Stock Code: 410

SOHO CHINA LIMITED

ANNUAL REPORT 2015

SOHO CHINA

The board (the “Board”) of directors (the “Directors”) of SOHO China Limited (the “Company”, “We” or “SOHO China”) is pleased to announce the audited consolidated annual results of the Company and its subsidiaries (collectively, the “Group”) for the year ended 31 December 2015 (the “Year” or the “Period”), which had been prepared in accordance with the Hong Kong Financial Reporting Standards issued by Hong Kong Institute of Certified Public Accountants and the relevant provisions of the Rules Governing the Listing of Securities (the “Listing Rules”) on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). The 2015 audited consolidated annual results of the Group had been reviewed by the audit committee of the Company (“Audit Committee”) and approved by the Board on 8 March 2016.

During the Period, the Group achieved a turnover of approximately RMB995 million, including RMB1,052 million from property leasing, representing an increase of approximately 148% compared with the same period in 2014. The gross profit margin of the Group during the year was approximately 74%. Net profit attributable to equity shareholders of the Company for the Period was approximately RMB538 million, representing a decrease of approximately 87% compared to 2014. Core net profit (excluding net valuation gains on investment properties) attributable to equity shareholders of the Company for the Period was approximately RMB423 million, which decreased by approximately 76% from 2014. The core net profit margin during the Period was approximately 42%.

In October 2015, the Board recommended the declaration and payment of a special dividend of RMB0.348 per share to the shareholders of the Company which has been approved by shareholders at the extraordinary general meeting of the Company held on 13 November 2015. The Board recommended the declaration and payment of a special divided of RMB0.348 per share to the shareholders of the Company which is subject to shareholders’ approval at the annual general meeting of the company to be held on Wednesday, 18 May 2016 (the “2016 AGM”).

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CHAIRMAN'S STATEMENT

In 2015, SOHO China's net profit has dropped sizably as expected. The main reason for the change is that SOHO China is undergoing the transition of our business model from "build-to-sell" to "build-to-hold". Our profit for 2015 fully reflects this moment in our transition. However, SOHO China's other indicators, such as our low net gearing ratio, leasing speed, and rental income growth, demonstrate our better than expected performance.

Looking back at 2015, from a business perspective, we have upheld our commitment to SOHO China's strategic transition announced three years ago, we almost did not sell any properties during the Year. SOHO China now holds, in the most prosperous areas in Beijing and Shanghai, approximately 1.7 million sq.m. of office properties. These are our most stable, important and valuable assets. Recently, the market considers that SOHO China is pessimistic about Beijing and Shanghai's office property markets, and there are rumors that we plan to withdraw from those markets. This is the exact opposite to our plan. SOHO China's transition of the business model from "build-to-sell" to "build-to-hold" means that rather than selling properties for quick cash, we hold and lease properties for long-term rental income. This is precisely because we are confident about the office property markets in Beijing and Shanghai. Since 2015, with more liquidity in the market, real estate prices have been continuously going up, especially in Beijing and Shanghai. The approximately 1.7 million sq.m. of office properties in SOHO China's investment portfolio are increasing significantly in price, bringing value to our shareholders. At present, the market is quite volatile, and we may come to see even greater volatility.

As a public company, what is our contribution to the society and the market? This is our business foundation. We cannot blindly follow the market, nor should we take advantage of volatility purely for profits and move away from our foundation. Our most fundamental contribution to the society is our products and our services. In this market we strive to create products that people love and services that people need and not to create products that will go unused for our personal benefit. Unused products are the worst waste of the society's resources.

Over the Year, we have achieved excellent performance in construction, leasing and management of all properties including Wangjing SOHO, Guanghualu SOHO II, SOHO Fuxing Plaza, Bund SOHO, Sky SOHO and Hongkou SOHO.

From now on, SOHO China will enter into a stage of stable development, sustainable growth, and continuously increasing asset value. Even though it is not as exciting as the large scale explosive sales we achieved four years ago. The work we have now is very specific and detail-oriented, but it is through the Company's execution that we demonstrate our value. For example, to reduce energy inefficiency and protect the environment, we have worked with leading international partners to develop the most globally advanced energy saving system in our buildings. Our rate of energy consumption is half of that of our peers, and even lower than some developed countries such as Japan, US or Europe. In 2015, we had over twenty projects adopted this energy saving system. Though the amount of money saved from this exercise is still relatively small compared to sales earnings in our early years, we find it incredibly meaningful to the society and the environment. Because of this, we have been recognized and commended by our peers and the government.

In addition, hundreds of thousands of people work in our buildings. Of all the things that today's office tenants need, we believe what ranks the most important is WIFI and cellular network signal strength. We have partnered with China's top three telecom operators and let them compete openly and fairly. We believe that very soon SOHO China's WIFI and cellular network signal will be one of the fastest and most stable signals in China. Though on the surface, our efforts may not bring in additional revenue, and instead only increase operational costs, it indeed enables us to provide our tenants with utmost convenience and top quality services. This is what we believe they need the most. In the past few months, the WIFI and cellular network signal strength in SOHO China's buildings is increasing at a rate of 50% per month.

The overall macroeconomic environment was less than ideal in 2015. Under this climate, SOHO China managed to lease more than 280,000 sq.m. of properties, exceeding our target by approximately 128%. Such an increase in the volume of office leasing, even in global markets such as New York, Hong Kong and Tokyo, is very difficult to accomplish in only 12 months' time. For Wangjing SOHO, the newly signed leases showed a 25.1% increase in rental rate and SOHO Century Plaza showed a rental rate increase of 24.7% for the Year. As long as we focus on the high quality of our products and services, we believe that it will continue to help characterize and have positive impact on SOHO China's properties.

In this easing capital market with low interest rate and low reserve ratio, another thing we did during the Year was issuing RMB denominated bonds to refinance offshore debt so as to manage exchange rate risk, and we successfully issued RMB3 billion bond at low interest rate of 3.45%. This low rate represents capital market's confidence in our Company.

Every one of us is witnessing the drastic changes in the market. Traditional industries are experiencing this even more. What do these changes really reflect? Now we are seeing structural changes where the old economy is declining.

A new form and structure of economy is gradually surfacing. This is an economy that focuses on higher efficiency and lower cost. More importantly, it is an economy that brings fairness to everyone. This is an economy founded on the internet, based on the internet structure, and utilizes the internet as a new tool. Countless online platforms have replaced large corporations of the past, and online platforms are able to convene millions of individuals and small enterprises. Through competition, these individuals and small enterprises can best demonstrate their strengths and capabilities, and provide the market and greater society with better, cheaper and more convenient products and services. This is so-called the "sharing economy". We created SOHO 3Q as brand new office space catered for the sharing economy. During the Year, we built eleven SOHO 3Q centers in Beijing and Shanghai with more than 10,000 seats. We have become the largest provider of co-working space in China, with more than 30,000 members. SOHO 3Q is gradually building both online and offline communities. Not only do we have start-up entrepreneurs, we also have companies of different sizes and from different industries. Our next step is focusing on building the membership system, inviting more people to become SOHO 3Q members, and offering them convenient services.

In 2016, we aim at growing at a healthy and stable pace.

BUSINESS REVIEW

The details of rental income and occupancy rate of major investment properties of the Company as at 31 December 2015 are as follows:

Projects	Effective Interest	Leasable GFA[1] (sq.m.)	Rental Income 2015 (in RMB'000)	Rental Income 2014 (in RMB'000)	YoY Change %	Occupancy Rate[2] as of 31 December 2015 %	Occupancy Rate[2] as of 31 December 2014 %
Completed Projects-Beijing							
Qianmen Avenue Project	100.0%	35,317	121,095	108,165	12.0%	81.4%	76.2%
Wangjing SOHO Tower 3	100.0%	133,766	288,537	47,993	501.2%	100.0%	68.9%
Guanghualu SOHO II	100.0%	94,279	90,034	–	–	84.7%	6.0%
Completed Projects – Shanghai							
SOHO Century Plaza	100.0%	42,741	109,597	107,615	1.8%	100.0%	94.5%
SOHO Fuxing Plaza	100.0%	88,234	178,901	30,924	478.5%	94.5%	64.4%
Sky SOHO	100.0%	128,129	69,954	1,517	4,511.3%	72.9%	7.3%
Hongkou SOHO[3]	100.0%	69,892	5,450	–	–	33.9%	–
Bund SOHO[4]	61.5%	73,781	19,763	–	–	60.5%	–
Projects Under Construction – Beijing and Shanghai							
SOHO Leeza	100.0%	133,780	–	–	–	–	–
SOHO Tianshan Plaza	100.0%	115,619	–	–	–	–	–
Gubei Project	100.0%	113,416	–	–	–	–	–

Notes:

1. Attributable to the Group
2. Occupancy rate for office and retail, including SOHO 3Q (if any)
3. Lease inception in October 2015
4. Lease inception in November 2015

Major Projects in Beijing

QIANMEN AVENUE PROJECT

Qianmen Avenue project is located in the Qianmen area immediately south of Tiananmen Square, within one of the largest 'Hutong' (traditional Beijing courtyards) conservation areas in Beijing. We have the right to retail space of approximately 54,691 sq.m., of which approximately 35,317 sq.m. is currently available for lease. The Group successfully repositioned and upgraded the tenant mix at Qianmen Avenue by introducing the flagship and 'experienced' stores from many renowned international and local brands including Madame Tussaud's Wax Museum and Lenovo. The Group will continue to work towards its goal of developing Qianmen Avenue into a premier "tourist destination". Leveraging on its massive visitor traffic, the project will continue to attract and retain high-quality tenants that fit the positioning of the project.

WANGJING SOHO

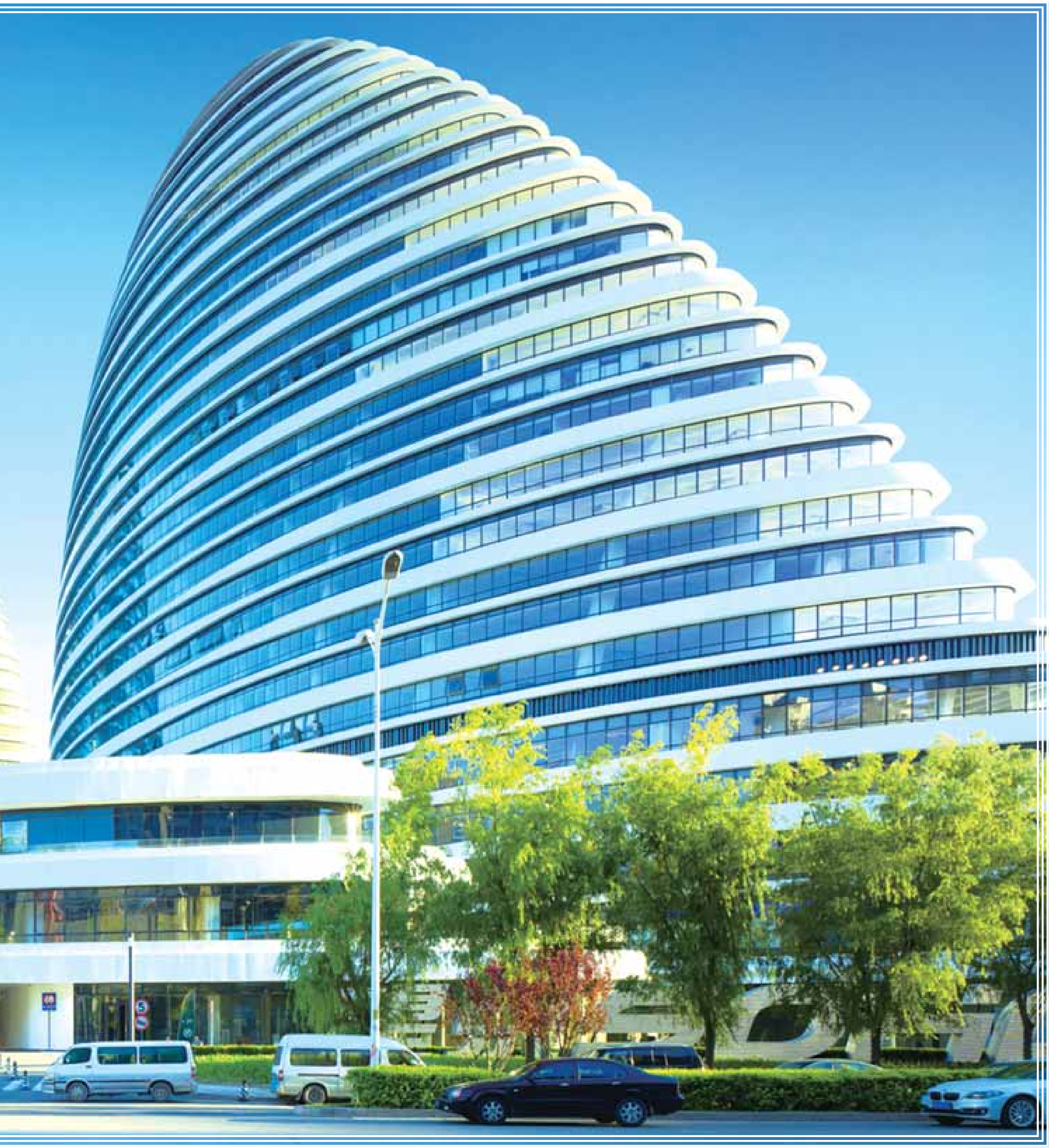
Wangjing SOHO is a large-scale office and retail project in the Wangjing area of Beijing consisting of a total GFA of approximately 510,000 sq.m.. The project comprises three towers (Towers 1, 2 and 3), among which, Towers 1 and 2 have been sold and revenue has been recognized by the end of 2014.

The Group is holding Wangjing SOHO Tower 3 with approximately 133,766 sq.m. of leasable area as investment property, of which approximately 123,568 sq.m. are for office use and approximately 10,198 sq.m. are for retail use. Tower 3 was completed in September 2014.

The Wangjing area where Wangjing SOHO is located is one of Beijing's most well-developed high-end residential areas which noticeably lacks large-scale office and commercial facilities. Upon full completion of Wangjing SOHO in 2014, the project has significantly enhanced and balanced the overall urban make-up of the Wangjing area. The project, with a height of nearly 200 meters, is the first landmark and a point of access to central Beijing from the airport expressway. Currently, the Wangjing area is also home to the headquarters of many prestigious multinational companies in the PRC such as Daimler, Siemens, Microsoft, and Caterpillar as well as an emerging hub for internet companies in Beijing.

GUANGHUALU SOHO II

Guanghualu SOHO II is located at the heart of the Beijing Central Business District, opposite to the Guanghualu SOHO project, close to subway line 1 and line 10. The area is a mature business district in Beijing which hosts 70% of the city's foreign enterprises. The total GFA of the project is approximately 165,201 sq.m. and total leasable area attributable to the Group is approximately 94,279 sq.m., including approximately 63,308 sq.m. of office area and approximately 30,971 sq.m. of retail area. The project was completed in November 2014.



SOHO LEEZA

SOHO Leeza is located in the center of the Lize Financial Business District in Beijing. The site is to the south of Lize Road and less than one kilometer away from the West Second Ring Road, and is adjacent to the planned subway lines 14 and 16. Located between Beijing's Western 2nd and 3rd Ring Roads, the Lize Financial Business District is expected to be developed into Beijing's next financial district, acting as an extension to Beijing's current Financial Street which we believe is one of the most expensive office markets in the world. The Lize Financial Business District is planned to provide quality offices, apartments, exhibition centers, commercial zones and leisure facilities aiming to accommodate the increasing demand arising from the continued expansion of financial companies around the current Financial Street area.

We acquired the land use right for SOHO Leeza project through a successful bid of RMB1.922 billion in September 2013. The Lize Financial Business District is currently home to hundreds of financial institutions and large corporations, including financial companies such as China Securities Finance Corporation, China United Property Insurance Company, and financial institutions such as China Financial Information Exchange, China Railway & Banking Express Company, Zhongtong Finance, etc..

The project is currently under construction. The Group intends to hold SOHO Leeza as an investment property.

Major Projects in Shanghai

SOHO CENTURY PLAZA

The project is the first completed office building wholly-owned by the Group in Shanghai as an investment property. It has a total GFA of approximately 60,501 sq.m. and a total leasable GFA of approximately 42,741 sq.m., including approximately 42,522 sq.m. of office area and approximately 219 sq.m. of retail area. The project is almost fully occupied with approximately 50% leased to the Shanghai Futures Exchange and the rest mainly to financial institutions and service companies.

SOHO Century Plaza is situated on Century Avenue in Zhu Yuan business district of Pudong District in Shanghai. The project is close to the Lujiazui financial district and is only about three kilometers away from Jin Mao Tower and Oriental Pearl TV Tower. SOHO Century Plaza is easily accessible through convenient subway networks and road systems. It is within five minutes of walking distance to Pudian Road Station on subway line 4 and within eight minutes of walking distance to Century Avenue Station, the interchange station for subway lines 2, 4, 6 and 9. Century Avenue Station is currently the largest subway transportation hub in China.

SOHO FUXING PLAZA

SOHO Fuxing Plaza is situated at Huai Hai Road Central, the most vibrant and cosmopolitan commercial street in Shanghai with direct access to subway line 10 and subway line 13. It is right next to Shanghai Xintiandi, the most bustling and diverse commercial area of Shanghai. SOHO Fuxing Plaza has a total GFA of approximately 135,052 sq.m. and a leasable area of approximately 88,234 sq.m., of which approximately 50,057 sq.m. is for office use and approximately 38,177 sq.m. is for retail use. The project was completed in September 2014.

SKY SOHO

Sky SOHO is located in Shanghai's Hongqiao Linkong Economic Zone, adjacent to the Shanghai Hongqiao transportation hub, which is the convergence point for a variety of transportation systems in Shanghai including Hongqiao International Airport, Hongqiao High-Speed railway and the subway.

Sky SOHO was completed in November 2014. Following the disposal of approximately half of the total leasable space of Sky SOHO to Ctrip Affiliates in September 2014, the Group is holding the remaining parts of the project with a leasable area of approximately 128,129 sq.m., which consists of approximately 102,968 sq.m. of office area and approximately 25,161 sq.m. of retail area, as investment property.

HONGKOU SOHO

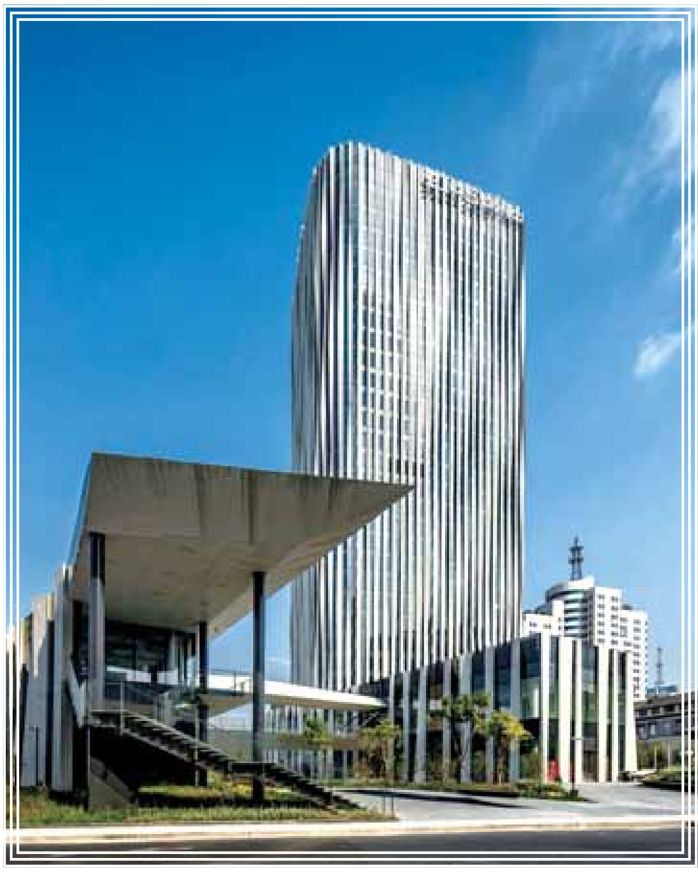
Hongkou SOHO is located in the most developed area of the Sichuan North Road commercial district, one of the three largest commercial districts in Shanghai. It is situated at Sichuan North Road Station on subway line 10 and is within 300 meters of Baoshan Road Station, the interchange station for subway lines 3 and 4.

The project has a total GFA of approximately 93,757 sq.m. and a leasable GFA of approximately 69,892 sq.m., including approximately 65,315 sq.m. of office area and approximately 4,577 sq.m. of retail area. The Group is holding Hongkou SOHO as investment property. The project was completed in July 2015.

BUND SOHO

Bund SOHO is located on the exclusive strip of land in Shanghai referred to as the Bund. Bund SOHO is framed by Yong'an Road to the west, Xin Yong'an Road to the north, East Second Zhong Shan Road to the east, and Xinkaihe Road and Renmin Road to the south. Bund SOHO is located very close to Shanghai's famous City God Temple and next to the Bund's multi-dimensional transportation hub and yacht wharf.

The Group is entitled to a leasable GFA of approximately 73,781 sq.m., including approximately 50,439 sq.m. of office area and approximately 23,342 sq.m. of retail area. The Group is holding the project as investment property. The project was completed in August 2015.



SOHO TIANSHAN PLAZA

SOHO Tianshan Plaza is located at a prime location in the Hongqiao Foreign Trade Center in Changning District in Shanghai. The Hongqiao Foreign Trade Center area is Shanghai's first central business district for foreign enterprises and a gathering place for Changning's office, business and high-end residential apartments. In close proximity to the Tianshan Road Commercial Street, SOHO Tianshan Plaza neighbors the Inner Circle and Loushanguan Station on subway line 2. Surrounded by a lively and bustling commercial atmosphere, SOHO Tianshan Plaza is situated at the hub for office, retail and luxurious residential apartments in Changning District. Upon completion, SOHO Tianshan Plaza will greatly enhance the quality of office and commercial facilities in the area.

SOHO Tianshan Plaza has a total planned GFA of approximately 170,238 sq.m., and a total leasable GFA of approximately 115,619 sq.m..

The project is currently under construction. The Group intends to hold SOHO Tianshan Plaza as investment property.

GUBEI PROJECT

The land for the Gubei project is located in the core area of the Hongqiao Foreign Trade Center in Shanghai's Changning District.

We acquired the land use right to this parcel of land through a successful bid of RMB3.19 billion made in April 2013. The land is bordered by Yili Road to the east, Hongbaoshi Road to the south, Manao Road to the west and the Hongqiao Road to the north. After completion, the project will be accessible underground from Yili Station subway line 10 and will be in close proximity to the Gubei Takashimaya Shopping Mall, Gubei Fortuna Plaza and other Grade A office buildings.

The project has a total GFA of approximately 158,648 sq.m., of which above-ground GFA is approximately 113,416 sq.m.. The Group intends to hold the Gubei project as investment property. The project is currently under construction.

SALES OF PROJECT INTERESTS

On 23 September 2015, Shanghai Haizhimen Property Investment Management Co., Ltd. (上海海之門房地產投資管理有限公司, "Haizhimen"), a 50% indirectly-owned entity of the Company, has disposed of its entire equity interest in Shanghai Zendai Bund International Finance Services Centre Real Estate Company Limited (上海證大外灘國際金融服務中心置業有限公司) to another shareholder of Haizhimen, Zhejiang Fosun Commerce Development Limited (浙江復星商業發展有限公司, "Zhejiang Fosun") at a consideration of RMB8.493 billion. At the same time, Haizhimen underwent restructuring in relation to its shareholders' loans, such that the shareholders' loans granted by Shanghai Zendai Wudaokou Real Estate Development Co., Ltd. (上海証大五道口房地產開發有限公司), Hangzhou Greentown Hesheng Investment Company (杭州綠城合升投資有限公司) and Shanghai Panshi Investment Management Co., Ltd. (上海磐石投資管理有限公司), all being indirect wholly-owned subsidiaries of the Company, in favour of Haizhimen will be assigned to Shanghai Chang Sheng Investment Management Consulting Co., Ltd. (上海長昇投資管理咨詢有限公司, "Shanghai Chang Sheng"), another indirect wholly-owned subsidiary of the Company. Haizhimen made repayment of the loan of approximately RMB3.105 billion and accrued interest of approximately RMB1.480 billion to Shanghai Chang Sheng. Further details of the above transactions were disclosed in the Company's announcement dated 23 September 2015.

CORPORATE SOCIAL RESPONSIBILITY

SOHO CHINA FOUNDATION

The SOHO China Foundation was established in 2005 as a philanthropic organization solely funded by SOHO China. SOHO China is one of the largest prime office property developers in China founded by the Directors, Mr. Pan Shiyi and Mrs. Pan Zhang Xin Marita. The SOHO China Foundation has chosen education as its chief philanthropic cause with the strong conviction that education is the most transformative force in a person´s life, and the most transformative force in inspiring the betterment of greater society.

