恒盛地產
GLORIOUS PROPERTY

恒盛地產控股有限公司
GLORIOUS PROPERTY
HOLDINGS LIMITED

STOCK CODE: 00845

THE Ultimacy OF Life

築‧極致人生

2015
ANNUAL REPORT

CONTENTS

CORPORATE INFORMATION AND KEY DATES

Board of Directors

Executive Directors

Mr. Cheng Li Xiong *(Chairman)*
Mr. Ding Xiang Yang
(Vice Chairman and Chief Executive Officer)
Mr. Xia Jing Hua *(Chief Financial Officer)*
Mr. Yan Zhi Rong

Independent Non-Executive Directors

Prof. Liu Tao
Mr. Wo Rui Fang
Mr. Han Ping

Audit Committee

Prof. Liu Tao *(Chairman)*
Mr. Wo Rui Fang
Mr. Han Ping

Remuneration Committee

Mr. Wo Rui Fang *(Chairman)*
Mr. Cheng Li Xiong
Prof. Liu Tao

Nomination Committee

Mr. Cheng Li Xiong *(Chairman)*
Mr. Wo Rui Fang
Mr. Han Ping

Corporate Governance Committee

Mr. Ding Xiang Yang *(Chairman)*
Mr. Cheng Li Xiong
Mr. Xia Jing Hua

Finance Committee

Mr. Cheng Li Xiong
Mr. Ding Xiang Yang
Mr. Xia Jing Hua

Company Secretary

Mr. Cheng Ka Hang, Francis

Auditor

PricewaterhouseCoopers

Legal Advisers

Paul Hastings
Commerce and Finance Law Offices
Conyers Dill & Pearman

Principal Bankers

China Construction Bank
Bank of China
China Minsheng Banking Corp., Ltd.
Bank of Shanghai

Registered Office

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

Headquarters and Principal Place of Business in Hong Kong

Unit 8201, Level 82
International Commerce Centre
1 Austin Road West
Kowloon, Hong Kong

Principal Place of Business in PRC

10/F, Sunshine Binjiang Centre
899 Ruining Road
Xuhui District
Shanghai, China

CORPORATE INFORMATION AND KEY DATES

Principal Share Registrar

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

Hong Kong Share Registrar

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

Contact

Investor Relations Department
Glorious Property Holdings Limited
Unit 8201, Level 82
International Commerce Centre
1 Austin Road West
Kowloon, Hong Kong
Telephone: (852) 3101 4888
Facsimile: (852) 3101 4688
Email: ir@gloriousphl.com.cn

Key Dates

Closure of Register of Members
26 May 2016 to 31 May 2016

Annual General Meeting
31 May 2016

Choice of Language or Means of Receipt of Corporate Information

This annual report is now available in printed form and on the website of the Company. If shareholders who have received or chosen to receive this annual report by electronic means and

(i) wish to receive a printed copy; or

(ii) for any reason have difficulty in receiving or gaining access to this report on the Company's website.

They may obtain a printed copy free of charge by sending a request to the Company's Hong Kong Share Registrar by email at gloriousphl.ecom@computershare.com.hk or by post to 17M Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong.

For shareholders who wish to change their choice of language or means of receipt of the Company's future corporate communications, free of charge, they could at any time notify the Company's Hong Kong Share Registrar by email or by post.

Website:

http://www.gloriousphl.com.cn

Stock Code:

00845

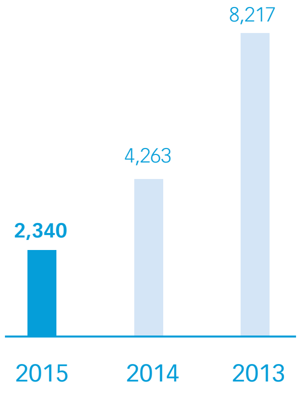
MANAGEMENT DISCUSSION AND ANALYSIS

Annual Highlights

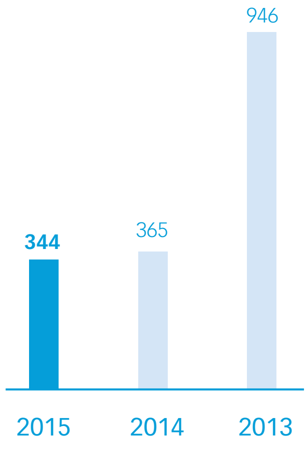
ANNUAL HIGHLIGHTS

- In 2015, the Group recorded a revenue of RMB2,340.2 million and the delivered gross floor area ("GFA") was 344,246 sq.m.
- In 2015, the Group achieved property sales of RMB7,222.4 million and the GFA sold was 345,852 sq.m.
- In 2015, the Group recorded a loss attributable to the owners of the Company of RMB3,877.9 million
- As at 31 December 2015, the Group had a total land bank of 8.8 million sq.m.. Shanghai Region, Yangtze River Delta, Pan Bohai Rim and Northeast China accounted for 18.1%, 38.4%, 29.3% and 14.2% of the total land bank respectively. The average land cost was RMB1,774 per sq.m.

Revenue
RMB (million)



GFA sold and delivered
('000 sq.m.)



MANAGEMENT DISCUSSION AND ANALYSIS
Market Review

Market Review

In furtherance of the market downturn in 2014, China's property market experienced a period of suppression followed by a rebound in 2015. In the first half of the year, in the inadequacy of momentum to drive the market, the government launched a series of rescue policies including reduction in reserve ratios, interest rate cut, policy adjustments for government provident funds, reduction in down payment for second home dwellings, reduction and exemption of business tax etc. Recovery was first seen in first-tier cities including Beijing, Shanghai and Guangzhou and some second-tier cities including Nanjing, Hefei and Suzhou with destocking cycle of less than 15 months. In the second half of the year, despite the wider application of the rescue policies, adjustment of the property market continued in most second-, third- and fourth-tier cities amidst the macroeconomic conditions, where the governments focused on destocking and the respective local property markets did not benefit much from the favorable government policies. With inevitable market competition and rising land prices, the shrinking profit margin in the industry is unlikely to rebound in the short term.

2015 was a year in which China underwent continual optimisation in its economic and industrial structure, witnessing both structural recession and structural booming of the country. China's property market experienced recovery in market sentiment, under the government's rescue policies and financial measures adopted for the property market. The upward trend was nevertheless structural instead of general in nature. In first- and some second-tier cities, the growth is remarkably different from that happening in third- and fourth-tier cities. In 2015, the property market demonstrated more prominent "differentiation" feature, and continued to be faced with destocking pressure. In particular, the growth of the property market is not seen in most of the second-, third- and fourth-tier cities. Regional differentiation became more acute in the course of development of the property market, bringing forth worries albeit the progress made and the stability maintained. However, there has been no change essentially in the fundamentals of the property market.

Aiming at healthy operation and sustainable development, the Group further optimised and consolidated its management strategies and implementation, on the back of the differentiated development across regions in China. During the year, by adhering to the basic ideas of achieving breakthroughs in key areas; adjusting structure and enhancing financial position; strengthening cost control and stressing implementation, the Group enhanced its professional management and enhanced its market competitiveness.

MANAGEMENT DISCUSSION AND ANALYSIS
Business Review

Business Review

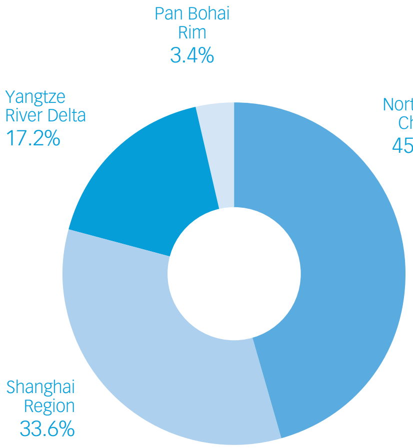
I. Revenue

For the year ended 31 December 2015, the Group recorded a consolidated revenue of RMB2,340.2 million, representing a decrease of 45.1% from RMB4,263.3 million in 2014. The sold and delivered GFA decreased by 5.8% to 344,246 sq.m. in 2015 from 365,309 sq.m. in 2014. The average selling price recognised decreased by 41.8% to RMB6,798 per sq.m. in 2015 from RMB11,671 per sq.m. in 2014.

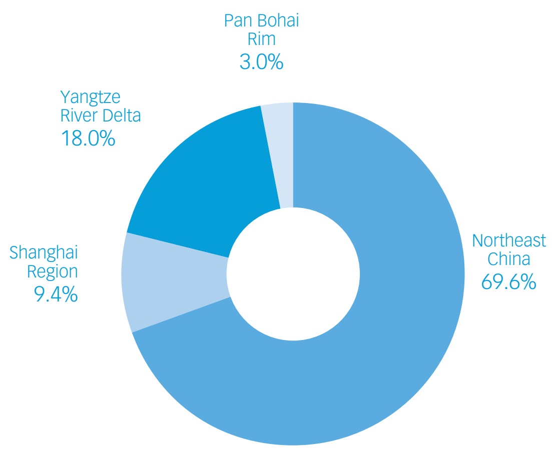
In 2015, the Group recognised revenue for a total of 17 projects. Six projects located in the first-tier cities (Shanghai and Beijing) accounted for 36.4% of the Group's total revenue while the other 11 projects located in the second- and third-tier cities accounted for 63.6% of the total revenue. In 2015, 33.6% of the revenue was contributed by projects in the Shanghai Region, 17.2% by projects in the Yangtze River Delta (excluding Shanghai), 3.4% by projects in the Pan Bohai Rim and 45.8% by projects in Northeast China.

In 2015, a substantial portion of the Group's completed and delivered properties were located in the Northeast China with lower average selling prices, thus causing the Group's overall average recognised selling price to decrease from RMB11,671 per sq.m. in 2014 to RMB6,798 per sq.m. in 2015. Projects in Northeast China contributed 45.8% and 69.6% to the Group's total recognised revenue and sold and delivered GFA, respectively. Changchun Villa Glorious (East) contributed the largest amount of revenue of RMB941.6 million to the Group, representing 40.2% of the Group's total revenue for 2015. However, its average recognised selling price remains at a low level of RMB4,292 per sq.m.. On the other hand, the recognised average selling price of Shanghai Region, which contributed the second largest amount of the Group's revenue in 2015, increased by 36.6% from RMB17,766 per sq.m. in 2014 to RMB24,274 per sq.m.. A large portion of the current year revenue for the Shanghai Region was contributed by Shanghai City Glorious whose delivered properties in 2015 mainly consisted of higher priced commodity properties while for 2014 it was a mixture of commodity properties and social security housing being delivered and recognised, thus resulting in a higher average selling price for the Shanghai Region for the current year.

Percentage of Revenue by Region in 2015



Percentage of GFA sold and delivered by region in 2015



MANAGEMENT DISCUSSION AND ANALYSIS
Business Review

Business Review *(Continued)*

I. Revenue *(Continued)*

Projects sold and delivered in 2015 and 2014 included:

Projects sold and delivered	City	2015 Revenue (RMB'000)	2015 GFA sold and delivered (sq.m.)	2015 Average selling price recognised (RMB per sq.m.)	2014 Revenue (RMB'000)	2014 GFA sold and delivered (sq.m.)	2014 Average selling price recognised (RMB per sq.m.)
Sunshine Venice	Shanghai	**28,985**	**8,205**	**3,533**	4,456	1,277	3,489
Shanghai Bay	Shanghai	**125,797**	**2,233**	**56,335**	557,198	10,110	55,114
Shanghai City Glorious	Shanghai	**622,583**	**21,271**	**29,269**	1,803,298	114,728	15,718
Royal Lakefront	Shanghai	**8,608**	**670**	**12,848**	29,880	8,686	3,440
Sunshine Bordeaux	Beijing	**20,938**	**3,513**	**5,960**	22,382	2,612	8,569
Glorious Artstyle Townhouse	Beijing	**44,801**	**4,186**	**10,703**	62,692	5,991	10,464
Royal Mansion	Beijing	**—**	**—**	**N/A**	5,716	242	23,620
Tianjin Royal Bay Seaside	Tianjin	**14,198**	**2,633**	**5,392**	34,528	6,324	5,460
No.1 City Promotion	Wuxi	**21,016**	**4,154**	**5,059**	10,377	1,676	6,192
Nantong Glorious Chateau	Nantong	**—**	**—**	**N/A**	1,240	225	5,511
Nantong Villa Glorious	Nantong	**36,542**	**6,698**	**5,456**	77,163	10,557	7,309
Nantong Royal Bay	Nantong	**50,788**	**6,848**	**7,416**	652,725	48,410	13,483
Hefei Villa Glorious	Hefei	**8,732**	**1,457**	**5,993**	56,533	9,776	5,783
Hefei Royal Garden	Hefei	**286,245**	**42,885**	**6,675**	503,618	96,160	5,237
Sunny Town	Shenyang	**17,809**	**2,097**	**8,493**	34,626	3,990	8,678
Harbin Villa Glorious	Harbin	**62,732**	**9,173**	**6,839**	214,674	21,715	9,886
Harbin Royal Garden	Harbin	**28,150**	**5,017**	**5,611**	142,267	14,638	9,719
Changchun Villa Glorious (East)	Changchun	**941,627**	**219,372**	**4,292**	6,203	1,282	4,838
Dalian Villa Glorious	Dalian	**20,647**	**3,834**	**5,385**	43,765	6,910	6,334
Total		**2,340,198**	**344,246**	**6,798**	4,263,341	365,309	11,671

MANAGEMENT DISCUSSION AND ANALYSIS
Business Review

Business Review *(Continued)*

II. Property Sales

In 2015, the Group achieved property sales of RMB7,222.4 million, representing a YOY increase of 78.7%. The GFA sold was 345,852 sq.m., representing a YOY increase of 28.6%.

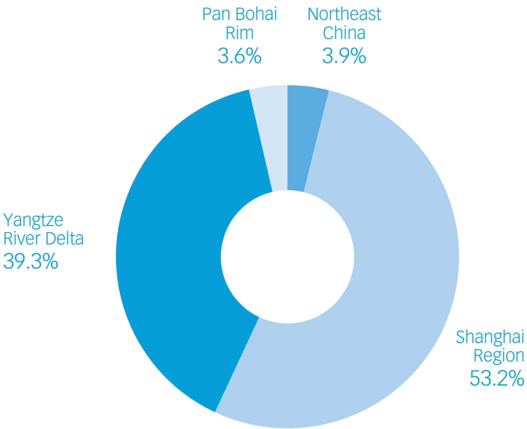
Shanghai Region was the region that achieved the largest amount of the Group's property sales in 2015. It accounted for 53.2% of the Group's total property sales, amounting to RMB3,841.2 million and representing a YOY increase of 153.7%. Property sales of Shanghai City Glorious for 2015 amounted to RMB3,446.7 million, which represented the most significant amount of property sales to both Shanghai Region and the Group in 2015. Property sales of the Yangtze River Delta contributed RMB2,837.5 million to the Group's total property sales for 2015, representing an increase of 43.8% as compared to 2014. Nanjing Royal Bay contributed the most significant portion of property sales to the Yangtze River Delta and amounted to RMB2,201.6 million. Property sales of Northeast China and Pan Bohai Rim total amounted to RMB543.6 million as there was no launch of new projects in 2015 for these two regions.

Property sales for 2015 from the first-tier cities (Shanghai and Beijing) and second- and third-tier cities amounted to RMB3,926.2 million and RMB3,296.2 million respectively, which accounted for 54.4% and 45.6% of the Group's total property sales for 2015.

