SHANGHAI ZENDAI
上海証大房地產有限公司

SHANGHAI ZENDAI PROPERTY LIMITED

(incorporated in Bermuda with limited liability)

Stock Code : 00755

Annual Report 2015

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Shanghai Zendai Property Limited
Annual Report 2015

BOARD AND COMMITTEES

BOARD

Executive Directors

Mr. Zhang Chenguang *(Chairman)*
Mr. Zhong Guoxing
Dr. Wang Hao
Ms. Li Li Hua

Non-executive Directors

Mr. Xu Xiaoliang
Mr. Gong Ping

Independent non-executive Directors

Mr. Lai Chik Fan
Mr. Li Man Wai
Mr. Chow Alexander Yue Nong
Dr. Xu Changsheng

COMMITTEES

Audit Committee

Mr. Li Man Wai *(Chairman)*
Mr. Lai Chik Fan
Mr. Chow Alexander Yue Nong
Dr. Xu Changsheng

Remuneration Committee

Mr. Chow Alexander Yue Nong *(Chairman)*
Mr. Zhang Chenguang
Mr. Lai Chik Fan
Mr. Li Man Wai
Dr. Xu Changsheng

Nomination Committee

Mr. Zhang Chenguang *(Chairman)*
Mr. Lai Chik Fan
Mr. Chow Alexander Yue Nong
Dr. Xu Changsheng

CORPORATE INFORMATION

PRINCIPAL BANKERS

Bank of China
China Citic Bank International Limited
Bank of Communication
China Bohai Bank
Agricultural Bank of China
Bank of Shanghai China
Mingsheng Bank

SOLICITORS

Hong Kong

Slaughter and May
47th Floor
Jardine House
One Connaught Place
Central
Hong Kong

Bermuda

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1 Connaught Place
Central
Hong Kong

REGISTERED OFFICE

Canon's Court
22 Victoria Street
Hamilton HM12
Bermuda

HEAD OFFICE AND PRINCIPAL PLACE OF BUSINESS IN HONG KONG

59/F, Bank of China Tower
1 Garden Road
Hong Kong

AUDITOR

PricewaterhouseCoopers
Certified Public Accountants

COMPANY SECRETARY

Mr. Wong Ngan Hung

QUALIFIED ACCOUNTANT

Mr. Wong Ngan Hung

REGISTRAR AND TRANSFER OFFICE IN HONG KONG

Tricor Secretaries Limited
Level 54, Hopewell Center
183 Queen's Road East
Wanchai
Hong Kong

CHAIRMAN'S STATEMENT

FINANCIAL RESULTS

The board of directors (the "Directors") of Shanghai Zendai Property Limited (the "Company") hereby announces the annual results of the Company and its subsidiaries (collectively the "Group") for the year ended 31 December 2015 (the "year" or "year under review").

During the year under review, the new projects acquired by the Group from 2012 to 2014 started presale successively and are expected to be delivered to buyers in 2017. Therefore, the turnover for the year was mainly attributable to the sales and delivery of pre-existing properties.

During the year under review, turnover of the Group amounted to approximately HK$1,787,475,000, representing an increase of 13% against approximately HK$1,579,612,000 for the same period in 2014. The turnover of the Group for the year was mainly attributed to:

- Delivery of residential and commercial properties in Shanghai Mandarin Palace and Xizhen Thumb Plaza
- Delivery of residential properties in Langfang, Haimen and Qingdao Thumb Plaza

Xizhen Project Rendering

Loss attributable to shareholders of the Company (the "Shareholders") was approximately HK$957,138,000, an increase of 118% as compared with the same period last year (loss for the same period last year: HK$438,468,000). Basic loss per share of the Company (the "Share") was HK$6.43 cents (basic loss per share for the same period last year: HK$2.95 cents). The substantial increase in loss of the Group for the year as compared with the same period last year was mainly due to:

- a reversal of land appreciation tax of HK$524,977,000 was recorded in the previous year, while no such reversal was recorded in the current year;
- an increase in financial cost due to increased borrowings; and
- the pre-sale of projects in 2015 of the Group are not yet delivered and cannot be recognized as turnover, and the turnover and the gross profit for the year under review were insufficient to cover the charges and expenses.

BUSINESS REVIEW

In February 2015, Smart Success Capital Limited, indirectly controlled by China Orient Asset Management (International) Holding Limited ("China Orient International"), acquired 50.03% equity interests in the Company and became its controlling shareholder, opening a new chapter in the development of the Group. As at 31 December 2015, Smart Success Capital Limited held 48.16% of the issued shares of the Company.

During the year under review, under the stimulus of both monetary and industry policies, property market throughout the country has been gradually picking up. As an integrated real estate developer, the Group has the capability of developing both residential and commercial properties and endeavours to focus on key development regions including Shanghai and Nanjing. The Group strategically steps up its development efforts in areas of the first and second tier cities with great development potential, while gradually withdrawing its business from the third and fourth tier cities. During the year, the Group acquired six parcels of land with a total area of 110,489 square metres in Gulou District, Nanjing at a consideration of approximately RMB4.5 billion through tender, thereby increasing its land reserve in Nanjing. In the meantime, the Group also disposed of 46% equity interests in 廊坊市証合泰房地產開發有限公司 (Langfang Zhenghetai Property Development Limited*), which is in line with its strategy of withdrawing from the third and fourth tier cities.

The land and property projects acquired by the Group from 2012 to 2014, including "Himalayas Center" and "Riverside Thumb Plaza" in Nanjing, commenced pre-sale in April and December 2015 respectively, representing a main source of growth in turnover of the Group in the future.

COMMERCIAL PROPERTY PROJECTS IN CHINA

Shanghai

Shanghai Zendai Thumb Plaza

Shanghai Zendai Thumb Plaza (the "Plaza") is an integrated commercial complex in a prime location near Shanghai's Century Park and the Lujiazui financial district. As at 31 December 2015, the Group still owned 40,333 square metres of commercial space and 430 underground car-parking spaces in the Plaza. As at 31 December 2015, more than 93% of the commercial space in the Plaza had been leased. Rental income recognised during the year was approximately RMB48,008,000 (equivalent to approximately HK$59,637,000).

Radisson Blu Hotel Pudong Century Park

The Group's five-star Radisson Blu Hotel Pudong Century Park is located in the Plaza. The 18-storey hotel boasts a gross floor area of 31,530 square metres and 361 guest rooms, a four-storey ancillary building and one level of basement. It is managed under the "Radisson Blu" brand by Carlson Companies. During the year under review, the average occupancy rate of the hotel was 62%, and total income of the hotel reached approximately RMB107,316,000 (equivalent to approximately HK$133,312,000), approximating to the income of last year.

Zendai Xizhen Thumb Plaza

The Group owns a parcel of land with an area of approximately 140,099 square metres in the tourist district of Zhujiajiao Town, Qingpu District, Shanghai. It is to be developed as Zendai Xizhen Thumb Plaza comprising mid-range to high-end residential properties, retail shops, resort villas and resort hotel in two phases, with a total gross floor area of approximately 169,004 square metres.

Phase I has a gross floor area of approximately 98,478 square metres, which will be comprised of residential properties (40,945 square metres) and commercial areas (57,533 square metres). The Group intends to recruit tenants for the commercial areas, including large international cinemas, mid-range to high-end restaurants and supermarkets. During the year under review, a total residential

Xizhen Thumb Plaza

saleable areas of 1,719 square metres were sold, generating a total contract value of RMB21,015,000 (equivalent to approximately HK$26,106,000). Residential and commercial areas of 6,614 square metres and 1,261 square metres were delivered respectively during the year and a total contract value of RMB109,850,000 (equivalent to approximately HK$136,460,000) and RMB25,319,000 (equivalent to approximately HK$31,452,000) were recognised as turnover respectively. As at 31 December 2015, total residential and commercial saleable areas of 18,847 square metres and 11,995 square metres had been sold respectively, generating a total contract value of RMB341,659,000 (equivalent to approximately HK$533,045,000) and RMB313,054,000 (equivalent to approximately HK$388,887,000) respectively.

Construction of Phase II with a gross floor area of approximately 70,525 square metres commenced in the fourth quarter of 2013, with resort villas (46,155 square metres) and a resort hotel (24,370 square metres) to be erected and expected to be completed in 2016. The construction of the resort hotel has currently been suspended due to change of planning. The resort villas have started pre-sale in November 2014, and total saleable areas of 18,511 square metres were sold during the year under review, generating a total contract value of RMB267,148,000 (equivalent to approximately HK$331,861,000). As at 31 December 2015, a saleable area of 24,424 square metres had been sold, generating a total contract value of RMB384,079,000 (equivalent to approximately HK$477,117,000).

Shanghai Himalayas Center

The Group's 45%-owned Shanghai Zendai Himalayas Center is located in the heart of Pudong, Shanghai. Designed by Arata Isozaki, an internationally acclaimed architect, it is a landmark within the Pudong New District. The Zendai Himalayas Center is an amalgam of the Jumeirah Himalayas Hotel Shanghai, shopping centre and other auxiliary facilities (comprising the DaGuan Theatre and the Himalayas Art Museum). The project occupies a site area of 28,893 square metres with a total gross floor area of approximately 162,207 square metres (including underground car-parking space of 26,287 square metres).

The Jumeirah Himalayas Hotel Shanghai, a luxury five-star hotel managed by the Jumeirah Hotel Group from Dubai, is the Jumeirah Hotel Group's first hotel in Asia Pacific. The hotel boasts a gross floor area of 60,452 square metres, providing 393 guest rooms. Enjoying a favourable location, the hotel is adjacent to the Shanghai New International Expo Center which connects with No. 7 metro line and is within walking distance to the maglev station. The average occupancy rate of the hotel during the year under review was 69%, generating a total income of approximately RMB193,673,000 (equivalent to approximately HK$240,588,000), representing an increase of 7% as compared with the same period last year. The high quality environment and service of the Jumeirah Himalayas Hotel Shanghai won acclaims across the industry. In 2015, the hotel was rated as the Best Artistic Hotel by IMEROM Magazine, named as the Best Ctrip Business Hotel, rated as the Best Hotel SPA by "City Weekly", voted the Best Wedding Hotel by "Weekend on the Go", honored the Golden Pillow Award – Top 10 Most Popular Business Hotel by "21st Century Business Herald", named as the best MICE Hotel by "China City Travel" Magazine and was listed in the 100 Best Hotels by "Travel+Leisure" Magazine.

During the year under review, around 77% of the commercial space of the shopping centre in the Zendai Himalayas Center with a leasable area of 23,362 square metres was leased, generating a rental income of approximately RMB40,632,000 (equivalent to approximately HK$50,475,000).

Nanjing

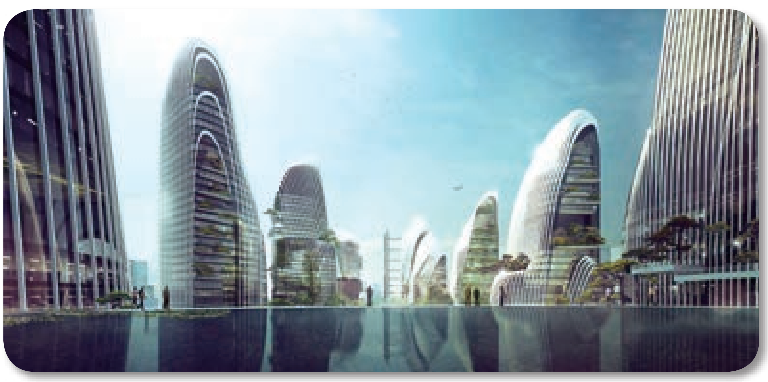
Nanjing Himalayas Center

The Group is planning to develop the G15 land parcel in a prime location around Nanjing South Train Station into Himalayas Center with a site area of approximately 93,526 square metres and an expected total gross floor area of approximately 622,588 square metres, marking an important advance in the Group's implementation of the development of "Himalayas Integrated Commercial Projects". The project will be developed in three phases.

The first phase of the project has a gross floor area of approximately 186,737 square metres, including 56,772 square metres of service apartments, 4,801 square metres of commercial space, 37,117 square metres of office building, 21,776 square metres of hotel and 66,271 square metres of underground car-park. The first phase with a total saleable area of 92,227 square metres, including 53,998 square metres of service apartments, 3,189 square metres of commercial space and 35,040 square metres of office building, commenced pre-sale in April 2015. During the year under review, total saleable areas of service apartments, commercial space and office building of 14,536 square metres, 3,143 square metres and 6,315 square metres were sold respectively, generating a total contract value of RMB257,662,000 (equivalent to approximately HK$320,077,000), RMB124,302,000 (equivalent to approximately HK$154,412,000) and RMB102,925,000 (equivalent to approximately HK$127,857,000) respectively. The top up work of the hotel has been completed and the specific program for decoration and design is now in progress.

The second phase of the project, covering a gross floor area of approximately 208,220 square metres, is intended to be developed into service apartments, a commercial complex, commercial streets and office buildings, including 52,248 square metres of service apartments, 22,347 square metres of commercial space, 50,211 square metres of office building and 83,414 square metres of underground car-park. Construction of the second phase commenced in the third quarter of 2014 and it is expected to start selling in the first half of 2016.

The third phase of the project, covering a gross floor area of approximately 227,631 square metres, is intended to be developed into service apartments, a commercial complex and office buildings, including 13,195 square metres of service apartments, 86,334 square metres of commercial space, 57,100 square metres of office building and 71,002 square metres of underground car-park. Construction of the third phase commenced in the third quarter of 2015 and it is expected to start selling in the first half of 2017.



Nanjing Himalayas Center Rendering

The First Phase of "Riverside Thumb Plaza" in Nanjing

The Group owns a parcel of land located at the west of Rehe Road and the north of Shiqiao Road, Gulou District, Nanjing, Jiangsu Province. The land with a site area of approximately 13,220 square metres is planned to be developed into an integrated complex comprising apartments and commercial space with a gross floor area of approximately 84,770 square metres, including 78,548 square metres of apartments and 6,222 square metres of commercial space. Construction of the project commenced in June 2014 and pre-sale was started in December 2015, with a total saleable area of 83,784 square metres, comprising 78,548 square metres of apartments and 5,236 square metres of commercial space. During the year under review, a total saleable area of 23,740 square metres of apartments was sold, generating a total contract value of RMB561,563,000 (equivalent to approximately HK$697,594,000).

The Second Phase of "Riverside Thumb Plaza" in Nanjing

The Group owns another parcel of land located at the west of Rehe Road and the north of Shiqiao Road, Gulou District, Nanjing, Jiangsu Province. The land with a site area of approximately 26,318 square metres is planned to be developed into an integrated complex comprising apartments and commercial space with a gross floor area of approximately 165,585 square metres, including 153,140 square metres of apartments and 12,445 square metres of commercial space. Construction of the project commenced in March 2015 and pre-sale is expected to begin in the second half of 2016.

Nanjing Thumb Plaza Phase II Rendering

Other Cities

Qingdao Zendai Thumb Plaza

Qingdao Zendai Thumb Plaza is located in the central business area, Haier Road in Qingdao City, Shandong Province, the PRC. The project has a site area of approximately 38,092 square metres with a total gross floor area occupying approximately 213,059 square metres. It includes retail shops (68,129 square metres), a hotel (29,593 square metres), service apartments (70,066 square metres) and a car-park (45,271 square metres).

During the year under review, a total saleable area of service apartments of 7,689 square metres was sold, generating a total contract value of RMB104,339,000 (equivalent to approximately HK$129,614,000). During the year, an area of 6,627 square metres was delivered and a total contract value of RMB88,954,000 (equivalent to approximately HK$110,502,000) was recognised as turnover. As at 31 December 2015, a total saleable area of 53,462 square metres had been sold, generating a contract value of RMB791,307,000 (equivalent to approximately HK$982,990,000).

Qingdao Zendai Thumb Plaza Rendering

As at 31 December 2015, around 93% of the commercial space (leasable area of which was 50,151 square metres) was leased, generating a rental income of RMB33,297,000 (equivalent to approximately HK$41,363,000) during the year.

Himalayas Qingdao Hotel, located in the Qingdao Zendai Thumb Plaza, is managed by the Group's own hotel management company under the Group's "Himalayas" brand. The average occupancy rate of the hotel during the year was 57%, generating a total income of RMB42,457,000 (equivalent to approximately HK$52,742,000).

Zendai Nantong Yicheng Thumb Plaza

Zendai Nantong Yicheng Thumb Plaza has a total site area of 281,912 square metres. Shanghai Zendai owns 50% interest in the land parcel and is to assume a leading role in the management of the project. Due to its prime location, the project has been included in the "Key Cultural Industry Projects in Nantong City" and "Key Development Projects in Chongchuan District". The project occupies a total gross floor area of approximately 279,076 square metres (including car-parking space and ancillary facilities of 77,143 square metres).

Construction of the project is divided into three phases. The first phase is a leasable commercial plaza with a gross floor area of approximately 38,737 square metres, of which 82% had been leased as at 31 December 2015. The second phase is an ancillary residential project with a total gross floor area of approximately 73,944 square metres. As at 31 December 2015, a total saleable area of 67,233 square metres (including 38,887 square metres of multi-storey apartments, 26,109 square metres of town houses and 2,237 square metres of detached houses) of the residential project had been sold, generating a total contract value of RMB771,219,000 (equivalent to approximately HK$958,036,000), of which areas of 1,684 square metres of multi-storey apartments and 473 square metres of detached houses were sold respectively during the year, generating a total contract value of RMB13,140,000 (equivalent to approximately HK$16,323,000) and RMB11,800,000 (equivalent to approximately HK$14,658,000). During the year under review, an area of 8,905 squares metres of residential properties (including 7,617 square metres of multi-storey apartments and 1,288 square metres of town houses) was delivered, generating a total contract value of RMB79,215,000 (equivalent to approximately HK$98,404,000). The third phase is to cover a total area of approximately 142,909 square metres (with an underground area of 53,150 square metres), comprising a commercial area of 60,979 square metres (with an underground area of 21,000 square metres) in Phase 2 of Old Town, and a commercial area of 14,967 square metres and residential area of approximately 66,963 square metres (with an underground area of 32,150 square metres) in Old Town, New Port. The construction of Old Town, New Port commenced in May 2014 with the top up work completed by the end of 2015 while the construction of Phase 2 of Old Town currently has not commenced yet.

Yangzhou Commercial Project

The Group has an integrated project for commercial, cultural, leisure and entertainment use in the heart of Yangzhou City, the construction of which has completed, including 12 blocks and 243 units with a gross floor area of approximately 20,089 square metres. As at 31 December 2015, the remaining area of 17,881 square metres was used for rental purposes.

Project in Chenmai County, Hainan Province

The Group owns 60% interest in a parcel of land in Chenmai County, Hainan Province with a site area of 1,309,563 square metres. The land is intended to be developed into a leisure-related commercial and residential property, including hotels, villas and other related facilities.

A Parcel of Land in Jingyue Economic Development Zone, Changchun City, Jilin Province

The Group was planning to develop a parcel of land in Changchun City, Jilin Province into a commercial property comprising retail shops, offices and service apartments. The project, with a site area of approximately 17,354 square metres, will comprise a total gross floor area of approximately 119,351 square metres, including 8,467 square metres of commercial space, 87,679 square metres of office space and 23,205 square metres of an underground car-park. The project was transferred to other party pursuant to an agreement signed by the Group in January 2016 and the transaction was completed in February 2016.

RESIDENTIAL PROJECTS IN CHINA

Shanghai

Mandarin Palace

"Mandarin Palace", the Group's premium residential project in Shanghai, comprises 56 villas with a total saleable area of approximately 43,447 square metres. The project was developed in two phases. The first phase comprises 47 villas with a total saleable area of 33,636 square metres, the construction of which was completed in 2011 and were all delivered. The second phase comprises 9 villas with a total saleable area of 9,811 square metres which were all sold out. During the year under review, area of 5,311 square metres was delivered, generating a contract value of RMB284,736,000 (equivalent to approximately HK$353,709,000).

Nanjing

Imperial Lake International Project in Xuanwu District

On 17 November 2015, a wholly-owned subsidiary of the Group participated an auction organised by a court for asset disposal and won the bid, pursuant to which the Group acquired 465 residential units in Xuanwu District, Nanjing, Jiangsu Province, the PRC at a consideration of RMB343,580,000 (equivalent to approximately HK$410,245,000). The transaction is expected to be completed in the first half of 2016. The project of the 465 residential units, which are completed units with a total saleable area of 26,306 square metres, will be launched into the market after fine decoration in mid 2016.

Other Cities

"Zendai Garden-Riverside Town" in Haimen

The "Zendai Garden-Riverside Town" project in Haimen, Jiangsu Province comprises two parcels of land occupying a total site area of 1,389,021 square metres.

The first parcel is to be developed in two parts.

"Dong Zhou Mansion", the first part of the first parcel, is being developed in two phases with Phase I offering 52 villas which were all sold out. Phase II of the "Dong Zhou Mansion" is to be developed into 94 villas with a total gross floor area of approximately 82,202 square metres, the construction of which already commenced in February 2014 and pre-sale permit is expected to be obtained on the first half of 2016, and is expected to be completed in 2017.

"Multiflora Garden", the second part of the first parcel, is being developed in three phases into an integrated residential area comprising low density town houses. Phases I and II offer a total of 212 units with a saleable area of approximately 57,232 square metres which were all sold out. As at 31 December 2015, an area of 4,523 square metres remained undelivered. Phase III has a saleable area of approximately 91,817 square metres. As at 31 December 2015, a total saleable area of 61,832 square metres had been sold, generating a total contract value of RMB381,268,000 (equivalent to approximately HK$473,625,000). During the year, a total saleable area of approximately 4,091 square metres was sold, generating a total contract value of RMB22,050,000 (equivalent to approximately

Haimen Riverside Town

HK$27,391,000). During the year, an area of 3,876 square metres was delivered and a total contract value of RMB21,155,000 (equivalent to approximately HK$26,280,000) was recognised as turnover in the year.

The second parcel of land is being developed into residential properties and ancillary commercial space in phases.

The first phase, Qinghua Garden Ecological Houses, occupies a site area of approximately 42,070 square metres with a saleable area of approximately 56,169 square metres. As at 31 December 2015, a cumulative area of 50,084 square metres had been sold, generating a total contract value of RMB224,761,000 (equivalent to approximately HK$279,206,000). An area of 1,373 square metres was sold during the year, generating a total contract value of RMB5,667,000 (equivalent to approximately HK$7,040,000). During the year under review, an area of 5,233 square metres was delivered and a total contract value of RMB21,097,000 (equivalent to approximately HK$26,207,000) was recognised as turnover.

The Phase II, Shui Qing Mu Hua Garden, with a site area of 157,717 square metres, is to be developed into small high-rise residential properties with ancillary commercial space in two sections with a saleable area of approximately 194,088 square metres. The first section offers a saleable area of 81,394 square metres. As at 31 December 2015, an area of 63,117 square metres had been sold, generating a total contract value of RMB291,313,000 (equivalent to approximately HK$361,880,000). During the year, an area of 10,230 square metres was sold, generating a total contract value of RMB45,890,000 (equivalent to approximately HK$57,006,000). An area of 19,684 square metres involving a contract value of RMB91,086,000 (equivalent to approximately HK$114,447,000) was delivered. The second section offers a saleable area of approximately 112,694 square metres, which will be developed by stages, the pre-sale permit of the first stage was obtained in July 2015, while the whole second stage will be completed in 2018.

The Phase III, named as Spanish Exotic Street with a site area of 5,319 square metres, has been developed into a commercial plaza with a saleable area of 4,155 square metres.

The Phase IV, named as "Thumb Plaza" with a site area of 18,919 square metres, is to be developed into a commercial plaza with a total gross floor area of 45,514 square metres, the construction of which commenced in April 2012 and was completed in the second half of 2015.

Two parcels of land at Longhe Industrial Zone, Langfang, Hebei Province

The Group held 73% of equity interests of Langfang Zhenghetai Property Development Limited in Langfang which owns two parcels of land at Longhe Industrial Zone, Langfang, Hebei Province. The first parcel of land with an area of 105,535 square metres will be developed into an integrated complex with high-end residential properties, commercial space and offices. The second parcel of land with a site area of 45,492 square metres will be developed into a residential property with a gross floor area of 121,484 square metres.

A contract and supplemental contract were signed by the Group in July and October 2015 respectively, pursuant to which 46% equity interests in Langfang Zhenghetai Property Development Limited held by the Group was sold to an independent third party at a consideration of RMB80,000,000 (equivalent to approximately HK$95,522,000). The equity transfer transaction was completed in October 2015.

A parcel of Land in Yantai Development Zone

The Group and 煙台開發區宏遠物業有限公司 (Yantai Hong Yuan Property Company Limited*) entered into a cooperation agreement to develop "Yantai Thumb Project" located at E-9 District, Yantai Development Zone, Yantai, Shandong Province, pursuant to which Shanghai Zendai holds 70% equity interests in the "Yantai Thumb Project". The project occupies an area of 26,476 square metres and is still under planning stage.

Land Parcels in Inner Mongolia Autonomous Region

The Group owns two parcels of land in Dongsheng Kangbashi New Area, Ordos City, Inner Mongolia Autonomous Region, the PRC, with a total site area of 248,118 square metres. The two land parcels are intended to be developed into villas in phases with a planned saleable area of 122,890 square metres. The project was suspended due to the changes of market conditions.

OVERSEAS PROJECTS

Residential project in New Zealand

Top Harbour Limited, a company incorporated in New Zealand and in which the Group holds 45% equity interests, owns a parcel of land in Whangaparaoa Peninsula, Auckland, New Zealand with an area of approximately 320,000 square metres. The site is about 25 kilometres away from downtown Auckland and is intended to be developed as high-end residential development. The Group entered into an agreement in November 2014 to sell all equity interests in the project company. Completion of the transaction is subject to the approval and consent by the Overseas Investment Office of New Zealand and is expected to take place in the first half of 2016.

Modderfontein New City Smart City Project in Johannesburg, South Africa

The Group has a real estate development project located in Johannesburg, South Africa. The project is favourably located in Modderfontein, which is situated between Sandton and OR Tambo International Airport in Johannesburg, comprising certain land parcels and buildings with an area of approximately 1,600 hectares. The Modderfontein project will be developed into a new central city in Johannesburg, comprising nine major function areas, namely central business district, international convention and exhibition centre, international residential community, trade logistics parks, light industrial parks, recreation centre, pension and retirement community, integrated education area and sports centre. The Group is now establishing a planning framework for the project, which is expected to develop in phases and will take more than 15 years to complete.

During the year, the Group commenced the development of the land parcels located at Longlake of approximately 2,906,000 square metres (the "Longlake Project"). The Longlake Project will be developed in phases and comprises of saleable land area of approximately 1,542,000 square metres for residential, commercial and industrial uses.

PROSPECTS

Given the PRC central government's efforts in promoting the urbanization policy, coupled with the successive interest rate cuts by the People's Bank of China and the easing of credit threshold, as well as the implementation of the targeted measures on real estate inventory reduction, it is expected that the future development of the property market will remain stable.