In 2014, SOHO China Foundation launched the SOHO China Scholarships Program. The SOHO China Scholarships are a USD100 million initiative to endow and create financial aid scholarships for Chinese students to obtain undergraduate education at the world's top universities.

Our mission is to connect China's best and brightest talent with world-class education regardless of their personal economic limitations. We focus on the undergraduate level because we believe this is the area that has the least funding in place for needy students from China, and because we believe that the undergraduate period of study is one of the most transformative periods in a student's life.

The SOHO China Scholarships aim to incentivize international universities to increase the admission of Chinese students from low-income backgrounds while actively raising public awareness about "need blind" admissions policies at top international universities, and encourage the best Chinese students to apply.

In 2014, the SOHO China Scholarships signed gift agreements with Harvard University and Yale University to endow financial aid scholarships for Chinese students at these schools. The SOHO China Scholarships are actively seeking partnerships with leading international universities to expand this initiative.

FINANCIAL REVIEW

Turnover

Turnover in 2015 was approximately RMB995 million, representing a decrease of approximately RMB5,103 million or approximately 84% as compared with approximately RMB6,098 million in 2014. This was mainly attributable to the change of the Company's business model from "build-to-sell" to "build-and-hold". Turnover for the Period mainly came from Wangjing SOHO Tower 3, SOHO Fuxing Plaza, Qianmen Avenue project, SOHO Century Plaza, Guanghualu SOHO II, etc..

Property lease

Rental income in 2015 was approximately RMB1,052 million, representing an increase of approximately RMB628 million or approximately 148% as compared with approximately RMB424 million in 2014. This was attributable to the higher average occupancy rate of Wangjing SOHO Tower 3, SOHO Fuxing Plaza, Sky SOHO and Guanghualu SOHO II as compared to 2014, and the contributions from the newly completed Hongkou SOHO and Bund SOHO during the Year.

Profitability

Gross profit for 2015 was approximately RMB734 million, representing a decrease of approximately 76% as compared with approximately RMB3,078 million in 2014. Gross profit margin for the Period was approximately 74% (2014: 50%).

Profit before taxation for 2015 was approximately RMB1,407 million, representing a decrease of approximately 79% as compared with approximately RMB6,689 million in 2014. The decrease in profit before taxation was mainly due to the change of the Company's business model which led to a reduction in property sales.

Net profit attributable to the equity shareholders of the Company for 2015 was approximately RMB538 million, representing a decrease of approximately 87% as compared with 2014. Core net profit, excluding net valuation gains on investment properties, was approximately RMB423 million, representing a decrease of approximately 76% as compared with 2014. Core net profit margin for 2015 was approximately 42%.

Cost control

Selling expenses for 2015 was approximately RMB69 million, representing a decrease of approximately 65% as compared with approximately RMB200 million in 2014, due to the reduction of property sales caused by business model transition during the Period.

Administrative expenses for 2015 was approximately RMB251 million, representing a decrease of approximately 10% as compared with approximately RMB278 million in 2014, due to the Group's more strict cost control during the Period.

Financial income and expenses

Financial income for 2015 was approximately RMB380 million, representing 4.2% of the average cash and deposits balance in 2015 as compared with 6.1% in 2014. The decrease was mainly due to a lower level of cash balance.

Financial expenses for 2015 were approximately RMB927 million, representing an increase of approximately RMB597 million compared to that in 2014. The increase was due to a lesser amount of interest expenses being capitalized during the Period compared to that in 2014.

Valuation gains on investment properties

Valuation gains on investment properties for 2015 were approximately RMB204 million, mainly contributed by the valuation gains from investment properties completed during the Period.

Income tax

Income tax of the Group for 2015 comprised the PRC Corporate Income Tax, the Land Appreciation Tax and the Deferred Tax. PRC Corporate Income Tax for the Period was approximately RMB844 million, representing a decrease of approximately RMB1,694 million as compared with approximately RMB2,538 million in 2014. Land Appreciation Tax for the Period was approximately RMB73 million, representing a decrease of approximately RMB750 million as compared with approximately RMB823 million in 2014. Deferred Tax for the Period was approximately RMB253 million, representing an increase of RMB954 million as compared with approximately RMB1,207 million in 2014.

Senior notes, bank loans and collaterals

As disclosed in the Company's announcements dated 25 September 2015, 12 October 2015 and 19 October 2015, out of the US$400 million 7.125% senior notes due 2022, an aggregate principal amount of US$146,731,000 of the senior notes were tendered on 16 October 2015 with a remaining outstanding principal amount of US$253,269,000.

As disclosed in the Company's announcements dated 6 November 2015 and 7 December 2015, all the outstanding US$600 million 5.750% senior notes due 2017 were redeemed in full on 6 December 2015.

As of 31 December 2015, the bank loans of the Group were approximately RMB16,267 million, of which approximately RMB1,921 million are due within one year, approximately RMB3,501 million are due after one year but within two years, approximately RMB8,485 million are due after two years but within five years and approximately RMB2,360 million are due after five years. As of 31 December 2015, the Group's bank loans of approximately RMB16,267 million were collateralized by the Group's land use rights, properties and shares of certain subsidiaries or guaranteed by certain subsidiaries of the Group.

As of 31 December 2015, the Group had senior notes and bank loans of approximately RMB17,882 million, equivalent to approximately 25% of the total assets (31 December 2014: approximately 26%). Net debt (bank loans + senior notes – cash and cash equivalents and bank deposits) to total equity ratio was approximately 24% as of 31 December 2015 (31 December 2014: approximately 19%).

Risks of foreign exchange fluctuation and interest rate

The Group conducts its business primarily in Renminbi. Certain bank deposits and bank loans were denominated in Hong Kong dollars and US dollars, and the Group's senior notes were denominated in US dollars. In September 2013, the Group entered into an interest rate swap agreement for the syndicated loans denominated in US dollars (US$415 million) to hedge the potential interest rate risk. During the Year, the Group's operating cash flow and liquidity have not been subject to significant influence from the fluctuations in exchange rate.

Contingent liabilities

As of 31 December 2015, the Group had entered into agreements with certain banks to provide guarantees in respect of mortgage loans provided to buyers of property units. The amount of guaranteed mortgage loans relating to such agreements was approximately RMB4,482 million as of 31 December 2015 (approximately RMB6,433 million as of 31 December 2014).

In relation to the litigation with regard to the Bund 8-1 project, as disclosed in the Company's announcement dated 9 November 2015, the Higher People's Court of Shanghai issued a final appeal judgement, among other things, approving the withdrawal of all claims made by Zhejiang Fosun against the Group, revoking the trial judgement issued by Shanghai No.1 Intermediate People's Court of the PRC, and declaring the court acceptance fees for the first and second trials to be borne by Zhejiang Fosun.

Other than the above litigation, the Group is a defendant in certain lawsuits as well as the named party in other proceedings arising in the normal course of business. While the outcomes of such contingencies, lawsuits and proceedings cannot be determined at present, based on the information currently available and to the best knowledge, information and belief of the Board, any resulting liabilities will not have a material adverse effect on the financial position, liquidity or operating results of the Group.

Capital commitment

As of 31 December 2015, the Group's total capital commitments for properties under development was approximately RMB5,553 million (approximately RMB6,209 million as of 31 December 2014). The amount mainly comprised the contracted and the authorised but not contracted development cost of the existing projects.

Gearing ratio

As at 31 December 2015, the gearing ratio of the Group, being the total of bank and interest bearing borrowings (including senior notes) divided by the total assets was 24.89% (2014: 26.38%).

Pledge of assets

Certain investment properties of the Group were pledged against the bank loans, details are set out in Note 19 to the consolidated financial statements.

Employees and remuneration policy

As at 31 December 2015, the Group had 2,433 employees, including 250 employees for Commune by the Great Wall and 1,773 employees for the property management company.

The remuneration package of the Group's employees includes basic salary and bonuses. Bonuses are determined on a quarterly basis based on performance reviews. Pursuant to the terms of the share option scheme adopted by the Company on 14 September 2007, the Company granted share options to various directors and employees. The Company adopted the share award scheme (the "Employee's Share Award Scheme") on 23 December 2010 as part of its employees' remuneration package, and had granted shares of the Company (the "Shares") to various employees, including various Directors pursuant to the rules of the Employee's Share Award Scheme.

DIRECTORS' REPORT

PRINCIPAL ACTIVITIES

The principal activities of the Company include investment in real estate development, property leasing and property management. Details of the principal activities of the Group are set out in the section headed "Business Review" of this report. There were no significant changes in the nature of the Group's principal activities during the year ended 31 December 2015.

RESULTS AND DIVIDEND

The Group's profit for the Year and the financial status of the Company and the Group as at 31 December 2015 are set out in the audited consolidated financial statements.

In October 2015, the Board recommended the declaration and payment of the special dividend of RMB0.348 per share to the shareholders of the Company which has been approved by shareholders at the extraordinary general meeting of the Company held on 13 November 2015.

In March 2016, the Board recommended the declaration and payment of a special dividend of RMB0.348 per share to the shareholders of the Company which is subject to shareholders' approval at the 2016 AGM to be held on Wednesday, 18 May 2016. The Board did not recommend the declaration of final dividend for the year ended 31 December 2015 (2014: RMB0.13/share).

FINANCIAL INFORMATION SUMMARY

A summary of the published financial results of the Group for the last five financial years is set out below. This summary does not form part of the audited financial statements.

Consolidated income statement for the years ended 31 December:

	2015	2014	2013	2012 (Restated)	2011
RMB'000					
Turnover	**995,165**	6,098,088	14,621,436	16,142,984	5,684,822
Profit before taxation	**1,407,468**	6,689,396	12,470,385	18,194,772	6,861,880
Income tax	**(843,996)**	(2,537,935)	(5,034,304)	(7,547,921)	(2,375,458)
Profit for the year	**563,472**	4,151,461	7,436,081	10,646,851	4,486,422
Attributable to:					
Equity shareholders of the Company	**537,632**	4,079,831	7,388,049	10,584,876	3,892,308
Non-controlling interests	**25,840**	71,630	48,032	61,975	594,114
Basic earnings per share (RMB)	**0.104**	0.781	1.492	2.051	0.751
Diluted earnings per share (RMB)	**0.104**	0.780	1.404	1.897	0.716
Interim dividend per share (RMB)	–	0.12	0.12	0.12	0.14
Final dividend per share (RMB)	–	0.13	0.13	0.13	0.11
Special dividend per share (RMB)*	**0.696**	–	–	–	–

*Note:** Include special dividend announced in October 2015 and March 2016, with the amount of RMB0.348/share and RMB0.348/share respectively.

Consolidated balance sheet as at 31 December:

	2015	2014	2013	2012	2011
RMB'000					
Non-current assets	**57,714,069**	59,088,013	55,810,572	45,205,058	16,146,673
Current assets	**14,118,003**	17,731,159	22,012,453	35,372,513	43,533,101
Current liabilities	**12,007,112**	11,516,800	19,251,402	25,046,565	23,044,487
Net current assets	**2,110,891**	6,214,359	2,761,051	10,325,948	20,488,614
Total assets less current liabilities	**59,824,960**	65,302,372	58,571,623	55,531,006	36,635,287
Non-current liabilities	**22,102,432**	24,842,404	20,085,828	23,820,544	13,417,665
Net assets	**37,722,528**	40,459,968	38,485,795	31,710,462	23,217,622
Share capital	**106,112**	106,112	107,868	106,029	107,502
Reserves	**36,493,759**	39,257,039	37,352,740	30,593,478	21,615,261
Total equity attributable to equity shareholders of the Company	**36,599,871**	39,363,151	37,460,608	30,699,507	21,722,763
Non-controlling interests	**1,122,657**	1,096,817	1,025,187	1,010,955	1,494,859
Total equity	**37,722,528**	40,459,968	38,485,795	31,710,462	23,217,622

SHARE CAPITAL AND SHARE OPTIONS

Details of changes in the Company's share capital and share options during the Year and details of the pre-IPO share option scheme approved by the shareholders of the Company on 14 September 2007 (the "Pre-IPO Share Option Scheme") and the post-IPO share option scheme approved by the shareholders of the Company on 14 September 2007 (the "Share Option Scheme") are set out in Notes 23 and 25 to the audited consolidated financial statements.

RESERVES

Details of changes in the reserves of the Company and the Group during the Year are set out in Note 23 to the audited consolidated financial statements and the consolidated statements of changes in equity.

Details of the distributable reserves of the Company as at 31 December 2015 are set out in Note 23 to the audited consolidated financial statements.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's articles of association and there are no restrictions against such rights under the laws of the Cayman Islands.

PROPERTY AND EQUIPMENT

Details of changes in property and equipment of the Group during the Year are set out in Note 9 to the audited consolidated financial statements.

DISCLOSURE PURSUANT TO RULES 13.18 AND 13.21 OF THE LISTING RULES

On 27 September 2013, the Company, as borrower, entered into a credit agreement (the "2013 Credit Agreement") with a syndicate of banks for the US$415 million and HK$4,263 million (equivalent to approximately US$550 million) (the "Total Commitments of 2013 Syndicated Loan") 4-year transferable term loan facilities (the "2013 Syndicated Loan"). On 7 March 2016, the Company prepaid all the outstanding 2013 Syndicated Loan.

On 24 June 2014, the Company, as borrower, entered into a credit agreement (the "June 2014 Credit Agreement") with a syndicate of banks for the US$250 million (the "Total Commitments of 2014 Syndicated Loan") 5-year transferable term loan facilities (the "2014 Syndicated Loan"). On 4 March 2016, the Company prepaid all the outstanding 2014 Syndicated Loan in advance.

On 18 November 2014, the Company, as borrower, entered into a credit agreement (the "November 2014 Credit Agreement") with a bank for the HK$1,170 million (the "Total Commitments of 2014 Bilateral Loan") 5-year transferable term loan facilities (the "2014 Bilateral Loan").

Pursuant to the terms of the 2013 Credit Agreement, June 2014 Credit Agreement, and the November 2014 Credit Agreement, the Company as borrower and certain subsidiaries of the Company, as guarantors, must, among others, procure that:

1. Mr. Pan Shiyi ("Mr. Pan") and Mrs. Pan Zhang Xin Marita ("Ms. Zhang"), directly or indirectly through The Little Brothers Settlement ("the Trust") constituted on 25 November 2005 by a deed of settlement between Ms. Zhang as settlor and HSBC International Trustee Limited as original trustee and under which Ms. Zhang is also the protector and a beneficiary (the "Trust"), in the aggregate, remain the beneficial ownership of not less than 51% of the entire issued share capital of the Company; and

2. (i) Mr. Pan or Ms. Zhang remains as the chairman of the Company at all times; or (ii) Mr. Pan or Ms. Zhang remains as the chief executive officer of the Company at all times, unless the chairman or the chief executive officer is replaced by a person approved by the majority lenders within 30 days from the date each of Mr. Pan and Ms. Zhang cease to be either the chairman or the chief executive officer of the Company (as the case may be).

Failing that, among other things, all or part of the Total Commitments of 2013 Syndicated Loan, Total Commitments of 2014 Syndicated Loan and Total Commitments of 2014 Bilateral Loan may be cancelled and/or all outstanding liabilities of the Company under the 2013 Credit Agreement, June 2014 Credit Agreement, and the November 2014 Credit Agreement and/or other documentation in relation to the 2013 Syndicated Loan, the 2014 Syndicated Loan and the 2014 Bilateral Loan will become immediately due and payable. As at 31 December 2015, the Trust is the beneficial owner of approximately 63.9617% of the entire issued share capital of the Company.

DIRECTORS

The directors of the Company (the "Directors") during the Year and up to the date of this report are:

Executive Directors
Mr. Pan Shiyi *(Chairman)*
Mrs. Pan Zhang Xin Marita *(Chief Executive Officer)*
Ms. Yan Yan *(President)*
Mr. Jim Lam (appointed on 20 August 2015 and resigned on 11 September 2015)

Independent non-executive Directors ("INEDs")
Mr. Sun Qiang Chang (appointed on 8 May 2015)
Mr. Cha Mou Zing, Victor
Mr. Xiong Ming Hua (appointed on 8 May 2015)
Dr. Ramin Khadem (retired on 8 May 2015)
Mr. Yi Xiqun (retired on 8 May 2015)

Each of Mr. Pan Shiyi and Mrs. Pan Zhang Xin Marita has entered into a service contract with the Company for a term of three years commencing from 1 January 2014, which may be terminated by either party by serving not less than one month's prior written notice. Ms. Yan Yan has entered into a service contract with the Company commencing from 7 November 2012, which may be terminated by either party thereto giving to the other party not less than one month's prior written notice. Ms. Yan Yan is subject to retirement by rotation, at least once every three years pursuant to articles of association of the Company.

Save as disclosed above, no Director standing for re-election at the forthcoming AGM has a service contract with the Company or any of its subsidiaries which is not determinable by the Company within one year without payment of compensation other than statutory compensation.

BIOGRAPHIES OF DIRECTORS AND MEMBERS OF SENIOR MANAGEMENT

Executive Directors
Mr. Pan Shiyi
Chairman of the Board
Mr. Pan Shiyi, aged 52, is an executive Director and Chairman of the Board. Mr. Pan co-founded Redstone Industry Co., Ltd., the predecessor of the Company, in 1995. Since then he has led, together with his wife, Mrs. Pan Zhang Xin Marita, the development of all of the Company's projects. Before that, Mr. Pan co-founded Beijing Vantone Co., Ltd. in 1992.

Mr. Pan was elected as "Real Estate Person of the Year" by sina.com in 2009 and 2010, Ernst & Young Entrepreneur of the Year China 2008, one of the "Top Ten Influential Figures in Real Estate Industry" by sina.com in 2004 and 2006, one of the "25 most influential business leaders" in China by Fortune (China) Magazine in 2005. In 2011, Mr. Pan was selected again as "Real Estate Person of the Year" by sina.com and in 2012, he was selected as "China Real Estate Leader of the Year on Weibo" by sina.com. In June 2013, Mr. Pan was awarded the "Jury's special" of the 5th SEE-TNC Ecology Award. In December 2013, Mr. Pan was selected as "The Most Social Responsible Person in Real Estate" by Tencent.com.

In 2005, Mr. Pan and his wife Mrs. Pan Zhang Xin Marita established the SOHO China Foundation, a charity organization guided by the mission of advancing education as a means for alleviating poverty. In 2014, the SOHO China Foundation launched the SOHO China Scholarships, a USD100 million initiative supporting financial aid for Chinese students at leading international universities.

Mrs. Pan Zhang Xin Marita
Chief Executive Officer
Mrs. Pan Zhang Xin Marita, aged 50, is an executive Director and the Chief Executive Officer of the Company. Ms. Zhang co-founded Redstone Industry Co., Ltd., the predecessor of the Company, in 1995 and has since led, together with her husband Mr. Pan Shiyi, the development of all of the Company's projects.

Ms. Zhang was selected by the Davos World Economic Forum as a Young Global Leader in 2005, and her efforts to promote the development of architecture in Asia, earned her the Special Prize to an Individual Patron of Architectural Award at la Biennale di Venezia in 2002. Ms. Zhang has been listed repeatedly among the world's most powerful women in business by publications including Forbes Magazine, Fortune and the Financial Times Newspaper. Recognized as a key opinion leader in business, design and architecture, Ms. Zhang sits on the Council on Foreign Relations Global Board of Advisors and the Harvard University Global Advisory Council.

In 2005, Ms. Zhang and her husband Pan Shiyi established the SOHO China Foundation, a charity organization guided by the mission of advancing education as a means to alleviate poverty. In 2014, the SOHO China Foundation launched the SOHO China Scholarships, a USD100 million initiative supporting underprivileged Chinese students who wish to pursue education at leading international universities.

Ms. Yan Yan
President
Ms. Yan Yan, aged 52, is an executive Director and the Company's President. She is responsible for the business development and overall management of the Company. Ms. Yan joined the Company in December 1996 and had acted as Chief Operating Officer and Chief Financial Officer prior to her present position. Ms. Yan received a Bachelor of Civil Engineering degree from Tianjin University in 1986. She has over twenty years of relevant experience in the real estate development industry in China.

Independent non-executive Directors

Mr. Sun Qiang Chang
Mr. Sun Qiang Chang, aged 59, is an independent non-executive Director. He is the founder and current chairman of the China Venture Capital and Private Equity Association, and founder and executive vice chairman of China Real Estate Developers and Investors Association. He is also a member of the Asia Executive Board of the Wharton School, a member of the Asia Pacific Council of the Nature Conservancy and the founder and chairman of Black Soil Group Ltd., an agriculture investment and operating company. Prior to founding Black Soil Group Ltd., he was the chairman, Asia Pacific and member of the executive management group at Warburg Pincus, a global private equity firm. Mr. Sun has over 25 years of experience in the field of private equity investment in the United States and in Asia. Mr. Sun obtained his Bachelor of Arts degree from the Beijing Foreign Studies University and completed a post-graduate program offered by the United Nations, where he worked as a staff translator in New York for 3 years. Mr. Sun earned a joint degree of MA/MBA from the Joseph Lauder Institute of International Management and the Wharton School of the University of Pennsylvania.

Mr. Cha Mou Zing, Victor

Mr. Cha Mou Zing, Victor, aged 66, is an independent non-executive Director. He is the executive director, deputy chairman and managing director of HKR International Limited (a company listed on the Stock Exchange, Stock Code: 480) and an alternate independent non-executive director of New World Development Company Limited (a company listed on the Stock Exchange, Stock Code: 0017). Mr. Cha graduated from Stanford University with a Master of Business Administration degree and University of Wisconsin with a Bachelor of Science degree.

Mr. Xiong Ming Hua

Mr. Xiong Ming Hua, aged 51, is an independent non-executive Director. Mr. Xiong is the founder and chairman of seven Seas Partners, a venture capital firm focusing on investing cross border technology companies in the United States and China. Mr. Xiong was the Former Chief Technology Officer for Tencent Holdings Limited (a company listed on the Hong Kong Stock Exchange, Stock Code: 700) from 2005 to 2013, where he was responsible for product strategy planning of the overall platform, new product innovation, research and development of core technologies, and management for engineering excellence. Previously he worked at Microsoft Corporation for 9 years as program management in Internet Explorer, Windows and MSN product groups, and as founding director of MSN China Development Center. Prior to that, Mr. Xiong worked as staff programmer of Internet Division of IBM Corporation in New York. Mr. Xiong received his Bachelor of Engineering Degree in Information System Engineering from National University of Defense Technology in 1987 and a Master of Science Degree in Information Retrieval from Chinese Defense Science and Technology Information Center in Beijing in 1990.

Senior Management

Mr. Yin Jie

Senior Vice President

Mr. Yin Jie, aged 48, is our Senior Vice President and Chief Architect and is responsible for the overall project design. He joined the Company in 2009. Mr. Yin received his Bachelor degree from University of Washington in 1992 and is a registered architect in Washington State of the U.S. Prior to joining the Company, Mr. Yin practiced in a major U.S. architectural firm for seventeen years.

Mr. Gu Wei, Victor

Vice President

Mr. Gu Wei, Victor, aged 44, is our Vice President and General Counsel in charge of legal affairs, compliance and risk management. He joined the Company in 2013. Mr. Gu received a Juris Doctor degree from the University of California, Los Angeles in 2002. Before joining the Company, Mr. Gu was a partner with a world well-known international law firm.

Mr. Xu Qiang

Vice President

Mr. Xu Qiang, aged 43, is our Vice President in charge of property construction and development. He joined the Company in July 1999. Mr. Xu has acted as the project manager, project director and Vice President of our Company. During his 16 years of service with our Company, he has been in charge of project management of SOHO New Town, Jianwai SOHO, Guanghualu SOHO, Sanlitun SOHO and Wangjing SOHO. Mr. Xu received a bachelor of Heating Ventilation and Air Conditioning Engineering from Beijing Institute of Civil Engineering and Architecture in 1994.

Ms. Ni Kuiyang

Vice President

Ms. Ni Kuiyang, aged 38, is our Vice President and is responsible for accounting and cash management of the Company. Ms. Ni joined the Company in July 2008 and since then has acted as our finance manager, finance director and Vice President. Ms. Ni Kuiyang received her Bachelor Degree in Accounting from China University of Petroleum in 1999 and is a CPA holder. Prior to joining the Company, Ms. Ni worked for a listed company and an asset management company. Ms. Ni has extensive experience in accounting and financial management.

Mr. Qian Ting

Vice President

Mr. Qian Ting, aged 39, is our Vice President and is responsible for property leasing of the Company. Mr. Qian joined the Company in October 2002 and has acted as the director of our leasing department. Mr. Qian received his Bachelor Degree in Trade and Economy from Renmin University of China in 2000. Mr. Qian has 16 years' experience in property leasing in China.