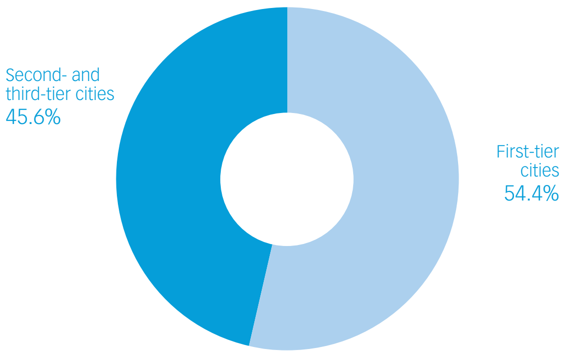
Property sales and GFA sold by region in 2015 and 2014 were as follows:

Region	Property sales *(RMB'000)*			GFA sold *(sq.m.)*		
	2015	2014	Change (%)	**2015**	2014	Change (%)
Shanghai Region	**3,841,238**	1,514,257	153.7%	**117,386**	50,458	132.6%
Yangtze River Delta	**2,837,541**	1,972,947	43.8%	**158,553**	146,843	8.0%
Pan Bohai Rim	**261,235**	157,885	65.5%	**24,317**	17,220	41.2%
Northeast China	**282,389**	395,858	-28.7%	**45,596**	54,335	-16.1%
Total	**7,222,403**	4,040,947	78.7%	**345,852**	268,856	28.6%

Percentage of property sales by region in 2015



Percentage of property sales in first-, second- and third-tier cities in 2015

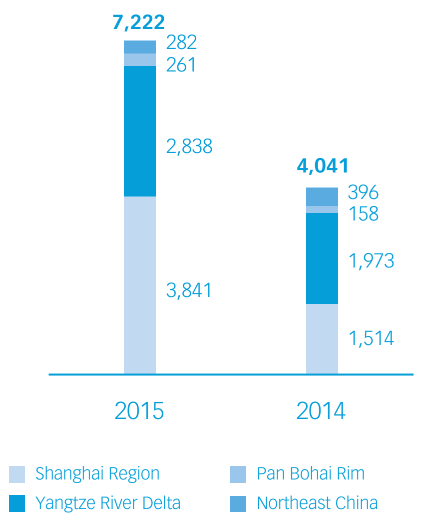


MANAGEMENT DISCUSSION AND ANALYSIS
Business Review

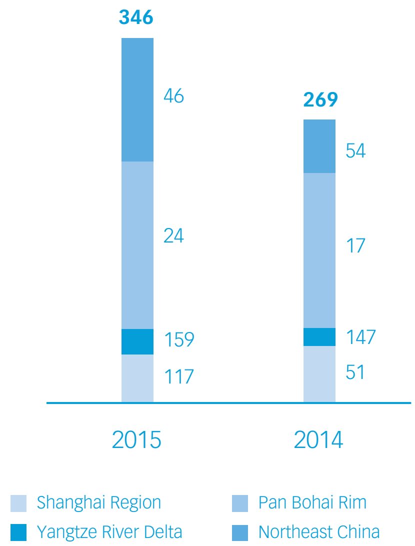
Business Review *(Continued)*

II. Property Sales *(Continued)*

Property sales by region
RMB (million)



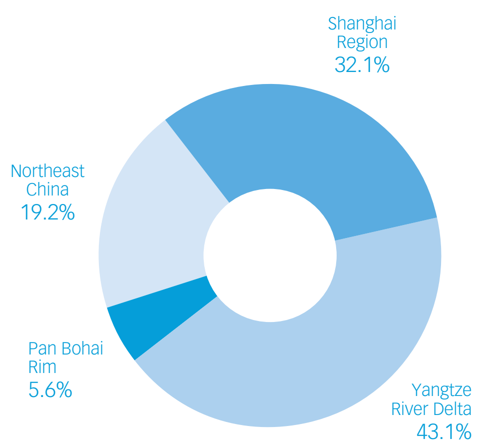
GFA sold by region
('000 sq.m.)



In 2016, the Group expects to launch properties from 18 projects to the market for sale with a saleable GFA of approximately 1.2 million sq.m..

Shanghai Region, Yangtze River Delta, Pan Bohai Rim and Northeast China account for 32.1%, 43.1%, 5.6% and 19.2% respectively of the Group's saleable GFA which are expected to be available for sale in 2016. In terms of saleable GFA, Shanghai Region and Yangtze River Delta will be the major regions in contributing to the sales of the Group in 2016.

Resources available for sale in 2016



Total: 1.2 million sq.m.

Business Review *(Continued)*

II. Property Sales *(Continued)*

Details of the projects which are expected to be available for sale in 2016 are as follows:

	City	Project	Saleable GFA *(sq.m.)*	Interests attributable to the Group
Shanghai Region				
1	Shanghai	Shanghai Bay	122,194	100%
2	Shanghai	Royal Lakefront	57,681	100%
3	Shanghai	Shanghai City Glorious	136,613	100%
4	Shanghai	Glorious Xinyamingdi	72,600	100%
	Subtotal		389,088	
Yangtze River Delta				
5	Nanjing	Nanjing Royal Bay	111,155	60%
6	Nantong	Nantong Villa Glorious	3,854	100%
7	Nantong	Nantong Royal Bay	10,457	100%
8	Hefei	Hefei Royal Garden	56,952	100%
9	Hefei	Hefei Bashangjie Project	189,041	100%
10	Wuxi	No.1 City Promotion	150,952	100%
	Subtotal		522,411	
Pan Bohai Rim				
11	Beijing	Royal Mansion	31,374	100%
12	Tianjin	Sunshine Holiday	28,924	100%
13	Tianjin	Tianjin Royal Bay Seaside	7,625	100%
	Subtotal		67,923	
Northeast China				
14	Shenyang	Sunny Town	19,424	100%
15	Dalian	Dalian Villa Glorious	6,944	100%
16	Changchun	Changchun Villa Glorious	168,987	100%
17	Harbin	Harbin Villa Glorious	8,500	100%
18	Harbin	Harbin Royal Garden	29,097	100%
	Subtotal		232,952	
Total			**1,212,374**	

Business Review *(Continued)*

III. Construction and Development

In 2015, the total residential GFA completed by the Group was approximately 0.62 million sq.m. and approximately 0.11 million sq.m. was added to the new construction area.

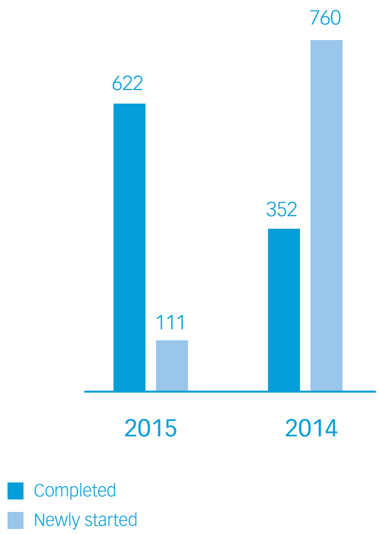
During the year, the Group entirely fostered the establishment of standardisation system and further strengthened its project management, construction management, cash flow management and capital management. The management efficiency and project control were further enhanced. By reinforcing the management capabilities of the cost management center and project management center and establishing a sturdy mechanism in project quality management, the Group endeavoured to strike a sustainable balance between project quality enhancement and progress of projects.

IV. Land Bank

The Group maintained a prudent investment strategy in acquiring land and acquired new land based on the condition of cash flow and financial resources.

The Group did not acquire any new land parcel during 2015.

GFA completed/newly started
('000 sq.m.)

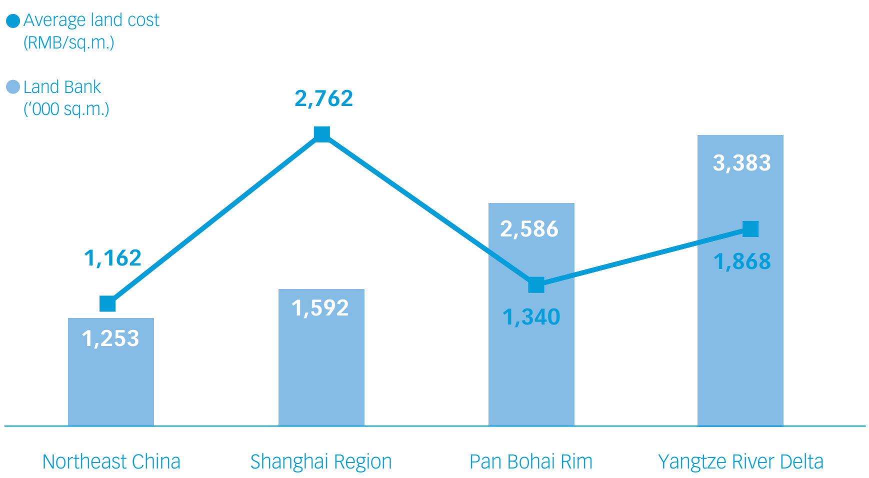


Business Review *(Continued)*

IV. Land Bank *(Continued)*

Distribution of land bank by region as at 31 December 2015 was as follows:

Breakdown of land bank by region



As at 31 December 2015, the total land bank of the Group for which land use right certificates have been obtained or land acquisition agreements have been signed was 8.8 million sq.m., which was sufficient to meet its development needs over the next five years. The average land cost was RMB1,774 per sq.m.. The relatively low-cost land bank provided the Group with a strong foundation in maintaining its sustainable development and generating higher profit margins in the future.

The Group's land bank was evenly distributed over first-, second- and third-tier cities, of which 19.3% was in first-tier cities and 80.7% in second- and third-tier cities.

MANAGEMENT DISCUSSION AND ANALYSIS
Business Review

Business Review *(Continued)*

IV. Land Bank *(Continued)*

Details of land bank by project as at 31 December 2015 were as follows:

	Project	City	Location	Use	Land bank *(sq.m.)*	Average land cost *(RMB per sq.m.)*	Interests attributable to the Group
Shanghai Region							
1	Shanghai Bay	Shanghai	Xuhui District	Residential, hotel, serviced apartment, office and commercial	709,802	611	100%
2	Sunshine Venice	Shanghai	Putuo District	Residential, hotel and commercial	41,757	554	100%
3	Royal Lakefront	Shanghai	Fengxian District	Residential and commercial	137,551	1,870	100%
4	Shanghai City Glorious	Shanghai	Baoshan District	Residential and commercial	408,741	923	100%
5	Caohejing Project	Shanghai	Xuhui District	Office, hotel and commercial	121,300	9,703	100%
6	Zhongcao Xincun Project	Shanghai	Xuhui District	Serviced apartment and commercial	91,000	9,703	100%
7	Glorious Xinyamingdi	Shanghai	Fengxian District	Residential	81,760	15,228	100%
	Subtotal				1,591,911	2,762	
Yangtze River Delta							
8	Nantong Glorious Chateau	Nantong	New District, Rugao Port Zone	Residential and commercial	869,029	322	100%
9	Nantong Royal Garden	Nantong	Rugao Town	Residential and commercial	96,758	1,282	100%
10	Nantong Glorious Plaza	Nantong	New District	Hotel, office and commercial	299,504	348	100%
11	Nantong Royal Bay	Nantong	Chongchuan District	Residential, office and commercial	418,082	4,719	100%
12	No.1 City Promotion	Wuxi	Wuxi New District	Residential, hotel and commercial	102,224	679	100%
13	Hefei Bashangjie Project	Hefei	Yaohai District	Residential, hotel, office and commercial	1,118,489	881	100%
14	Hefei Royal Garden	Hefei	Luyang District	Residential, hotel and commercial	20,000	1,207	100%
15	Nanjing Royal Bay	Nanjing	Gulou District	Residential and commercial	458,966	6,013	60%
	Subtotal				3,383,052	1,868	

Business Review *(Continued)*

IV. Land Bank *(Continued)*

	Project	City	Location	Use	Land bank *(sq.m.)*	Average land cost *(RMB per sq.m.)*	Interests attributable to the Group
Pan Bohai Rim							
16	Sunshine Holiday	Tianjin	Hedong District East	Residential, hotel and commercial	72,281	799	100%
17	Tianjin Royal Bay Seaside	Tianjin	Dagang District	Residential, hotel and commercial	841,727	1,396	100%
18	Tianjin Royal Bay Lakeside	Tianjin	Tuanbohu District	Residential and commercial	1,567,303	1,225	70%
19	Royal Mansion	Beijing	Haidian District	Residential and commercial	90,406	3,395	100%
20	Sunshine Bordeaux	Beijing	Daxing District	Residential and commercial	14,522	493	100%
	Subtotal				2,586,239	1,340	
Northeast China							
21	Sunny Town	Shenyang	Yuhong District	Residential and commercial	120,023	1,133	100%
22	Changchun Villa Glorious (West)	Changchun	New and High-tech District	Residential and commercial	763,251	1,004	100%
23	Dalian Plot No. 200	Dalian	Jinzhou New District	Residential and commercial	370,067	1,497	70%
	Subtotal				1,253,341	1,162	
Total					**8,814,543**	**1,774**	

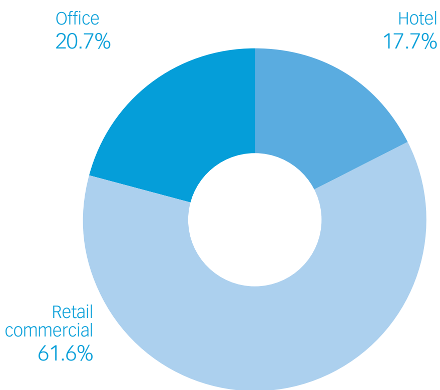
Business Review *(Continued)*

V. Development of Commercial Properties

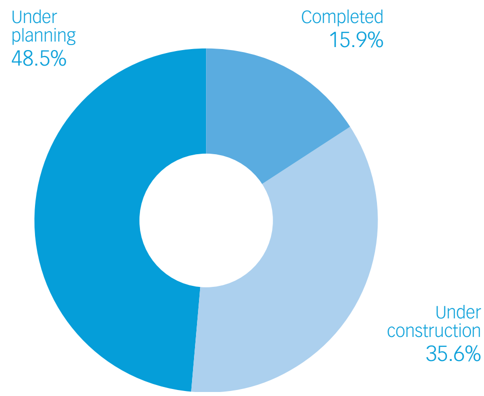
The Group will steadily foster the development of its commercial properties. As at 31 December 2015, approximately 422,000 sq.m. of commercial properties were completed by the Group, and around 948,000 sq.m. of commercial property projects were still under construction.

As at 31 December 2015, retail commercial properties, high-end office buildings and high-end hotels accounted for 61.6%, 20.7% and 17.7% of the total commercial properties of the Group by GFA respectively. The Group plans to retain the ownership of most of the commercial properties to secure stable rental income.

Types of commercial properties



Development stages of commercial properties



Total GFA of 2.7 million sq.m. is planned for commercial properties

Business Review *(Continued)*

V. Development of Commercial Properties *(Continued)*

Major commercial projects under construction are as follows:

City	Project	Property type	GFA *(sq.m.)*
Shanghai	Shanghai Bay	Commercial and office	202,389
Shanghai	Shanghai City Glorious	Commercial	15,832
Shanghai	Caohejing Project	Office	100,399
Wuxi	No. 1 City Promotion	Commercial	15,381
Nantong	Nantong Royal Bay	Commercial	55,206
Nantong	Nantong Glorious Plaza	Commercial, office and hotel	299,183
Hefei	Hefei Bashangjie Project	Commercial	27,424
Tianjin	Tianjin Glorious Plaza	Commercial	48,280
Shenyang	Shenyang Glorious Plaza	Commercial	127,425
Changchun	Changchun Villa Glorious	Commercial	56,049
Total			**947,568**

MANAGEMENT DISCUSSION AND ANALYSIS
Future Outlook

Future Outlook

In 2016, uncertainties are prevalent in the global economy. Except for the recovery in the United States, economic performance in Europe and Japan is on a volatile zig-zag path while emerging markets are undergoing slackened economic growth. On macroeconomic front, China is very much affected by the international situation, with softened export sales, consumption and investment. It is expected that the macroeconomic indicators of China will decrease in 2016, and its economy will undergo a defensive period of "new norm" stage. Supply-side reforms and transformation will continue.

In the property development sector, amidst policies for destocking, a turning point will appear in the scale of market stocks. Differentiation among cities will become more prominent, with positive prospects for development in first-tier cities and selected second-tier cities. Demand from home upgraders and investors will account for a relatively larger proportion in first-tier cities. The government is taking increasingly clear stance for the property market, expressing dedication to destocking for risk mitigation, and continually fostering healthy investment in the property market for more stable economy. In first- and second-tier cities, the property market still represents a major choice of investment. With the perceived positive prospects of the country's property market in the medium term and long-term, it is believed that opportunities outweigh risks in this market.

Amidst the landscape and policy environment of the property development market, the Group will "get on track and follow the trend". The overall operational strategies of the holding company in 2016 have been devised as follows: To step up project development in terms of volume, ensure sales growth, adjust debt structure and secure cash inflow; To require that property projects shall ride on the market conditions in the respective regions and product positioning, actively expand the scale of new projects, extend the resources available for sale, and expedite sales and cash inflow from sales; To expedite construction, delivery and collection of sale proceeds, work strenuously on analysis of costs and outputs of projects, cut down on costs and expenses, and enhance risk management.

In 2016, the Group will address the multiple changes of the property market and facilitate recovery of its results of operations by way of the four strategies as follows:

(1) **Strengthening the mechanism for the control over targeted responsibilities with the focus on operational plans**
After rounds of "Top-down and bottom-up" coordination and feedback, operational plans with high feasibility have been formulated to address the objective situations. Accordingly, working goals and key milestones have been articulated for branches and subsidiaries as well as centres under the Group, and become the basis upon which we rely for the full control over our work progress and completion of goals during the year.

