the acquisition date. The directors of the Group are of the view that the Group has both intention and ability to renew the construction licence continuously and the useful life of the construction licence is considered as indefinite. Construction licence is tested annually for impairment and carried at cost less accumulated impairment losses.

(c) *Customer contracts*

Customer contracts acquired in a business combination are recognised at fair value at the acquisition date. Customer contracts have a finite useful life and are carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method over the execution of the customer contracts.

(d) *Computer software*

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful lives from five to ten years.

(e) *Football players*

The Group operates a football club. The costs associated with the acquisition of players' registrations are capitalised as intangible assets at the fair value of the consideration payable, including an estimate of the fair value of any contingent consideration. Costs associated with the acquisition of players' registrations include transfer fees, agents' fees and other directly attributable costs. These costs are amortised over the period covered by the player's contract or best estimated based on the player's physical conditions. To the extent that a player's contract is extended, the remaining book value is amortised over the remaining revised contract life.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.10 Impairment of non-financial assets

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

2.11 Financial assets

2.11.1 Classification

The Group classifies its financial assets into loans and receivables and available-for-sale financial assets. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

(a) *Loans and receivables*

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

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

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

2.11.2 Recognition and measurement

Regular way purchases and sales of financial assets are recognised on the trade-date — the date on which the Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. Available-for-sale financial assets are subsequently carried at fair value. Loans and receivables are subsequently carried at amortised cost using the effective interest method.

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

When securities classified as available for sale are sold or impaired, the accumulated fair value adjustments recognised in equity are included in the income statement.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.11 Financial assets (Continued)

2.11.2 Recognition and measurement (Continued)

Dividends on available-for-sale equity instruments are recognised in the income statement as part of "other income and other gains — net" when the Group's right to receive payments is established.

2.12 Financial liabilities and equity instruments

Financial liabilities and equity instruments issued by a group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

Perpetual capital instruments issued by the Group, which includes no contractual obligation for the Group to deliver cash or another financial asset to the holders or to exchange financial assets or financial liabilities with the holders under conditions that are potentially unfavorable to the Group, are classified as equity instruments and are initially recorded at the proceeds received. Discretionary interest declared by the Group to the holders of perpetual capital instrument is treated as dividend.

2.13 Offsetting financial instruments

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

2.14 Impairment of financial assets

(a) *Assets carried at amortised cost*

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.14 Impairment of financial assets (Continued)

(a) *Assets carried at amortised cost (Continued)*

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

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

(b) *Assets classified as available for sale*

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired.

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

2.15 Land use rights

All lands in the PRC are state-owned and no individual ownership right exists. The Group acquired the rights to use certain lands and the premiums paid for such rights are recorded as land use rights.

Land use rights which are held for self-use are stated at cost and amortised over the use terms of 40 to 70 years using straight-line method. Land use rights which are held for development for sale are inventories and measured at the lower of cost and net realisable value. Land use rights are transferred to properties under development upon commencement of development.

2.16 Properties under development

Properties under development are stated at the lower of cost and net realisable value. Net realisable value is determined by reference to the sale proceeds of properties in the ordinary course of business, less applicable variable selling expenses and the anticipated costs to completion, or by management estimates based on prevailing marketing conditions.

Development cost of property comprises costs of land use rights, construction costs, capitalised finance costs and professional fees incurred during the development period. Upon completion, the properties are transferred to completed properties held for sale.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.16 Properties under development (Continued)

If a property under development becomes owner-occupied, it is reclassified as property, plant and equipment. A property under development for future use as investment property is classified as investment property under construction when there is evidence of commencement of an operating lease to another party.

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

2.17 Completed properties held for sale

Completed properties held for sale are stated at the lower of cost and net realisable value. Cost comprises development costs attributable to the unsold properties. Net realisable value is determined by reference to management estimates based on prevailing market conditions less estimated costs to be incurred in selling the property.

2.18 Inventories

Inventories principally comprise construction materials, which are stated at the lower of cost and net realisable value. Cost is determined using the weighted average method. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

2.19 Construction contracts

A construction contract is a contract specifically negotiated for the construction of an asset.

When the outcome of a construction contract can be estimated reliably and it is probable that the contract will be profitable, contract revenue is recognised over the period of the contract by reference to the stage of completion. Contract costs are recognised as expenses by reference to the stage of completion of the contract activity at the end of the reporting period. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised only to the extent of contract costs incurred that are likely to be recoverable.

Variations in contract work, claims and incentive payments are included in contract revenue to the extent that may have been agreed with the customer and are capable of being reliably measured.

The Group uses the "percentage of completion method" to determine the appropriate amount to recognise in a given period. The stage of completion is measured by reference to the contract costs incurred up to the end of the reporting period as a percentage of total estimated costs for each contract. Costs incurred in the year in connection with future activity on a contract are excluded from contract costs in determining the stage of completion.

On the balance sheet, the Group reports the net contract position for each contract as either an asset or a liability. A contract represents an asset where costs incurred plus recognised profits (less recognised losses) exceed progress billings; a contract represents a liability where the opposite is the case.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.20 Trade and other receivables

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

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

2.21 Cash and cash equivalents

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

Bank deposits which are restricted to use are included in "restricted cash". Restricted cash are excluded from cash and cash equivalents in the consolidated statement of cash flows.

2.22 Share capital and Shares held for Share Award Scheme

Ordinary shares are classified as equity.

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

Where the Company's Employee Share Trust purchases H shares from the market, the consideration paid, including any directly attributable incremental costs is presented as Shares held for Share Award Scheme and presented as a deduction against equity attributable to the Company's equity holders.

2.23 Trade and other payables

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

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

2.24 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates. Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.25 Borrowing costs

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

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

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

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

When the construction of the qualifying assets takes more than one accounting period, the amount of foreign exchange differences eligible for capitalisation is determined on a cumulative basis based on the cumulative amounts of interest expenses that would have been incurred had the entity borrowed in its functional currency. The total amount of foreign exchange differences capitalised cannot exceed the amount of total net foreign exchange differences incurred on a cumulative basis at the end of the reporting period.

2.26 Current and deferred income tax

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

(a) Current income tax

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.26 Current and deferred income tax (Continued)

(b) Deferred income tax

Inside basis differences

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

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

Outside basis differences

Deferred income tax liabilities are provided on taxable temporary differences arising from investments in subsidiaries, associates and joint ventures, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Generally the Group is unable to control the reversal of the temporary difference for associates. Only where there is an agreement in place that gives the Group the ability to control the reversal of the temporary difference in the foreseeable future, deferred tax liability in relation to taxable temporary differences arising from the associate's undistributed profits is not recognised.

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

(c) Offsetting

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

2.27 Employee benefits

(a) Employee leave entitlements

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave and long service leave as a result of services rendered by employees up to the balance sheet date.

Employee entitlements to sick leave and maternity leave are not recognised until the time of leave.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.27 Employee benefits (Continued)

(b) *Bonus entitlements*

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

(c) *Retirement benefits*

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

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

The Group also participates in a retirement benefit scheme under the rules and regulations of the Mandatory Provident Fund Scheme Ordinance ("MPF Scheme") for all eligible employees in Hong Kong. The contributions to the MPF Scheme are based on minimum statutory contribution requirement of the lower of 5% of eligible employees' relevant aggregate income and HK$1,500. The assets of the MPF Scheme are held separately from those of the Group in independently administered funds.

The Group's contributions to the defined contribution retirement schemes are expensed as incurred.

(d) *Termination benefits*

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits at the earlier of the following dates: (a) when the Group can no longer withdraw the offer of those benefits; and (b) when the entity recognises costs for a restructuring that is within the scope of HKAS 37 and involves the payment of termination benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to their present value.

2.28 Provisions

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.28 Provisions (Continued)

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

2.29 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable, and represents amounts receivable for goods supplied, stated net of discounts, returns and value added taxes. The Group recognises revenue when the amount of revenue can be reliably measured; when it is probable that future economic benefits will flow to the entity; and when specific criteria have been met for each of the Group's activities as described below. The Group bases its estimates of return on historical results, taking into consideration the type of customers, the type of transactions and the specifics of each arrangement.

(a) *Sale of properties*

Revenue from sale of properties is recognised when the risks and rewards of properties are transferred to the purchasers, which is when the construction of the properties has been completed and the properties have been ready for delivery to the purchasers pursuant to the sale agreements, and collectability of related receivables is reasonably assured. Deposits and instalments received on properties sold prior to the date of revenue recognition are included in the balance sheets as "deposits received on sale of properties" under current liabilities.

(b) *Construction services*

Revenue arising from construction services is recognised in the accounting period in which the services are rendered, by reference to completion of the specific transaction assessed on the basis of the actual service provided as a proportion of the total services to be provided.

(c) *Rental income*

Rental income from investment property is recognised in the income statement on a straight-line basis over the term of the lease.

(d) *Hotel operations*

Hotel revenue from room rentals, food and beverage sales and other ancillary services are recognised when the services are rendered.

(e) *Property management*

Revenue arising from property management is recognised in the accounting period in which the services are rendered.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.29 Revenue recognition (Continued)

(f) *Interest income*

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

(g) *Dividend income*

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

2.30 Leases

(a) *The Group is the lessee*

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

The Group leases certain property, plant and equipment. Leases of property, plant and equipment where the Group has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's commencement at the lower of the fair value of the leased property and the present value of the minimum lease payments.

Each lease payment is allocated between the liability and finance charges. The corresponding rental obligations, net of finance charges, are included in borrowings. The interest element of the finance cost is charged to the income statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases is depreciated over the shorter of the useful life of the asset and the lease term.

(b) *The Group is the lessor*

When assets are leased out under an operating lease, the assets are included in the balance sheet based on the nature of the assets. Lease income is recognised in the income statement on a straight-line basis over the term of the lease.

2.31 Dividend distribution

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.32 Financial guarantee contracts

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

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

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

3. FINANCIAL RISK MANAGEMENT

3.1 Financial risk factors

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

(a) Market risk

(i) Foreign exchange risk

The Group operates in the PRC, Malaysia and Australia, and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the HK dollars ("HKD"), US dollars ("USD"), Malaysia ringgits ("MYR"), Singapore dollars ("SGD") and Australian dollars ("AUD"). Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities and net investments in foreign operations.

The Group has not hedged its foreign exchange rate risk exposure. However, management of the Group monitors foreign exchange risk exposure and will consider hedging significant foreign exchange risk exposure should the need arise.

The Group has certain investments in foreign operations, whose net assets are exposed to foreign currency translation risk. Currency exposure arising from the net assets of the Group's foreign operations is managed primarily through borrowings denominated in the relevant foreign currencies.

3. FINANCIAL RISK MANAGEMENT (Continued)

3.1 Financial risk factors (Continued)

(a) Market risk (Continued)

(i) Foreign exchange risk (Continued)

The table below summarises the impact of changes in foreign exchange rates at 31 December 2015 with all other variables held constant on the Group's post-tax profit for the year.

	RMB against the foreign currency	
	weaken by 5%	**strengthen by 5%**
	increase/(decrease) in post-tax profit for the year	
Denominated in HKD		
Cash and cash equivalents	1,730	(1,730)
Accruals and other payables	(8,680)	8,680
Denominated in USD		
Cash and cash equivalents	279	(279)
Restricted cash	23,397	(23,397)
Borrowings	(479,133)	479,133
Denominated in MYR		
Cash and cash equivalents	978	(978)
Restricted cash	74	(74)
Trade and other receivables	22	(22)
Accruals and other payables	(194)	194
Denominated in AUD		
Cash and cash equivalents	447	(447)
Restricted cash	168	(168)
Trade and other receivables	287	(287)
Accruals and other payables	(698)	698
Denominated in SGD		
Cash and cash equivalents	16	(16)
Trade and other receivables	4	(4)
Accruals and other payables	(30)	30

(All amounts in RMB Yuan thousands unless otherwise stated)

3. FINANCIAL RISK MANAGEMENT (Continued)

3.1 Financial risk factors (Continued)

(a) Market risk (Continued)

(i) Foreign exchange risk (Continued)

The table below summarises the impact of changes in foreign exchange rates at 31 December 2014 with all other variables held constant on the Group's post-tax profit for the year.

	RMB against the foreign currency weaken by 5%	strengthen by 5%
	increase/(decrease) in post-tax profit for the year	
Denominated in HKD		
Cash and cash equivalents	1,001	(1,001)
Accruals and other payables	(15,968)	15,968
Denominated in USD		
Cash and cash equivalents	13,016	(13,016)
Restricted cash	20,619	(20,619)
Borrowings	(449,539)	449,539
Denominated in MYR		
Cash and cash equivalents	1,539	(1,539)
Trade and other receivables	499	(499)
Accruals and other payables	(656)	656
Denominated in AUD		
Cash and cash equivalents	352	(352)
Accruals and other payables	(500)	500
Denominated in SGD		
Cash and cash equivalents	10	(10)
Trade and other receivables	5	(5)
Accruals and other payables	(151)	151

(ii) Price risk

The Group is exposed to equity securities price risk because of investments held by the Group and classified on the consolidated balance sheet as available-for-sale financial assets, which are not publicly traded. Other components of equity would increase/decrease as a results of gains/losses on equity securities classified as available-for-sale. The Group closely monitors the fluctuation of the price and assesses the impact on the Group's financial statements.

3. FINANCIAL RISK MANAGEMENT (Continued)

3.1 Financial risk factors (Continued)

(a) Market risk (Continued)

(iii) Cash flow and fair value interest rate risk

The Group's interest rate risk arises from long-term borrowings. Borrowings obtained at variable rates expose the Group to cash flow interest rate risk which is partially offset by cash held at variable rates. Borrowings obtained at fixed rates expose the Group to fair value interest rate risk. During 2015 and 2014, the Group's borrowings at variable rate were denominated in RMB.

The Group closely monitors trend of interest rate and its impact on the Group's interest rate risk exposure. The Group currently has not used any interest rate swap arrangements but will consider hedging interest rate risk should the need arises.

The table below summarises the impact of changes in interest rate at 31 December 2015 with all other variables held at constant on the Group's post-tax profit for the year.

	Interest rate 25 basis points higher	**25 basis points lower**
	increase/(decrease) in post-tax profit for the year	
Long-term borrowings at variable rates	(60,812)	60,812

The table below summarises the impact of changes in interest rate at 31 December 2014 with all other variables held at constant on the Group's post-tax profit for the year.

	Interest rate 25 basis points higher	**25 basis points lower**
	increase/(decrease) in post-tax profit for the year	
Long-term borrowings at variable rates	(50,561)	50,561

(b) Credit risk

The extent of the Group's maximum exposure to credit risk in relation to financial assets is the aggregate carrying value of cash deposits in banks and trade and other receivables. To manage the exposure, the Group has policies in place to ensure that sales are made to customers with appropriate credit history and deposits are placed with high-credit-quality banks.

3. FINANCIAL RISK MANAGEMENT (Continued)

3.1 Financial risk factors (Continued)

(b) Credit risk (Continued)

The Group has no significant concentration of credit risk, with exposure spread over a number of counterparties. Management does not expect any losses from non-performance by the banks and financial institutions, as they are of good credit standing. The Group closely monitors repayment progress of customers in accordance with the terms as specified in the enforceable contracts. Meanwhile, the Group has the right to cancel the contracts once repayment from the customers is in default. As at 31 December 2015, no customer accounted for more than 5% of the Group's trade receivables (2014: Nil).

In addition, the Group has arranged bank financing for certain purchasers of the Group's property units and provided guarantees to secure obligations of such purchasers for repayments. The Group also provides guarantees to its joint ventures and associates for their borrowings.

(c) Liquidity risk

Management of the Group aims to maintain sufficient cash and cash equivalents including proceeds from pre-sale of properties, short-term and long-term borrowings, available funding through adequate amount of credit lines for which the Group has obtained non-binding letters of intent or strategic cooperation letters from certain domestic banks, to meet its construction and investment commitments.

The Group has a number of alternative plans to mitigate the potential impacts on anticipated cash flows should there be significant adverse changes in economic environment. These include controlling investments in land banks, adjusting project development timetable to adapt to changing local real estate market environment, implementing cost control measures, accelerating sales of properties with more flexible pricing, seeking joint venture partners to co-develop quality projects, and disposing of certain investment properties with acceptable prices to the Group. The Group will, based on its assessment of the relevant costs and benefits, pursue such options as are appropriate.

During the year, the Group met the requirements for interest payments and principal repayments due on its borrowings. Based on the Group's accounting policy on borrowings described in Note 2.24 and certain terms and conditions in the relevant agreements, borrowings of RMB10.3 billion that have original contractual maturity after 31 December 2016 (out of the total related principal amount of RMB12.8 billion) were reclassified as current liabilities as at 31 December 2015.

In preparing these financial statements, the directors have taken into account all information that could reasonably be expected to be available and have ascertained that the Group will have adequate financial resources to support the Group to continue in operational existence for the foreseeable future. As disclosed in Note 42(b), the Group successfully issued long-term domestic corporate bonds of RMB9,600,000,000 in January 2016. Under these circumstances, the directors are of the opinion that the Group will be able to meet its liabilities as and when they fall due within the next twelve months from 31 December 2015.