Ms. Xu Jin

Vice President

Ms. Xujin, aged 44, is our Vice President and is responsible for property management of the Company. Ms. Xu joined the Company in February 2001 and since then has acted as director of human resources department, director of procurement department and Vice President. Ms. Xu received a Bachelor of Engineering Management degree from Beijing Wuzi University in 1994. She has over twenty years of relevant experience in the real estate development industry in China.

Ms. Mok Ming Wai

Company Secretary

Ms. Mok Ming Wai, the company secretary of the Company. Ms. Mok was appointed as the company secretary of the Company on 20 December 2013. Ms. Mok is a director of KCS Hong Kong Limited (a company secretarial services provider), she has over 20 years of professional and in-house experience in the company secretarial field. Ms. Mok is a fellow member of the Hong Kong Institute of Chartered Secretaries and the Institute of Chartered Secretaries and Administrators in the United Kingdom. She currently acts as the company secretary and joint company secretary of several listed companies.

DIRECTORS' REMUNERATION

The Directors' remunerations are determined by the Board, as authorized by the 2015 AGM held on 8 May 2015, with reference to Directors' duties, responsibilities and performance as well as the financial results of the Group.

Remuneration details of each Director for the year 2015 are set out as follows:

2015	Directors' fees RMB'000	Salaries, allowances and benefits in kind RMB'000	Retirement Scheme contributions RMB'000	Sub-total RMB'000	Share-based Payments (Note (i)) RMB'000	Total RMB'000
Chairman						
Pan Shiyi	240	5,706	44	5,990	–	5,990
Executive Directors						
Pan Zhang Xin Marita	240	5,058	–	5,298	–	5,298
Yan Yan	240	5,124	44	5,408	–	5,408
Jim Lam*	–	227	–	227	–	227
Independent non-executive Directors						
Ramin Khadem**	109	–	–	109	–	109
Cha Mou Zing, Victor	269	–	–	269	–	269
Yi Xiqun**	96	–	–	96	–	96
Xiong Ming Hua***	174	–	–	174	–	174
Sun Qiang Chang***	174	–	–	174	–	174
Total	1,542	16,115	88	17,745	–	17,745

* Jim Lam was appointed in August 2015 and resigned in September 2015.

** Ramin Khadem and Yi Xiqun retired in May 2015.

*** Xiong Ming Hua and Sun Qiang Chang were appointed in May 2015.

Note:

(i) These represent the fair value of awarded shares and share options granted to the Directors under the Employees' Share Award Scheme and the Share Option Scheme. The value of these awarded shares and share options is measured according to the Group's accounting policies for share-based payment transactions as set out in Note 1(p)(ii) of the audited consolidated financial statements. Details of these benefits in kind, including the principal terms and number of awarded shares and share options granted, are disclosed in Note 25 of the audited consolidated financial statements.

During the Year, no emoluments were paid by the Group to the Directors as an inducement to join or upon joining the Group or as compensation for loss of office. No Directors waived or agreed to waive any remuneration during the Year.

SENIOR MANAGEMENT'S REMUNERATION

The senior management's remuneration is determined with reference to the senior management's duties, responsibilities and performance as well as the financial results of the Group.

ANNUAL REMUNERATION PAYABLE TO THE MEMBERS OF SENIOR MANAGEMENT

The annual remuneration of the members of the senior management by band for the year ended 31 December 2015 is as follows:

Remuneration Bands (RMB)	Number of Individuals
0-1,000,000	0
1,000,001-2,000,000	1
2,000,001-3,000,000	2
3,000,001-4,000,000	3

INTERESTS AND SHORT POSITIONS OF THE DIRECTORS AND CHIEF EXECUTIVE OF THE COMPANY IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

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

(i) Interests in the ordinary shares of the Company

Name	Personal interests	Family interests	Corporate interests	Number of ordinary shares	Approximate percentage of shareholding
Pan Shiyi	–	3,324,100,000 (L) (Note 2)	–	3,324,100,000 (L)	63.9309%
Pan Zhang Xin, Marita	–	–	3,324,100,000 (L) (Note 3)	3,324,100,000 (L)	63.9309%
Yan Yan	16,184,891 (L)	–	–	16,184,891 (L)	0.3113%

Notes:

(1) (L) represents the Directors' long position in shares or underlying shares.

(2) Mr. Pan had deemed interests in 3,324,100,000 shares held by Boyce Limited and Capevale Limited, being the interest of his spouse, Mrs. Pan Zhang Xin Marita.

(3) Each of Boyce Limited and Capevale Limited ("Capevale BVI"), both of which are incorporated in the British Virgin Islands, was interested in 1,662,050,000 shares. Boyce Limited and Capevale BVI are the wholly-owned subsidiaries of Capevale Limited, which is incorporated in the Cayman Islands and HSBC International Trustee Limited (in its capacity as the trustee of the trust) is the legal owner of 100% of the shares in the issued share capital of Capevale Limited (incorporated in the Cayman Islands). HSBC International Trustee Limited held these shares under the trust for the benefit of the beneficiaries of the trust, including Mrs. Pan Zhang Xin Marita.

(ii) Interests in the ordinary shares of the Company's associated corporations

Name	Name of associated corporation	Nature of interest	Share capital (USD)	Approximate percentage of shareholding
Pan Shiyi	Beijing Redstone Jianwai Real Estate Development Co. Ltd.	interest of controlled corporation	1,275,000	4.25%
	Beijing SOHO Real Estate Co. Ltd.	beneficial owner	4,950,000	5.00%
	Beijing Redstone Newtown Real Estate Co. Ltd.	beneficial owner	500,000	5.00%
	Beijing Shanshi Real Estate Co., Ltd.	beneficial owner	1,935,000	5.00%
Yan Yan	Beijing Redstone Jianwai Real Estate Development Co. Ltd.	interest of controlled corporation	225,000	0.75%

Save as disclosed above, to the best knowledge of the Directors, as at 31 December 2015, none of the Directors or chief executive nor their associates of the Company had or was deemed to have any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporation (within the meaning of Part XV of the SFO) which are required pursuant to section 352 of the SFO to be recorded in the register referred to therein, or pursuant to the Model Code, to be notified to the Company and the Stock Exchange.

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

As at 31 December 2015, the register of substantial shareholders maintained by the Company pursuant to section 336 of the SFO showed that, other than the interests disclosed above in respect of certain Directors, the following shareholders of the Company had notified the Company of their relevant interests in the issued share capital of the Company:

Name	Nature of interest	Number of ordinary shares	Approximate percentage of shareholding
HSBC International Trustee Limited (Note 2)	Trustee	3,325,706,500 (L)	63.9617% (L)
Capevale Limited	Interests of controlled corporation	3,324,100,000 (L)	63.9309% (L)
Boyce Limited (Note 3)	Interests of controlled corporation	1,662,050,000 (L)	31.9654% (L)
Capevale Limited (Note 4)	Interests of controlled corporation	1,662,050,000 (L)	31.9654% (L)

Notes:

(1) (L) represents the shareholders' long position in shares or underlying shares.

(2) HSBC International Trustee Limited (in its capacity as the trustee of the trust) is the legal owner of 100% of the shares in the issued share capital of Capevale Limited, a company incorporated in the Cayman Islands. HSBC International Trustee Limited held 3,324,100,000 (L) shares under the trust for the benefit of the beneficiaries of the trust, including Mrs. Pan Zhang Xin Marita. Boyce Limited, which is incorporated in the British Virgin Islands held 1,662,050,000 (L) shares. Capevale Limited, which is incorporated in the British Virgin Islands held 1,662,050,000 (L) shares of the Company's shares.

(3) Boyce Limited, incorporated in the British Virgin Islands, is a wholly-owned subsidiary of Capevale Limited, a company incorporated in the Cayman Islands.

(4) Capevale Limited, incorporated in the British Virgin Islands, is a wholly-owned subsidiary of Capevale Limited, a company incorporated in the Cayman Islands.

Save as disclosed above, to the best knowledge of the Directors, as at 31 December 2015, none of any person who had interest or short position in the shares and underlying shares of the Company which were required, pursuant to section 336 of the SFO, to be recorded into the register referred to therein.

MANAGEMENT CONTRACTS

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

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

Save as disclosed in the section headed "Connected Transactions" of this report, no transactions, arrangements or contracts of significance, in relation to the Group's business to which the Company or any of its subsidiaries was a party in which a Director or an entity connected with a Director had a material interest, whether directly or indirectly, subsisted at the end of the Year or at any time during the Year.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

Save as disclosed in the Company's prospectus dated 21 September 2007, as at 31 December 2015, none of the Directors or their respective associates had engaged in or had any interest in any business which competes or may compete with the businesses of the Group.

DIRECTORS' RIGHTS TO ACQUIRE SHARES OF THE COMPANY

Save as disclosed in the sections headed "Share Option Scheme" below, at no time during the Year were rights to acquire benefits by means of the acquisition of shares in or debentures of the Company granted to any Directors or their respective spouse or minor children, nor were any such rights exercised by them; nor was the Company or any of its subsidiaries a party to any arrangement to enable any Directors to acquire such rights in any other body corporate.

PERMITTED INDEMNITY PROVISION

The Company's articles of association provides that every Director and other officers shall be entitled to be indemnified out of the assets and profits of the Company against all actions, costs, charges, losses, damages and expenses which he/she may incur or sustain by or by reason of any act done, concurred in or omitted in or about the execution of his/her duty, or supposed duty, in his/her respective office or trust or otherwise in relation thereto.

In addition, the Company has maintained appropriate directors and officers liability insurance in respect of relevant legal actions against the Directors.

EMPLOYEES' SHARE AWARD SCHEME

The Company adopted the Employees' Share Award Scheme on 23 December 2010. The purpose of the Employees' Share Award Scheme is to recognize the contributions by certain employees of the Group and to give incentives to them in order to retain them for the continual operation and development of the Group, and to attract suitable personnel for further development of the Group.

During the year, the trustee of the Employees' Share Award Scheme purchased on the Stock Exchange a total of 1,066,500 Shares at a total consideration of approximately HKD4,091,693 and sold on the Stock Exchange a total of 3,000 Shares at a total consideration of approximately HKD15,710 pursuant to the terms of the trust deed under the Employees' Share Award Scheme.

SHARE OPTION SCHEME

The Company has adopted the Share Option Scheme on 14 September 2007, which shall be valid and effective for a period of ten years commencing from 14 September 2007. The purpose of the Share Option Scheme is to provide the participants who have been granted options (the "Options") under the Share Option Scheme to subscribe for shares with the opportunity to acquire proprietary interests in the Company and to encourage participants to work towards enhancing the value of the Company for the benefit of the Company and shareholders as a whole. The Share Option Scheme will provide the Company with a flexible means of retaining, motivating, rewarding, remunerating, compensating and/or providing benefits to the participants. Under the Share Option Scheme, the Board may make an offer to (i) any Directors (including executive Directors, non – executive Directors and independent non-executive Directors), employees and officers of any member of the Group and (ii) any advisers, consultants, agents, business partners, joint venture business partners and service providers of any member of the Group (collectively, the "Business Associate"), as the Board may in its absolute discretion select, to take up the Options (collectively the "Participants"). The amount payable by a Participant upon acceptance of a grant of Options is HKD1.00.

Unless approved by the shareholders of the Company, the total number of shares issued and to be issued upon exercise of the Options granted to each Participant (including exercised, cancelled and outstanding Options) under the Share Option Scheme and any other share option scheme adopted by the Company in any twelve-month period must not exceed 1% of the shares in issue. Any further grant of Options which would result in the number of shares issued as aforesaid exceeding the said 1% limit will be subject to prior shareholders' approval with the relevant Participant and his close associates (as defined in the Listing Rules) abstaining from voting. The period within which the Options may be exercised shall expire no later than ten years from the relevant date on which the offer of the grant of an Option is made to a Participant.

The subscription price of any Option granted under the Share Option Scheme may be determined by the Directors provided that it shall be no less than the higher of (i) the closing price of the shares as stated in the daily quotation sheet issued by the Stock Exchange on the offer date; (ii) the average closing price of the shares as stated in the daily quotation sheets issued by the Stock Exchange for the five Stock Exchange business days immediately preceding the offer date; and (iii) the nominal value of a share on the date of grant.

Total number of shares available for issue under the Share Option Scheme is 8,184,000 shares, representing 0.16% of the issued shares as at the date of this annual report.

Details of the Options granted under the Share Option Scheme and those remained outstanding as at 31 December 2015 are as follows:

		Number of Options					
Name and class of grantees	Date of grant	Outstanding as at 1 January 2015	Granted during the Period	Exercised during the Period	Cancelled during the Period	Lapsed during the Period	Outstanding as at 31 December 2015
Director							
Yan Yan	6 November 2012 (Note 1)	8,184,000	–	–	–	–	8,184,000
Total		**8,184,000**	**–**	**–**	**–**	**–**	**8,184,000**

Note:

(1) Details of Options:

Number of Options granted	Exercise period	Exercise price per share HKD	Closing price per share immediately prior to the grant date HKD
8,184,000	6 November 2013 to 5 November 2022*	5.53	5.67

* The Options granted on 6 November 2012 are exercisable from the commencement of the exercise period until the expiry of the Options which is on 5 November 2022. One-tenth of such Options are exercisable during the first six years from the date of grant on an annual basis, and the remaining two-fifths of the option are exercisable after the expiry of the seventh year from the date of grant.

EQUITY-LINKED AGREEMENTS

Other than the Share Option Scheme and Employees' Share Award Scheme of the Company as set out in Directors' Report, no equity-linked agreements that will or may result in the Company issuing shares or that require the Company to enter into any agreements that will or may result in the Company issuing shares were entered into by the Company during the Year or subsisted at the end of the Year.

MAJOR SUPPLIERS AND CUSTOMERS

For the year ended 31 December 2015, the percentage of revenue from sales of goods or rendering of services of the Group to the Group's five largest customers amounted to less than 30%.

For the year ended 31 December 2015, the percentage of purchases by the Group for the Year attributable to the Group's five largest suppliers amounted to 51%, and the Group's largest supplier accounted for 20%.

So far as the Board is aware, neither the Directors, their close associates nor any shareholder of the Company (which to the knowledge of the Directors owns more than 5% of the Company's share capital) had any interest in these major customers and suppliers during the Year.

BUSINESS REVIEW

A review of the business of the Group during the year, a discussion on the Group's future business development and a discussion on the Group's environment policies are provided in the Chairman's Statement on pages 2 to 5 of this Annual Report. Description of possible risks and uncertainties that the Group may be facing can be found in the Chairman's Statement on pages 2 to 5. Also, the financial risk management policies of the Group can be found in Note 28 to the consolidated financial statements. Particulars of important events affecting the Group that have occurred since the end of the financial year ended 31 December 2015 are provided in Note 35 to the consolidated financial statements. An analysis of the Group's performance during the year using financial key performance indicators is provided in the Group Financial Summary on pages 24 to 25 of this Annual Report. In addition, relationships with its key stakeholders are provided in the Directors' Report on page 23 and pages 35 to 37 of this Annual Report. And compliance with relevant laws and regulations which have a significant impact on the Group are contained in the Corporate Governance Report on pages 40 to 50.

SUFFICIENCY OF PUBLIC FLOAT

Based on information that is publicly available to the Company and within the knowledge of the Directors, at least 25% of the Company's total issued share capital was held by the public as at the date of this annual report.

COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

In the opinion of the Directors, the Company had been in compliance with the Corporate Governance Code contained in Appendix 14 to the Listing Rules during the Year.

MATERIAL LEGAL PROCEEDINGS

Except for the information related to the Bund 8–1 Land project disclosed in the section headed "Contingent Liabilities" of this report, to the knowledge of the Directors, there was no material legal proceeding during the Year.

PURCHASE, SALE OR REDEMPTION OF LISTED SECURITIES OF THE COMPANY

During the Period, the Company has not repurchased any Shares on the Stock Exchange. The trustee of the Employees' Share Award Scheme purchased on the Stock Exchange a total of 1,066,500 Shares at a total consideration of approximately HKD4,091,693 and sold on the Stock Exchange a total of 3,000 Shares at a total consideration of approximately HKD15,710 pursuant to the terms of the trust deed under the Employees' Share Award Scheme. Other than the aforesaid, neither the Company nor any of its subsidiaries had purchased, sold, or redeemed any of the Company's listed securities during the Period.

DEBENTURE ISSUED

The Group has not issued any debenture during the year ended 31 December 2015.

AUDITOR

The consolidated financial statements of the Group for the Year have been audited by PricewaterhouseCoopers ("PwC"). A resolution for the re-appointment of PwC as auditors of the Company for the next financial year will be proposed at the forthcoming 2016 AGM.

On behalf of the Board
Pan Shiyi
Chairman
Hong Kong
8 March 2016

CONNECTED TRANSACTIONS

During the Year, the Group had the following continuing connected transaction (the "Transaction") with connected persons of the Company within the meaning of the Listing Rules. Details of the Transaction has been described in the prospectus of the public offering of the Company's shares dated 21 September 2007 (the "Prospectus") under the heading "Relationship with Our Controlling Shareholders and Founders". The status of the Transaction of the Group as at 31 December 2015 and for the year then ended is set out below:

Continuing connected transaction for which waiver had been sought from strict compliance with the announcement requirements under Rule 14A.35 of the Listing Rules:

As disclosed in the Prospectus, pursuant to an agreement dated 24 July 2007, the outstanding amounts from the Property purchase contracts between Beijing Hongyun Co., Ltd. ("Hongyun") and Beijing ZhongHongTian Real Estate Co., Ltd. ("ZhongHongTian") were in aggregate RMB3,916,128 as at 24 July 2007, 50% of which should be repayable by Hongyun on 30 June 2008 and the remaining 50% should be repayable by it on 31 December 2008. The outstanding amount bore an interest at the People's Bank of China's ("PBOC") lending rate till the repayment dates, i.e. 30 June 2008 and 31 December 2008, respectively. As at 31 December 2015, the balance of RMB3,916,128 remained outstanding and interests receivable of RMB498,210 thereon was recorded. Hongyun is a 17% shareholder of ZhongHongTian, the non-wholly owned subsidiary of the Company and accordingly, is a connected person of the Group.

The executive Directors and independent non-executive Directors have reviewed the Transaction during the Year and confirmed that the Transaction has been entered into:

1. in the ordinary and usual course of business of the Company and its subsidiaries;

2. either on normal commercial terms or, if there are not sufficient comparable transactions to judge whether it is on normal commercial terms, on terms no less favourable to the Company than terms available to or from (as appropriate) independent third parties; and

3. in accordance with the relevant agreement governing it on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole.

Further, the Company has engaged its auditor to perform procedures and report their findings regarding the Transaction entered into by the Group set out above for the year ended 31 December 2015. The auditor has issued a letter containing their findings and conclusions in respect of the Transaction set out above and a copy has been provided to the Stock Exchange. The Company confirms it has complied with the disclosure requirements in accordance with Chapter 14A of the Listing Rules.

CORPORATE GOVERNANCE REPORT

The Company is committed to upholding high standards of corporate governance which, it believes, is crucial to the development of the Company and safeguarding the interests of the shareholders of the Company. The Company has adopted sound governance and disclosure practices, and is committed to continuously improve these practices and inculcate an ethical corporate culture.

Under the terms of reference, the duties of the Board in respect of corporate governance are as follows:

1. to develop and review the policies and practices on corporate governance of the Group;

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

3. to review and monitor the Group's policies and practices on compliance with legal and regulatory requirements;

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

5. to review the Company's compliance with the Corporate Governance Code and disclosure in the corporate governance report of the Company.

In the opinion of the Directors, the Company had been in compliance with the code provisions of the Corporate Governance Code (the "Corporate Governance Code") as set out in Appendix 14 to the Listing Rules during the Year.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS OF LISTED ISSUERS (THE "MODEL CODE")

The Company has adopted the Model Code as set out in Appendix 10 to the Listing Rules as the code of conduct for securities transactions carried out by the Directors. The Company had made specific enquiry to all Directors and all Directors confirmed that they had complied with the required standard as set out in the Model Code throughout the Year.

BOARD OF DIRECTORS

The Board is responsible for the leadership and control of the Company and is collectively responsible for promoting the success of the Company by directing and supervising the Company's affairs. Under the leadership of the Chairman, the Board is also responsible for approving and overseeing the overall strategies and policies of the Company, approving the annual budget and business plans, assessing the Company's performance and supervising the work of the senior management.

The running of the day-to-day businesses of the Company is delegated by the Board to the management who is working under the leadership and supervision of the Board committees except that authority is reserved for the Board to approve interim and annual financial statements, dividend policy, annual budgets, business plan and significant operational matters.

The Board currently comprises six Directors, including three executive Directors, namely Mr. Pan Shiyi (Chairman), Mrs. Pan Zhang Xin Marita (Chief Executive Officer) and Ms. Yan Yan; and three independent non-executive Directors, namely Mr. Sun Qiang Chang, Mr. Cha Mou Zing, Victor and Mr. Xiong Ming Hua (Details of their biographical information are set out in the section headed "Biographies of Directors and members of senior management" of this report).

Regular Board meetings are held at least four times a year (at quarterly intervals) and any ad hoc meeting will be held when necessary. At least fourteen days notice will be given to all the Directors prior to any regular Board meeting and any relevant materials to be presented to a Board meeting will be provided to Directors at least three days before such Board meeting. The Directors are appointed by shareholders of the Company through ordinary resolutions or appointed by the Board to fill any existing vacancies on the Board or for new additions to the Board. At each AGM, one-third (or, if the number is not a multiple of three, the number nearest to but not less than one-third) of the Directors for the time being shall retire from office by rotation but are eligible for re-election and re-appointment.

The Chairman of the Board, Mr. Pan Shiyi, is the husband of Mrs. Pan Zhang Xin Marita, an executive Director and the Chief Executive Officer. Except for disclosed above, the Board members have no financial, business, family or other material/relevant relationships with each other.

The Board is established in accordance with the provisions of Rules 3.10 and 3.10A of the Listing Rules. Of the three independent non-executive Directors appointed, at least one or more are equipped with financial expertise and the number of independent non-executive Directors representing at least one-third of the Board.

The Board's composition demonstrates a balance of core competence with regard to the business of the Company, so as to provide effective leadership and the required expertise to the Company.

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

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

The Chairman of the Board and the Chief Executive Officer are currently two separate positions held by Mr. Pan Shiyi and Mrs. Pan Zhang Xin Marita respectively with clear distinction in responsibilities. The Chairman of the Board is responsible for the management and leadership of the Board to formulate overall strategies and business development directions for the Company, to ensure adequate, complete and reliable information is provided to all Directors in a timely manner, and to ensure the issues raised at the Board meetings are explained appropriately. The Chief Executive Officer is responsible for the day-to-day management of the business of the Company, implementation of the policies, business objectives and plans set by the Board and is accountable to the Board for the overall operation of the Company.

INDEPENDENT NON-EXECUTIVE DIRECTORS

The independent non-executive Directors were appointed for a term of three years, subject to retirement by rotation at AGM and being eligible, to offer themselves for re-election.

Pursuant to the guidelines provided in Rule 3.13 of the Listing Rules, the Company has received the confirmation of independence from each of the independent non-executive Directors, and thus the Board considers such Directors to be independent persons. The Board believes that the independent non-executive Directors are able to offer independent opinions on the Company's development strategy, risk management and management process, etc. so that the interests of the Company and all shareholders will be taken into consideration and duly safeguarded.

BOARD MEETINGS

During the Year, seven Board meetings were held and below is the attendance of each of the Directors at Board meetings:

Directors	Attendance/No. of Meetings
Executive Directors	
Pan Shiyi	7/7
Pan Zhang Xin Marita	7/7
Yan Yan	7/7
Jim Lam (appointed on 20 August 2015 and resigned on 11 September 2015)	N/A (Note)
Independent non-executive Directors	
Ramin Khadem (retired on 8 May 2015)	1/1
Cha Mou Zing, Victor	4/7
Yi Xiqun (retired on 8 May 2015)	1/1
Sun Qiang Chang (appointed on 8 May 2015)	5/5
Xiong Ming Hua (appointed on 8 May 2015)	5/5

Note: No Board meeting was held during Mr. Lam's term of office.

During the Board meetings, the senior management of the Company provided each Director with timely information regarding the business activities and developments of the Company and met with independent non-executive Directors to seek their views on the business development and operational matters of the Company.

PROVISION AND USE OF INFORMATION

- Minutes of all Board meetings and meetings of the Board committees are kept by designated secretaries, and will be available for inspection by any Director after giving reasonable notice.
- All Directors are entitled to receive advice and services from the Company Secretary to ensure due compliance with the terms of reference of the Board.
- Directors may have recourse to seek independent advice from professionals as appropriate and such fees incurred shall be borne by the Company.