(2) **Enhancing performance appraisal system and fully implementing performance-linked incentive policies**
With the signing of letters of targeted responsibilities primarily based on the operational plans, we have fully implemented our performance appraisal system, under which incentive and punitive measures are in place to address working performance, and power and duties are clearly identified. Throughout the group, the mindsets of competition and the pursuit of innovations will be established, to ensure that our operational plans and goals will be implemented and achieved successfully.

(3) **Optimising organisational structure and simplifying approval process**
The organisational structures among centres of the Group and the respective duties at different hierarchical levels at our branches and subsidiaries will be streamlined. Roles and responsibilities will be clearly defined under a role-based and structure-based system. Meanwhile, we will further optimise our approval system, simplify workflows and processes, and enhance working efficiency.

(4) **Maintaining the guiding principle of excelling in key areas, to work on key issues**
Working on key issues in the form of focused groups and conducting appraisals in light of signed letters of targeted responsibilities, we will ensure stable operation and management.

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Financial Review

For the year ended 31 December 2015, the Group recorded a consolidated revenue of RMB2,340.2 million, representing a decrease of 45.1% compared to RMB4,263.3 million in 2014. The Group recorded a loss attributable to the owners of the Company for the year ended 31 December 2015 of RMB3,877.9 million, representing an increase of 29.4% compared to the loss attributable to the owners of the Company of RMB2,996.0 million for 2014. The loss attributable to the owners of the Company for 2015 was mainly due to the significant decrease in revenue and gross profit margin of the properties sold and delivered in the current year, as well as the higher provision for impairment of the Group's properties as compared to 2014 and significant amount of finance costs not being capitalised but were recorded as current year expenses in 2015.

Results for the year ended 31 December 2015 are as follows:

RMB'000	**2015**	2014
Revenue	**2,340,198**	4,263,341
Cost of sales	**(4,321,044)**	(5,219,106)
Gross loss	**(1,980,846)**	(955,765)
Other income	**73,677**	70,544
Other losses, net	**(295,404)**	(164,689)
Selling and marketing expenses	**(99,603)**	(137,245)
Administration expenses	**(529,751)**	(1,297,265)
Finance costs	**(1,320,638)**	(140,828)
Share of profit of an associate	**123**	1,202
Share of profit/(loss) of a joint venture	**264,429**	(11,523)
Loss before income tax	**(3,888,013)**	(2,635,569)
Income tax expenses	**(85,326)**	(530,838)
Loss for the year	**(3,973,339)**	(3,166,407)
Loss attributable to:		
— the owners of the Company	**(3,877,922)**	(2,995,989)
— non-controlling interests	**(95,417)**	(170,418)
Loss for the year	**(3,973,339)**	(3,166,407)

MANAGEMENT DISCUSSION AND ANALYSIS
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Financial Review *(Continued)*

Revenue

For the year ended 31 December 2015, the Group recorded a consolidated revenue of RMB2,340.2 million, representing a decrease of 45.1% compared to RMB4,263.3 million in 2014. During the year, the Group delivered properties of 344,246 sq.m., as compared to 365,309 sq.m. for the year ended 31 December 2014. Due to the higher proportion of properties delivered in the second- to third-tier cities in current year, average selling price recognised decreased by 41.8% from RMB11,671 per sq.m. in 2014 to RMB6,798 per sq.m. in 2015.

Three projects contributed approximately 80% of the Group's revenue for 2015. Changchun Villa Glorious (East) contributed the largest amount of revenue of RMB941.6 million to the Group, representing 40.2% of the Group's total revenue for 2015. Its sold and delivered area was 219,372 sq.m., which accounted for 63.7% of the Group's delivered area for the current year. However, its average recognised selling price remains at a low level of RMB4,292 per sq.m.. During the year ended 31 December 2015, Shanghai City Glorious delivered a total GFA of 21,271 sq.m., contributing revenue of RMB622.6 million, representing 6.2% and 26.6% of the Group's delivered GFA and revenue respectively. On the other hand, Hefei Royal Garden recorded revenue of RMB286.2 million from the delivered area of 42,885 sq.m., representing 12.2% and 12.5% of the Group's revenue and delivered GFA respectively.

In 2015, a substantial portion of the Group's completed and delivered properties were located in the Northeast China with lower average selling prices, thus causing the Group's overall average recognised selling price to decrease from RMB11,671 per sq.m. in 2014 to RMB6,798 per sq.m. in 2015. Projects in Northeast China accounted for 45.8% and 69.6% to the Group's total recognised revenue and sold and delivered GFA, respectively. On the other hand, the recognised average selling price of Shanghai Region, which contributed the second largest amount of the Group's revenue in 2015, increased by 36.6% from RMB17,766 per sq.m. in 2014 to RMB24,274 per sq.m.. A large portion of the current year revenue for the Shanghai Region was contributed by Shanghai City Glorious whose delivered properties in 2015 mainly consisted of higher priced commodity properties while for 2014 it was a mixture of commodity properties and social security housing being delivered and recognised, thus resulting in a higher average selling price for the Shanghai Region for the current year.

Cost of Sales

The cost of sales for the year ended 31 December 2015 was RMB4,321.0 million, representing a decrease of 17.2% compared to RMB5,219.1 million in 2014. The cost of sales for the year ended 31 December 2015 included a provision for impairment of certain property development projects which amounted to RMB1,713.9 million (2014: RMB1,138.8 million). Excluding the provision for impairment, the Group's cost of sales was RMB2,607.2 million, representing a decrease of 36.1% as compared to RMB4,080.3 million in 2014. The lower amount of cost of sales for the current year was mainly due to the decrease in the amount of revenue recognised in the current year.

Components of the consolidated cost of sales for the year are as follows:

	2015		2014	
	RMB'000	**RMB per sq.m.**	RMB'000	RMB per sq.m.
Construction costs	**1,778,996**	**5,167**	2,515,619	6,886
Land costs	**485,923**	**1,411**	851,316	2,330
Capitalised interests	**208,847**	**607**	477,317	1,307
Business taxes and other levies	**133,418**	**388**	236,035	646
Sub-total	**2,607,184**	**7,573**	4,080,287	11,169
Provision for impairment of properties under development and completed properties held for sale	**1,713,860**	**N/A**	1,138,819	N/A
Total	**4,321,044**		5,219,106	

The Group's average cost of sales in 2015 was RMB7,573 per sq.m., which was 32.2% lower than that of RMB11,169 per sq.m. in 2014. The lower cost of sales per sq.m. was mainly due to the higher proportion of the Group's properties sold and delivered in the second- to third-tier cities in 2015 for which the unit costs are generally lower.

Financial Review *(Continued)*

Gross Loss

The Group recorded a consolidated gross loss of RMB1,980.8 million for 2015, which was 107.3% higher as compared to RMB955.8 million for 2014. The Group's gross profit margin was negative 84.6% for the year ended 31 December 2015, as compared to negative 22.4% for 2014. The Group recorded a higher consolidated gross loss and higher negative gross profit margin mainly due to the significantly decreased average selling price for the properties sold and delivered in the current year, as well as the inclusion of the significant provision for impairment of the Group's properties of RMB1,713.9 million for 2015 (2014: RMB1,138.8 million). Excluding the effect of the provision for impairment, the Group recorded a gross loss of RMB266.9 million and a gross profit margin of negative 11.4% for 2015, as compared to a gross profit of RMB183.0 million and gross profit margin of 4.3% for 2014. The negative profit margin for 2015 was partly due to the higher proportion of the properties sold and delivered in the second- to third-tier cities whose profit margins for property development projects were very low, and at the same time, there were certain other projects that were completed and delivered in prior years had final construction cost adjustments charged directly to cost of sales in the current year, thus causing the Group to record an overall negative profit margin for the year ended 31 December 2015.

Other Income

Other income for the year ended 31 December 2015 was RMB73.7 million (2014: RMB70.5 million), which mainly included interest income of RMB35.5 million (2014: RMB33.0 million) and rental income of RMB35.0 million (2014: RMB31.4 million).

Other Losses, Net

Other losses, net for the year ended 31 December 2015 was a net loss of RMB295.4 million (2014: net loss of RMB164.7 million), which primarily included a fair value loss on the Group's investment properties of RMB59.1 million (2014: fair value loss of RMB143.2 million) and an exchange loss of RMB258.5 million (2014: exchange loss of RMB21.4 million). The Group recorded significant amount of exchange loss in 2015 as a result of depreciation of RMB against USD in 2015 which led to a realised exchange loss upon redemption of the Seniors Notes due 2015 in October 2015, and an unrealised exchange loss upon translation of USD into RMB for its Seniors Notes due 2018 at year-end.

Selling and Marketing Expenses

Selling and marketing expenses for the year ended 31 December 2015 were RMB99.6 million, representing a decrease of 27.4% as compared to RMB137.2 million in 2014. In 2015, the Group only had a few number of new project launches and it continued to implement cost-saving initiatives such that less general marketing activities were conducted. As a result, selling and marketing expenses decreased as compared to 2014.

Administrative Expenses

Administrative expenses for the year ended 31 December 2015 was RMB529.8 million, representing a decrease of 59.2% compared to RMB1,297.3 million for 2014. The decrease in administrative expenses was mainly due to the lower amount of provision for impairment to certain of the Group's prepayments or other receivables of RMB26.0 million (2014: RMB894.3 million) and write-off of prepayments of RMB125.0 million (2014: RMBNil). Excluding the effect of these provisions for impairment, the Group's administrative expenses for 2015 was 6.0% lower that of 2014 as a result of lower business level of the Group in the current year and at the same time it continued to implement cost-saving initiatives.

Finance Costs

Gross finance costs for the year ended 31 December 2015 were RMB3,452.6 million, representing an increase of 30.1% from RMB2,653.0 million for 2014. For the year ended 31 December 2015, finance costs of RMB2,132.0 million (2014: RMB2,512.2 million) had been capitalised, leaving RMB1,320.6 million (2014: RMB140.8 million) charged directly to the consolidated statement of comprehensive income. The Group incurred higher amount of gross finance costs for 2015 mainly because the Group maintained a higher balance of total borrowings during the year as compared to 2014. The higher amount of gross finance costs incurred in the current year exceed the amount that can be capitalised based on the Group's qualifying assets, thus a significant portion of the finance costs were not capitalised and were recorded as current year expenses.

Financial Review *(Continued)*

Loss Before Income Tax

The Group recorded a loss before income tax of RMB3,888.0 million for the year ended 31 December 2015, which is 47.5% higher than that of RMB2,635.6 million for 2014. The Group recorded a substantial loss before income tax for 2015 mainly due to the significantly decreased revenue and gross profit margin, as well as the significantly higher provision for impairment made to the Group's properties and other receivables, and significant amount of finance costs not being capitalised but were recorded as current year expenses.

Income Tax Expenses

Income tax expenses for the year ended 31 December 2015 was RMB85.3 million, representing a decrease of 83.9% as compared to RMB530.8 million for 2014. Even though the Group recorded a loss before income tax, the Group was still required to make provision for income tax expenses for the current year because a significant amount of expenses of certain loss-making subsidiaries and certain corporate level expenses were not allowed to off-set taxable profits of those profit-making subsidiaries within the Group.

Loss Attributable to the Owners of the Company

The Group recorded a loss attributable to the owners of the Company of RMB3,877.9 million for the year ended 31 December 2015, which was 29.4% higher than that of RMB2,996.0 million for 2014. The increase in loss attributable to the owners of the Company for 2015 as compared to 2014 was mainly due to the significantly decreased revenue and gross profit margin, as well as the significantly higher provision for impairment made to the Group's properties and significant amount of finance costs not being capitalised but were recorded as current year expenses.

Current Assets and Liabilities

As at 31 December 2015, the Group held total current assets of approximately RMB38,835.9 million (2014: RMB39,544.7 million), comprising mainly properties under development, trade and other receivables and prepayments and completed properties held for sale. Properties under development decreased by 7.1% from RMB22,560.7 million as at 31 December 2014 to RMB20,965.0 million as at 31 December 2015. The continuous progress of the Group's property development projects that had resulted in an increase in the carrying value of properties under development in 2015, but the increase has been offset by the decrease in the carrying value of properties under development that has been recognised as cost of sales or transferred to completed properties held for sale upon completion and delivery of properties during the year, as well as the provision for impairment made in current year also further reduced the carrying value of properties under development. Trade and other receivables and prepayments increased slightly by 0.3% from RMB8,014.8 million as at 31 December 2014 to RMB8,037.2 million as at 31 December 2015. Trade and other receivables and prepayments comprised prepayments for land premium for which the relevant land use right certificates were yet to be obtained and prepayment for construction costs. Completed properties held for sale increased by 22.8% from RMB5,051.1 million as at 31 December 2014 to RMB6,203.9 million as at 31 December 2015. The higher balance of completed properties held for sale was mainly due to the transfer of completed properties held for sale from properties under development upon completion of construction.

Total current liabilities as at 31 December 2015 amounted to RMB40,609.0 million, compared with RMB28,578.2 million as at 31 December 2014. The increase in current liabilities was mainly due to (1) the reclassification of certain non-current borrowings with net carrying value of approximately RMB5,962.7 million to become current liabilities as a result of the Group breaching certain clauses of the related facility agreements; and (2) the increase in current borrowings as the Group had more borrowings which are due for repayment within one year according to the loan agreements. Please refer to note 2(a) to the consolidated financial statements for the details about the aforementioned reclassification of the borrowings.

As at 31 December 2015, the current ratio (calculated as the total current assets divided by the total current liabilities) was 1.0 (2014: 1.4). The lower current ratio in 2015 mainly resulted from the significantly increased current borrowings as mentioned in the preceding paragraph.

Financial Review *(Continued)*

Liquidity and Financial Resources

During the year ended 31 December 2015, the Group funded its property development projects principally from proceeds from pre-sales of properties and bank loans.

As at 31 December 2015, the Group had cash and cash equivalents of RMB385.2 million as compared to RMB449.2 million as at 31 December 2014.

During the year, the aggregate new bank loans obtained by the Group amounted to RMB7,356.5 million and repayment of loans was RMB4,624.7 million. As at 31 December 2015, the Group's total borrowings amounted to RMB26,104.1 million, representing an increase of 17.2% compared to RMB22,270.0 million as at 31 December 2014. As at 31 December 2015, the Group's borrowings comprised the following:

RMB'000	2015	2014
Bank borrowings	**22,358,478**	17,976,744
Senior Notes due 2015[(1)]	**—**	1,835,700
Senior Notes due 2018[(1)]	**2,597,440**	2,447,600
Other borrowings	**373,178**	213,200
Sub-total	**25,329,096**	22,473,244
Adjusted by: unamortised loan arrangement fees and accrued interests	**775,011**	(203,244)
Total borrowings	**26,104,107**	22,270,000

Note:

(1) Please refer to note 19 to the consolidated financial statements for the definition of Senior Notes due 2015 and Senior Notes due 2018. In October 2015, the Company has redeemed in full of all outstanding Senior Notes due 2015 in accordance with the terms and conditions of the Senior Notes due 2015.

The maturities of the Group's borrowings as at 31 December 2015 were as follows:

RMB'000	2015	2014
Within 1 year	**25,455,215**	15,673,876
After 1 and within 2 years	**630,342**	6,536,124
After 2 and within 5 years	**7,500**	30,000
After 5 years	**11,050**	30,000
Total	**26,104,107**	22,270,000

As at 31 December 2015, the Group has certain borrowings in respect of which the principal repayment and interest payments were delayed, thus breached certain facilities agreements and resulted in certain non-current borrowings being reclassified from non-current borrowings to current borrowings. Besides, there was an increase in current borrowings as the Group has more borrowings which are due for repayment within one year according to the relevant loan agreements. As a result, the Groups current borrowings increased significantly by 62.4% from RMB15,673.9 million as at 31 December 2014 to RMB25,455.2 million as at 31 December 2015. As a result of the above reasons, the Group's short-term debt ratio (calculated as current borrowings divided by total borrowings) increased from 70.4% at the end of 2014 to 97.5% at the end of 2015.

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Financial Review *(Continued)*

Liquidity and Financial Resources *(Continued)*

As at 31 December 2015, the Group had total banking facilities of RMB40,358 million (2014: RMB35,977 million) consisting of used banking facilities of RMB22,358 million (2014: RMB17,977 million) and unused banking facilities of RMB18,000 million (2014: RMB18,000 million).