In 2016, the Group will further consolidate its development strategy to gradually withdraw from the third and fourth tier cities while expanding its land bank moderately in the first and second tier cities. In particular, the Group will step up its development efforts in core strategic areas including Nanjing in order to fully capitalise on the market demand in such areas.

Since Nanjing links with Shanghai to the east and Hefei to the west, with the accelerating integration of the cities in the Yangtze River Delta region, closer ties between the cities have been fostered and their comprehensive competitiveness has been gradually increased. The successive opening of Shanghai-Nanjing, Beijing-Shanghai and Nanjing-Hangzhou high-speed railways has effectively speeded up the integration process in the Yangtze River Delta region, meanwhile new development opportunities have sprung up in Nanjing, the hub of the high speed railways. In January 2016, Jones Lang LaSalle released the City Development Momentum Index 2016, and Nanjing was again listed among the world's top 20 cities, together with Shanghai, Beijing and Shenzhen.

In view of this, Shanghai Zendai's strategic blueprint in Nanjing will also be implemented comprehensively. Nanjing Himalayas Center, a project strategically located at Nanjing South Station which is one of the three urban centres in Nanjing, Nanjing Riverside Thumb Plaza, a project located at the dynamic Gulou Riverside District which connects Nanjing and Yangtze River Delta Region, together with the 465 residential units located at Xuanwu District, Nanjing which was acquired by the Group at the end of 2015 via judicial auction, will become important sources of income to the Group in the next few years.

The management remains cautiously optimistic on the long-term prospects of the industry and will accelerate the development and sales of its development projects through making use of its own advantages and leveraging on the national network and business resources of China Orient International. The synergistic effect brought by China Orient International will also enhance the position of the Group in the real estate industry in China.

In addition, Shanghai Zendai will also seek to continue to develop suitable projects through cooperation to explore capital resources, reduce capital investment at early stage and facilitate projects development. At the same time, the Group will seize the market and increase its market share through reasonably capitalising on the advantage of its brand awareness in various areas, with a view to creating more values and earning returns for the Group and shareholders.

* for identification purpose only

MANAGEMENT DISCUSSION AND ANALYSIS

Shanghai Thumb Plaza

REVIEW OF OPERATIONS

The Group continued to sustain loss for the year ended 31 December 2015 due primarily to the increase in finance expense and the small amount of turnover and gross profit which were insufficient to cover the charges and expense. The turnover of the year were mainly attributable to the sales and delivery of pre-existing residential and commercial projects.

The Nanjing Himalayas Center and "Riverside Thumb Plaza" in Nanjing projects, which were acquired and developed by the Group from 2012 to 2014 were offered to market for pre sales during the year under review and achieved a satisfactory result. It was expected when these projects together with other projects in Nanjing acquired during the year were delivered in the near future, the operation results of the Group will be significantly improved.

LIQUIDITY, FINANCIAL RESOURCES, CAPITAL STRUCTURE AND GEARING

The Group's financing and treasury activities are centrally managed and controlled at the corporate level. The main objective is to utilise the funding efficiently and to manage the financial risks effectively.

As at 31 December 2015 the Group had a healthy financial position with net assets value of HK$4,649 million (2014: approximately HK$6,277 million). Net current assets amounted to approximately HK$6,128 million (2014: approximately HK$7,342 million) with current ratio decreased from 1.94 times in 2014 to approximately 1.64 times in 2015. The Group adopted relatively prudent financial policy and closely monitored its cash flow. As at 31 December 2015, the Group had consolidated borrowings and loans of approximately HK$11,251 million in which HK$5,667 million was repayable within one year and HK$5,584 million was repayable more than one year. As at 31 December 2015, the Group's bank balances and cash were approximately HK$1,629 million. The gearing ratio of the Group increased from 1.38 times in 2014 to 2.42 times in 2015 (basis: total of amounts due to related companies, bank loans and other borrowings dividend by shareholders' funds). As at 31 December 2015, amount of HK$6,983,946,000 (2014: HK$2,621,226,000) bear interest at fixed interest rates range from 2.50% to 12.00% per annum (2014: 2.50% to 10.80% per annum).

SEGMENT INFORMATION

Sales of properties

The turnover of this segment for the year which amounted to HK$1,184,009,000 (2014: HK$990,358,000) increased substantially due to more properties were delivered.

Property rental, management and agency services

The turnover of this segment for the year was approximately HK$402,904,000 (2014: HK$406,452,000) which remained stable overall.

Hotel Operations

The turnover of this segment for the year was HK$198,406,000 (2014: HK$173,852,000) increased by 14% mainly due to full year of operation in 2015 as compared to the trial operation of Qingdao Himalayas hotel commenced in March 2014.

FOREIGN CURRENCY EXPOSURES

The Group undertakes certain transactions denominated in foreign currencies, hence exposures to exchange rate fluctuations arise. The Group's cash and cash equivalents are also exposed to such foreign currency risk. Cash and cash equivalents held by the Group as at 31 December 2015 were mainly denominated in RMB, USD, ZAR and HK$. Bank borrowings of the Group as at 31 December 2015 are mainly denominated in USD and RMB. The Group currently does not use any derivative contracts to hedge against its exposure to currency risk. The Group manages its foreign currency risk by closely monitoring the movement of the foreign currency rate.

EMPLOYEES

As at 31 December 2015, the Group employed approximately 2,075 employees (2014: 2,106 employees) in Hong Kong, South Africa and the PRC. They were remunerated according to the nature of the job and market conditions. Other staff benefits include a mandatory provident fund scheme, local municipal government retirement scheme, insurance and medical insurance and share option scheme.

EVENT SINCE THE END OF THE FINANCIAL YEAR

The important event for the Group since 31 December 2015 is:

As at 31 December 2015, Smart Success Capital Limited held 48.16% of the issued shares of the Company. As disclosed in the Company's announcement dated 26 January 2016, on 25 January 2016, Smart Success Capital Limited signed a purchase and sale agreement in relation to the sale of 4,462,317,519 shares of the Company, representing 29.99% of the issued shares of the Company, to 冉盛置業發展有限公司 (Riswein Real Estate Development Co. Ltd.*) and 中青旅置業（北京）有限公司 (CYTS Real Estate (Beijing) Co. Ltd.*). As at the date of this report, the transaction has not yet been completed.

MAJOR ACQUISITION OF ASSETS

(a) On 24 November 2014, the Group succeeded in a bid and signed the share transfer agreement for the purchase of the entire share capital of and the loan receivable from Nanjing Wudaokou Real Estate Co., Ltd. (南京五道口置業有限公司) which owns a parcel of land located in Nanjing, Jiangsu Province, the PRC with a site area of approximately 26,318 square metres which is designated for commercial and office mixed use. The transaction was completed on 7 May 2015, and the purchase consideration is RMB1,043,210,000 (equivalent to approximately HK$1,304,010,000).

(b) On 12 August and 24 August 2015, the Group entered into an equity transfer agreement and a supplementary agreement respectively to acquire the equity interest of 6 companies which holds 6 parcels of land in Gulou District, Nanjing. The aggregate site area of the land parcels was approximately 110,489 square metres and the total consideration for the acquisition was RMB4,513,609,000 (equivalent to approximately HK$5,389,384,000). Details of the acquisitions were disclosed in the Company's announcement dated 25 August 2015. As at the date of this report, the acquisitions have not yet been completed.

(c) On 17 November 2015, the Group succeeded in a bid which was open to the public and purchased 465 residential units located in Xuanwu District, Nanjing for a total consideration of RMB343,580,000 (equivalent to approximately HK$410,245,000). The aggregate area of these residential units was approximately 20,591.91 square metres. Details of the acquisitions were disclosed in the Company's announcement dated 19 November 2015. As at the date of this report, the acquisitions have not yet been completed.

MAJOR DISPOSAL OF ASSETS

A contract and supplemental contract were signed by the Group in July and October 2015 respectively, pursuant to which 46% equity interests in Langfang Zhenghetai Property Development Limited held by the Group was sold to an independent third party at a consideration of RMB80,000,000 (equivalent to approximately HK$95,522,000). The equity transfer transaction was completed in October 2015.

CHARGE OF ASSETS

At the end of reporting period, the carrying amounts of following assets of the Group were pledged to secure certain borrowings and loans:

	2015 HK$'000	2014 HK$'000
Property, plant and equipment	**552,307**	605,191
Land use rights	**570,663**	625,700
Investment properties	**2,392,836**	2,576,904
Properties under development and for sales	**3,207,160**	1,716,890
Pledged bank deposits	**1,178,507**	775,425
	7,901,473	6,300,110

CONTINGENT LIABILITIES

As at 31 December 2015, the Group provided guarantees to the extent of approximately HK$208,413,000 (2014: HK$165,447,000) to banks in respect of mortgage loans provided by the banks to customers for the purchase of the developed properties of the Group. These guarantees provided by the Group to the banks would be released upon receiving the property title certificate of the respective properties by the banks from the customers as a pledge for security to the mortgage loans granted.

In the opinion of the directors, the fair value of guarantee contracts is insignificant at initial recognition.

* for identification purpose only

CORPORATE SOCIAL RESPONSIBILITY

An enterprise should take the initiative to assume some social responsibilities and do more things dedicated to the community. Only in this way, an enterprise is able to integrate closely with the community and create a good ecological environment. In 2015, the Group actively participated in social activities, making great efforts in social welfare and charity, environmental protection, cultural promotion as well as community and staff activities.

SOCIAL WELFARE AND CHARITY

Giving back to the community is an obligation that a responsible corporate citizen should fulfill. Being a property developer with vitality specialising in urban development, over the years, amidst the steady advancement of business growth and industry expansion, the Group has actively participated in various social welfare and charitable activities. We have also put public welfare into corporate action for long periods to fulfill our corporate social responsibility.

"RIVER AND KID"

From 15 June to 15 July in 2015, 上海証大商業經營管理有限公司 (Shanghai Zendai Commercial Business Management Co., Ltd.*, "Zendai Management") joined hands with China Business Network, a well-known media in Mainland China, in carrying out a charitable project "River and Kid". The project aims to help poor children in the Yunnan Province to improve their learning environment with the hope of enabling more kids to enter school. Zendai Management launched the "Run for Love and Welfare" campaign through which a pair of shoes would be given out to needy children for every 5 km ran on specified treadmills in Shanghai Zendai Thumb Plaza. The number of kilometers reached by the relay run is equivalent to the distance from Shanghai to Yunnan. Zendai Management also held a "Caring Cinema" event in every weekend at which family-friendly movies were shown for a ticket price of RMB10. All the proceeds were donated to the "River and Kid" non-profit organisation.

The scene of "Run for Charity"

VISIT TO THE "DARLINGS"

On 1 June 2015, Radisson Blu Hotel Pudong Century Park in Shanghai organised its staff to pay a visit to the pediatric ophthalmology section of Renji Hospital in Pudong to spend a happy Children's Day with kids under treatment and rehabilitation, carrying with them dolls and blankets. Due to birth defect and other reasons, these kids suffering from end-stage liver diseases were required to undergo liver transplant operation. The activity aims to make use of the Group's strength to help needy children hoping that they could recover soon and that we could set an example, thereby making more people in the community to pay attention to this needy group.

Kids were happy with the gifts from our staff

ENVIRONMENTAL PROTECTION

The Group places environmental protection as one of our major considerations in project construction and property operation. While being committed to building quality real estate, we integrate the concept of sustainable development into all aspects of business and are actively involved in various environmental protection activities.

"A DATE WITH THE OCEAN"

On 9 April 2015, in response to the "World Earth Day", the Group and National Geographic jointly organized "A Date with the Ocean" keynote speech and exhibition activities at Shanghai Film Art Center and invited Dr. Sylvia Earle, the world's famous "Queen of Deep Sea – Resident Ocean Explorer of the National Geographic Society in the US", to give a lecture. About 2,000 people attended the event onsite. The activity aims to arouse public concern toward the protection of the marine environment.

The documentary show and seminar held at the Shanghai Film Art Center in Himalayas were full house

CULTURAL PROMOTION

The Group is dedicated to the promotion of culture and arts in the course of building quality property projects. While spreading high-quality foreign culture to strengthen cultural exchanges on one hand, the Group is concerned about the inheritance and development of local culture and is willing to promote the use and protection of traditional culture on the other hand.

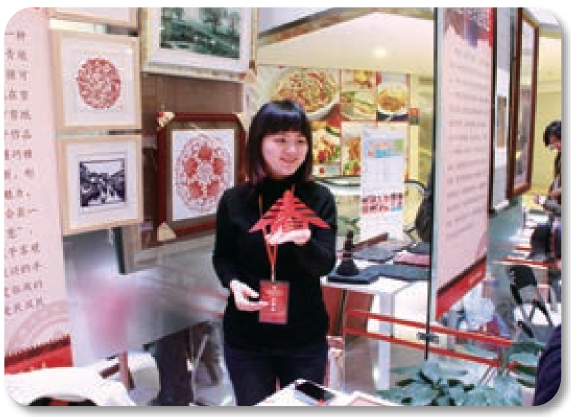
JAPANESE CONTEMPORARY CERAMIC ARTIST OKUKAWA KAZUTOSHI EXHIBITION

On 7 February 2015, 上海証大喜瑪拉雅有限公司 (Shanghai Zendai Himalayas Limited*, "Shanghai Zendai Himalayas") and Okukawa Kazutoshi, No. 1 person in Japan's contemporary ceramic sector and a ceramicist whose works are collected by the British Museum, jointly held the artist's first solo exhibition in China. In the exhibition, more than 40 pieces of his works were displayed, including flower vase, incense burner and tea sets. Every piece of work is both a concentration of the artist's practices over the past 50 years and a perfect interpretation of the aesthetic spirit in the Song Dynasty. The purpose of the activity is to promote quality culture and to meet the cultural needs of the people.

ENTRY OF INTANGIBLE CULTURAL HERITAGE INTO THE COMMERCIAL SECTOR

On 14-15 February 2015, together with Shanghai Pudong New Area Culture, Radio Broadcasting, Film and Television Administration, Office of Intangible Cultural Heritage and Intangible Cultural Heritage Protection Center, Shanghai Zendai Himalayas organised the "Entry of Intangible Cultural Heritage into the Commercial Sector" activity which attracted an onsite flow of more than 1,500 people each day. This intangible cultural heritage promotional campaign aims to build a cultural exchange project with the government to provide a platform that would help people to gain a multi-aspect and intuitive understanding of China's abundant intangible cultural heritage resources and to feel the unique charm of intangible cultural heritage. Through this activity, further impetus can be provided to the development, utilisation and productive protection of craft and aesthetic projects in intangible cultural heritage exhibitions.

A poster of the event



People's close-up experience of traditional Chinese crafts

COMMUNITY ACTIVITY

Being a property developer, the Group has always regarded the promotion of mutual development in the communities where we run our business as one of the main objectives in corporate development. The Group is of the view that, in addition to property construction, establishing communal culture, educational development and community relations is also an important part of development.

HIMALAYAN FARMERS' MARKET

During the period from May to December in 2015, Shanghai Zendai Himalayas and Shanghai Fangcundi Farmers' Market cooperated on the "Himalayas • Fangcundi – Himalayan Farmers' Market" event. The holding of the event was fixed at an outdoor plaza in every Saturday where farmers in the Shanghai region were organised to sell their organic and fresh vegetables and agricultural products onsite and seminars on organic agriculture were held on an irregular basis. The event is designed to provide convenient living services for residents and to spread the concept of quality and healthy lifestyle.

A farmers' market was regularly held in every Saturday which has become a normal weekend market activity in the Himalayas

ENTERPRISE AND EMPLOYEES, TEAM BUILDING

The success of the Group is inseparable from the efforts of each member of the staff. The development of the Group is closely related to the progress of the employee team. Over the years, the Group has always paid attention to the mutual development of employees and the enterprise striving to build an efficient and quality team.

ZENDAI HEALTHY RUN

In 2015, Zendai Management arranged its staff to participate in the one-hour healthy run at Century Garden. The activity was led by a professional coach who will provide guidance to the trainees in giving instructions on running posture and recording running data, physical condition and mental feeling. The activity aims to enhance team cohesion while paying attention to the health of employees.

Staff doing warming-up exercise

A "Healthy Run" led by a coach

* for identification purpose only

A. EXECUTIVE DIRECTORS

Mr. Zhang Chenguang ("Mr. Zhang"), aged 46, was appointed as executive director and chairman of the Board on 8 May 2015. Mr. Zhang is Co-President of China Orient Asset Management (International) Holding Limited ("COAMI"), Investment Committee member of China Orient Asset Management Corporation ("COAMC"), General Manager of Orient Asset Management (China) Limited and Shenzhen Orient Startup Investment Limited, Co-President and Investment Committee member of Shenzhen Orient Summit Asset Management Limited. Mr. Zhang worked in COAMC from 2000 to 2011, as Senior Supervisor, Assistant Manager, Deputy Manager, Manager, Senior Manager and Assistant General Manager of Dalian office of COAMC, and participated in various acquisitions of distressed assets and acquisitions of equity interests. Between 1991 and 2000, he worked in Bank of China, Liaoning Provincial Branch and has extensive experience in banking and financing. Apart from serving as executive Director of the Company, Mr. Zhang also serves as director of various subsidiaries of the Company, including 南京証大大拇指商業發展有限公司, 南京立方置業有限公司, 長春証大置業有限公司, 吉林市証大華城房地產開發有限公司, Golden Land International Development Limited, Richtex Holdings Limited and Long Profit Group Limited. Mr. Zhang holds a master degree from China University of Political Science and Law, an MBA degree from the Open University of Hong Kong, and a bachelor degree in Finance from Jilin University of Finance and Economics.

Mr. Zhong Guoxing ("Mr. Zhong"), aged 49, was appointed as executive director on 8 May 2015. Mr. Zhong has been the executive director and co-president of COAMI, a subsidiary of COAMC since April 2012. He has been a director of Guangzhou Yucheng Real Estate Development Company Limited (廣州市譽城房地產開發有限公司) since late 2012. Mr. Zhong was the executive director from 11 August 2009 to 27 June 2012 and the chief executive officer from 11 June 2010 to 27 June 2012 of Madex International Holdings Limited (now known as Ping An Securities Group (Holdings) Limited), a company listed on the Main Board of the Stock Exchange (stock code: 231). Since 9 October 2013, Mr. Zhong has been appointed as a non-executive director of Skyfame Realty Limited, a company listed on the Main Board of the Stock Exchange (stock code: 59). Mr. Zhong worked as Manager, Senior Manager and Assistant General Manager of Guangzhou office of COAMC from December 1999 to August 2009. He also has extensive experience in banking, financing and asset management. Mr. Zhong holds a Master's Degree in Business Administration from the Asia International Open University (Macau).

Dr. Wang Hao ("Dr. Wang"), aged 46, was appointed as executive director on 8 May 2015. Dr. Wang graduated from Renmin University of China in 1996 with a master degree in International Economic Law, and obtained a P.H.D. law degree from China University of Political Science and Law in 2005. He practised as a lawyer from 1996 to 2011. Since 2011, Dr. Wang worked as the Chief Risk Officer of COAMI. He is also a member of the Investment Committee of Shenzhen Orient Summit Asset Management Limited.

Ms. Li Li Hua ("Ms. Li"), aged 53, was appointed as an executive director and chief executive officer on 18 August 2014 but resigned the position of chief executive officer on 30 June 2015. She joined the Company as manager of the finance department in March 2008. She was appointed as general manager of the Hong Kong region in April 2011 and appointed as vice president of the Company in March 2012. From April 2011 to 30 June 2015, Ms. Li's principal duties within the Group were corporate governance; expansion of overseas business; financial management, financing arrangement and public relations management. Apart from serving as chief executive officer and executive Director of the Company, Ms. Li also serves as director of various subsidiaries of the Company, including Good Surplus Holdings Limited and Jin Qiu International Holdings Limited. Ms. Li was an on-the-job postgraduate majoring in money and banking in the finance division of the Graduate School of Renmin University of China. Before joining the Company, Ms. Li had accumulated over 20 years of experience in the investment and management of securities investment and capital markets. She served as chief economist and general manager of the southern headquarters of Xiangcai Securities, as well as deputy chief economist and general manager of the finance department of Hainan Securities Company Limited.

B. NON-EXECUTIVE DIRECTORS

Mr. Xu Xiaoliang ("Mr. Xu"), aged 43, was appointed as a non-executive director in January 2013. Mr. Xu graduated from the Innova Education School of Singapore in 1995 with a diploma and obtained his master's degree in business administration from the East China Normal University, the People's Republic of China (the "PRC") in July 2002. Mr. Xu served as assistant general manager of Shanghai Forte Land Co., Ltd. ("Forte Group") from April 1998 to October 1999 and chairman of Shanghai Resource Property Consultancy Co., Ltd. (an indirect subsidiary of Shanghai Fosun High Technology (Group) Co., Ltd. ("Fosun Group")) from November 1999 to October 2012. Mr. Xu concurrently served as senior assistant to the president of Fosun Group and the president of the property holdings department of Fosun Group from October 2012 to December 2014. Mr. Xu served as Executive Director of Fosun Group and Chairman of Fosun Property Holdings since December 2014. Fosun Group and Fosun International Limited (the parent company of Fosun Group) together have a 99.15% control of Forte Group, which has 100% control of China Alliance Properties Limited. As at 31 December 2015, China Alliance Properties Limited holds 14.05% of issued shares of the Company.

Mr. Gong Ping ("Mr. Gong"), aged 41, was appointed as a non-executive director in January 2013. Mr. Gong graduated from Fudan University, the PRC in 1998 with a bachelor's degree in international finance and obtained his master's degree in finance from the Fudan University Global Economic Research Institute, the PRC in 2005. He also received his master's degree in business administration from the International Institute for Management Development located in Lausanne, Switzerland in 2008. Mr. Gong joined Fosun Group in July 2011. He now serves as general manager of corporate development department of Fosun Group and President of Fosun Property Holdings. Before that, Mr. Gong served as real estate credit manager and product manager at Pudong branch and the headquarter of Bank of Shanghai from July 1998 to December 2004. He worked at the PRC headquarter of Standard Chartered as business development manager and assistant vice president from December 2004 to August 2007. He worked at global strategy department of Korea Samsung Group as global strategic consultant from March 2009 to July 2011. Fosun Group and Fosun International Limited (the parent company of Fosun Group) together have a 99.15% control of Forte Group, which has 100% control of China Alliance Properties Limited. As at 31 December 2015, China Alliance Properties Limited holds 14.05% of issued shares of the Company.

C. INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Lai Chik Fan ("Mr. Lai"), aged 67, who joined the Board in 2004, was born in China and was educated in Hong Kong and the US. As an investment banker with over 35 years of experience in the industry, he is known for his knowledge, integrity and vast experience in the areas of investment banking and international equity sales and distribution. Mr. Lai is currently a managing director of AR Evans Capital Limited. In the past, he had worked for a number of investment banks, including Koffman Financial Holdings Limited, Paine Webber Hong Kong Limited, Merrill Lynch Asia Ltd, Smith Barney (Hong Kong) Ltd, and Chin Tung Securities Ltd. Mr. Lai has served as a director for a number of listed companies in Hong Kong and overseas. He was a non-executive director of China Medical and Bio Sciences Limited (now known as China Demeter Investment Holdings Limited) (stock code: 8120) but resigned in July 2007. In August 2007, he was appointed as an executive director of China Golden Development Holdings Limited (now known as Century Ginwa Retail Holdings Limited) (stock code: 162), and subsequently resigned in October 2008. Mr. Lai is also a non-executive Director of NGSC, a Singapore main board-listed company, since 2014.

Mr. Li Man Wai ("Mr. Li"), aged 59, was appointed as an independent non-executive director on 20 April 2012. Mr. Li graduated with diploma in business administration, major in Accounting from Lingnan College (now known as Lingnan University), Hong Kong in 1981. He is a member of the Hong Kong Institute of Certified Public Accountants and Association of Chartered Certified Accountants in the United Kingdom from 1988 and obtained a membership of Certified Management Accountants of Canada in 1990 after taking the accountancy courses in York University, Canada. He was qualified as a certified practising accountant in Hong Kong since 1992 and founded Raymond Li & Co., C.P.A. in 1993 and currently is the sole proprietor of the firm. The firm is principally engaged in providing auditing and taxation services and ever implemented the winding up, investigation and liquidation process for the companies against which a winding-up order was made by the High Court of Hong Kong. Mr. Li chaired Lingnan University Alumni Association (Hong Kong) Limited from 2006 to 2008, and was elected as chairman of Chinese Christian Universities Alumni Association (Hong Kong) Limited from 2007 to 2008. Mr. Li was nominated to act as the Director of Lingnan University Hong Kong Alumni D.S.S. Primary School Limited from 2005 to 2011. Mr. Li has been appointed as the trustee of Lingnan (University) College, Dr. Sun Yat-Sen University, Guangzhou, PRC since 2009. In 2011, Mr. Li was appointed by Mr. Donald TSANG Yam-kuen, ex-Chief Executive of the Hong Kong Special Administrative Region, as a court member of Lingnan University of Hong Kong for a term of 3 years commencing 2011. Mr. Li was also appointed as an independent non-executive director of Next-Generation Satellite Communications Limited, a company publicly listed in Singapore, on 24 February 2016.

Mr. Chow, Alexander Yue Nong ("Mr. Chow"), aged 65, is appointed as an independent non-executive director on 30 June 2015. Mr. Chow received a bachelor of arts degree in Computer Science and an M.B.A. degree from the University of California, Berkeley in 1973 and 1975 respectively. Mr. Chow is the Managing Director of IST Services Limited. He has also been a committee member of the Chinese General Chamber of Commerce since 1980. Mr. Chow was the President of ACB International Inc. (a joint venture of China National Export Bases Development Corporation, Bank of China, A Robert Abboud & Company of United States and Hong Kong United General Company Limited), Assistant Vice President and Head of China Group of The First National Bank of Chicago, advisor to Bank of Tokyo Ltd., and consultant to Overseas Chinese Investment Company of the Zhejiang Province (浙江省華僑投資公司). Mr. Chow also lead the establishment of CCIC Finance Limited, a joint venture of Bank of China, The First National Bank of Chicago, The Industrial Bank of Japan and China Resources Company (華潤公司). Mr. Chow has business relationship with various multinationals for many years.

Dr. Xu Changsheng ("Dr. Xu"), aged 52, is appointed as an independent non-executive director on 30 June 2015. Dr. Xu graduated from the Economics Department of Nanjing University in 1984 with a Bachelor degree in Economics. He graduated from the Economics School of Wuhan University with a master's degree and a PhD degree in economics in 1987 and 1992 respectively. Dr. Xu has been working at the School of Economics of Huazhong University of Science and Technology since 1987, serving as a professor since 1997, a PhD supervisor since 1999, the Deputy Dean from 1994 to 1999 and the Dean from 2000 to 2014.