3. FINANCIAL RISK MANAGEMENT (Continued)

3.1 Financial risk factors (Continued)

(c) Liquidity risk (Continued)

The table below analyses the Group's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total
At 31 December 2015					
Borrowings (excluding finance lease liabilities (Note (1))	**38,298,777**	**21,970,877**	**26,263,794**	**9,844,855**	**96,378,303**
Finance lease liabilities	**50,222**	**12,557**	**—**	**—**	**62,779**
Financial liabilities as included in accruals and other payables (excluding accruals for staff costs and allowance and other taxes payable)	**6,958,491**	**—**	**—**	**—**	**6,958,491**
Guarantees given to banks for mortgage facilities granted to purchasers of the Group's properties	**23,530,047**	**—**	**—**	**—**	**23,530,047**
Guarantees in respect of borrowings of joint ventures and associates	**1,888,459**	**1,200,230**	**364,356**	**—**	**3,453,045**
At 31 December 2014					
Borrowings (excluding finance lease liabilities (Note (1))	26,581,659	20,684,070	24,312,303	10,093,814	81,671,846
Finance lease liabilities	50,222	50,222	12,557	—	113,001
Financial liabilities as included in accruals and other payables (excluding accruals for staff costs and allowance and other taxes payable)	6,106,915	171,222	—	—	6,278,137
Guarantees given to banks for mortgage facilities granted to purchasers of the Group's properties	18,438,122	—	—	—	18,438,122
Guarantees in respect of borrowings of joint ventures and an associate	769,838	2,073,870	1,636,191	—	4,479,899

Note:

(1) Interest on borrowings is calculated on borrowings held as at 31 December 2015 and 2014 respectively. Floating-rate interest is estimated using the current interest rate as at 31 December 2015 and 2014 respectively.

(All amounts in RMB Yuan thousands unless otherwise stated)

3. FINANCIAL RISK MANAGEMENT (Continued)

3.2 Capital management

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

In order to maintain or adjust the capital structure, the Group will consider the macro economic conditions, prevailing borrowing rate in the market and adequacy of cash flows generated from operations and may raise funding through capital market or bank borrowings as necessary.

Consistent with others in the industry, the Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total equity. Net debt is calculated as total borrowings (including current and non-current borrowings as shown in the consolidated balance sheet) less cash and cash equivalents, restricted cash and time deposits.

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

	2015	2014
Total borrowings	**82,438,640**	67,658,670
Less: cash and cash equivalents	**(13,970,313)**	(13,490,425)
restricted cash	**(6,814,094)**	(6,339,497)
time deposits	**(500,000)**	—
Net debt	**61,154,233**	47,828,748
Total equity	**49,217,380**	52,145,562
Gearing ratio	**124.3%**	91.7%

3.3 Fair value estimation

The table below analyses the Group's financial instruments carried at fair value as at 31 December 2015 and 2014 by level of the inputs to valuation techniques used to measure fair value. Such inputs are categorised into three levels within a fair value hierarchy as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

3. FINANCIAL RISK MANAGEMENT (Continued)

3.3 Fair value estimation (Continued)

See Note 8 for disclosures of the investment properties that are measured at fair value.

	Available-for-sale financial assets	
	2015	2014
Level 3	**645,140**	535,477

(a) Financial instruments in level 3

The fair value of the Group's major available-for-sale financial assets was revalued on 31 December 2015 by an independent and professionally qualified valuer. The valuation is performed based on the market approach by reference to quoted market prices for similar instruments, maximising the use of observable market data where it is available and relying as little as possible on entity specific estimates. The available-for-sale financial assets were included in level 3 as the valuation involves the use of certain factors (unobservable inputs) to adjust the data derived from increasingly volatile markets to arrive at the estimated fair value for these unquoted equity investments. The fair value gain on the equity investments was included in "other comprehensive income".

A sensitivity analysis of the Group's major available-for-sale financial assets is disclosed in Note 4.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

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

(a) Estimated impairment of goodwill

The Group tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy stated in Note 2.9. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of estimates.

Key assumptions used in the value-in-use calculations are disclosed in Note 9.

A sensitivity analysis on key assumptions used in the calculation has been carried out. If the gross margin or growth rate had been lower than management estimates by 10% or discount rate had been higher than management estimates by 10% with other variables held constant, the Group would not have suffered any impairment of goodwill as at 31 December 2015.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (Continued)

(b) Estimated impairment of construction licenses

Useful life of construction licenses is indefinite and therefore, the carrying amount is subject to test annually for impairment, in accordance with the accounting policy stated in Note 2.9. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of estimates.

Key assumptions used in the value-in-use calculations are disclosed in Note 9.

A sensitivity analysis on key assumptions used in the calculation has been carried out. If the royalty rate or growth rate had been lower than management estimates by 10% or the discount rate had been higher than management estimates by 10% with other variables held constant, the Group would not have suffered any impairment of construction licenses as at 31 December 2015.

(c) Income taxes

The Group is subject to income taxes in numerous jurisdictions. Significant judgment is required in determining the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred income tax assets and liabilities in the period in which such determination is made.

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

(d) Land appreciation taxes

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

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

(e) Fair value of investment properties

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

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS (Continued)

(f) Fair value of available-for-sale financial assets

The fair value of the Group's major available-for-sale financial assets that are not quoted in active markets is determined by using valuation techniques. Changes in assumptions used in the valuation could affect reported fair value of available-for-sale financial assets.

If the market price had been lower than management estimates by 5% with other variables held constant, the carrying amount of available-for-sale financial assets would have been lowered by RMB28,430,000.

(g) Provisions for impairment of properties under development, completed properties held for sale and long-term assets held for hotel operations

Provision is made when events or changes in circumstances indicate that the carrying amounts may not be recoverable. For the purpose of assessing provision for impairment, properties under development, completed properties held for sale and long-term assets held for hotel operations are grouped at the lowest levels for which there are separately identifiable cash flows. The recoverability of the carrying amounts of land use rights for property development, properties under development and completed properties held for sale was assessed according to their recoverable amounts, taking into account for costs to completion based on past experience and net sales values based on prevailing market conditions. The recoverable amounts of long-term assets held for hotel operations have been determined based on value-in-use calculations, taking into account latest market information and past experience. The assessment requires the use of judgement and estimates.

As at 31 December 2015, no impairment was provided for properties under development, completed properties held for sale or long-term assets held for hotel operations (2014: Nil).

5. SEGMENT INFORMATION

The chief operating decision-maker has been identified as the Executive Directors. Management has determined the operating segments based on the information reviewed by the Executive Directors for the purpose of allocating resources and assessing performance.

As almost the entire Group's consolidated revenue and results are attributable to the market in the PRC and almost all of the Group's consolidated assets are located in the PRC, the Executive Directors consider the business mainly from product perspective. The Group is principally engaged in the property development, property investment and hotel operations. Other services provided by the Group mainly represent property management and property agency. The results of these operations are included in the "all other segments" column.

The Executive Directors assess the performance of the operating segments based on a measure of profit for the year.

(All amounts in RMB Yuan thousands unless otherwise stated)

5. SEGMENT INFORMATION (Continued)

The segment information provided to the Executive Directors for the reportable segments for the year ended 31 December 2015 and the segment assets and liabilities at 31 December 2015 are as follows:

	Property development	Property investment	Hotel operations	All other segments	Group
Segment revenue	40,744,245	925,827	1,226,483	1,852,650	44,749,205
Inter-segment revenue	—	(68,572)	(45,333)	(344,376)	(458,281)
Revenue from external customers	40,744,245	857,255	1,181,150	1,508,274	44,290,924
Profit/(loss) for the year	6,178,335	1,210,431	(167,446)	(509,048)	6,712,272
Finance costs	(1,639,068)	(128,414)	(221,168)	(165,345)	(2,153,995)
Share of results of joint ventures	1,343,455	—	—	—	1,343,455
Share of results of associates	(30,828)	—	—	11,935	(18,893)
Income tax (expenses)/credits	(4,709,625)	(401,518)	55,815	178,099	(4,877,229)
Depreciation and amortisation	(185,145)	—	(207,937)	(60,427)	(453,509)
(Allowance for)/reversal of allowance for impairment losses of receivables	(29,034)	—	66	(24)	(28,992)
Fair value gains on investment properties — net of tax	—	830,709	—	—	830,709
Segment assets	152,617,182	19,251,951	6,854,021	1,069,451	179,792,605
Segment assets include:					
Interests in joint ventures	5,954,631	—	—	—	5,954,631
Interests in associates	8,056	—	—	62,996	71,052
Addition to non-current assets (other than financial instruments and deferred tax assets)	603,789	154,587	916,262	145,011	1,819,649
Segment liabilities	36,287,953	—	256,897	590,730	37,135,580

5. SEGMENT INFORMATION (Continued)

The segment information provided to the Executive Directors for the reportable segments for the year ended 31 December 2014 and the segment assets and liabilities at 31 December 2014 are as follows:

	Property development	Property investment	Hotel operations	All other segments	Group
Segment revenue	31,650,997	879,847	1,137,521	1,358,864	35,027,229
Inter-segment revenue	—	(52,584)	(28,918)	(240,317)	(321,819)
Revenue from external customers	31,650,997	827,263	1,108,603	1,118,547	34,705,410
Profit/(loss) for the year	5,449,418	1,576,066	(139,619)	(379,476)	6,506,389
Finance costs	(697,934)	(155,492)	(231,187)	(131,308)	(1,215,921)
Share of results of joint ventures	169,789	—	—	—	169,789
Share of results of associates	(24,705)	—	—	(500)	(25,205)
Income tax (expenses)/credits	(3,285,959)	(525,356)	46,540	114,778	(3,649,997)
Depreciation and amortisation	(232,557)	—	(177,312)	(62,834)	(472,703)
Goodwill disposed for sale of properties	(3,269)	—	—	—	(3,269)
(Allowance for)/reversal of allowance for impairment losses of receivables	(10,250)	—	(42)	601	(9,691)
Fair value gains on investment properties — net of tax	—	1,228,631	—	—	1,228,631
Segment assets	143,397,989	18,047,632	6,085,875	845,536	168,377,032
Segment assets include:					
Interests in joint ventures	4,617,519	—	—	—	4,617,519
Interests in associates	35,153	—	—	51,060	86,213
Addition to non-current assets (other than financial instruments and deferred tax assets)	475,914	559,319	108,049	167,268	1,310,550
Segment liabilities	37,777,761	—	307,688	582,454	38,667,903

Sales between segments are carried out at arm's length. The revenue from external parties reported to the Executive Directors is measured in a manner consistent with that in the income statement.

The amounts provided to the Executive Directors with respect to total assets are measured in a manner consistent with that of the financial statements. These assets are allocated based on the operations of the segment.

The Group's deferred income tax assets and available-for-sale financial assets are not considered to be segment assets but rather are managed on a central basis.

(All amounts in RMB Yuan thousands unless otherwise stated)

5. SEGMENT INFORMATION (Continued)

Reportable segments' assets are reconciled to total assets as follows:

	2015	2014
Segment assets for reportable segments	179,792,605	168,377,032
Deferred income tax assets	3,295,186	2,927,764
Available-for-sale financial assets	645,140	535,477
Total assets per balance sheet	183,732,931	171,840,273

The amounts provided to the Executive Directors with respect to total liabilities are measured in a manner consistent with that of the financial statements. These liabilities are allocated based on the operations of the segment.

The Group's income tax liabilities and borrowings are not considered to be segment liabilities but rather are managed on a central basis.

Reportable segments' liabilities are reconciled to total liabilities as follows:

	2015	2014
Segment liabilities for reportable segments	37,135,580	38,667,903
Deferred income tax liabilities	3,935,947	3,278,908
Current income tax liabilities	11,005,384	10,089,230
Current borrowings	32,679,242	22,105,068
Non-current borrowings	49,759,398	45,553,602
Total liabilities per balance sheet	134,515,551	119,694,711

Entity-Wide information

Breakdown of revenue from all services is as follows:

Analysis of revenue by category	2015	2014
Sale of properties	40,744,245	31,650,997
Rental income	857,255	827,263
Hotel operations	1,181,150	1,108,603
Property management services and others	1,508,274	1,118,547
	44,290,924	34,705,410

5. SEGMENT INFORMATION (Continued)

Revenue from external customers by country, based on the destination of the customer:

	2015	2014
PRC	**44,289,281**	34,705,410
Other countries	**1,643**	—
Total	**44,290,924**	34,705,410

Revenues from the individual countries included in "other countries" are not material. There was no revenue derived from a single external customer accounting for 10% or more of the Group's revenues for the year ended 31 December 2015 (2014: Nil)

Non-current assets, other than financial instruments and deferred income tax assets (there are no employment benefit assets and rights arising under insurance contracts), by country:

	2015	2014
PRC	**37,013,494**	33,545,227
Other countries	**6,894**	—
Total	**37,020,388**	33,545,227

Non-current assets in the individual countries included in "other countries" are not material.

6. LAND USE RIGHTS

The Group's interests in land use rights represent prepaid operating lease payments and their net book values are analysed as follows:

	2015	2014
At 1 January	**1,198,045**	1,098,345
Transfer from properties under development	**101,572**	155,905
Amortisation of prepaid operating lease payments	**(35,576)**	(56,205)
At 31 December	**1,264,041**	1,198,045

Land use rights are amortised in the following categories:

	2015	2014
Selling and administrative expenses	**3,835**	6,970
Cost of sales	**19,150**	15,023
Capitalised in property, plant and equipment	**12,591**	34,212
	35,576	56,205

(All amounts in RMB Yuan thousands unless otherwise stated)

6. LAND USE RIGHTS (Continued)

Borrowings are secured on land use rights for the carrying amount of RMB804,637,000 (2014: RMB581,083,000).

7. PROPERTY, PLANT AND EQUIPMENT

				Transportation equipment				
	Office buildings	Hotel buildings	Furniture, fixtures and equipment	Asset acquired under finance lease	Others	Machinery	Assets under construction	Total
At 1 January 2014								
Cost	1,479,352	3,779,434	498,944	395,325	306,778	351,911	1,146,488	7,958,232
Accumulated depreciation	(181,254)	(451,068)	(332,907)	(41,905)	(180,958)	(203,469)	—	(1,391,561)
Net book amount	1,298,098	3,328,366	166,037	353,420	125,820	148,442	1,146,488	6,566,671
Year ended 31 December 2014								
Opening net book amount	1,298,098	3,328,366	166,037	353,420	125,820	148,442	1,146,488	6,566,671
Additions	24,753	889	78,086	—	49,444	60,033	792,786	1,005,991
Transfer from properties under development	57,590	131,030	—	—	—	—	151,724	340,344
Transfer to properties under development	—	(18,653)	—	—	—	—	—	(18,653)
Disposals	(5,730)	—	(1,562)	—	(1,630)	(1,612)	—	(10,534)
Depreciation	(58,796)	(131,695)	(55,385)	(25,143)	(60,327)	(56,832)	—	(388,178)
Closing net book amount	1,315,915	3,309,937	187,176	328,277	113,307	150,031	2,090,998	7,495,641
At 31 December 2014								
Cost	1,549,840	3,892,700	570,291	395,325	342,161	400,877	2,090,998	9,242,192
Accumulated depreciation	(233,925)	(582,763)	(383,115)	(67,048)	(228,854)	(250,846)	—	(1,746,551)
Net book amount	1,315,915	3,309,937	187,176	328,277	113,307	150,031	2,090,998	7,495,641
Year ended 31 December 2015								
Opening net book amount	**1,315,915**	**3,309,937**	**187,176**	**328,277**	**113,307**	**150,031**	**2,090,998**	**7,495,641**
Additions	**98,488**	**1,022**	**183,349**	**—**	**30,234**	**37,801**	**1,155,600**	**1,506,494**
Transfer from properties under development	**393,617**	**—**	**—**	**—**	**—**	**—**	**—**	**393,617**
Transfer to properties under development	**—**	**—**	**—**	**—**	**—**	**—**	**(7,296)**	**(7,296)**
Assets under construction transfer to buildings	**14,652**	**1,658,141**	**—**	**—**	**—**	**—**	**(1,672,793)**	**—**
Disposals	**(5,200)**	**—**	**(960)**	**—**	**(313)**	**(1,969)**	**—**	**(8,442)**
Depreciation	**(47,976)**	**(135,360)**	**(81,363)**	**(25,143)**	**(43,375)**	**(36,056)**	**—**	**(369,273)**
Currency translation differences	**—**	**—**	**(393)**	**—**	**(484)**	**—**	**—**	**(877)**
Closing net book amount	**1,769,496**	**4,833,740**	**287,809**	**303,134**	**99,369**	**149,807**	**1,566,509**	**9,009,864**
At 31 December 2015								
Cost	**2,049,429**	**5,551,862**	**750,028**	**395,325**	**368,122**	**422,131**	**1,566,509**	**11,103,406**
Accumulated depreciation	**(279,933)**	**(718,122)**	**(462,219)**	**(92,191)**	**(268,753)**	**(272,324)**	**—**	**(2,093,542)**
Net book amount	**1,769,496**	**4,833,740**	**287,809**	**303,134**	**99,369**	**149,807**	**1,566,509**	**9,009,864**

7. PROPERTY, PLANT AND EQUIPMENT (Continued)

Depreciation expense has been charged in the following categories:

	2015	2014
Selling and administrative expenses	**129,056**	157,876
Cost of sales	**240,217**	230,302
	369,273	388,178

Assets under construction mainly represent building costs and other costs incurred for the construction of hotel buildings. For the year ended 31 December 2015, borrowing costs capitalised in assets under construction amounted to RMB54,926,000 (2014:RMB114,823,000). Borrowing costs were capitalised at the weighted average rate of 8.09% for the year ended 31 December 2015 (2014: 7.74%)

Borrowings are secured by office buildings, hotel buildings and assets under construction with a carrying amount of RMB4,329,669,000 (2014: RMB4,309,544,000).

The Group leases an aircraft under non-cancellable finance lease agreement. The lease term is 5 years, and ownership of the asset lies within the Group.