Gearing Ratio

The Group monitors its capital on the basis of the gearing ratio and short-term debt ratio. Gearing ratio is calculated as net debt divided by total equity attributable to the owners of the Company. Net debt is calculated as total borrowings less cash and bank balances (including cash and cash equivalents and restricted cash). The gearing ratios as at 31 December 2015 and 2014 were as follows:

RMB'000	**2015**	2014
Total borrowings	**26,104,107**	22,270,000
Less: cash and bank balances	**(3,290,501)**	(1,365,658)
Net debt	**22,813,606**	20,904,342
Total equity attributable to the owners of the Company	**12,523,700**	15,453,892
Gearing ratio	**182.2%**	135.3%

The gearing ratio for 2015 was higher than that for 2014 as a result of the increase in the Group's net debt and the decrease in the Group's equity attributable to the owners of the Company as a result of the loss recorded for the current year.

During 2014 and 2015, the aforementioned liquidity indicators of the Group had shown a deteriorating trend. As such, the Group implemented a number of measures during the year to alleviate its liquidity pressure and improve its financial position, including accelerating the sales of properties and focusing on development and sales of properties with higher values, and actively negotiating with various banks in order to extend or refinance the maturing borrowings. Although both the gearing ratio and short-term debt ratio of the Group as at 31 December 2015 increased compared to the end of 2014, the net operating cash outflow of the Group for the year ended 31 December 2015 amounted to RMB371.1 million, representing a dramatic drop of 89.2% compared to RMB3,534.2 million for the year ended 31 December 2014, indicating the effectiveness of cash flow control of the Group during 2015. In addition, according to the Group's project development schedule, during 2016, there will be more high-value projects that can meet the pre-sale requirements and could be launched to the market. It is expected that large amount of sales proceeds will be generated for reducing the Group's total borrowings and for speeding up the pace of development of other projects.

Financial Review *(Continued)*

Foreign Exchange Risk

The Group's property development projects are all located in the PRC and all of the related transactions are substantially settled in RMB. The Company and certain of the investment holding companies within the Group operating in Hong Kong have recognised assets and liabilities in currencies other than RMB, mainly including the US$400.0 million Senior Notes due 2018. As at 31 December 2015, the Group had cash and bank balances, borrowings and trade and other payables that were denominated in foreign currencies as shown below:

RMB'000	**2015**	2014
Cash and bank balances:		
US$	**312**	979
HK$	**539**	2,217
Total	**851**	3,196
Borrowings:		
US$	**3,025,327**	4,548,431
HK$	**12,977**	–
Total	**3,038,304**	4,548,431
Trade and other payables:		
US$	**50,650**	3,060
HK$	**24,584**	37,949
Total	**75,234**	41,009

Apart from the above listed balances that were denominated in foreign currencies, all of the Group's borrowings and cash balances were denominated in RMB.

The Group currently does not have a foreign currency hedging policy. The Group manages its foreign currency risk by closely monitoring the movement of the foreign currency rates and will consider hedging significant foreign currency exposure should the need arises.

As at 31 December 2015, if RMB had strengthened/weakened by 5% against other currencies, with all other variables held constant, post-tax loss for the year ended 31 December 2015 would have been approximately RMB155.6 million lower/higher (2014: post-tax loss RMB229.3 million lower/higher).

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Financial Review *(Continued)*

Interest Rate Risk

The Group holds interest bearing assets including cash at bank and certain bank deposits, loan to a joint venture and certain other receivables. Majority of these balances are at fixed rates and expose the Group to fair value interest-rate risk. As any reasonable changes in interest rate would not result in a significant change in the Group's results, no sensitivity analysis is presented for interest rate risk arising from the Group's interest bearing assets.

The Group's interest rate risk mainly arises from its borrowings. Borrowings at variable rates expose the Group to cash flow interest-rate risk. Borrowings issued at fixed rates expose the Group to fair value interest rate risk. The Group has not used any interest rate swaps to hedge its exposure to interest rate risk. The Group analyses its interest rate exposure on a dynamic basis and will consider the interest rate exposure when entering into any refinancing, renewal of existing positions and alternative financing transactions.

As at 31 December 2015, the Group's total borrowings amounted to RMB26,104.1 million (2014: RMB22,270.0 million), of which RMB22,677.9 million (2014: RMB19,788.3 million) bears fixed interest rate.

As at 31 December 2015, if interest rates on borrowings had been 1% higher/lower with all other variables held constant, post-tax loss for the year would have been RMB9.7 million higher/lower (2014: post tax profit RMB5.4 million higher/lower), mainly as a result of higher/lower interest expense on floating rate borrowings.

Pledge of Assets

As at 31 December 2015, the Group had the following categories of properties which had been pledged for the Group's borrowings:

RMB'000	**2015**	2014
Construction in progress	—	1,713,334
Investment properties	**12,513,866**	7,835,200
Properties under development	**6,804,124**	8,710,759
Completed properties held for sale	**1,946,724**	1,746,761
Non-current assets classified as held for sale	—	1,022,456
Total	**21,264,714**	21,028,510

As at 31 December 2015, equity interests of certain of the Company's subsidiaries and a joint venture and certain bank deposits had been pledged for the Group's borrowings.

Financial Guarantee

The Group has arranged bank financing for certain purchasers of the Group's property units and provided guarantees to secure the repayment obligation of such purchasers. Such guarantees terminate upon the earlier of: (i) the issuance of the real estate ownership certificate which is generally available within an average period of one to two years upon the completion of the registration of the guarantee; or (ii) the full repayment of the mortgage loan by the purchasers of the Group's properties.

Pursuant to the terms of the guarantees, upon a default in mortgage payments by these purchasers, the Group is responsible for repaying to the banks the outstanding mortgage principal, together with accrued interest and any penalty owed by the defaulting purchasers, and the Group is entitled to take over the legal title and possession of the related properties. The guarantee period starts from the date of the grant of the respective mortgage.

As at 31 December 2015, the amount of outstanding guarantees for mortgages was RMB7,270.5 million (2014: RMB7,194.3 million).

Financial Review *(Continued)*

Capital and Operating Lease Commitments

As at 31 December 2015, the Group had capital commitments as follows:

RMB'000	2015	2014
Land use rights	**545,736**	870,884
Property development expenditures	**4,092,535**	5,264,609
Construction materials	**31,051**	31,818
Total	**4,669,322**	6,167,311

As at 31 December 2015, the future aggregate minimum lease payments of the Group under non-cancellable operating leases in respect of land and buildings were as follows:

RMB'000	2015	2014
No later than 1 year	**12,494**	19,434
Later than 1 year and no later than 5 years	**3,064**	11,765
Total	**15,558**	31,199

Employee and Remuneration Policy

As at 31 December 2015, the Group had a total of 885 employees (2014: 1,033 employees). Total remuneration expenses and other employees' benefits costs for the year ended 31 December 2015 amounted to RMB153.1 million (2014: RMB147.1 million). The Group has adopted a system of determining the remuneration of employees based on the performance of employees. Apart from a basic salary, outstanding employees may be granted annual bonus. In addition, the Group has adopted share option schemes to attract and retain high caliber talents to serve the Group. In terms of employee training, the Group provides different training programmes for employees to develop their expertise and knowledge.

BIOGRAPHIES OF DIRECTORS

Directors

Executive Directors

Mr. Cheng Li Xiong (程立雄)

Mr. Cheng Li Xiong, aged 46, is the chairman of the board of directors of the Company (the "Board") and an executive director of the Company. Mr. Cheng is also a director of a number of subsidiaries of the Company. He is in charge of the overall strategy and investment of the Company. Mr. Cheng joined the Group on 1 September 2001 as the general manager of the Company's subsidiary, Shanghai Haosen Property Co., Ltd. Mr. Cheng was appointed as the executive vice chairman of the Company on 28 August 2012. On 26 November 2012, he ceased to be the executive vice chairman and chief executive officer of the Board and was appointed as the chairman of the Board of the Company. Between July 1992 and September 2001, Mr. Cheng worked for Shanghai Property and Land Resources Bureau (上海市房屋土地資源管理局). Mr. Cheng has more than 22 years of experience in the planning, development, construction and management of land and property. Mr. Cheng is also a qualified property valuer in the PRC. Mr. Cheng graduated with a bachelor's degree from Shanghai International Studies University in July 1992.

Mr. Ding Xiang Yang (丁向陽)

Mr. Ding Xiang Yang, aged 48, is the vice chairman of the Board, chief executive officer and an executive director of the Company. Mr. Ding is also a director of a number of subsidiaries of the Company. With more than 14 years of experience in corporate and strategic management of real estate enterprises in the PRC, Mr. Ding is primarily responsible for the Group's overall strategic planning and development. Mr. Ding joined the Group on 18 March 2001 and played an integral role in formulating the Group's development strategies, operational management and supervising the construction of the Group's projects. On 30 May 2014, Mr. Ding was appointed as the chief executive officer of the Company. Prior to joining the Group, Mr. Ding worked for more than 10 years at the enterprise management department of China Eastern Airlines Corporation Limited (中國東方航空股份有限公司), a company listed on the The Stock Exchange of Hong Kong Limited (the "Hong Kong Stock Exchange"). Mr. Ding obtained a bachelor's degree in law from Fudan University in July 1989, and a master's degree in law from Fudan University in July 2002. Mr. Ding is the brother-in-law of Mr. Zhang Zhi Rong, the ultimate controlling shareholder of the Company.

Mr. Xia Jing Hua (夏景華)

Mr. Xia Jing Hua, aged 44, is an executive director, chief financial officer and a vice president of the Company, responsible for devising the financial strategies, the overall financial and asset management of the Group. Mr. Xia is also a director of a number of subsidiaries of the Company. On 30 May 2014, Mr. Xia was appointed as the chief financial officer of the Company. Mr. Xia joined the Group on 2 May 1999 and had been the manager of the auditing department and supervisor of the finance and treasury department of the Company. Between 1994 and 1999, Mr. Xia worked in the loans department of the Zhoushan City branch of Bank of China (中國銀行舟山分行), a company listed on the Hong Kong Stock Exchange and the Shanghai Stock Exchange. Mr. Xia has more than 16 years of experience in financial management in the property industry. He received a bachelor's degree in economics from the Zhejiang University of Finance and Economics and a master's degree in public economics and investment from the Shanghai University of Finance & Economics in July 1994 and September 2002 respectively. In 2012, Mr. Xia completed the CEIBS Executive MBA Programme and was awarded the degree of Master of Business Administration by China Europe International Business School.

BIOGRAPHIES OF DIRECTORS

Mr. Yan Zhi Rong (嚴志榮)

Mr. Yan Zhi Rong, aged 55, is an executive director of the Company. Mr. Yan is also a director of a number of subsidiaries of the Company. With more than 17 years of experience in managing the construction and budgets of property projects, Mr. Yan is primarily responsible for supervision of the development and construction of projects, and management of project budgets of the Company. Mr. Yan joined the Group on 8 December 1996 as the manager of the project budgeting department. Prior to joining the Group, Mr. Yan served as the deputy general manager of the property development subsidiary company of Shanghai Materials Bureau (上海市物資局) from 1989 to 1996. Mr. Yan received a graduate diploma in Industrial and Civil Architecture from the Suzhou Industrial College in 1981 and is a qualified engineer in the PRC.

Independent Non-Executive Directors

Prof. Liu Tao (劉濤)

Prof. Liu Tao, aged 51, is currently an associate professor in accounting and professor of EMBA and EDP programs at Antai College of Economics & Management, Shanghai Jiao Tong University (上海交通大學安泰經濟與管理學院). Prof. Liu focuses on the research of, including financial accounting, analysis of financial statements, corporate auditing, corporate internal control and corporate governance. She has also issued several academic papers related to share incentive in recent years, including the "Research in Impact Factors of Share Incentive" (股權激勵的影響因素研究) and the "Research in Surplus Management and its Impact Factors of the Share Incentive in a Listed Company" (上市公司股權激勵盈餘管理及影響因素研究) and participated in several researches of national social science fund and natural science fund. Prof. Liu has also published numerous articles related to financial management and accounting including "Strategic Financial Management"(戰略財務管理), "Concepts in Accounting" (會計學概論), "Cost Accounting" (成本會計學), "Tutorial of Advanced Financial Management" (高級財務管理教程) and "Management Account" (管理會計) etc. Prof. Liu has received several recognitions and awards related to teaching. From 2004 to 2015, she was awarded the Teaching Excellence Award of Antai College of Economics & Management (安泰經管學院教學優秀獎), the Most Welcomed MBA Teacher of Antai College of Economics & Management (安泰經管學院年度最受MBA學生歡迎教師獎) and the Outstanding Teachers Award of Shanghai Jiao Tong University (上海交大校優秀教師獎). Prof. Liu graduated from the Finance Department of Shaanxi Institute of Finance and Economics (陝西財經學院財政系) (incorporated into Xi'an Jiaotong University in 2000) with a bachelor's degree (Finance) in 1986 and a master's degree (Financial Management) in 1989.

Mr. Wo Rui Fang (沃瑞芳)

Mr. Wo Rui Fang, aged 75, is an independent non-executive director of the Company. From 1965 to 1993, Mr. Wo worked at the Design Administration Bureau (設計管理局) of the PRC (now under the Ministry of Housing and Urban-Rural Construction of the PRC), and was head of its information technology division from 1988 to 1993, responsible for the development of new construction design technology and standards. From 1993 to 1997, Mr. Wo served as the vice-mayor of Nantong City, Jiangsu Province, PRC and was in charge of the administration of the overall city planning and railway construction. Mr. Wo then rejoined the Design Administration Bureau as a senior engineer in 1997. From 1998 to 2001, he was the deputy chairman of the Practice Qualification Management Center of the Ministry of Construction (建設部執業資格註冊中心). Mr. Wo has accumulated more than 30 years of experience in supervising the design and construction of various government property development projects and assessing the design techniques and standards of commercial and residential property development in the PRC. Mr. Wo retired from public service in 2001. He joined the Group on 17 June 2008, resigned on 16 March 2009 and rejoined the Group on 9 September 2009. He graduated from Jilin University with a bachelor's degree in construction in 1964.

BIOGRAPHIES OF DIRECTORS

Mr. Han Ping (韓平)

Mr. Han Ping, aged 47, is an independent non-executive director of the Company. From September 1990 to October 1996, Mr. Han worked for the Jiangsu Province Supply and Marketing Co-operative (江蘇省供銷合作社) and was responsible for the management of its construction and capital investment. In November 1996, Mr. Han became the chief economist of Jiangsu Huaxia Construction Project Management Co., Ltd. (江蘇省華廈工程項目管理有限公司), a company engaged in the provision of construction supervision, project management and construction costs auditing services to property developers and government entities. Since June 2001, Mr. Han has served as the deputy general manager of Jiangsu Huaxia Construction Project Management Co., Ltd. Mr. Han had been a project manager and auditor of engineering costs for a large number of project developments involving the construction of various kinds of properties, such as hotels, villas and other residential properties, government buildings, logistic centres and warehouses. In 2002, Mr. Han was selected as an industry expert for the assessment of tenders for property construction and urban infrastructure projects by the Office of the Tendering and Bidding of Construction Projects of Jiangsu Province (江蘇省建設工程招標投標辦公室). Over a period of 6 years, Mr. Han had participated in the assessment of tenders for over 20 construction projects in Jiangsu Province and Beijing. Mr. Han has accumulated more than 22 years of experience in the management and supervision of property construction projects in the PRC. Mr. Han joined the Group on 17 June 2008, resigned on 16 March 2009 and rejoined the Group on 9 September 2009. He graduated with a bachelor's degree in construction engineering and economic management from the Southeast University in 1990. He obtained a master's degree in construction and civil engineering from the Southeast University in 2005. Mr. Han is currently a member of the Hong Kong Institute of Surveyors and is a registered cost engineer, registered supervisory engineer and registered construction professional in the PRC.

CORPORATE GOVERNANCE REPORT

The board of directors (the "Board") of Glorious Property Holdings Limited (the "Company") is pleased to present this Corporate Governance Report in the Company's Annual Report for the year ended 31 December 2015 (the "Review Period").

The Board and the management of the Company are committed to achieving and maintaining high standards of corporate governance which they believe are crucial to the development of the Company and the benefits of its shareholders.

As a responsible business enterprise, the corporate governance standards of the Company are built on the principles of independence, accountability, transparency and honesty.