D. CHIEF EXECUTIVE OFFICER

Mr. Tang Jian ("Mr. Tang"), aged 39, is appointed as the chief executive officer of the Company on 30 June 2015. Mr. Tang has been working with the Company since 2003. Mr. Tang was the executive director of the Company from May 2003 to May 2015 and he was the authorized representative of the Company during the period from June 2003 to May 2015. Mr. Tang was the general manager of the Hong Kong region of the Group during the period from May 2003 to March 2011 and his principal duties were corporate governance, financing arrangement and public relations management. From April 2011 to March 2013 and from April 2013 to June 2015, he was the general manager of investment and development department and real property financing department of the Group and his primarily duties were strategic investment decisions and property development financing arrangement. Mr. Tang also serves as director of various subsidiaries of the Company, including Ample Century Limited, Best East Developments Limited, Myway Developments Limited, Auto Win Investments Limited 上海証大置業有限公司 and 上海証大三角洲置業有限公司. Mr. Tang obtained a bachelor's degree from the Shanghai University of Finance and Economics specializing in finance in 1999. Prior to joining the Company, Mr. Tang worked for Bank of Shanghai and companies which were engaged in securities investment business.

E. COMPANY SECRETARY

Mr. Wong Ngan Hung ("Mr. Wong"), aged 55, is a member of the Hong Kong Institute of Certified Public Accountants since 1986. He also obtained a master's degree in business administration from University of San Francisco in the United States of America. Mr. Wong has been working with the Company since 2006 and was appointed as the Company Secretary in January 2012.

REPORT OF THE DIRECTORS

The directors of the Company (the "Directors") have pleasure in presenting their annual report together with the audited financial statements for the year ended 31 December 2015.

PRINCIPAL ACTIVITIES

The principal activity of the Company continues to be investment holding. The principal activities of its subsidiaries are principally engaging in property development business, property investments, management and agency services and hotel operations.

BUSINESS REVIEW

A review of the business of the Group during the year ended 31 December 2015, an analysis of the Group's performance during the year using financial key performance indicators, a discussion on the Group's future business development, a description of the principal risks and uncertainties that the Group may be facing and the particulars of important events affecting the Company that have occurred since the end of the financial year are contained in the sections headed "Chairman's Statement" and "Management Discussion and Analysis" in this annual report.

The Company's environmental policies and performances, a discussion on the Company's compliance with the relevant laws and regulations that have a significant impact on the Group and the Company's relationship with its employees are contained in the section headed "Corporate Social Responsibility" in this annual report.

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31 December 2015 and the state of the Company's and the Group's affairs as at that date are set out in the consolidated financial statements on pages 51 to 163. The Directors do not recommend the payment of any dividend in respect of the year ended 31 December 2015.

FINANCIAL SUMMARY

A summary of the results, assets and liabilities of the Group for the past five financial years is set out on page 164.

SHARE CAPITAL

Details of movement in the share capital of the Company during the year 2015 are set out in note 34(a) to the financial statements.

RESERVES

Details of the movements in reserves of the Group and the Company during the year 2015 are set out in the consolidated statement of changes in equity and note 43(a) to the financial statements respectively.

DISTRIBUTABLE RESERVES OF THE COMPANY

The Company does not have reserves available for distribution to shareholders as at 31 December 2015.

PROPERTY, PLANT AND EQUIPMENT

Details of movements in the property, plant and equipment of the Group and the Company during the year 2015 are set out in note 15 to the financial statements.

PROPERTIES UNDER DEVELOPMENT AND COMPLETED PROPERTIES HELD-FOR-SALE

Details of properties under development and for sales of the Group for the year 2015 are set out on pages 6 to 14 of the annual report.

DIRECTORS

The Directors during the year 2015 and up to the date of this report were as follows:

Executive Directors

Mr. Zhang Chenguang *(Chairman)* (appointed on 8 May 2015)
Mr. Zhong Guoxing (appointed on 8 May 2015)
Dr. Wang Hao (appointed on 8 May 2015)
Ms. Li Li Hua
Mr. Dai Zhikang (resigned on 8 May 2015)
Mr. Zuo Xingping (resigned on 8 May 2015)
Mr. Tang Jian (resigned on 8 May 2015)

Non-executive Directors

Mr. Xu Xiaoliang
Mr. Gong Ping

Independent non-executive Directors

Mr. Lai Chik Fan
Mr. Li Man Wai
Mr. Chow Alexander Yue Nong (appointed on 30 June 2015)
Dr. Xu Changsheng (appointed on 30 June 2015)
Mr. Lo Mun Lam, Raymond (retired on 30 June 2015)
Mr. Cai Gaosheng (retired on 30 June 2015)

According to the bye-laws of the Company, Mr. Xu Xiaoliang, Mr. Gong Ping, Mr. Lai Chik Fan, Mr. Chow Alexander Yue Nong and Dr. Xu Changsheng shall retire from office by rotation and then be eligible for re-election at the forthcoming annual general meeting.

DIRECTORS' AND CHIEF EXECUTIVE'S INTERESTS IN SHARES OR DEBENTURES

As at 31 December 2015, the interests and short positions of the directors and chief executive of the Company in the shares, underlying shares or debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) (the "SFO")) as recorded in the register required to be kept by the Company pursuant to section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies, are set out below:

Name of chief executive	Number of Shares	Capacity and nature of interests	Approximate percentage of issued share capital as at 31 December 2015
Mr. Tang Jian	10,000,000(L)	Beneficial owner	0.07%
Mr. Tang Jian *(Note)*	124,000,000(L)	Beneficial owner	0.83%

(L) denotes long position

Note:

These shares represent the shares to be allotted and issued upon the exercise of share options granted.

Save as disclosed above, none of the Directors or chief executive of the Company had any interest or short position in any shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept by the Company pursuant to section 352 of the SFO on or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies as at 31 December 2015.

CHANGES OF INFORMATION IN RESPECT OF DIRECTORS

Save as disclosed in the section headed "Biographical Details of Directors" in this annual report and the change in the remuneration for independent non-executive directors of the Company to HK$20,000 per month, there was no change to any of the information required to be disclosed in relation to any Director pursuant to paragraphs (a) to (e) and (g) of rule 13.51(2) of the Listing Rules since the date of the 2015 interim report of the Company.

DIRECTORS' SERVICE CONTRACTS AND EMOLUMENTS

No Director retiring and eligible for re-election at the forthcoming annual general meeting has entered into a service contract with the Company which is not determinable by the Group within one year without payment of compensation other than statutory compensation.

Directors' emoluments are determined by mutual agreement and prevailing market practice as well as his contribution to the Group.

DIRECTORS', SUPERVISORS' AND SENIOR EXECUTIVES' EMOLUMENTS

Details of the Directors', supervisors' and senior management's emoluments are set out in note 44 to the financial statements. The Group's general policy on remuneration is to maintain fair and competitive packages based on industry practice and market conditions. The following factors are considered when determining the remuneration packages of executive Directors:

- Business needs;
- The Group's results and performance;
- Appraisal of individual contributions to results of the Group;
- Changes in market conditions such as demand and supply.

Furthermore, the Company has adopted a share option scheme as a long term incentive scheme to all eligible staff of the Group.

PERMITTED INDEMNITY AND DIRECTORS' LIABILITY INSURANCE

Pursuant to the bye-laws of the Company and subject to the provisions of the Companies Act 1981 of Bermuda, the Directors, company secretary and other officers and every auditor of the Company shall, among other things, be indemnified out of the assets and profits of the Company from and against all actions, costs, charges, losses, damages and expenses which they shall or may incur or sustain by or by reason of any act done, concurred in or omitted in or about the execution of their duty, or supposed duty, in their respectively offices or trusts, provided that this indemnity shall not extend to any matter in respect of any wilful negligence, wilful default, fraud, or dishonesty which may attach to any of said persons.

The Company has arranged for appropriate insurance cover in respect of possible legal actions against its Directors and officers. The scope of coverage of the insurance is subject to review annually.

SHARE OPTIONS

Details of the share option scheme adopted by the Company are set out in note 34(b) to the financial statements.

The following table discloses movements in the Company's share options during the year:

	Number of Options			
	Outstanding at beginning of year	Granted during the year	Outstanding at end of year	Exercisable period
Chief executive	–	62,000,000	62,000,000	26 October 2015 – 25 October 2018
	–	31,000,000	31,000,000	26 October 2016 – 25 October 2018
	–	31,000,000	31,000,000	26 October 2017 – 25 October 2018
Total	–	124,000,000	124,000,000	
Employees other than chief executive	–	435,000,000	435,000,000	26 October 2015 – 25 October 2018
	–	217,500,000	217,500,000	26 October 2016 – 25 October 2018
	–	217,500,000	217,500,000	26 October 2017 – 25 October 2018
Total	–	870,000,000	870,000,000	
Service suppliers	–	124,000,000	124,000,000	26 October 2015 – 25 October 2018
	–	62,000,000	62,000,000	26 October 2016 – 25 October 2018
	–	62,000,000	62,000,000	26 October 2017 – 25 October 2018
Total	–	248,000,000	248,000,000	
Total	–	1,242,000,000	1,242,000,000	

ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

Other than the share option scheme set out in note 34(b) to the financial statements, at no time during the year 2015 was the Company, its holding company or any of its subsidiaries, a party to any arrangements to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate and neither the Directors nor the chief executive, nor any of their spouses or children under the age of 18, had any right to subscribe for the securities of the Company, or had exercised any such right.

DIRECTORS' INTERESTS IN CONTRACTS OF SIGNIFICANCE

Other than the related party transactions set out in note 38 to the financial statements, no contracts of significance to which the Company, its holding company or any of its subsidiaries, was a party and in which a Director had a material interest or to which a controlling shareholder of the Company or any of its subsidiaries is a party, whether directly or indirectly, subsisted at the end of the year 2015 or any time during the year 2015.

CONNECTED AND RELATED PARTY TRANSACTIONS

During the year 2015, the Group entered into certain related party transactions which also constitute connected transactions under the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"). Details of these transactions are set out in note 38 to the financial statements.

The Company has complied with the disclosure requirements, to the extent they are not waived by the Stock Exchange, in accordance with Chapter 14A of the Listing Rules with respect to the connected transactions and continuing connected transactions entered into by the Group during the year ended 31 December 2015.

DIRECTORS' INTEREST IN COMPETING BUSINESS

Pursuant to Rule 8.10 of the Listing Rules, the Company discloses that during the year 2015 and up to the date of this report, Mr. Dai Zhikang held directorships in Shanghai Zendai Investment Development Company Limited, and/or its subsidiaries (collectively referred to as the "Zendai Group"), which are also engaged in property development and related business. As the board of directors of the Group operates independently from the boards of Zendai Group, the Group operates its business independently or, and at arm's length from, the business of Zendai Group. Mr. Dai Zhikang resigned as the chairman of the Board and an executive Director of the Company as from 8 May 2015.

As disclosed in the table below, executive Directors Mr. Zhang Chenguang, Mr. Zhong Guoxing and Dr. Wang Hao also hold positions of director or senior management of China Orient Asset Management Corporation ("COAMC"), China Orient Asset Management (International) Holding Limited ("COAMI") or their affiliates, which do not, or do not materially, compete with the business of the Group.

Name of the Director	Position(s) within the Company	Other Interests
Zhang Chenguang	chairman of the Board and executive Director	Co-President of COAMI, Investment Committee member of COAMC, General Manager of Orient Asset Management (China) Limited and Shenzhen Orient Startup Investment Limited, Co-President and Investment Committee member of Shenzhen Orient Summit Asset Management Limited
Zhong Guoxing	executive Director	the executive director and co-president of COAMI
Wang Hao	executive Director	the Chief Risk Officer of COAMI, a member of the Investment Committee of Shenzhen Orient Summit Asset Management Limited

Save as described above, during the year ended 31 December 2015, none of the Directors had engaged in or had any interest in any business which competes or is likely to compete, either directly or indirectly, with the businesses of the Company and/or its subsidiaries and which is required to be disclosed pursuant to the Listing Rules.

PERSONS HAVING 5% OR MORE INTERESTS

As at 31 December 2015, the interests or short positions of the persons, other than a director or chief executive of the Company, in the Shares and underlying Shares as recorded in the register required to be kept by the Company pursuant to section 336 of the SFO were as follows:

Name	Name of company	Nature of interests	Number of shares interested or amount of registered capital interested	Approximate percentage of the issued share capital or registered capital
Smart Success Capital Ltd. *(Note 1)*	The Company	Beneficial owner	7,165,566,000 (L)	48.16%
Cheer Link Global Ltd. *(Note 1)*	The Company	Interest in controlled corporation	7,165,566,000 (L)	48.16%
COS Greater China Special Situations Fund, L.P. *(Note 1)*	The Company	Interest in controlled corporation	7,165,566,000 (L)	48.16%
China Orient Summit Capital SSF GP Co. Ltd. *(Note 1)*	The Company	Interest in controlled corporation	7,165,566,000 (L)	48.16%
China Orient Summit Capital International Co. Ltd. *(Note 1)*	The Company	Interest in controlled corporation	7,165,566,000 (L)	48.16%
COAMI *(Note 1)*	The Company	Interest in controlled corporation	7,165,566,000 (L)	48.16%
Wise Leader Assets Ltd. *(Note 1)*	The Company	Interest in controlled corporation	7,165,566,000 (L)	48.16%
Dong Yin Development (Holdings) Limited *(Note 1)*	The Company	Interest in controlled corporation	7,165,566,000 (L)	48.16%
COAMC *(Note 1)*	The Company	Interest in controlled corporation	7,165,566,000 (L)	48.16%
China Alliance Properties Limited *(Note 2)*	The Company	Interest in controlled corporation	2,091,260,000 (L)	14.05%

Name	Name of company	Nature of interests	Number of shares interested or amount of registered capital interested	Approximate percentage of the issued share capital or registered capital
Shanghai Forte Land Co., Ltd *(Note 2)*	The Company	Interest in controlled corporation	2,091,260,000 (L)	14.05%
Shanghai Fosun High Technology (Group) Company Limited *(Note 2)*	The Company	Interest in controlled corporation	2,091,260,000 (L)	14.05%
Fosun International Limited *(Note 2)*	The Company	Interest in controlled corporation	2,091,260,000 (L)	14.05%
Fosun Holdings Limited *(Note 2)*	The Company	Interest in controlled corporation	2,091,260,000 (L)	14.05%
Fosun International Holdings Ltd. *(Note 2)*	The Company	Interest in controlled corporation	2,091,260,000 (L)	14.05%
Guo Guangchang *(Note 2)*	The Company	Interest in controlled corporation	2,091,260,000 (L)	14.05%

(L) denotes long position

Notes:

1. COAMC has 100% control of Dong Yin Development (Holdings) Limited, which in turn has 100% control of Wise Leader Assets Ltd.; Wise Leader Assets Ltd. and Dong Yin Development (Holdings) Limited each has 50% control of COAMI; COAMI has 80% control of China Orient Summit Capital International Co. Ltd., which in turn has 100% control of China Orient Summit Capital SSF GP Co. Ltd.. China Orient Summit Capital SSF GP Co. Ltd. is the only general partner of COS Greater China Special Situations Fund, L.P.. COS Greater China Special Situations Fund L.P. has 100% control of Cheer Link Global Ltd. which in turn has 100% control of the Smart Success Capital Ltd.

2. Mr. Guo Guangchang has 64.45% control of Fosun International Holdings Ltd., which has 100% control of Fosun Holdings Limited, which has 71.37% control of Fosun International Limited, which has 100% control of Shanghai Fosun High Technology (Group) Company Limited, which together with Fosun International Limited have approximately 99.15% control of Shanghai Forte Land Co., Ltd., which has 100% control of China Alliance Properties Limited.

Save as disclosed above, as at 31 December 2015, no persons, other than a director or chief executive of the Company, had interests or short positions in the shares or underlying shares of the Company as recorded in the register required to be kept by the Company pursuant to section 336 of the SFO.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the laws of Bermuda.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

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

MAJOR CUSTOMERS AND SUPPLIERS

During the year 2015, the Group's sales to the five largest customers accounted for 21% of the Group's turnover for the year, of which the largest customer accounted for 8% of the Group's turnover for the year. During the year 2015, the aggregate purchases attributable to the Group's largest supplier and five largest suppliers accounted for approximately 16% and 40% respectively, of the Group's total purchases for the year. None of the Directors, their associates or any shareholders of the Company which to the knowledge of the Directors, own more than 5% of the Company's share capital, had any interest in the share capital of any of the five largest customers or suppliers of the Group.

INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received from each of its independent non-executive Directors an annual confirmation of his independence pursuant to Rule 3.13 of the Listing Rules and considered that the independent non-executive Directors to be independent.

COMPLIANCE WITH LAWS AND REGULATIONS

Compliance procedures are in place to ensure adherence to applicable laws, rules and regulations in particular, those have significant impact on the Group. Our Audit Committee is delegated by the Board to review of the effectiveness of the system of internal control in respect of, among other things, compliance controls function of the Group. External compliance and legal advisers are engaged to ensure transactions and business performed by the Group are within the applicable law framework. Updates on applicable laws, rules and regulations are brought to the attention of relevant employees and operation units from time to time. The Board believes that, in the absence of any evidence to the contrary, the system of internal controls maintained by the Group that was in place throughout the year and up to the date of this report, is adequate to meet the needs of the Group in its current business.

AUDITOR

At the 2015 annual general meeting of the Company held on 30 June 2015 ("2015 AGM"), BDO Limited, the Company's previous auditor, retired as the auditor of the Company and PriceWaterhouseCoopers was elected as the auditor of the Company. Please refer to the Company's announcements dated 17 June 2015 and 30 June 2015 for further details.

A resolution will be proposed at the forthcoming annual general meeting of the Company to re-appoint PricewaterhouseCoopers as auditor of the Company.

SUFFICIENCY OF THE PUBLIC FLOAT

Based on information that in publicly available to the Company and within the knowledge of the Directors as at 30 March 2016, being the latest practicable date prior to the issue of this report, there was sufficient public float for the Shares.

On behalf of the Board
Zhang Chenguang
Chairman of the Board of Directors
30 March 2016

CORPORATE GOVERNANCE PRACTICES

The Company is committed to maintain a high standard of corporate governance practices and procedures to safeguard the interests of the shareholders and enhance the performance of the Group. The board of Directors (the "Board") will review and improve the corporate governance practices from time to time to ensure that the Group is under the leadership of an effective Board to optimise return for shareholders.

The Company has applied the corporate governance code as set out in Appendix 14 to the Listing Rules as amended and revised from time to time (the "CG Code"). For the year under review, the Company has complied with the CG Code, except for the deviation as disclosed in this report.

DEVIATION FROM CG CODE

Under the code provision A.6.7 of the CG Code, independent non-executive Directors and other non-executive Directors should attend general meetings of the Company. Due to personal commitments, the following Directors did not attend the following general meetings:

Mr. Xu Xiaoliang, Mr. Gong Ping, Mr. Lo Mun Lam, Raymond and Mr. Cai Gaosheng did not attend the annual general meeting of the Company held on 30 June 2015.

Mr. Xu Xiaoliang, Mr. Gong Ping, and Dr. Xu Changsheng did not attend the special general meeting of the Company held on 13 October 2015.

DIRECTORS' SECURITIES TRANSACTIONS

The Company has adopted a code of conduct regarding Directors' securities transactions on terms no less exacting than the required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers contained in Appendix 10 to the Listing Rules (the "Model Code"). Having made specific enquiry of all Directors, the Directors had complied with the required standard set out in the Model Code during the year ended 31 December 2015.

The composition of the Board for the year ended 31 December 2015 was as follows:

Executive Directors

Mr. Zhang Chenguang *(Chairman)* (appointed on 8 May 2015)
Mr. Zhong Guoxing (appointed on 8 May 2015)
Dr. Wang Hao (appointed on 8 May 2015)
Ms. Li Li Hua
Mr. Dai Zhikang (resigned on 8 May 2015)
Mr. Zuo Xingping (resigned on 8 May 2015)
Mr. Tang Jian (resigned on 8 May 2015)

Non-executive Directors

Mr. Xu Xiaoliang
Mr. Gong Ping

Independent non-executive Directors

Mr. Lai Chik Fan
Mr. Li Man Wai
Mr. Chow Alexander Yue Nong (appointed on 30 June 2015)
Dr. Xu Changsheng (appointed on 30 June 2015)
Mr. Lo Mun Lam, Raymond (retired on 30 June 2015)
Mr. Cai Gaosheng (retired on 30 June 2015)

The term of appointment of non-executive Directors are 2 years.

CORPORATE GOVERNANCE FUNCTIONS

During the year under review, the Board is responsible for determining the policy for the corporate governance of the Company performing the corporate governance duties as below:

- to develop and review the Group's policies and practices on corporate governance and make recommendations;
- to review and monitor the training and continuous professional development of the directors and senior management;
- to review and monitor the Group's policies and practices on compliance with all legal and regulatory requirements (where applicable);

- to develop, review and monitor the code of conduct and compliance manual (if any) applicable to employees and directors of the Group; and

- to review the Group's compliance with the CG Code and disclosure requirements in the corporate governance report.

ATTENDANCE AT BOARD MEETINGS AND GENERAL MEETINGS

	Number of meetings attended/ total number of meetings		
Name of director	**Board meeting**	**Annual General Meeting**	**Special General Meeting**
Mr. Zhang Chenguang *(Note 1)*	10/15	1/1	1/1
Mr. Zhong Guoxing *(Note 1)*	10/15	1/1	0/1
Dr. Wang Hao *(Note 1)*	9/15	1/1	1/1
Ms. Li Li Hua	13/15	1/1	1/1
Mr. Xu Xiaoliang	7/15	0/1	0/1
Mr. Gong Ping	9/15	0/1	0/1
Mr. Lai Chik Fan	12/15	1/1	1/1
Mr. Li Man Wai	11/15	1/1	1/1
Mr. Chow Alexander Yue Nong *(Note 2)*	7/15	0/1	1/1
Dr. Xu Changsheng *(Note 2)*	6/15	0/1	0/1
Mr. Dai Zhikang *(Note 3)*	1/15	0/1	0/1
Mr. Zuo Xingping *(Note 3)*	2/15	0/1	0/1
Mr. Tang Jian *(Note 3)*	5/15	0/1	0/1
Mr. Lo Mun Lam, Raymond *(Note 4)*	3/15	0/1	0/1
Mr. Cai Gaosheng *(Note 4)*	4/15	0/1	0/1

Note 1: appointed on 8 May 2015
Note 2: appointed on 30 June 2015
Note 3: resigned on 8 May 2015
Note 4: retired on 30 June 2015

The Board was responsible for making overall strategic decisions, financial matters and equity related transactions such as acquisitions. The management will handle and execute the decisions made by the Board and oversee the day-to-day management of the Group under the supervision of Mr. Tang Jian, the Company's chief executive officer.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Mr. Dai Zhikang was the chairman of the Board during the period between 1 January 2015 and 8 May 2015 and Mr. Zhang Chenguang was the chairman of the Board during the period between 8 May 2015 and 31 December 2015 and thereafter. Ms. Li Li Hua was the chief executive officer of the Company during the period between 1 January 2015 and 30 June 2015 and Mr. Tang Jian was the chief executive officer of the Company during the period between 30 June 2015 and 31 December 2015 and thereafter. The roles of the chairman and chief executive officer are segregated and are not exercised by the same individual. The chairman was responsible for overseeing the management of the Board whereas the chief executive officer was responsible for overseeing the day-to-day management of the Group's business and the implementation of the policies decided by the Board.

DIRECTORS' TRAINING

All Directors are encouraged to participate in continuous professional development to develop and refresh their knowledge and skills. During the year the Company has arranged in-house trainings for Directors and senior management staff in the form of seminar and reading materials. According to the records provided by the Directors, they received relevant training in 2015.

REMUNERATION COMMITTEE

Members of the Remuneration Committee are as follows:

Independent non-executive directors:	Mr. Chow Alexander Yue Nong *(Chairman)* (appointed on 30 June 2015) Mr. Lai Chik Fan Mr. Li Man Wai Dr. Xu Changsheng (appointed on 30 June 2015) Mr. Lo Mun Lam, Raymond (retired on 30 June 2015) Mr. Cai Gaosheng (retired on 30 June 2015)
Executive directors:	Mr. Zhang Chenguang (appointed on 8 May 2015) Mr. Dai Zhikang (resigned on 8 May 2015)

The Remuneration Committee is responsible for making recommendations on the Company's policy and structure on the remuneration of all Directors and senior management of the Company for approval by the Board. During the year, the Remuneration Committee met for one time to review the remuneration policy for Directors and senior management of the Company, to make the recommendations for the directors and senior management's remuneration. Mr. Chow Alexander Yue Nong (Chairman), Mr. Lai Chik Fan, Dr. Xu Changsheng, Mr. Li Man Wai and Mr. Zhang Chenguang attended the meetings.

NOMINATION COMMITTEE

Members of the Nomination Committee are as follows:

Independent non-executive directors:	Mr. Lai Chik Fan Mr. Chow Alexander Yue Nong (appointed on 30 June 2015) Dr. Xu Changsheng (appointed on 30 June 2015) Mr. Lo Mun Lam, Raymond (retired on 30 June 2015)
Executive Directors:	Mr. Zhang Chenguang *(Chairman)* (appointed on 8 May 2015) Mr. Dai Zhikang (resigned on 8 May 2015)

The Nomination Committee was established in March 2012 with specific terms of reference in accordance with the CG Code. The Nomination Committee is responsible to review the structure, size and composition of the Board and make recommendations on any proposed changes to the Board to complement the Company's corporate strategy. It shall consider the suitability of a candidate to act as a Director on the basis of the candidate's qualification, experience, integrity and potential contribution to the Company, and assess the independence of Independent Non-executive Directors taking into account the independence requirements set out in Rule 3.13 of the Listing Rules. During the year under review, two meetings were held to make recommendation to the board of directors of the Company, and Mr. Zhang Chenguang, Mr. Lai Chik Fan and Mr. Lo Mun Lam, Raymond attended the meeting.

The Nomination Committee is also responsible for reviewing the board diversity policy (the "Board Diversity Policy") of the Company regularly (including any measurable objectives that the Board has set for implementing the Board Diversity Policy and the progress on achieving those objectives). The Board Diversity Policy sets out a clear objective and provides that the Company should endeavour to ensure that its Board members have the appropriate balance of skills, experience and diversity of perspectives that are required to support the execution of its business strategy and in order for the Board to be effective.

AUDIT COMMITTEE

Members of the Audit Committee are as follows:

Independent non-executive directors:	Mr. Li Man Wai *(Chairman)* Mr. Lai Chik Fan Mr. Chow Alexander Yue Nong (appointed on 30 June 2015) Dr. Xu Changsheng (appointed on 30 June 2015) Mr. Lo Mun Lam, Raymond (retired on 30 June 2015)

The Audit Committee's duties were, among others, to review adequacy of the Company's policies and procedures regarding internal controls, to review the relationship between the Company and its auditors and to review the Group's financial statements. During the year ended 31 December 2015, the Audit Committee held two meetings, and Mr. Li Man Wai, Mr. Lai Chik Fan, Mr. Chow Alexander Yue Nong, Dr. Xu Changsheng and Mr. Lo Mun Lam, Raymond attended the meetings. During the aforesaid meetings, members of the Audit Committee reviewed the financial results and reports, financial and internal controls of the Company and had thorough discussions with the auditor regarding the work performed. The Company's annual results for the year ended 31 December 2015 has been reviewed by the Audit Committee.