(All amounts in RMB Yuan thousands unless otherwise stated)

8. INVESTMENT PROPERTIES

	Completed investment properties	Investment properties under construction	Total
Year ended 31 December 2014			
Opening balance at 1 January	15,475,564	412,623	15,888,187
Additions	—	559,319	559,319
Disposals	(38,048)	—	(38,048)
Fair value gains	249,627	1,388,547	1,638,174
Closing balance at 31 December	15,687,143	2,360,489	18,047,632
Total gains for the year included in profit or loss, under "other income and other gains — net"	253,021	1,388,547	1,641,568
Change in unrealised gains or losses for the year included in profit or loss for assets held at end of year	249,627	1,388,547	1,638,174
Year ended 31 December 2015			
Opening balance at 1 January	**15,687,143**	**2,360,489**	**18,047,632**
Additions	**—**	**154,587**	**154,587**
Disposals	**(55,920)**	**—**	**(55,920)**
Transfers	**2,515,076**	**(2,515,076)**	**—**
Fair value gains	**1,105,652**	**—**	**1,105,652**
Closing balance at 31 December	**19,251,951**	**—**	**19,251,951**
Total gains for the year included in profit or loss, under "other income and other gains — net"	**1,093,124**	**—**	**1,093,124**
Change in unrealised gains or losses for the year included in profit or loss for assets held at end of year	**1,105,652**	**—**	**1,105,652**

(a) Amount recognised in the consolidated income statement for investment properties:

	2015	2014
Rental income	**857,255**	827,263
Direct operating expenses arising from investment properties that generate rental income	**(95,000)**	(69,379)
Direct operating expenses that did not generate rental income	**(70,275)**	(41,096)

As at 31 December 2015, the Group had no unprovided contractual obligations for future repairs and maintenance (2014: Nil).

8. INVESTMENT PROPERTIES (Continued)

(b) Fair value hierarchy

An independent valuation of the Group's investment properties was performed by independent and professionally qualified valuers to determine the fair value of the investment properties as at 31 December 2015 and 2014. The revaluation gains or losses are included in "other income and other gains — net" in the income statement.

As at 31 December 2015 and 2014, all of the Group's investment properties were within level 3 of the fair value hierarchy as the valuations were arrived at by reference to certain significant unobservable inputs. There were no transfers between levels 1, 2 and 3 during the year.

(c) Valuation processes of the Group

The Group's investment properties were valued at 31 December 2015 and 2014 by independent and professionally qualified valuers not related to the Group who hold a recognised relevant professional qualification and have recent experience in the locations and segments of the investment properties valued. For all investment properties, their current use equates to the highest and best use.

The Group's finance department includes a team that reviews the valuations performed by the independent valuers for financial reporting purposes. This team reports directly to the chief financial officer ("CFO") and the audit committee. Discussions of valuation processes and results are held between the CFO, the valuation team and valuers at least once every six months, in line with the Group's interim and annual reporting dates.

At each financial year end the finance department:

- Verifies all major inputs to the independent valuation reports;
- Assesses property valuations movements when compared to the prior year valuation reports;
- Holds discussion with the independent valuers.

Changes in level 2 and 3 fair values are analysed at each reporting date during the bi-annual valuation discussions between the CFO and the valuation team. As part of this discussion, the team presents a report that explains the reasons for the fair value movements.

(d) Valuation techniques

For completed office and retail buildings, the valuations were based on term and reversionary method. This method is based on the tenancy schedules as at the respective valuation dates by adopting term rates and the reversionary income potential by adopting appropriate capitalisation rates for the remaining land use rights term, which are derived from the analysis of prevailing market rents and valuers' interpretation of prevailing investor requirements or expectations. The prevailing market rents adopted in the valuation have reference to recent lettings, within the subject properties and other comparable properties.

For carparks, the valuations were determined using the direct comparison method. Sales prices of comparable properties in close proximity are adjusted for differences in key attributes such as property size. The most significant input into this valuation approach is price per square metre.

(All amounts in RMB Yuan thousands unless otherwise stated)

8. INVESTMENT PROPERTIES (Continued)

(d) Valuation techniques (Continued)

For investment properties under construction, the Group has valued such properties on the basis that they will be developed and completed in accordance with the Group's latest development plans. The valuations were based on residual method, which is essentially a means of valuing the land by reference to its development potential by deducting development costs together with developer's profit and risk associated with the estimated capital value of the proposed development assuming completed as at the date of valuation.

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

(e) Information about fair value measurements using significant unobservable inputs (level 3)

Description		Fair value at 31 December 2015	Valuation techniques	Unobservable inputs	Range of unobservable inputs (probability)	Relationship of unobservable inputs to fair value
Completed investment properties	Office	**5,831,086**	Term and reversionary method	Term yields	7.00%–7.25%	The higher the term yields, the lower the fair value
				Reversionary yields	7.00%–7.25%	The higher the reversion yields, the lower the fair value
				Market rents (RMB/square metre/month)	326–389	The higher the market rents, the higher the fair value
				Market price (RMB/square metre)	39,400–59,000	The higher the market price, the higher the fair value
	Retail	**12,799,546**	Term and reversionary method	Term yields	5.00%–7.25%	The higher the term yields, the lower the fair value
				Reversionary yields	5.00%–7.25%	The higher the reversion yields, the lower the fair value
				Market rents (RMB/square metre/month)	60–319	The higher the market rents, the higher the fair value
	Carpark	**621,319**	Direct comparison method	Market price (RMB/square metre)	4,226–10,012	The higher the market price, the higher the fair value

8. INVESTMENT PROPERTIES (Continued)

(e) Information about fair value measurements using significant unobservable inputs (level 3) (Continued)

Description		Fair value at 31 December 2014	Valuation techniques	Unobservable inputs	Range of unobservable inputs (probability)	Relationship of unobservable inputs to fair value
Completed investment properties	Office	5,371,568	Term and reversionary method	Term yields	7.25%	The higher the term yields, the lower the fair value
				Reversionary yields	7.25%	The higher the reversion yields, the lower the fair value
				Market rents (RMB/square metre/month)	284–320	The higher the market rents, the higher the fair value
				Market price (RMB/square metre)	37,200–55,300	The higher the market price, the higher the fair value
	Retail	9,664,936	Term and reversionary method	Term yields	6.00%–8.00%	The higher the term yields, the lower the fair value
				Reversionary yields	6.00%–8.00%	The higher the reversion yields, the lower the fair value
				Market rents (RMB/square metre/month)	60–295	The higher the market rents, the higher the fair value
	Carpark	650,639	Direct comparison method	Market price (RMB/square metre)	4,226–10,012	The higher the market price, the higher the fair value
Investment properties under construction	Retail	2,360,489	Residual method	Market price (RMB/square metre)	27,533–38,395	The higher the market price, the higher the fair value
				Budgeted construction costs to be incurred (RMB/square metre)	1,599–1,917	The higher the budgeted construction costs to incurred, the lower the fair value
				Developer's profit (%)	2.04%–4.62%	The higher the developer's profit, the lower the fair value

There are inter-relationships between unobservable inputs. Expected vacancy rates may impact the yield with higher vacancy rates resulting in higher yields. For investment property under construction, increases in construction costs that enhance the property's features may result in an increase of future rental values. An increase in future rental income may be linked with higher costs. If the remaining lease term increases, the yield may decrease.

(f) Investment properties pledged as security

Borrowings are secured on investment properties for the value of RMB11,686,175,000 (2014: RMB6,853,499,000).

(All amounts in RMB Yuan thousands unless otherwise stated)

9. INTANGIBLE ASSETS

	Goodwill	Construction licence	Customer contracts	Software and others	Total
At 1 January 2014					
Cost	510,002	282,000	322,000	180,038	1,294,040
Accumulated amortisation and impairment	(2,983)	—	(322,000)	(71,221)	(396,204)
Net book amount	507,019	282,000	—	108,817	897,836
Year ended 31 December 2014					
Opening net book amount	507,019	282,000	—	108,817	897,836
Additions	—	—	—	145,923	145,923
Amortisation charge	—	—	—	(62,532)	(62,532)
Goodwill disposed for sale of properties, charged to cost of sales	(3,269)	—	—	—	(3,269)
Closing net book amount	503,750	282,000	—	192,208	977,958
At 31 December 2014					
Cost	506,733	282,000	322,000	325,961	1,436,694
Accumulated amortisation and impairment	(2,983)	—	(322,000)	(133,753)	(458,736)
Net book amount	503,750	282,000	—	192,208	977,958
Year ended 31 December 2015					
Opening net book amount	**503,750**	**282,000**	**—**	**192,208**	**977,958**
Additions	**—**	**—**	**—**	**158,568**	**158,568**
Amortisation charge	**—**	**—**	**—**	**(61,251)**	**(61,251)**
Disposals	**—**	**—**	**—**	**(40,426)**	**(40,426)**
Closing net book amount	**503,750**	**282,000**	**—**	**249,099**	**1,034,849**
At 31 December 2015					
Cost	**506,733**	**282,000**	**322,000**	**414,366**	**1,525,099**
Accumulated amortisation and impairment	**(2,983)**	**—**	**(322,000)**	**(165,267)**	**(490,250)**
Net book amount	**503,750**	**282,000**	**—**	**249,099**	**1,034,849**

Intangible assets are amortised in the following categories:

	2015	2014
Selling and administrative expenses	**9,339**	7,935
Cost of sales	**51,912**	54,597
	61,251	62,532

9. INTANGIBLE ASSETS (Continued)

(a) Goodwill

Impairment test for goodwill

Goodwill is mainly allocated to the Group's cash-generating units (CGUs) identified as the construction services unit within the property development segment. The recoverable amount of the CGU as at 31 December 2015 was determined based on value-in-use calculations. These calculations use pre-tax cash flow projections based on financial budgets approved by management covering a five-year period. Cash flows beyond the five-year period are extrapolated using the estimated rates stated below. The growth rate does not exceed the long-term average growth rate for the business in which the CGU operates.

Key assumptions used for value-in-use calculations in 2015 and 2014 are as follows.

	2015	2014
Gross margin	**12%**	12%
Growth rate for the five-year period	**3%–5%**	3%–8%
Terminal growth rate	**3%**	3%
Pre-tax discount rate	**12.82%**	13.66%

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

(b) Construction licence

Impairment test for construction licence

The recoverable amount of construction licence based on value-in-use calculations as at 31 December 2015 was determined by estimating the value of royalty (that is, licence fee) from which the Group is exempted by virtue of the fact that it owns the licence. The value of royalty is determined by a royalty rate of the licence multiplied by the net revenue expected to be generated by the Company and then capitalised at a discounted rate. These calculations use cash flow projections based on financial budgets approved by management covering a five-year period. Cash flows beyond the five-year period are extrapolated using the estimated rates stated below.

Key assumptions used for value-in-use calculations in 2015 and 2014 are as follows.

	2015	2014
Royalty rate	**1%**	1%
Growth rate for the five-year period	**3%–5%**	3%–8%
Terminal growth rate	**3%**	3%
Pre-tax discount rate	**13.71%**	14.58%

Management determined royalty rate and weighted average growth rates based on past performance and industry factor. The discount rates used are pre-tax and reflect specific risks relating to the relevant operating segment.

(All amounts in RMB Yuan thousands unless otherwise stated)

10. SUBSIDIARIES

The following is a list of principal subsidiaries at 31 December 2015:

Company name	Date of incorporation/ establishment	Legal status	Issued/ registered and fully paid up capital	Attributable equity interests Direct	Attributable equity interests Indirect	Equity interests held by non-controlling interests	Principal activities and place of operations
Subsidiaries — incorporated in the PRC:							
廣州富力興盛置業發展有限公司	9 January 2004	Sino-foreign joint venture with limited liability	USD6,500,000	25%	75%	—	Development and investment of office buildings in the PRC
廣州富力恒盛置業發展有限公司	9 January 2004	Sino-foreign joint venture with limited liability	USD6,500,000	25%	75%	—	Development and investment of hotel buildings in the PRC
廣州富力鼎盛置業發展有限公司	9 January 2004	Sino-foreign joint venture with limited liability	USD6,500,000	25%	75%	—	Development and investment of hotel buildings in the PRC
廣州富力嘉盛置業發展有限公司	29 September 2005	Limited liability company	RMB400,000,000	97.5%	2.5%	—	Property development in the PRC
廣州富力創盛置業發展有限公司	4 November 2005	Limited liability company	RMB360,000,000	86.11%	13.89%	—	Property development in the PRC
廣州德和投資發展有限公司	10 January 2006	Limited liability company	RMB300,000,000	98.67%	1.33%	—	Property development in the PRC
廣州市住宅建築設計院有限公司	26 April 1995	Limited liability company	RMB5,000,000	93.84%	6.16%	—	Residential architecture design in the PRC
廣州天力建築工程有限公司	20 May 1993	Limited liability company	RMB300,000,000	90%	10%	—	Construction company in the PRC
廣東恒力建設工程有限公司	12 June 2001	Limited liability company	RMB15,000,000	—	100%	—	Construction company in the PRC
廣州富力美好置業發展有限公司	10 November 2003	Limited liability company	RMB3,010,000	80%	20%	—	Property leasing in the PRC
廣州天力物業發展有限公司	10 December 1997	Limited liability company	RMB5,000,000	90%	10%	—	Property management in the PRC
廣州富力裝飾工程有限公司	27 April 2006	Limited liability company	RMB10,000,000	90%	10%	—	Provision of interior design service in the PRC
廣州富力億盛置業發展有限公司	31 August 2005	Limited liability company	RMB100,000,000	90%	10%	—	Property development in the PRC
惠州富力房地產開發有限公司	10 April 2007	Limited liability company	RMB100,000,000	95%	5%	—	Property development in the PRC
龍門富力房地產開發有限公司	6 September 2007	Limited liability company	RMB196,001,568	97.45%	2.55%	—	Property development in the PRC
博羅縣紅中實業發展有限公司	27 April 2004	Limited liability company	RMB250,000,000	95%	5%	—	Property development in the PRC
北京富力城房地產開發有限公司	24 April 2002	Limited liability company	RMB1,394,781,578	96%	4%	—	Property development in the PRC
富力(北京)地產開發有限公司	27 June 2002	Limited liability company	RMB100,000,000	80%	20%	—	Property development in the PRC
北京龍熙順景房地產開發有限責任公司	20 August 2001	Limited liability company	RMB29,000,000	—	100%	—	Property development in the PRC
北京東方長安房地產開發有限公司	6 December 2001	Limited liability company	RMB50,000,000	—	100%	—	Property development in the PRC

10. SUBSIDIARIES (Continued)

Company name	Date of incorporation/ establishment	Legal status	Issued/ registered and fully paid up capital	Attributable equity interests Direct	Attributable equity interests Indirect	Equity interests held by non-controlling interests	Principal activities and place of operations
Subsidiaries — incorporated in the PRC: (Continued)							
富力(香河)房地產開發有限公司	5 November 2009	Limited liability company	RMB200,000,000	—	100%	—	Property development in the PRC
北京恒富物業服務有限公司	12 December 2002	Limited liability company	RMB5,000,000	—	100%	—	Property management in the PRC
富力南京地產開發有限公司	8 September 2010	Limited liability company	RMB500,000,000	—	100%	—	Property development in the PRC
北京富力歐美園林綠化工程有限公司	6 March 2003	Limited liability company	RMB5,000,000	—	100%	—	Gardening and virescence construction in the PRC
北京天越門窗製造有限公司	8 August 2003	Limited liability company	RMB2,000,000	—	100%	—	Manufacturing of aluminium frame and sales of construction and decoration materials in the PRC
北京極富房地產開發有限公司	30 August 2007	Limited liability company	RMB30,000,000	100%	—	—	Property development in the PRC
天津富力城房地產開發有限公司	29 November 2004	Limited liability company	RMB604,280,000	98.35%	1.65%	—	Property development in the PRC
天津耀華投資發展有限公司	27 September 2002	Limited liability company	RMB535,475,234	—	100%	—	Property development in the PRC
西安保德信房地產開發有限公司	8 August 2005	Limited liability company	RMB65,000,000	—	100%	—	Property development in the PRC
太原富力城房地產開發有限公司	14 August 2007	Limited liability company	RMB350,000,000	—	100%	—	Property development in the PRC
重慶富力房地產開發有限公司	30 December 2005	Limited liability company	RMB660,000,000	32.35%	67.65%	—	Property development in the PRC
廣州富力地產(重慶)有限公司	26 January 2007	Limited liability company	RMB854,500,761	94.82%	5.18%	—	Property development in the PRC
成都富力地產開發有限公司	27 March 2007	Limited liability company	RMB600,000,000	98.33%	1.67%	—	Property development in the PRC
成都熊貓萬國商城有限公司	29 October 1997	Limited liability company	RMB80,000,000	85%	—	15%	Property development in the PRC
上海富力房地產開發有限公司	25 April 2007	Limited liability company	RMB200,000,000	95%	5%	—	Property development in the PRC
昆山新延房地產開發有限公司	16 November 2000	Limited liability company	RMB128,000,000	—	100%	—	Property development in the PRC
昆山國銀置業有限公司	9 July 2002	Limited liability company	RMB380,000,000	95%	5%	—	Property development in the PRC
海南三林旅業開發有限公司	7 March 1995	Limited liability company	RMB124,900,000	—	100%	—	Property development in the PRC
海南怡豐房地產發展(香港)公司	27 January 1994	Limited liability company	HKD15,000,000	85%	15%	—	Property development in the PRC
海南陵水富力灣開發有限公司	23 November 2006	Limited liability company	RMB500,000,000	100%	—	—	Property development in the PRC
海南富力房地產開發有限公司	29 March 2007	Limited liability company	RMB100,000,000	95%	5%	—	Property development in the PRC

(All amounts in RMB Yuan thousands unless otherwise stated)