Corporate Governance

Compliance with Corporate Governance Code

The Company had complied with the principles and the code provisions of the Corporate Governance Code as set out in Appendix 14 to the Rules Governing the Listing of Securities (the "Listing Rules") on The Stock Exchange of Hong Kong Limited (the "Hong Kong Stock Exchange") during the Review Period, save for the deviation from the code provision E.1.2 which stipulates that the chairman of the board should attend the annual general meeting. The chairman (the "Chairman") of the Board did not attend the annual general meeting of the Company held on 29 May 2015 (the "2015 AGM") due to other business engagements. Mr. Ding Xiang Yang, an executive director (the "Director") of the Company, the vice chairman of the Board and the chief executive officer of the Company, chaired the 2015 AGM on behalf of the Chairman of the Board and was available to answer questions.

Directors' Securities Transactions

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the Listing Rules as its own code of conduct regarding securities transactions by the Directors. All Directors have confirmed, following specific enquiries made by the Company, that they have complied with the required standard set out in the Model Code during the Review Period.

Board Composition

During the Review Period and up to the date of this report, the Board consists of the following Directors:

Executive Directors:

Mr. Cheng Li Xiong *(Chairman)*
Mr. Ding Xiang Yang *(Vice Chairman and Chief Executive Officer)*
Mr. Xia Jing Hua *(Chief Financial Officer)*
Mr. Yan Zhi Rong

Independent Non-Executive Directors:

Prof. Liu Tao *(Appointed as an independent non-executive Director of the Company with effect from 17 September 2015)*
Mr. Wo Rui Fang
Mr. Han Ping
Mr. Liu Shun Fai *(Resigned as an independent non-executive Director of the Company with effect from 30 May 2015)*

Board Composition *(Continued)*

Biographical details of the Directors are set out on pages 27 to 29 of this annual report. Mr. Ding Xiang Yang is the brother-in-law of Mr. Zhang Zhi Rong, the ultimate controlling shareholder of the Company. Save as aforesaid, the Board members have no financial, business, family and/or other material relationships with each other.

The composition of the Board reflects the necessary balance of skills and experience desirable for effective leadership of the Company and independence in decision-making.

All Directors of the Company bring a wide spectrum of valuable business experience, knowledge and professionalism to the Board to ensure its efficient and effective functioning.

The Company has three independent non-executive Directors (the "INED(s)"), at least one of whom has appropriate financial management expertise in compliance with the Listing Rules. The Company has received annual independence confirmations from all the INEDs and concluded that all of them are independent pursuant to Rule 3.13 of the Listing Rules.

The INEDs serve on the audit committee, the remuneration committee and the nomination committee of the Company. Their active participation in the Board and committee meetings brings independent judgment on issues relating to the Company's strategy, performance and management process, taking into account the interests of all shareholders.

Details of emoluments of the Directors are set out in note 38 to the consolidated financial statements.

Roles and Responsibilities of the Board

The Board is accountable to the shareholders for leading the Company in a responsible and effective manner. It is responsible for formulating strategies and management policies of the Company, approving the strategic objectives of the Company and ensuring the availability of necessary financial and other resources to meet such objectives. The Board also constantly supervises and reviews the Company's regulations and rules. The Directors perform their duties in a faithful and diligent manner and act in the best interests of the Company and its shareholders as a whole.

Moreover, the Board is also responsible for presenting a clear and balanced assessment of the Company's performance and prospects, preparing accounts that give a true and fair view of the Company's financial position on a going concern basis and disclosing other inside information.

The management is responsible for implementing the policies and strategies as determined by the Board, and is delegated with the daily management, operations and administration of the Company.

Appropriate insurance covers on Directors' and officers' liabilities have been in force to protect the Directors and officers of the Company and its subsidiaries (together, the "Group") from their risk exposure arising from the business of the Group.

Chairman and Chief Executive Officer

Mr. Cheng Li Xiong, the Chairman, has executive responsibilities and provides leadership to the Board in terms of establishing policies and business directions. Mr. Ding Xiang Yang, the vice-chairman and chief executive officer of the Company, is responsible for the day-to-day management of the Group's business. Mr. Ding also ensures that the Board works effectively and discharges its responsibilities, and that all key and appropriate issues are discussed by the Board in a timely manner. In addition, he ensures that all Directors are properly briefed on issues to be discussed at Board meetings.

Meetings

The Company held five Board meetings during the Review Period.

At the Board meetings, the Directors discussed and formulated overall strategies for the Company, discussed and approved the financial budgets, annual results, dividends and other significant transactions of the Group. Issues relating to the daily management and operations of the Group have been delegated to the management of the Group.

Audit Committee

The audit committee of the Company (the "Audit Committee") was established on 9 September 2009 with written terms of reference. Currently, the Audit Committee comprises three independent non-executive directors, namely, Prof. Liu Tao (chairman of the Audit Committee), Mr. Wo Rui Fang and Mr. Han Ping. The main duties of the Audit Committee are, among others, as follows:

1. to be primarily responsible for making recommendations to the Board on the appointment, re-appointment and removal of external auditors, and to approve remuneration and terms of engagement of external auditors, and any questions of resignation or dismissal of external auditors;

2. to consider the plan for each year's audit submitted by the external auditors and discuss the same at a meeting if necessary;

3. to monitor the integrity of the Company's financial statements and annual reports and accounts, half-yearly reports and, if prepared for publication, quarterly reports, and to review significant financial reporting judgments contained in them;

4. to review the Company's financial controls and unless expressly addressed by a separate Board risk committee, or by the Board itself, to review the Company's risk management and internal control systems;

Audit Committee *(Continued)*

5. to consider major investigation findings on risk management and internal control matters as delegated by the Board or on the Committee's own initiative, as well as management's response to these findings; and

6. to ensure co-ordination between the internal and external auditors, and to ensure that the internal audit function is adequately resourced and has appropriate standing within the Company, and to review and monitor its effectiveness.

The terms of reference of the Audit Committee (which was amended and adopted by the Board on 31 December 2015 in response to the amendments to the Corporate Governance Code and Corporate Governance Report which applies to accounting periods beginning on or after 1 January 2016) are available on the websites of the Hong Kong Stock Exchange at www.hkexnews.hk and the Company at www.gloriousphl.com.cn.

Two meetings were held by the Audit Committee during the Review Period. The following is a summary of the work of the Audit Committee during 2015:

1. reviewed the annual results (including the announcement thereof) and the audited financial statements for the year ended 31 December 2014;

2. reviewed the interim results (including the announcement thereof) and the financial statements for the six months ended 30 June 2015;

3. reviewed the external auditor's audit findings and other audit issues;

4. reviewed the effectiveness of the internal control system; and

5. reviewed the external auditor's remuneration.

On 15 April 2016, the Audit Committee reviewed with the management of the Company the accounting principles and practices adopted by the Group. The Group's consolidated financial statements for the year ended 31 December 2015 have been reviewed and approved by the Audit Committee, and the Audit Committee is of the opinion that such financial statements comply with the applicable accounting standards, the Listing Rules and all other applicable legal requirements. The Audit Committee therefore recommended the Board's approval of the Group's consolidated financial statements for the year ended 31 December 2015.

Remuneration Committee

The remuneration committee of the Company (the "Remuneration Committee") was established on 9 September 2009 with written terms of reference. Currently, the Remuneration Committee comprises two INEDs, namely, Mr. Wo Rui Fang (chairman of the Remuneration Committee) and Prof. Liu Tao and one executive director, namely Mr. Cheng Li Xiong. The main duties of the Remuneration Committee are, among others, as follows:

1. to assess, review and make recommendations once a year or as and when required, to the Board in respect of the remuneration packages and overall benefits for the Directors of the Company;

2. to make recommendations to the Board in relation to all consultancy agreements and service contracts or any variations, renewals or modifications thereof, entered into between the Company and the Directors of the Company or any associate company of any of them;

3. to make recommendations to the Board on the Company's remuneration policy and structure for all Directors' and senior management's remuneration and on the establishment of a formal and transparent procedure for developing remuneration policy;

4. to review and approve the management's remuneration proposals with reference to the Board's corporate goals and objectives;

5. to consider salaries paid by comparable companies, time commitment and responsibilities and employment conditions elsewhere in the Group; and

6. to conform 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 any applicable law.

The terms of reference of the Remuneration Committee are available on the websites of the Hong Kong Stock Exchange at www.hkexnews.hk and the Company at www.gloriousphl.com.cn.

A meeting was held and one written resolution was passed by the Remuneration Committee during the Review Period. The following is a summary of the work of the Remuneration Committee during the Review Period:

1. reviewed, considered and made recommendation of the remuneration packages proposed for all Directors of the Company;

2. reviewed, considered and made recommendation as to the disclosure of the remuneration/benefits of the Directors in the Company's annual report and accounts; and

3. reviewed, considered and made recommendation as to the director's fee of Prof. Liu Tao who was appointed as an INED with effect from 17 September 2015.

Remuneration of Directors and Senior Management

The particulars regarding Directors' remuneration and the five highest paid employees as required to be disclosed pursuant to Appendix 16 to the Listing Rules are set out in notes 38 and 28, respectively, to the financial statements. The Company has no senior management during the Review Period.

Nomination Committee

The nomination committee of the Company (the "Nomination Committee") was established on 1 April 2012 with written terms of reference. On 29 August 2013, the Board approved and adopted the board diversity policy and revised terms of reference of the Nomination Committee, which are in line with the Listing Rules relating to the board diversity effective from 1 September 2013. Currently, the Nomination Committee comprises one executive Director, namely Mr. Cheng Li Xiong (chairman of the Nomination Committee) and two INEDs, namely, Mr. Wo Rui Fang and Mr. Han Ping. The main duties of the Nomination Committee are, among others, as follows:

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

2. to review the balance between executive and non-executive Directors (including INEDs) on the Board;

3. to review the board diversity policy and the measurable objectives that the Board has adopted for implementing this policy, and monitor the progress on achieving the objectives and make the relevant disclosure in the corporate governance report;

4. to assess the independence of the INEDs;

5. to make recommendations to the Board on the appointment or re-appointment of the Directors and succession planning for Directors, in particular the Chairman and the chief executive; and

6. to determine the policy, procedures and criteria for the nomination of the Directors.

The terms of reference of the Nomination Committee are available on the websites of the Hong Kong Stock Exchange at www.hkexnews.hk and the Company at www.gloriousphl.com.cn.

A meeting was held and one written resolution was passed by the Nomination Committee during the Review Period. The following is a summary of the work of the Nomination Committee during the Review Period:

1. discussed and reviewed the structure, size and composition (including the skills, knowledge and experience) of the Board of the Company; and

2. reviewed, considered and made recommendation as to the nomination of Prof. Liu Tao as the INED with effect from 17 September 2015.

Board Diversity Policy

On 29 August 2013, the Company adopted a board diversity policy (the "Policy") setting out the approach to achieve and maintain diversity on the Board in order to enhance the effectiveness of the Board.

Pursuant to the Policy, the Company seeks to achieve board diversity through the consideration of a number of factors, including but not limited to the talents, skills, knowledge, age, industry experience, race, gender and other qualities. These differences will be considered in determining the optimum composition of the Board. All appointments of the members of the Board will also be based on meritocracy while taking into account diversity.

The Nomination Committee will review and assess annually all measurable objectives for implementing diversity on the Board and recommend them to the Board for adoption. In reviewing and assessing the composition of the Board, the Nomination Committee will consider the benefits of all aspects of diversity, including but not limited to, those described above.

The Nomination Committee will report annually, in the corporate governance report of the Company's annual report, a summary of the Policy, the measurable objectives that the Board has adopted for implementing the Policy, and the progress made towards achieving these objectives.

The Nomination Committee will review the Policy, as appropriate, to ensure the effectiveness of the Policy and also recommend any proposed changes to the Board for approval.

Each of the Board members possesses different skills, knowledge and experience, including land and property development, construction and management, corporate operational and strategic management, financial strategies and asset management, project budgeting management and construction design of project. The Board is characterised by significant diversity in terms of skills, knowledge, age and industry experience, etc.

Corporate Governance Committee

The corporate governance committee of the Company (the "CG Committee") was established on 1 April 2012 with written terms of reference. Currently, the CG Committee comprises three executive Directors, namely, Mr. Ding Xiang Yang (chairman of the CG Committee), Mr. Cheng Li Xiong and Mr. Xia Jing Hua. The main duties of the CG Committee are, among others, as follows:

1. to develop and review the Company's policies and practices on corporate governance and make recommendations to the Board;

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

Corporate Governance Committee *(Continued)*

3. to review and monitor the Company'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 employees and the Directors; and

5. to review the Company's compliance with all the applicable provisions in the Corporate Governance Code and the disclosure in the Corporate Governance Report.

The terms of reference of the CG Committee are available on the website of the Company at www.gloriousphl.com.cn.

A meeting was held by the CG Committee during the Review Period. The meeting was held to review, consider and discuss the following matters, inter alia, regarding the corporate governance of the Company:

1. reviewed the Company's policies and practices on corporate governance;

2. reviewed and recommended the training and continuous professional development of the Directors;

3. reviewed the Company's compliance with the Corporate Governance Code and the disclosure in the Corporate Governance Report as included in the Annual Report 2014; and

4. discussed the rules, requirements and regulations of the Environment, Social and Governance Reporting.

Finance Committee

The Board established a finance committee (the "Finance Committee") in April 2010 with delegated authority to review and approve certain financial matters of the Group. Currently, the Finance Committee comprises Mr. Cheng Li Xiong (chairman of the Board), Mr. Ding Xiang Yang (vice chairman of the Board and chief executive officer of the Company) and Mr. Xia Jing Hua (chief financial officer of the Company), and its primary duties include the determination and approval of the investment of surplus funds, approval of any investment acquisition and disposal of the Group each of an amount not exceeding HK$1 billion, arrangement of banking facilities and approval of guarantees and indemnities each of an amount not exceeding HK$1 billion, opening and operation of bank accounts, handling or execution of share repurchase exercises of the Company, and allotment and issuance of the ordinary shares of the Company pursuant to the pre-IPO share option scheme and the share option scheme (details of which are described in the section headed "Report of the Directors – Share Option Schemes" of this annual report).

Attendance Record at Meetings

The attendance record of each Director at Board meetings, Audit Committee meetings, Remuneration Committee meeting, Nomination Committee meeting, CG Committee meeting and 2015 AGM during the Review Period are set out in the following table:

	Number of meetings attended/Number of meetings held					
Name of Director	Board	Audit Committee	Remuneration Committee	Nomination Committee	Corporate Governance Committee	2015 AGM
Executive Directors						
Mr. Cheng Li Xiong	5/5	1/2	1/1	1/1	1/1	0/1
Mr. Ding Xiang Yang	5/5	2/2	—	—	1/1	1/1
Mr. Xia Jing Hua	4/5	1/2	—	—	1/1	1/1
Mr. Yan Zhi Rong	4/5	0/2	—	—	—	1/1
Independent Non-executive Directors						
Prof. Liu Tao (Note 1)	1/1	0/0	0/0	—	—	0/0
Mr. Wo Rui Fang	4/5	2/2	1/1	1/1	—	1/1
Mr. Han Ping	5/5	2/2	—	1/1	—	1/1
Mr. Liu Shun Fai (Note 2)	1/2	1/1	0/1	—	—	0/1

Note 1: Appointed as an INED of the Company with effect from 17 September 2015
Note 2: Resigned as an INED of the Company with effect from 30 May 2015

Appointment, Re-election and Removal of Directors

The procedures and process of appointment, re-election and removal of Directors are laid out in the articles of association of the Company. The Board as a whole is responsible for reviewing the Board composition, developing and formulating the relevant procedures for nomination and appointment of Directors, monitoring the appointment of Directors and assessing the independence of the INEDs.

All Directors are appointed based on their merits and experiences relevant to the business of the Group. Each of the executive Directors has entered into a service contract with the Company with no specific term. Each of the INEDs has entered into an appointment letter with the Company for a term of one year commencing on 2 October 2014, which was renewed for one year from 2 October 2015 (except Prof. Liu Tao who was appointed as the INED of the Company with effect from 17 September 2015 and entered into an appointment letter with the Company for one year from 17 September 2015). In accordance with the provisions of the Corporate Governance Code and the articles of association of the Company, all Directors are subject to retirement by rotation at least once every three years. A Director may be re-elected at the annual general meeting upon his/her retirement by rotation.

Appointment, Re-election and Removal of Directors *(Continued)*

The Board reviews its own structure, size, composition and diversity regularly to ensure that it has a balance of expertise, skills and experience appropriate for the requirements of the business of the Company. The Company has established a Nomination Committee on 1 April 2012. One of the responsibilities of the Nomination Committee is to review the structure, size, composition and diversity (including the skills, knowledge, experience, etc.) of the Board regularly to ensure that it has a balance of expertise, skills and experience appropriate for the requirements of the business of the Company. It is also responsible for recommending the appointment of directors for the Board's approval.