RISK MANAGEMENT AND INTERNAL CONTROL

The Board has the responsibility to review annually the effectiveness of the Group's risk management and internal control systems and ensure that the controls are sound and effective to safeguard the Shareholders' investments and the Group's assets. During the year, the Board, with the support of the Audit Committee, had conducted at least semi-annually a review of the effectiveness of the system of internal control in respect of the financial, operational, compliance controls and risk management function of the Group. The Board believes that, in the absence of any evidence to the contrary, the system of internal controls maintained by the Group that was in place throughout the year and up to the date of this report, is adequate to meet the needs of the Group in its current business environment.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The Directors acknowledge their responsibility for preparing the financial statements of the Group contained herein. The reporting responsibilities of PricewaterhouseCoopers, the auditor of the Company, are stated in the auditor's report on pages 49 to 50 of this report. There are no material uncertainties relating to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. There is no disagreement between the Board and the Audit Committee regarding the selection, appointment, resignation or dismissal of the external auditor.

AUDITOR'S REMUNERATION

As regards annual audit service provided to the Company, the remuneration of HK$2,800,000 made to the auditors was assessed according to the complexity, time required and prevailing market conditions. During the year ended 31 December 2015, the Group had engaged its auditor to provide services to the Company in respect of the interim review of the Company's results for the 6 months ended 30 June 2015. The fee paid for such service was HK$960,000. The auditor also provided other services mainly in relation to the Company's circulars on the very substantial acquisition of lands in Jiangsu. The fees for these services were HK$1,300,000.

COMPANY SECRETARY

The Company Secretary is a full time employee of the Company and has day-to-day knowledge of the Company's affairs. The Company Secretary reports to the Chairman of the Company and is responsible for advising the Board on governance matters. For the year under review, the Company Secretary has confirmed that he has taken no less than 15 hours of relevant professional training.

SHAREHOLDERS' RIGHTS AND INVESTOR RELATIONS

The Company shall, for the purpose to keep its shareholders duly informed of their rights, publish from time to time the updated bye-laws of the Company in a consolidated form on the Company's website and the Stock Exchange's website.

The Group establishes communications with shareholders through the publication of announcements, notices, and circulars, interim and annual reports and in the Company's website.

According to the bye-laws of the Company, shareholders, holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company carrying the right to vote at general meetings of the Company, can by written requisition to the Board or the Company Secretary to request to convene a special general meeting for the transaction of any business specified in such requisition. Any general meeting at which the passing of a special resolution is to be considered shall be called by not less than 21 clear days' notice, whilst others may be called by not less than 14 clear days' notice. The chairman of any general meetings ensures that the shareholders are informed of the procedure for demanding a poll by way of explaining the same during the general meetings. The chairman of general meetings also ensures compliance with the requirements about voting by poll contained in the Listing Rules and the bye-laws of the Company.

In order to maintain an on-going dialogue with shareholders, shareholders are encouraged to attend annual general meeting of the Company at which Board members and Board committees are available to answer questions related to the Group's business.

Shareholders, investors and the media can make enquiries to the Company through the following means:

Telephone number:	+86-21-33927888/+852-38977778
By post:	59/F, Bank of China Tower, 1 Garden Road, Hong Kong
Attention:	Company Secretary
By email:	nhwong@zendai.com.hk

TO THE SHAREHOLDERS OF SHANGHAI ZENDAI PROPERTY LIMITED
(Incorporated in Bermuda with limited liability)

We have audited the consolidated financial statements of Shanghai Zendai Property Limited (the "Company") and its subsidiaries set out on pages 51 to 163, 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 cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

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

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body, in accordance with Section 90 of the Companies Act 1981 of Bermuda 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.

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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.

OPINION

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

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 30 March 2016

CONSOLIDATED INCOME STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2015

		Year ended 31 December	
		2015	2014
	Notes	**HK$'000**	HK$'000
Revenue	*7*	**1,787,475**	1,579,612
Cost of sales	*9*	**(1,603,216)**	(1,418,616)
Gross profit		**184,259**	160,996
Other income and gains	*8*	**98,177**	86,781
Selling and marketing expenses	*9*	**(139,159)**	(136,879)
Administrative expenses	*9*	**(405,676)**	(445,057)
Change in fair value of investment properties	*16*	**4,476**	70,128
Share of results of associates	*20*	**(104,737)**	(152,510)
Share of results of joint ventures	*21*	**(103,854)**	(62,826)
Finance costs	*11*	**(586,375)**	(436,723)
Loss before income tax		**(1,052,889)**	(916,090)
Income tax credit	*12*	**2,441**	422,622
Loss for the year		**(1,050,448)**	(493,468)
Loss for the year attributable to:			
– Owners of the Company		**(957,138)**	(438,468)
– Non-controlling interests		**(93,310)**	(55,000)
		(1,050,448)	(493,468)
Loss per share			
– Basic	*14*	**HK (6.43) Cents**	HK (2.95) Cents
– Diluted	*14*	**HK (6.43) Cents**	HK (2.95) Cents

The notes on pages 59 to 163 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2015

	Notes	Year ended 31 December 2015 HK$'000	2014 HK$'000
Loss for the year		**(1,050,448)**	(493,468)
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss:			
Exchange differences arising on translation of foreign operations		**(606,691)**	(145,192)
Release of other revaluation reserve on disposal of properties for sales held by an associate		**(6,435)**	(462)
		(613,126)	(145,654)
Item that will not be reclassified subsequently to profit or loss:			
Share of other comprehensive income of investments accounted for using the equity method		**33,980**	–
Other comprehensive income for the year, net of tax		**(579,146)**	(145,654)
Total comprehensive income for the year		**(1,629,594)**	(639,122)
Total comprehensive income attributable to:			
– Owners of the Company		**(1,518,752)**	(581,800)
– Non-controlling interests		**(110,842)**	(57,322)
Total comprehensive income for the year		**(1,629,594)**	(639,122)

The notes on pages 59 to 163 are an integral part of these consolidated financial statements.

CONSOLIDATED BALANCE SHEET

AS AT 31 DECEMBER 2015

	Notes	As at 31 December 2015 HK$'000	2014 HK$'000
ASSETS			
Non-current assets			
Property, plant and equipment	15	618,109	689,491
Investment properties	16	2,719,578	2,886,730
Land use rights	17	570,663	625,700
Goodwill	18	35,490	37,362
Investment in associates	20	131,719	182,808
Investment in joint ventures	21	1,178,596	1,341,952
Deferred income tax assets	33	20,273	–
Available-for-sale financial assets	22	63,701	67,259
Pledged bank deposits	27	238,806	253,404
Total non-current assets		5,576,935	6,084,706
Current assets			
Properties under development and completed properties held-for-sale	23	9,250,562	8,502,063
Inventories	24	3,848	4,060
Trade and other receivables	25	403,064	556,517
Deposits for properties under development	26	581,494	1,604,306
Amounts due from associates		1,048,960	1,296,084
Amounts due from joint ventures		1,522,993	1,303,617
Available-for-sale financial assets	22	2,176	2,648
Amounts due from related companies		–	11,571
Amounts due from minority owners of subsidiaries		30,090	31,770
Pledged bank deposits	27	939,701	522,021
Tax prepayments	32	90,584	110,526
Entrusted loan receivables		–	126,072
Cash and cash equivalents	28	1,629,164	1,098,074
		15,502,636	15,169,329
Assets of disposal group classified as held-for-sale	29	263,513	–
Total current assets		15,766,149	15,169,329
Total assets		21,343,084	21,254,035
EQUITY			
Equity attributable to owners of the Company			
Share capital	34	297,587	297,587
Reserves		2,739,012	3,265,695
Retained earnings		1,396,288	2,353,426
		4,432,887	5,916,708
Non-controlling interests		216,182	360,234
Total equity		4,649,069	6,276,942

CONSOLIDATED BALANCE SHEET

AS AT 31 DECEMBER 2015

	Notes	As at 31 December 2015 HK$'000	2014 HK$'000
LIABILITIES			
Non-current liabilities			
Amounts due to minority owners of subsidiaries		829,214	1,868,381
Borrowings and loans	31	5,584,283	4,550,096
Deferred income tax liabilities	33	450,794	578,549
Other payables	30	191,322	152,246
Total non-current liabilities		7,055,613	7,149,272
Current liabilities			
Trade, notes and other payables	30	1,072,188	1,362,617
Receipts in advance from customers		1,140,506	1,635,641
Amounts due to joint ventures		1,156,769	929,777
Amounts due to related companies		–	34,646
Amounts due to minority owners of subsidiaries		104,645	115,730
Borrowings and loans	31	5,667,208	3,337,768
Tax payables	32	455,727	411,642
		9,597,043	7,827,821
Liabilities of disposal group classified as held-for-sale	29	41,359	–
Total current liabilities		9,638,402	7,827,821
Total liabilities		16,694,015	14,977,093
Total equity and liabilities		21,343,084	21,254,035

The notes on pages 59 to 163 are an integral part of these consolidated financial statements.

On behalf of the Board

Li Li Hua
Director

Zhang Chenguang
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2015

	Share Capital *(Note 34)* HK$'000	Share premium *(a)* HK$'000	Capital redemption reserve HK$'000	Contributed surplus *(b)* HK$'000	Special capital reserve *(c)* HK$'000	Statutory surplus reserve HK$'000	Share option reserve *(d)* HK$'000	Other reserve *(e)* HK$'000	Retained earnings HK$'000	Foreign exchange reserve HK$'000	Other revaluation reserve HK$'000	Equity attributable to owners of the Company HK$'000	Non-controlling interests HK$'000	Total HK$'000
At 1 January 2014	297,587	2,164,682	1,074	157,315	68,541	344,778	24,760	730	2,776,102	383,683	6,897	6,226,149	404,811	6,630,960
Comprehensive income														
Loss for the year	–	–	–	–	–	–	–	–	(438,468)	–	–	(438,468)	(55,000)	(493,468)
Other comprehensive income														
Exchange differences arising on translation of foreign operations	–	–	–	–	–	–	–	–	–	(142,870)	–	(142,870)	(2,322)	(145,192)
Release of other revaluation reserve on disposal of properties for sales held by associates, net of tax	–	–	–	–	–	–	–	–	–	–	(462)	(462)	–	(462)
Total other comprehensive income, net of tax	–	–	–	–	–	–	–	–	–	(142,870)	(462)	(143,332)	(2,322)	(145,654)
Total comprehensive income	–	–	–	–	–	–	–	–	(438,468)	(142,870)	(462)	(581,800)	(57,322)	(639,122)
Transactions with owners in their capacity as owners														
Contribution by a minority owner	–	–	–	–	–	–	–	–	–	–	–	–	890	890
Dividend paid to non-controlling interest of a subsidiary	–	–	–	–	–	–	–	–	–	–	–	–	(12,593)	(12,593)
Partial disposal of interests in subsidiaries	–	–	–	–	–	–	–	272,359	–	–	–	272,359	30,675	303,034
Release upon lapsed of share options	–	–	–	–	–	–	(24,760)	–	24,760	–	–	–	–	–
Deemed disposal of a subsidiary	–	–	–	–	–	–	–	–	–	–	–	–	(6,227)	(6,227)
Transfer to statutory surplus reserve	–	–	–	–	–	8,968	–	–	(8,968)	–	–	–	–	–
Transactions with owners in their capacity as owners	–	–	–	–	–	8,968	(24,760)	272,359	15,792	–	–	272,359	12,745	285,104
At 31 December 2014	297,587	2,164,682	1,074	157,315	68,541	353,746	–	273,089	2,353,426	240,813	6,435	5,916,708	360,234	6,276,942

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2015

	Share capital (Note 34) HK$'000	Share premium (a) HK$'000	Capital redemption reserve HK$'000	Contributed surplus (b) HK$'000	Special capital reserve (c) HK$'000	Statutory surplus reserve HK$'000	Share option reserve (d) HK$'000	Other reserve (e) HK$'000	Retained earnings HK$'000	Foreign exchange reserve HK$'000	Other revaluation reserve HK$'000	Equity attributable to owners of the Company HK$'000	Non-controlling interests HK$'000	Total HK$'000
At 1 January 2015	297,587	2,164,682	1,074	157,315	68,541	353,746	–	273,089	2,353,426	240,813	6,435	5,916,708	360,234	6,276,942
Comprehensive income														
Loss for the year	–	–	–	–	–	–	–	–	(957,138)	–	–	(957,138)	(93,310)	(1,050,448)
Other comprehensive income														
Share of the comprehensive income of investments accounted for using the equity method	–	–	–	–	–	–	–	–	–	–	33,980	33,980	–	33,980
Exchange differences arising on translation of foreign operations	–	–	–	–	–	–	–	–	–	(589,159)	–	(589,159)	(17,532)	(606,691)
Release of other revaluation reserve on disposal of properties for sales held by associates, net of tax	–	–	–	–	–	–	–	–	–	–	(6,435)	(6,435)	–	(6,435)
Total other comprehensive income, net of tax	–	–	–	–	–	–	–	–	–	(589,159)	27,545	(561,614)	(17,532)	(579,146)
Total comprehensive income	–	–	–	–	–	–	–	–	(957,138)	(589,159)	27,545	(1,518,752)	(110,842)	(1,629,594)
Transactions with owners in their capacity as owners														
Grant of share options	–	–	–	–	–	–	34,931	–	–	–	–	34,931	–	34,931
Disposal of a subsidiary	–	–	–	–	–	–	–	–	–	–	–	–	(33,210)	(33,210)
Transactions with owners in their capacity as owners	–	–	–	–	–	–	34,931	–	–	–	–	34,931	(33,210)	1,721
At 31 December 2015	297,587	2,164,682	1,074	157,315	68,541	353,746	34,931	273,089	1,396,288	(348,346)	33,980	4,432,887	216,182	4,649,069

(a) Amount subscribed for share capital in excess of nominal value.

(b) The Company's contributed surplus represents the credit arising from the effect of share premium offset against accumulated losses in previous years.

(c) The special capital reserve represents the credit arising from the effect of reduction in share capital in previous years.

(d) Share option reserve represents the share-based payment under the Company's share option scheme.

(e) The difference between the consideration and the carrying amount of the net assets attributable to the addition and reduction of interests in subsidiaries being acquired from and disposed to non-controlling equity holders respectively.

The notes on pages 59 to 163 are an integral part of these consolidated financial statements.

CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2015

	Notes	2015 HK$'000	2014 HK$'000
Cash flows from operating activities			
Loss before income tax		(1,052,889)	(916,090)
Adjustments for:			
Interest income		(51,329)	(55,032)
Dividend income		(2,704)	(1,695)
Finance costs	*11*	586,375	436,723
Depreciation of property, plant and equipment		37,587	37,192
Amortisation of land use rights		21,941	22,986
Change in fair value of investment properties	*16*	(4,476)	(70,128)
Share of results of associates		104,737	152,510
Share of results of joint ventures		103,854	62,826
Impairment of property under development and completed properties held-for-sale		92,368	320,656
Losses on sale of property, plant and equipment		248	1,016
Release of other revaluation reserve on disposal of properties		(6,435)	(462)
Gain on disposal of investment properties		(1,927)	(6,866)
Gain on disposal of subsidiaries	*37*	(18,578)	–
Share-based payments		34,931	–
Operating loss before working capital changes		(156,297)	(16,364)
Increase in properties under development and completed properties held-for-sale		(1,970,842)	(1,282,819)
Decrease/(increase) in inventories		212	(2,091)
Decrease/(increase) in trade and other receivables		92,756	(89,138)
Decrease/(increase) in deposits for properties under development		749,471	(1,027,585)
(Decrease)/increase in trade, notes and other payables		(67,526)	52,276
Increase in receipts in advance from customers		89,437	408,384
Cash used in operations		(1,262,789)	(1,957,337)
Interest received		51,329	55,032
Interest paid		(935,772)	(682,194)
Income taxes paid		(71,298)	(181,365)
Net cash used in operating activities		(2,218,530)	(2,765,864)

	Notes	2015 HK$'000	2014 HK$'000
Investing activities			
Capital injection in a joint venture		–	(32,148)
Decrease/(increase) in amounts due from associates		178,604	(227,791)
Increase in amounts due from joint ventures		(282,978)	(623,653)
Decrease in amounts due from related companies		11,571	5,541
Decrease in amount due from minority owners of subsidiaries		–	4,366
(Increase)/decrease in pledged bank deposits		(403,082)	785,418
Repayment of entrusted loan		126,072	–
Purchase of property, plant and equipment		(2,680)	(25,328)
Purchase of investment properties		(6,613)	(136,316)
Proceeds from disposal of investment properties		20,061	23,542
Acquisition of subsidiaries, net of cash paid		–	(1,127,900)
Proceeds from sale of property, plant and equipment		94	–
Net cash outflow on disposal of subsidiaries	37	(81,715)	–
Net cash inflow on disposal of an associate		6,090	–
Net cash outflow in deemed disposal of a subsidiary		–	(6,227)
Net cash inflow on deregistration of an associate		–	15,859
Dividends received from an associate		–	52,889
Dividends received from available-for-sale financial assets		2,704	1,695
Net cash used in investing activities		(431,872)	(1,290,053)
Financing activities			
Increase in amount due to a joint venture		228,478	330,307
Decrease in amounts due to related companies		(34,646)	(38,975)
(Decrease)/increase in amounts due to minority owners of subsidiaries		(994,326)	1,928,168
Increase in bank loans		9,639,747	3,180,757
Repayment of bank loans		(5,553,304)	(1,396,514)
Proceed from partial disposal of subsidiaries		–	303,034
Capital injection from non-controlling interest		–	890
Dividend paid to non-controlling interest of a subsidiary		–	(12,593)
Net cash generated from financing activities		3,285,949	4,295,074
Net increase in cash and cash equivalents		635,547	239,157
Cash and cash equivalents at beginning of year		1,098,074	942,721
Effect of foreign exchange rate changes		(104,209)	(83,804)
Cash of disposal group classified as held-for-sale	29	(248)	–
Cash and cash equivalents at end of year		1,629,164	1,098,074

The notes on pages 59 to 163 are an integral part of these consolidated financial statements.

1. GENERAL

Shanghai Zendai Property Limited (the "Company") is a public limited company incorporated in Bermuda. Its shares are listed on The Stock Exchange of Hong Kong Limited ("Stock Exchange"). Its registered office is at Canon's Court, 22 Victoria Street, Hamilton HM 12, Bermuda and its principal place of business is at 59/F, Bank of China Tower, 1 Garden Road, Hong Kong.

The Company acts as an investment holding company. Its subsidiaries are principally engaged in property development, property investment and provision of property management and hotel operation. The Company and all its subsidiaries are referred as the Group.

The consolidated financial statements are presented in HK dollars ("HK$"), unless otherwise stated.

These financial statements have been approved for issue by the Board of Directors on 30 March 2016.

2. BASIS OF PREPARATION

The consolidated financial statements 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 investment properties and available-for-sale financial assets, which are carried at fair value.

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

2.1 Going concern

The Group meets its day-to-day working capital requirements through its bank facilities. The current economic conditions continue to create uncertainty particularly over (a) the level of demand for the Group's products; and (b) the availability of bank finance for the foreseeable future. The Group's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the Group should be able to operate within the level of its current facilities. After making enquiries, the directors have a reasonable expectation that the Group has adequate resources to continue in operational existence and to obtain additional finance for its existing and committed investment projects in the foreseeable future. The Group therefore continues to adopt the going concern basis in preparing its consolidated financial statements. Further information on the Group's borrowings and commitment are given in Notes 31 and 40 respectively.

3. 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.

3.1 Changes in accounting policy and disclosures

(a) New and amended standards adopted by the Group

The following amendments to standards have been adopted by the Group for the first time for the financial year beginning on or after 1 January 2015:

Amendment to HKAS 19 on contributions from employees or third parties to defined benefit plans. The amendment distinguishes between contributions that are linked to service only in the period in which they arise and those linked to service in more than one period. The amendment allows contributions that are linked to service, and do not vary with the length of employee service, to be deducted from the cost of benefits earned in the period that the service is provided. Contributions that are linked to service, and vary according to the length of employee service, must be spread over the service period using the same attribution method that is applied to the benefits.

Amendments from annual improvements to HKFRSs – 2010 – 2012 Cycle, on HKFRS 8, 'Operating segments', HKAS 16, 'Property, plant and equipment' and HKAS 38, 'Intangible assets' and HKAS 24, 'Related party disclosures'.

Amendments from annual improvements to HKFRSs – 2011 – 2013 Cycle, on HKFRS 3, 'Business combinations', HKFRS 13, 'Fair value measurement' and HKAS 40, 'Investment property'.

The adoption of amendments has no material impact to the Group.

(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 interpretations not yet adopted

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning after 1 January 2015 and have not been applied in preparing these consolidated financial statements. None of these is expected to have a significant effect on the consolidated financial statements of the Group, except the following set out below:

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

3.1 Changes in accounting policy and disclosures *(Continued)*

(c) New and amended standards and interpretations not yet adopted (Continued)

HKFRS 9, 'Financial instruments', addresses the classification, measurement and recognition of financial assets and financial liabilities. The complete version of HKFRS 9 was issued in July 2014. It replaces the guidance in HKAS 39 that relates to the classification and measurement of financial instruments. HKFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortised cost, fair value through other comprehensive income ("OCI") and fair value through profit or loss. The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are required to be measured at fair value through profit or loss with the irrevocable option at inception to present changes in fair value in OCI not recycling. There is now a new expected credit losses model that replaces the incurred loss impairment model used in HKAS 39. For financial liabilities there were no changes to classification and measurement except for the recognition of changes in own credit risk in other comprehensive income, for liabilities designated at fair value through profit or loss. HKFRS 9 relaxes the requirements for hedge effectiveness by replacing the bright line hedge effectiveness tests. It requires an economic relationship between the hedged item and hedging instrument and for the 'hedged ratio' to be the same as the one management actually use for risk management purposes.

Contemporaneous documentation is still required but is different to that currently prepared under HKAS 39. The standard is effective for accounting periods beginning on or after 1 January 2018. Early adoption is permitted. The Group is yet to assess HKFRS 9's full impact.

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

Amendment to HKAS 27 "Equity method in separate financial statements" allows entities to use equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements. Amendment to HKAS 27 is effective for an entity's annual HKFRS financial statements for a period beginning on or after 1 January 2016, with earlier application permitted. The Group is assessing the amendment's full impact.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

3.1 Changes in accounting policy and disclosures *(Continued)*

(c) New and amended standards and interpretations not yet adopted (Continued)

Amendments to HKAS 1 "Disclosure initiative" clarify guidance in HKAS 1 on materiality and aggregation, the presentation of subtotals, the structure of financial statements and the disclosure of accounting policies. Although the amendments do not require specific changes, they clarify a number of presentation issues and highlight that preparers are permitted to tailor the format and presentation of the financial statements to their circumstances and the needs of users. An entity shall apply those amendments to HKAS 1 for annual periods beginning on or after 1 January 2016. Earlier application is permitted. The Group is assessing the amendment's full impact.

There are no other HKFRSs or HK (IFRIC) interpretations that are not yet effective that would be expected to have a material impact on the Group.

3.2 Subsidiaries

3.2.1 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.

(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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

3.2 Subsidiaries *(Continued)*

3.2.1 Consolidation (Continued)

(a) Business combinations *(Continued)*

The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of 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 either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total of consideration transferred, non-controlling interest recognised and previously held 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 (Note 3.9).

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

3.2 Subsidiaries *(Continued)*

3.2.1 Consolidation (Continued)

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

Transactions with non-controlling interests that do not result in 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 remeasured 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.

3.2.2 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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

3.3 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 of 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. 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.

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.

3.4 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 investment in associates includes 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 are reclassified to profit or loss where appropriate.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

3.4 Associates *(Continued)*

The Group's share of post-acquisition profits or losses is recognised in the consolidated 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 consolidated 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 consolidated income statement.

3.5 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 board of directors that makes strategic decisions.

3.6 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 Hong Kong dollars ("HK$"), which is the Company's functional and the Group's presentation currency.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

3.6 Foreign currency translation *(Continued)*

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the date of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the consolidated income statement, 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 consolidated income statement within "finance income or cost". All other foreign exchange gains and losses are presented in the consolidated income statement within "other income and gains".

Changes in the fair value of monetary securities denominated in foreign currency classified as available-for-sale are analysed between translation differences resulting from changes in the amortised cost of the security and other changes in the carrying amount of the security. Translation differences related to changes in amortised cost are recognised in profit or loss, and other changes in carrying amount are recognised in other comprehensive income.

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

(c) Group companies

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

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

3.6 Foreign currency translation *(Continued)*

(c) Group companies (Continued)

(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 exchange 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.

(d) Disposal of foreign operation and partial disposal

On the disposal of a foreign operation (that is, a disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, a disposal involving loss of joint control over a joint venture that includes a foreign operation, or a disposal involving loss of significant influence over an associate that includes a foreign operation), all of the currency translation differences accumulated in equity in respect of that operation attributable to the owners of the company are reclassified to profit or loss.

In the case of a partial disposal that does not result in the Group losing control over a subsidiary that includes a foreign operation, the proportionate share of accumulated currency translation differences are re-attributed to non-controlling interests and are not recognised in profit or loss. For all other partial disposals (that is, reductions in the group's ownership interest in associates or joint ventures that do not result in the group losing significant influence or joint control), the proportionate share of the accumulated exchange difference is reclassified to profit or loss.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

3.7 Properties

(a) Investment properties

Investment property, principally comprising leasehold land and buildings, is held for long-term rental yields or for capital appreciation or both, and that is not occupied by the Group. It also includes properties that are being constructed or developed for future use as investment properties. Land held under operating leases are classified and accounted for as investment property when the rest of the definition of 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 property is carried at fair value, assessed annually by a professional independent valuer. Fair value is based on active market prices, adjusted, if necessary, for any differences in the nature, location or condition of the specific asset. If such information is not available, the Group uses alternative valuation methods such as recent prices on less active markets or discounted cash flow projections. Investment property that is being redeveloped for continuing use as investment property, or for which the market has become less active, continues to be measured at fair value.

Property that is being constructed or developed as investment property is carried at fair value. Where fair value is not reliably determinable, such investment property under construction is measured at cost until either its fair value becomes reliably determinable or construction is completed (whichever is earlier).

The fair value of investment property reflects, among other things, rental income from current leases and assumptions about rental income from future leases in light of current market condition.

Subsequent expenditure is charged to the asset's carrying amount 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. All other repairs and maintenance costs are expensed in the consolidated income statement during the financial period in which they are incurred.

If an investment property becomes owner-occupied, it is reclassified as property, plant and equipment, and its fair value at the date of reclassification becomes its cost for accounting purposes. Property that is being constructed or developed for future use as investment property is classified as property, plant and equipment and stated at cost until construction or development is completed, at which time it is reclassified and subsequently accounted for as investment property.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

3.7 Properties *(Continued)*

(a) Investment properties (Continued)

If an item of property, plant and equipment becomes an investment property because its use has changed, any differences resulting between the carrying amount and the fair value of this item at the date of transfer is recognised in other comprehensive income and increase the revaluation surplus within equity. Any resulting increase in the carrying amount of the property is recognised in the profit or loss to the extent that it reverses a previous impairment loss, with any remaining increase recognised in other comprehensive income and changed directly to revaluation reserves within equity. Any resulting decrease in the carrying amount of the property is charged to the profit or loss.