10. SUBSIDIARIES (Continued)

Company name	Date of incorporation/ establishment	Legal status	Issued/ registered and fully paid up capital	Attributable equity interests Direct	Attributable equity interests Indirect	Equity interests held by non-controlling interests	Principal activities and place of operations
Subsidiaries — incorporated in the PRC: (Continued)							
海南那甲旅業開發有限公司	27 November 1998	Limited liability company	RMB300,000,000	99.8%	0.2%	—	Property development in the PRC
海南協興地產發展(香港)有限公司	26 January 1994	Limited liability company	HKD15,000,000	85%	15%	—	Property development in the PRC
海南天力建築工程有限公司	9 July 2010	Limited liability company	RMB20,000,000	—	100%	—	Construction company in the PRC
北京富源盛達房地產開發有限公司	20 January 2011	Limited liability company	RMB30,000,000	—	100%	—	Property development in the PRC
富力(哈爾濱)房地產開發有限公司	12 April 2011	Limited liability company	RMB100,000,000	—	100%	—	Property development in the PRC
廣州富力足球俱樂部有限公司	7 July 2011	Limited liability company	RMB20,000,000	100%	—	—	Operation of a football club in the PRC
大同富力城房地產開發有限公司	7 November 2011	Limited liability company	RMB200,000,000	—	100%	—	Property development in the PRC
惠州富茂房地產開發有限公司	14 May 2010	Limited liability company	RMB500,000,000	50%	50%	—	Property development in the PRC
天津百合灣建設有限公司	30 January 2012	Limited liability company	RMB160,000,000	—	100%	—	Property development in the PRC
上海極富房地產開發有限公司	31 January 2013	Limited liability company	RMB200,000,000	—	100%	—	Property development in the PRC
無錫天潤福源房地產開發有限公司	2 March 2011	Limited liability company	RMB100,000,000	—	100%	—	Property development in the PRC
梅縣富力房地產開發有限公司	1 July 2013	Limited liability company	RMB550,000,000	99.09%	0.91%	—	Property development in the PRC
杭州富力房地產開發有限公司	19 December 2012	Limited liability company	USD120,000,000	—	100%	—	Property development in the PRC
無錫極富房地產開發有限公司	16 December 2013	Limited liability company	USD300,000,000	—	100%	—	Property development in the PRC
福州市台江富力置業有限公司	11 September 2013	Limited liability company	RMB100,000,000	—	100%	—	Property development in the PRC
包頭市富力房地產開發有限公司	18 October 2013	Limited liability company	RMB200,000,000	—	100%	—	Property development in the PRC
天津富潤房地產開發有限公司	23 October 2013	Limited liability company	RMB100,000,000	—	100%	—	Property development in the PRC
南京富力城房地產開發有限公司	17 November 2013	Limited liability company	RMB100,000,000	—	100%	—	Property development in the PRC
北京富力通達房地產開發有限公司	20 November 2013	Limited liability company	RMB100,000,000	—	100%	—	Property development in the PRC
富力(瀋陽)房地產開發有限公司	15 January 2014	Limited liability company	USD90,000,000	—	100%	—	Property development in the PRC
瀋陽億隆房屋開發有限公司	12 December 2001	Limited liability company	RMB20,000,000	—	100%	—	Property development in the PRC
上海眾弘置業發展有限公司	24 September 2013	Limited liability company	RMB100,000,000	—	100%	—	Property development in the PRC

10. SUBSIDIARIES (Continued)

Company name	Date of incorporation/ establishment	Legal status	Issued/ registered and fully paid up capital	Attributable equity interests Direct	Attributable equity interests Indirect	Equity interests held by non-controlling interests	Principal activities and place of operations
Subsidiaries — incorporated in Hong Kong:							
R&F Properties (HK) Company Limited	25 August 2005	Limited liability company	HKD10,000	100%	—	—	Investment holding in Hong Kong
Subsidiaries — incorporated in British Virgin Islands (BVI):							
R&F Properties (BVI) Co., Ltd.	31 March 2006	Limited liability company	USD1	—	100%	—	Investment holding in BVI
Palace View Investments Limited	21 March 2006	Limited liability company	USD1	—	100%	—	Investment holding in BVI
Maxview Investments Limited	3 April 2006	Limited liability company	USD50,000	—	100%	—	Investment holding in BVI
General Light Investments Limited	5 July 2011	Limited liability company	USD1	—	100%	—	Investment holding in BVI
Value Success Investments Limited	1 September 2006	Limited liability company	USD10,000	—	100%	—	Investment holding in BVI
Big Will Investments Limited	2 November 2007	Limited liability company	USD1	—	100%	—	Investment holding in BVI
Caifu Holdings Limited	2 January 2013	Limited liability company	USD1	—	100%	—	Investment holding in BVI
Trillion Chance Limited	31 October 2013	Limited liability company	USD1	—	100%	—	Investment holding in BVI
Subsidiaries — incorporated in Malaysia:							
R&F Development SDN BHD	29 November 2013	Limited liability company	MYR 500,000	—	100%	—	Property development in Malaysia
R&F Mega Realty SDN BHD	27 January 2014	Limited liability company	MYR 2	—	100%	—	Property development in Malaysia
Subsidiaries — incorporated in Australia:							
R&F Property Pty Ltd.	15 June 2014	Limited liability company	AUD100	—	100%	—	Property development in Australia
R&F Estate Pty Ltd.	7 July 2014	Limited liability company	AUD100	—	100%	—	Property development in Australia
R&F Mega Property Pty Ltd.	14 July 2014	Limited liability company	AUD100	—	100%	—	Property development in Australia
R&F Mega Realty Pty Ltd.	14 July 2014	Limited liability company	AUD100	—	100%	—	Property development in Australia
R&F Mega Estate Pty Ltd.	23 September 2014	Limited liability company	AUD100	—	100%	—	Property development in Australia
R&F Development Holdings Pty Ltd	30 May 2014	Limited liability company	AUD1	—	100%	—	Investment holdings in Australia
Subsidiaries — incorporated in Singapore:							
R&F Development PTE LTD	17 April 2014	Limited liability company	SGD 1	—	100%	—	Marketing development in Singapore

(All amounts in RMB Yuan thousands unless otherwise stated)

10. SUBSIDIARIES (Continued)

Structured entity	Principal activities
The Company's Employee Share Trust	Purchases, administers and holds the Company's shares in respect of the Share Award Scheme set up for the benefit of eligible employees

The above table lists the principal subsidiaries of the Group which, in the opinion of the directors, principally affect the results and net assets of the Group. To give full details of subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

As the Company's Employee Share Trust is set up solely for the purpose of purchasing, administrating and holding the Company's shares in respect of the Share Award Scheme, the Company has the rights to receive variable returns from its involvement with the Employee Share Trust and has the ability to affect those returns through its power over the trust. The assets and liabilities of the Employee Share Trust are included in the Group's consolidated financial statements and the shares held by the Employee Share Trust are presented as a deduction in equity as "Shares held for Share Award Scheme".

The accumulated non-controlling interests as at 31 December 2015 were RMB527,895,000 (2014: RMB531,785,000). The non-controlling interests in respect of each subsidiary are not individually material to the Group.

11. INTERESTS IN JOINT VENTURES

	2015	2014
At 1 January	4,617,519	4,258,931
Additions	—	220,560
Acquisition of additional equity interests in a joint venture (Note a)	(4,124)	(34,108)
Share of results	1,343,455	172,136
Elimination of unrealised profits	(2,219)	—
At 31 December	5,954,631	4,617,519

(a) The Group acquired additional 20% equity interests in Shenzhen Yueying Investment Management Co., Ltd. ("Shenzhen Yueying") in 2015, making it a subsidiary of the Group.

11. INTERESTS IN JOINT VENTURES (Continued)

(b) As at 31 December 2015, the Group's interests in joint ventures, which are not individually material to the Group in the opinion of the directors, are accounted for using the equity method. The aggregate amount of the Group's share of both the profit from continuing operations and total comprehensive income of these joint ventures for the year ended 31 December 2015 was RMB1,343,455,000 (2014: RMB172,136,000). The joint ventures listed below have share capital consisting solely of registered capital.

Name of entity	Place of business/country of incorporation	% of ownership interests held at 31 December 2015	
		Direct	Indirect
廣州市富景房地產開發有限公司 (“廣州富景”)	the PRC	33.34%	—
天津津南新城房地產開發有限公司 (“津南新城”)	the PRC	—	25%
天津和安房地產開發有限公司	the PRC	—	25%
Hines Shanghai New Jiangwan Development Co., Ltd. (“Hines Shanghai”)	Cayman Islands	—	50%
上海城投悦城置業有限公司 (“上海悦城”)	the PRC	—	50%
廣州市森華房地產有限公司 (“森華房地產”)	the PRC	50%	—
貴州大西南房地產開發有限公司 (“貴州大西南”)	the PRC	60%	—
廣州市騰順投資有限公司 (“騰順投資”)	the PRC	30%	—
廣西富雅投資有限公司 (“廣西富雅”)	the PRC	50%	—
和榮有限公司 (“和榮”)	BVI	—	25%
Charm Talent Limited (“Charm Talent”)	Hong Kong	—	25%

(c) Pursuant to the relevant joint venture agreements, these entities are jointly controlled by the Group and other parties. None of the participating parties has unilateral control over the entities with more than one half of the voting rights.

(d) There are no contingent liabilities relating to the Group's interest in the joint ventures.

(All amounts in RMB Yuan thousands unless otherwise stated)

12. INTERESTS IN ASSOCIATES

	2015	2014
At 1 January	**86,213**	122,600
Share of results	**(9,146)**	(30,772)
Dividends received from an associate	**(6,015)**	(5,615)
At 31 December	**71,052**	86,213

(a) As at 31 December 2015, the Group's interests in associates, which are not individually material to the Group in the opinion of the directors, are accounted for using the equity method. The aggregate amount of the Group's share of both the loss from continuing operations and total comprehensive income of these associates for the year ended 31 December 2015 was RMB18,893,000 (2014: RMB30,772,000). The associates listed below have share capital consisting solely of registered capital.

Name of entity	Place of business/country of incorporation	% of ownership interest held at 31 December 2015	
		Direct	Indirect
北京富盛利房地產經紀有限公司	the PRC	—	30%
廣州利合房地產開發有限公司 (“廣州利合“)	the PRC	20%	—
北京粵商投資股份有限公司	the PRC	—	22%
廣州盛安創富投資管理有限公司 (“盛安創富“)	the PRC	20%	—
河南建業富居投資有限公司 (“河南建業“)	the PRC	45%	—

(b) There are no contingent liabilities relating to the Group's interest in the associates.

13. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	2015	2014
At 1 January	**535,477**	281,400
Additional capital injection to an existing equity investment	**101,032**	22,500
Acquisition of additional equity interests in an unlisted private fund	**(14,700)**	—
Fair value gains recognised as other comprehensive income	**23,331**	231,577
At 31 December	**645,140**	535,477

13. AVAILABLE-FOR-SALE FINANCIAL ASSETS (Continued)

Available-for-sale financial assets include the following:

	2015	2014
Unlisted securities:		
— Unlisted equity investments	**564,590**	445,777
— Unlisted private funds	**80,550**	89,700
	645,140	535,477

Available-for-sale financial assets as at 31 December 2015 and 2014 are denominated in RMB.

The fair values of unlisted securities are based on the market approach by reference to quoted prices of similar instruments. The fair values are within level 3 of the fair value hierarchy.

The maximum exposure to credit risk at the reporting date is the carrying amounts of available-for-sale financial assets. None of these financial assets is either past due or impaired (2014: Nil).

14. FINANCIAL INSTRUMENTS BY CATEGORY

	2015	2014
Loans and receivables		
Trade and other receivables excluding prepayments	**15,035,051**	13,289,732
Cash and cash equivalents	**13,970,313**	13,490,425
Restricted cash	**6,814,094**	6,339,497
Time deposits	**500,000**	—
	36,319,458	33,119,654
Available-for-sale financial assets	**645,140**	535,477
	36,964,598	33,655,131

	2015	2014
Other financial liabilities at amortised cost		
Borrowings(excluding finance lease liabilities)	**82,378,121**	67,553,338
Finance lease liabilities	**60,519**	105,332
Trade and other payables excluding non-financial liabilities	**6,958,491**	6,278,137
	89,397,131	73,936,807

(All amounts in RMB Yuan thousands unless otherwise stated)

15. PROPERTIES UNDER DEVELOPMENT

	2015	2014
Amount comprises:		
Land use rights	**51,869,625**	57,514,275
Construction costs and capitalised expenditures	**19,491,883**	18,458,654
Financed costs capitalised	**7,310,418**	5,354,762
	78,671,926	81,327,691

All properties under development are expected to be completed within the normal operating cycle.

The capitalisation rate used to determine the amount of finance costs eligible for capitalisation is 7.05% for 2015(2014: 7.96%).

As at 31 December 2015, properties under development of RMB29,687,144,000 (2014: RMB20,461,480,000) were pledged as collateral for the Group's borrowings.

16. COMPLETED PROPERTIES HELD FOR SALE

	2015	2014
Amount comprises:		
Land use rights	**6,335,094**	4,620,807
Construction costs and capitalised expenditures	**14,380,159**	11,675,575
Finance costs capitalised	**1,712,735**	925,734
	22,427,988	17,222,116

As at 31 December 2015, completed properties held for sale of RMB1,472,747,000 (2014: RMB1,325,493,000) were pledged as collateral for the Group's borrowings.

17. TRADE AND OTHER RECEIVABLES AND PREPAYMENTS

	2015	2014
Trade receivables — net (Note (a))	**4,864,843**	4,823,718
Other receivables — net (Note (b))	**5,884,946**	4,717,407
Prepayments (Note (d))	**2,587,669**	1,373,880
Due from joint ventures	**1,737,889**	1,709,230
Due from associates	**2,547,373**	2,039,377
Total	**17,622,720**	14,663,612
Less: non-current portion	**(4,046,552)**	(3,772,884)
Current portion	**13,576,168**	10,890,728

The carrying amounts of trade and other receivables approximate their fair values.

(a) Trade receivables

	2015	2014
Trade receivables — current portion	**4,885,021**	4,688,168
Less: allowance for impairment	**(20,178)**	(1,818)
	4,864,843	4,686,350
Trade receivables — non-current portion	**—**	137,368
	4,864,843	4,823,718

Trade receivables in respect of sale of properties are settled in accordance with the terms stipulated in the sale and purchase agreements. Generally, purchasers of properties are required to settle the balances within 90 days as specified in the sale and purchase agreements. Purchasers of certain office and commercial units are required to settle the outstanding balances within 12 months as specified in the sale and purchase agreements. The ageing analysis of trade receivables is as follows:

	2015	2014
0 to 90 days	**2,879,142**	2,981,140
91 to 180 days	**346,186**	272,507
181 to 365 days	**515,746**	990,974
1 year to 2 years	**877,741**	245,487
Over 2 years	**266,206**	335,428
	4,885,021	4,825,536

(All amounts in RMB Yuan thousands unless otherwise stated)

17. TRADE AND OTHER RECEIVABLES AND PREPAYMENTS (Continued)

(a) Trade receivables (Continued)

Trade receivables are analysed as follows:

	2015	2014
Fully performing under credit terms	3,982,775	4,681,816
Past due but not impaired	882,068	141,902
Non-performing and impaired	20,178	1,818
Trade receivables	4,885,021	4,825,536
Less: allowance for impairment	(20,178)	(1,818)
Trade receivables — net	4,864,843	4,823,718

As at 31 December 2015, trade receivables of RMB20,178,000 (2014: RMB1,818,000) were impaired with full allowance for impairment. The individually impaired receivables mainly relate to certain independent customers which are in unexpectedly difficult economic situations. The ageing of these trade receivables is as follows:

	2015	2014
1 year to 2 years	2,954	—
Over 2 years	17,224	1,818
	20,178	1,818

For past due but not impaired receivables, the Group has the right to cancel the sale contracts and take over the legal title of the underlying properties for re-sale. Therefore, the directors consider that the receivables would be recovered and no allowance was made against these receivables as at 31 December 2015 (2014: Nil). The ageing analysis of these trade receivables is as follows:

	2015	2014
1 year to 2 years	717,242	—
Over 2 years	164,826	141,902
	882,068	141,902

17. TRADE AND OTHER RECEIVABLES AND PREPAYMENTS (Continued)

(a) Trade receivables (Continued)

Movements on the allowance for impairment of trade receivables are as follows:

	2015	2014
At 1 January	1,818	1,818
Provision for receivables impairment	18,365	—
Reversal of allowance for doubtful debts	(5)	—
At 31 December	20,178	1,818

(b) Other receivables

Other receivables are analysed as below:

	2015	2014
Fully performing under normal business	5,884,946	4,717,407
Non-performing and impaired	62,813	52,181
Other receivables	5,947,759	4,769,588
Less: allowance for impairment	(62,813)	(52,181)
Other receivables — net	5,884,946	4,717,407

Movements on the allowance for impairment of other receivables are as follows:

	2015	2014
At 1 January	52,181	42,490
Allowance for doubtful debts	10,632	9,691
At 31 December	62,813	52,181

(c) The maximum exposure to credit risk at the reporting date is the carrying value of each class of receivable mentioned above. The Group does not hold any collateral as security.

(d) Prepayments are mainly for acquisitions of land use rights and purchases of construction materials.