New directors are sought mainly through referrals or internal promotion. In evaluating whether a candidate is suitable to act as a Director of the Company, the Board will review the independence, experience and skills of the candidate as well as personal ethics, integrity and time commitment of the candidate.

Directors' Induction and Continuous Professional Development

Pursuant to the Corporate Governance Code, all Directors should participate in continuous professional development to develop and refresh their knowledge and skills. This is to ensure that their contribution to the Board remains informed and relevant.

On appointment to the Board, each newly appointed Director receives a comprehensive induction package covering business operations, policy and procedures of the Company as well as the general, statutory and regulatory obligations of being a Director to ensure that he/she is sufficiently aware of his/her responsibilities under the Listing Rules and other relevant regulatory requirements.

All Directors are regularly briefed on the amendments to or updates on the relevant laws, rules and regulations. In addition, the Company has been encouraging the Directors and senior executives to enrol in a wide range of professional development courses and seminars relating to the Listing Rules, companies ordinance/act and corporate governance practices organised by professional and regulatory bodies in Hong Kong and overseas so that they can continuously update and further improve their relevant knowledge and skills.

From time to time, all Directors are also provided with written materials to develop and refresh their professional skills; the Company Secretary also organises and arranges various seminars on the latest development of applicable laws, rules and regulations for the Directors to assist them in discharging their duties. During the Review Period, the Company organised for the Directors and executives an in-house workshop on the Listing Rules, the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong) (the "SFO"), the Competition Ordinance (Cap. 619, Laws of Hong Kong) and the Companies Ordinance (Cap. 622, Laws of Hong Kong).

Directors' Induction and Continuous Professional Development *(Continued)*

According to the records maintained by the Company, the directors received the following training with an emphasis on the roles, functions and duties of a director of a listed company in compliance with the new requirement of the Corporate Governance Code on continuous professional development during the year:

Name of Director	Corporate Governance/ Updates on laws, rules and regulations	
	Read materials	Attend Seminars
Executive Directors		
Mr. Cheng Li Xiong	✔	✔
Mr. Ding Xiang Yang	✔	✔
Mr. Xia Jing Hua	✔	✔
Mr. Yan Zhi Rong	✔	✔
Independent Non-executive Directors		
Prof. Liu Tao (Note 1)	✔	✔
Mr. Wo Rui Fang	✔	✔
Mr. Han Ping	✔	✔
Mr. Liu Shun Fai (Note 2)	✘	✘

Note 1: Appointed as an INED of the Company with effect from 17 September 2015
Note 2: Resigned as an INED of the Company with effect from 30 May 2015

Company Secretary

The company secretary is responsible to the Board for ensuring that board procedures are followed and that the Board is fully briefed on all legislative, regulatory and corporate governance developments and that it has regard to them when making decisions. The company secretary is also directly responsible for the compliance of the Group with the continuing obligations of the Listing Rules, Securities and Futures Ordinance, Companies Ordinance, the Code on Takeovers and Mergers and other applicable laws, rules and regulations.

The company secretary of the Company is Mr. Cheng Ka Hang, Francis (appointed as the Company Secretary with effect from 17 September 2015), who is an employee of the Company and has day-to-day knowledge of the Company. Mr. Cheng is an associate member of both The Institute of Chartered Secretaries and Administrators and The Hong Kong Institute of Chartered Secretaries. He has over 17 years of experience in compliance and company secretarial profession. He is familiar with the Companies Ordinance and other applicable laws, rules and regulations.

Mr. Cheng is also well aware of the requirement under Rule 3.29 of the Listing Rules and has complied with such requirement during the Review Period.

Mr. Cheng reports to the Chairman of the Board regularly.

Shareholders' Rights

How shareholders can convene an extraordinary general meeting

Pursuant to 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 of the paid up capital of the Company carrying the right of voting at general meetings of the Company shall at all times have the right, by written requisition to the Board or the Company Secretary, to require an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition. Such a requisition must be signed by the Shareholder(s).

The procedures by which enquires may be put to the Board and sufficient contact details to enable these enquires to be property directed

Shareholders and other stakeholders may at any time send their enquiries and concerns in writing through our Investor Relations Department whose contact details are as follows:

Address:	Unit 8201, Level 82, International Commerce Centre, 1 Austin Road West, Kowloon, Hong Kong
Telephone:	(852) 3101 4888
Facsimile:	(852) 3101 4688
Email:	ir@gloriousphl.com.cn

If necessary, the Investor Relations Department will forward the enquires or concerns to the Company Secretary or other members of the senior management of the Company as appropriate within their area of responsibilities for handling.

Shareholders may also make enquiries with the Board at the general meetings of the Company.

Procedures for shareholders to propose a person for election as a Director

As regards to the procedures for proposing a person for election as the Director (other than the retiring Director of the Company or a person recommended by the Board), please refer to the procedures made available under the Corporate Governance section of the Company's website at http://ir.gloriousphl.com.cn/html/ir_gov.php.

Procedures and Sufficient Contact Details for Putting Forward Proposals at Shareholders' Meetings

Shareholders are welcomed to suggest proposals relating to the operations, strategy and/or management of the Group to be discussed at shareholders' meeting. Proposal shall be sent to the Board or the Company Secretary by written requisition. Pursuant to the articles of association of the Company, shareholders who wish to put forward a proposal should convene an extraordinary general meeting by following the procedures set out in "HOW SHAREHOLDERS CAN CONVENE AN EXTRAORDINARY GENERAL MEETING" above.

Internal Controls

The Board is responsible for overseeing the Company's system of internal control and is committed to managing business risks and maintaining a sound and effective internal control system to safeguard the shareholders' investment and the Company's assets. The management is responsible for designing and implementing the internal control system to achieve the aforesaid objectives.

Under its terms of reference, the Audit Committee performs review of the Company's financial controls, internal control and risk management systems and is responsible for discussing with the management the Company's internal control system.

During the Review Period, the Directors, through the Audit Committee as well as by themselves, conducted reviews of the effectiveness of the Company's internal control system, including financial, operational and compliance controls and risk management functions, and the adequacy of resources, qualifications and experience of the staff of the Company's accounting and financial reporting functions. The Directors generally satisfied with the effectiveness of the Company's internal control system.

The internal audit department of the Company performs regular audit reviews and report of the key controls of the Company to the Board and the Audit Committee. The responsible heads of departments will be notified of the control deficiencies noted for rectification.

To maintain an effective internal control system, all departments of the Company have formulated operational management guidelines, which clearly define the functions and responsibilities of each department and scope of power of each position.

External Auditor

The Company has engaged PricewaterhouseCoopers ("PwC") as its external auditor. In order to maintain PwC's independence and objectivity and the effectiveness of the audit process in accordance with the applicable standards, the Audit Committee, under its terms of reference, pre-approves all audit services to be provided by PwC and discusses with PwC the nature and scope of their audit and reporting obligations before the audit commences.

The aggregate remuneration in respect of services provided by PwC for the year ended 31 December 2015 was RMB11.3 million, of which RMB11.2 million represents fees for audit services and RMB0.1 million represents fees for certain non-audit services.

The responsibilities of the Independent auditor with respect of the consolidated financial statements for the year ended 31 December 2015 are set out in the section "Independent Auditor's Report" on pages 54 and 55.

Directors' Responsibilities for Financial Statements

All Directors acknowledge their responsibility for preparing the consolidated financial statements of the Group for the year ended 31 December 2015 and of ensuring that the preparation of the consolidated financial statements of the Group is in accordance with the applicable standards and requirements.

Going Concern and Mitigation Measures

During the year ended 31 December 2015, the Group reported a net loss attributable to the owners of the Company of RMB3,877,922,000 and had a net operating cash outflow of approximately RMB371,142,000. As at 31 December 2015, the Group's total borrowing amounted to RMB26,140,107,000, of which RMB25,455,215,000 were classified as current liabilities, while its cash and cash equivalents amounted to RMB385,159,000 only. In addition, as at 31 December 2015 and up to the date of this report, loan principal repayments and interest payments of RMB5,194,517,000 (relating to certain borrowings of the Group of RMB13,715,317,000 and RMB1,500,000,000, that have original contractual repayment dates in 2016 and beyond, respectively) were not repaid in accordance with the repayment schedules pursuant to the borrowing agreements. These constituted events of defaults which resulted in cross-default of certain other borrowings amounting to RMB4,462,666,000 as at 31 December 2015, which had original contractual repayment dates beyond 31 December 2016. These conditions, together with other matters described in Note 2(a)(i) to the consolidated financial statements, indicate the existence of material uncertainties which may cast significant doubt about the Group's ability to continue as a going concern. However, the Directors of the Company have been undertaking a number of measures to improve the Group's liquidity and financial position, and to remediate certain delayed repayments to financial institutions. For further details of these measures, please refer to note 2(a)(i) to the consolidated financial statements.

Shareholders' Meetings

All shareholders of the Company have the right to be informed and participate in material matters of the Company as prescribed by laws and the articles of association of the Company.

The Company regards the annual general meeting as an important event as it provides an invaluable opportunity for the Board to communicate with the shareholders.

During the Review Period, the Company held the annual general meeting on 29 May 2015 to enable the shareholders (i) to consider and approve the audited financial statements and the reports of the Directors and the auditor for the year ended 31 December 2014, (ii) to re-elect the retiring Directors, (iii) to authorise the Board to fix the remuneration of all Directors, (iv) to re-appoint PricewaterhouseCoopers as the auditor of the Company and to authorise the Board to fix its remuneration and (v) to consider and pass other special businesses in the meeting.

Communication with Shareholders and Investors

The Company believes that effective communication with its shareholders is essential for enhancing investor relations and investors' understanding of the Company's business performance and strategies. The Company also recognises the importance of transparent and timely disclosure of corporate information, which enables shareholders and investors to make the most informed investment decisions.

The goal of the Company's communication activities is to provide a true and fair view of the Company to the public. To further enhance the Company's relationship with its shareholders and investors and to ensure that all investors have a better understanding of the Company, the Company has established an Investor Relations Department to handle regular contact with investors.

Important events regarding financial results, business development and operations are also announced on a timely basis to investors through the Company's website www.gloriousphl.com.cn.

To maintain and improve the visibility of the Company in the financial community, the Company has participated in various investors' conferences during the Review Period. Going forward, the Company will continue to leverage on various channels and platforms including press conferences, analyst briefings and industry conferences (if necessary) to ensure the timely release of important messages to the public.

REPORT OF THE DIRECTORS

The directors (the "Directors") of Glorious Property Holdings Limited (the "Company") are pleased to submit their report together with the audited consolidated financial statements of the Company and its subsidiaries (together, the "Group") for the year ended 31 December 2015.

Principal Activities

The Company acts as an investment holding company. The Group is principally engaged in the development and sale of high quality properties in key economic cites in the PRC. As at 31 December 2015, the Group had property development projects in prime locations of key economic cities in Shanghai Region, Yangtze River Delta, Pan Bohai Rim and Northeast China.

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

Business Review

A review of the business of the Group during the year is contained in the sections headed "Business review" on pages 6 to 16. A description of the principal risks and uncertainties facing the Group and an indication on the Group's likely future business development are contained in the section headed "Future Outlook" on page 17.

Environment Protection and Compliance with Laws and Regulations

The Group endeavors to construct premium residential projects and actively integrates environmental considerations into them. The Group also promotes the concept of caring for the nature and environmental conservation, so as to promote green management and create a pleasant environment. Since the establishment of the Group, it has strictly complied with laws and regulations regarding environmental protection and adopted innovative and effective environmental technologies to ensure each of its projects meets the highest construction standards and ethics in respect of environmental protection.

Relationship with Employees

A description of the relationship with the employees of the Group is contained in the section headed "Employee and Remuneration Policy" under Financial Review" on page 26.

Subsidiaries of the Company

A list of the subsidiaries of the Company, together with their places of operation and incorporation, issued capital and registered capital, is set out in note 11 to the consolidated financial statements.

Results and Dividends

The results of the Group for the year ended 31 December 2015 are set out in the accompanying consolidated statement of comprehensive income on page 58 of this annual report.

The Board has resolved not to recommend the payment of a final dividend for the year ended 31 December 2015.

Financial Summary

A summary of the consolidated results and the assets and liabilities of the Group for the last five financial years is set out on page 144 and 145 of this annual report.

Purchase, Sale or Redemption of the Company's Listed Securities

During the year ended 31 December 2015, there was no purchase, sale or redemption by the Company or any of its subsidiaries of the listed securities of the Company.

Major Suppliers and Customers

For the year ended 31 December 2015, the aggregate purchases attributable to the Group's five largest suppliers represented approximately 75.0% of the Group's total purchases, while the purchases from the Group's largest supplier accounted for approximately 53.3% of the Group's total purchases.

For the year ended 31 December 2015, the aggregate sales attributable to the Group's five largest customers accounted for 2.7% of the Group's total sales.

During the year ended 31 December 2015, apart from the interest of the father of Mr. Zhang Zhi Rong (who is the ultimate controlling shareholder of the Company and the brother-in-law of Mr. Ding Xiang Yang, the executive Director of the Company) in 上海地通建設(集團)有限公司 (Shanghai Ditong Construction (Group) Co., Ltd,* ("Shanghai Ditong")), as described in the section headed "Continuing Connected Transactions" below, none of the Directors or any of their associates or any shareholders which, to the best knowledge of the directors, who owns more than 5% of the Company's issued share capital, had any interest in any of the Group's five largest suppliers and customers.

* *For identification purpose only*

Donations

There were no charitable donations made by the Group during the year (2014: Nil).

Property, Plant and Equipment

Details of movements in property, plant and equipment, investment properties, properties under development and completed properties held for sale of the Group during the year are set out in notes 6, 7, 12 and 13 to the consolidated financial statements.

Borrowings

Particulars of the borrowings of the Group as at 31 December 2015 are set out in note 19 to the consolidated financial statements.

Capitalised Borrowing Costs

Borrowing costs capitalised by the Group during the year amounted to approximately RMB2,132.0 million (2014: RMB2,512.2 million).

Major Properties

Major properties of the Group as at 31 December 2015 are set out on pages 146 to 152 of this annual report.

Share Premium and Reserves

Details of movements in the share premium and reserves of the Company during the year ended 31 December 2015 are set out in notes 22 and 37 to the consolidated financial statements.

Distributable Reserves

As at 31 December 2015, the reserves of the Company available for distribution to the shareholders amounted to approximately RMB3,489.1 million (2014: RMB4,320.1 million).

Share Capital

Details of movements in the share capital of the Company during the year are set out in note 22 to the consolidated financial statements.

Directors

The Directors of the Company who held office during the year and as at the date of this annual report are:

Executive Directors:

Mr. Cheng Li Xiong *(Chairman)*
Mr. Ding Xiang Yang *(Vice-chairman and Chief Executive Officer)*
Mr. Xia Jing Hua *(Chief Financial Officer)*
Mr. Yan Zhi Rong

Independent Non-Executive Directors:

Prof. Liu Tao *(Appointed as an independent non-executive Director of the Company (the "INED") with effect from 17 September 2015)*
Mr. Wo Rui Fang
Mr. Han Ping
Mr. Liu Shun Fai *(Resigned as an INED with effect from 30 May 2015)*

In accordance with the articles of association of the Company, Mr. Ding Xiang Yang, Mr. Xia Jing Hua and Mr. Wo Rui Fang are due to retire from the Board by rotation at the forthcoming annual general meeting. In addition, pursuant to the articles of association of the Company, Prof. Liu Tao, who was appointed as an INED of the Company with effect from 17 September 2015 to fill a casual vacancy on the Board, shall hold office until the first general meeting of the Company after her appointment and be subject to re-election at such meeting. All the retiring Directors and Prof. Liu, being eligible, offer themselves for re-election.

Directors' Interests in Contracts of Significance

Save for the contracts disclosed in the section headed "Continuing Connected Transactions" below, no arrangements or contract of significance (as defined in Appendix 16 to the Listing Rules) in relation to the Group's business to which the Company or its holding company or subsidiaries was a party and in which a Director had a material interest, whether directly or indirectly, subsisted at any time during or at the end of the year.

Directors' Interests in Competing Business and Deed of Non-Compete Undertaking

As at 31 December 2015, none of the Directors nor their associates had interests in businesses which competed or were likely to compete, either directly or indirectly, with the Group's businesses.