(b) Land use rights

Land in China mainland is state-owned and no individual land ownership right exists. The Group acquired the rights to certain land, and the premiums paid for such rights are recorded as land use rights. Land use rights are classified and accounted for in accordance to the intended use of respective properties as erected on the land.

For properties that are held for own use, corresponding land use rights are separately stated in the balance sheet, and are stated at cost and amortised over the use terms of 40 to 70 years using the straight-line method.

For properties that are held for development and subsequent sale, corresponding land use rights are accounted for as part of the development costs, and are accounted for under Note 3.14.

3.8 Property, plant and equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation and accumulated 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 consolidated income statement during the financial period in which they are incurred.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

3.8 Property, plant and equipment *(Continued)*

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:

– Hotel Buildings	Lower of underlying land lease term or 50 years
– Leasehold improvements	5 years
– Motor vehicles	5 years
– Furniture and equipment	5 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amounts. These are recognised within "other income and gains", in the consolidated income statement.

3.9 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 value of 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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

3.10 Disposal groups held-for-sale

Non-current assets (or disposal groups) are classified as held-for-sale when their carrying amount is to be recovered principally through a sale transaction and a sale is considered highly probable. The disposal groups stated at the lower of carrying amount and fair value less costs to sell. Deferred tax assets, assets arising from employee benefits, financial assets (other than investments in subsidiaries and associates) and investment properties, which are classified as held-for-sale, would continue to be measured in accordance with the policies set out elsewhere in Note 3.

3.11 Financial assets

3.11.1 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 and re-evaluates this designation at every reporting date.

(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 those with maturities greater than 12 months after the end of the reporting period, which are classified as non-current assets.

(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.

3.11.2 Recognition and measurement

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. 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.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

3.11 Financial assets *(Continued)*

3.11.2 Recognition and measurement (Continued)

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 as "gains and losses from investment securities".

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

3.12 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.

3.13 Impairment of financial assets

(a) Assets classified as available-for-sale

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

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

3.13 Impairment of financial assets *(Continued)*

(a) Assets classified as available-for-sale (Continued)

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

(b) Assets carried at amortised cost

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

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

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

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

3.14 Inventories

(a) 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 estimated sales proceeds of the properties sold in the ordinary course of business less costs to complete development and estimated selling expenses.

Development costs of properties comprises land use rights, construction costs, borrowing costs and professional fees as incurred during the development period. On completion, all development costs of the properties are transferred to completed properties held-for-sale.

(b) Completed properties held-for-sale

Completed properties held-for-sale are completed properties remaining unsold at the balance sheet date and are stated at the lower of cost and net realisable values. Cost comprises development costs attributable to the unsold properties. Net realisable values is determined by reference to the sale proceeds of properties sold in the ordinary course of business, less applicable variable selling expenses, or by management estimates based on prevailing marketing conditions.

(c) Other inventories

Other inventories mainly comprise raw materials for upfitting, food and beverages and hotel consumables. Goods are valued at the lower of cost and net realisable value. Cost, calculated on the weighted average basis, comprises invoiced price, delivery and other direct costs relating to purchases. Net realisable value is determined on the basis of anticipated sales proceeds less estimated selling expenses.

3.15 Trade and other receivables

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

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

3.16 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, other short-term highly liquid investments with original maturities of three months or less.

3.17 Share capital

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

3.18 Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts 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 payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

3.19 Borrowings and Borrowing costs

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

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.

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

3.19 Borrowings and Borrowing costs *(Continued)*

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

3.20 Current and deferred income tax

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

(a) Current income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the country where the Company's subsidiaries, joint ventures and associates 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 and establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

(b) Deferred income tax

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

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

3.20 Current and deferred income tax *(Continued)*

(b) Deferred income tax (Continued)

Deferred income tax liabilities are provided on taxable temporary differences arising from investments in subsidiaries, joint ventures and associates, 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 not recognised.

Deferred income tax assets are recognised on deductible temporary differences arising from investments in subsidiaries, associates and joint arrangements 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 utilized.

(c) Offsetting

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

3.21 Employee benefits

(a) Pension obligations

The Group has only defined contribution plans.

Defined contribution plans

A defined contribution plan is a pension plan under which the Group pays fixed contributions into a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

The Group pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognised as employee benefit expense when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

3.21 Employee benefits *(Continued)*

(b) 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 when it is demonstrably committed to a termination when the entity has a detailed formal plan to terminate the employment of current employees without possibility of withdrawal. 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.

(c) Bonus plans

The Group recognises a liability and an expense for bonuses. The Group recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

(d) 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 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.

3.22 Share-based payments

(a) Equity-settled share-based payment transactions

The Group operates an equity-settled, share-based compensation plan, under which the entity receives services from employees as consideration for equity instruments (options) of the Group. The fair value of the employee services received in exchange for the grant of the options is recognised as an expense. The total amount to be expensed is determined by reference to the fair value of the options granted:

- including any market performance conditions (for example, an entity's share price);

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

3.22 Share-based payments *(Continued)*

(a) Equity-settled share-based payment transactions (Continued)

- excluding the impact of any service and non-market performance vesting conditions (for example, profitability, sales growth targets and remaining an employee of the entity over a specified time period); and

- including the impact of any non-vesting conditions (for example, the requirement for employees to save or holding shares for a specified period of time).

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

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

When the options are exercised, the company issues new shares. The proceeds received net of any directly attributable transaction costs are credited to share capital (and share premium).

(b) Share-based payment transactions among group entities

The grant by the company of options over its equity instruments to the employees of subsidiary undertakings in the group is treated as a capital contribution. The fair value of employee services received, measured by reference to the grant date fair value, is recognised over the vesting period as an increase to investment in subsidiary undertakings, with a corresponding credit to equity in the parent entity accounts.

In the subsidiaries' financial statements, the award is treated as an equity-settled share-based payment, as the subsidiaries do not have an obligation to settle the award. An expense for the grant date fair value of the award is recognised over the vesting period, with a credit recognised in equity. The credit to equity is treated as a capital contribution, as the parent is compensating the subsidiaries' employees with no cost to the subsidiaries.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

3.23 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.

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.

3.24 Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Group's activities. Revenue is shown, net of returns, discounts and after eliminating sales within the Group.

The Group recognises revenue when the amount of revenue can be reliably measured, 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 on historical results, the type of transaction and the specifics of each arrangement.

(a) Sale of properties

Revenue from sales of properties is recognised when the risks and rewards of the properties transferred to the purchaser, which is when the construction of the relevant properties have been completed and properties have been delivered to the purchaser 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 current liabilities, and are separately stated in the balance sheet as advances receipts from customers.

(b) Rental income

Rental income is recognised on a straight-line basis over the lease terms including rent-free period.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

3.24 Revenue recognition *(Continued)*

(c) Render of services

Revenue from provision of services is recognised in the accounting period in which the services are rendered.

(d) Property management and agency fee income

Property management and agency fee income is recognised in the accounting period in which the services are rendered.

(e) Interest income

Interest income is recognised using the effective interest method.

(f) Dividend income

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

3.25 Operating leases

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

3.26 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.

3.27 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 on behalf of certain purchasers of the Group's properties to secure mortgage loans.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

3.27 Financial guarantee contracts *(Continued)*

Financial guarantees are initially recognised in the financial statements at fair value on the date the guarantee was 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 Group'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 consolidated income statement within other operating expenses.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

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

4.1 Critical accounting estimates and assumptions

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal 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 discussed below.

(a) Estimate of 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 16.

(b) Income taxes and land appreciation tax ("LAT")

The Group is primarily subject to various The People's Republic of China (the "PRC") taxes, as it is principally engaged in property development in the PRC. 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. The Company recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred income tax provisions in the period in which such determination is made.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS *(Continued)*

4.1 Critical accounting estimates and assumptions *(Continued)*

(b) Income taxes and land appreciation tax ("LAT") (Continued)

The implementation and settlement of LAT varies among various tax jurisdictions in cities of the PRC. LAT is levied at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds from sales of properties less deductible expenditures including land use rights, borrowing costs, business taxes, property development and other related expenditures. These taxes are incurred upon transfer of property ownership.

Significant judgment is required in determining the extent of land appreciation and its related taxes. The Group recognised LAT based on management's best estimates according to the understanding of the tax rules. The final tax outcome could be different from the amounts that were initially recorded, and these differences will impact the consolidated income statement in the periods in which such taxes are finalized with local tax authorities.

(c) Estimated impairment of goodwill

The Group tests annually whether goodwill has suffered any impairment in accordance with the accounting policy stated in Note 3.9. The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of estimates.

(d) Provisions for doubtful debts of receivables

The Group annually tests whether receivables suffer any impairment. Receivables that are individually significant are subject to separate impairment assessment. If there is objective evidence that the Group will not be able to collect the full amount under the original terms, a provision for impairment of that receivable is recognised at the difference between the carrying amount of that receivable and the present value of its estimated future cash flows (excluding future credit losses that have been incurred) discounted at the financial asset's original effective interest rate. Receivables with amounts that are not individually significant along with those receivables that have been individually assessed for impairment and have not been found impaired are classified into certain groupings based on their credit risk characteristics. The provision for doubtful debts is determined based on the historical actual loss ratio for the groupings of receivables with similar credit risk characteristics, taking into consideration of the current circumstances.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS *(Continued)*

4.1 Critical accounting estimates and assumptions *(Continued)*

(e) Provision for properties under development and completed properties held-for-sales

The Group assesses the recoverable amounts of properties under development and completed properties held-for-sales according to their forecast net realisable value, taking into account costs to completion based on budget and past experience and net sales value based on prevailing and expected market conditions. Provision is made when events or changes in circumstances indicate that the carrying amounts may not be realised. The assessment requires the use of estimation.

(f) Estimate of construction cost of completed properties held-for-sale

The Group makes estimations on properties construction cost upon recognition of respective costs of sales. Such estimates are substantiated by detail budgetary information as developed by the management, and will be assessed periodically, as the constructions progresses. Should these estimates depart from their actual finalized costs, such differences would affect the accuracy of costs of sales recognized.

4.2 Critical judgements in applying the entity's accounting policies

Revenue recognition

The Group has recognised revenue from the sale of properties held-for-sale as disclosed in Note 3.23. The assessment of when an entity has transferred the significant risks and rewards of ownership to buyers requires the examination of the circumstances of the transaction. In most cases, the transfer of risks and rewards of ownership coincides with the date when the equitable interest in the property vests to the buyer, upon release of the respective property to the purchaser.

As disclosed in Note 39, the Group provided guarantees in respect of mortgage facilities granted by certain banks relating to the mortgage loans arranged for certain purchasers of the Group's properties. These guarantees will expire when relevant property ownership certificates are lodged with the banks by the purchasers. In order to obtain mortgage loans, the purchasers need to settle certain percentage of the total contract amount in accordance with related PRC regulations upon delivery of the properties. The directors of the Company are of the opinion that such settlements provide sufficient evidence of the purchasers' commitment to honour contractual obligation of the bank loans. In addition, based on past experiences, there were no significant defaults of mortgage facilities by the purchasers resulting in the calling of the bank guarantees provided. Accordingly, the directors believe that significant risks and rewards associated to the ownership of the properties have been transferred to the purchasers.

5. FINANCIAL RISK MANAGEMENT

5.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, cash flow interest rate risk, fair value interest rate risk and equity price risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial performance. Policy for managing these risks is set by the Board of Directors and summarized below.

(a) Market risk

(i) Foreign exchange risk

Foreign exchange risk arises when individual company enters into transactions denominated in a currency other than their functional currency.

The Group and the Company undertake certain transactions denominated in United States dollars ("USD"). The Group and the Company's certain cash and cash equivalents also expose to such foreign currency risk. Under the Linked Exchange Rate System in Hong Kong, HK$ is pegged to USD, management considers that there is no significant foreign exchange risk with respect to USD.

(ii) Cash flow and fair value interest rate risk

The Group's income and operating cash flows are substantially independent of changes in market interest rates.

The Group's cash flow interest rate risk arises from long-term borrowings with prevailing market interest rates. Such risk is partly offset by cash held at prevailing market interest rates.

The Group's fair value interest rate risk relates primarily to its fixed rate borrowings and payables and pledged bank deposits. The Group currently does not utilize any derivative contracts to hedge its exposure to interest rate risk. However, management will consider hedging significant interest rate exposure should the need arise.

As at 31 December 2015, if interest rates on long-term borrowings have increased/decreased by 50 basis points with all other variables held constant, the Group's interest expense would increase/decrease by approximately HK$20,244,000 (2014: HK$5,657,000).

5. FINANCIAL RISK MANAGEMENT *(Continued)*

5.1 Financial risk factors *(Continued)*

(a) Market risk (Continued)

(iii) Equity Price risk

The Group is exposed to equity price risk through its investment in investment funds. The management closely monitors the price changes and takes appropriate action when necessary.

The directors estimated that the effect on the profit after tax and other component of equity in the next accounting period in response to reasonably possible changes in the prices of the respective equity instruments would be insignificant for the years ended 31 December 2015 and 2014.

(b) Credit risk

Credit risk arises from pledged bank deposits, cash and cash equivalents and trade and other receivables. The carrying amount of pledged bank deposits, cash and cash equivalents, trade and other receivables, represent the Group's maximum exposure to credit risk in relation to its financial assets.

To manage such exposure, the Group has policies in place to ensure that sales are made to purchasers with appropriate financial strengths and credit history, at the same time appropriate percentages of down payments are made. Deposits are placed with banks with appropriate credit ratings. Monitoring procedures are also in place to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews and assesses the recoverable amount of each individual trade receivables on a regular basis to ensure that adequate impairment losses are made for irrecoverable amounts. The Group has no significant concentration of credit risk, with exposure spread over a number of counterparties and customers.

The recoverability of loan and other receivables is assessed taking into account of the financial position of the counterparties, past experiences and other factors. The management does not expect any significant losses from non-performance by the counterparties.

Credit risk arises from pledged bank deposits is limited, as all counterparties are banks with appropriate credit rankings.

5. FINANCIAL RISK MANAGEMENT *(Continued)*

5.1 Financial risk factors *(Continued)*

(b) Credit risk (Continued)

The Group has provided guarantees to banks in favor of certain customers to secure their repayment obligations to banks, for their purchases of property units. If a customer defaults on the payment of its mortgage during the term of the guarantee, banks holding the mortgage may demand the Group to repay the outstanding amount together with any accrued interest thereon. Under such circumstances, the Group is able to sell the property to recover any amounts paid by the Group to banks. The directors of the Company consider that the Group's exposure to credit risk in this regard is minimal.

(c) Liquidity risk

Cash flow forecasting is performed in the operating entities of the Group in and aggregated by Group Finance. Group Finance monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times so that the Group does not breach borrowing limits or covenants (where applicable) on any of its borrowing facilities. Such forecast process takes into consideration the Group's debt financing plans, covenant compliance, compliance with internal balance sheet ratio targets.

5. FINANCIAL RISK MANAGEMENT *(Continued)*

5.1 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 HK$'000	Between 1 and 2 years HK$'000	Between 2 and 5 years HK$'000	Over 5 years HK$'000	Total HK$'000
At 31 December 2015					
Trade, notes and other payables	1,072,188	–	–	–	1,072,188
Other payables (non-current)	–	9,552	28,657	286,263	324,472
Borrowings and loans	5,942,300	2,657,418	2,749,751	644,093	11,993,562
Amounts due to joint ventures	1,156,769	–	–	–	1,156,769
Amount due to minority owners of subsidiaries	104,645	928,720	–	–	1,033,365
Guarantees provided	956,067	–	–	–	956,067
	9,231,969	3,595,690	2,778,408	930,356	16,536,423
At 31 December 2014					
Trade, notes and other payables	1,362,617	–	–	–	1,362,617
Other payables (non-current)	–	10,086	30,257	342,915	383,258
Borrowings and loans	3,573,414	1,648,687	2,804,233	418,413	8,444,747
Amount due to related companies	34,646	–	–	–	34,646
Amounts due to joint ventures	929,777	–	–	–	929,777
Amount due to minority owners of subsidiaries	115,730	–	2,124,458	–	2,240,188
Guarantees provided	404,983	–	–	–	404,983
	6,421,167	1,658,773	4,958,948	761,328	13,800,216

5. FINANCIAL RISK MANAGEMENT *(Continued)*

5.2 Capital risk management

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

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

Consistent with industry practice, the Group monitors its capital structure on the basis of a gearing ratio. The ratio is calculated as net debt dividend by shareholder's funds. For this purpose the Group defines net debt as total debt (which comprises borrowings and loans, amounts due to minority owners of subsidiaries, joint ventures and related companies) less amounts due from associates, joint ventures, related companies and minority owners of subsidiaries. Shareholder's funds comprise share capital, reserves and retained earnings.

In order to maintain or adjust the appropriate ratio, the Group may adjust the amount of dividends paid to shareholders, issue new shares, return capital to shareholders, raise new debt financing or sell assets to reduce debt. The Group's overall strategy remains unchanged from prior year.

5. FINANCIAL RISK MANAGEMENT *(Continued)*

5.2 Capital risk management *(Continued)*

The gearing ratio at 31 December 2015 and 2014 was calculated as follows:

	As at 31 December	
	2015	2014
	HK$'000	HK$'000
Borrowings and loans	**11,251,491**	7,887,864
Amounts due to minority owners of subsidiaries	**933,859**	1,984,111
Amounts due to joint ventures	**1,156,769**	929,777
Amounts due to related companies	**–**	34,646
Total debt	**13,342,119**	10,836,398
Less:		
Amounts due from associates	**(1,048,960)**	(1,296,084)
Amounts due from joint ventures	**(1,522,993)**	(1,303,617)
Amounts due from related companies	**–**	(11,571)
Amounts due from minority owners of subsidiaries	**(30,090)**	(31,770)
Net debt	**10,740,076**	8,193,356
Shareholder's funds	**4,432,887**	5,916,708
Gearing ratio	**242%**	138%

The increase in the gearing ratio during 2015 resulted primarily from the increase in borrowings and current year losses.

5.3 Fair value estimation

The table below analyses the Group's financial instruments carried at fair value, as at 31 December 2015 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:

(a) Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1).

(b) 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).

5. FINANCIAL RISK MANAGEMENT *(Continued)*

5.3 Fair value estimation *(Continued)*

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

The following table presents the Group's assets and liabilities that are measured at fair value at 31 December 2015 and 2014. See Note 16 for detailed disclosures of the investment properties that are measured at fair value.

	Level 1 HK$'000	Level 2 HK$'000	Level 3 HK$'000	Total HK$'000
Assets				
As at 31 December 2015				
Investment properties	–	96,716	2,622,862	2,719,578
Available-for-sale financial assets:				
– investments funds *(Note 22)*	2,176	–	–	2,176
	2,176	96,716	2,622,862	2,721,754

	Level 1 HK$'000	Level 2 HK$'000	Level 3 HK$'000	Total HK$'000
Assets				
As at 31 December 2014				
Investment properties	–	100,856	2,785,874	2,886,730
Available-for-sale financial assets:				
– investments funds *(Note 22)*	2,648	–	–	2,648
	2,648	100,856	2,785,874	2,889,378

There were no transfers among Level 1, Level 2 and Level 3 during the year.

6. SEGMENT REPORTING

Management has determined the operating segments based on the internal reports reviewed by the Board, being the major body in making operation decisions, for assessing the operating performance and resources allocation.

The Board considers the business primarily on the basis of the types of goods and services supplied by the Group. The Group is currently mainly organized into three operating segments which comprise (i) sales of properties; (ii) hotel operations; and (iii) properties rental, management and agency services.

The Board assesses the performance of the operating segments based on a measure of adjusted profit or loss before income tax. Certain income and expenses are not allocated to the operating segments as they are not included in the measure of the segments' results that is used by the Board for assessment of segment performance.

Total segment assets mainly exclude pledged bank deposits and head office and corporate assets, all of which are managed on a centralised basis.

Total segment liabilities mainly exclude unallocated borrowings and loans and unallocated head office and corporate liabilities, all of which are managed on a centralised basis.

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

6. SEGMENT REPORTING *(Continued)*

Segment information is presented below:

(a) Information about reportable segment revenue, profit or loss before income tax and other information

	Sales of properties		Hotel operations		Properties rental, management and agency services		Others		Total	
	2015	2014	**2015**	2014	**2015**	2014	**2015**	2014	**2015**	2014
	HK$'000	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000	**HK$'000**	HK$'000
Reportable segment revenue from external sales	**1,184,009**	990,358	**198,406**	173,852	**402,904**	406,452	**2,156**	8,950	**1,787,475**	1,579,612
Reportable segment (loss)/profit before income tax	**(327,994)**	(503,224)	**(109,280)**	(113,396)	**59,007**	172,690	**(337)**	(359)	**(378,604)**	(444,289)
Other information										
Bank interest income	**22,022**	37,699	**8**	–	**5,712**	2,208	**–**	–	**27,742**	39,907
Interest income from entrusted loan receivables	**9,455**	10,972	**–**	–	**–**	–	**–**	–	**9,455**	10,972
Depreciation of property, plant and equipment	**6,114**	5,051	**28,758**	29,940	**2,715**	2,201	**–**	–	**37,587**	37,192
Amortisation of land use rights	**–**	–	**21,941**	22,986	**–**	–	**–**	–	**21,941**	22,986
Change in fair value of investment properties	**–**	–	**–**	–	**4,476**	70,128	**–**	–	**4,476**	70,128
Share of results of associates	**–**	(70,551)	**(104,737)**	(81,959)	**–**	–	**–**	–	**(104,737)**	(152,510)
Share of results of joint ventures	**(103,854)**	(62,826)	**–**	–	**–**	–	**–**	–	**(103,854)**	(62,826)
(Loss)/gain on sale of property, plant and equipment	**(248)**	1,016	**–**	–	**–**	–	**–**	–	**(248)**	1,016
Gain on disposal of subsidiaries	**18,016**	–	**–**	–	**562**	–	**–**	–	**18,578**	–
Gain on disposal of investment properties	**–**	–	**–**	–	**1,927**	6,866	**–**	–	**1,927**	6,866
Reportable segment assets	**15,755,482**	15,654,268	**1,097,313**	1,488,335	**3,227,671**	3,259,945	**155**	1,403	**20,080,621**	20,403,951
Amounts included in the measure of segment assets:										
Additions to non-current assets *(i)*	**2,597**	182,530	**83**	303,356	**6,613**	3,738	**–**	–	**9,293**	489,624
Investment in associates	**56,067**	–	**75,652**	182,808	**–**	–	**–**	–	**131,719**	182,808
Investment in joint ventures	**1,165,776**	1,303,374	**–**	–	**12,820**	38,578	**–**	–	**1,178,596**	1,341,952
Reportable segment liabilities	**14,415,530**	12,694,265	**50,526**	28,753	**333,921**	465,812	**550**	1,462	**14,800,527**	13,190,292

(i) Amounts comprise additions to investment properties, property, plant and equipment and land use rights.

6. SEGMENT REPORTING *(Continued)*

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

	Year ended 31 December	
	2015 HK$'000	2014 HK$'000
Reportable segment loss before income tax	(378,604)	(444,289)
Unallocated bank interest income	529	2,253
Unallocated interest income from other receivables	–	1,900
Other revenue	–	4,950
Dividend income from available-for-sale financial assets	2,704	1,695
Finance costs	(586,375)	(436,723)
Unallocated head office and corporate expenses	(56,212)	(45,876)
Share-based-payments	(34,931)	–
Loss before income tax	(1,052,889)	(916,090)

	As at 31 December	
Assets	2015 HK$'000	2014 HK$'000
Reportable segment assets	20,080,621	20,403,951
Pledged bank deposits	1,178,507	775,425
Head office and corporate assets	83,956	74,659
Total assets	21,343,084	21,254,035

	As at 31 December	
Liabilities	2015 HK$'000	2014 HK$'000
Reportable segment liabilities	14,800,527	13,190,292
Borrowings and loans	1,876,669	1,769,427
Unallocated head office and corporate liabilities	16,819	17,374
Total liabilities	16,694,015	14,977,093

6. SEGMENT REPORTING *(Continued)*

(c) Geographical information

The Group's operations are principally located in the PRC, Hong Kong and South Africa.

The following table provides an analysis of the Group's revenue from external customers and non-current assets other than financial instruments and deferred tax assets ("specified non-current assets").

	Revenue from external customers		Specified non-current assets	
	Year ended 31 December		As at 31 December	
	2015	2014	**2015**	2014
	HK$'000	HK$'000	**HK$'000**	HK$'000
PRC	**1,750,285**	1,478,157	**5,129,781**	5,625,346
Hong Kong	**2,156**	8,950	**–**	–
South Africa	**35,034**	92,505	**124,374**	138,697
	1,787,475	1,579,612	**5,254,155**	5,764,043

7. REVENUE

Revenue representing the aggregate of proceeds from sales of properties and amounts received and receivable from the hotel operations, properties rental, management and agency income is summarised as follows:

	Year ended 31 December	
	2015	2014
	HK$'000	HK$'000
Sales of properties	**1,184,009**	990,358
Hotel operations	**198,406**	173,852
Properties rental, management and agency income	**402,904**	406,452
Others	**2,156**	8,950
	1,787,475	1,579,612

8. OTHER INCOME AND GAINS

	Year ended 31 December	
	2015	2014
	HK$'000	HK$'000
Bank interest income	28,271	42,160
Interest income from other receivables	13,603	1,900
Interest income from entrusted loans receivables	9,455	10,972
Rental income *(a)*	8,724	6,830
Gain on disposal of investment properties	1,927	6,866
Gain on disposal of subsidiaries *(Notes 37)*	18,578	–
Dividend income from available-for-sale financial assets	2,704	1,695
Government grants	–	4,597
Others	14,915	11,761
Total	98,177	86,781

(a) Rental income was derived from leases of certain office units included in properties for sales, which the Group intends to sell.

9. EXPENSES BY NATURE

Expenses by nature comprise cost of sales, selling and marketing expenses and administrative expenses as follows:

	Year ended 31 December	
	2015	2014
	HK$'000	HK$'000
Cost of properties sold	1,403,906	1,016,214
Business tax and levies	106,942	81,746
Impairment of properties under development and completed properties held-for-sale *(a)*	92,368	320,656
Employee benefit expense *(Note 10)*	214,887	173,347
Auditors' remuneration – audit service	5,060	4,095
Consulting and service expenses	37,927	44,146
Depreciation and amortisation charge *(Note 15, Note 17)*	59,528	60,178
Advertising costs	50,907	36,309
Operating lease payments	10,449	12,782
Hotel operating expenses	61,057	65,814
Other expenses	105,020	185,265
Total	2,148,051	2,000,552

9. EXPENSES BY NATURE *(Continued)*

(a) Provision of impairment of properties under development was included in "cost of sale" in the consolidated income statement, but it was separately presented on the consolidated statement of comprehensive income for the year ended 31 December 2014. The comparative figures have been reclassified accordingly.