AUDIT COMMITTEE

The Audit Committee comprises three independent non-executive Directors, namely Mr. Sun Qiang Chang, Mr. Cha Mou Zing, Victor and Mr. Xiong Ming Hua. The Audit Committee is chaired by Mr. Sun Qiang Chang, who has the appropriate accounting and financial management expertise as required under Rule 3.10(2) of the Listing Rules.

The Audit Committee is authorized by the Board to review the relevant financial reports and to give recommendations and advices, its duties include:

1. **Relationship with the Company's auditors**
The duty to make recommendations to the Board on the appointment, re-appointment or removal of external auditor(s); to review and monitor the external auditors' independence and objectivity and the effectiveness of the audit process; to develop and implement policies on the engagement of the external auditors for providing audit services; to meet with the external auditors and discuss matters relating to the audit, if necessary, in the absence of the management of the Company.

2. **Review of financial information of the Company**
The duty to monitor the integrity of financial statements of the Company as set out in the Company's annual reports and accounts and the half-yearly reports, and to review any significant views of financial reporting contained in them.

3. **Monitor the Company's financial reporting system, risk management and internal control systems**
Each of the Company's operational departments has established internal audit and supervisory functions for its operating procedures. The Audit Committee will also review the financial control, internal control and risk management systems to ensure adequate resources, including that sufficient staff with qualifications and experience in accounting and financial reporting, as well as training programs and budgets are allocated to operate the internal control procedures effectively.

In 2015, two meetings were held by the Audit Committee and below is the attendance of each of the committee members:

Committee Members	Attendance/No. of Meetings
Ramin Khadem *(Chairman)* (retired on 8 May 2015)	1/1
Cha Mou Zing, Victor	2/2
Yi Xiqun (retired on 8 May 2015)	1/1
Sun Qiang Chang *(Chairman)* (appointed on 8 May 2015)	1/1
XIong Ming Hua (appointed on 8 May 2015)	1/1

The Audit Committee had reviewed the internal audit plan report submitted by the internal audit department and the risk management and internal control systems, and recommended the Board on risk management and internal control matters. The Audit Committee has also reviewed the adequacy of resources, the interim results for the period ended 30 June 2015 and the audited consolidated annual results of the Company for the year ended 31 December 2015 and considered that the Company had complied with all applicable accounting standards and requirements and had made adequate disclosure.

The Audit Committee has reviewed the auditors' fee for the year 2015, and recommended the Board to re-appoint PwC as the auditors of the Company for the year 2016, which is subject to the approval of shareholders of the Company at the forthcoming 2016 AGM.

REMUNERATION COMMITTEE

The remuneration committee of the Company (the "Remuneration Committee") comprises three independent non-executive Directors, namely Mr. Cha Mou Zing, Victor, Mr. Sun Qiang Chang, and Mr. Xiong Ming Hua. The Remuneration Committee is chaired by Mr. Cha Mou Zing, Victor. The Remuneration Committee is mainly responsible for determining remuneration packages of individual executive Directors and senior management of the Company, appraising the performance of the executive Directors and senior management of the Company and making recommendations for their remuneration arrangements, as well as for assessing and making recommendations for staff benefits to the Board.

During the Year, one meeting was held by the Remuneration Committee and below is the attendance of each of the committee members:

Committee Members	Attendance/No. of Meeting
Cha Mou Zing, Victor *(Chairman)*	1/1
Ramin Khadem (retired on 8 May 2015)	1/1
Yi Xiqun (retired on 8 May 2015)	1/1
Sun Qiang Chang (appointed on 8 May 2015)	N/A (Note)
Xiong Ming Hua (appointed on 8 May 2015)	N/A (Note)

Note: The Remuneration Committee Meeting was held prior to the appointment of Mr. Sun and Mr. Xiong.

A complete record of the minutes of the Remuneration Committee meetings is kept by the Company Secretary. The Remuneration Committee had reviewed the Company's remuneration policies, the terms of the service contracts and the performance of all executive Directors and the senior management. In the opinion of the Remuneration Committee, the remuneration payable to all executive Directors and the senior management is in accordance with the terms of the service contracts, such remuneration is fair and reasonable, and does not create any additional burden for the Company.

Remuneration details of each Director for the year of 2015 are set out in the section headed "Directors' remuneration" of the Directors' Report and the Note 31 to the audited consolidated financial statements.

NOMINATION COMMITTEE

The nomination committee of the Company (the "Nomination Committee") comprises two independent non-executive Directors and one executive Director, namely Mr. Pan Shiyi, Mr. Cha Mou Zing, Victor and Mr. Xiong Ming Hua. The committee is chaired by Mr. Pan Shiyi. Details of the authorities and duties of the Nomination Committee are set out in its terms of reference. Its roles are highlighted as follows:

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

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

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

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

(5) conform to any requirement, direction, and regulation that may from time to time be prescribed by the Board or contained in the constitution of the Company or imposed by the Listing Rules or applicable law; and

(6) ensure the chairman of the Committee, or in the absence of the chairman, another member of the Committee or failing this his duly appointed delegate, to be available to answer questions at the annual general meeting of the Company.

During the Year, three meetings was held by the Nomination Committee and below is the attendance of each of the committee members:

Committee Members	Attendance/No. of Meeting
Cha Mou Zing, Victor *(Chairman)* (redesignated as member on 8 May 2015)	3/3
Pan Zhang Xin, Marita (ceased to be member on 8 May 2015)	0/1
Ramin Khadem (retired on 8 May 2015)	1/1
Pan Shiyi *(Chairman)* (appointed on 8 May 2015)	2/2
Xiong Ming Hua (appointed on 8 May 2015)	2/2

The Nomination Committee has discussed the structure, number of employees and composition of the Company.

PROCEDURE FOR NOMINATION OF DIRECTORS

1. When there is a vacancy in the Board, the Board evaluates the balance of skills, knowledge and experience of the Board, and identifies any special requirements for the vacancy (e.g. independence status in the case of an independent non-executive Director).

2. Prepare a description of the role and capabilities required for the particular vacancy.

3. Identify a list of candidates through personal contacts/recommendations by Board members, senior management, business partners or investors.

4. Arrange interview(s) with each candidate for the Board to evaluate whether he/she meets the established written criteria for nomination of directors. One or more members of the Board will attend the interview.

5. Conduct verification on information provided by the candidate.

6. Convene a Board meeting to discuss and vote on which candidate to nominate or appoint to the Board.

CRITERIA FOR NOMINATION OF DIRECTORS

1. Common criteria for all Directors

(a) Character and integrity.

(b) The willingness to assume board fiduciary responsibility.

(c) Present needs of the Board for particular experience or expertise and whether the candidate would satisfy those needs.

(d) Relevant experience, including experience at the strategy/policy setting level, high level managerial experience in a complex organization, industry experience and familiarity with the products and processes used by the Company.

(e) Significant business or public experience relevant and beneficial to the Board and the Company.

(f) Breadth of knowledge about issues affecting the Company.

(g) Ability to objectively analyse complex business problems and exercise sound business judgement.

(h) Ability and willingness to contribute special competencies to Board activities.

(i) Fit with the Company's culture.

2. Criteria applicable to non-executive Directors/independent non-executive Directors

(a) Willingness and ability to make a sufficient time commitment to the affairs of the Company in order to effectively perform the duties of a director, including attendance at and active participation in Board and committee meetings.

(b) Accomplishments of the candidate in his/her field.

(c) Outstanding professional and personal reputation.

(d) The candidate's ability to meet the independence criteria for directors established in the Listing Rules.

BOARD DIVERSITY POLICY

The Company adopted the Board Diversity Policy ("Policy") on 20 August 2013.

The Policy sets out the approach to achieve diversity on the Board, the details of which are set out below.

Policy Statement

The Company is committed to equality of opportunity in all aspects of its business and does not discriminate on the grounds of race, gender, disability, nationality, religious or philosophical belief, age, sexual orientation, family status or any other factor.

The Company continuously seeks to enhance the effectiveness of its Board and to maintain the highest standards of corporate governance and recognizes and embraces the benefits of having a diverse Board. The Company believes that a diversity of perspectives can be achieved through taking into account a range of factors, including but not limited to gender, age, cultural and educational background, ethnicity, professional experience, skills, knowledge and length of service. The Company sees promoting diversity of perspectives at the Board level as an essential element in supporting the achievement of its business and strategic objectives and maintaining its sustainable development.

Measurable Objectives

The Nomination Committee has primary responsibility for identifying qualified candidates to become members of the Board and, in carrying out this responsibility, will give adequate consideration to this Policy. Board appointments will continue to be made on a merit basis and candidates will be considered against objective criteria, with due regard for the benefits of diversity on the Board.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The Directors are responsible for supervising the preparation of the annual accounts, which give a true and fair view of the state of affairs, the operating results and the cash flows of the Group for the year. In preparing the accounts for the year ended 31 December 2015, the Directors have selected suitable accounting policies and adopted appropriate accounting standards. Based on judgements and estimates that are prudent and reasonable, the Directors had ensured that the accounts are prepared on the going concern basis. The Directors have confirmed that the consolidated financial statements of the Group are prepared in compliance with the statutory requirements and appropriate standards of accounting.

INTERNAL CONTROL AND RISK MANAGEMENT

The Board has the responsibility to maintain and review the Company's internal control system to ensure that the Company's assets and shareholders' interests are safeguarded. The Board also reviews the internal control and risk management systems on a regular basis to ensure their effectiveness.

The Company has set up an internal audit department, which is an important part of its internal control system. In 2015, the internal audit department adopted a risk oriented top-down approach to review the internal control of the important processes. Meanwhile, the Company conducted special audit on important operation units and business procedures including but not limited to cost management, construction project planning and progressing management, leasing management and property management. The internal audit department also worked on financial monitoring, operation monitoring, compliance monitoring and risk management, and ensured a sound and effective internal control system.

The Board is responsible for the internal control and risk management systems of the Company and conducts regular reviews on the effectiveness of the systems through the internal audit department. The Board considers that, during the Period, the existing internal control system has been operating in a healthy and effective manner in the finance, operation, compliance and risk management aspects.

AUDITORS' REMUNERATION

PwC is the independent external auditors of the Company. The remuneration amounts paid and payable by the Company to PwC for their services rendered for the year ended 31 December 2015 are set out below:

Services rendered	Fees paid/payable
Audit services for 2015	RMB4.01 million
Non-audit services:	
Hong Kong and Macau tax compliance service	RMB0.18 million
Due diligence services	–

EFFECTIVE COMMUNICATION WITH THE INVESTMENT COMMUNITY

The Company attaches great importance to the effective and close communication with investors. The investor relations team of the Company seeks to provide the most efficient and effective channel for our shareholders, bondholders and the investment community to gain information about the Company. In addition to the regular interim and annual result announcement and daily communicates through emails and phone calls, the investor relations team also takes frequent and active participation in global investment conferences.

During the Year, we attended more than ten global investor conferences held in Beijing, Shanghai, Hong Kong and Singapore, meeting institutional investors from global investment community and providing update of the Company. We held three corporate access events in Beijing and Shanghai, inviting investors and analysts to join the opening ceremonies of newly completely Hongkou SOHO, Bund SOHO and SOHO 3Q flagship center in Guanghualu SOHO II. In March and August 2015, the Company arranged road shows to visit investors spreading across the United States, the United Kingdom, Singapore and Hong Kong.

During the Year, the Company held an annual general meeting on 8 May 2015 ("2015 AGM") and an extraordinary general meeting on 13 November 2015 ("2015 EGM") and below is the attendance of each Director:

	Attendance/No. of Meeting	
	2015 AGM	2015 EGM
Executive Directors		
Mr. Pan Shiyi	1/1	1/1
Mrs. Pan Zhang Xin Marita	0/1	0/1
Ms. Yan Yan	0/1	1/1
Mr. Jim Lam (appointed on 20 August 2015 and resigned on 11 September 2015)	N/A	N/A
Independence Non-Executive Directors		
Dr. Ramin Khadem (retired on 8 May 2015)	1/1	N/A
Mr. Cha Mou Zing, Victor	0/1	0/1
Mr. Yi Xiqun (retired on 8 May 2015)	0/1	N/A
Mr. Sun Qiang Chang (appointed on 8 May 2015)	N/A	0/1
Mr. Xiong Ming Hua (appointed on 8 May 2015)	N/A	0/1

The 2015 AGM provided an ideal chance for communication between the Board and the shareholders of the Company. The chairmen of the Board and the Audit Committee and the external auditors were all present at the 2015 AGM to answer shareholders' inquiries.

The 2015 EGM was convened by the Board and held to consider the declaration and payment of special dividend and re-election of Mr. Sun Qiang Chang and Mr. Xiong Ming Hua as independence non-executive directors of the Company.

COMPANY SECRETARY

The Company engages Ms. Mok Ming Wai, a director of KCS Hong Kong Limited, as its company secretary. Her primary corporate contact person at the Company is Mr. Gu Wei, Victor, the Vice President and General Counsel of the Company. In compliance with rule 3.29 of the Listing Rules, Ms. Mok, has undertaken no less than 15 hours of relevant professional training during the Year.

SHAREHOLDERS' RIGHTS

Convening of extraordinary general meeting and putting forward proposals

Under the articles of association of the Company, any one or more shareholders holding at the date of deposit of the requisition not less than one-tenth (1/10) of the paid up capital of the Company which carries the right of voting at general meeting can require an extraordinary general meeting ("EGM") to be called by the Board for the transaction of any business specified in such requisition. The procedures for shareholders to convene and put forward proposals at an EGM are stated as follows:

(1) The requisitionist(s) should sign a written request stating the objects of the meeting to be convened, and deposit the same at the principal place of business of the Company in Hong Kong situated at 36/F, Tower Two, Times Square, 1 Matheson Street, Causeway Bay, Hong Kong for the attention of the Company Secretary.

(2) Where, within 21 days from the date of deposit of the requisition, the Directors do not proceed to convene an EGM, the requisitionist(s) himself (themselves) may convene the general meeting in the same manner, as that in which meetings may be convened by the Board, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company.

Enquiries to the Board

Shareholders of the Company who intend to put forward their enquiries about the Company to the Board could email their enquiries to ir@sohochina.com.

Amendments to the Company's memorandum and articles of association

There was no significant change in the Company's constitutional documents during the Year.

TRAINING FOR DIRECTORS

The Company will provide a comprehensive, formal and tailored induction to each newly appointed Director on his or her first appointment in order to enable he/she has appropriate understanding of the business and operations of the Company that he/she is fully aware of his/her responsibilities and obligations under the Listing Rules and relevant regulatory requirements.

All the Directors namely Mr. Pan Shiyi, Mrs. Pan Zhang Xin Marita, Ms. Yan Yan, Mr. Sun Qiang Chang, Mr. Cha Mou Zing, Victor and Mr. Xiong Ming Hua were provided with regular updates on the Group's business, operations, and financial matters as well as regulatory updates on applicable legal and regulatory requirements. In addition, all Directors also participated in other courses relating to the roles, functions and duties of a listed company director or further enhancements of their professional development by way of attending training courses or via on-line aids or reading relevant materials.

CORPORATE INFORMATION

Executive Directors	Pan Shiyi *(Chairman)* Pan Zhang Xin Marita *(Chief Executive Officer)* Yan Yan
Independent non-executive Directors	Sun Qiang Chang (appointed on 8 May 2015) Cha Mou Zing, Victor Xiong Ming Hua (appointed on 8 May 2015)
Company Secretary	Mok Ming Wai
Members of the Audit Committee	Sun Qiang Chang *(Chairman)* (appointed on 8 May 2015) Cha Mou Zing, Victor Xiong Ming Hua (appointed on 8 May 2015)
Members of the Remuneration Committee	Cha Mou Zing, Victor *(Chairman)* Sun Qiang Chang (appointed on 8 May 2015) Xiong Ming Hua (appointed on 8 May 2015)
Members of the Nomination Committee	Pan Shiyi *(Chairman)* (appointed on 8 May 2015) Cha Mou Zing, Victor (redesignated from chairman to member on 8 May 2015) Xiong Ming Hua (appointed on 8 May 2015)
Authorised Representatives	Pan Zhang Xin Marita Mok Ming Wai
Registered Office	Cricket Square Hutchins Drive P.O. Box 2681 Grand Cayman KY1-1111 Cayman Islands
Corporate Headquarters	11F, Section A Chaowai SOHO No. 6B Chaowai Street Chaoyang District Beijing 100020 China
Principal Place of Business in Hong Kong	36/F Tower Two Times Square 1 Matheson Street Causeway Bay Hong Kong

Cayman Islands Principal Share Registrar and Transfer Office	Royal Bank of Canada Trust Company (Cayman) Limited 4th Floor, Royal Bank House 24 Shedden Road, George Town Grand Cayman KY1-1110 Cayman Islands
Hong Kong Branch Share Registrar and Transfer Office	Computershare Hong Kong Investor Services Limited Shops 1712–1716 17th Floor Hopewell Centre 183 Queen's Road East Wanchai Hong Kong
Hong Kong Legal Advisors	Stephenson Harwood 18th Floor, United Centre 95 Queensway Hong Kong
Auditors	PricewaterhouseCoopers 22/F, Prince's Building 10 Chater Road Central, Hong Kong
Principal Banker	Agricultural Bank of China Limited Bank of China Limited Bank of Communications Co., Ltd. China Everbright Bank Company Limited China Merchants Bank Co., Ltd. Industrial and Commercial Bank of China Limited Standard Chartered Bank (Hong Kong) Limited The Hong Kong and Shanghai Banking Corporation Limited
Website address	www.sohochina.com
Stock Code	410

INDEPENDENT AUDITOR'S REPORT

To the shareholders of SOHO China Limited
(incorporated in Cayman Islands with limited liability)

We have audited the consolidated financial statements of SOHO China Limited (the 'Company') and its subsidiaries set out on pages 3 to 80, which comprise the consolidated balance sheets as at 31 December 2015, and the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants and the disclosure 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 our agreed terms of engagement and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

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

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

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

OPINION

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

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 8 March 2016

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2015
(Expressed in Renminbi)

	Note	2015 RMB'000	2014 RMB'000
Turnover	2(b)	**995,165**	6,098,088
Cost of sales		**(261,248)**	(3,019,934)
Gross profit		**733,917**	3,078,154
Valuation gains on investment properties	8	**204,053**	3,125,477
Other gains – net	3(b)	**1,238,003**	597,834
Other revenue and income		**408,462**	261,702
Selling expenses		**(69,413)**	(199,703)
Administrative expenses		**(250,859)**	(278,120)
Other operating expenses		**(298,545)**	(273,971)
Profit from operations		**1,965,618**	6,311,373
Financial income	3(a)	**380,485**	707,742
Financial expenses	3(a)	**(926,911)**	(329,719)
Share of results of joint venture		**(11,724)**	–
Profit before taxation		**1,407,468**	6,689,396
Income tax	5(a)	**(843,996)**	(2,537,935)
Profit for the year		**563,472**	4,151,461
Attributable to:			
Equity shareholders of the Company		**537,632**	4,079,831
Non-controlling interests		**25,840**	71,630
Profit for the year		**563,472**	4,151,461
Earnings per share (RMB per share)	7		
Basic		**0.104**	0.781
Diluted		**0.104**	0.780

The notes on pages 11 to 80 are an integral part of these consolidated financial statements. Details of dividends payable to equity shareholders of the Company attributable to the profit for the year are set out in Note 23(a).

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2015
(Expressed in Renminbi)

	Note	**2015** **RMB'000**	2014 RMB'000
Profit for the year		**563,472**	4,151,461
Other comprehensive income for the year			
Items that may be reclassified to profit or loss			
Reclassification from other comprehensive income to profit or loss	*3(b)(i)*	**(72,323)**	(348,418)
Exchange differences on translation of financial statements of foreign operations	*23(c)(iii)*	**(749,481)**	(90,252)
Other comprehensive income for the year		**(821,804)**	(438,670)
Total comprehensive income for the year		**(258,332)**	3,712,791
Attributable to:			
Equity shareholders of the Company		**(284,172)**	3,641,161
Non-controlling interests		**25,840**	71,630
Total comprehensive income for the year		**(258,332)**	3,712,791

The notes on pages 11 to 80 are an integral part of these consolidated financial statements.

CONSOLIDATED BALANCE SHEET

At 31 December 2015
(Expressed in Renminbi)

	Note	2015 RMB'000	2014 RMB'000
Non-current assets			
Investment properties	*8*	**55,004,000**	52,875,060
Property and equipment	*9*	**843,691**	650,618
Bank deposits	*17*	**354,689**	39,485
Intangible assets		**8,063**	–
Interest in joint ventures	*11*	**11,026**	4,057,032
Deferred tax assets	*13(b)*	**1,439,106**	1,441,063
Long-term receivables		**53,494**	24,755
		57,714,069	59,088,013
Current assets			
Properties under development and completed properties held for sale	*14*	**4,204,072**	3,982,897
Deposits and prepayments	*15*	**455,155**	633,569
Trade and other receivables	*16*	**801,209**	675,884
Bank deposits	*17*	**251,600**	377,008
Cash and cash equivalents	*18*	**8,405,967**	12,061,801
		14,118,003	17,731,159
Total assets		**71,832,072**	76,819,172
Equity and liabilities			
Equity attributable to owners of the Company	*23*		
Share capital		**106,112**	106,112
Reserves		**36,493,759**	39,257,039
Non-controlling interests		**1,122,657**	1,096,817
Total equity		**37,722,528**	40,459,968

The notes on pages 11 to 80 are an integral part of these consolidated financial statements.

At 31 December 2015
(Expressed in Renminbi)

	Note	2015 RMB'000	2014 RMB'000
Liabilities			
Non-current liabilities			
Bank loans	*19*	**14,345,757**	12,846,904
Senior notes	*22*	**1,614,493**	6,062,108
Contract retention payables		**135,346**	178,603
Deferred tax liabilities	*13(b)*	**6,001,871**	5,750,771
Derivative financial instruments	*12*	**4,965**	4,018
		22,102,432	24,842,404
Current liabilities			
Bank loans	*19*	**1,921,483**	1,353,285
Rental and sales deposits	*20*	**320,222**	337,270
Trade and other payables	*21*	**4,578,666**	4,620,667
Taxation	*13(a)*	**5,186,741**	5,205,578
		12,007,112	11,516,800
Total liabilities		**34,109,544**	36,359,204
Total equity and liabilities		**71,832,072**	76,819,172

The financial statements were approved by the Board of Directors on 8 March 2016 and were signed on its behalf.

Pan Shiyi
Director

Pan Zhang Xin Marita
Director

The notes on pages 11 to 80 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2015
(Expressed in Renminbi)

		Attributable to equity shareholders of the Company											
	Note	Share capital RMB'000	Share premium RMB'000	Treasury shares RMB'000	Capital redemption reserve RMB'000	Capital reserve RMB'000	Exchange reserve RMB'000	Revaluation reserve RMB'000	General reserve fund RMB'000	Retained profits RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
Balance at 1 January 2014		107,868	9,427,382	(39,932)	7,904	47,168	(376,480)	189,527	524,947	27,572,224	37,460,608	1,025,187	38,485,795
Profit for the year		–	–	–	–	–	–	–	–	4,079,831	4,079,831	71,630	4,151,461
Other comprehensive income		–	–	–	–	–	(438,670)	–	–	–	(438,670)	–	(438,670)
Total comprehensive income		–	–	–	–	–	(438,670)	–	–	4,079,831	3,641,161	71,630	3,712,791
Repurchase of own shares	*23(b)(i)*												
– Par value paid		(1,757)	–	–	–	–	–	–	–	–	(1,757)	–	(1,757)
– premium paid		–	(436,580)	–	–	–	–	–	–	–	(436,580)	–	(436,580)
– transfer between reserves		–	(1,757)	–	1,757	–	–	–	–	–	–	–	–
Treasury shares	*23(b)(ii)*	–	–	(2,092)	–	–	–	–	–	–	(2,092)	–	(2,092)
Dividends approved in respect of the previous year	*23(a)(ii)*	–	(683,483)	–	–	–	–	–	–	–	(683,483)	–	(683,483)
Dividends declared in respect of the current year	*23(a)(i)*	–	(623,722)	–	–	–	–	–	–	–	(623,722)	–	(623,722)
Shares issued under the employees' share option schemes	*23(b)(i)*	1	283	–	–	(67)	–	–	–	–	217	–	217
Employees' share award scheme	*25(b)*	–	–	–	–	8,180	–	–	–	–	8,180	–	8,180
Employees' share option schemes	*25(a)*	–	–	–	–	1,188	–	–	–	–	1,188	–	1,188
Vesting of shares under employees' share award scheme	*25(b)*	–	1,095	5,991	–	(7,086)	–	–	–	–	–	–	–
Transfer to general reserve fund	*23(c)(v)*	–	–	–	–	–	–	–	26,393	(26,393)	–	–	–
Hedging		–	–	–	–	(569)	–	–	–	–	(569)	–	(569)
Balance at 31 December 2014		106,112	7,683,218	(36,033)	9,661	48,814	(815,150)	189,527	551,340	31,625,662	39,363,151	1,096,817	40,459,968

The notes on pages 11 to 80 are an integral part of these consolidated financial statements.