(All amounts in RMB Yuan thousands unless otherwise stated)

17. TRADE AND OTHER RECEIVABLES AND PREPAYMENTS (Continued)

(e) The carrying amounts of the Group's trade and other receivables, including amounts due from joint ventures and associates, are denominated in the following currencies:

	2015	2014
RMB	**15,026,694**	13,276,264
AUD	**7,652**	7
MYR	**592**	13,318
SGD	**113**	143
	15,035,051	13,289,732

18. RESTRICTED CASH

	2015	2014
Guarantee deposits for construction of pre-sold properties (Note (a))	**4,663,642**	5,185,277
Guarantee deposits for resettlement costs (Note (b))	**45,585**	116,982
Guarantee deposits for construction payables (Note (c))	**35,996**	60,115
Guarantee deposits for borrowings (Note (d))	**970,239**	162,873
Guarantee deposits for mortgage loans provided to customers (Note (e))	**19,583**	25,816
Guarantee deposits for interest of senior notes (Note (f))	**583,515**	549,831
Others (Note (g))	**495,534**	238,603
	6,814,094	6,339,497

(a) In accordance with the relevant documents issued by the local State-Owned Land and Resource Bureau, certain property development companies of the Group are required to place at designated bank accounts the pre-sale proceeds of properties received as the guarantee deposits for constructions of related properties. The deposits can only be used for purchases of construction materials and payments of construction fees of related property projects upon the approval of the local State-Owned Land and Resource Bureau. Such guarantee deposits will be released according to the completion stage of the related pre-sold properties.

(b) In accordance with the relevant documents issued by the local State-Owned Land and Resource Bureau, certain property development companies of the Group are required to place at designated bank accounts the resettlement costs payable to the owners or residents of the existing buildings being demolished for development. The deposits can only be used for such resettlement costs according to the payment schedule.

(c) According to the relevant construction contracts, certain property development companies of the Group are required to place at designated bank accounts certain amount of the construction payables as deposits as cash collateral. Such guarantee deposits will only be released after settlement of the construction payables.

(d) Pursuant to certain bank loan agreements, the Group is required to place certain cash deposits as securities for borrowings. Such guarantee deposits will only be released after full repayment of relevant borrowings.

18. RESTRICTED CASH (Continued)

(e) According to the relevant contracts, certain property development companies of the Group are required to place at designated bank accounts certain cash deposits as collateral for mortgage loans advanced to property purchasers. Such guarantee deposits will only be released after full repayment of the mortgage loans.

(f) According to the relevant contract, the Group is required to place at a designated bank account certain cash deposits as security for payment of interest of senior notes. Such guarantee deposits will only be released after redemption of senior notes.

(g) Others mainly include guarantee deposits for letters of credit and salary payments for construction workers.

The restricted cash is denominated in the following currencies:

	2015	2014
RMB	**6,183,727**	5,789,656
USD	**623,913**	549,841
MYR	**1,962**	—
AUD	**4,492**	—
	6,814,094	6,339,497

The directors of the Group are of the view that the restricted cash listed above will be released within one year.

19. TIME DEPOSITS

As at 31 December 2015, the initial terms of the Group's time deposits were six months. These time deposits are denominated in RMB.

20. CASH AND CASH EQUIVALENTS

	2015	2014
Cash at bank and on hand	**13,682,440**	13,490,425
Short-term bank deposits	**287,873**	—
	13,970,313	13,490,425

	2015	2014
Denominated in:		
— RMB	**13,878,291**	13,065,930
— USD	**7,451**	347,094
— MYR	**26,092**	41,033
— HKD	**46,142**	26,698
— AUD	**11,918**	9,393
— SGD	**419**	277
	13,970,313	13,490,425

The conversion of RMB and MYR denominated balances into foreign currencies and the remittance of these foreign currencies denominated bank balances and cash out of the PRC and Malaysia are subject to relevant rules and regulations of foreign exchange control promulgated by the PRC and Malaysian governments.

The cash at bank balances are deposited with creditworthy banks with no recent history of default.

21. SHARE CAPITAL

	Number of shares (thousands)	Share capital
At 31 December 2015 and 2014		
— domestic shares	2,207,109	551,777
— H shares*	1,015,258	253,815
	3,222,367	805,592

* H shares refer to the Company's shares listed on The Main Board of Stock Exchange of Hong Kong Limited. The share premium related to H shares is shown in Note 22.

As at 31 December 2015 and 2014, the registered, issued and fully paid capital of the Company was RMB805,592,000 divided into 3,222,367,000 shares, comprising 2,207,109,000 domestic shares and 1,015,258,000 H shares.

22. OTHER RESERVES

	Share premium	Available-for-sale financial assets	Statutory reserves	Translation reserves	Others	Total
Balance at 1 January 2014	3,636,625	168,484	539,144	—	—	4,344,253
Fair value gains of available-for-sale financial assets, net of tax	—	173,683	—	—	—	173,683
Currency translation differences	—	—	—	5,810	—	5,810
Gains on disposals of shares held for Share Award Scheme	—	—	—	—	15,076	15,076
Balance at 31 December 2014	3,636,625	342,167	539,144	5,810	15,076	4,538,822
Balance at 1 January 2015	3,636,625	342,167	539,144	5,810	15,076	4,538,822
Fair value gains of available-for-sale financial assets, net of tax	—	17,498	—	—	—	17,498
Currency translation differences	—	—	—	23,969	—	23,969
Gains on disposals of shares held for Share Award Scheme	—	—	—	—	12,862	12,862
Changes in ownership interests in subsidiaries without change of control	—	—	—	—	(2,203)	(2,203)
Balance at 31 December 2015	3,636,625	359,665	539,144	29,779	25,735	4,590,948

(a) According to the rules and regulations applicable to the Group's subsidiaries in the PRC, when distributing net profit of each year, these subsidiaries are required to transfer an amount of their net profits as reported in their statutory accounts for the statutory reserve funds until the accumulated balance of such funds reaches 50% of their registered capital.

(b) Depending on the nature, the statutory reserve funds can be used to set off accumulated losses of the subsidiaries or distribute to the owners in form of bonus issue.

(c) Share premium arising from the issue of H shares can be utilised for increasing paid-in capital as approved by the directors.

23. SHARES HELD FOR SHARE AWARD SCHEME

	2015	2014
Balance at 1 January	**128,711**	172,563
Disposals of shares	**(39,764)**	(43,852)
Balance at 31 December	**88,947**	128,711

(All amounts in RMB Yuan thousands unless otherwise stated)

23. SHARES HELD FOR SHARE AWARD SCHEME (Continued)

On 23 August 2011, a Share Award Scheme (the "Scheme") was approved and adopted by the Board of Directors of the Company. The Scheme was terminated on 25 November 2013. No shares were awarded to eligible employees upon or prior to the termination of the Scheme.

As at 31 December 2015, 14,768,000 H shares (31 December 2014: 21,370,000 H shares) held by the Group were recorded as 'Shares held for Share Award Scheme' within a component of equity.

24. PERPETUAL CAPITAL INSTRUMENTS

	2015	2014
At 1 January	15,648,416	1,000,000
Additions	—	14,543,912
Redemptions	(7,643,912)	—
Profit attributable to holders of perpetual capital instruments	1,105,249	1,331,328
Distributions to holders of perpetual capital instruments	(1,131,884)	(1,226,824)
At 31 December	7,977,869	15,648,416

The Perpetual Capital Instruments are jointly guaranteed by the Company and certain subsidiaries and secured by pledges of the shares of the subsidiaries. There is no maturity date and the distribution payments can be deferred at the discretion of the Group. Therefore, the Perpetual Capital Instruments are classified as equity instruments and recorded in equity in the consolidated balance sheet.

25. ACCRUALS AND OTHER PAYABLES

	2015	2014
Amounts due to joint ventures (Notes (a))	2,032,153	1,801,864
Advance from a joint venture	13,720	—
Construction payables (Note (b))	9,144,332	10,498,573
Other payables and accrued charges (Note (c))	7,537,707	7,141,741
Total	18,727,912	19,442,178
Less: non-current portion	—	(171,222)
Current portion	18,727,912	19,270,956

(a) The amounts are unsecured, interest free and are repayable on demand.

(b) Construction payables comprise construction costs and other project-related expenses payable which are based on project progress measured by project management team of the Group. Therefore, no ageing analysis is presented.

(c) The balance mainly represents interest payables, accruals and other taxes payable excluding income tax.

(d) The carrying amounts of accruals and other payables approximate their fair values.

26. BORROWINGS

	2015	2014
Non-current		
Long-term borrowings		
Bank borrowings (Note (a))		
— Secured	31,422,069	28,833,786
— Unsecured	6,177,530	5,327,900
	37,599,599	34,161,686
Corporate bonds (Note (b))		
— Unsecured	6,429,519	—
Senior notes (Note (c))		
— Secured	12,776,880	11,987,708
Other borrowings (Note (d))		
— Secured	19,010,527	16,268,944
— Unsecured	900,000	2,050,000
	19,910,527	18,318,944
Finance lease liabilities (Note (e))		
— Secured	60,519	105,332
Less: current portion of long-term borrowings	(27,017,646)	(19,020,068)
	49,759,398	45,553,602
Current		
Short-term borrowings		
Bank borrowings (Note (a))		
— Secured	37,500	—
— Unsecured	1,284,096	377,000
	1,321,596	377,000
Other borrowings (Note (d))		
— Secured	2,740,000	—
— Unsecured	1,600,000	2,708,000
	4,340,000	2,708,000
	5,661,596	3,085,000
Current portion of long-term borrowings	27,017,646	19,020,068
Total borrowings	82,438,640	67,658,670

(All amounts in RMB Yuan thousands unless otherwise stated)

26. BORROWINGS (Continued)

(a) Bank borrowings

Interest rates on bank borrowings are repriced regularly, which gives rise to exposure of the Group's bank borrowings to interest-rate changes. The contractual repricing dates are all within one year.

(i) Movements in bank borrowings are analysed as follows:

	2015	2014
At 1 January	**34,538,686**	31,136,167
Additions	**17,858,426**	16,612,827
Acquisition of a subsidiary	**—**	1,921,400
Repayments	**(13,475,917)**	(15,185,655)
Amortisation of transaction costs	**—**	53,947
At 31 December	**38,921,195**	34,538,686

(ii) The maturity of bank borrowings is as follows:

	2015	2014
Within one year	**12,141,186**	7,343,431
Between one and two years	**9,711,608**	11,382,610
Between two and five years	**9,736,520**	11,536,448
Over five years	**7,331,881**	4,276,197
Total bank borrowings	**38,921,195**	34,538,686

(iii) The carrying amounts of bank borrowings as at 31 December 2015 and 2014 are denominated in RMB.

(iv) The effective interest rates of borrowings are as follows:

	2015	2014
RMB bank borrowings	**6.52%**	6.76%

(v) The carrying amounts of bank borrowings approximate their fair values.

26. BORROWINGS (Continued)

(b) Corporate bonds

The Company issued 65,000,000 bonds at a par value of RMB6.5 billion in the PRC on 13 July 2015. The corporate bonds were listed on the Shanghai Stock Exchange on 25 August 2015. The net proceeds of the corporate bonds, after deducting the transaction costs, amounted to RMB6,423,000,000.

The interest rate of the corporate bonds is fixed at 4.95% per annum. On the third anniversary of the issue date, the Company has an option to increase the interest rate by up to 100 basic points for the remaining periods. The corporate bonds will mature after five years from the issue date, and are puttable for early redemption at the principal amount upon the third anniversary of the issue date.

The fair value of corporate bonds as at 31 December 2015 amounted to RMB6,695,000,000 (31 December 2014: Nil).The fair value is determined by reference to the price quotations published on 31 December 2015 and are within level 1 of the fair value hierarchy.

The movements of corporate bonds are set out below:

	2015	2014
At 1 January	**—**	5,498,933
Additions	**6,423,000**	—
Interest charged	**157,724**	318,899
Interest included in other payables	**(151,205)**	(317,832)
Redemption	**—**	(5,500,000)
At 31 December	**6,429,519**	—

(c) Senior notes

(i) *2011 Notes*

On 29 April 2011, a subsidiary of the Group, Big Will Investments Limited ("Big Will") issued 10.875% senior notes due 29 April 2016 in the aggregate nominal value of USD150,000,000 (equivalent to approximately RMB979,500,000) at par (the "2011 Notes"). The net proceeds of the 2011 Notes, after deducting the transaction costs, amounted to RMB963,828,000.

(ii) *2012 Notes*

On 29 August 2012, Big Will issued 10.875% senior notes due 29 April 2016 in the aggregate principal amount of USD238,000,000 (equivalent to approximately RMB1,509,000,000) with the issue price 97.061% of the principal amount, plus accrued interest from (and including) 29 April 2012 to (but excluding) 29 August 2012 (the "2012 Notes"). The net proceeds of the 2012 Notes, after deducting the transaction costs, amounted to RMB1,436,117,000.

Big Will may at its option redeem the 2012 Notes, in whole but not in part, at a redemption price set forth in the offering memorandums of these senior notes at any time before the maturity date.

26. BORROWINGS (Continued)

(c) Senior notes (Continued)

(iii) 2013 Notes

On 24 January 2013, a subsidiary of the Group, Caifu Holdings Limited ("Caifu") issued 8.75% senior notes due 24 January 2020 in the aggregate nominal value of USD400,000,000 (equivalent to approximately RMB2,511,000,000) at par (the "Original Notes").

On 6 February 2013, Caifu further issued 8.75% senior notes due 24 January 2020 in the aggregate principal amount of USD200,000,000 (equivalent to approximately RMB1,258,000,000) with the issue price 100.5% of the principal amount, plus accrued interest from (and including) 24 January 2013 to (but excluding) 6 February 2013 (the "Additional Notes" and, together with the Original Notes, the "2013 Notes").

The net proceeds of the 2013 Notes, after deducting the transaction costs, amounted to RMB3,708,031,000.

Caifu may at its option redeem the 2013 Notes, in whole or in part, on or after 24 January 2017, or in whole but not in part, prior to 24 January 2017, at a redemption price set forth in the offering memorandums of the 2013 Notes.

(iv) 2014 Notes

On 10 January 2014, a subsidiary of the Group, Trillion Chance Limited ("Trillion Chance") issued 8.5% senior notes due 10 January 2019 in the aggregate principal amount of USD1,000,000,000 (the "2014 Notes"). The net proceeds of the 2014 Notes, after deducting the transaction costs, amounted to RMB5,991,541,000.

Trillion Chance may at its option redeem the 2014 Notes, in whole or in part, on or after 10 January 2017, or in whole but not in part, prior to 10 January 2017, at a redemption price set forth in the offering memorandums of the 2014 Notes.

The 2011, 2012, 2013 and 2014 Notes are jointly guaranteed by certain subsidiaries of the Group and are secured by shares of certain offshore subsidiaries of the Group.

The effective interest rate of senior notes ranged from 8.87% to 12.25% (2014: 7.70% to 12.25%).

26. BORROWINGS (Continued)

(c) Senior notes (Continued)

(iv) 2014 Notes (Continued)

The movements of senior notes are set out below:

	2015	2014
At 1 January	**11,987,708**	8,521,961
Issuance of the 2014 Notes	**—**	5,991,541
Redemption of the 2011 Notes	**—**	(2,612,000)
Interest charged	**1,178,648**	1,198,121
Interest included in other payables	**(1,131,935)**	(1,151,817)
Exchange losses	**742,459**	39,902
At 31 December	**12,776,880**	11,987,708

The carrying amounts of the Group's senior notes are denominated in USD.

The fair value of the senior notes as at 31 December 2015 amounted to RMB13,252,554,000 (31 December 2014: RMB11,704,025,000). The fair value is determined by reference to the price quotations published by Bloomberg on 31 December 2015 and is within level 1 of the fair value hierarchy.

(d) Other borrowings

Certain subsidiaries of the Group (the "Project Companies") have entered into funding arrangements with certain financial institutions (the "Trustees"), under which the Trustees have raised funds from third parties and injected the funds to the Project Companies.

One of the Trustees is managed by 盛安創富, which is an associate of the Company and certain directors of the Company are also the minority shareholders.

The effective interest rate of these funding arrangements ranged from 6.09% to 17.24% (2014:7.07% to 12.33%).

The movements of other borrowings are set out below:

	2015	2014
At 1 January	**21,026,944**	16,143,577
Additions	**21,769,000**	6,346,000
Repayments	**(18,555,960)**	(1,509,779)
Interest charged	**2,097,085**	1,955,715
Interest included in other payables	**(2,086,542)**	(1,908,569)
At 31 December	**24,250,527**	21,026,944

(All amounts in RMB Yuan thousands unless otherwise stated)

26. BORROWINGS (Continued)

(d) Other borrowings (Continued)

The maturity of other borrowings is as follows.

	2015	2014
Within one year	**7,713,000**	14,715,959
Between one and two years	**9,661,527**	3,968,000
Between two and five years	**6,876,000**	2,342,985
Total other borrowings	**24,250,527**	21,026,944

The carrying amounts of other borrowings as at 31 December 2015 and 2014 are denominated in RMB.

The carrying amounts of other borrowings approximate their fair values.

(e) Finance lease liabilities

In April 2012, a subsidiary of the Company (the "Lessee") entered into an aircraft rental agreement with an independent third party under a financial lease (the "Arrangement"). Under the Arrangement, the Lessee leased an aircraft for an agreed term of five years commencing 15 April 2012. At the maturity date of the lease, the Lessee has an option to purchase the aircraft for a consideration of RMB94,830,000.