In order to protect the Group's interests and its current business activities, the controlling shareholders of the Company, namely, Best Era International Limited and Mr. Zhang Zhi Rong, had entered into a deed of non-compete undertaking on 9 September 2009 ("Deed of Non-compete Undertaking") in favour of the Company, under which each of Best Era International Limited and Mr. Zhang Zhi Rong has undertaken and covenanted with the Company that pursuant to the terms and conditions of the Deed of Non-compete Undertaking, they shall not and shall procure their respective associates not to directly or indirectly engage or otherwise be interested in the business of the development, sales, leasing and investment of properties in the PRC (other than through the Group) or business which is the same or similar to that carried on by the Group from time to time.

Directors' Interests in Competing Business and Deed of Non-Compete Undertaking *(Continued)*

The Company has received a confirmation from Best Era International Limited and Mr. Zhang Zhi Rong in respect of their compliance with the terms of the Deed of Non-compete Undertaking during the year ended 31 December 2015.

The INEDs have also reviewed and confirmed the compliance with, and the enforcement of, the Deed of Non-compete Undertaking by Best Era International Limited and Mr. Zhang Zhi Rong during the year.

Directors' Interests in Shares, Underlying Shares and Debentures

As at 31 December 2015, the Directors and the chief executive of the Company had the following interests in the shares, underlying shares and debentures of the Company or any of its associated corporations (the "Associated Corporations") (within the meaning of Part XV of the SFO which (a) were recorded in the register required to be kept under Section 352 of the SFO; or (b) were required to be notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code:

Company

	Number of ordinary shares			
Name of Director	Personal interests[(1)]	Corporate interests	Total	Approximate % of shareholding[(2)]
Mr. Cheng Li Xiong	15,500,000[(3)]	—	15,500,000	0.20
Mr. Ding Xiang Yang	15,000,000	—	15,000,000	0.19
Mr. Xia Jing Hua	5,000,000	—	5,000,000	0.06
Mr. Yan Zhi Rong	5,000,000	—	5,000,000	0.06

Notes:

(1) This represents interests held by the relevant Director as beneficial owner in share options granted to the Directors under the pre-IPO share option scheme of the Company to subscribe for shares in the Company.

(2) The percentage has been compiled based on the total number of ordinary shares of the Company in issue as at 31 December 2015 (i.e. 7,792,645,623 ordinary shares).

(3) Ms. Wu Yi Wen is the beneficial owner of 500,000 ordinary shares of the Company and is the spouse of Mr. Cheng Li Xiong, the Chairman and the executive Director of the Company. By virtue of the SFO, Mr. Cheng is deemed to be interested in the said shares. Mr. Cheng is also interested in options to subscribe for 15,000,000 shares of the Company.

All of the interests disclosed above represent long positions in the shares of the Company.

Apart from the aforesaid, as at 31 December 2015, the Company had not been notified of any interests or short positions in the shares, underlying shares or debentures of the Company or any of its Associated Corporations which had been entered in the register kept by the Company pursuant to Section 352 of the SFO or which were notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code.

Directors' Rights to Acquire Shares or Debentures

As at 31 December 2015, the number of outstanding options granted by the Company to the Directors to subscribe for shares of the Company, as recorded in the register required to be kept under Section 352 of the SFO or which were otherwise notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code, is set out in the section headed "Share Option Schemes" of this annual report.

Apart from the aforesaid, at no time during the year ended 31 December 2015 was the Company or its holding company or subsidiaries, a party to any arrangement to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

Substantial Shareholder's Interests in the Share Capital of the Company

As at 31 December 2015, the interests of substantial shareholders (other than the Directors or the chief executive of the Company) in the shares or underlying shares of the Company which were required to be recorded in the register required to be kept by the Company under Section 336 of the SFO were as follows:

Name of the Substantial shareholder	Capacity in which ordinary shares were held	Number of ordinary shares	Long position/ Short position/ Lending pool	Approximate % of shareholding[4]
Mr. Zhang Zhi Rong	Interests in controlled corporations/ Beneficial owner[3]	5,329,216,436	Long position	68.39
Best Era International Limited[1]	Beneficial owner	4,978,923,436	Long position	63.89
China Life Insurance (Group) Company[2]	Interests in controlled corporations	778,914,000	Long position	10.00
China Life Insurance (Overseas) Co. Ltd.[2]	Beneficial owner	778,914,000	Long position	10.00

Notes:

(1) Best Era International Limited is owned as to 100% by Mr. Zhang Zhi Rong, who is a sole director of Best Era International Limited.

(2) Chins Life Insurance (Overseas) Co. Ltd. is owned as to 100% by China Life Insurance (Group) Company.

(3) As at 31 December 2015, Best Era International Limited, Market Victor Limited, Novel Ventures Limited, Island Century Limited and Well Advantage Limited, all of which are wholly-owned directly or indirectly by Mr. Zhang Zhi Rong, held 4,978,923,436 shares, 81,936,000 shares, 106,288,000 shares, 119,313,000 shares and 27,756,000 shares respectively, representing in aggregate 5,314,216,436 shares or approximately 68.20% of the issued share capital of the Company. Mr. Zhang Zhi Rong is also interested in options to subscribe for 15,000,000 shares (representing 0.19% of the total issued share capital of the Company).

(4) The percentage has been compiled based on the total number of ordinary shares of the Company in issue as at 31 December 2015 (i.e. 7,792,645,623 ordinary shares).

Apart from the aforesaid, as at 31 December 2015, the Company was not aware of any persons (other than the Directors or the chief executive of the Company) who had any interests or short positions in the shares or underlying shares of the Company which were required to be recorded in the register required to be kept by the Company under Section 336 of the SFO.

Share Option Schemes

Pursuant to the resolutions in writing passed by all the shareholders of the Company on 9 September 2009, the Company conditionally approved and adopted a pre-IPO share option scheme (the "Pre-IPO Share Option Scheme") and 84,000,000 share options had been granted to its Directors and employees which are exercisable for a ten-year period from the grant date. No further options will be offered or granted by the Company pursuant to the Pre-IPO Share Option Scheme. The purpose of the Pre-IPO Share Option Scheme is to give the participants an opportunity to acquire a personal stake in the Company and help motivate such participants and retain the participants whose contributions are important to the long term growth and profitability of the Group. As at 31 December 2015 and as at the date of this annual report, the total number of shares in respect of the outstanding options granted under the Pre-IPO Share Option Scheme was 69,000,000 shares, which is equivalent to approximately 0.89% of the total issued share capital of the Company.

Pursuant to the resolutions in writing passed by all the shareholders of the Company on 9 September 2009, the Company also approved and adopted a share option scheme for the purpose of enabling the Group to grant options to selected participants as incentives or rewards for their contribution to the Group (the "Share Option Scheme"). During the year ended 31 December 2015, no share options had been granted under the Share Option Scheme.

Particulars of the Company's Pre-IPO Share Option Scheme and Share Option Scheme are set out in note 36 to the consolidated financial statements. The following table discloses details of the Company's outstanding share options held by the directors and certain employees of the Company under the Pre-IPO Share Option Scheme and its movement during the year ended 31 December 2015:

		Number of underlying shares comprised in share options							
Name of Grantee	Date of grant	Balance as at 01/01/2015	Granted during the year	Exercised during the year	Cancelled during the year	Lapsed during the year	Balance as at 31/12/2015	Exercise price per share HK$	Exercise period
Category 1: Directors									
Mr. Cheng Li Xiong	09/09/2009	15,000,000	—	—	—	—	15,000,000	1.76	Note
Mr. Ding Xiang Yang	09/09/2009	15,000,000	—	—	—	—	15,000,000	1.76	Note
Mr. Xia Jing Hua	09/09/2009	5,000,000	—	—	—	—	5,000,000	1.76	Note
Mr. Yan Zhi Rong	09/09/2009	5,000,000	—	—	—	—	5,000,000	1.76	Note
		40,000,000	—	—	—	—	40,000,000		
Category 2: Other employees (in aggregate)	09/09/2009	29,000,000	—	—	—	—	29,000,000	1.76	Note
Total:		69,000,000	—	—	—	—	69,000,000		

Share Option Schemes *(Continued)*

Note:

Each of the grantees to whom the options have been granted under the Pre-IPO Share Option Scheme is entitled to exercise:

(i) up to 20% of the shares that are subject to the options granted to the relevant grantee (rounded down to the nearest whole number of shares) at any time during the period commencing on 2 October 2009 (the "Listing Date") and ending on the first anniversary of the Listing Date;

(ii) up to 40% of the shares that are subject to the options granted to the relevant grantee less the number of shares in respect of which the options have been exercised by the grantee (rounded down to the nearest whole number of shares) at any time during the period commencing on the expiry of the first anniversary of the Listing Date and ending on the second anniversary of the Listing Date;

(iii) up to 60% of the shares that are subject to the options granted to the relevant grantee less the number of shares in respect of which the options have been exercised by the grantee (rounded down to the nearest whole number of shares) at any time during the period commencing on the expiry of the second anniversary of the Listing Date and ending on the third anniversary of the Listing Date;

(iv) up to 80% of the shares that are subject to the options granted to the relevant grantee less the number of shares in respect of which the options have been exercised by the grantee (rounded down to the nearest whole number of shares) at any time during the period commencing on the expiry of the third anniversary of the Listing Date and ending on the fourth anniversary of the Listing Date;

(v) such number of shares subject to the options granted to the relevant grantee less the number of shares in respect of which the options have been exercised by the grantee (rounded down to the nearest whole number of shares) at any time during the period commencing on the expiry of the fourth anniversary of the Listing Date and ending on 8 September 2019.

Pre-emptive Rights

There is no provision for pre-emptive rights under the articles of association of the Company or the relevant laws of the Cayman Islands which would oblige the Company to offer new shares on a pro rata basis to existing shareholders.

Continuing Connected Transactions

Pursuant to Chapter 14A of the Listing Rules, the following transactions are continuing connected transactions which are subject to the requirements under Chapter 14A of the Listing Rules. These continuing connected transactions also constitute related party transactions as set out in note 34 to the consolidated financial statements. Details of such transactions are as follows:

Shanghai Ditong renewed the framework construction services agreement (the "New Construction Services Agreement") with the Company on 10 June 2014, pursuant to which Shanghai Ditong has agreed to provide construction and related services to the Group according to the tender documents and the construction contracts signed between Shanghai Ditong and the Group from time to time. The New Construction Services Agreement is effective for three years from 1 January 2015 to 31 December 2017. The new annual cap for the transactions contemplated under the New Construction Services Agreement for each of the three years ending 31 December 2017 are RMB1,590 million, RMB1,190 million and RMB540 million respectively.

Mr. Zhang De Huang (the father of Mr. Zhang Zhi Rong, the ultimate controlling shareholder of the Company) holds a controlling stake in Shanghai Ditong. Therefore, Shanghai Ditong is a connected person of the Company pursuant to Chapter 14A of the Listing Rules and the construction services provided to the Group by Shanghai Ditong constitute continuing connected transactions of the Company.

For the year ended 31 December 2015, the annual cap for the continuing connected transactions between the Group and Shanghai Ditong under the New Construction Services Agreement was RMB1,590 million and the actual transacted amount was approximately RMB958.5 million.

Continuing Corporate Governance Measures

The Group has adopted the Guidelines on Tendering Procedures for Construction Services (工程類招投標工作指引) (the "Guidelines") on 15 April 2010, for the selection of potential bidders for the property projects carried out by the Group and review of construction services provided by Shanghai Ditong.

The Guidelines contain (a) an independent mechanism to govern and monitor the selection process of potential bidders for construction company; and (b) independent review procedures for the monitoring of the quality of construction work completed by Shanghai Ditong (applicable where Shanghai Ditong is selected to provide construction services to the Group after going through the selection process).

The Board has confirmed that the Group has complied with the independent mechanism contained in the Guidelines and has carried out the independent review procedures set out in the Guidelines to monitor the quality of the construction work completed by Shanghai Ditong during the year ended 31 December 2015.

The INEDs of the Company have reviewed the transactions conducted between the Group and Shanghai Ditong under the New Construction Services Agreement during the year ended 31 December 2015. The INEDs had also reviewed the terms of the New Construction Services Agreement pursuant to a meeting of the INEDs held on 15 April 2016. They have confirmed that the continuing connected transactions of the Group for the financial year ended 31 December 2015 have been entered into (i) in the ordinary and usual course of business of the Group; (ii) on normal commercial terms; and (iii) in accordance with the relevant agreements governing them and on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole.

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

In accordance with Hong Kong Standard on Assurance Engagement 3000 "Assurance Engagement Other than Audits or Reviews of Historical Financial Information", the auditor has also reported to the Board that for the year ended 31 December 2015, nothing has come to their attention that the continuing connected transactions, which were governed by the New Construction Services Agreement, (i) have not received the approval of the Board; (ii) were not, in all material respects, in accordance with the pricing policies of the Group; (iii) have not been entered into, in all material respects, in accordance with the relevant agreement governing such transactions; and (iv) have exceeded the relevant cap amount for the financial year ended 31 December 2015 as set out in the circular dated 2 July 2014 published by the Company in respect of the continuing connected transactions.

Re-compliance With Rules 3.10, 3.10A, 3.21 and 3.25 of the Listing Rules

Reference is made to the announcement of the Company dated 7 May 2015 in respect of the resignation of Mr. Liu Shun Fai as an INED of the Company, the chairman and a member of the audit committee of the Company and a member of the remuneration committee of the Company with effect from 30 May 2015 due to his other business commitment.

Re-compliance With Rules 3.10, 3.10A, 3.21 and 3.25 of the Listing Rules *(Continued)*

For the period from 30 May 2015 to 16 September 2015, the Company only had two INEDs and two audit committee members, which fell below the minimum number requirement and that at least one of the INEDs must have appropriate professional qualifications or accounting or related financial management expertise to meet the requirements under Rules 3.10, 3.10A and 3.21 of the Listing Rules. Moreover, the composition of the remuneration committee did not meet the requirement under Rule 3.25 of the Listing Rules.

In view of the aforesaid non-compliance with the Listing Rules, Prof. Liu Tao has been appointed as an INED, the chairman and a member of the audit committee and a member of the remuneration committee with effect from 17 September 2015. Following the appointment of Prof. Liu Tao, the number of INEDs of the Company and the members of the audit committee have complied with the minimum number requirement of INEDs and members of the audit committee under Rules 3.10(1), 3.10A and 3.21 of the Listing Rules respectively and the qualification requirements under Rules 3.10(2) and 3.21 of the Listing Rules. The composition of the remuneration committee has also met the requirement under Rule 3.25 of the Listing Rules.

Related Party Transactions

Details of the material related party transactions undertaken by the Group in the normal course of business are set out in note 34 to the consolidated financial statements. Those related party transactions which constituted connected transactions or continuing connected transactions under Chapter 14A of the Listing Rules are set out in the section headed "Continuing Connected Transactions" above and the Company has complied with the requirements in accordance with Chapter 14A of the Listing Rules.

Changes of Directors' Information Pursuant to Rule 13.51B(1) of the Listing Rules

Change of Particulars of Independent Non-Executive Director

With effect from 30 March 2015, Mr. Liu Shun Fai, the INED of the Company, was appointed as the executive director of AMVIG Holdings Limited, a company listed on the Hong Kong Stock Exchange.

Change of Independent Non-Executive Director and Changes in Composition of Audit Committee and Remuneration Committee

1. Mr. Liu Shun Fai resigned as an INED, the chairman and a member of the audit committee and a member of the remuneration committee of the Company with effect from 30 May 2015; and

2. Prof. Liu Tao has been appointed as an INED, the chairman and a member of the audit committee and a member of the remuneration committee of the Company with effect from 17 September 2015.

For details of the aforesaid changes, please refer to the announcements of the Company dated 7 May 2015 and 16 September 2015, respectively.

Save as disclosed above, there is no other change in the Directors' information required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules since the date of the 2015 interim report of the Company.

Management Contracts

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

Directors' Service Contracts

None of the Directors has entered into a service contract with the Company or its subsidiaries which is not determinable within one year without payment of compensation, other than statutory compensation.

Director's Remuneration

Directors' remuneration is determined by reference to the Director's duties and responsibilities, their individual performance, the financial results of the Group and the prevailing market benchmark.

Details of the remuneration of the Directors and the five highest paid individuals of the Company for the year ended 31 December 2015 are set out in notes 38 and 28, respectively, to the consolidated financial statements. There was no arrangement under which a Director waived or agreed to waive any remuneration during the year.