For the year ended 31 December 2015
(Expressed in Renminbi)

		Attributable to equity shareholders of the Company											
	Note	Share capital RMB'000	Share premium RMB'000	Treasury shares RMB'000	Capital redemption reserve RMB'000	Capital reserve RMB'000	Exchange reserve RMB'000	Revaluation reserve RMB'000	General reserve fund RMB'000	Retained profits RMB'000	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
Balance at 1 January 2015		106,112	7,683,218	(36,033)	9,661	48,814	(815,150)	189,527	551,340	31,625,662	39,363,151	1,096,817	40,459,968
Profit for the year		–	–	–	–	–	–	–	–	537,632	537,632	25,840	563,472
Other comprehensive income		–	–	–	–	–	(821,804)	–	–	–	(821,804)	–	(821,804)
Total comprehensive income		–	–	–	–	–	(821,804)	–	–	537,632	(284,172)	25,840	(258,332)
Treasury shares	*23(b)(ii)*	–	–	(3,357)	–	–	–	–	–	–	(3,357)	–	(3,357)
Dividends approved in respect of the previous year	*23(a)(ii)*	–	(674,874)	–	–	–	–	–	–	–	(674,874)	–	(674,874)
Dividends declared in respect of the current year	*23(a)(i)*	–	(1,806,978)	–	–	–	–	–	–	–	(1,806,978)	–	(1,806,978)
Employees' share award scheme	*25(b)*	–	–	–	–	5,796	–	–	–	–	5,796	–	5,796
Employees' share option schemes	*25(a)*	–	–	–	–	1,252	–	–	–	–	1,252	–	1,252
Vesting of shares under employees' share award scheme	*25(b)*	–	1,376	7,052	–	(8,428)	–	–	–	–	–	–	–
Transfer to general reserve fund	*23(c)(v)*	–	–	–	–	–	–	–	16,096	(16,096)	–	–	–
Hedging	*12*	–	–	–	–	(947)	–	–	–	–	(947)	–	(947)
Balance at 31 December 2015		106,112	5,202,742	(32,338)	9,661	46,487	(1,636,954)	189,527	567,436	32,147,198	36,599,871	1,122,657	37,722,528

The notes on pages 11 to 80 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2015
(Expressed in Renminbi)

	2015 RMB'000	2014 RMB'000
Operating activities		
Profit before taxation	**1,407,468**	6,689,396
Adjustments for:		
Valuation gains on investment properties	**(204,053)**	(3,125,477)
Depreciation	**43,419**	31,842
Financial income	**(380,485)**	(707,742)
Interest expense	**860,092**	260,553
Share of results joint ventures	**11,724**	–
Net foreign exchange losses	**36,550**	34,975
Impairment losses recognised for trade and other receivables	**20,278**	1,384
Losses on sale of property and equipment	**–**	501
Gains from disposal of subsidiaries	**(114,728)**	(256,678)
Gains from liquidation of subsidiaries	**(72,323)**	(348,418)
Gains from disposal of joint venture	**(1,050,952)**	–
Loss on disposal of investment properties	**–**	7,262
Equity-settled share-based payment expense	**7,048**	9,368
Changes in working capital:		
Decrease in deposits and prepayments	**26,591**	99,583
(Increase)/decrease in trade and other receivables	**(137,432)**	21,084
(Increase)/decrease in properties under development and completed properties held for sale	**(266,657)**	3,003,452
Decrease in rental and sales deposits	**(17,048)**	(2,775,071)
Increase in trade and other payables	**10,010**	10,647
Cash generated from operations	**179,502**	2,956,661
Interest received	**380,485**	707,742
Interest paid	**(1,352,459)**	(990,583)
Income tax paid	**(651,286)**	(6,050,006)
Net cash used in operating activities	**(1,443,758)**	(3,376,186)

The notes on pages 11 to 80 are an integral part of these consolidated financial statements.

For the year ended 31 December 2015
(Expressed in Renminbi)

	2015 RMB'000	2014 RMB'000
Investing activities		
Payment for development costs and purchase of investment properties	**(1,355,122)**	(2,115,980)
Purchase of property and equipment	**(176,674)**	(13,340)
Purchase of Intangible assets	**(8,063)**	–
Purchase of property under development	**(530,799)**	–
Proceeds from sale of property and equipment	**425**	2,902
Decrease in term deposits with banks and other financial institutions over 3 months	**100,000**	958,796
(Increase)/decrease in bank deposits	**(189,796)**	104,807
Repayment from related parties	**–**	31,000
Proceeds from disposal of subsidiaries	**656,460**	3,068,547
Proceeds from disposal of joint venture	**5,085,234**	–
Proceeds from disposal of completed investment properties	**24,755**	3,009,045
Net cash generated from investing activities	**3,606,420**	5,045,777
Financing activities		
Proceeds from bank loans	**3,674,058**	7,149,918
Repayment of bank loans	**(2,071,040)**	(4,103,864)
Repurchase of senior notes	**(4,848,542)**	–
Payment of facility agent fee	**(72,599)**	–
Repurchase of own shares	**–**	(438,337)
Proceeds from shares issued under the employees' share option schemes	**–**	217
Payment for purchase of treasury shares for employees' share award scheme	**(3,357)**	(2,092)
Dividends paid to equity shareholders of the Company	**(2,481,852)**	(1,307,205)
Net cash (used in)/generated from generated from financing activities	**(5,803,332)**	1,298,637
Net (decrease)/increase in cash and cash equivalents	**(3,640,670)**	2,968,228
Cash and cash equivalents at 1 January	**11,961,801**	9,069,485
Exchange gains/(losses)on cash and cash equivalents	**84,836**	(75,912)
Cash and cash equivalents at 31 December	**8,405,967**	11,961,801

The notes on pages 11 to 80 are an integral part of these consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 SIGNIFICANT ACCOUNTING POLICIES

(a) Statement of compliance

These financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (HKFRSs), which collectively include all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (HKASs) and Interpretations issued by the Hong Kong Institute of Certified Public Accountants (HKICPA), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited. A summary of the significant accounting policies adopted by the Group is set out below.

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

(b) Basis of preparation of the financial statements

The consolidated financial statements for the year ended 31 December 2015 comprise the Group and the Group's interests in joint ventures.

The functional currency of the Company is Hong Kong dollars ("HKD"). The consolidated financial statements are presented in Renminbi ("RMB"), rounded to the nearest thousand, which is the functional currency of the subsidiaries carrying out the principal activities of the Group.

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

– investment properties (see Note 1(g));

– office premises (see Note 1(i));

– financial assets at fair value through profit or loss (see Note 1(f)(i)); and

– derivative financial instruments (see Note 1(f)(ii)).

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

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

Judgements made by management in the application of HKFRSs that have significant effect on the financial statements and major sources of estimation uncertainty are discussed in Note 32.

1 SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Changes in accounting policies

The HKICPA has issued several amendments to HKFRSs that are first effective for the current accounting period of the Group. Of these, the following developments are relevant to the Group's financial statements, and have no material impact on the Group:

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 the improvements made in the 2010–2012 Cycle has required additional disclosures in the segment note. Other than that, the remaining amendments are not material to the Group.

(d) Subsidiaries and non-controlling interests

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.

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

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

1 SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) Subsidiaries and non-controlling interests (continued)

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

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

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

In the Company's balance sheet, an investment in a subsidiary is stated at cost less impairment losses (see Note 1(l)), unless the investment is classified as held for sale (or included in a disposal group that is classified as held for sale).

(e) Joint ventures

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.

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

1 SIGNIFICANT ACCOUNTING POLICIES (continued)

(e) **Joint ventures** (continued)

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

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

When the Group ceases to joint control over a joint venture, except for the case of partial disposal of joint venture into an associate, it is accounted for as a disposal of the entire interest in that investee, with a resulting gain or loss being recognised in profit or loss. Any interest retained in that former investee at the date when significant influence or joint control is lost is recognised at fair value and this amount is regarded as the fair value on initial recognition of a financial asset.

In the Company's balance sheet, investments in joint ventures are stated at cost less impairment losses (see Note 1(l)), unless classified as held for sale (or included in a disposal group that is classified as held for sale).

(f) **Financial instruments**

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

A financial asset is classified as at fair value through profit or loss if it is classified as held-for-trading or is designated as such upon initial recognition. Financial assets are designated at fair value through profit or loss if the Group manages such investments and makes purchase and sale decisions based on their fair value in accordance with the Group's documented risk management or investment strategy. Attributable transaction costs are recognised in profit or loss as incurred. Financial assets at fair value through profit or loss are measured at fair value, and changes therein are recognised in profit or loss.

(ii) Derivative financial instruments

Derivative financial instruments are recognised initially at fair value. At the balance sheet date the fair value is remeasured. The gain or loss on remeasurement to fair value is recognised immediately in profit or loss, except where the derivatives qualify for cash flow hedge accounting, in which case recognition of any resultant gain or loss depends on the nature of the item being hedged.

The gain or loss relating to the ineffective portion of changes in the fair value of derivatives that are designated and qualified as cash flow hedges is recognised immediately in the income statement within 'other gains – net'.

1 SIGNIFICANT ACCOUNTING POLICIES (continued)

(f) Financial instruments (continued)

(ii) Derivative financial instruments (continued)

Amounts accumulated in equity are reclassified to profit or loss in the period when the hedged item affects profit or loss (for example, when the forecast sale that is hedged takes place). The gain or loss relating to the effective portion of interest rate swaps hedging variable rate borrowings is recognised in the income statement within 'other revenue'. However, when the forecast transaction that is hedged results in the recognition of a non-financial asset (for example, inventory or plant and equipment), the gains and losses previously deferred in equity are transferred from equity and included in the initial measurement of the cost of the asset. The deferred amounts are ultimately recognised in cost of goods sold in the case of inventory or in depreciation in the case of fixed assets.

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in the income statement. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the income statement within 'other gains – net'.

(g) Investment properties

Investment properties are land and/or buildings which are owned to earn rental income and/or for capital appreciation. These include land held for a currently undetermined future use and property that is being constructed or developed for future use as investment property. Land held under operating leases are accounted for as investment properties when the rest of the definition of an investment property is met. In such cases, the operating leases concerned are accounted for as if they were finance leases.

Investment property is measured initially at cost, including related transaction costs and borrowing costs, where applicable.

After initial recognition, investment properties, including completed investment properties and investment properties under construction, are stated at fair value, unless they are still in the course of construction or development at the balance sheet date and their fair value cannot be reliably determined at that time.

Fair value is assessed by a professional independent value, 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. 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.

Any gain or loss arising from a change in fair value or from the retirement or disposal of an investment property is recognised in profit or loss. Rental income from investment properties is accounted for as described in Note 1(s)(ii).

1 SIGNIFICANT ACCOUNTING POLICIES (continued)

(g) Investment properties (continued)

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.

Transfers to or from, investment property shall be made when, and only when, there is a change in use, evidenced by:

(a) Commencement of an operating lease to another party, for a transfer from inventories to investment property.

(b) Commencement of development with a view to sale, for a transfer from investment property to inventories.

When an entity decides to dispose of an investment property without development, it continues to treat the property as an investment property until it is derecognised (eliminated from the statement of financial position) and does not treat it as inventory. Similarly, if an entity begins to redevelop an existing investment property for continued future use as investment property, the property remains an investment property and is not reclassified as owner-occupied property during the redevelopment.

(h) Intangible asset

(i) Computer software

Acquired computer software licenses are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful lives, which do not exceed 10 years. Costs associated with maintaining computer software programmes are recognised as an expense as incurred

(i) Property and equipment

Office premises are stated at their revalued amount, being their fair value at the date of the revaluation less any subsequent accumulated depreciation.

Revaluations are performed with sufficient regularity to ensure that the carrying amount of these assets does not differ materially from that which would be determined using fair values at the balance sheet date.

Serviced apartment properties, that are owner-occupied properties from which the Group earns apartment service income, and equipment items are stated at cost less accumulated depreciation and impairment losses (see Note 1(l)).

1 SIGNIFICANT ACCOUNTING POLICIES (continued)

(i) **Property and equipment** (continued)

Changes arising on the revaluation of office premises are generally dealt with in other comprehensive income and are accumulated separately in equity in the revaluation reserve. The only exceptions are as follows:

– when a deficit arises on revaluation, it will be charged to profit or loss to the extent that it exceeds the amount held in the reserve in respect of that same asset immediately prior to the revaluation; and

– when a surplus arises on revaluation, it will be credited to profit or loss to the extent that a deficit on revaluation in respect of that same asset had previously been charged to profit or loss.

Cost includes expenditure that is directly attributable to the acquisition of the asset and any other costs directly attributable to bringing the asset to a working condition for its intended use. Expenditure incurred after the asset has been placed into operations is capitalised only when it increases the future economic benefits embodied in the item of property and equipment. All other expenditures are charged to profit or loss in the period incurred.

Gains or losses arising from the retirement or disposal of an item of property and equipment are determined as the difference between the net disposal proceeds and the carrying amount of the item and are recognised in profit or loss on the date of retirement or disposal. Any related revaluation surplus is transferred from the revaluation reserve to retained profits and is not reclassified to profit or loss.

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

– Office premises and serviced apartment properties situated on leasehold land are depreciated over the shorter of the unexpired term of lease and their estimated useful lives, being no more than 40 years after the date of completion.

– Office equipment 5 years

– Motor vehicles 8 years

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

1 SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

– Property under development for sale

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

– Completed property held for sale

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

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

(k) Trade and other receivables

Trade and other receivables are initially recognised at fair value and thereafter stated at amortised cost using the effective interest method, less allowance for impairment of doubtful debts (see Note 1(l)). In such cases, the receivables are stated at cost less allowance for impairment of doubtful debts.

(l) Impairment of assets

(i) Impairment of investments and receivables

Investments and current and non-current receivables that are stated at cost or amortised cost are reviewed at each balance sheet date to determine whether there is objective evidence of impairment. Objective evidence of impairment includes observable data that comes to the attention of the Group about one or more of the following loss events:

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

1 SIGNIFICANT ACCOUNTING POLICIES (continued)

(l) **Impairment of assets** (continued)

(i) Impairment of investments and receivables (continued)

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

– For investments in subsidiaries and joint venture (including those recognised using the equity method (see Note 1(e)), the impairment loss is measured by comparing the recoverable amount of the investment with its carrying amount in accordance with Note 1(l)(ii). The impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount in accordance with Note 1(l)(ii).

– For trade and other current receivables and other financial assets carried at amortised cost, the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition of these assets), where the effect of discounting is material.

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

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

1 SIGNIFICANT ACCOUNTING POLICIES (continued)

(l) Impairment of assets (continued)

(ii) Impairment of other assets

Internal and external sources of information are reviewed at each balance sheet date to identify indications that property and equipment (other than office premises carried at revalued amounts) and intangible asset may be impaired or an impairment loss previously recognised no longer exists or may have decreased.

If any such indication exists, the asset's recoverable amount is estimated.

– Calculation of recoverable amount

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

– Recognition of impairment losses

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

– Reversals of impairment losses

An impairment loss is reversed if there has been a favorable change in the estimates used to determine the recoverable amount.

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

(m) Interest-bearing borrowings

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost with any difference between the amount initially recognised and redemption value being recognised in profit or loss over the period of the borrowings, together with any interest and fees payable, using the effective interest method.

1 SIGNIFICANT ACCOUNTING POLICIES (continued)

(n) Trade and other payables

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

(o) Cash and cash equivalents

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

(p) Employee benefits

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

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

(ii) Share-based payments

The fair value of share options granted to employees under the employees' share option schemes and shares granted to employees under the employees' share award scheme (the "Awarded Shares") is recognised as an employee cost with a corresponding increase in a capital reserve within equity. The fair value of share options is measured at grant date using the Black-Scholes Model or Binomial Tree Pricing Method, taking into account the terms and conditions upon which the options were granted. The fair value of Awarded Shares is measured at quoted share price at grant date. Where the employees have to meet vesting conditions before becoming unconditionally entitled to the options or Awarded Shares, the total estimated fair value of the options or Awarded Shares is spread over the vesting period, taking into account the probability that the options or Awarded Shares will vest.

During the vesting period, the number of share options or Awarded Shares that is expected to vest is reviewed. Any resulting adjustment to the cumulative fair value recognised in prior years is charged/credited to the profit or loss for the year of the review, unless the original employee expenses qualify for recognition as an asset, with a corresponding adjustment to the capital reserve. On vesting date, the amount recognised as an expense is adjusted to reflect the actual number of options or Awarded Shares that vest (with a corresponding adjustment to the capital reserve) except where forfeiture is only due to not achieving vesting conditions that relate to the market price of the Company's shares. The equity amount is recognised in the capital reserve until either the option is exercised (when it is transferred to the share premium account) or the Awarded Shares are transferred to the employees (when it is credit to the treasury shares account) or the option expires (when it is released directly to retained profits).

1 SIGNIFICANT ACCOUNTING POLICIES (continued)

(q) Income tax

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

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

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

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

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

Where investment properties are carried at their fair value in accordance with the accounting policy set out in Note 1(g), the amount of deferred tax recognised is measured using the tax rates that would apply on sale of those assets at their carrying value at the reporting date unless the property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the property over time, rather than through sale. The presumption that the carrying amount of investment property carried at fair value under HKAS 40 will be recovered through sale is rebutted by the Group.

1 SIGNIFICANT ACCOUNTING POLICIES (continued)

(q) **Income tax** (continued)

In all other cases, the amount of deferred tax recognised is measured based on the expected manner of realisation or settlement of the carrying amount of the assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date. Deferred tax assets and liabilities are not discounted.

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

Additional income taxes that arise from the distribution of dividends are recognised when the liability to pay the related dividends is recognised.

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

- in the case of current tax assets and liabilities, the Company or the Group intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously; or

- in the case of deferred tax assets and liabilities, if they relate to income taxes levied by the same taxation authority on either:

  - the same taxable entity; or

  - different taxable entities, which, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered, intend to realise the current tax assets and settle the current tax liabilities on a net basis or realise and settle simultaneously.

(r) **Financial guarantees issued, provisions and contingent liabilities**

(i) Financial guarantees issued

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

1 SIGNIFICANT ACCOUNTING POLICIES (continued)

(r) Financial guarantees issued, provisions and contingent liabilities (continued)

(i) Financial guarantees issued (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 Company's liabilities under such guarantees are measured at the higher of the initial amount, less amortisation of fees recognised in accordance with HKAS 18, and the best estimate of the amount required to settle the guarantee. These estimates are determined based on experience of similar transactions and history of past losses, supplemented by management's judgement. The fee income earned is recognised on a straight-line basis over the life of the guarantee. Any increase in the liability relating to guarantees is reported in the consolidated income statement within other operating expenses.

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

(ii) Contingent liabilities assumed in business combinations

Any contingent consideration assumed in a business combination 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.

(iii) Other provisions and contingent liabilities

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

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

1 SIGNIFICANT ACCOUNTING POLICIES (continued)

(s) Revenue recognition

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

(i) Sale of properties

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

(ii) Rental income from operating leases

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

(iii) Rendering of services

Revenue from rendering of services is recognised in profit or loss in proportion to the stage of completion of the transaction at the reporting date. The stage of completion is assessed with reference of surveys of work performed.

(iv) Dividend

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

(v) Interest income

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

(vi) Commission income

When the Group acts in the capacity of an agent rather than as the principal in a transaction, the revenue recognised is the net amount of commission made by the Group.

(vii) Government grants

Government grants are recognised in the balance sheet initially when there is reasonable assurance that they will be received and that the Group will comply with the conditions attaching to them. Grants that compensate the Group for expenses incurred are recognised as revenue in profit or loss on a systematic basis in the same periods in which the expenses are incurred.

1 SIGNIFICANT ACCOUNTING POLICIES (continued)

(t) Translation of foreign currencies

Foreign currency transactions during the year are translated at the foreign exchange rates ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rates ruling at the balance sheet date. Exchange gains and losses are recognised in profit or loss.

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

The results of foreign operations are translated into RMB at the exchange rates approximating the foreign exchange rates ruling at the dates of the transactions. Balance sheet items are translated into RMB at the closing foreign exchange rates at the balance sheet date. The resulting exchange differences are recognised in other comprehensive income and accumulated separately in equity in the exchange reserve.

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

(u) Borrowing costs

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

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

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

(v) Operating lease payments

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

1 SIGNIFICANT ACCOUNTING POLICIES (continued)

(w) Related parties

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

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

(ii) has significant influence over the Group; or

(iii) is a member of the key management personnel of the Group or the Group's parent.

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

(i) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(iii) Both entities are joint ventures of the same third party.

(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

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

(vi) The entity is controlled or jointly controlled by a person identified in (a).

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

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

(x) Segment reporting

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

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

2 SEGMENT REPORTING

(a) Segment reporting

The Group manages its businesses based on future development strategy of current projects, which are divided into properties development and properties investment. In a manner consistent with the way in which information is reported internally to the Group's most senior executive management for the purposes of resource allocation and performance assessment, the Group has presented the following two reportable segments. No operating segments have been aggregated to form the following reportable segments.

(i) Properties development

This segment includes projects which are held for sale.

(ii) Properties investment

This segment includes projects which are held for rental.

(b) Segment results, assets and liabilities

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

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

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

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

Management is provided with segment information concerning turnover, cost of properties sold, cost of rental business, gross profit, valuation gains on investment properties, net operating expenses, depreciation, impairment of trade and other receivable, financial income, financial expenses, income tax, investment properties, properties under development and completed properties held for sale, cash and cash equivalents, bank deposits, bank loans, and additions to investment properties and property and equipment.

2 SEGMENT REPORTING (continued)

(b) Segment results, assets and liabilities (continued)

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

	Properties development		Properties investment		Total	
	2015 RMB'000	2014 RMB'000	**2015 RMB'000**	2014 RMB'000	**2015 RMB'000**	2014 RMB'000
Income statement items						
Reportable segment revenue	**(57,333)**	5,674,440	**1,052,498**	423,648	**995,165**	6,098,088
Cost of properties sold/cost of rental business	**(6,267)**	(2,907,914)	**(254,981)**	(112,020)	**(261,248)**	(3,019,934)
Reportable segment gross (loss)/profit	**(63,600)**	2,766,526	**797,517**	311,628	**733,917**	3,078,154
Valuation gains on Investment properties	**–**	–	**204,053**	3,125,477	**204,053**	3,125,477
Operating Income/(expenses), net	**100,398**	20,210	**63,944**	(30,981)	**164,342**	(10,771)
Depreciation	**(31,067)**	(31,495)	**(12,352)**	(347)	**(43,419)**	(31,842)
Impairment of trade and other receivable	**–**	(1,384)	**(20,278)**	–	**(20,278)**	(1,384)
Financial income	**74,291**	625,843	**233,149**	48,523	**307,440**	674,366
Financial expense	**(9,888)**	(61,747)	**(367,181)**	(78,469)	**(377,069)**	(140,216)
Reportable segment profit before taxation	**187,864**	2,969,649	**677,334**	3,320,483	**865,198**	6,290,132
Income tax	**(154,352)**	(1,546,563)	**(306,992)**	(966,682)	**(461,344)**	(2,513,245)
Reportable segment profit	**33,512**	1,423,086	**370,342**	2,353,801	**403,854**	3,776,887
Balance sheet items						
Investment properties	**–**	–	**55,004,000**	52,875,060	**55,004,000**	52,875,060
Properties under development and completed properties held for sale	**4,204,072**	3,982,897	**–**	–	**4,204,072**	3,982,897
Cash and cash equivalents	**53,924**	5,447,988	**4,622,257**	2,687,489	**4,676,181**	8,135,477
Bank deposits	**547,924**	384,695	**58,365**	31,798	**606,289**	416,493
Bank loans	**–**	–	**7,907,937**	5,919,703	**7,907,937**	5,919,703
Reportable segment assets	**19,285,189**	45,327,331	**83,519,676**	62,753,548	**102,804,865**	108,080,879
Reportable segment liabilities	**13,837,247**	26,532,761	**31,444,404**	24,516,871	**45,281,651**	51,049,632
Additions to investment properties and property and equipment	**5,827**	13,340	**2,360,030**	4,147,060	**2,365,857**	4,160,400

2 SEGMENT REPORTING (continued)

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

	2015 RMB'000	2014 RMB'000
Profit		
Reportable segment profit	**403,854**	3,776,887
Unallocated head office and corporate profit	**159,618**	374,574
Consolidated profit	**563,472**	4,151,461
Income tax		
Reportable segment income tax	**(461,344)**	(2,513,245)
Unallocated head office and corporate income tax	**(382,652)**	(24,690)
Consolidated income tax	**(843,996)**	(2,537,935)
Bank deposits		
Reportable segment bank deposits	**606,289**	416,493
Consolidated bank deposits	**606,289**	416,493
Cash and cash equivalents		
Reportable segment cash and cash equivalents	**4,676,181**	8,135,477
Unallocated head office and corporate cash and cash equivalents	**3,729,786**	3,926,324
Consolidated cash and cash equivalents	**8,405,967**	12,061,801
Bank loans		
Reportable segment bank loans	**7,907,937**	5,919,703
Unallocated head office and corporate bank loans	**8,359,303**	8,280,486
Consolidated bank loans	**16,267,240**	14,200,189
Assets		
Reportable segment assets	**102,804,865**	108,080,879
Unallocated head office and corporate assets	**20,880,985**	29,196,880
Elimination of intra-group balances	**(51,853,778)**	(60,458,587)
Consolidated total assets	**71,832,072**	76,819,172
Liabilities		
Reportable segment liabilities	**45,281,651**	51,049,632
Unallocated head office and corporate liabilities	**40,664,322**	45,759,131
Elimination of intra-group balances	**(51,836,429)**	(60,449,559)
Consolidated total liabilities	**34,109,544**	36,359,204

2 SEGMENT REPORTING (continued)

(c) Reconciliations of reportable segment profit or loss, assets and liabilities (continued)

The Company is incorporated in Cayman Islands, with most of its major subsidiaries domiciled in the PRC. All revenues from external customers of the Group are derived in the PRC for the years ended 31 December 2015 and 2014.