	2015	2014
Gross finance lease liabilities — minimum lease payments		
No later than 1 year	**50,222**	50,222
Later than 1 year and no later than 5 years	**12,557**	62,779
	62,779	113,001
Future finance charges on finance leases	**(2,260)**	(7,669)
Present value of finance lease liabilities	**60,519**	105,332
The present value of finance lease liabilities is as follows:		
No later than 1 year	**48,176**	45,677
Later than 1 year and no later than 5 years	**12,343**	59,655
	60,519	105,332

26. BORROWINGS (Continued)

(f) As at 31 December 2015, bank and other borrowings totaling RMB53,210,096,000 (2014: RMB45,102,730,000) were secured by the following:

	2015	2014
Land use rights	**804,637**	581,083
Property, plant and equipment	**4,329,669**	4,309,544
Investment properties	**11,686,175**	6,853,499
Properties under development	**29,687,144**	20,461,480
Completed properties held for sale	**1,472,747**	1,325,493
Restricted cash	**817,000**	—
Equity interests in subsidiaries	**3,059,000**	2,859,000
	51,856,372	36,390,099

The majority of unsecured bank borrowings and other borrowings are supported by guarantees issued by the Company or certain subsidiaries of the Group. Details are as follows:

	2015	2014
Guarantors		
The Company	**6,641,200**	6,254,900
Subsidiaries	**1,561,096**	1,214,000
	8,202,296	7,468,900

27. DEFERRED INCOME TAX

The analysis of deferred tax assets and deferred tax liabilities is as follows:

	2015	2014
Deferred tax assets:		
— To be recovered after 12 months	**2,917,625**	2,030,293
— To be recovered within 12 months	**377,561**	897,471
	3,295,186	2,927,764
Deferred tax liabilities:		
— To be recovered after 12 months	**(3,415,642)**	(2,687,843)
— To be recovered within 12 months	**(520,305)**	(591,065)
	(3,935,947)	(3,278,908)
Deferred tax liabilities — net	**(640,761)**	(351,144)

(All amounts in RMB Yuan thousands unless otherwise stated)

27. DEFERRED INCOME TAX (Continued)

The gross movements on the deferred income tax account are as follows:

	2015	2014
At 1 January	**(351,144)**	(371,814)
Income statement (charges)/credits	**(281,267)**	78,564
Tax charges relating to components of other comprehensive income	**(5,833)**	(57,894)
Currency translation differences	**(2,517)**	—
At 31 December	**(640,761)**	(351,144)

The movements in deferred tax assets and liabilities during the year, without taking into consideration the offsetting of balances within the same tax jurisdiction, are as follows:

Deferred tax liabilities:

	Timing difference in sales recognition and related cost of sales	Fair values of investment properties over the tax bases	Revaluation gains arising from business combinations	Revaluation of available-for-sale financial assets	Interest capitalisation and others	Total
At 1 January 2014	668,870	2,748,569	101,242	37,728	33,293	3,589,702
(Credited)/charged to the income statement	(77,805)	412,613	(754)	—	216,397	550,451
Charged to other comprehensive income	—	—	—	57,894	—	57,894
At 31 December 2014	591,065	3,161,182	100,488	95,622	249,690	4,198,047
(Credited)/charged to the income statement	(70,760)	250,954	(1,009)	—	205,790	384,975
Charged to other comprehensive income	—	—	—	5,833	—	5,833
At 31 December 2015	520,305	3,412,136	99,479	101,455	455,480	4,588,855

27. DEFERRED INCOME TAX (Continued)

Deferred tax assets:

	Accruals	Tax losses	Unrealised profit on intra-group transactions	Others	Total
At 1 January 2014	2,548,327	392,639	222,302	54,620	3,217,888
Credited to the income statement	161,404	323,841	140,463	3,307	629,015
At 31 December 2014	2,709,731	716,480	362,765	57,927	3,846,903
(Charged)/credited to the income statement	(237,363)	288,716	69,285	(16,930)	103,708
Currency translation differences	—	(2,517)	—	—	(2,517)
At 31 December 2015	2,472,368	1,002,679	432,050	40,997	3,948,094

As at 31 December 2015, deferred income tax assets of RMB652,908,000 were offset against deferred tax liabilities within the same tax jurisdictions (31 December 2014: RMB919,139,000).

Deferred income tax assets are recognised for tax loss carry-forwards to the extent that the realisation of the related tax benefit through future taxable profits is probable.

28. CURRENT INCOME TAX LIABILITIES

	2015	2014
Land appreciation tax liabilities	**8,663,294**	7,576,877
Income tax liabilities	**2,342,090**	2,512,353
	11,005,384	10,089,230

(All amounts in RMB Yuan thousands unless otherwise stated)

29. OTHER INCOME AND OTHER GAINS — NET

	2015	2014
Fair value gains on investment properties — net	**1,105,652**	1,638,174
Other operating income	**133,713**	105,206
Interest income	**143,043**	211,760
Dividends received on available-for-sale financial assets	**4,332**	—
(Losses)/gains on disposals of investment properties	**(12,528)**	3,394
Gains on disposals of property, plant and equipment	**7,126**	14,859
Gains on disposals of intangible assets	**79,784**	—
Others	**56,970**	56,911
	1,518,092	2,030,304

30. EXPENSES BY NATURE

Expenses by nature comprising cost of sales, selling and marketing costs and administrative expenses are analysed as follows:

	2015	2014
Cost of completed properties sold	**27,085,715**	19,997,339
Business taxes and other levies	**2,686,859**	2,094,171
Employee benefit expenses	**1,426,117**	1,172,432
Depreciation	**369,273**	388,178
Advertising costs	**143,725**	269,457
Amortisation of land use rights and intangible assets	**84,236**	84,525
Office expenses	**154,245**	194,644
Operating lease payments	**16,427**	14,320
Allowance for doubtful debts	**28,992**	9,691
Auditors' remuneration	**9,710**	10,246
— Audit services	**6,783**	6,109
— Non-audit services	**2,927**	4,137
Others	**1,384,783**	1,272,988
	33,390,082	25,507,991

31. EMPLOYEE BENEFIT EXPENSES

	2015	2014
Wages and salaries	**1,103,464**	903,614
Retirement scheme contributions	**247,094**	202,663
Other allowances and benefits	**75,559**	66,155
	1,426,117	1,172,432

31. EMPLOYEE BENEFIT EXPENSES (Continued)

(a) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for the year do not include any director (2014: Nil) whose emoluments are reflected in the analysis shown in Note 44. The emoluments payable to the five (2014: five) individuals during the year are as follows:

	2015	2014
Wages and salaries, housing allowances, other allowances and benefits in kind	**65,275**	60,756

The emoluments fell within the following bands:

	Number of individuals	
	2015	2014
Emolument bands		
HKD10,000,001 to HKD10,500,000	**—**	1
HKD10,500,001 to HKD11,000,000	**—**	1
HKD13,500,001 to HKD14,000,000	**—**	1
HKD14,500,001 to HKD15,000,000	**1**	—
HKD15,000,001 to HKD15,500,000	**2**	—
HKD16,000,001 to HKD16,500,000	**1**	—
HKD19,500,001 to HKD20,000,000	**1**	1
HKD22,000,001 to HKD22,500,000	**—**	1

32. FINANCE COSTS

	2015	2014
Interest expenses:		
— bank borrowings	**2,580,355**	2,319,584
— corporate bonds	**157,724**	318,899
— senior notes	**1,178,648**	1,198,121
— other borrowings	**2,097,085**	1,955,715
— finance lease liabilities	**5,409**	8,366
	6,019,221	5,800,685
Net foreign exchange losses	**1,210,521**	301,545
Less: finance costs capitalised	**(5,075,747)**	(4,886,309)
	2,153,995	1,215,921

(All amounts in RMB Yuan thousands unless otherwise stated)

33. INCOME TAX EXPENSES

	2015	2014
Current income tax		
— PRC enterprise income tax (Note (b))	2,062,492	2,446,005
Deferred income tax	281,267	(78,564)
	2,343,759	2,367,441
Current PRC land appreciation tax (Note (c))	2,533,470	1,282,556
Total income tax expenses (Note (d))	4,877,229	3,649,997

(a) Hong Kong profits tax

No Hong Kong profits tax has been provided as the Group did not have estimated assessable profit for the year (2014: Nil).

(b) PRC enterprise income tax

The PRC enterprise income tax is computed according to the relevant laws and regulations in the PRC.

In respect of the applicable income tax rates for the year ended 31 December 2015, except for certain companies in the Group which were taxed at 2%-3% (2014: 2%-3%) on their revenue, other businesses within the Group were primarily taxed at 25% (2014: 25%) on their profits.

(c) PRC land appreciation tax

Certain PRC subsidiaries are also subject to the PRC land appreciation tax which is levied at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds from sales of properties less deductible expenditure including costs of land use rights and development and construction expenditure.

33. INCOME TAX EXPENSES (Continued)

(d) The tax on the Group's profit before tax differs from the theoretical amount that would have arisen using the weighted average tax rate applicable to profits of the consolidated companies due to the following:

	2015	2014
Profit before income tax	11,589,501	10,156,386
Less: land appreciation tax	(2,533,470)	(1,282,556)
	9,056,031	8,873,830
Calculated at tax rate of 25% (2014: 25%)	2,264,008	2,218,458
Effects of:		
— Different income tax rates of certain companies	(8,902)	(2,399)
— Share of results of joint ventures and associates	(331,141)	(36,146)
— Expenses and development costs not deductible for tax purposes	516,683	282,469
— Others	(96,889)	(94,941)
PRC enterprise income tax	2,343,759	2,367,441
Land appreciation tax	2,533,470	1,282,556
Tax charge	4,877,229	3,649,997

(e) The tax charges relating to components of other comprehensive income are as follows:

	2015			2014		
	Before tax	Tax charges	After tax	Before tax	Tax charges	After tax
Fair value gains of available-for-sale financial assets	23,331	(5,833)	17,498	231,577	(57,894)	173,683

34. BASIC AND DILUTED EARNINGS PER SHARE

Earnings per share is calculated by dividing the profit attributable to owners of the Company by the weighted average number of ordinary shares in issue during the year less shares held for Share Award Scheme.

	2015	2014
Profit attributable to owners of the Company	5,615,795	5,220,603
Weighted average number of ordinary shares in issue less shares held for Share Award Scheme (thousands)	3,204,546	3,198,005
Earnings per share (RMB per share)	1.7524	1.6325

There were no dilutive potential ordinary shares as at 31 December 2015 and 2014.

(All amounts in RMB Yuan thousands unless otherwise stated)

35. DIVIDENDS

The dividends declared in 2015 were RMB966,710,000 (2014: Nil). A dividend in respect of the year ended 31 December 2015 of RMB0.90 per share, amounting to a total dividend of RMB2,900,130,000, is to be proposed at the annual general meeting on 27 May 2016. These financial statements do not reflect this dividend payable.

	2015	2014
Interim dividend declared of RMB0.30 (2014: Nil) per ordinary share	966,710	—
Less: Dividends for shares held for Share Award Scheme	(5,280)	—
	961,430	—
Proposed final dividend of RMB0.90 (2014: Nil) per ordinary share	2,900,130	—
Less: Dividends for shares held for Share Award Scheme	(13,291)	—
	2,886,839	—
	3,848,269	—

36. CASH GENERATED FROM OPERATIONS

	2015	2014
Profit for the year	6,712,272	6,506,389
Adjustments for:		
— Capitalised finance costs in cost of sales	2,101,856	1,540,403
— Tax	4,877,229	3,649,997
— Interest income	(143,043)	(211,760)
— Finance costs	2,153,995	1,215,921
— Depreciation	369,273	388,178
— Amortisation of land use rights and intangible assets	84,236	84,525
— Gains on disposals of property, plant and equipment	(7,126)	(14,859)
— Losses/(gains) on disposals of investment properties	12,528	(3,394)
— Gains on disposals of intangible assets	(79,784)	—
— Goodwill disposed for sale of properties, charged to cost of sales	—	3,269
— Allowance for doubtful debts	28,992	9,691
— Share of results of joint ventures	(1,343,455)	(169,789)
— Share of results of associates	18,451	25,205
— Fair value gains on investment properties — net	(1,105,652)	(1,638,174)
— Dividend income from available-for-sale financial assets	(4,332)	—
— Elimination of unrealised profits	2,218	—
Operating profit before changes in working capital	13,677,658	11,385,602
Changes in working capital:		
— Properties under development and completed properties held for sale	(211,460)	(28,408,651)
— Trade receivables	(85,001)	(185,167)
— Other receivables, deposits and prepayments	(2,456,372)	409,273
— Restricted cash	250,549	(1,712,284)
— Deposits received on sale of properties	(818,057)	5,447,833
— Accruals and other payables	(830,912)	822,078
— Business tax payables	46,168	(165,834)
Net cash and cash equivalents generated from/(used in) operations	9,572,573	(12,407,150)

37. FINANCIAL GUARANTEE CONTRACTS

The face values of the financial guarantees issued by the Group as at 31 December 2015 are analysed as follows:

	2015	2014
Guarantees given to banks for mortgage facilities granted to purchasers of the Group's properties (Note (a))	**23,530,047**	18,438,122
Guarantees in respect of borrowings of joint ventures and associates (Notes (b))	**3,453,045**	4,479,899
	26,983,092	22,918,021

Note:

(a) The Group has arranged bank financing for certain purchasers of the Group's property units and provided guarantees to the bank over the repayment obligations of the purchasers. Such guarantees terminate upon the earlier of (i) issuance of the certificate of real estate ownership which will generally be available within an average period of 25 months upon the completion of guarantee registration; or (ii) completion of mortgage registration.

Pursuant to the terms of the guarantees, upon default in mortgage payments by these purchasers, the Group is responsible to repay the outstanding mortgage principals together with accrued interest and penalty owed by the defaulted purchasers to the banks and the Group is entitled to take over the legal title and possession of the related properties. The Group's guarantee period starts from the date of grant of the relevant mortgage loan and ends when the certificate of real estate ownership for the mortgage is issued and submitted to the banks. The directors consider that the fair value of these contracts at date of inception was minimal and in case of default in payments, the net realisable value of the related properties can cover the repayment of the outstanding mortgage principals together with the accrued interest and penalty and therefore no provision has been made in the financial statements for the guarantees.

(b) The balance represents the maximum exposure of the guarantee provided for joint ventures and associates for their borrowings.

38. COMMITMENTS

(a) Capital commitments

Capital expenditure contracted for at the end of the year but not yet incurred is as follows:

	2015	2014
Contracted but not provided for:		
— Properties development activities	**10,506,112**	10,950,031
— Acquisition of land use rights	**12,676,645**	16,341,242
	23,182,757	27,291,273

(All amounts in RMB Yuan thousands unless otherwise stated)

38. COMMITMENTS (Continued)

(b) Operating lease commitments

The future aggregate minimum lease payments for land use rights and buildings under non-cancellable operating leases are as follows:

	2015	2014
No later than one year	33,040	34,449
Later than one year and no later than five years	41,454	55,825
Later than five years	53,538	56,901
	128,032	147,175

39. TRANSACTIONS WITH NON-CONTROLLING INTERESTS

On 15 October 2015, the Company acquired an additional 10% of the issued capital of certain Australian subsidiaries for an aggregate purchase consideration of AUD70. Upon completion of the acquisition, the Group wholly owned these Australian subsidiaries and recognised a decrease in equity attributable to owners of the company of RMB2,203,000.

40. FUTURE MINIMUM RENTAL PAYMENTS RECEIVABLE

The future aggregate minimum lease rental receivables under non-cancellable operating leases as follows:

	2015	2014
No later than one year	760,029	750,879
Later than one year and no later than five years	1,333,712	1,339,177
Later than five years	693,387	826,835
	2,787,128	2,916,891

41. SIGNIFICANT RELATED-PARTY TRANSACTIONS

The major shareholders of the Group include Mr. Li Sze Lim and Mr. Zhang Li, who own 33.52% and 32.02%, respectively, of the Company's shares.

Transactions are based on the price lists in force and terms that would be available to third parties. The following transactions were carried out with related parties:

i) Provision of restaurant services

	2015	2014
Common shareholders:		
惠州市金鵝溫泉實業有限公司 ("惠州金鵝")	2,925	—

41. SIGNIFICANT RELATED-PARTY TRANSACTIONS (Continued)

ii) Provision of lease of properties

	2015	2014
Common shareholders:		
廣州金貝殼投資有限公司 ("廣州金貝殼")	1,499	1,333
A joint venture:		
廣州富景	70	87

iii) Drinking water system charges

	2015	2014
Common shareholders:		
廣州越富環保科技有限公司	48	1,065

iv) Key management compensation

	2015	2014
Salaries and welfare benefits	42,975	34,073

v) Provision of property management services

	2015	2014
Joint ventures:		
津南新城	5,099	6,301
廣州富景	3,650	—
	8,749	6,301
Common shareholders:		
廣州金貝殼	222	—
	8,971	6,301

(All amounts in RMB Yuan thousands unless otherwise stated)

41. SIGNIFICANT RELATED-PARTY TRANSACTIONS (Continued)

vi) Provision of decoration services

	2015	2014
Joint ventures:		
廣州富景	49,203	52,607
貴州大西南	24,280	6,000
	73,483	58,607

vii) Provision of construction services

	2015	2014
Joint ventures:		
廣州富景	110,569	42,955
津南新城	5,549	8,243
森華房地產	1,343	—
	117,461	51,198

viii) Purchase of installation services

	2015	2014
Controlled by an immediate family member of the major shareholder:		
廣州鉅融機電工程有限公司 (formerly named 廣州恒量機電工程有限公司)	6,429	11,109

ix) Provision of design services

	2015	2014
Joint ventures:		
津南新城	9,366	2,789
廣州富景	2,615	2,328
廣西富雅	712	2,337
貴州大西南	—	943
	12,693	8,397

41. SIGNIFICANT RELATED-PARTY TRANSACTIONS (Continued)

x) Provision of supervision services

	2015	2014
A joint venture:		
森華房地產	412	—

xi) Provision of guarantees for borrowings

The Group and other shareholders have jointly provided guarantees for certain borrowings granted to the Group's joint ventures and associates for project development purposes. As at 31 December 2015, the Group's guarantees for borrowings provided to its joint ventures and associates are shown as follows:

(a) Bank borrowings

	2015	2014
Joint ventures:		
Charm Talent	424,136	528,261
森華房地產	199,600	250,000
津南新城	128,558	206,085
貴州大西南	120,000	—
廣州富景	—	76,360
	872,294	1,060,706
An associate:		
廣州利合	471,900	503,980
	1,344,194	1,564,686

(b) Other borrowings

	2015	2014
A joint venture:		
上海悦城	300,000	600,000
Associates:		
廣州利合	1,310,000	1,730,000
河南建業	225,000	—
	1,535,000	1,730,000
	1,835,000	2,330,000

(All amounts in RMB Yuan thousands unless otherwise stated)

41. SIGNIFICANT RELATED-PARTY TRANSACTIONS (Continued)

xii) Balances with related parties

As at 31 December 2015, the Group had the following significant balances with related parties:

	2015	2014
Due from:		
Joint ventures		
— Non-trade balances		
津南新城(Note (a))	1,173,176	1,133,176
貴州大西南(Note (b))	241,234	141,480
Hines Shanghai	170,330	155,346
騰順投資	153,146	118,205
廣西富雅	3	—
森華房地產	—	126,845
和榮	—	34,178
	1,737,889	1,709,230
Associates		
— Non-trade balances		
廣州利合(Note (b))	2,439,377	2,039,377
河南建業	107,996	—
	2,547,373	2,039,377
	4,285,262	3,748,607
Due to:		
Joint ventures		
— Non-trade balances		
上海悦城	1,119,637	934,000
廣州富景	442,062	442,062
森華房地產	239,000	—
和榮	231,454	425,802
	2,032,153	1,801,864
Advance from:		
A joint venture		
貴州大西南	13,720	—
Prepayment for acquisition of 惠州金鵝:		
Mr. Li Sze Lim and Mr. Zhang Li	434,000	—

41. SIGNIFICANT RELATED-PARTY TRANSACTIONS (Continued)

xii) Balances with related parties (Continued)

The non-trade balances with related parties are interest free, unsecured and have no fixed repayment terms. The trade balances with related parties are interest free, unsecured and to be settled according to contract terms. No provisions are held against receivables from related parties (2014:Nil).