10. EMPLOYEE BENEFIT EXPENSE

	Year ended 31 December	
	2015	2014
	HK$'000	HK$'000
Salaries, wages and bonuses	**218,764**	190,878
Share options granted to employees	**27,956**	–
Pension costs – defined contribution plans	**43,872**	38,255
	290,592	229,133
Less: capitalised in properties under development	**(75,705)**	(55,786)
Total	**214,887**	173,347

(a) Five highest paid individuals

The five individuals whose emoluments were the highest in the group for the year include one (2014: two) director whose emoluments are reflected in the analysis shown in Note 44. The emoluments payable to the remaining four (2014: three) individuals during the year are as follows:

	Year ended 31 December	
	2015	2014
	HK$'000	HK$'000
Salaries and bonuses	**9,850**	7,197
Contribution to retirement benefits schemes	**161**	–
Share-based payments	**7,678**	–
Inducement fee	**–**	–
Loss of office payment	**–**	–
Total	**17,689**	7,197

10. EMPLOYEE BENEFIT EXPENSE *(Continued)*

(a) Five highest paid individuals *(Continued)*

The emoluments fell within the following bands:

	Number of individuals	
	2015	2014
Emolument bands		
HK$2,000,000 – HK$2,500,000	–	2
HK$2,500,001 – HK$3,000,000	2	1
HK$5,500,001 – HK$6,000,000	1	–
HK$6,500,001 – HK$7,000,000	1	–

(b) Retirement benefit schemes

The Group operates a mandatory provident fund (the "MPF") scheme for all eligible employees in Hong Kong. The assets of the MPF scheme are held separately from those of the Group, in funds under the control of trustees. The retirement benefit cost charged to profit or loss represents contributions payable to the MPF scheme by the Group at rates specified in rules of the MPF scheme.

The Group contributes to a local municipal government retirement scheme for all qualified employees in the PRC. The employer and its employees are each required to make contributions to the scheme at the rates specified in the rules. The only obligation of the Group with respect to retirement scheme is to make the required contributions under the scheme. No forfeited contribution is available to reduce the contribution payable in the future years. The retirement benefit scheme contributions arising from the PRC municipal government retirement scheme charged to profit or loss represent contributions paid or payable by the Group at rates specified in the rules of the scheme.

11. FINANCE COSTS

	Year ended 31 December	
	2015	2014
	HK$'000	HK$'000
Interest expense:		
– Bank borrowings	630,128	520,512
– Other borrowings	316,858	171,445
Less: amounts capitalized in properties under development at a capitalization rate of 7.97% (2014: 7.68%) per annum	(360,611)	(255,234)
FINANCE COSTS – NET	586,375	436,723

12. INCOME TAX CREDIT

The amount of tax credit in the consolidated income statement represents:

	Year ended 31 December	
	2015	2014
	HK$'000	HK$'000
Current Income tax:		
– PRC enterprise income tax	(2,651)	193,120
– PRC land appreciation tax	117,197	(614,101)
Deferred income tax	(116,987)	(1,641)
	(2,441)	(422,622)

Hong Kong Profits Tax

No provision for Hong Kong Profits Tax has been made as the Group has no assessable profits in Hong Kong for the years ended 31 December 2015 and 2014.

PRC Enterprise Income Tax

The PRC subsidiaries are subject to PRC Enterprise Income Tax at 25% (2014: 25%) during the year ended 31 December 2015.

12. INCOME TAX CREDIT *(Continued)*

LAT

LAT is levied at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds of sales of properties less deductible expenditures including costs of land and development and construction expenditures, with an exemption provided for property sales of ordinary residential properties (普通標準住房) if their appreciation values do not exceed 20% of the sum of total deductible items. Certain property development projects are subjected to LAT which is calculated based on deemed levying rates of their revenue under the approved taxation method if the specific circumstances as approved by the local tax authority are met and the companies have been de-registered or the approval has exceeded three years whichever is earlier.

The tax credit for the year can be reconciled to the loss before income tax per the consolidated income statement as follows:

	Year ended 31 December	
	2015	2014
	HK$'000	HK$'000
Loss before income tax	**(1,052,889)**	(916,090)
Tax calculated domestic rates applicable in countries concerned	**(220,373)**	(221,003)
Tax effect of share of results of associates	**26,184**	38,128
Tax effect of share of results of joint ventures	**25,964**	15,707
Effect of higher tax rate for LAT in the PRC	**87,898**	(460,576)
Tax effect of expenses not deductible for tax purposes	**31,954**	22,736
Tax effect of gains not taxable for tax purposes	**(19,032)**	(64,814)
Tax effect of tax losses not recognised	**152,431**	236,973
Utilisation of tax losses previously not recognised	**(24,853)**	–
(Reversal)/provision of withholding tax on dividend	**(55,763)**	4,415
(Over)/under provision in respect of prior years	**(6,851)**	5,812
Tax credit	**(2,441)**	(422,622)

13. DIVIDENDS

No dividend was proposed for the years ended 31 December 2015 and 2014.

14. LOSS PER SHARE

The calculation of the basic and diluted loss per share attributable to owners of the Company is based on the following data:

	Year ended 31 December	
	2015	2014
	HK$'000	HK$'000
Loss		
Loss attributable to owners of the Company	**(957,138)**	(438,468)
Number of shares		
Weighted average number of ordinary shares in issue (thousands)	**14,879,352**	14,879,352
	HK Cents	HK Cents
Basic and diluted loss per share	**(6.43)**	(2.95)

The computation of diluted loss per share does not assume the exercise of the Company's outstanding share options as the Company take a significant loss during the year ended 31 December 2015 and 2014. Taking share options into consideration will lead to anti-dilution effect on loss per share.

15. PROPERTY, PLANT AND EQUIPMENT

	Hotel buildings HK$'000	Motor vehicles HK$'000	Leasehold improvements HK$'000	Furniture and equipment HK$'000	Total HK$'000
2015					
Cost					
At 1 January 2015	738,518	35,302	1,004	109,506	884,330
Exchange differences	(37,756)	(2,145)	(59)	(5,876)	(45,836)
Additions	–	154	–	2,526	2,680
Disposals	–	(506)	–	(148)	(654)
Disposal of subsidiaries	–	(861)	–	(1,381)	(2,242)
Transfer to held-for-sale	–	–	–	(30)	(30)
At 31 December 2015	700,762	31,944	945	104,597	838,248
Accumulated depreciation					
At 1 January 2015	132,215	22,434	599	39,591	194,839
Exchange differences	(6,926)	(1,444)	(36)	(2,313)	(10,719)
Provided for the year	23,166	3,238	254	10,929	37,587
Eliminated on disposals	–	(224)	–	(88)	(312)
Disposal of subsidiaries	–	(515)	–	(728)	(1,243)
Transfer to held-for-sale	–	–	–	(13)	(13)
At 31 December 2015	148,455	23,489	817	47,378	220,139
Net book amount	552,307	8,455	128	57,219	618,109

15. PROPERTY, PLANT AND EQUIPMENT *(Continued)*

	Hotel Buildings HK$'000	Motor vehicles HK$'000	Leasehold improvements HK$'000	Furniture and equipment HK$'000	Total HK$'000
2014					
Cost					
At 1 January 2014	455,011	34,224	1,160	65,954	556,349
Exchange differences	(3,242)	(150)	(4)	(535)	(3,931)
Additions	1,316	4,725	–	19,287	25,328
Transfer from investment property	10,555	–	–	–	10,555
Transfer from property under development	274,878	–	–	26,352	301,230
Disposals	–	(3,497)	(152)	(1,552)	(5,201)
At 31 December 2014	738,518	35,302	1,004	109,506	884,330
Accumulated depreciation					
At 1 January 2014	113,159	21,029	334	28,568	163,090
Exchange differences	(763)	(179)	(5)	(311)	(1,258)
Provided for the year	19,819	4,602	270	12,501	37,192
Eliminated on disposals	–	(3,018)	–	(1,167)	(4,185)
At 31 December 2014	132,215	22,434	599	39,591	194,839
Net book amount	606,303	12,868	405	69,915	689,491

Property, plant and equipment transferred to the disposal group classified as held-for-sale amounts to HK$17,000. See Note 29 for further details regarding the disposal group held-for-sale.

As at 31 December 2015, certain hotel buildings with net book value of HK$552,307,000 (31 December 2014: HK$605,191,000) are pledged as collateral for the Group's borrowings and loans (Note 31).

16. INVESTMENT PROPERTIES

	Year ended 31 December	
	2015	2014
	HK$'000	HK$'000
At fair value		
Opening balance at 1 January	2,886,730	2,723,188
Exchange differences	(160,613)	(15,671)
Additions	6,613	136,316
Disposals	(17,628)	(16,676)
Net gains from fair value adjustment	4,476	70,128
Transfer to property, plant and equipment	–	(10,555)
Closing balance at 31 December	2,719,578	2,886,730

(a) Amounts recognised in profit and loss for investment properties

	Year ended 31 December	
	2015	2014
	HK$'000	HK$'000
Rental income	139,975	134,285
Direct operating expenses from property that generated rental income	(47,878)	(52,105)
Direct operating expenses from property that did not generate rental income	(10,487)	(10,203)
	81,610	71,977

The Group's investment properties are held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment properties through use. The Group has measured the deferred tax relating to the temporary differences of these investment properties using the tax rates and the tax bases that are consistent with the expected manner of recovery of these investment properties (Note 33).

16. INVESTMENT PROPERTIES *(Continued)*

(b) Valuation basis

An independent valuation of the Group's investment properties was performed by the valuer, DTZ Debenham Tie Leung Limited ("DTZ") and Massel Property Services (PTY) Ltd ("MPSL"), to determine the fair value of the investment properties as at 31 December 2015 and 2014. The revaluation gains or losses is included in 'Change in fair value of investment properties' in consolidated income statement. The following table analyses the investment properties carried at fair value, by valuation method.

	Fair value measurements at 31 December 2015 using			
Description	Quoted prices in active markets for identical assets (Level 1) HK$'000	Significant other observable inputs (Level 2) HK$'000	Significant unobservable inputs (Level 3) HK$'000	Total HK$'000
Recurring fair value measurements				
Investment properties:				
– Retail shops – Shanghai	–	–	1,122,388	1,122,388
– Car Parking area – Shanghai	–	96,716	–	96,716
– Club- Shanghai	–	–	13,135	13,135
– Retail shops – Yangzhou	–	–	311,642	311,642
– Retail shops – Qingdao	–	–	1,057,910	1,057,910
– Office Units – South Africa	–	–	117,787	117,787
	–	96,716	2,622,862	2,719,578

16. INVESTMENT PROPERTIES *(Continued)*

(b) Valuation basis *(Continued)*

	Fair value measurements at 31 December 2014 using			
Description	Quoted prices in active markets for identical assets (Level 1) HK$'000	Significant other observable inputs (Level 2) HK$'000	Significant unobservable inputs (Level 3) HK$'000	Total HK$'000
Recurring fair value measurements				
Investment properties:				
– Retail shops – Shanghai	–	–	1,159,859	1,159,859
– Car Parking Area – Shanghai	–	100,856	–	100,856
– Club – Shanghai	–	–	13,869	13,869
– Retail shops – Yangzhou	–	–	359,304	359,304
– Retail shops – Qingdao	–	–	1,116,994	1,116,994
– Office Units – South Africa	–	–	135,848	135,848
	–	100,856	2,785,874	2,886,730

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

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

16. INVESTMENT PROPERTIES *(Continued)*

(b) Valuation basis *(Continued)*

Fair value measurements using significant unobservable inputs (Level 3)

	Year ended 31 December 2015					
	Retail shops			Club	Office units	
	Shanghai HK$'000	Yangzhou HK$'000	Qingdao HK$'000	Shanghai HK$'000	South Africa HK$'000	Total HK$'000
Opening balance	1,159,859	359,304	1,116,994	13,869	135,848	2,785,874
Exchange differences	(41,976)	(17,849)	(59,084)	(734)	(35,587)	(155,230)
Additions	–	–	–	–	6,613	6,613
Disposals	–	(17,628)	–	–	–	(17,628)
Net gains from fair value adjustment	4,505	(12,186)	–	–	10,914	3,233
Closing balance	1,122,388	311,641	1,057,910	13,135	117,788	2,622,862

	Year ended 31 December 2014					
	Retail shops			Club	Office Units	
	Shanghai HK$'000	Yangzhou HK$'000	Qingdao HK$'000	Shanghai HK$'000	South Africa HK$'000	Total HK$'000
Opening balance	1,125,777	376,444	1,105,470	13,961	–	2,621,652
Exchange differences	(4,991)	(2,510)	(7,398)	(92)	–	(14,991)
Additions	–	–	–	–	136,316	136,316
Disposals	–	(16,676)	–	–	–	(16,676)
Transfer to property, plant and equipment	–	–	(10,555)	–	–	(10,555)
Net gains from fair value adjustment	39,073	2,046	29,477	–	(468)	70,128
Closing balance	1,159,859	359,304	1,116,994	13,869	135,848	2,785,874

16. INVESTMENT PROPERTIES *(Continued)*

(b) Valuation basis *(Continued)*

Valuation processes of the Group

The Group's investment properties were valued at 31 December 2015 and 2014 by independent professionally qualified valuers 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 review the valuations performed by the independent valuers for financial reporting purposes. This team reports directly to the chief financial officer (CFO). Discussions of valuation processes and results are held between the CFO, the valuation team and valuers at least once every year. As at 31 December 2015 and 2014, the fair values of the properties have been determined by DTZ and MPSL.

At each financial year end, the finance department:

- Verifies all major inputs to the independent valuation report;
- Assess property valuations movements when compared to the prior year valuation report;
- Holds discussions with the independent valuers.

Changes in Level 2 and 3 fair values are analyzed 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.

Valuation techniques

For car parking area in Shanghai, the valuation was determined using the direct comparison approach which is based on market observable transactions of similar project.

16. INVESTMENT PROPERTIES *(Continued)*

(b) Valuation basis *(Continued)*

Valuation techniques (Continued)

For club in Shanghai, retail shops in Shanghai and Qingdao, the valuation was determined using the income approach. For retail shops in Yangzhou, the valuation was determined using a combination of income approach and direct comparison approach (50% each). For office units in South Africa, the valuation was determined using both of income approach and discounted cash flow approach. Rental prices of comparable properties in close proximity are adjusted for differences in key attributes such as property size. The valuation was based on significant unobservable inputs. These inputs are summarised as the following tables.

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

Investment properties held by the Group in the consolidated statements of financial positions	Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value
Property 1 – Retail shops in Shanghai Zendai Thumb Plaza located in Pudong, Shanghai	**Level 3**	**Income Approach**		
		The key inputs are: (1) Capitalisation rate; (2) Monthly unit rent; (3) Level adjustment; and (4) Reversionary Yield.	1) Capitalisation rate, taking into account of the capitalisation of rental income potential, nature of the property, prevailing market condition, 4% to 6% (2014: 5%-6%).	The higher the capitalisation rate, the lower the fair value.
			2) Monthly rent, using direct market comparables and taking into account of age, location and individual factors such as road frontage, size of property and layout/design of RMB100/sq.m to 330/sq.m. (2014: RMB119/sq.m -319/sq.m.).	The higher the monthly rent, the higher the fair value.
			3) Level adjustment on individual floors of the property range from 50% to 80% (2014:50%-80%) on specific level.	The higher the level adjustment, the higher the fair value.
			4) Reversionary Yield, taking into account annual unit market rental income and unit market value of the comparable properties, of 4.5% to 6.5% (2014:5.5%-6.5%).	The higher the reversionary yield, the lower the fair value.

16. INVESTMENT PROPERTIES *(Continued)*

(b) Valuation basis *(Continued)*

Valuation techniques (Continued)

Investment properties held by the Group in the consolidated statements of financial positions	Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value
Property 2 – Carpark spaces in Shanghai Zendai Thumb Plaza	**Level 2**	Direct Comparison method based on market observable transactions of similar projects	N/A	N/A
Property 3 – Retail shops in 揚州証大教場 located in Yangzhou City	**Level 3**	**Income Approach and Direct Comparison**		
		The key inputs are: (1) Capitalisation rate; (2) Monthly unit rent; (3) Level adjustment; (4) Reversionary Yield; and (5) Price per square metre.	1) Capitalisation rate, taking into account of the capitalisation of rental income potential, nature of the property, prevailing market condition, of 5% (2014: 5%).	The higher the capitalisation rate, the lower the fair value.
			2) Monthly rent, using direct market comparables and taking into account of age, location and individual factors such as road frontage, size of property and layout/design of RMB125/sq.m. (2014: RMB127/sq.m.).	The higher the monthly rent, the higher the fair value.
			3) Level adjustment on individual floors of the property at 70% (2014:70%) on specific level.	The higher the level adjustment, the higher the fair value.
			4) Reversionary Yield, taking into account annual unit market rental income and unit market value of the comparable properties, of 5.5% (2014: 5.5%).	The higher the reversionary yield, the lower the fair value.
			5) Price per square metre, using market direct comparables and taking into account of location and other individual factors such as road frontage, size of property etc. of RMB18,590/sq.m. (2014:19,100/sq.m.) for the base level.	The higher the price, the higher the fair value.

16. INVESTMENT PROPERTIES *(Continued)*

(b) Valuation basis *(Continued)*

Valuation techniques (Continued)

Investment properties held by the Group in the consolidated statements of financial positions	Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value
Property 4 – Retail shops of Qingdao Zendai Thumb Plaza located in Qingdao City	**Level 3**	**Income Approach**		
		The key inputs are: (1) Capitalisation rate; (2) Monthly unit rent; (3) Level adjustment; and (4) Reversionary Yield.	1) Capitalisation rate, taking into account of the capitalisation of rental income potential, nature of the property, prevailing market condition, range from 6% to 7% (2014: 6% to 7%).	The higher the capitalisation rate, the lower the fair value.
			2) Monthly rent, using direct market comparables and taking into account of age, location and individual factors such as road frontage, size of property and layout/design of from RMB60/sq.m. to 242/sq.m. (2014: RMB60/sq.m. to 250/sq.m.).	The higher the monthly rent, the higher the fair value.
			3) Level adjustment on individual floors of the property range from 30% to 65% (2014: 30%-65%)on specific level.	The higher the level adjustment, the higher the fair value.
			4) Reversionary Yield, taking into account annual unit market rental income and unit market value of the comparable properties range from 6.5% to 7.5% (2014: 6.5% to 7.5%).	The higher the reversionary yield, the lower the fair value.

16. INVESTMENT PROPERTIES *(Continued)*

(b) Valuation basis *(Continued)*

Valuation techniques (Continued)

Investment properties held by the Group in the consolidated statements of financial positions	Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value
Property 5 – Clubhouse of 水清木華公寓 located in Pudong, Shanghai	**Level 3**	**Income Approach** The key inputs are: (1) Capitalisation rate; (2) Monthly unit rent; and (3) Reversionary Yield.	1) Capitalisation rate, taking into account of the capitalisation of rental income potential, nature of the property, prevailing market condition, of 5.5% (2014: 5.5%).	The higher the capitalisation rate, the lower the fair value.
			2) Monthly rent, using direct market comparables and taking into account of age, location and individual factors such as road frontage, size of property and layout/design of RMB15/sq.m. (2014: RMB15/sq.m.) for the base level.	The higher the monthly rent, the higher the fair value.
			3) Reversionary Yield, taking into account annual unit market rental income and unit market value of the comparable properties, of 6% (2014:6%).	The higher the reversionary yield, the lower the fair value.
Property 6a – Buildings in Modderfontein, South Africa	**Level 3**	**Income Approach,** The key inputs are: (1) Capitalisation rate; and (2) Monthly unit rent.	1) Capitalisation rate, taking into account of the capitalisation of rental income potential, nature of the property, prevailing market condition, 12.75% (2014: 12.5%-13.5%).	The higher the capitalisation rate, the lower the fair value.
			2) Monthly rent, using direct market comparables and taking into account of age, location and individual factors such as road frontage, size of property and layout/design of ZAR46 sq.m.- 95 sq.m (2014:ZAR22/sq.m-104/sq.m.) for the base level.	The higher the monthly rent, the higher the fair value.

16. INVESTMENT PROPERTIES *(Continued)*

(b) Valuation basis *(Continued)*

Valuation techniques (Continued)

Investment properties held by the Group in the consolidated statements of financial positions	Fair value hierarchy	Valuation technique(s) and key input(s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value
Property 6b – Buildings in Modderfontein, South Africa	**Level 3**	**Discounted cash flow**		
		The key inputs are: (1) Rental value ; (2) Discount rate; and (3) Capitalisation rate	1) Rental value, based on the actual location, type and quality of the properties and supported by the terms of any existence lease, other contracts and external evidence such as current market rents for similar properties, ZAR 56 sq.m-120 sq.m (2014: Nil).	The higher the rent value, the higher the fair value.
			2) Discount rate, taking into account of the uncertainty in the amount and timing of future rental cash flows, 15.5% (2014: Nil).	The higher the discount rate, the lower the fair value.
			3) Capitalisation rate, taking into account of the capitalisation of rental income potential, nature of the property, prevailing market condition, 9.5% (2014: Nil).	The higher the capitalisation rate, 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.

(c) Non-current assets pledged as security

As at 31 December 2015 and 2014, investment properties of the Group with fair values of HK$2,392,836,000 and HK$2,576,904,000, respectively, were pledged as collateral for the Group's borrowings and loans (Note 31).

17. LAND USE RIGHTS

The Group's interests in land use rights represent prepaid operating lease payments in the PRC which are held on leases of 40 years or less. The movement is as follows:

	Year ended 31 December	
	2015 HK$'000	2014 HK$'000
At beginning of the year	625,700	617,316
Additions	–	33,610
Amortisation charge	(21,941)	(22,986)
Exchange differences	(33,096)	(2,240)
At end of the year	570,663	625,700

As at 31 December 2015, certain land use rights amounting to HK$570,663,000 (2014: 625,700,000) were pledged as collateral for the Group's borrowings and loans (Note 31).

18. GOODWILL

	HK$'000
As at 1 January 2014	37,600
Exchange differences	(238)
Impairment loss	–
As at 31 December 2014	37,362
Exchange differences	(1,872)
Impairment loss	–
As at 31 December 2015	35,490

Goodwill acquired through certain business combination has been allocated to one (2014: one) major cash generating unit for impairment testing.

The cash-generating unit is property development project of subsidiary and located in the city of Shanghai and is currently available for sale.

18. GOODWILL *(Continued)*

The recoverable amount for the cash-generating units has been determined based on a value-in-use calculation using cash flow projections based on forecasts covering a five-year period. The pre-tax discount rate applied to the cash flow projections is 10% (2014: 10%) per annum.

The management has adopted the following key assumptions in preparation of the cash flow projections to undertake impairment testing of goodwill:

– Selling prices – The market prices of the comparable properties nearby

– Discount rates – The discount rates used are before tax and reflect specific risks relating to the relevant units

The values assigned to key assumptions are based on historical experiences, current market condition, approved budgets and forecasts and consistent with external information sources.

19. INVESTMENT IN SUBSIDIARIES

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

Name	Place of incorporation and kind of legal entity	Principal activities and place of operation	Particulars of issued share capital	Percentage of ownership interests directly	indirectly
Shanghai Zendai Real Estate Co., Ltd. 上海証大置業有限公司	The PRC, limited liability company	Property development and rental in the PRC	RMB 820,000,000	–	100%
Shanghai Zendai Delta Land Real Estate Co., Ltd. 上海証大三角洲置業有限公司	The PRC, limited liability company	Property development in the PRC	RMB 400,000,000	–	100%
Shanghai Zendai Himalayas Hotel Management Co., Ltd. 上海証大喜瑪拉雅酒店管理有限公司	The PRC, limited liability company	Property management in the PRC	RMB 1,000,000	–	100%

19. INVESTMENT IN SUBSIDIARIES *(Continued)*

Name	Place of incorporation and kind of legal entity	Principal activities and place of operation	Particulars of issued share capital	Percentage of ownership interests directly	indirectly
Qingdao Shenlan Deluxe Hotel Management Co., Ltd. 青島深藍複式酒店管理有限公司	The PRC, limited liability company	Property management in the PRC	RMB 1,000,000	–	100%
Nantong Himalayas Hotel Management Co., Ltd. 南通喜瑪拉雅酒店管理有限公司	The PRC, limited liability company	Property management in the PRC	RMB 1,000,000	–	100%
Shanghai Zendai Xizhen Real Estate Development Co., Ltd. 上海証大西鎮置業發展有限公司	The PRC, limited liability company	Property development in the PRC	RMB 290,000,000	–	100%
Shanghai Zendai Xizhen Thumb Commercial Management Co., Ltd. 上海証大西鎮大拇指商業經營管理有限公司	The PRC, limited liability company	Property management in the PRC	RMB 1,000,000	–	100%
Shanghai Zendai Operation & Management Co., Ltd. 上海証大商業經營管理有限公司	The PRC, limited liability company	Properties rental, management and agency services in the PRC	RMB 20,000,000	–	100%
Shanghai Zendai Property Management Co., Ltd. 上海証大物業管理有限公司	The PRC, limited liability company	Property management in the PRC	RMB 5,000,000	–	100%

19. INVESTMENT IN SUBSIDIARIES *(Continued)*

Name	Place of incorporation and kind of legal entity	Principal activities and place of operation	Particulars of issued share capital	Percentage of ownership interests directly	Percentage of ownership interests indirectly
Qingdao Zendai Commercial Traveling and Investment Development Co., Ltd. 青島証大商業旅游投資發展有限公司	The PRC, limited liability company	Property development in the PRC	RMB 250,000,000	–	100%
Shanghai Zendai Commercial Traveling and Investment Development Co., Ltd. 上海証大商業旅游投資發展有限公司	The PRC, limited liability company	Hotel operation and properties rental in the PRC	RMB 200,000,000	–	100%
Hainan New World Development Co., Ltd. 海南新世界發展有限公司	The PRC, limited liability company	Property development in the PRC	RMB 120,000,000	–	100%
Hainan Huayi Real Estate Co., Ltd. 海南華意置業有限公司	The PRC, limited liability company	Property development in the PRC	RMB 88,000,000	–	60%
Ordos Zendai Real Estate Development Co., Ltd. 鄂爾多斯市証大房地產開發有限公司	The PRC, limited liability company	Property development in the PRC	RMB 50,000,000	–	100%
Yangzhou Zendai Commercial Traveling and Investment Development Co., Ltd. 揚州証大商旅發展有限公司	The PRC, limited liability company	Property development in the PRC	RMB 30,000,000	–	80%