As at 31 December 2015, total non-current assets other than financial instruments and deferred income tax assets located in the PRC is RMB56,221,469,000 (2014: RMB57,622,195,000), the total of these non-current assets located in Hong Kong is RMB nil (2014: RMB nil).

For the year ended 31 December 2015 and 2014, the Group does not have any single customer with the transaction value over 10% of the total external sales.

3 PROFIT BEFORE TAXATION

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

(a) Financial income and financial expenses

	2015 RMB'000	2014 RMB'000
Financial income		
Interest income	**380,485**	707,742
	380,485	707,742
Financial expenses		
Interest on bank loans	**783,874**	675,383
Interest expenses on the Senior Notes	**553,727**	397,208
Less: Interest expense capitalised into investment properties under development*	**(477,509)**	(812,038)
	860,092	260,553
Net foreign exchange losses	**36,550**	34,975
Net losses on settlement of financial assets at fair value through profit or loss: Held for trading	**21,377**	22,019
Bank charges and others	**8,892**	12,172
	926,911	329,719

* The borrowing costs were capitalized at a rate of 4.90% ~ 6.58% per annum (2014: 4.91% ~ 6.58%).

3 PROFIT BEFORE TAXATION (continued)

(b) Other gains – net

	Note	2015 RMB'000	2014 RMB'000
Gains on disposal of subsidiaries	*26*	**114,728**	256,678
Gains on liquidation of subsidiaries	*(i)*	**72,323**	348,418
Gains on disposal of a joint venture	*(ii)*	**1,050,952**	–
Losses on disposal of investment properties		**–**	(7,262)
		1,238,003	597,834

(i) Certain subsidiaries were liquidated in the year of 2015, resulting in a net gain of RMB72,323,000 (2014: RMB348,418,000), which all came from the exchange gain reclassified from exchange reserve to profit or loss.

(ii) On 23 September 2015, the Company disposed its entire interest in a joint venture, Shanghai Haizhimen Property Investment Management Co., Ltd. ("Shanghai Haizhimen"), with a total consideration of approximately RMB5,085,234,000. The net gain on disposal of RMB1,050,952,000 was recognised in 'other gains-net' (see Note 11(a)).

(c) Expenses by nature

	Note	2015 RMB'000	2014 RMB'000
Business tax and other levies		**323,778**	443,556
Employee benefits expense	*6*	**246,149**	241,460
Property management expenses		**53,296**	18,071
Advertising and marketing expenses		**50,159**	180,523
Utilities expenses		**49,620**	16,824
Depreciation		**43,419**	31,842
Office expenses		**37,522**	39,642
Rental commission		**27,320**	30,660
Impairment losses		**20,278**	1,384
Litigation expenses		**7,382**	19,172
Auditors' remuneration			
– Audit services		**5,205**	5,208
– Non-audit services		**1,410**	627
Cost of properties sold		**6,267**	2,602,825
Donations contributed		**–**	129,228
Other expenses		**8,260**	10,706
Total cost of sales, selling expenses, administrative expenses and other operating expenses		**880,065**	3,771,728

4 GOVERNMENT GRANTS

The Group received total government grants of RMB163,102,000 (2014: RMB nil) in relation to certain completed projects from the local finance bureaus pursuant to the regulations issued by the respective local governments. These were recognised in “Other revenue and income”.

5 INCOME TAX IN THE CONSOLIDATED INCOME STATEMENT

(a) Income tax in the consolidated income statement represents:

	2015 RMB’000	2014 RMB’000
PRC Corporate Income Tax		
– Provision for the year	**488,592**	502,204
– Under provision in respect of prior years	**29,113**	5,510
Land Appreciation Tax	**73,234**	823,105
Deferred tax	**253,057**	1,207,116
	843,996	2,537,935

(i) Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Islands (“BVI”), the Company and the Company’s subsidiaries registered in the BVI and the Cayman Islands are not subject to any income tax.

(ii) In accordance with the Corporate Income Tax Law of the People’s Republic of China, the income tax rate applicable to the Company’s subsidiaries in the PRC is 25% (2014: 25%).

(iii) In accordance with the Land Appreciation Tax Law of the PRC, Land Appreciation Tax is levied at the properties developed and sold in the PRC by the Group. Land Appreciation Tax is charged on the appreciated amount at progressive rates ranged from 30% to 50%.

(iv) According to the Implementation Rules of the Corporate Income Tax Law of the People’s Republic of China, the Company’s subsidiaries in the PRC are levied a 10% withholding tax on dividends declared to their foreign investment holding companies arising from profit earned subsequent to 1 January 2008. In respect of dividends that are subject to the withholding tax, provision for withholding tax is recognised for the dividends that have been declared, and deferred tax liability is recognised for those to be declared in the foreseeable future.

5 INCOME TAX IN THE CONSOLIDATED INCOME STATEMENT (continued)

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

	2015 RMB'000	2014 RMB'000
Profit before taxation	**1,407,468**	6,689,396
Income tax computed by applying the tax rate of 25% (2014: 25%)	**351,867**	1,672,349
Tax effect of Land Appreciation Tax deductible for PRC Corporate Income Tax	**(18,309)**	(205,776)
Tax losses not recognised	**320,908**	198,090
Under-provision in prior years	**29,113**	5,510
Tax effect of non-deductible expenses	**105,264**	26,355
Utilisation of temporary differences not recognised in prior year	**–**	105,801
Non-taxable income	**(18,081)**	(87,499)
Provision for Land Appreciation Tax for the year	**73,234**	823,105
Actual tax expense	**843,996**	2,537,935

6 EMPLOYEE BENEFIT EXPENSE

	Note	**2015 RMB'000**	2014 RMB'000
Salaries, wages and other benefits		**221,558**	216,759
Contributions to defined contribution retirement plan		**17,543**	15,333
Equity-settled share-based payment expenses	*30(b)*	**7,048**	9,368
		246,149	241,460

(a) Pensions – defined contribution plans

Contributions totalling RMB3,323,000 (2014: RMB4,011,000) were payable to the fund at the year-end.

6 EMPLOYEE BENEFIT EXPENSE (continued)

(b) Five highest paid individuals

Of the five individuals with the highest emoluments, three (2014: four) are directors whose emoluments are disclosed in Note 31. During the year 2015, the aggregate of the emoluments in respect of the other individual is as follows:

	2015 RMB'000	2014 RMB'000
Salaries and other emoluments	**7,021**	2,680
Retirement scheme contributions	**44**	–
Share-based payments	**–**	733
	7,065	3,413

During the year ended 31 December 2015 and 2014, no emoluments were paid by the Group to the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office.

7 EARNINGS PER SHARE

(a) Basic earnings per share

The calculation of basic earnings per share is based on the profit attributable to ordinary equity shareholders of the Company of RMB537,632,000 (2014: RMB4,079,831,000) and the weighted average of 5,192,476,000 ordinary shares (2014: 5,224,777,000) in issue during the year, calculated as follows:

Weighted average number of ordinary shares

	Note	**2015 Share'000**	2014 Share'000
Issued ordinary shares at 1 January		**5,199,523**	5,290,169
Effect of share options exercised	*23(b)(i)*	**–**	45
Effect of shares repurchased and cancelled		**–**	(56,987)
Effect of treasury shares	*23(b)(ii)*	**(8,156)**	(9,423)
Effect of Awarded Shares vested	*25(b)*	**1,109**	973
Weighted average number of ordinary shares during the year		**5,192,476**	5,224,777

7 EARNINGS PER SHARE (continued)

(b) Diluted earnings per share

The calculation of diluted earnings per share is based on the profit attributable to ordinary equity shareholders of the Company of RMB537,632,000 (2014: RMB4,079,831,000) and the weighted average of 5,194,068,000 ordinary shares (2014: 5,228,432,000), calculated as follows:

(i) Profit attributable to ordinary equity shareholders of the Company (diluted)

	2015 RMB'000	2014 RMB'000
Profit attributable to ordinary equity shareholders	**537,632**	4,079,831
Profit attributable to ordinary equity shareholders (diluted)	**537,632**	4,079,831

(ii) Weighted average number of ordinary shares (diluted)

	2015 Share'000	2014 Share'000
Weighted average number of ordinary shares	**5,192,476**	5,224,777
Effect of deemed issue of shares under the employees' share option schemes	**–**	892
Effect of deemed vesting of the Awarded Shares	**1,592**	2,763
Weighted average number of ordinary shares (diluted)	**5,194,068**	5,228,432

8 INVESTMENT PROPERTIES

	Completed investment properties RMB'000	Investment properties under development RMB'000	Total
At 1 January 2014	8,785,000	39,943,000	48,728,000
Additions	10,453	4,875,607	4,886,060
Transferred from investment properties under development	25,153,483	(25,153,483)	–
Transferred from completed properties held for sale	1,885,216	–	1,885,216
Disposal of investment properties	(2,761,838)	(2,987,855)	(5,749,693)
Fair value adjustment	2,544,386	581,091	3,125,477
At 31 December 2014	35,616,700	17,258,360	52,875,060
At 1 January 2015	**35,616,700**	**17,258,360**	**52,875,060**
Additions	**61,755**	**1,675,731**	**1,737,486**
Transferred from investment properties under development	**10,377,000**	**(10,377,000)**	**–**
Transferred from completed properties held for sale	**187,401**	**–**	**187,401**
Fair value adjustment	**(160,856)**	**364,909**	**204,053**
At 31 December 2015	**46,082,000**	**8,922,000**	**55,004,000**

(a) Revaluation of investment properties

The valuations were carried out by CB Richard Ellis Ltd. ("CBRE"), a third party qualified valuers in Hong Kong.

The valuation process of the Group and valuation techniques of investment properties is disclosed in Note 28(e).

(b) Certain investment properties of the Group were pledged against the bank loans, details are set out in Note 19.

(c) The net book value of investment properties of RMB46,082,000,000 as at 31 December 2015 (2014: RMB35,616,700,000) were under medium-term leases in the PRC.

The fair value hierarchy of investment properties is disclosed in Note 28(e).

9 PROPERTY AND EQUIPMENT

	Office premises RMB'000	Serviced apartment properties RMB'000	Office equipment RMB'000	Motor vehicles RMB'000	Total RMB'000
Cost or valuation:					
At 1 January 2014	354,462	330,390	64,766	5,685	755,303
Additions	–	–	10,425	2,915	13,340
Disposals	–	–	(12,589)	(2,982)	(15,571)
At 31 December 2014	354,462	330,390	62,602	5,618	753,072
Representing:					
Cost	–	330,390	62,602	5,618	398,610
Valuation – 2014	354,462	–	–	–	354,462
At 1 January 2015	**354,462**	**330,390**	**62,602**	**5,618**	**753,072**
Additions	**–**	**180,577**	**56,340**	**–**	**236,917**
Disposals	**–**	**–**	**(969)**	**–**	**(969)**
At 31 December 2015	**354,462**	**510,967**	**117,973**	**5,618**	**989,020**
Representing:					
Cost	**–**	**510,967**	**117,973**	**5,618**	**634,558**
Valuation – 2015	**354,462**	**–**	**–**	**–**	**354,462**
Accumulated depreciation					
At 1 January 2014	18,708	29,294	31,405	3,373	82,780
Charge for the year	9,354	8,536	13,003	949	31,842
Written back on disposals	–	–	(10,973)	(1,195)	(12,168)
At 31 December 2014	28,062	37,830	33,435	3,127	102,454
At 1 January 2015	**28,062**	**37,830**	**33,435**	**3,127**	**102,454**
Charge for the year	**9,354**	**13,158**	**19,976**	**931**	**43,419**
Written back on disposals	**–**	**–**	**(544)**	**–**	**(544)**
At 31 December 2015	**37,416**	**50,988**	**52,867**	**4,058**	**145,329**

9 PROPERTY AND EQUIPMENT (continued)

(a) Revaluation of office premises

The Group's office premises were revalued as at 31 December 2011 by the management on an open market value basis by making reference to comparable sales transaction as available in the relevant market. As at 31 December 2011, the revaluation surplus of RMB70,481,000 was recognised in other comprehensive income and accumulated in the revaluation reserve of the Group, net of deferred tax. The carrying amount of the office premises of the Group as at 31 December 2015 did not materially differ from their fair value.

The carrying amount of the office premises of the Group as at 31 December 2015 would have been RMB105,142,000 (2014: RMB108,225,000) had they been carried at cost less accumulated depreciation.

The fair value of office premises is revalued according to the sale price of the similar unit within the same properties and appropriate sales price discount on different floor and direction of the similar properties, and is within level 3 of the fair value hierarchy.

(b) The analysis of net book value of properties is as follows:

The net book value of office premises and serviced apartment properties in aggregate of RMB777,025,000 as at 31 December 2015 (2014: RMB618,960,000) were under medium-term leases in the PRC.

(c) Depreciation expense of RMB nil (2014: RMB100,000) has been charged in 'cost of sales', RMB135,000 (2014: RMB149,000) in 'selling expenses', and RMB43,284,000 (2014: RMB31,593,000) in 'administrative expenses'.

10 SUBSIDIARIES

The following list contains only the particulars of subsidiaries which principally affected the results, assets or liabilities of the Group. The class of shares held is ordinary unless otherwise stated.

Name of Company	Place of Establishment/ incorporation and operation	Principal activities	Issued and paid-in capital	Attributable equity interest	
				Direct	Indirect
Beijing Redstone Newtown Real Estate Co., Ltd. *	Beijing, the PRC	Development of the Commune by the Great Wall project and Operation of serviced apartment	USD10,000,000	–	95%
Hainan Redstone Industry Co., Ltd. *	Hainan, the PRC	Development of Boao Canal Village project	RMB20,000,000	–	98.1%
Beijing SOHO Real Estate Co., Ltd. *	Beijing, the PRC	Development of Sanlitun SOHO project	USD99,000,000	–	95%
Beijing Millennium Real Properties Development Co., Ltd. ***	Beijing, the PRC	Development of Beijing Residency project	RMB96,000,000	–	100%
Beijing Yeli Real Properties Development Co., Ltd. ***	Beijing, the PRC	Investment in Phase II of Guanghualu SOHO project	RMB1,100,000,000	–	100%
Beijing Kaiheng Real Estate Co., Ltd*	Beijing, the PRC	Investment in and development of Chaoyangmen SOHO project and Galaxy SOHO project	USD12,000,000	–	100%
Beijing Suo Tu Shi Ji Investment Management Co., Ltd. ***	Beijing, the PRC	Development of ZhongGuan Cun SOHO project and Danling SOHO	RMB10,000,000	–	100%
Beijing Zhanpeng Century Investment Management Co.,Ltd. ***	Beijing, the PRC	Investment in Tiananmen (Qianmen) project	RMB50,000,000	–	100%
SOHO Exchange Limited	Cayman Islands	Investment in and development of Exchange-SOHO project	USD1,000	–	100%

10 SUBSIDIARIES (continued)

Name of Company	Place of Establishment/ incorporation and operation	Principal activities	Issued and paid-in capital	Attributable equity interest Direct	Attributable equity interest Indirect
Beijing Wangjing SOHO Real Estate Co., Ltd*	Beijing, the PRC	Investment in an development of Wangjing SOHO project	USD99,000,000	–	100%
Beijing Bluewater Property Management Co., Ltd**	Beijing, the PRC	Development of SOHO Nexus Centre project	USD120,000,000	–	100%
Beijing Fengshi Real Estate Development Co., Ltd***	Beijing, the PRC	Investment in Beijng Lize project	RMB1,750,000,000	–	100%
Shanghai Ding Ding Real Development Co., Ltd. *	Shanghai, the PRC	Investment in Bund SOHO project	USD135,000,000	–	61.506%
SOHO(Shanghai) Investment CO., Ltd. ***	Shanghai, the PRC	Investment in sky SOHO Project and SOHO Century Plaza project,and Development of SOHO Zhongshan Plaza Project	RMB1,500,000,000	–	100%
Shanghai Hong Sheng Real Estate Development Co., Ltd. ***	Shanghai, the PRC	Investment in SOHO Fuxing Plaza project	RMB955,000,000	–	100%
Shanghai Xusheng Property Co., Ltd. **	Shanghai, the PRC	Investment in Hongkou SOHO project	USD180,000,000	–	100%
Shanghai Greentown Plaza Development Co., Ltd. ***	Shanghai, the PRC	Investment in and development of SOHO Tianshan Plaza project	RMB1,550,000,000	–	100%
Shanghai Changkun Real Estate development Co., Ltd. *	Shanghai, the PRC	Investment in Shanghai Gubei project	RMB3,190,000,000	–	100%

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

** The company is registered as a wholly owned foreign enterprise in the PRC.

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

10 SUBSIDIARIES (continued)

The total amount of non-controlling interest is RMB1,122,657,000 (2014: RMB1,096,817,000) which is considered not material to the Group.

There are no difference between the voting rights and the proportionate interest.

11 INVESTMENT IN JOINT VENTURES

	2015 **RMB'000**	2014 RMB'000
Share of net assets	**11,026**	950,699
Loans to a joint venture	**–**	3,106,333
	11,026	4,057,032

(a) On 23 September 2015, the Company disposed its entire interest in the joint venture Shanghai Haizhimen.

Details of the proceeds and gains on disposal are as follows:

	Note	As at disposal date RMB'000
Proceeds on disposal of the joint venture		5,085,234
Carrying value of the interest in Shanghai Haizhimen – shown as below		
– Share of net assets		(927,949)
– Loans to the joint venture		(3,106,333)
Gains on disposal of the joint venture	*3 (b)(ii)*	1,050,952

11 INVESTMENT IN JOINT VENTURES (continued)

(b) Details of the Group's interest in the joint ventures as at 31 December 2015 were as follows:

Name of jointly controlled entity	Form of business structure	Place of incorporation and operation	Principal activities	Particulars of paid-in Capital and registered capital	Proportion of ownership interest held by a subsidiary
Shanghai Ying Bi Chang Sheng Enterprise Management Co.,Ltd	Incorporated	Shanghai, the PRC	Properties Management	RMB500,000	50%
CJ SOHO(Beijing) Co., Ltd	Incorporated	Beijing, the PRC	Commercial	RMB45,000,000	50%

The operating results of the joint ventures are considered not material to the financial results of the Group.

12 FINANCIAL INSTRUMENT

	2015		2014	
	Assets RMB'000	**Liabilities RMB'000**	Assets RMB'000	Liabilities RMB'000
Interest rate swaps – cash flow hedges	**–**	**4,965**	–	4,018

The full fair value of a hedging derivative is classified as a non-current asset or liability if the remaining maturity of the hedged item is more than 12 months and, as a current asset or liability, if the maturity of the hedged item is less than 12 months.

There was no ineffectiveness to be recorded from net investment in this cash flow hedge.

The swap transaction started from 23 October 2013, and will terminate at 23 October 2017. The company receives a floating interest rate of one month Libor and pays a fixed interest rate of 1.007% monthly.

At 31 December 2015, the notional principal amount of the outstanding interest rate swap contracts was USD 394,250,000 (2014: USD 415,000,000).

13 INCOME TAX IN THE CONSOLIDATED BALANCE SHEET

(a) Current taxation in the consolidated balance sheet represents

	2015 RMB'000	2014 RMB'000
PRC Corporate Income Tax payable	**483,365**	460,382
Land Appreciation Tax payable	**4,703,376**	4,745,196
	5,186,741	5,205,578

(b) Deferred tax assets and liabilities recognised

(i) The components of deferred tax assets/(liabilities) recognised in the consolidated balance sheet and the movements during the year are as follows:

Deferred tax Arising from	*Note*	Tax losses RMB'000	Unpaid Accrued cost and expenses RMB'000	Investment properties RMB'000	Office premises RMB'000	Total RMB'000
At 1 January 2014		14,192	2,167,714	(5,221,322)	(63,176)	(3,102,592)
Credited/(charged) to profit and loss	*5(a)*	11,967	(768,223)	(450,860)	–	(1,207,116)
At 31 December 2014		26,159	1,399,491	(5,672,182)	(63,176)	(4,309,708)
At 1 January 2015		26,159	1,399,491	(5,672,182)	(63,176)	(4,309,708)
Credited/(charged) to profit and loss	*5(a)*	34,246	(36,379)	(250,924)	–	(253,057)
At 31 December 2015		60,405	1,363,112	(5,923,106)	(63,176)	(4,562,765)

(ii) Reconciliation to the consolidated balance sheet:

	2015 RMB'000	2014 RMB'000
Net deferred tax assets recognised in the consolidated balance sheet	**1,439,106**	1,441,063
Net deferred tax liabilities recognised in the consolidated balance sheet	**(6,001,871)**	(5,750,771)
	(4,562,765)	(4,309,708)

As at 31 December 2015, deferred tax assets of RMB81,883,000 (2014: RMB28,053,000) will be recovered after more than 12 months, and deferred tax liabilities RMB6,001,871,000 (2014: RMB5,750,771,000) will be recovered after more than 12 months.

13 INCOME TAX IN THE CONSOLIDATED BALANCE SHEET (continued)

(c) Deferred tax assets not recognised

In accordance with the accounting policy set out in Note 1(q), the Group has not recognised deferred tax assets of RMB94,586,000 (2014: RMB54,484,000) in respect of cumulative tax losses in certain subsidiaries of RMB378,344,000 as at 31 December 2015 (2014: RMB217,936,000), as it is not probable that future taxable profits against which the losses can be utilised will be available in the relevant subsidiaries. As at 31 December 2015, RMB22,215,000, RMB41,998,000 RMB88,255,000, RMB33,096,000 and RMB192,780,000 of these tax losses will expire in 2016, 2017, 2018, 2019 and 2020, respectively.

(d) Deferred tax liabilities not recognised

As at 31 December 2015, temporary differences relating to the undistributed profits of the subsidiaries in the PRC amounted to RMB42,151,243,000 (2014: RMB39,393,501,000). Deferred tax liabilities of RMB4,215,124,300 (2014: RMB3,939,350,000) have not been recognised in respect of the tax that would be payable on the distribution of these retained profits as the Company controls the dividend policy of these subsidiaries and it has been determined that it is probable that profits will not be distributed in the foreseeable future.

14 PROPERTIES UNDER DEVELOPMENT AND COMPLETED PROPERTIES HELD FOR SALE

	2015 **RMB'000**	2014 RMB'000
Properties under development	**385,237**	1,195,328
Completed properties held for sale	**3,818,835**	2,787,569
	4,204,072	3,982,897

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

	2015 **RMB'000**	2014 RMB'000
Properties under development	**–**	310,605

15 DEPOSITS AND PREPAYMENTS

Deposits and prepayments mainly represented amounts prepaid for acquisition of property development projects, construction fees and taxation expenses.

The amount of the Group's deposits and prepayments expected to be recovered or recognised as expense after more than one year is RMB nil (2014: RMB110,000,000).

16 TRADE AND OTHER RECEIVABLES

	Note	2015 RMB'000	2014 RMB'000
Trade receivables	*(a)*	**255,848**	195,625
Other receivables		**607,005**	521,625
Less: allowance for doubtful debts	*(b)*	**(61,644)**	(41,366)
		801,209	675,884

(a) Aging analysis

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

	2015 RMB'000	2014 RMB'000
Current	**89,108**	94,353
Less than 1 month past due	**26,191**	8,347
Into 6 months past due	**45,805**	2,089
6 months to 1 year past due	**3,732**	192
More than 1 year past due	**91,012**	90,644
Amounts past due	**166,740**	101,272
	255,848	195,625

The Group's credit policy is set out in Note 28(a).