(a) It represents repayment of borrowings and construction costs paid by the Group on behalf of the joint venture.

(b) It represents payments for purchases of land use rights and construction costs paid by the Group on behalf of the joint ventures and an associate.

42. EVENTS AFTER THE REPORTING PERIOD

(a) Business combination

On 5 February 2016, the Group completed an acquisition of 100% equity interests in 惠州金鵝 from Mr. Li Sze Lim and Mr. Zhang Li at a consideration of RMB530,000,000.

(b) Borrowings

On 13 January 2016 and 26 January 2016, the Company issued 60,000,000 and 36,000,000 domestic corporate bonds with aggregate principal amounts of RMB6.0 billion and RMB3.6 billion respectively in the PRC (the "Bonds"). The Bonds will mature after five years from the date of issue.

(All amounts in RMB Yuan thousands unless otherwise stated)

43. BALANCE SHEET AND RESERVE MOVEMENT OF THE COMPANY

Balance sheet of the Company

		As at 31 December	
		2015	2014
ASSETS			
Non-current assets			
Land use rights		**118,816**	94,930
Property, plant and equipment		**1,418,961**	1,049,989
Investment properties		**140,323**	137,220
Intangible assets		**53,803**	41,874
Investments in subsidiaries		**19,311,654**	18,412,679
Interests in joint ventures		**1,130,899**	1,133,400
Interests in associates		**138,466**	138,466
Deferred income tax assets		**71,231**	89,347
Available-for-sale financial assets		**564,590**	460,477
Trade and other receivables and prepayments		**3,199,382**	2,534,373
		26,148,125	24,092,755
Current assets			
Properties under development		**2,266,686**	5,203,901
Completed properties held for sale		**3,004,699**	1,525,644
Trade and other receivables and prepayments		**14,147,205**	7,873,093
Tax prepayments		**85,515**	154,447
Restricted cash		**919,792**	898,319
Cash and cash equivalents		**1,365,762**	597,861
		21,789,659	16,253,265
Total assets		**47,937,784**	40,346,020
EQUITY			
Equity attributable to owners of the Company			
Share capital		**805,592**	805,592
Other reserves	Note (a)	**4,559,210**	4,533,012
Shares held for Share Award Scheme		**(88,947)**	(128,711)
Retained earnings	Note (a)	**3,677,092**	3,688,938
Total equity		**8,952,947**	8,898,831
LIABILITIES			
Non-current liabilities			
Long-term borrowings		**12,709,019**	5,963,300
Accruals and other payables		**—**	171,222
		12,709,019	6,134,522
Current liabilities			
Accruals and other payables		**20,824,009**	20,919,481
Deposits received on sale of properties		**1,014,121**	1,603,608
Current income tax liabilities		**1,114,888**	895,808
Current portion of long-term borrowings		**3,322,800**	1,893,770
		26,275,818	25,312,667
Total liabilities		**38,984,837**	31,447,189
Total equity and liabilities		**47,937,784**	40,346,020

43. BALANCE SHEET AND RESERVE MOVEMENT OF THE COMPANY (Continued)

Balance sheet of the Company (Continued)

The balance sheet of the Company was approved by the Board of Directors on 11 March 2016 and was signed on its behalf.

Li Sze Lim
Director

Zhang Li
Director

(a) Reserve movement of the Company

	Retained earnings	Other reserves
At 1 January 2014	2,846,977	4,344,253
Profit for the year	2,442,460	—
Fair value gains on available-for-sale financial assets, net of tax	—	173,683
Disposals of shares held for Share Award Scheme	—	15,076
Dividends for the year	(1,600,499)	—
At 31 December 2014	3,688,938	4,533,012
At 1 January 2015	3,688,938	4,533,012
Profit for the year	949,584	—
Fair value gains on available-for-sale financial assets, net of tax	—	13,336
Disposals of shares held for Share Award Scheme	—	12,862
Dividends for the year	(961,430)	—
At 31 December 2015	3,677,092	4,559,210

(All amounts in RMB Yuan thousands unless otherwise stated)

44. BENEFITS AND INTERESTS OF DIRECTORS AND SUPERVISORS

(a) Directors' and chief executive's emoluments

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

For the year ended 31 December 2015:

Name of Director	Salary	Other benefits (Note (ii))	Total
Executive Directors			
Mr. Li Sze Lim	2,660	676	3,336
Mr. Zhang Li (Note (i))	2,660	676	3,336
Mr. Zhou Yaonan	3,600	236	3,836
Mr. Lu Jing	3,105	274	3,379
Non-executive Directors			
Ms. Zhang Lin	377	—	377
Ms. Li Helen	377	—	377
Independent non-executive Directors			
Mr. Huang Kaiwen (retired on 30 May 2015)	149	—	149
Mr. Ng Yau Wah Daniel (appointed on 30 May 2015)	175	—	175
Mr. Lai Ming Joseph	299	—	299
Mr. Zheng Ercheng	299	—	299

For the year ended 31 December 2014:

Name of Director	Salary	Other benefits (Note (ii))	Total
Executive Directors			
Mr. Li Sze Lim	2,660	676	3,336
Mr. Zhang Li (Note (i))	2,660	676	3,336
Mr. Zhou Yaonan	3,525	236	3,761
Mr. Lu Jing	3,105	274	3,379
Non-executive Directors			
Ms. Zhang Lin	371	—	371
Ms. Li Helen	371	—	371
Independent non-executive Directors			
Mr. Huang Kaiwen	360	—	360
Mr. Dai Feng (resigned on 28 February 2014)	49	—	49
Mr. Lai Ming Joseph	295	—	295
Mr. Zheng Ercheng (appointed on 30 May 2014)	172	—	172

44. BENEFITS AND INTERESTS OF DIRECTORS AND SUPERVISORS (Continued)

(b) Supervisors' emoluments

The remuneration of every supervisor for the year ended 31 December 2015 is set out below:

Name of Supervisor	Salary
Mr. Chen Liangnuan	72
Ms. Liang Yingmei	72
Mr. Zhao Xianglin	66

The remuneration of every supervisor for the year ended 31 December 2014 is set out below:

Name of Supervisor	Salary
Mr. Chen Liangnuan	72
Ms. Liang Yingmei	72
Mr. Zheng Ercheng (resigned on 30 May 2014)	36
Mr. Zhao Xianglin (appointed on 16 September 2014)	14

Notes:

(i) Mr. Zhang Li is also the Chief Executive of the Company.

(ii) Other benefits mainly include welfare and transportation expenses.

(iii) During 2015, no directors waived or has agreed to waive any emoluments (2014: Nil).

(iv) During the year, no emolument was paid by the Group to any of the above directors as an inducement to join or upon joining the Group or as compensation for loss of office (2014: Nil).

(c) Directors' retirement benefits and termination benefits

None of the directors received or will receive any retirement benefits or termination benefits for the year ended 31 December 2015.

(d) Consideration provided to third parties for making available directors' services

For the year ended 31 December 2015, the Group did not pay consideration to any third parties for making available directors' services.

(e) Information about loans, quasi-loans and other dealings in favour of directors, controlled bodies corporate by and connected entities with such directors

As at 31 December 2015, there is no loans, quasi-loans and other dealing arrangements in favour of directors, controlled bodies corporate by and connected entities with such directors.

44. BENEFITS AND INTERESTS OF DIRECTORS AND SUPERVISORS (Continued)

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

On 15 December 2014, the Company entered into an acquisition agreement with Mr. Li Sze Lim and Mr. Zhang Li to acquire the entire registered capital of 惠州金鵝 for a consideration of RMB530,000,000 payable on completion. In 2015, the Group made a prepayment of RMB434,000,000 to Mr. Li Sze Lim and Mr. Zhang Li.

Save for contracts amongst group companies and the aforementioned transactions, no other significant transactions, arrangements and contracts to which the Company was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

(All amounts in RMB Yuan thousands unless otherwise stated)

RECONCILIATION OF CONSOLIDATED FINANCIAL STATEMENTS

The Group has prepared a separate set of consolidated financial statements for the year ended 31 December 2015 in accordance with China Accounting Standards for Business Enterprises ("CAS"). The differences between the consolidated financial statements prepared under CAS and HKFRS are summarised as follows:

	Profit for the year ended 31 December		Total equity as at 31 December	
	2015	2014	**2015**	2014
As stated in accordance with CAS	**6,731,656**	6,508,070	**49,174,319**	52,083,117
Impact of HKFS adjustments:				
1. Amortisation of revaluation gain arising from business combinations	**(4,036)**	(2,244)	**57,415**	61,451
2. Deferred taxation	**(15,348)**	563	**(14,354)**	994
As stated in accordance with HKFS	**6,712,272**	6,506,389	**49,217,380**	52,145,562

Notes:

1. The Group adopted SSAP27 "Accounting for Group Reconstructions" for acquisition of certain subsidiaries before the issuance of Accounting Guideline 5 "Merger Accounting for Common Control Combinations" in November 2005. As the acquisitions did not meet the conditions for using merger accounting under SSAP 27, which prevented the use of predecessor costs when non-controlling interests or rights of the ultimate shareholder have changed, the Group adopted purchase method to account for the acquisitions.

2. It refers to the effects of deferred tax arising from the above adjustments and recognition of deferred tax due to tax rate difference.

Five-Year Financial Summary

(All amounts in RMB Yuan thousands)

CONSOLIDATED BALANCE SHEET (AS AT 31 DECEMBER)

	2015	2014	2013	2012	2011
Non-current assets	**44,573,266**	39,659,133	33,781,882	29,104,301	26,750,409
Current assets	**139,159,665**	132,181,140	106,565,240	69,482,909	57,408,475
Total assets	**183,732,931**	171,840,273	140,347,122	98,587,210	84,158,884
Non-current liabilities	**53,695,345**	49,003,732	47,538,473	31,200,661	20,649,437
Current liabilities	**80,820,206**	70,690,979	59,326,606	40,556,675	40,777,073
Total liabilities	**134,515,551**	119,694,711	106,865,079	71,757,336	61,426,510
Total equity	**49,217,380**	52,145,562	33,482,043	26,829,874	22,732,374

CONSOLIDATED INCOME STATEMENT (YEAR ENDED 31 DECEMBER)

	2015	2014	2013	2012	2011
Revenue	**44,290,924**	34,705,410	36,271,284	30,365,056	27,370,095
Cost of sales	**(30,083,853)**	(22,391,431)	(22,036,298)	(17,986,776)	(15,954,244)
Gross profit	**14,207,071**	12,313,979	14,234,986	12,378,280	11,415,851
Other income and other gains — net	**1,518,092**	2,030,304	2,728,953	825,859	716,675
Selling and marketing costs	**(896,657)**	(896,059)	(626,089)	(454,006)	(471,804)
Administrative expenses	**(2,409,572)**	(2,220,501)	(1,838,631)	(1,522,400)	(1,452,454)
Operating profit	**12,418,934**	11,227,723	14,499,219	11,227,733	10,208,268
Finance costs	**(2,153,995)**	(1,215,921)	(1,933,742)	(1,501,609)	(1,139,152)
Share of results of joint ventures	**1,343,455**	169,789	357,253	402,974	(19,131)
Share of results of associates	**(18,893)**	(25,205)	(50,901)	(87,333)	118,218
Profit before income tax	**11,589,501**	10,156,386	12,871,829	10,041,765	9,168,203
Income tax expense	**(4,877,229)**	(3,649,997)	(5,226,181)	(4,382,415)	(4,333,387)
Profit for the year	**6,712,272**	6,506,389	7,645,648	5,659,350	4,834,816
Attributable to:					
Owners of the Company	**5,615,795**	5,220,606	7,633,860	5,501,979	4,841,650
Holders of perpetual capital instruments	**1,105,249**	1,331,328	—	—	—
Non-controlling interest	**(8,772)**	(45,542)	11,788	157,371	(6,834)

Property	The Group's Interest (%)	Location	Use	Site Area (sq.m.)	Total GFA (sq.m.)	GFA held by the Group (sq.m.)	Expected Date of Completion
Properties for sale (under-development)							
China							
Guangzhou							
R&F Jingang City (Jingu Industrial Park)	100%	Modern Avenue, Huadong Town, Huadu District	Office & Storage	1,119,211	554,722	554,722	Pending
Liede Project (excluding Conrad Hotel)	33%	Liede Village, Liede Road, Tianhe District	Apartment, Retail & Office	114,176	279,312	93,129	2015 & 2016
R&F Jinyu Garden (Jinshazhou Project)	100%	Zone F, Jinsha Zhou, Baiyun District	Residential	101,355	59,705	59,705	2016
Jingang City Huawei Co. Project	100%	Modern Avenue, Huadong Town, Huadu District	Industrial & Storage	142,571	187,299	187,299	Pending
Asian Game City Project	20%	Asia Game City, Panyu District	Residential & Retail	2,639,520	3,399,079	679,816	Pending
R&F Dongshan Xintiandi	100%	Zhongshan First Road, Yuexiu District	Residential, Retail & Office	44,288	93,913	93,913	2015 & 2016
R&F Tianhaiwan (Nansha Senhua Project)	50%	West Industrial Zone, Nansha District	Residential	83,222	158,141	79,071	2015 & 2016
R&F Peninsula No.1 (Xingangdong Project)	100%	No.27 Xingangdong Road, Haizhu District	Residential	16,235	20,188	20,188	2016 & 2017
R&F Vanke Yunqi (Chebeibei Project)	75%	Wenming Road, Chebei Village, Dongpu Town, Tianhe District	Residential	13,200	49,236	36,927	2016
Guangfa Securities Project	40%	M1-5 Land, Pearl River New Town, Tianhe District	Office	6,463	157,990	63,196	2016
Bigangcun Project	100%	Guangyuan East Road, Luogang District	Residential	36,579	143,389	143,389	Pending
Foshan							
R&F Plaza	100%	Renminqiao East, Chancheng District	Residential & Retail	51,304	161,827	161,827	Pending
Zhuhai							
R&F Center (former Yingkai Plaza)	100%	Fubang Road East, Hengqin District	Office & Retail	11,466	100,000	100,000	2017
Huizhou							
R&F Hot Spring Valley (excluding Hilton Huizhou Longmen Resort)	100%	Maqiao Reshui Village, Yonghan Town, Longmen County	Residential & Retail	1,630,681	1,038,587	1,038,587	Pending
R&F Bay Shore	100%	Dapu Tun, Renshan Town, Huidong County	Residential & Retail	1,318,673	1,755,122	1,755,122	Pending
R&F Modern Plaza	100%	Huibo Yan Jiang Exit, Luoyang Town, Boluo County	Residential & Retail	79,167	46,066	46,066	Pending