19. INVESTMENT IN SUBSIDIARIES *(Continued)*

Name	Place of incorporation and kind of legal entity	Principal activities and place of operation	Particulars of issued share capital	Percentage of ownership interests directly	indirectly
Yangzhou Thumb Commercial Management Co., Ltd. 揚州大拇指商業經營管理有限公司	The PRC, limited liability company	Property management in the PRC	RMB 500,000	–	100%
Changchun Zendai Real Estate Co., Ltd. 長春証大置業有限公司	The PRC, limited liability company	Property development in the PRC	RMB 60,000,000	–	95%
Changchun Zendai Property Service Co., Ltd. 長春証大物業服務有限公司	The PRC, limited liability company	Property development in the PRC	RMB 500,000	–	100%
Jilin Zendai Huancheng Real Estate Development Co., Ltd. 吉林市城華物業服務有限公司	The PRC, limited liability company	Property management in the PRC	RMB 500,000	–	100%
Chengdu Shanshui Real Estate Co., Ltd. 成都山水置業有限公司	The PRC, limited liability company	Property development in the PRC	RMB 8,000,000	–	100%
Qingdao Zendai Thumb Commercial Development Co., Ltd. 青島証大大拇指商業發展有限公司	The PRC, limited liability company	Property development in the PRC	USD 12,000,000	–	100%
Haimen Zendai Binjiang Real Estate Co., Ltd. 海門証大濱江置業有限公司	The PRC, limited liability company	Property development in the PRC	USD 49,600,000	–	100%

19. INVESTMENT IN SUBSIDIARIES *(Continued)*

Name	Place of incorporation and kind of legal entity	Principal activities and place of operation	Particulars of issued share capital	Percentage of ownership interests directly	indirectly
Haimen Zendai Creative Investment Development Co., Ltd. 海門市証大創意投資發展有限公司	The PRC, limited liability company	Property development in the PRC	RMB 3,800,000	–	100%
Haimen Zendai Binjiang Property Management Co., Ltd. 海門証大濱江物業管理有限公司	The PRC, limited liability company	Property management in the PRC	RMB 500,000	–	100%
Haimen Zendai Commercial Management Co., Ltd. 海門証大商業經營管理有限公司	The PRC, limited liability company	Property management in the PRC	RMB 2,000,000	–	100%
Jiangsu Zendai Commercial Culture Development Co., Ltd. 江蘇証大商業文化發展有限公司	The PRC, limited liability company	Property development in the PRC	RMB 50,000,000	–	100%
Jiangsu Junxin Building Material Co., Ltd. 江蘇駿信建材有限公司	The PRC, limited liability company	Property development in the PRC	RMB 5,000,000	–	100%
Yantai Zendai Thumb Real Estate Co., Ltd. 烟台証大大拇指置業有限公司	The PRC, limited liability company	Property development in the PRC	RMB 150,000,000	–	70%

19. INVESTMENT IN SUBSIDIARIES *(Continued)*

Name	Place of incorporation and kind of legal entity	Principal activities and place of operation	Particulars of issued share capital	Percentage of ownership interests directly	indirectly
Shanghai Zendai Nanjing Property Management Co., Ltd. 上海証大南京物業管理有限公司	The PRC, limited liability company	Property development in the PRC	RMB 1,000,000	–	60%
Nanjing Lifang Real Estate Co., Ltd. 南京立方置業有限公司	The PRC, limited liability company	Property development in the PRC	RMB 700,000,000	–	80%
Nanjing Wudaokou Real Estate Co., Ltd. ("Nanjing Wudaokou") *(a)* 南京五道口置業有限公司	The PRC, limited liability company	Property development in the PRC	RMB 100,000,000	–	80%
Nanjing Zendai Delta Land Real Estate Co., Ltd. ("Nanjing Delta Land") *(a)* 南京証大三角洲置業有限公司	The PRC, limited liability company	Property development in the PRC	RMB 20,000,000	–	80%
Auto Win Investments Limited	British Virgin, limited company	Properties rental in the PRC	USD 1	100%	–
Wah Kong Travel Limited ("WKTL")	Hong Kong, limited company	Sales of air tickets and provision of travel related services in HK	HK$1,250,000	–	60%
Zendai Development (South Africa) Property Limited	South Africa, limited company	Property development in South Africa	ZAR 1	–	100%
Zendai Investment (South Africa) Property Limited	South Africa, limited company	Property investment in South Africa	ZAR 1	–	100%

19. INVESTMENT IN SUBSIDIARIES *(Continued)*

(a) These are the new subsidiaries the Group acquired in 2015 (Note 36). Nanjing Wudaokou and Nanjing Delta Land had no business activities except for holding certain land use rights at the time of acquisition. The sole intention of the Group to acquire Nanjing Wudaokou and Nanjing Delta Land is for their underlying core assets. Accordingly, the Group accounted for the acquisition of subsidiaries as assets acquisition.

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

(c) The total amount of non-controlling interest is HK$216,182,000 (2014: HK$ 360,234,000), which is considered not material to the Group.

(d) As at 31 December 2015, the Group pledged several wholly owned subsidiaries' shares held by the Group with net asset amounts of HK$474,188,000 to secure certain borrowings and loans granted to the Group (31 December 2014: HK$463,025,000).

20. INVESTMENT IN ASSOCIATES

	As at 31 December	
	2015	2014
	HK$'000	HK$'000
At 1 January	**182,808**	410,983
Share of loss	**(104,737)**	(152,510)
Additions	**56,067**	–
Exchange differences	**(2,419)**	(75,665)
At 31 December	**131,719**	182,808

Set out below are the associates of the Group as at 31 December 2015. The associates as listed below have registered capitals which are held directly by the Group; the country of incorporation or registration is also their principal place of business.

20. INVESTMENT IN ASSOCIATES *(Continued)*

Nature of investment in associates as at 31 December 2015

Name of entity	Place of business	Particulars of pick-up capital	% of ownership interest	Principal operation
Shanghai Zendai Himalayas Company Ltd. ("Zendai Himalayas") 上海証大喜瑪拉雅有限公司	the PRC	Registered capital RMB633,630,000	45%	Hotel operation
Langfang Zhenghetai Real Estate Co., Ltd. ("Langfang Zhenghetai") 廊坊市証合泰房地產開發有限公司 *(a)*	the PRC	Registered capital RMB137,000,000	27%	Property development

(a) In 2015, Langfang Zhenghetai, a then subsidiary of the Group, had been partially disposed to a third party. Upon completion of the disposal, the Group holds 27% equity interests of Langfang Zhenghetai and can exercise significant influence over the entity. Langfang Zhenghetai is accounted for an associate of the Group after such disposal. See details of the disposal in Note 37.

(b) There were no contingent liabilities or capital commitments relating to the Group's investments in associates.

20. INVESTMENT IN ASSOCIATES *(Continued)*

(c) Summarised financial information for material associates

Set out below is the summarized financial information in respect of Zendai Himalayas as at 31 December 2015 which, in the opinion of the directors, is material to the Group. The information below reflects the amounts presented in the financial statements of the associate, adjusted for differences in accounting policies between the Group and the associate, and not the Group's share of those amounts.

Summarised balance sheet	As at 31 December	
	2015 HK$'000	2014 HK$'000
Current assets	245,164	505,807
Non-current assets	4,240,879	4,619,560
Current liabilities	(1,465,058)	(1,682,463)
Non-current liabilities	(2,522,410)	(2,680,274)
Net assets	498,575	762,630
Included in the above amounts are:		
Cash and cash equivalents	13,772	47,226
Current financial liabilities (excluding trade and other payable)	(1,252,715)	(1,406,200)
Non-current financial liabilities (excluding other payable and provision)	(2,522,410)	(2,680,246)

Summarised statement of comprehensive income	Year ended 31 December	
	2015 HK$'000	2014 HK$'000
Revenue	299,201	445,974
Loss from operations	(232,749)	(182,130)
Included in the above amounts are:		
Depreciation and amortisation	(84,103)	(87,455)
Interest income	77	110
Interest expense	(158,281)	(185,301)

20. INVESTMENT IN ASSOCIATES *(Continued)*

(d) Reconciliation of the summarised financial information presented to the carrying amount of its interest in all associates.

	2015 HK$'000	2014 HK$'000
Opening net assets 1 January	762,630	1,289,669
Loss for the period	(232,749)	(338,910)
Additions	207,656	–
Exchange differences	(31,307)	(188,129)
Closing net assets	706,230	762,630
Group's share of net assets of associates	131,719	182,808

21. INVESTMENT IN JOINT VENTURES

	2015 HK$'000	2014 HK$'000
At 1 January	1,341,952	1,386,006
Share of loss	(103,854)	(62,826)
Exchange differences	(93,482)	18,772
Other comprehensive income	33,980	–
At 31 December	1,178,596	1,341,952

Set out below are the joint ventures of the Group as at 31 December 2015. The joint ventures as listed below have registered capitals which are held directly by the Group; the country of incorporation or registration is also their principal place of business.

21. INVESTMENT IN JOINT VENTURES *(Continued)*

Nature of investment in joint ventures as at 31 December 2015

Name of entity	Place of business	Particulars of issued and paid up	% of ownership interest	Principle activities
Wenguang Zendai Nantong Cultural Investment & Development Co., Ltd 文廣証大南通文化投資發展有限公司	the PRC	Registered capital RMB100,000	50%	Property development in the PRC
Nanjing Thumb Commercial Development Co., Ltd ("Nanjing Zendai") 南京証大大拇指商業發展有限公司 *(a)*	the PRC	Registered capital RMB1,199,682,000	77%	Property development in the PRC
Top Harbour Limited	New Zealand	Issued capital NZD1,000	45%	Property development in New Zealand

(a) Although the Group holds more than 50% of the equity shares of Nanjing Zendai, the Group exercises joint control under the contractual agreement in the strategic financial and operating policy decisions of the entity. Accordingly, Nanjing Zendai is considered as a joint venture of the Group by the directors.

(b) There were no contingent liabilities or capital commitments relating to the Group's investments in joint ventures.

21. INVESTMENT IN JOINT VENTURES *(Continued)*

(c) Summarised financial information for joint ventures

Set out below is the summarized financial information in respect of Nanjing Zendai as at 31 December 2015 which, in the opinion of the directors, is material to the Group. The information below reflects the amounts presented in the financial statements of the joint venture, adjusted for differences in accounting policies between the Group and the joint venture, and not the Group's share of those amounts.

Summarised balance sheet	As at 31 December	
	2015 HK$'000	2014 HK$'000
Current assets	3,863,298	2,915,073
Non-current assets	916	1,590
Current liabilities	(1,283,204)	(1,002,850)
Non-current liabilities	(1,308,657)	(492,940)
Net assets	1,272,353	1,420,873
Included in the above amounts are:		
Cash and cash equivalents	426,145	13,247
Current financial liabilities (excluding trade and other payable)	(734,328)	(916,793)
Non-current financial liabilities (excluding other payable and provision)	(1,308,657)	(492,940)

Summarised statement of comprehensive income	Year ended 31 December	
	2015 HK$'000	2014 HK$'000
Revenue	–	611
Loss from operations	(76,323)	(58,345)
Included in the above amounts are:		
Depreciation and amortisation	(706)	(374)
Interest income	421	–

21. INVESTMENT IN JOINT VENTURES *(Continued)*

(d) Reconciliation of the summarised financial information presented to the carrying amount of its interest in joint ventures.

	2015 HK$'000	2014 HK$'000
Opening net assets 1 January	1,501,983	1,570,800
Loss for the period	(171,865)	(103,479)
Exchange differences	(77,446)	34,662
Other comprehensive income	67,960	–
Closing net assets	1,320,632	1,501,983
Group's share of net assets of joint ventures	1,178,596	1,341,952

22. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	As at 31 December	
	2015 HK$'000	2014 HK$'000
Unlisted equity interests, at cost *(a)*	63,701	67,259
Investment funds, at fair value *(b)*	2,176	2,648
	65,877	69,907
Less: non-current portion	(63,701)	(67,259)
Current portion	2,176	2,648

(a) The balance represents investments cost of HK$63,701,000 (2014: HK$67,259,000) in two (2014: two) private entities established in the PRC and are classified under non-current assets. They are measured at cost less any impairment at the end of each reporting period because the directors of the Company are of the opinion that their fair values cannot be measured reliably.

(b) As at 31 December 2015,these funds are operated by the Agricultural Bank of China. According to the funds' prospectus, these funds invest in listed and unlisted securities in the PRC and other commodities contracts. The expected return on these funds ranged from 3% to 5% as estimated by the issuers.

23. PROPERTIES UNDER DEVELOPMENT AND COMPLETED PROPERTIES HELD-FOR-SALE

	As at 31 December	
	2015	2014
	HK$'000	HK$'000
Properties under development	7,652,847	6,433,806
Completed properties held-for-sale	1,597,715	2,068,257
	9,250,562	8,502,063

During the year, the impairment provision of HK$92,368,000 (2014: HK$320,656,000) has been recognised for properties under development and completed properties held-for-sale mainly attributable to the decrease in estimated net realisable value located in Haimen (2014: Ordos), the PRC due to current market condition.

As at 31 December 2015, properties under development and held-for-sales with carrying amount of HK$3,207,160,000 (31 December 2014: HK$1,716,890,000) are pledged to banks to secure certain borrowings and loans (Note 31) granted to the Group.

Properties under development and held-for-sales which are expected to be recovered in more than twelve months after the end of reporting period are classified under current assets as they are expected to be realised in the Group's normal operating cycle. The amounts of properties under development and for sales that are expected by management to be realised after more than twelve months from the end of reporting period are HK$8,202,089,000 (2014: HK$3,468,636,000).

24. INVENTORIES

	As at 31 December	
	2015	2014
	HK$'000	HK$'000
Food, beverage and low value consumables	3,848	4,060

25. TRADE AND OTHER RECEIVABLES

	As at 31 December	
	2015 HK$'000	2014 HK$'000
Trade receivables *(a)*	26,363	77,656
Refundable deposits for potential acquisition of land use rights	–	16,868
Deposits	24,285	25,247
Prepayments for business tax and others	168,748	239,437
Consideration receivables on disposal of subsidiaries	119,403	126,072
Other receivables	64,265	71,237
	403,064	556,517

As at 31 December 2015 and 2014, the majority of the Group's trade and other receivables are dominated in RMB.

The Group generally grants no credit period to its customers on sales of properties, except for certain significant transactions where credit terms or settlement schedules are negotiated on an individual basis.

(a) The ageing analysis of trade receivables at the end of reporting period is as follows:

	As at 31 December	
	2015 HK$'000	2014 HK$'000
Current *(i)*	14,962	65,978
Less than 1 month past due	2,404	2,897
1 to 3 months past due	2,118	3,012
More than 3 months but less than 12 months past due	4,482	3,085
More than 12 months past due	2,397	2,684
Amount past due but not impaired *(ii)*	11,401	11,678
	26,363	77,656

25. TRADE AND OTHER RECEIVABLES *(Continued)*

(i) The current balance neither past due nor impaired related to a number of customers for whom there was no recent history of default.

(ii) The balance of HK$11,401,000 (2014: HK$11,678,000) was past due but not impaired. The Group recognised impairment loss on individual assessment based on the accounting policies. The Directors consider the balance would be recoverable.

26. DEPOSITS FOR PROPERTIES UNDER DEVELOPMENT

	As at 31 December	
	2015	2014
	HK$'000	HK$'000
Deposits for acquisition of land use rights and properties in the PRC *(a)*	**498,297**	1,568,068
Prepayments to property construction contractors	**83,197**	36,238
	581,494	1,604,306

(a) Included in the amount was a consideration of approximately RMB356,894,000 (equivalent to approximately HK$426,142,000) for acquiring the sale shares of 5 investment holding companies, the major assets of which comprise five land parcels located in Jiangsu Province, the PRC (the "Tender").

Details of the Tender were more particularly set out in the announcements of the Company dated 24 September 2015.

Included in the amount was a deposits of approximately RMB60,430,000 (equivalent to approximately HK$72,155,000) for acquiring the properties located in Jiangsu Province, the PRC through a public auction held by the court (the "Auction").

Details of the Auction were more particularly set out in the announcements of the Company dated 19 November 2015.

27. PLEDGED BANK DEPOSITS

Pledged bank deposits represent deposits pledged to banks to secure certain borrowings and loans (Note 31) granted to the Group. The pledged bank deposits carry interest ranging from 1.60% to 3.30% per annum (2014: 3.00% to 3.30% per annum).

As at 31 December 2015, pledged bank deposits amounting to HK$238,806,000 are expected to be released beyond one year was classified as non-current asset, but the respective balance of HK$253,404,000 as at 31 December 2014 was included in current assets. The comparative figures have been reclassified accordingly to conform with current presentation.

28. CASH AND CASH EQUIVALENTS

Cash and cash equivalents include the following for the purposes of the consolidated cash flow statement:

	As at 31 December	
	2015	2014
	HK$'000	HK$'000
Cash on hand	1,275	1,324
Cash at bank	1,627,889	1,096,750
Cash and cash equivalents	1,629,164	1,098,074

As at 31 December 2015 and 2014, the Group had no bank overdrafts balance.

The carrying amounts of cash and cash equivalents are denominated in the following currencies:

	As at 31 December	
	2015	2014
	HK$'000	HK$'000
RMB	1,570,823	910,583
USD	28,166	3,391
ZAR	22,106	151,280
HK$	8,069	32,820
Cash and cash equivalents	1,629,164	1,098,074

29. DISPOSAL GROUP CLASSIFIED AS HELD-FOR-SALE

The assets and liabilities related to Jilin Juncheng Real Estate Development Co., Ltd (吉林省君誠房地產開發有限公司) ("Jilin Juncheng"), a 57% owned subsidiary of the Group, have been presented as held-for-sale following the Group's decision to dispose this subsidiary during the year. The transaction has been completed in February 2016.

(a) Assets of disposal group classified as held-for-sale

	As at 31 December	
	2015 HK$'000	2014 HK$'000
Property, plant and equipment	17	–
Properties under development and completed properties held-for-sale	258,390	–
Trade and other receivables	4,762	–
Tax prepayments	96	–
Cash and cash equivalents	248	–
Total	263,513	–

(b) Liabilities of disposal group classified as held-for-sale

	As at 31 December	
	2015 HK$'000	2014 HK$'000
Trade and other payables	41,359	–

30. TRADE, NOTES AND OTHER PAYABLES

	As at 31 December	
	2015	2014
	HK$'000	HK$'000
Trade payables *(a)*	677,113	913,620
Consideration payable for acquisition of land use rights *(b)*	162,969	162,332
Other payables and accruals	423,428	438,911
	1,263,510	1,514,863
Less: non – current liabilities		
Consideration payable for acquisition of land use rights *(b)*	(153,417)	(152,246)
Others	(37,905)	–
	1,072,188	1,362,617

(a) The ageing analysis of trade payables at the end of reporting period is as follows:

	As at 31 December	
	2015	2014
	HK$'000	HK$'000
Current or less than 1 month	392,367	733,405
1 to 3 months	84,438	20,016
More than 3 months but less than 12 months	124,856	53,824
More than 12 months	47,471	46,531
	649,132	853,776
Retention money	27,981	59,844
	677,113	913,620

The trade payables mainly represent accrued construction costs payable to contractors. The amounts will be paid upon the completion of cost verification process between the contractors and the Group.

30. TRADE, NOTES AND OTHER PAYABLES *(Continued)*

(b) The amount represents consideration for acquisition of land use rights amounting to RMB360,000,000 (equivalent to HK$429,851,000) payable to an independent third party. The balance is repayable in 38 years by annual instalments, starting from February 2009. The carrying amount of the payable of RMB136,487,000 (equivalent to HK$162,969,000) (2014: RMB128,761,000 (equivalent to HK$162,332,000)) of which RMB8,000,000 (equivalent to HK$9,552,000) (2014: RMB8,000,000 (equivalent to HK$10,086,000)) is included in current liabilities as at 31 December 2015 represents the expected cash flows from settlement of the payable discounted at the effective interest rate of 6% per annum prevailing at the time of recognition of the payable plus unwinding discount less settlement made up to the end of the reporting period.

31. BORROWINGS AND LOANS

	As at 31 December	
	2015 HK$'000	2014 HK$'000
Secured	9,102,237	7,887,864
Unsecured	2,149,254	–
	11,251,491	7,887,864

At the end of reporting period, the borrowings and loans were repayable as follows:

	2015 HK$'000	2014 HK$'000
Within one year	5,667,208	3,337,768
More than one year, but not exceeding two years	2,452,343	1,539,965
More than two years, but not exceeding five years	2,537,552	2,619,310
After five years	594,388	390,821
Total borrowings and loans	11,251,491	7,887,864
Less:		
Amount repayable within one year included in current liabilities	(5,667,208)	(3,337,768)
Amount repayable after one year	5,584,283	4,550,096

31. BORROWINGS AND LOANS *(Continued)*

The exposure of the Group's borrowings to interest rate changes and the contractual repricing dates at the end of the year are as follows:

	As at 31 December	
	2015	2014
	HK$'000	HK$'000
6 months or less	**3,044,205**	5,563,486
6-12 months	**4,022,557**	322,693
1-5 years	**4,184,729**	2,001,685
	11,251,491	7,887,864

As at 31 December 2015, borrowings and loans of HK$9,102,237,000 (31 December 2014: HK$ 7,887,864,000) were secured by certain hotel properties (Note 15), investment properties (Note 16), Land use right (Note 17) and subsidiaries shares (Note 18), properties under development and completed properties held for sale (Note 23).

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

	As at 31 December	
	2015	2014
	HK$'000	HK$'000
USD	**1,926,304**	2,025,929
HKD	**–**	700,000
RMB	**9,325,187**	5,161,935
	11,251,491	7,887,864

The fair value of non-current borrowings approximate their carrying amount, as the impact of discounting is not significant. The fair values are based on cash flows discounted using rates based on the borrowing rate and are within Level 2 of the fair value hierarchy.

32. TAX PREPAYMENTS/PAYABLES

	As at 31 December	
	2015 HK$'000	2014 HK$'000
Tax prepayments		
PRC Enterprise Income Tax prepayments	17,709	29,714
LAT prepayments	72,875	80,812
	90,584	110,526

	As at 31 December	
	2015 HK$'000	2014 HK$'000
Tax payables		
PRC Enterprise Income Tax payable	63,545	69,401
LAT provision	392,182	342,241
	455,727	411,642

33. DEFERRED INCOME TAX

Details of the deferred income tax assets and liabilities recognised and movements during the current and prior years were as follows:

Deferred income tax assets	Tax losses HK$'000	Other HK$'000	Total HK$'000
At 1 January 2014	–	–	–
Charged/(credited) to the income statement	–	–	–
At 31 December 2014	–	–	–
Charged to the income statement	6,509	14,320	20,829
Currency translation differences	–	(556)	(556)
At 31 December 2015	6,509	13,764	20,273

33. DEFERRED INCOME TAX *(Continued)*

Deferred income Liabilities	Revaluation of property, plant and equipment and land use rights HK$'000	Revaluation of investment properties HK$'000	Revaluation of properties for sale HK$'000	Withholding tax on dividend HK$'000	Total HK$'000
At 1 January 2014	184,322	185,492	100,337	110,918	581,069
Currency translation difference	(241)	(249)	(129)	(106)	(725)
Charge/(credit) to income statement	–	10,226	(16,282)	4,415	(1,641)
Credit to other comprehensive income	–	–	(154)	–	(154)
At 31 December 2014	184,081	195,469	83,772	115,227	578,549
Currency translation difference	(7,976)	(7,208)	(3,196)	(11,072)	(29,452)
Credit to income statement	(20,794)	(11,856)	(7,746)	(55,762)	(96,158)
Credit to other comprehensive income	–	–	(2,145)	–	(2,145)
At 31 December 2015	**155,311**	**176,405**	**70,685**	**48,393**	**450,794**

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. The group did not recognise deferred income tax assets of HK$131,750,000 (2014: HK$100,045,000) in respect of losses amounting to HK$534,907,000 (2014: HK$408,889,000) that can be carried forward against future taxable income.

Losses amounting to HK$23,251,000 (2014: HK$8,715,000) can be carried forward indefinitely and the tax losses of HK$511,656,000 (2014: HK$400,174,000) will expire in five years' time.

34. SHARE CAPITAL

(a) Authorised and issued share capital

Authorised	As at 31 December			
	2015 Number	2015 HK$'000	2014 Number	2014 HK$'000
Ordinary shares of HK$0.02 each	**20,000,000,000**	**400,000**	20,000,000,000	400,000

Issued and fully paid	As at 31 December			
	2015 Number	2015 HK$'000	2014 Number	2014 HK$'000
Ordinary shares of HK$0.02 each	**14,879,351,515**	**297,587**	14,879,351,515	297,587

(b) Share option scheme

2012 Share option scheme

The Company adopted a share option scheme on 18 July 2012 (the "2012 Share Option Scheme"), for primary purpose of providing incentives to eligible participants. Details of the 2012 Share Option Scheme are as follows:

On 18 July 2012, the Company adopted the 2012 Share Option Scheme which will expire on 17 July 2022. Pursuant to the terms of the 2012 Share Option Scheme, the Company may grant options at a consideration of HK$1 to eligible participants (including directors, shareholders, eligible employees, suppliers and customers of the Company or its subsidiaries) to subscribe for shares in the Company. The exercise price is determined by the directors and shall not be less than the highest of (i) the closing price of the Company's share as quoted on the Stock Exchange on the date of grant, (ii) the average closing price of the Company's shares as quoted on the Stock Exchange for the five trading days immediately preceding the date of grant, and (iii) the nominal value of the Company's shares on the date of grant. Options granted are exercisable at any time during a period to be notified by the board of directors of the Company but limited to a maximum period of ten years after the date on which the options are granted. Options granted should be accepted within 28 days from the date of offer at the consideration of HK$1.

34. SHARE CAPITAL *(Continued)*

(b) Share option scheme *(Continued)*

The maximum number of the Company's shares which may be issued upon exercise of all options to be granted under the 2012 Share Option Scheme and any other share option schemes of the Company shall not exceed 1,243,735,152 shares, being 10% of the Company's shares in issue as at the date on which the relevant share option scheme has been adopted. This represents 8.35% of the current issued shares of the Company.

The 2012 Share Option Scheme may be refreshed at any time by the approval of the shareholders in general meeting provided that the total number of the Company's shares which may be issued upon exercise of all options to be granted under the 2012 Share Option Scheme and any other share option schemes of the Company must not exceed 10% of the Company's shares in issue as at the date of such shareholders' approval. For the avoidance of doubt, options previously granted under the 2012 Share Option Scheme and any other share option schemes (including those outstanding, cancelled, lapsed or exercised in accordance with the 2012 Share Option Scheme and any other share option schemes of the Company) will not be counted for the purpose of calculating the refreshed 10% limit.

The Company may, by the approval of the shareholders in general meeting, grant options beyond the 10% limit provided that the options in excess of the 10% limit are granted only to participants specifically identified by the Company before shareholders' approval is sought.

Unless approved by the shareholders as set out herein, the total number of the Company's shares issued and to be issued upon exercise of the options granted to each participant (including both exercised and outstanding options) in any 12-month period must not exceed 1% of the Company's shares in issue. Where any further grant of options to a participant would result in the Company's shares issued and to be issued upon exercise of all options granted and to be granted to such person (including exercised, cancelled and outstanding options) in the 12-month period up to and including the date of such further grant in aggregate exceeding 1% of the Company's shares in issue, such further grant must be separately approved by the shareholders in general meeting with such participant and his associates abstaining from voting.

However, the overall limit on the number of the Company's shares which may be issued upon exercise of all options granted under all share option schemes of the Company must not exceed 30% of the shares in issue from time to time.