(b) Impairment of trade and other receivables

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

	2015 RMB'000	2014 RMB'000
At 1 January	**41,366**	39,982
Impairment loss recognised, net	**20,278**	7,384
Impairment loss reversed	**–**	(6,000)
At 31 December	**61,644**	41,366

16 TRADE AND OTHER RECEIVABLES (continued)

(b) Impairment of trade and other receivables (continued)

At 31 December 2015, the Group's trade and other receivables of RMB61,644,000 (2014: RMB41,366,000) were individually determined to be impaired. The individually impaired receivables related to debtors that were in financial difficulties and management assessed that no receivables is expected to be recovered. Consequently, specific allowances for doubtful debts of RMB61,644,000 (2014: RMB41,366,000) were recognised. The Group does not hold any collateral over these balances.

(c) Trade and other receivables that are not impaired

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

	2015 **RMB'000**	2014 RMB'000
Neither past due nor impaired	**452,908**	458,035
Less than 1 month past due	**26,191**	8,347
Into 6 months past due	**135,039**	26,533
6 months to 1 year past due	**78,485**	34,909
More than 1 year past due	**108,586**	148,060
	348,301	217,849
	801,209	675,884

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

Receivables that were past due but not impaired mainly relate to a number of independent customers to whom the title deed of the property units have not been transferred and debtors that have a good track record with the Group. Based on past experience, management believes that no impairment allowance is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable. The Group holds rental deposits as collateral over the balance of rental receivables and holds the title of the property units as collateral over the balance of trade receivables of RMB225,257,000 (2014: RMB148,842,000) and other receivables of RMB66,190,000 (2014: RMB41,878,000) as at 31 December 2015, and does not hold any collateral over the remaining balance of other receivables.

17 BANK DEPOSITS

	Note	**2015 RMB'000**	2014 RMB'000
Bank deposits in non-current assets for:			
Guarantees for bank loans	*19(b)(i)*	**296,095**	–
Guarantees for construction fee payment	*(i)*	**58,594**	39,485
		354,689	39,485

	Note	**2015 RMB'000**	2014 RMB'000
Bank deposits in current assets for:			
Guarantees for mortgage loans	*(ii)*	**251,600**	257,008
Guarantees for bank loans	*19(b)(i)*	**–**	120,000
		251,600	377,008
		606,289	416,493

The above bank deposits are restricted as follows:

(i) As at 31 December 2015, pursuant to a government regulation, the Group had deposits of RMB58,594,000 (2014: RMB39,485,000) as non-cancellable guarantees on construction fees payable to construction contractors. Should the Group fail to settle related construction fees, the bank can draw down the deposits to settle the relevant sums and demand the Group to repay the outstanding balance to the extent that the deposit balance is insufficient.

(ii) The Group has entered into agreements with certain banks with respect to mortgage loans provided to buyers of the property units. As at 31 December 2015, the Group had deposits of RMB251,600,000 (2014: RMB257,008,000) as security for settlement of the mortgage instalments under these agreements. Should the mortgagors fail to pay the mortgage monthly instalments, the bank can draw down the security deposits up to the amount of outstanding mortgage instalments and demand the Group to repay the outstanding balance to the extent that the deposit balance is insufficient. Such guarantee deposits will be released when the title of properties are pledged to banks or the related mortgage loans are repaid by buyers.

18 CASH AND CASH EQUIVALENTS

	2015 RMB'000	2014 RMB'000
Cash on hand	**384**	1,404
Cash at bank	**945,190**	4,012,471
Term deposits with banks	**7,460,393**	8,047,926
Cash and cash equivalents in the balance sheet	**8,405,967**	12,061,801
Less: Term deposits with banks and other financial institutions over 3 months	**–**	100,000
Cash and cash equivalents in the consolidated cash flow statements	**8,405,967**	11,961,801

19 BANK LOANS

(a) The bank loans were repayable as follows:

	2015 RMB'000	2014 RMB'000
Within 1 year or on demand	**1,921,483**	1,353,285
After 1 year but within 2 years	**3,500,549**	1,923,495
After 2 years but within 5 years	**8,485,208**	10,288,409
After 5 years	**2,360,000**	635,000
	14,345,757	12,846,904
	16,267,240	14,200,189

The bank loans were secured as follows:

	2015 RMB'000	2014 RMB'000
Secured	**16,267,240**	14,200,189
Total	**16,267,240**	14,200,189

19 BANK LOANS (continued)

(b) The following items were pledged and entities or individuals provided guarantees to secure and guarantee certain bank loans granted to the Group at 31 December:

(i) As at 31 December 2015, RMB8,879,826,000 (2014: RMB5,996,474,000) bank loans of the Group were secured by following items:

	2015 RMB'000	2014 RMB'000
Investment properties	**22,316,691**	12,163,376
Bank deposits	**296,095**	120,000
	22,612,786	12,283,376

(ii) As at 31 December 2015, RMB nil bank loans (2014: RMB915,354,000) of the Group were secured by the shares of T&T International Investment Corporation, a subsidiary of the Group, and property and equipment of RMB nil (2014: RMB618,960,000) and guaranteed by Mr. Pan Shiyi and Mrs. Pan Zhang Xin Marita (see Note 30(c)), and guaranteed by the Company (see Note 29(b)).

(iii) As at 31 December 2015, RMB5,786,706,000 bank loans (2014: RMB5,758,611,000) of the Group were guaranteed by all the subsidiaries of the Company that are not incorporated in the PRC, excluding three foreign subsidiaries who directly or indirectly hold the Bund SOHO project.

(iv) As at 31 December 2015, RMB1,600,708,000 bank loans (2014: RMB1,529,750,000) of the Group were guaranteed by Mr. Pan Shiyi and all the subsidiaries of the Company that are not incorporated in the PRC, excluding three foreign subsidiaries who directly or indirectly hold the Bund SOHO project.

(c) The effective interest rates per annum on bank loans at amortised cost are as follows:

	2015 %	2014 %
Bank loans included in current liabilities	**2.73-6.55**	4.46-6.88
Bank loans included in non-current liabilities	**2.73-6.58**	2.73-6.77

(d) Bank loans of RMB10,923,799,000 (2014: RMB9,576,716,000) are subject to the fulfillment of covenants relating to certain targets of the Group's results of operation and financial position and the ratio of distribution to profit attributable to equity shareholders of the Company, as are commonly found in lending arrangements with financial institutions. The Group regularly monitors its compliance with these covenants. Further details of the Group's management of liquidity risk are set out in Note 28(b). As at 31 December 2015, none of the covenants relating to drawn down facilities had been breached.

(e) The carrying amount of bank loans are not materially different from their fair value as at 31 December 2015 and 2014. The fair value are based on cash flows discounted using a market rate and are within level 2 of the fair value hierarchy.

20 RENTAL AND SALES DEPOSITS

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

21 TRADE AND OTHER PAYABLES

	Note	**2015** **RMB'000**	2014 RMB'000
Accrued expenditure on land and construction	*(i)*	**2,402,210**	2,588,238
Consideration payable for acquisition of subsidiaries and joint ventures		**100,000**	100,000
Amounts due to related parties	*30(a)*	**814,382**	731,654
Others		**883,041**	818,600
Financial liabilities measured at amortised costs		**4,199,633**	4,238,492
Other tax payable	*(ii)*	**379,033**	382,175
		4,578,666	4,620,667

Notes:

(i) These accrued expenditure payables on land and construction are expected to be settled within a year.

The ageing analysis of accrued expenditure on land and construction based on due date is as follows:

	2015 **RMB'000**	2014 RMB'000
Due within 1 month or on demand	**2,355,022**	2,143,849
Due after 1 month but within 3 months	**47,188**	444,389
	2,402,210	2,588,238

(ii) Other tax payable mainly comprised business tax payable, deed tax payable, urban real estate tax payable, stamp duty payable and withholding tax payable.

22 SENIOR NOTES

The Company issued senior notes of aggregate amount of USD 1,000,000,000 on 7 November 2012 (the "Senior Notes"), which will be due in 2017 and 2022, respectively. During the year of 2015, part of the Senior Notes were repurchased and the details are as follows:

USD 600,000,000 of the Senior Notes are due in 2017 and bear interest at 5.750% per annum. These were all repurchased by the Company on 6 December 2015.

USD 400,000,000 of the Senior Notes are due in 2022 and bear interest at 7.125% per annum. USD 146,731,000 of these Senior Notes was repurchased by the Company on 16 October 2015 with a remaining principal amount of USD 253,269,000.

As at 31 December 2015 and 2014, the Senior Notes were guaranteed by 66 subsidiaries of the Company registered in Hong Kong, the BVI and the Cayman Islands. The guarantee will be released upon the full and final payments of the Senior Notes.

The Senior Notes are subject to the fulfillment of covenants relating to limitations on indebtedness and certain transactions of the Group, as are commonly found in issue of corporate bonds. The Group regularly monitors its compliance with these covenants. As at 31 December 2015 and 2014, none of the covenants relating to the Senior Notes had been breached.

23 CAPITAL, RESERVES AND DIVIDENDS

(a) Dividends

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

	2015 RMB'000	2014 RMB'000
Interim dividend declared and paid of RMB nil per ordinary share (2014: RMB0.12 per ordinary share)	**–**	624,752
Special dividend declared and paid of RMB0.348 per ordinary share (2014: RMB nil per ordinary share)	**1,809,434**	–
Final dividend proposed after the balance sheet date of RMB nil per ordinary share (2014: RMB0.13 per ordinary share)	**–**	675,938
Special dividend proposed after the balance sheet date of RMB0.348 per ordinary share (2014: RMB nil per ordinary share)	**1,809,434**	–
	3,618,868	1,300,690

The special dividend proposed after the balance sheet date has not been recognised as a liability at the balance sheet date.

(ii) Dividends payable to equity shareholders of the Company attributable to the previous financial year, approved and paid during the year

	2015 RMB'000	2014 RMB'000
Final dividend in respect of the previous financial year, approved and paid during the year, of RMB0.13 per ordinary share (2014: RMB0.13 per ordinary share)	**675,765**	684,570

23 CAPITAL, RESERVES AND DIVIDENDS (continued)

(b) Share capital and treasury shares

(i) Share capital

	2015 No. of shares Share '000	2015 Share capital RMB'000	2014 No. of shares Share '000	2014 Share capital RMB'000
Authorised:				
Ordinary shares of HKD0.02 each	**7,500,000**		7,500,000	
Issued and fully paid:				
At 1 January	**5,199,523**	**106,112**	5,290,169	107,868
Shares repurchased and cancelled this year	**–**	**–**	(90,691)	(1,757)
Shares issued under the employees' share option schemes	**–**	**–**	45	1
At 31 December	**5,199,523**	**106,112**	5,199,523	106,112

During the year ended 31 December 2015, options were exercised to subscribe for nil ordinary shares (2014: 45,000) of the Company at consideration of RMB nil (2014: RMB216,550) of which RMB nil (2014: RMB872) was credited to share capital and the balance of RMB nil (2014: RMB215,678) was credited to share premium. RMB nil (2014: RMB67,447) has been transferred from capital reserve to share premium in accordance with policy set out in Note 1(p)(ii).

(ii) Treasury shares

	Note	2015 No. of shares Share '000	2015 Share capital RMB'000	2014 No. of shares Share '000	2014 Share capital RMB'000
At 1 January		**8,009**	**36,033**	9,252	39,932
Shares purchased for employees' share award scheme		**1,064**	**3,357**	439	2,092
Vesting of shares under employees' share award scheme	*25(b)*	**(1,951)**	**(7,052)**	(1,682)	(5,991)
At 31 December		**7,122**	**32,338**	8,009	36,033

23 CAPITAL, RESERVES AND DIVIDENDS (continued)

(b) Share capital and treasury shares (continued)

(ii) Treasury shares (continued)

Details of treasury shares purchased during the year ended 31 December 2015 are as follows:

Month/year	Number of shares Repurchased/ (sold) Share '000	Average price Paid per share HKD	Aggregate price paid/(received) HKD'000
March 2015	(1)	5.27	(5)
March 2015	(1)	5.09	(5)
April 2015	(1)	5.35	(5)
June 2015	212	5.27	1,115
Dec 2015	855	3.48	2,977
	1,064		4,077

(iii) Terms of unexpired and unexercised share options at balance sheet date

Exercise period	Exercise price	**2015 Number**	2014 Number
6 November 2013 to 5 November 2022	HKD5.53	**8,184,000**	8,184,000
		8,184,000	8,184,000

Each option entitles the holder to subscribe for one ordinary share in the Company. Further details of these options are set out in Note 25(a).

23 CAPITAL, RESERVES AND DIVIDENDS (continued)

(c) Nature and purpose of reserves

(i) Share premium

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

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

(ii) Capital reserve

The capital reserve represents the fair value of the actual or estimated number of unexercised share options granted to employees of the Company and the Awarded Shares (see Note 25).

(iii) Exchange reserve

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

(iv) Revaluation reserve

The revaluation reserve has been set up and is dealt with in accordance with the accounting policies adopted for office premises in Note 1(i).

The revaluation reserve of the Company in respect of office premises is distributable to the extent of RMB nil (2014: RMB nil).

(v) General reserve fund

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

23 CAPITAL, RESERVES AND DIVIDENDS (continued)

(d) Distributability of reserves

At 31 December 2015, the aggregate amount of reserves available for distribution to equity shareholders of the Company was RMB2,299,703,000 (2014: RMB5,684,108,000), including retained profits or accumulated losses, the treasury shares, the share premium and the distributable revaluation reserve as disclosed in Notes 23(c)(i) and 23(c)(iv). After the balance sheet date the directors proposed a special dividend of RMB34.8 cents per ordinary share (2014: final dividend of RMB13 cents per ordinary share), amounting to RMB1,809,434,000 (2014: RMB675,938,000). This dividend has not been recognised as a liability at the balance sheet date.

(e) Capital management

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

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

Consistent with industry practice, the Group monitors its capital structure on the basis of a gearing ratio, which was unchanged since 2007, as defined by the Group, being the total of bank and interest bearing borrowings (including senior notes) divided by the total assets. As at 31 December 2015, the gearing ratio of the Group was 24.89% (2014: 26.38%).

Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.

24 EMPLOYEE BENEFIT PLAN

The Group participates in a defined contribution retirement scheme established by the Beijing Municipal Labour Bureau and Shanghai Municipal Labour Bureau for its staff. The Group was required to make contributions to the retirement scheme at 20% and 22% of the gross salaries of its staff in Beijing and Shanghai, respectively, during the years ended 31 December 2015 and 2014.

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

25 EQUITY SETTLED SHARE-BASED TRANSACTIONS

(a) Employees' share option schemes

The Company has adopted a Pre-IPO share option scheme and an IPO share option scheme on 14 September 2007, whereby the directors of the Company are authorised, at their discretion, to invite employees of the Group, including directors of any company in the Group, to take up options at HKD1 consideration to subscribe for shares of the Company. The options vest in a period of three to seven years from the date of grant and are exercisable within a period of six to ten years. Each option gives the holder the right to subscribe for one ordinary share of the Company.

(i) The terms and conditions of the grants that existed during the years are as follows, whereby all options are settled by physical delivery of shares:

	Number of instruments	Vesting condition's	Contractual life of options
Options granted to directors:			
– on 8 October 2007	1,573,750	Three years from the date of grant	6 years
– on 30 January 2008	1,124,000	Three years from the date of grant	6 years
– on 30 June 2008	500,000	Three years from the date of grant	6 years
– on 6 November 2012	8,184,000	Seven years from the date of grant	10 years
Options granted to employees:			
– on 8 October 2007	10,484,250	Three years from the date of grant	6 years
– on 30 January 2008	6,135,000	Three years from the date of grant	6 years
– on 30 June 2008	580,000	Three years from the date of grant	6 years
Total share options	28,581,000		

25 EQUITY SETTLED SHARE-BASED TRANSACTIONS (continued)

(a) Employees' share option schemes (continued)

(ii) The number and weighted average exercise prices of share options are as follows:

	2015		2014	
	Weighted average exercise price HKD	**Number of options '000**	Weighted average exercise price HKD	Number of options '000
Outstanding at the beginning of the year	**5.53**	**8,184**	5.53	8,229
Exercised during the year	**–**	**–**	6.10	(45)
Outstanding at the end of the year	**5.53**	**8,184**	5.53	8,184
Exercisable at the end of the year	**5.53**	**2,455**	5.53	1,637

The options outstanding at 31 December 2015 had an exercise price of HKD 5.53 (2014: HKD 5.53).

(iii) Fair value of share options and assumptions

The fair value of services received in return for share options granted is measured by reference to the fair value of share options granted. The estimate of the fair value of the share options granted is measured based on the Black-Scholes Model or Binomial Tree Pricing Method. The contractual life of the share option is used as an input into these models. Expectations of early exercise are incorporated into the Black-Scholes Model or Binomial Tree Pricing Method.

25 EQUITY SETTLED SHARE-BASED TRANSACTIONS (continued)

(a) Employees' share option schemes (continued)

(iii) Fair value of share options and assumptions (continued)

	Granted on 30 June 2008	Granted on 30 January 2008	Granted on 8 October 2007	Granted on 6 November 2012
Fair value at measurement date	HKD1.51	HKD2.24	HKD3.25	HKD1.79
Share price	HKD4.25	HKD6.10	HKD8.30	HKD5.53
Exercise price	HKD4.25	HKD6.10	HKD8.30	HKD5.53
Expected volatility (expressed as weighted average volatility used in the modelling under Black-Scholes Model or Binomial Tree Pricing Method)	49.36%	46.35%	45.91%	48.37%
Expected dividends	2.28%	0.52%	0.48%	5.56%
Risk-free interest rate(based on Exchange Fund Notes)	3.11%	1.98%	3.93%	0.65%

The expected volatility is based on the historic volatility of the share price over the most recent period, adjusted for any expected changes to future volatility based on publicly available information. Expected dividends are based on the dividends policies of the Company.

Share options were granted under a service condition. This condition has not been taken into account in the grant date fair value measurement of the services received. There was no market conditions associated with the share option grants.

(b) Employees' share award scheme

Employees' share award scheme in which all employees (including without limitation any executive directors) of the Group would be entitled to participate was launched by the Group on 23 December 2010. The purpose of the employees' share award scheme is to give incentive to participants in order to retain them for the continued operation and development of the Group. Vested shares will be transferred at no cost to the selected employees. For employees who are granted the shares but cease employment with the Group before vesting, the unvested shares are forfeited.

The fair value of each share granted is based on the share price at grant date which could be obtained from the stock market directly. Shares are granted under a service condition. There is no market conditions associated with the shares awards.

25 EQUITY SETTLED SHARE-BASED TRANSACTIONS (continued)

(b) Employees' share award scheme (continued)

Details of the shares awarded and vested during 2014 and 2015 are set out below:

Month of shares purchased	Number of shares purchased	Consideration of shares purchased HKD'000	Month of award	Number of shares awarded	Number of awarded shares vested	Average fair value vested per share HKD	Vesting period	Remaining vesting period
September 2009	735,000	3,313	March 2011	735,000	(240,901)	5.97	9 March 2012 – 9 March 2014	–
September 2009	1,299,500	5,857	January 2012	1,299,500	(772,900)	5.24	13 January 2013 – 13 January 2015	–
September 2009	175,500	791	November 2012	175,500	–	5.61	7 November 2013 – 7 November 2019	–
September 2011	232,000	1,157	November 2012	232,000	–	5.61	7 November 2013 – 7 November 2019	–
October 2011	3,113,000	15,194	November 2012	3,113,000	(1,147,452)	5.61	7 November 2013 – 7 November 2019	3.85 years
November 2011	1,038,000	5,188	November 2012	1,038,000	–	5.61	7 November 2013 – 7 November 2019	3.85 years
June 2012	155,500	838	November 2012	155,500	–	5.61	7 November 2013 – 7 November 2019	3.85 years
October 2012	188,000	945	November 2012	188,000	–	5.61	7 November 2013 – 7 November 2019	3.85 years
November 2012	264,700	1,498	November 2012	264,700	–	5.61	7 November 2013 – 7 November 2019	3.85 years
November 2012	3,270,300	18,503	March 2013	1,428,500	(1,022,505)	6.08	6 March 2013 – 6 March 2016	0.18 years
June 2013	230,500	1,536	April 2014	1,281,500	(449,142)	6.55	4 April 2014 – 4 April 2017	1.27 years
June 2014	222,000	1,359						
October 2014	216,500	1,284						
June 2015	211,500	1,115						
December 2015	855,000	2,977						
Total	12,207,000	61,555		9,911,200	(3,632,900)			

25 EQUITY SETTLED SHARE-BASED TRANSACTIONS (continued)

(b) Employees' share award scheme (continued)

Movements in the number of shares awarded and dividend shares were as follows:

	2015 Number of awarded shares and dividend shares	2014 Number of awarded shares and dividend shares
Outstanding at 1 January	**6,926,859**	7,327,060
Awarded	**–**	1,281,500
Vested	**(1,760,613)**	(1,537,670)
Dividend shares		
– allocated to awardees	**174,821**	–
– vested	**(190,586)**	(144,031)
Outstanding at 31 December	**5,150,481**	6,926,859

26 DISPOSAL OF SUBSIDIARIES

For the year ended 31 December 2015, the Group disposed of its equity interests in the following company:

Company name	Disposal date	Percentage of equity interests disposed		Proceeds
		Directly held	Indirectly held	RMB'000
Shanghai Jingsheng Real Estate Co., Ltd	04/03/2015	–	100%	2,169,302

26 DISPOSAL OF SUBSIDIARIES (continued)

On 27 February 2014, the Group entered into agreements with Financial Street Holdings Co., Ltd. ("Financial Street"), pursuant to which the Group agreed to sell to Financial Street its entire equity interests in the SOHO Jing'an Project Company and the related shareholders loans in a subsidiary which holds SOHO Jing'an Project, for a total consideration of RMB2,169,302,000. The disposal was completed during the year ended 31 December 2015.