Property List

Property	The Group's Interest (%)	Location	Use	Site Area (sq.m.)	Total GFA (sq.m.)	GFA held by the Group (sq.m.)	Expected Date of Completion
Meizhou							
R&F City	100%	Meixian New Town	Residential & Retail	830,469	1,776,444	1,776,444	Pending
Hainan							
R&F Bay Shore (excluding Marriott Hotel)	100%	Zone B, Xiangshui Bay, Lingshui Town, Sanya	Residential & Retail	1,702,993	363,227	363,227	Pending
R&F Mangrove Bay (excluding Hilton Hotel)	100%	Sanlin Exit, Huandao West Line High-way, Chengmai Town	Residential & Retail	4,352,042	2,181,510	2,181,510	Pending
R&F Moon Bay Shore	100%	Moon Bay, Changli Town, Wenchang	Residential & Retail	277,160	139,053	139,053	Pending
R&F International Health City	100%	Linlan Bay, Haikou	Residential & Retail	586,240	531,920	531,920	Pending
Changsha and vicinity							
Xiangjiang R&F City	100%	Jiuhua District, Xiangtan	Residential & Retail	1,325,817	3,298,639	3,298,639	Pending
Fuzhou							
R&F Center	100%	Taijiang District	Office	69,817	237,922	237,922	2016 & 2017
Jinshui Hu Project	100%	Jinshui Hu	Residential, Hotel & Retail	147,631	262,065	262,065	Pending
Nanning							
Fuya Business Park (Wuxiangxin District Project)	50%	Wuxiangxin District	Residential, Office & Retail	78,721	588,661	294,331	Pending
Chongqing							
R&F City (excluding Holiday Inn Chongqing University Town)	100%	Xiyong Unit, Shaping Ba District	Residential & Retail	1,981,995	4,062,045	4,062,045	Pending
R&F Nanshan Mansion	100%	No.99 Nanshan Road, Nanan District	Residential & Retail	79,583	30,978	30,978	Pending
R&F Bay Shore (Yubei Project)	100%	Yubei District	Residential & Retail	173,630	425,846	425,846	Pending
Chengdu							
R&F Peach Garden	100%	South of Zhenhai Du Road West, Xindu Town	Residential	186,650	399,718	399,718	Pending
Guiyang							
R&F Center	60%	Chengxin Road	Office & Apartment	99,272	236,390	141,834	Pending
Shanghai and vicinity							
R&F Bay Shore	100%	West of Wanyuan Road, Dianshan Lake Town, Kunshan	Residential	921,333	21,450	21,450	Pending
R&F Jiayu Wan	50%	New Jiangwan Town, Yangpu District	Residential, Retail, Office & Hotel	142,664	75,132	37,566	2016

Property	The Group's Interest (%)	Location	Use	Site Area (sq.m.)	Total GFA (sq.m.)	GFA held by the Group (sq.m.)	Expected Date of Completion
R&F Hongqiao No.10	100%	No.5 & 6 Land, Hongqiao District	Residential, Office & Retail	106,318	249,568	249,568	2015 & 2016
Shanghai Hongqiao CBD	100%	Shanghai Hongqiao CBD Phrase One	Retail & Office	46,095	92,960	92,960	Pending
Nanjing							
R&F City	100%	Qilin Science & Technology Parks, Jiangning District	Residential, Office & Hotel	571,864	150,761	150,761	2015 & 2016
R&F Shangyue Court	100%	Banqiao Street, Yuhua District	Residential & Retail	105,021	235,790	235,790	2017
Hangzhou							
R&F Xixi Resident	100%	No. 51 & 52 Land, Future Technology City, Yuhang District	Residential & Office	204,302	314,486	314,486	2016
R&F No.10	100%	No.63 & 64 Land, Yuhang District	Residential & Retail	58,280	165,059	165,059	2016
Huzhou R&F City	100%	Wuxing District, Huzhou	Residential, Retail & Apartment	197,762	461,744	461,744	Pending
Wuxi							
R&F No.10	100%	Taihu New Town	Residential & Retail	111,261	164,756	164,756	2015 & 2016
R&F City	100%	Wuxi New District	Residential & Retail	235,669	452,314	452,314	Pending
R&F Peach Garden (Wuxi New District Project)	100%	Wuxi New District	Residential & Retail	53,178	133,061	133,061	2016 & 2017
Beijing and vicinity							
R&F Golden Jubilee Garden	100%	South of Xincheng Street, Tongzhou District	Residential	73,050	160,564	160,564	2015 & 2016
Tongzhou R&F Center	100%	Core Area, Tongzhou District	Office & Apartment	69,796	465,800	465,800	Pending
R&F Huilan Meiju	100%	Yongshun Town, Tongzhou District	Residential & Retail	195,800	257,194	257,194	2015 & 2016
R&F New Town	100%	East of Daxiang High-way, Jiangxin Tun Town, Xianghe County, Langfang City	Residential & Retail	932,994	1,001,864	1,001,864	Pending
Tianjin							
R&F Jinmen Lake	100%	West of Youyi Nan Road, Hexi District	Residential	930,932	619,229	619,229	Pending
R&F Guangdong Building	100%	South of Tuochang Road, West of Binhe Xi Road, Tanggu District	Office	23,070	341,633	341,633	2016 & 2017
Jinnan New Town Project	25%	Xianshui Gu Town, Jinnan District	Residential, Retail, Office & Hotel	1,289,227	2,551,497	637,874	Pending
R&F New Town	100%	Tuanbo Town, Jingan County	Residential & Retail	1,781,702	2,686,294	2,686,294	Pending
R&F Shangyue Court	100%	Wuqing District	Residential & Retail	119,493	125,683	125,683	2015 & 2016

Property List

Property	The Group's Interest (%)	Location	Use	Site Area (sq.m.)	Total GFA (sq.m.)	GFA held by the Group (sq.m.)	Expected Date of Completion
Xian							
R&F Bailuwan	100%	Fangzhi New Town, Baqiao District	Residential & Retail	139,375	299,433	299,433	2015 & 2016
Taiyuan							
R&F City	100%	No. 3, Jinan East Street, Xinhua Ling District	Residential & Retail	1,056,200	776,756	776,756	Pending
R&F Peach Garden	100%	No. 5, Jinan East Street, Xinghua Ling District	Residential	195,827	91,274	91,274	2015 & 2016
R&F Prosperous Palace	100%	No. 9, Jiefang North Road	Residential & Retail	237,601	640,088	640,088	Pending
R&F Xiyue Court	90%	Wufuying Village, Jinyuan District	Residential & Retail	54,660	81,989	73,790	Pending
Datong							
R&F City	100%	South of Yunzhou Street	Residential & Retail	708,112	1,833,125	1,833,125	Pending
Harbin							
R&F Jiangwan New Town	100%	Youyi West Road, Daoli District	Residential, Retail & Hotel	120,574	417,147	417,147	Pending
R&F City	100%	Songbei District	Residential & Retail	399,198	832,500	832,500	Pending
Shenyang							
R&F Royal Villa	100%	Huangshan Village, Taoxian Town, Dongling District	Residential	373,406	31,186	31,186	2016 & 2017
R&F Shangyue Court	100%	Oubo City, Dadong District	Residential & Retail	96,553	166,739	166,739	Pending
Baotou							
R&F City	100%	Xindushi District	Residential, Office, Apartment & Retail	426,911	1,363,797	1,363,797	Pending
Zhengzhou							
Wulong New Town (Wulongkou Project)	45%	Wulongkou South Road, Zhongyuan District	Residential	94,158	417,462	187,858	Pending
Huayuankou Project	45%	Zhongzhou Avenue, Jinshui District	Residential	94,710	261,692	117,761	Pending
Malaysia							
Johor Bahru							
R&F Princess Cove	100%	Johor Bahru, Malaysia	Residential, Office & Retail	400,000	3,500,000	3,500,000	Pending

Property	The Group's Interest (%)	Location	Use	Site Area (sq.m.)	Total GFA (sq.m.)	GFA held by the Group (sq.m.)	Expected Date of Completion
Properties for sale (under planning)							
China							
Guangzhou							
Baogang Road Project	100%	No.3, Baogang Road, Haizhu District	Residential & Retail	4,031	43,400	43,400	Pending
Fuzhou							
Putian R&F Shangyue Court Project	100%	Yingbin Avenue, Licheng District, Putian City	Residential, Retail & Apartment	132,000	563,600	563,600	Pending
Nanjing							
Chuzhou R&F New Town Project	100%	Nanqiao New Town, Chuzhou City	Residential & Retail	385,387	770,774	770,774	Pending
Shijiazhuang							
R&F Health City (Pingshan Project)	100%	Pingshan County	Residential	433,908	498,990	498,990	Pending
R&F City (Nandou Project)	100%	Yuhua District	Residential, Office & Retail	70,630	218,871	218,871	Pending
Tianjin							
Tianjin Liulinwai Project	100%	Liulinwaihuan South Road	Residential & Retail	46,666	32,566	32,566	Pending
Taiyuan							
Mengshan Project	100%	Jinyuan District	Residential & Retail	281,806	283,066	283,066	Pending
Australia							
Melbourne							
Footscray Project	100%	124–188 Ballarat Road	Residential & Retail	33,288	163,158	163,158	Pending
Brisbane							
Brisbane No.1 (Cordelia Street Project)	100%	1 Cordelia Street	Residential & Retail	4,583	77,501	77,501	Pending
Kangaroo Point Project	100%	36, 38, 40–44, 48 Lambert Street and 67 Cairns Street	Residential & Retail	3,291	29,516	29,516	Pending
West End Project	100%	3–9 Buchanan Street and 25 Donkin Street	Residential & Retail	16,800	90,000	90,000	Pending
Properties for investment (Completed)							
Guangzhou							
R&F Cambridge Terrace Shopping Mall	100%	Dongguan Zhuang Road, Tianhe District	Retail	—	42,993	42,993	N/A
R&F West Garden Shopping Mall	100%	Huanshi Xi Road, Liwan District	Retail	—	3,570	3,570	N/A

Property List

Property	The Group's Interest (%)	Location	Use	Site Area (sq.m.)	Total GFA (sq.m.)	GFA held by the Group (sq.m.)	Expected Date of Completion
R&F King's Court (Commercial)	100%	Xiaomei Street, Liwan District	Office	—	9,184	9,184	N/A
R&F Children World	100%	Zhongshan Eighth Road, Liwan District	Retail	—	16,307	16,307	N/A
R&F Modern Plaza — Jiaxin Commercial Center	100%	Gexin Road, Haizhu District	Retail	—	29,000	29,000	N/A
R&F Center	100%	Zone J, Pearl River New Town, Tianhe District	Office	8,117	162,605	162,605	2007
Grand Hyatt, Guangzhou	100%	Zone F, Pearl River New Town, Tianhe District	Hotel	10,291	114,498	114,498	2008
The Ritz-Carlton, Guangzhou	100%	Zone J, Pearl River New Town, Tianhe District	Hotel	6,895	104,322	104,322	2008
Holiday Inn Guangzhou Airport Zone	100%	R&F Jingang City, Huadu District	Hotel	4,405	37,826	37,826	2014
R&F Haizhu City	100%	Southwest of the Interchange of Jiangnan Xi Road and Jiangnan Avenue, Haizhu District	Retail	18,000	50,000	50,000	2014
Park Hyatt, Guangzhou	100%	Zone J, Pearl River New Town, Tianhe District	Hotel	7,942	34,766	34,766	2015
R&F Integrated Logistics Park	100%	R&F Jingang City, Huadu District	Warehouse & Office	—	499,123	499,123	2015
Beijing							
Renaissance Beijing Capital Hotel	100%	North of Guangqu Men Wai Street, Chaoyang District	Hotel	43,703	120,349	120,349	2008
Viva Beijing R&F Plaza	100%	North of Guangqu Men Wai Street, Chaoyang District	Retail	—	110,636	110,636	2008
R&F Center	100%	North of Guangqu Men Wai Street, Chaoyang District	Office	—	59,600	59,600	2008
Holiday Inn Express Temple of Heaven Beijing	100%	No. 35 Court, Nanwei Road, Xuanwu District	Hotel	6,190	22,302	22,302	2008
Tianjin							
R&F Plaza	100%	West of East Road, South of North Road, Nankai District	Retail	—	42,669	42,669	2013
Chongqing							
R&F Ocean Plaza	100%	Yanghe New Area, Guanyin Qiao Street, Jiangbei District	Retail	—	72,675	72,675	2012
Hyatt Regency, Chongqing	100%	Yanghe New Area, Guanyin Qiao Street, Jiangbei District	Hotel	16,137	46,439	46,439	2012

Property	The Group's Interest (%)	Location	Use	Site Area (sq.m.)	Total GFA (sq.m.)	GFA held by the Group (sq.m.)	Expected Date of Completion
Chengdu							
R&F Plaza (former Tianhui Mall)	100%	Shuncheng Street, Qingyang District	Retail	—	254,626	254,626	2010
The Ritz-Carlton, Chengdu	100%	Shuncheng Street, Qingyang District	Hotel	—	57,171	57,171	2013
Huizhou							
Renaissance Huizhou Hotel	100%	Yanjiang Economic Circle, Jiangbei New District	Hotel	15,000	54,321	54,321	2012
Taiyuan							
Pullman Taiyuan R&F Hotel	100%	Jinan East Road, Xinhualing District	Hotel	10,000	43,477	43,477	2015
Hainan							
Doubletree Resort by Hilton, Haikou-Chengmai	100%	Sanlin Exit, Huandao West Line High-way, Chengmai Town	Hotel	36,756	44,502	44,502	2015
Properties for investment (under-development)							
Guangzhou							
Conrad, Guangzhou	33%	Liede Village, Liede Road, Tianhe District	Hotel	—	39,446	13,151	2016
Hainan							
Lingshui R&F Bay Shore Marriott & Yacht Club	100%	Zone B, Xiangshuiwan, Lingshui County	Hotel	50,000	75,837	75,837	Pending
R&F Ocean Park	100%	International Tourism Island, Lingshui County	Hotel, Travel & Retail	666,667	200,000	200,000	Pending
Tianjin							
Marriott Hotel, Tianjin	100%	West of East Road, South of North Road, Nankai District	Hotel	23,000	57,788	57,788	Pending
Chongqing							
Holiday Inn Chongqing University Town	100%	Xiyong Unit, Shaping Ba District	Hotel	30,893	67,612	67,612	2015

Property List

Property	The Group's Interest (%)	Location	Use	Site Area (sq.m.)	Total GFA (sq.m.)	GFA held by the Group (sq.m.)	Expected Date of Completion
Huizhou							
Hilton Huizhou Longmen Resort	100%	Maqiao Reshui Village, Yonghan Town, Longmen County	Hotel	—	45,000	45,000	Pending
Doubletree Resort by Hilton, Huizhou R&F Bay Shore	100%	Huizhou R&F Bay Shore	Hotel	—	47,000	47,000	Pending
Shanghai							
The Ritz-Carlton, Shanghai	100%	Shanghai Hongqiao CBD	Hotel	—	58,000	58,000	Pending
AC Hotels, Shanghai	100%	Shanghai Hongqiao CBD	Hotel	—	16,000	16,000	Pending
Properties for investment (under planning)							
Shanghai							
Hyatt Place, Shanghai ^	50%	New Jiangwan City, Yangpu District	Hotel	—	17,243	8,622	Pending
Xian							
R&F Holiday Inn, Xian	100%	Beihuan Road, Changan District	Hotel	6,880	50,000	50,000	Pending
Harbin							
The Ritz-Carlton, Harbin ^	100%	R&F Jiangwan New Town	Hotel	—	67,000	67,000	Pending

Note: ^ GFA of the two hotels above are included in the corresponding properties for sale

Corporate Information

Executive Directors	Li Sze Lim, Zhang Li, Zhou Yaonan, Lu Jing
Non-executive Directors	Zhang Lin, Li Helen
Independent Non-executive Directors	Lai Ming Joseph Zheng Ercheng Huang Kaiwen (retired on 30 May 2015) Ng Yau Wah Daniel (appointed on 30 May 2015)
Supervisors	Chen Liangnuan, Liang Yingmei, Zhao Xianglin
Authorized Representatives	Li Sze Lim Chow Oi Wah Fergus (retired on 23 September 2015) Lee Michael (appointed on 23 September 2015)
Company Secretary/Joint Company Secretaries	Chow Oi Wah Fergus (resigned on 23 September 2015) Lee Michael (appointed on 23 September 2015) Cheung Sze Yin (appointed on 23 September 2015)
Registered Office in the PRC	45–54/F., R&F Center, No.10 Huaxia Road, Pearl River New Town, Guangzhou 510623 PRC
Principal Place of Business in the PRC	45–54/F., R&F Center, No.10 Huaxia Road, Pearl River New Town, Guangzhou 510623 PRC
Principal Place of Business in Hong Kong	Room 1103, Yue Xiu Building, 160–174 Lockhart Road, Wanchai, Hong Kong
Auditor	PricewaterhouseCoopers 22/F., Prince's Building, Central, Hong Kong
Legal Advisor as to Hong Kong Law	Sidley Austin 39/F., Two International Finance Centre, 8 Finance Street, Central, Hong Kong
Hong Kong H Share Registrar	Computershare Hong Kong Investor Services Limited 17M/F., Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong
Website	www.rfchina.com

Shareholders' Information

SHAREHOLDERS' CALENDAR

Interim results announcement	20 August 2015
Interim dividend paid	8 October 2015
Final results announcement	11 March 2016
Closure of register of members annual general meeting	27 May to 27 June 2016 (both days inclusive)
Annual general meeting	27 June 2016
Closure of register of members (for the entitlement of dividend)	4 July to 8 July 2016 (both days inclusive)

LISTING INFORMATION

The Company's H shares were listed on The Stock Exchange of Hong Kong Limited on 14 July 2005.

Stock Code

Hong Kong Stock Exchange	2777
Reuters	2777.HK
Bloomberg	2777HK

Board Lot Size 400 shares

Share Information

Year	Stock Price* High HK$	Stock Price* Low HK$
2005 (from 14 July to 31 Dec)	6.9375	2.7
2006	17.14	6.675
2007	45.6	12.8
2008	28.3	2.3
2009	18.98	5.31
2010	14.14	8.55
2011	12.54	5.48
2012	13.40	5.80
2013	16.28	9.89
2014	11.92	7.65
2015	10.9	6.35

* 28 September 2006 — 4-for-1 share sub-division adjusted

廣州富力地產股份有限公司
GUANGZHOU R&F PROPERTIES CO., LTD.*

45-54/F., R&F Center, 10 Huaxia Road, Pearl River New Town, Guangzhou, China
Postal Code : 510623 Tel : (8620) 3888 2777 Fax : (8620) 3833 2777

Hong Kong Office: Room 1103, Yue Xiu Building, 160-174 Lockhart Road, Wanchai, Hong Kong
Tel : (852) 2511 6675 Fax : (852) 2511 9087 / 2507 5464

www.rfchina.com

* for identification purpose only