34. SHARE CAPITAL *(Continued)*

(b) Share option scheme *(Continued)*

During the year, options for 1,242,000,000 shares have been granted under the 2012 Share Option Scheme (2014: Nil) and their estimated fair value were HK$62,100,000. Among which, 50% of the entire entitlement is exercisable upon grant, up to 75% of the entire entitlement is exercisable by the end of first year and the full entitlement is exercisable by the end of second year. All such options were granted on 26 October 2015 and were vested immediately upon grant, and the closing price per share of the Company on the date of grant was HK$0.205.

As at 31 December 2015, options for 1,242,000,000 shares were outstanding (2014: Nil), among which 621,000,000 shares were vested and exercisable (2014: Nil). The options outstanding as at 31 December 2015 had a remaining contractual life were 2.86 years.

The weighted average fair value of options granted during the year determined using the Black-Scholes valuation model was HK$0.05 per option. The significant inputs into the model were closing price of HK$0.205 at the grant date, exercise price of HK$0.207, volatility of 44.67%, dividend yield of 0%, an expected option life of 1.88 years, and an annual risk-free interest rate of 0.343%. The volatility measured at the standard deviation of continuously compounded share returns is based on statistical analysis of daily share prices over the last 5.9 years. See Note 10 for the total expense recognised in the income statement for share options granted to employees.

No option had lapsed (2014: 182,000,000 shares) during the year ended 31 December 2015. The value of lapsed options of HK$24,760,000 during the year ended 31 December 2014 had been released directly to retained earnings.

34. SHARE CAPITAL *(Continued)*

(b) Share option scheme *(Continued)*

The following tables disclose the movements in such share options during the year:

Date of grant	Exercisable period	Exercise Price HK$	Number of shares in respect of the options granted: Outstanding at 1 January 2015	Granted during the year	Outstanding at 31 December 2015
Options granted to employees					
26 October 2015	26 October 2015 – 25 October 2018	0.207	–	497,000,000	497,000,000
26 October 2015	26 October 2016 – 25 October 2018	0.207	–	248,500,000	248,500,000
26 October 2015	26 October 2017 – 25 October 2018	0.207	–	248,500,000	248,500,000
			–	994,000,000	994,000,000
Options granted to service suppliers					
26 October 2015	26 October 2015 – 25 October 2018	0.207	–	124,000,000	124,000,000
26 October 2015	26 October 2016 – 25 October 2018	0.207	–	62,000,000	62,000,000
26 October 2015	26 October 2017 – 25 October 2018	0.207	–	62,000,000	62,000,000
			–	248,000,000	248,000,000
			–	1,242,000,000	1,242,000,000
Weighted average exercise price (HK$)			–	0.207	0.207

34. SHARE CAPITAL *(Continued)*

(b) Share option scheme *(Continued)*

Date of grant	Exercisable period	Exercise price HK$	Number of shares in respect of the options granted: Outstanding at 1 January 2014	Lapsed during the year	Outstanding at 31 December 2014
Options granted to directors					
30 March 2010	30 March 2011 – 29 March 2014	0.384	20,000,000	(20,000,000)	–
30 March 2010	30 March 2012 – 29 March 2014	0.384	10,000,000	(10,000,000)	–
			30,000,000	(30,000,000)	–
Options granted to a former director					
30 March 2010	31 March 2011 – 29 March 2014	0.384	48,000,000	(48,000,000)	–
30 March 2010	31 March 2012 – 29 March 2014	0.384	36,000,000	(36,000,000)	–
30 March 2010	31 March 2013 – 29 March 2014	0.384	36,000,000	(36,000,000)	–
			120,000,000	(120,000,000)	–
Options granted to employees					
30 March 2010	30 March 2011 – 29 March 2014	0.384	15,000,000	(15,000,000)	–
30 March 2010	30 March 2012 – 29 March 2014	0.384	11,000,000	(11,000,000)	–
30 March 2010	30 March 2013 – 29 March 2014	0.384	6,000,000	(6,000,000)	–
			32,000,000	(32,000,000)	–
			182,000,000	(182,000,000)	–
Weighted average exercise price (HK$)			0.384	0.384	–

35. LEASES

Operating leases – lessee

The lease payments recognised as expenses are as follows:

	As at 31 December	
	2015 HK$'000	2014 HK$'000
Minimum lease payments	10,449	12,782

The total future minimum lease payments are due as follows:

	As at 31 December	
	2015 HK$'000	2014 HK$'000
Not later than one year	34,416	1,687
Later than one year and not later than five years	76,025	6,402
Later than five years	51,575	25,819
	162,016	33,908

Operating lease payments in respect of rented premises payable by the Group relate to certain commercial properties for sub-letting and certain of its office premises. Leases are usually negotiated for an average term of two to ten years.

35. LEASES *(Continued)*

Operating leases – lessor

The Group's investment properties and certain properties for sales are leased to a number of tenants for leasing period from 3 to 20 years.

The minimum rent receivables under non-cancellable operating leases are as follows:

	As at 31 December	
	2015 HK$'000	2014 HK$'000
Not later than one year	101,431	91,258
Later than one year and not later than five years	305,272	285,318
Later than five years	227,497	415,148
	634,200	791,724

36. ACQUISITION OF SUBSIDIARIES

During the year, the Group completed the acquisition of 100% interests of a property development company, Nanjing Wudaokou from a third party. The consideration of the acquisition amounted to RMB1,043,210,000 (equivalent to approximately HK$1,304,010,000) which has been prepaid by the Group in November 2014. The major asset of Nanjing Wudaokou comprises a land parcel located in Jiangsu Province, the PRC.

During the year, the Group completed the acquisition of 100% interests of a property development company, Nanjing Delta Land from a third party. The consideration of the acquisition amounted to RMB998,291,000(equivalent to approximately HK$1,191,989,000) which has been fully paid by the Group in October 2015. The major asset of Nanjing Delta Land comprises a land parcel located in Jiangsu Province, the PRC.

36. ACQUISITION OF SUBSIDIARIES *(Continued)*

The above acquisitions were accounted for as acquisition of assets as the entity acquired by the Group does not constitute a business. Details of the assets acquired in the above acquisitions were as follows:

	Carrying value of the adjusted asset acquired HK$'000
Assets acquired:	
Properties under development-Nanjing Wudaokou	1,304,010
Properties under development-Nanjing Delta Land	1,191,989
	2,495,999
Total consideration satisfied by:	
Prepayments-Nanjing Wudaokou	1,304,010
Cash-Nanjing Delta Land	1,191,989
	2,495,999
Net cash outflow arising on acquisition	
Cash consideration paid-Nanjing Wudaokou	–
Cash consideration paid-Nanjing Delta Land	1,191,989
	1,191,989

37. DISPOSAL OF SUBSIDIARIES

(a) Partial disposal of interests in a subsidiary

In 2015, the Group entered into an agreement with an independent third party, to dispose of 46% equity interests in Langfang Zhenghetai at a consideration of RMB80,000,000 (equivalent to approximately HK$95,522,000). The effect of disposal of the subsidiary on the equity attribute to owners of the Company during the period is summarized as follows:

	Year ended 31 December 2015 HK$'000
Proceeds received in cash on partial disposal of the subsidiaries	95,522
Fair value of the Group's remaining interests	56,067
Carrying value of the subsidiary's net assets disposed – shown as below	(105,969)
Gains on disposal of partial interests in a subsidiary that resulted in loss of control	45,620

37. DISPOSAL OF SUBSIDIARIES *(Continued)*

(a) Partial disposal of interests in a subsidiary *(Continued)*

The assets and liabilities arising from the disposal are as follows:

	Carrying value HK$'000
Property, plant and equipment	361
Properties under development	762,733
Trade and other receivables	38,061
Deposits for property under development	64,988
Deferred income tax assets	1,406
Cash and cash equivalents	189,415
Advance receipts from customers	(406,442)
Short term borrowings	(358,209)
Long term bank borrowings	(75,224)
Reserve contributed by a minority owner	4,729
Trade and other payables	(112,323)
Tax prepayments	29,684
Non-controlling interests	(33,210)
Net assets disposed	105,969
Outflow of cash to dispose a subsidiary, net of cash disposed	
Proceeds received in cash	95,522
Cash and cash equivalents in a subsidiary disposed of	(189,415)
Net cash outflow on disposal	(93,893)

37. DISPOSAL OF SUBSIDIARIES *(Continued)*

(b) Disposal of entire interests in subsidiaries

In 2015, the Group disposed its entire interests in Shanghai Zendai Himalayas Performing Co., Ltd. (上海証大喜瑪拉雅演藝有限公司) ("Himalayas") to a third party at a consideration of RMB2,480,000 (equivalent to approximately HK$3,391,000).

In 2015, the Group disposed its entire interests in Jilin Zendai Huacheng Real Estate Development Co., Ltd. (吉林市証大華城地產開發有限公司) ("Jilin huacheng") to a third party at consideration of RMB15,080,000 (equivalent to approximately HK$18,006,000).

The effect of disposal of the subsidiary on the equity attribute to owners of the Company during the period is summarized as follows:

	Year ended 31 December 2015 HK$'000
Proceeds received in cash on disposal of the subsidiaries	21,397
Carrying value of the subsidiaries disposed – shown as below	(48,439)
Losses on disposal of the subsidiaries	**(27,042)**

37. DISPOSAL OF SUBSIDIARIES *(Continued)*

(b) Disposal of entire interests in subsidiaries *(Continued)*

The assets and liabilities arising from the disposal are as follows:

	Carrying value HK$'000
Assets	
Property, plant and equipment	638
Properties under development	21,039
Completed properties held-for-sale	9,664
Trade and other receivables	12,609
Tax prepayments	14,690
Cash and cash equivalents	9,219
Liabilities	
Advance receipts from customers	(5,023)
Trade and other payables	(14,397)
Net assets disposed	48,439
Inflow of cash to dispose business, net of cash disposed	
Proceeds received in cash	21,397
Cash and cash equivalents in subsidiary disposed	(9,219)
Net cash inflow on disposal	12,178

38. RELATED PARTY TRANSACTIONS/BALANCES

As at 31 December 2015, Smart Success Capital Ltd., the largest shareholder of the Company, held 48.16% in the issued shares of the Company.

Smart Success Capital Ltd. is a subsidiary of China Orient Asset Management (International) Holding Limited ("COAMI"), which is ultimately held by China Orient Asset Management Corporation.

In addition to as those disclosed elsewhere in the financial statements, the Group had entered into the following significant transactions and had balances with related parties:

(a) Compensation of key management personnel

The remuneration of directors who are also members of key management during the year was as follows:

	As at 31 December	
	2015	2014
	HK$'000	HK$'000
Short-term benefits	11,665	10,297
Post-employment benefits	218	198
Share-based-payment expenses	7,678	–
	19,561	10,495

The remuneration of key management personnel is determined by reference to the performance of individuals and market trends.

(b) As at 31 December 2015, COAMI provided guarantees on certain borrowings of the Group (amounting to HK$1,817,127,000) (31 December 2014: Nil). During the year, the service fee amounting to HK$95,226,000 was accrued by the Group.

(c) As at 31 December 2015, Shenzhen Qianhai Orient Venture Financial Holdings Co., Ltd. (深圳前海東方創業金融控股有限公司), a subsidiary of COAMI, provided entrusted loans to the Group (amounting to RMB1,800,000,000) (equivalent to HK$2,149,254,000) with an interest rate 12% per annum.

(d) As at 31 December 2015, the Group provided guarantees on certain borrowings of its joint ventures (amounting to HK$747,654,000) (31 December 2014: HK$239,536,000). No service fee is charged for the guarantee provided.

38. RELATED PARTY TRANSACTIONS/BALANCES *(Continued)*

(e) Balances with related parties

	Amounts owed to the Group by related parties As at 31 December		Amounts owed by the Group to related parties As at 31 December	
	2015	2014	**2015**	2014
	HK$'000	HK$'000	**HK$'000**	HK$'000
Amounts due from associates	**1,048,960**	1,296,084	**–**	–
Amounts due from joint ventures	**1,522,993**	1,303,617	**–**	–
Amounts due from related companies	**–**	11,571	**–**	–
Amounts due from minority owners of subsidiaries	**30,090**	31,770	**–**	–
Entrusted loan receivable from a joint venture	**–**	126,072	**–**	–
Amounts due to joint ventures	**–**	–	**1,156,769**	929,777
Amounts due to related companies	**–**	–	**–**	34,646
Amounts due to minority owners of subsidiaries	**–**	–	**933,859**	1,984,111

Except for the amounts of HK$863,805,000 (31 December 2014: HK$1,908,117,000) due to minority owners of subsidiaries, which borne interest at 12% to 16% per annum, repayable in 2 years (2014:3 years), all other balances with related parties were unsecured, interest-free and repayable on demand, which are cash advances in nature.

The Group had not made any provision for bad or doubtful debts in respect of related party debtors.

39. FINANCIAL GUARANTEES

The Group had the following financial guarantees as at the end of 2015 and 31 December 2014:

	As at 31 December	
	2015	2014
	HK$'000	HK$'000
Guarantees in respect of mortgage facilities for certain purchasers	**208,413**	165,447

As at 31 December 2015 and 2014, the Group provided guarantees in respect of mortgage facilities granted by certain banks relating to the mortgage loans arranged for certain purchasers of the Group's properties. Pursuant to the terms of the guarantees, upon default in mortgage payments by the respective 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 dates of grant of the relevant mortgage loans and ends when the property purchasers obtain the "property title certificate" which is then to be pledged with the banks.

40. COMMITMENTS

	As at 31 December	
	2015	2014
	HK$'000	HK$'000
Commitments in respect of development costs attributable to properties under development – contracted for but not provided	**3,257,973**	1,964,278
Commitments for acquisition of subsidiaries – contracted for but not provided *(a)*	**3,771,254**	–
Commitments for purchase of completed properties held-for-sale – contracted for but not provided *(b)*	**338,089**	–

40. COMMITMENTS *(Continued)*

(a) In August 2015, the Group entered into equity transfer agreements ("Agreements") with a third party to acquire the entire equity interests of six real estate project companies at a total consideration of RMB4,513,609,000 (equivalent to HK$5,389,384,000). The major assets of the acquiree comprise the land parcels located in Nanjing, the PRC. As at 31 December 2015, the Group has paid the first instalment of 30% of the total consideration amounting to RMB1,355,184,000 (equivalent to HK$1,618,130,000), the remaining balance of RMB3,158,425,000(equivalent to HK$3,771,254,000) is required to be paid within one year upon the entering of the Agreements. As at 31 December 2015, the transfer of equity interests of one of the project company namely Nanjing Delta Land was completed. (Note 36).

(b) On 17 November 2015, the Group succeeded in a bid which was open to the public to purchase 465 residential units located in Xuanwu District, Nanjing for a total consideration of RMB343,580,000 (equivalent to approximately HK$410,244,000). The Group has paid part of consideration amounting to RMB60,430,000 (equivalent to HK$ 72,155,000) and the remaining balance of RMB283,150,000 (equivalent to HK$338,089,000) is required to be paid in the first half of 2016, upon the delivery of properties be completed.

41. FINANCIAL INSTRUMENTS BY CATEGORY

The following table shows the Group's financial assets and liabilities by category:

	Loans and receivables HK$'000	Available-for-sale financial assets HK$'000	Total HK$'000
Assets			
As at 31 December 2015			
Available-for-sale financial assets	–	65,877	65,877
Trade and other receivables excluding prepayments	234,316	–	234,316
Restricted bank deposits	1,178,507	–	1,178,507
Cash and cash equivalents	1,629,164	–	1,629,164
Amounts due from associates	1,048,960	–	1,048,960
Amounts due from joint ventures	1,522,993	–	1,522,993
Amounts due from minority owner of subsidiaries	30,090	–	30,090
	5,644,030	65,877	5,709,907
As at 31 December 2014			
Available-for-sale financial assets	–	69,907	69,907
Trade and other receivables excluding prepayments	317,080	–	317,080
Restricted bank deposits	775,425	–	775,425
Cash and cash equivalents	1,098,074	–	1,098,074
Amounts due from associates	1,296,084	–	1,296,084
Amounts due from joint ventures	1,303,617	–	1,303,617
Amounts due from minority owner of subsidiaries	31,770	–	31,770
Amounts due from related companies	11,571	–	11,571
Entrusted loan receivables	126,072	–	126,072
	4,959,693	69,907	5,029,600

41. FINANCIAL INSTRUMENTS BY CATEGORY *(Continued)*

	Other financial liabilities at amortised method HK$'000
Liabilities	
As at 31 December 2015	
Borrowings and loans	11,251,491
Trade and other payables excluding tax payables	1,255,541
Amount due to minority owners of subsidiaries	933,859
Amounts due to joint ventures	1,156,769
	14,597,660
As at 31 December 2014	
Borrowings and loans	7,887,864
Trade and other payables excluding tax payables	1,506,593
Amount due to minority owners of subsidiaries	1,984,111
Amounts due to joint ventures	929,777
Amounts due to related companies	34,646
	12,342,991

42. CREDIT QUALITY OF FINANCIAL ASSETS

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to historical information about counterparty default rates:

	As at 31 December	
	2015 HK$'000	2014 HK$'000
Trade receivables		
Counterparties without external credit rating	26,363	77,656
Trade receivables that are neither past due nor impaired	14,962	65,978

The recoverability of loan and other receivables is assessed taking into account of the financial position of the counter parties, past experiences and other factors. The management does not expect any significant losses from non-performance by the counterparties.

42. CREDIT QUALITY OF FINANCIAL ASSETS *(Continued)*

All bank deposits are with reputable corporate banks. None of the bank deposits is considered as exposed to major credit risk.

None of the financial assets that are fully performing has been renegotiated in 2015 and 2014.

43. BALANCE SHEET AND RESERVE MOVEMENT OF THE COMPANY

Balance sheet of the Company

	Notes	As at 31 December 2015 HK$'000	2014 HK$'000
Assets			
Non-current assets			
Investments in subsidiaries		1,027,482	1,003,717
Amounts due from subsidiaries		910,588	965,188
Loans to subsidiaries		833	139
		1,938,903	1,969,044
Current assets			
Amounts due from subsidiaries		3,614,521	3,511,824
Amounts due from a related party		–	3
Trade and other receivables		61	8,323
Deposits for property development		25,571	–
Cash and cash equivalents		35,826	23,280
		3,675,979	3,543,430
Total assets		5,614,882	5,512,474
Equity and liabilities			
Equity attributable to owners of the company			
Share capital		297,587	297,587
Share premium		2,164,700	2,164,700
Other reserves	*(a)*	261,843	226,912
Accumulated losses	*(a)*	(308,105)	(183,705)
Total equity		2,416,025	2,505,494

43. BALANCE SHEET AND RESERVE MOVEMENT OF THE COMPANY
(Continued)

Balance sheet of the Company *(Continued)*

		As at 31 December	
	Notes	2015 HK$'000	2014 HK$'000
Liabilities			
Non-current liabilities			
Borrowings and loans		375,960	425,100
Current liabilities			
Amounts due to subsidiaries		893,384	265,056
Amounts due to a joint venture		121,154	121,154
Trade and other payables		138,987	140,962
Borrowings and loans		1,669,372	2,054,708
		2,822,897	2,581,880
Total liabilities		3,198,857	3,006,980
Total equity and liabilities		5,614,882	5,512,474

The balance sheet of the Company was approved by the Board of Directors on 30 March 2016 and was signed on its behalf.

Li Li Hua
Director

Zhang Chenguang
Director

43. BALANCE SHEET AND RESERVE MOVEMENT OF THE COMPANY

(Continued)

Balance sheet of the Company *(Continued)*

(a) Reserve movement of the Company

	Accumulated losses HK$'000	Other reserves HK$'000
At 1 January 2014	(321,579)	251,672
Release upon lapse of share options	24,760	(24,760)
Profit for the year	113,114	–
At 31 December 2014	(183,705)	226,912
At 1 January 2015	**(183,705)**	**226,912**
Loss for the year	**(124,400)**	**–**
Grant of share options	**–**	**34,931**
At 31 December 2015	**(308,105)**	**261,843**

44. BENEFITS AND INTERESTS OF DIRECTORS

(a) Directors' and chief executive's emoluments

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

For the year ended 31 December 2015:

	Emoluments paid or receivable in respect of a person's services as a director, whether of the company or its subsidiary undertaking:					
	Fees HK$'000	Salary and bonus HK$'000	Employer's contribution to pension scheme a retirement benefit scheme HK$'000	Sub-Total HK$'000	Share-based Payments HK$'000	Total HK$'000
Executive directors:						
Mr. Zhang Chenguang *(Note (ii))*	–	–	–	–	–	–
Ms. Li Li Hua *(Note (v))*	–	4,489	81	4,570	–	4,570
Mr. Dai Zhikang *(Note (i))*	–	1,056	42	1,098	–	1,098
Mr. Zhong Guoxing *(Note (ii))*	–	–	–	–	–	–
Dr. Wang Hao *(Note (ii))*	–	–	–	–	–	–
Mr. Zuo Xingping *(Note (i))*	–	–	–	–	–	–
Mr. Tang Jian *(Note (i))*	–	–	–	–	–	–
Non-executive directors						
Mr. Xu Xiaoliang	–	–	–	–	–	–
Mr. Gong Ping	–	–	–	–	–	–
Independent non-executive directors:						
Mr. Lai Chik Fan	240	–	–	240	–	240
Mr. Li Man Wai	240	–	–	240	–	240
Mr. Chow, Alexander Yue Nong *(Note (iv))*	121	–	–	121	–	121
Dr. Xu Changsheng *(Note (iv))*	121	–	–	121	–	121
Mr. Lo Mun Lam, Raymond *(Note (iii))*	120	–	–	120	–	120
Mr. Cai Gaosheng *(Note (iii))*	120	–	–	120	–	120
Chief executive:						
Mr. Tang Jian *(Note (v))*	–	2,239	18	2,257	3,488	5,745
Total	962	7,784	141	8,887	3,488	12,375

44. BENEFITS AND INTERESTS OF DIRECTORS *(Continued)*

(a) Directors' and chief executive's emoluments *(Continued)*

For the year ended 31 December 2014 (Restated):

Certain of the comparative information of directors' emoluments for the year ended 31 December 2014 previously disclosed in accordance with the predecessor Companies Ordinance have been restated in order to comply with the new scope and requirements by the Hong Kong Companies Ordinance (Cap.622).

	Emoluments paid or receivable in respect of a person's services as a director, whether of the company or its subsidiary undertaking:					
	Fees HK$'000	Salary and bonus HK$'000	Employer's contribution to a retirement benefit scheme HK$'000	Sub-Total HK$'000	Share-based Payments HK$'000	Total HK$'000
Executive directors:						
Ms. Li Li Hua *(Note (v))*	–	1,946	75	2,021	–	2,021
Mr. Dai Zhikang	–	3,000	107	3,107	–	3,107
Mr. Tang Jian	–	991	17	1,008	–	1,008
Mr. Zuo Xingping	–	–	–	–	–	–
Mr. Wang Fujie	–	3,579	–	3,579	–	3,579
Non-executive directors:						
Mr. Xu Xiaoliang	–	–	–	–	–	–
Mr. Gong Ping	–	–	–	–	–	–
Mr. Zhu Nansong	–	–	–	–	–	–
Mr. Wu Yang	–	–	–	–	–	–
Independent non-executive directors:						
Mr. Lai Chik Fan	195	–	–	195	–	195
Mr. Li Man Wai	195	–	–	195	–	195
Mr. Lo Mun Lam, Raymond	195	–	–	195	–	195
Mr. Cai Gaosheng	195	–	–	195	–	195
Total	780	9,516	199	10,495	–	10,495

44. BENEFITS AND INTERESTS OF DIRECTORS *(Continued)*

(a) Directors' and chief executive's emoluments *(Continued)*

For the year ended 31 December 2015 and 2014, no housing allowance, estimated money value of other benefits, remunerations paid or receivable in respect of accepting office as director, emoluments paid or receivable in respect of director's other services in connection with the management of the affairs of the company or its subsidiary undertaking were provided by the Group to directors or chief executive.

Notes:

(i) Mr. Dai Zhikang, Mr. Zuo Xingping and Mr. Tang Jian resigned as executive directors on 8 May 2015.

(ii) Mr. Zhang Chenguang, Mr. Zhong Guoxing and Dr. Wang Hao were appointed as executive directors on 8 May 2015.

(iii) Mr. Lo Mun Lam, Raymond and Mr. Cai Gaosheng retired on 30 June 2015.

(iv) Mr. Chow, Alexander Yue Nong and Dr. Xu Changsheng were appointed as independent non-executive directors on 30 June 2015.

(v) Ms. Li Li Hua was appointed as executive director and chief executive officer on 18 August 2014. Ms. Li Li Hua resigned and Mr. Tang Jian was appointed as chief executive officer on 30 June 2015.

(b) 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.

(c) 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.

(d) Information about loans, quasi-loans and other dealings in favour of directors, controlled bodies corporate by and connected entities with such directors

For the year ended 31 December 2015, the Group did not provide loans, quasi-loans and other dealings in favour of directors.

44. BENEFITS AND INTERESTS OF DIRECTORS *(Continued)*

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

No significant transactions, arrangements and contracts in relation to the Group's business 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.

45. EVENTS AFTER THE BALANCE SHEET DATE

As at 31 December 2015, Smart Success Capital Limited held 48.16% of the issued shares of the Company. As disclosed in the Company's announcement dated 26 January 2016, on 25 January 2016, Smart Success Capital Limited signed a purchase and sale agreement in relation to the sale of 4,462,317,519 shares of the Company, representing 29.99% of the issued shares of the Company, to Riswein Real Estate Development Co. Ltd. (冉盛置業發展有限公司) and CYTS Real Estate (Beijing) Co. Ltd. (中青旅置業(北京)有限公司). As at the date of this report, the transaction has not yet been completed.

46. RECLASSIFICATION OF COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform to the current year presentation.

FINANCIAL SUMMARY

FOR THE YEAR ENDED 31 DECEMBER 2015

The following table summarises the results, assets and liabilities of the Group for the last five years.

	Year ended 31 December				
	2015	2014	2013	2012	2011
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
RESULTS					
Revenue	**1,787,475**	1,579,612	2,227,663	1,122,891	2,796,296
(Loss)/profit before tax expenses	**(1,052,889)**	(916,090)	(71,246)	872,607	953,820
Tax credit/(expenses)	**2,441**	422,622	151,153	(316,843)	(505,606)
(Loss)/profit for the year	**(1,050,448)**	(493,468)	79,907	555,764	448,214

ASSETS AND LIABILITIES

	At 31 December				
	2015	2014	2013	2012	2011
	HK$'000	HK$'000	HK$'000	HK$'000	HK$'000
Total assets	**21,343,084**	21,254,035	17,791,114	15,860,679	27,832,663
Total liabilities	**(16,694,015)**	(14,977,093)	(11,160,154)	(10,060,844)	(22,019,738)
Non-controlling interests	**(216,182)**	(360,234)	(404,811)	(204,164)	(263,495)
Balance of shareholders' funds	**4,432,887**	5,916,708`	6,226,149	5,595,671	5,549,430