Details of sales proceeds and gains on disposal are as follows:

	As at disposal date RMB'000
Proceeds on disposal of the subsidiary	2,169,302
Carrying value of the subsidiary disposed – shown as below	(2,054,574)
Gains on disposal of the subsidiary	114,728

Proceeds on disposal of the subsidiary are as follows:

	Carrying value RMB'000
Proceeds received in cash in previous year	1,480,000
Proceeds received in cash during the year ended December 31 2015	666,488
Proceeds receivable	22,814
	2,169,302

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

	Carrying value RMB'000
Property under development	2,010,799
Cash and cash equivalents	10,028
Trade and other receivables	33,747
Net assets of the subsidiary	2,054,574

26 DISPOSAL OF SUBSIDIARIES (continued)

Inflow of cash related to the disposal of the subsidiary, net of cash disposed

	Carrying value RMB'000
Proceeds received in cash during the year ended December 31 2015	666,488
Cash and cash equivalents in the subsidiary disposed of	(10,028)
Cash inflow on disposal during the year ended December 31 2015	656,460

The effect of the disposal on consolidated income statement is as follows:

	2015/01/01-2015/03/03 RMB'000
Financial income	9
Other expenses	(976)
Loss before tax	(967)
Income tax expense	–
Loss for the period	(967)
Attributable to:	
Owners of the Company	(967)

27 BALANCE SHEET AND EQUITY MOVEMENT OF THE COMPANY

(a) Balance sheet of the Company

	Note	As at 31 December 2015 RMB'000	As at 31 December 2014 RMB'000
Assets			
Non-current assets			
Investments in subsidiaries		**294,748**	294,423
Long-term receivables		**53,494**	–
Amounts due from subsidiaries		**212,175**	743,253
		560,417	1,037,676
Current assets			
Trade and other receivables		**17,660,419**	17,736,338
Cash and cash equivalents		**2,779,252**	1,482,660
		20,439,671	19,218,998
Total assets		**21,000,088**	20,256,674
Equity and liabilities			
Equity			
Share capital	*27 (b)*	**106,112**	106,112
Reserves	*27 (b)*	**245,135**	3,535,590
Total equity		**351,247**	3,641,702
Liabilities			
Non-current liabilities			
Bank loans		**6,437,820**	7,369,622
Senior notes		**1,614,493**	6,062,108
Derivative financial instruments		**4,965**	4,018
		8,057,278	13,435,748
Current liabilities			
Bank loans		**1,921,483**	287,930
Other payables		**63,575**	84,601
Amounts due to subsidiaries		**10,606,505**	2,806,693
		12,591,563	3,179,224
Total liabilities		**20,648,841**	16,614,972
Total equity and liabilities		**21,000,088**	20,256,674

The balance sheet of the Company was approved by the Board of Directors on 8 March 2016 and were signed on its behalf

Pan Shiyi
Director

Pan Zhang Xin Marita
Director

27 BALANCE SHEET AND EQUITY MOVEMENT OF THE COMPANY (continued)

(b) Share capital and reserve movement of the Company

	Note	Share capital RMB'000	Share premium RMB'000	Capital redemption reserve RMB'000	Capital reserve RMB'000	Exchange reserve RMB'000	Retained profits/ accumulated loss RMB'000	Total RMB'000
At 1 January 2014		107,868	9,423,489	7,904	47,168	(2,243,140)	(1,269,254)	6,074,035
Loss for the year		–	–	–	–	–	(723,846)	(723,846)
Other comprehensive income		–	–	–	–	36,147	–	36,147
Total comprehensive income		–	–	–	–	36,147	(723,846)	(687,699)
Repurchase of own shares	*23(b)(i)*							
– par value paid		(1,757)	–	–	–	–	–	(1,757)
– premium paid		–	(436,580)	–	–	–	–	(436,580)
– transfer between reserves		–	(1,757)	1,757	–	–	–	–
Dividends approved in respect of the previous year	*23(a)*	–	(684,570)	–	–	–	–	(684,570)
Dividends declared in respect of the current year	*23(a)*	–	(624,752)	–	–	–	–	(624,752)
Share issued under the employees' share option schemes	*23(b)(i)*	1	283	–	(67)	–	–	217
Employees' share award scheme	*25(b)*	–	–	–	8,180	–	–	8,180
Employees' share option schemes	*25(a)*	–	–	–	1,188	–	–	1,188
Vesting of shares under employees' share award scheme	*25(b)*	–	1,095	–	(7,086)	–	–	(5,991)
Hedging		–	–	–	(569)	–	–	(569)
At 31 December 2014		106,112	7,677,208	9,661	48,814	(2,206,993)	(1,993,100)	3,641,702

27 BALANCE SHEET AND EQUITY MOVEMENT OF THE COMPANY (continued)

(b) Share capital and reserve movement of the Company (continued)

	Note	Share capital RMB'000	Share premium RMB'000	Capital redemption reserve RMB'000	Capital reserve RMB'000	Exchange reserve RMB'000	Retained profits/ accumulated loss RMB'000	Total RMB'000
At 1 January 2015		106,112	7,677,208	9,661	48,814	(2,206,993)	(1,993,100)	3,641,702
Loss for the year		–	–	–	–	–	(900,582)	(900,582)
Other comprehensive income		–	–	–	–	96,277	–	96,277
Total comprehensive income		–	–	–	–	96,277	(900,582)	(804,305)
Dividends approved in respect of the previous year	23(a)	–	(675,765)	–	–	–	–	(675,765)
Dividends declared in respect of the current year	23(a)	–	(1,809,434)	–	–	–	–	(1,809,434)
Employees' share award scheme	25(b)	–	–	–	5,796	–	–	5,796
Employees' share option schemes	25(a)	–	–	–	1,252	–	–	1,252
Vesting of shares under employees' share award scheme	25(b)	–	1,376	–	(8,428)	–	–	(7,052)
Hedging	12	–	–	–	(947)	–	–	(947)
At 31 December 2015		106,112	5,193,385	9,661	46,487	(2,110,716)	(2,893,682)	351,247

28 FINANCIAL RISK MANAGEMENT AND FAIR VALUES

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

(a) Credit risk

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

Credit evaluations are performed on all customers requiring credit over a certain amount. The Group would not deliver properties to tenants before it receives the rental deposits and would not release the property ownership certificates to the buyers before the buyers finally settle the selling price.

As at 31 December 2015 and 2014, the Group had no significant concentrations of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset in the balance sheets.

(b) Liquidity risk

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

Individual operating entities within the Group are responsible for their own cash management, including the short term investment of cash surpluses, issuing convertible bonds and senior notes, and the raising of loans to cover expected cash demands, subject to approval by the Company's board of directors when the borrowings exceed certain predetermined levels of authority. The Group's policy is to regularly monitor current and expected liquidity requirements and its compliance with lending covenants, to ensure that it maintains sufficient reserves of cash and adequate committed lines of funding from major financial institutions to meet its liquidity requirement in the short and longer term.

28 FINANCIAL RISK MANAGEMENT AND FAIR VALUES (continued)

(b) Liquidity risk (continued)

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

	2015 Contractual undiscounted cash outflow						2014 Contractual undiscounted cash outflow					
	Within 1 year or on demand RMB'000	More than 1 year but less than 2 years RMB'000	More than 2 years but less than 5 years RMB'000	More than 5 years RMB'000	Total RMB'000	Carrying amount at 31 December RMB'000	Within 1 year or on demand RMB'000	More than 1 year but less than 2 years RMB'000	More than 2 years but less than 5 years RMB'000	More than 5 years RMB'000	Total RMB'000	Carrying amount at 31 December RMB'000
Bank loans	2,596,341	4,105,919	8,936,713	2,512,830	18,151,803	16,267,240	1,983,299	2,505,471	11,031,013	745,280	16,265,063	14,200,189
Senior notes	1,702,415	–	–	–	1,702,415	1,614,493	385,497	385,497	4,373,870	2,944,974	8,089,838	6,062,108
Contract retention payables	135,346	–	–	–	135,346	135,346	178,603	–	–	–	178,603	178,603
Financial liabilities measured at amortised costs	4,199,633	–	–	–	4,199,633	4,199,633	4,238,492	–	–	–	4,238,492	4,238,492
	8,633,735	4,105,919	8,936,713	2,512,830	24,189,197	22,216,712	6,785,891	2,890,968	15,404,883	3,690,254	28,771,996	24,679,392

(c) Interest rate risk

The interest rates of the Group's bank loans, senior notes are disclosed in Notes 19 and 22, respectively. The annual interest rates of the Group's deposits at bank ranged from 0.35% to 3.35% as at 31 December 2015 (2014: 0.35% to 2.86%).

At 31 December 2015, it is estimated that a general increase/decrease of 100 basis points in borrowing interest rates for bank loans, with all other variables held constant, would decrease/increase the Group's profit after tax and retained profits by approximately RMB86,236,000 (2014: RMB34,454,000) and would increase/decrease the Group's properties under development and completed properties held for sale and investment properties by approximately RMB47,877,000 (2014: RMB107,364,000). In addition, it is estimated that a general increase/decrease of 100 basis points in bank deposit interest rates, with all other variables held constant, would increase/decrease the Group's profit after tax and retained profits by approximately RMB80,590,000 (2014: RMB87,097,000).

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

28 FINANCIAL RISK MANAGEMENT AND FAIR VALUES (continued)

(d) Foreign currency risk

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

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

All the revenue-generating operations of the Group are transacted in RMB. The Group is exposed to foreign currency risk mainly on financing transactions denominated in the currency (RMB) other than the Company and related entities' functional currency (HKD). Depreciation or appreciation of RMB against HKD can affect the Group's results. The Group did not hedge its currency exposure.

The amounts denominated in the currency other than the functional currency of the entities to which they relate were as follows:

	2015 **RMB'000**	2014 RMB'000
RMB		
– Cash and cash equivalents	**166,515**	1,275,502
– Amounts due from subsidiaries	**1,649,612**	3,098,198
– Amounts due to subsidiaries	**(669,894)**	(813,883)

As at 31 December 2015, if RMB had weakened/strengthened 5% against HKD with all other variables held constant, post-tax profit for the year would have been RMB42,984,000 lower/higher (2014: RMB133,493,000).

28 FINANCIAL RISK MANAGEMENT AND FAIR VALUES (continued)

(e) Fair values

Investment properties and cash flow hedge are stated as fair value, other financial instruments are carried at amounts not materially different from their fair values as at 31 December 2015 and 2014.

The method and major assumptions used in estimating the fair value of the share options granted to employees of the Group are set out in Note 25. The unit fair values of the Awarded Shares are share price at grant dates which can be obtained from the stock market directly.

Where discounted cash flow techniques are used, estimated future cash flows are based on management's best estimates and the discount rate is a market related rate for a similar instrument at the balance sheet date. Where other pricing models are used, inputs are based on market related data at the balance sheet date.

The table below analyses investment properties and cash flow hedge carried at fair value, by valuation method. The different levels have been defined as follows:

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

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

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

The following table presents the Group's assets and liabilities that are measured at fair value at 31 December 2015. See Note 8 for disclosures of the investment properties that are measured at fair value.

	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
Assets				
Investment properties	–	–	55,004,000	55,004,000
Office premises	–	–	354,462	354,462
Total assets	–	–	55,358,462	55,358,462
Liabilities				
Derivatives used for hedging	–	4,965	–	4,965
Total liabilities	–	4,965	–	4,965

28 FINANCIAL RISK MANAGEMENT AND FAIR VALUES (continued)

(e) Fair values (continued)

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

	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
Assets				
Investment properties	–	–	52,875,060	52,875,060
Office premises	–	–	354,462	354,462
Total assets	–	–	53,229,522	53,229,522
Liabilities				
Derivatives used for hedging	–	4,018	–	4,018
Total liabilities	–	4,018	–	4,018

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.

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

Description	**Fair value measurements at 31 December 2015 using Significant unobservable inputs (Level 3) RMB'000**
Investment properties:	
– Investment properties under construction	**8,922,000**
– Completed investment properties located in Beijing	**21,878,200**
– Completed investment properties located in Shanghai	**24,203,800**
Total	**55,004,000**

28 FINANCIAL RISK MANAGEMENT AND FAIR VALUES (continued)

(e) **Fair values** (continued)

Valuation process of the Group

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

The Group's finance department includes a team that reviews the valuations performed by the independent valuers for financial reporting purposes. This team reports directly to the chief financial officer (CFO) and the Audit Committee (AC).

At the end of each financial reporting period the finance department:

- Verifies all major inputs to the independent valuation report;
- Analyses property valuation movements and changes in fair values when compared to the prior period valuation report;
- Holds discussions with the independent valuer and reports to the CFO and AC.

Valuation techniques

Fair values of properties under development are generally derived using the residual method. This valuation method is essentially a means of valuing the properties by reference to its development potential by deducting outstanding development costs together with developer's profit from the estimated capital value of the proposed development assuming completed as at the valuation date.

For completed investment properties, valuation was done primarily using direct comparison method. Income capitalization approach is also used as a reference method in deriving the final valuation results.

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

Under direct comparison method, comparable properties are selected and adjusted for differences in key attributes such as but not limited to locational factor and property size. The most significant input into this valuation approach is price per square meter.

When using income capitalization approach, unobservable inputs will be used and taken into account. These unobservable inputs includes:

28 FINANCIAL RISK MANAGEMENT AND FAIR VALUES (continued)

(e) **Fair values** (continued)

Information about fair value measurements using significant unobservable inputs

Description	Fair value at 31 Dec 2015 RMB'000	Valuation technique(s)	Unobservable inputs	Range of Unobservable inputs	Relationship of unobservable inputs to fair value
Investment properties under construction	8,922,000	Residual method	Price per square meter	Office: 38,500-56,400 Retail: 38,500-65,000	The higher the price per square, the higher the fair value
			Cost to completion (Per square meter)	RMB6,745– RMB10,930	The higher the cost to completion, the lower the fair value
			Developer's profit (Per square meter)	RMB2,864 – RMB6,406	The higher the developer's profit, the lower the fair value
Completed investment properties located in Beijing	21,878,200	Direct comparison method take reference to Income capitalization approach	Capitalization rate	4.7%-6.0%	The higher the capitalization rate, the lower the fair value
			Rental per square meter (Per square meter per day)	RMB7.4 – RMB21.7	The higher the rental per square meter, the higher the fair value
			Estimated price (Per square meter)	RMB51,700 – RMB150,000	The higher the price per square, the higher the fair value
Completed investment properties located in Shanghai	24,203,800	Direct comparison method take reference to Income capitalization approach	Capitalization rate	4.7%-6.4%	The higher the capitalization rate, the lower the fair value
			Rental per square meter (Per square meter per day)	RMB4.9 – RMB15.5	The higher the rental per square, the higher the fair value
			Estimated price (Per square meter)	RMB32,500- RMB106,600	The higher the price per square, the higher the fair value

29 COMMITMENTS AND CONTINGENT LIABILITIES

(a) Commitments

(i) Commitments in respect of properties under development, investment properties and purchase of properties outstanding at 31 December not provided for in the financial statements were as follows:

	2015 **RMB'000**	2014 RMB'000
Contracted for	**2,130,348**	1,395,531
Authorized but not contracted for	**3,423,096**	4,813,375
	5,553,444	6,208,906

(b) Guarantees

The Group has entered into agreements with certain banks with respect to mortgage loans provided to buyers of property units. The Group has given guarantees on mortgage loans provided to the buyers by these banks. For most mortgages, the guarantees will be released when the property title deeds are pledged to banks as security for the respective mortgage loans, which generally take place within one year after the property units are delivered to the buyers. The total amount of mortgages outstanding which are guaranteed by the Company's subsidiaries was RMB4,481,661,000 as at 31 December 2015 (2014: RMB6,433,147,000).

As at 31 December 2015, the Company provided guarantees to nil (2014: one) subsidiaries with respect to their bank loans of RMB nil (2014: RMB915,354,000).

(c) Investment properties and properties held for sale

The Group leases out investment properties and certain properties held for sale under operating leases. The leases typically run for an initial period of 1 to 8 years, with an option to renew the lease after that date at which time all terms are renegotiated.

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

	2015 **RMB'000**	2014 RMB'000
Within 1 year	**1,290,019**	762,177
After 1 year but within 5 years	**2,757,436**	2,042,304
After 5 years	**263,479**	209,485
	4,310,934	3,013,966

29 COMMITMENTS AND CONTINGENT LIABILITIES (continued)

(d) Legal contingencies

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

30 MATERIAL RELATED PARTY TRANSACTIONS

(a) Amounts due to related parties and corresponding transactions

Amounts due to related parties, included in current liabilities, comprise:

	Note	**2015** **RMB'000**	2014 RMB'000
Shanghai YiDian	*(i)*	**345,281**	303,917
Shanghai Rural Commercial Bank	*(i)*	**345,281**	303,917
Wang Rensheng	*(i)*	**123,820**	123,820
		814,382	731,654

(i) The balances as at 31 December 2015 mainly represented the advances of RMB814,382,000 (2014: RMB731,654,000) from Shanghai Yi Dian Holdings (Group) Co., Ltd. ("Shanghai Yi Dian"), Shanghai Rural Commercial Bank and Wang Rensheng, the non-controlling equity holders of a subsidiary, Shanghai Ding Ding Real Estate Development Co., Ltd., which were interest-free, unsecured and had no fixed term of repayment.

(b) Key management personnel remuneration

Remuneration for key management personnel of the Group, including amounts paid to the Company's directors as disclosed in Note 31 and certain of the highest paid employees as disclosed in Note 6(b) is as follows:

	2015 **RMB'000**	2014 RMB'000
Short-term employee benefits	**24,678**	26,806
Post-employment benefits	**132**	80
Share-based payments	**7,048**	9,368
	31,858	36,254

30 MATERIAL RELATED PARTY TRANSACTIONS (continued)

(c) Other related party transactions

Directors of the Company, Mr. Pan Shiyi and Mrs. Pan Zhang Xin Marita, entered into guarantee agreements with a bank with respect to a long-term bank loan amounted to RMB nil as at 31 December 2015 (2014: RMB915,354,000). The guarantees will be released upon the repayment of the bank loans.

Mr. Pan Shiyi, director of the Company, entered into a guarantee agreement with a bank with respect to a long-term bank loan amounted to RMB1,600,708,000 as at 31 December 2015 (2014: RMB1,529,750,000). The guarantees will be released upon the repayment of the bank loans.

(d) None of the above related party transactions falls under the definition of connected transaction or continuing connected transaction as defined in Chapter 14A of the Listing Rules.

31 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							
Name	Fees RMB'000	Salary RMB'000	Discretionary bonuses RMB'000	Housing Allowance RMB'000	Estimated money value of benefit RMB'000	Employer's contribution to retirement benefit scheme RMB'000	Share-based Payments *(Note 31(a)(i))* RMB'000	Total RMB'000
Chairman								
Pan Shiyi	240	2,764	2,764	26	152	44	–	5,990
Executive directors								
Pan Zhang Xin Marita	240	2,475	2,475	–	108	–	–	5,298
Yan Yan	240	2,696	2,292	26	110	44	–	5,408
Jim Lam*	–	123	104	–	–	–	–	227
Independent non-executive directors								
Ramin Khadem**	109	–	–	–	–	–	–	109
Cha Mou Zing Victor	269	–	–	–	–	–	–	269
Yi Xiqun**	96	–	–	–	–	–	–	96
Xiong Minghua***	174	–	–	–	–	–	–	174
Sun Qiang Chang***	174	–	–	–	–	–	–	174
Total	1,542	8,058	7,635	52	370	88	–	17,745

Notes:

* Jim Lam was appointed in August 2015 and resigned in September 2015.

** Ramin Khadem and Yi Xiqun retired in May 2015.

*** Xiong Minghua and Sun Qiang Chang were appointed in May 2015.

31 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).

Name	Emoluments paid or receivable in respect of a person's services as a director, whether of the company or its subsidiary undertaking							
	Fees RMB'000	Salary RMB'000	Discretionary bonuses RMB'000	Housing Allowance RMB'000	Estimated money value of benefit RMB'000	Employer's contribution to retirement benefit scheme RMB'000	Share-based Payments *(Note 31(a)(i))* RMB'000	Total RMB'000
Chairman								
Pan Shiyi	**240**	**2,961**	**2,764**	**24**	**247**	**40**	**–**	**6,276**
Executive directors								
Pan Zhang Xin Marita	**240**	**2,671**	**2,475**	**–**	**108**	**–**	**–**	**5,494**
Yan Yan	**240**	**2,893**	**2,393**	**24**	**107**	**40**	**1,221**	**6,918**
Tong Ching Mau	**88**	**1,160**	**1,199**	**–**	**–**	**–**	**203**	**2,650**
Yin Jie	**88**	**1,988**	**1,294**	**–**	**91**	**–**	**203**	**3,664**
Independent non-executive directors								
Ramin Khadem	**301**	**–**	**–**	**–**	**–**	**–**	**–**	**301**
Cha Mou Zing, Victor	**265**	**–**	**–**	**–**	**–**	**–**	**–**	**265**
Yi Xiqun	**265**	**–**	**–**	**–**	**–**	**–**	**–**	**265**
Total	**1,727**	**11,673**	**10,125**	**48**	**553**	**80**	**1,627**	**25,833**

Note (i):

These represent the fair value of share options and shares granted to the directors under the employees' share option schemes and the employees' share award scheme, respectively. The value of these share options and shares is measured according to the Group's accounting policies for share-based payment transactions as set out in Note 1(p)(ii) and, in accordance with that policy, includes adjustments to reverse amounts accrued in previous years where grants of equity instruments are forfeited prior to vesting.

The details of these share-based payments, including the principal terms and number of options and shares granted, are disclosed in Note 25.

(b) **Directors' retirement benefits**

The retirement benefits paid to Pan Shiyi during the year ended 31 December 2015 by a defined contribution plan operated by the group in respect of Pan Shiyi's services as a director of the company and its subsidiaries is RMB44,000 (2014: RMB40,000). The retirement benefits paid to Yan Yan during the year ended 31 December 2015 by a defined contribution plan operated by the group in respect of Yan Yan's services as a director of the company and its subsidiaries is RMB44,000 (2014: RMB40,000).

32 CRITICAL ACCOUNTING JUDGEMENTS IN APPLYING THE GROUP'S ACCOUNTING POLICIES

Estimates and judgements used in preparing the financial statements are evaluated and based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that may have a significant effect on the carrying amounts of assets and liabilities mainly include those related to property development and property investment activities.

(a) Land appreciation tax

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

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

(b) Provision for properties under development and completed properties held for sale

As explained in Note 1(j), the Group's properties under development and completed properties held for sale are stated at the lower of cost and net realizable value. Based on the Group's recent experience and the nature of the subject properties, the Group makes estimates of the selling prices, the costs of completion in case for properties under development, and the costs to be incurred in selling the properties based on prevailing market conditions.

If there is an increase in costs to completion or a decrease in net sales value, the net realizable value will decrease and this may result in provision for properties under development and completed properties held for sale. Such revision requires the use of judgement and estimates. Where the expectation is different from the original estimate, the carrying value and provision for properties in the periods in which such estimate is changed will be adjusted accordingly.

In addition, given the volatility of the PRC property market and the unique nature of individual properties, the actual outcomes in terms of costs and revenue may be higher or lower than estimated at the balance sheet date. Any increase or decrease in the provision would affect profit or loss in future years.

32 CRITICAL ACCOUNTING JUDGEMENTS IN APPLYING THE GROUP'S ACCOUNTING POLICIES

(c) Recognition and allocation of construction cost on properties under development

Development costs of properties are recorded as properties under development during construction stage and will be transferred to profit or loss upon the recognition of the sale of the properties. Before the final settlement of the development costs and other costs relating to the sale of the properties, these costs are accrued by the Group based on management's best estimate.

When developing properties, the Group typically divides the development projects into phases. Specific costs directly related to the development of a phase are recorded as the cost of such phase. Costs that are common to phases are allocated to individual phases based on the estimated market value of each phase as a percentage of the total estimated market value of the entire project, or if the above is not practicable, the common costs are allocated to individual phases based on saleable area.

Where the final settlement of costs and the related cost allocation is different from the initial estimates, any increase or decrease in the development costs and other costs would affect the profit or loss in future years.

(d) Impairment for property and equipment and intangible asset

If circumstances indicate that the net book value of a property or equipment and intangible asset may not be recoverable, the asset may be considered "impaired", and an impairment loss may be recognised to reduce the carrying amount to the recoverable amount in accordance with the accounting policy for impairment of property and equipment and intangible asset as described in Note 1(l)(ii). The recoverable amount is the greater of the net selling price and the value in use. In determining the value in use, expected cash flows generated by the asset are discounted to their present value, which requires significant judgement relating to level of future income and operating costs. The Group uses all readily available information in determining an amount that is a reasonable approximation of recoverable amount, including estimates based on reasonable and supportable assumptions and projections of future income and operating costs. Changes in these estimates could have a significant impact on the carrying value of the assets and could result in additional impairment charge or reversal of impairment in future periods.

(e) Valuation of investment properties

As described in Note 8(a), investment properties are stated at fair value based on the valuation performed by an independent firm of professional valuers after taking into consideration the market evidence of transaction prices, and where appropriate, the rental income allowing for reversionary income potential. Details of the valuation approaches for investment properties are set out in Note 28(e).

(f) Impairment for trade and other receivables

The Group estimates impairment losses for trade and other receivables resulting from the inability of the customers to make the required payments. The Group bases the estimates on the aging of the trade and other receivables balance, customer credit-worthiness, and historical write-off experience. If the financial condition of the customers were to deteriorate, actual write-offs would be higher than estimated.

33 POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 DECEMBER 2015

Up to the date of issue of these financial statements, the HKICPA has issued a number of amendments and new standards which are not yet effective for the year ended 31 December 2015 and which have not been adopted in these financial statements. These include the following which may be relevant to the Group.

Description	Effective for accounting periods beginning on or after
HKFRS 14, *'Regulatory deferred accounts'*	1 January 2016
Amendment to HKFRS 11 *on accounting for acquisitions of interests in joint operations*	1 January 2016
Amendments to HKAS 16 and HKAS 38 *on clarification of acceptable methods of depreciation and amortisation*	1 January 2016
Amendments to HKFRS 10 and HKAS 28 *on sale or contribution of assets between an investor and its associate or joint venture*	1 January 2016
Amendment to HKAS 27 *on the equity method in separate financial statements*	1 January 2016
Annual improvements 2014	1 January 2016
Amendments to HKFRS 10, HKFRS 12 and HKAS 28 *on investment entities: applying the consolidation exception*	1 January 2016
Amendments to HKAS 1 *for the disclosure initiative*	1 January 2016
HKFRS15, *'Revenue from Contracts with Customers'*	1 January 2018
HKFRS 9, *'Financial instruments'*	1 January 2018

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period, and the Group is in the process of making an assessment of what the impact of these amendments and new standards is expected to be in the period of initial application.

34 ULTIMATE HOLDING COMPANY

At 31 December 2015, the directors consider the ultimate holding company to be Capevale Limited, which is incorporated in the Cayman Islands. This entity does not produce financial statements available for public use.

35 EVENTS AFTER THE BALANCE SHEET DATE

A wholly owned subsidiary of the Company issued Corporate Bonds on 26 January 2016 in the aggregate amount of RMB3 billion at the coupon rate of 3.45% for a term of 3 years. The Corporate Bonds were listed on the Shanghai Stock Exchange and guaranteed by the Company.

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