Permitted Indemnity and Insurance

Pursuant to the articles of association of the Company, every Director or other officer of the Company shall be entitled to be indemnified and secured harmless out of the assets and profits of the Company from and against all actions, costs, charges, losses, damages and expenses which he/she may sustain or incur in or about the execution of the duties of his/her office or otherwise in relation thereto; provided that such indemnity shall not extend to any matter in respect of any fraud or dishonesty which may attach to any of said persons. The Company has arranged appropriate directors' and officers' liability insurance cover in respect of legal action against the directors and officers of the Group.

Pension Schemes

Details of the Group's pension schemes are set out in note 2(t) to the consolidated financial statements.

Sufficiency of Public Float

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

Corporate Governance

The Company's corporate governance principles and practices are set out in the corporate governance report on pages 30 to 43 of this annual report.

Auditor

The financial statements for the financial year ended 31 December 2015 have been audited by PricewaterhouseCoopers, who will retire at the conclusion of the 2016 annual general meeting of the Company. A resolution for the re-appointment of PricewaterhouseCoopers as the auditor of the Company will be proposed at that meeting.

On behalf of the Board

Cheng Li Xiong
Chairman

Hong Kong, 15 April 2016

INDEPENDENT AUDITOR'S REPORT

羅兵咸永道

Independent Auditor's Report
To the shareholders of Glorious Property Holdings Limited
(incorporated in the Cayman Islands with limited liability)

We were engaged to audit the consolidated financial statements of Glorious Property Holdings Limited (the "Company") and its subsidiaries set out on pages 56 to 143, which comprise the consolidated balance sheet as at 31 December 2015, and 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 conducting the audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants, and to report our opinion solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. Because of the matters described in the Basis for Disclaimer of Opinion paragraphs, however, it is not possible to form an opinion on the consolidated financial statements due to the potential interaction of the multiple uncertainties and their possible cumulative effect on the consolidated financial statements.

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

Basis for Disclaimer of Opinion

Multiple Uncertainties Relating to Going Concern

As described in Note 2(a)(i) to the consolidated financial statements, the Group reported a net loss attributable to the owners of the Company of RMB3,877,922,000 and had a net operating cash outflow of approximately RMB371,142,000 during the year ended 31 December 2015. As at the same date, the Group's total borrowing amounted to RMB26,140,107,000, of which RMB25,455,215,000 were classified as current liabilities, while its cash and cash equivalents amounted to RMB385,159,000 only. In addition, as at 31 December 2015 and up to the date of this report, loan principal repayments and interest payments of RMB5,194,517,000 (relating to certain borrowings of the Group of RMB13,715,317,000 and RMB1,500,000,000, that have original contractual repayment dates in 2016 and beyond, respectively) were not repaid in accordance with the repayment schedules pursuant to the borrowing agreements. These constituted events of defaults which resulted in cross-default of certain other borrowings amounting to RMB4,462,666,000 as at 31 December 2015, which had original contractual repayment dates beyond 31 December 2016. These conditions, together with other matters described in Note 2(a)(i) to the consolidated financial statements, indicate the existence of material uncertainties which may cast significant doubt about the Group's ability to continue as a going concern.

The directors of the Company have been undertaking a number of measures to improve the Group's liquidity and financial position, and to remediate certain delayed repayments to financial institutions, which are set out in Note 2(a)(i) to the consolidated financial statements. The consolidated financial statements have been prepared on a going concern basis, the validity of which depends on the outcome of these measures, which are subject to multiple uncertainties, including (i) the successful negotiations with the lenders for the renewal of or extension for repayment of outstanding borrowings, including those with overdue principals and interests; (ii) the successful obtaining of additional new sources of financing as and when needed; (iii) the successful implementation of its operation plan to accelerate the Group's pre-sales and sales of its properties under development and completed properties and the collection of the outstanding sales proceeds, and to control costs and contain capital expenditures; and (iv) the successful maintenance of relationship with the Group's existing lenders such that no action will be taken by the relevant lenders to demand immediate repayment of the borrowings in default, including those with cross-default terms. Should the Group fail to achieve the above mentioned plans and measures, it might not be able to continue to operate as a going concern, and adjustments would have to be made to write down the carrying values of the Group's assets to their recoverable amounts, to provide for any further liabilities which might arise and to reclassify non-current assets and non-current liabilities as current assets and current liabilities. The effects of these adjustments have not been reflected in these consolidated financial statements.

Disclaimer of Opinion

Because of the potential interaction of the multiple uncertainties and their possible cumulative effect on the consolidated financial statements as described in the Basis for Disclaimer of Opinion paragraphs, we do not express an opinion on the consolidated financial statements. In all other respects, in our opinion, the consolidated financial statements have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 15 April 2016

CONSOLIDATED BALANCE SHEET

As at 31 December 2015

RMB'000	Note	**2015**	2014
Non-current assets			
Property, plant and equipment	6	**71,298**	1,798,175
Investment properties	7	**16,757,846**	10,685,010
Intangible assets	8	**1,800**	1,800
Investment in an associate	9	**2,931**	2,808
Investment in a joint venture	10	**12,188**	3,794
Loan to a joint venture	10	**1,209,741**	1,422,370
Deferred income tax assets	21	**470,038**	466,670
		18,525,842	14,380,627
Current assets			
Properties under development	12	**20,965,023**	22,560,732
Completed properties held for sale	13	**6,203,857**	5,051,105
Trade and other receivables and prepayments	14	**8,037,186**	8,014,779
Prepaid taxes		**339,290**	324,939
Restricted cash	15	**2,905,342**	916,411
Cash and cash equivalents	16	**385,159**	449,247
		38,835,857	37,317,213
Non-current assets classified as held for sale	17	**—**	2,227,522
		38,835,857	39,544,735
Total assets		**57,361,699**	53,925,362

The notes on pages 61 to 143 are an integral part of these consolidated financial statements.

CONSOLIDATED BALANCE SHEET

As at 31 December 2015

RMB'000	Note	2015	2014
Current liabilities			
Advanced proceeds received from customers		**5,508,670**	3,724,250
Trade and other payables	18	**5,366,488**	4,787,417
Income tax payable		**4,277,611**	4,391,753
Borrowings	19	**25,455,215**	15,673,876
Obligations under finance lease	20	**998**	933
		40,608,982	28,578,229
Non-current liabilities			
Borrowings	19	**648,892**	6,596,124
Deferred income tax liabilities	21	**2,549,203**	2,170,854
Obligations under finance lease	20	**17,966**	17,890
		3,216,061	8,784,868
Total liabilities		**43,825,043**	37,363,097
EQUITY			
Capital and reserves attributable to the owners of the Company			
Share capital	22	**68,745**	68,745
Share premium	22	**7,822,982**	7,822,982
Reserves		**4,631,973**	7,562,165
		12,523,700	15,453,892
Non-controlling interests		**1,012,956**	1,108,373
Total equity		**13,536,656**	16,562,265
Total liabilities and equity		**57,361,699**	53,925,362

Approved by the Board on 15 April 2016 and signed on its behalf by

Ding Xiang Yang
Director

Xia Jing Hua
Director

The notes on pages 61 to 143 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2015

RMB'000	Note	**2015**	2014
Revenue	5	**2,340,198**	4,263,341
Cost of sales	26	**(4,321,044)**	(5,219,106)
Gross loss		**(1,980,846)**	(955,765)
Other income	24	**73,677**	70,544
Other losses, net	25	**(295,404)**	(164,689)
Selling and marketing expenses	26	**(99,603)**	(137,245)
Administrative expenses	26	**(529,751)**	(1,297,265)
Finance costs	27	**(1,320,638)**	(140,828)
Share of profit of an associate	9	**123**	1,202
Share of profit/(loss) of a joint venture	10	**264,429**	(11,523)
Loss before income tax		**(3,888,013)**	(2,635,569)
Income tax expenses	29	**(85,326)**	(530,838)
Loss for the year		**(3,973,339)**	(3,166,407)
Loss for the year attributable to:			
— the owners of the Company		**(3,877,922)**	(2,995,989)
— non-controlling interests		**(95,417)**	(170,418)
		(3,973,339)	(3,166,407)
Other comprehensive income			
Items that may be reclassified to profit or loss			
Revaluation of property, plant and equipment upon transfer to investment properties		**1,263,639**	—
Deferred income tax		**(315,909)**	—
Other comprehensive income		**947,730**	—
Total comprehensive loss for the year		**(3,025,609)**	(3,166,407)
Total comprehensive loss for the year attributable to:			
— the owners of the Company		**(2,930,192)**	(2,995,989)
— non-controlling interests		**(95,417)**	(170,418)
		(3,025,609)	(3,166,407)
Loss per share for loss attributable to the owners of the Company (expressed in RMB per share)			
— Basic	30	**(0.50)**	(0.38)
— Diluted	30	**(0.50)**	(0.38)

The notes on pages 61 to 143 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2015

RMB'000	Share capital (note 22)	Share premium (note 22)	Merger reserve (note 23(a))	Statutory reserve (note 23(b))	Other reserve (note 37(a)(i))	Revaluation reserve	Employee share-based compen-sation reserve	Retained earnings	Total	Non-controlling interests	Total equity
	Year ended 31 December 2015 Attributable to the owners of the Company										
Balance at 1 January 2015	68,745	7,822,982	(770,477)	313,721	264,317	—	201,795	7,552,809	15,453,892	1,108,373	16,562,265
Loss for the year	—	—	—	—	—	—	—	(3,877,922)	(3,877,922)	(95,417)	(3,973,339)
Revaluation of properties, plant and equipment upon transfer to investment properties, net of deferred income tax	—	—	—	—	—	947,730	—	—	947,730	—	947,730
Transfer to statutory reserve	—	—	—	700	—	—	—	(700)	—	—	—
Balance at 31 December 2015	68,745	7,822,982	(770,477)	314,421	264,317	947,730	201,795	3,674,187	12,523,700	1,012,956	13,536,656

RMB'000	Share capital (note 22)	Share premium (note 22)	Merger reserve (note 23(a))	Statutory reserve (note 23(b))	Other reserve (note 37(a)(i))	Employee share-based compen-sation reserve	Retained earnings	Total	Non-controlling interests	Total equity
	Year ended 31 December 2014 Attributable to the owners of the Company									
Balance at 1 January 2014	68,745	7,822,982	(770,477)	307,317	264,317	201,795	10,555,202	18,449,881	1,287,191	19,737,072
Total comprehensive loss for the year	—	—	—	—	—	—	(2,995,989)	(2,995,989)	(170,418)	(3,166,407)
Transfer to statutory reserve	—	—	—	6,404	—	—	(6,404)	—	—	—
Changes in ownership interests in subsidiaries	—	—	—	—	—	—	—	—	(8,400)	(8,400)
Balance at 31 December 2014	68,745	7,822,982	(770,477)	313,721	264,317	201,795	7,552,809	15,453,892	1,108,373	16,562,265

The notes on pages 61 to 143 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2015

RMB'000	Note	2015	2014
Cash flows from operating activities			
Cash generated from/(used in) operations	32	**2,221,966**	(990,065)
Income tax paid		**(154,747)**	(185,368)
Interest paid		**(2,438,361)**	(2,358,792)
Net cash used in operating activities		**(371,142)**	(3,534,225)
Cash flows from investing activities			
Purchases of property, plant and equipment		**(220,588)**	(435,574)
Payments for the construction of investment properties		**(694,722)**	(710,102)
Proceeds from disposals of property, plant and equipment		**687**	1,339
Proceeds from disposal of non-current assets classified as held for sale		**83,035**	—
Interest received		**42,234**	33,017
Net cash used in investing activities		**(789,354)**	(1,111,320)
Cash flows from financing activities			
Capital outflow to non-controlling shareholder of subsidiaries		**—**	(8,400)
Proceeds from borrowings		**7,356,535**	11,363,783
Repayment of borrowings		**(4,624,656)**	(8,299,989)
Advances from third parties		**845,930**	320,100
Repayment to third parties		**(717,283)**	(332,100)
(Increase)/decrease in restricted cash		**(1,764,103)**	504,112
Net cash generated from financing activities		**1,096,423**	3,547,506
Net decrease in cash and cash equivalents		**(64,073)**	(1,098,039)
Cash and cash equivalents at beginning of the year		**449,247**	1,547,289
Exchange losses on cash and bank balances		**(15)**	(3)
Cash and cash equivalents at end of the year	16	**385,159**	449,247

The notes on pages 61 to 143 are an integral part of these consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2015

1 General information

Glorious Property Holdings Limited (the "Company") and its subsidiaries (together, the "Group") is principally engaged in the development of real estate projects in the People's Republic of China (the "PRC").

The Company is a limited liability company incorporated in the Cayman Islands on 27 July 2007 and its shares are listed on The Stock Exchange of Hong Kong Limited (the "Hong Kong Stock Exchange") (Stock Code: 00845). The address of its registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands.

These financial statements are presented in thousands of units of Renminbi (RMB'000), unless otherwise stated. These financial statements have been approved for issue by the Board on 15 April 2016.

2 Summary of significant accounting policies

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

(a) Basis of preparation

The consolidated financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). The consolidated financial statements have been prepared in accordance with the HKFRSs under the historical cost convention, as modified by the revaluation of investment properties.

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

(i) Going concern basis

For the year ended 31 December 2015, the Group reported a net loss attributable to the owners of the Company of RMB3,877,922,000 (2014: RMB2,995,989,000) and had a net operating cash outflow of RMB371,142,000 (2014: RMB3,534,225,000). Total borrowings increased from RMB22,270,000,000 as at 31 December 2014 to RMB26,104,107,000 as at 31 December 2015, of which RMB25,455,215,000 (2014: RMB15,673,876,000) were classified as current liabilities. Cash and cash equivalents reduced from RMB449,247,000 as at 31 December 2014 to RMB385,159,000 as at 31 December 2015.

As at 31 December 2015, certain borrowings whose principal repayment amounts of RMB3,646,822,000 and interest payable amounts of RMB384,364,000, relating to borrowings with total principal amounts of RMB10,236,817,000, ("Overdue Borrowings") were overdue. Of these RMB10,236,817,000, borrowings of RMB1,500,000,000 with original maturity beyond 31 December 2016, were reclassified to current liabilities as at 31 December 2015 as a result of the overdue payment. The remaining RMB8,736,817,000 are all due for repayment within one year as at 31 December 2015 and therefore no reclassification is necessary. The Overdue Borrowings would be immediately repayable if requested by the lenders.

2 Summary of significant accounting policies *(Continued)*

(a) Basis of preparation *(Continued)*

(i) Going concern basis *(Continued)*

As stipulated in the relevant loan and financing agreements in respect of certain other borrowings of the Group, with total principal amounts of RMB4,462,666,000 which have original maturity beyond 31 December 2016, failure to repay any borrowings and/or their relevant interest leading to default or giving rise to an event of default of the Group's borrowings may result in cross-default of these borrowings. As a result of the above cross-default events, the carrying amount of these borrowings of RMB4,462,666,000 ("Cross-default Borrowings") have been reclassified as current liabilities as at 31 December 2015. As at the date of approval of these consolidated financial statements, the Group has not obtained waivers from the relevant lenders in respect of these cross default terms (note 19), and the Cross-default Borrowings would be immediately repayable if requested by the lenders.

After taking into account these adjustments, the Group's current liabilities exceed its current assets by RMB1,773,125,000 as at 31 December 2015.

The Group subsequently repaid overdue principal and interest of RMB345,060,000 and RMB152,266,000 respectively, and entered into revised repayment agreements with lenders relating to overdue principal and interest of RMB1,260,000,000 and RMB30,082,000 respectively. In addition, a refinancing arrangement has been agreed with a new lender to obtain a 3-year term loan of RMB1,600,000,000 to fully repay overdue principal and interest of RMB1,340,000,000 and RMB60,779,000, respectively. Such new loan has yet to be drawn down up to the date of the approval of these consolidated financial statements. The Group is in active negotiation with the lenders for renewal and extension of the remaining principal and interest of RMB701,762,000 and RMB141,237,000 respectively that were overdue as at 31 December 2015, and the Directors are confident that agreements will be reached in due course (note 19).

Subsequent to 31 December 2015, the Group did not repay certain principal and interest payments in accordance with the scheduled repayment dates of the respective agreements, including principal of RMB840,000,000 and interest of RMB68,345,000 relating to the abovementioned Overdue Borrowings, and borrowing with principal of RMB100,000,000 and interest of RMB154,986,000 relating to total principal amount of RMB4,978,500,000 ("Subsequent Overdue Borrowings"). The Subsequent Overdue Borrowings are all due within one year as at 31 December 2015 based on the original agreements, and would be immediately repayable if requested by the lenders. The Group is in active negotiation with the lenders of these Subsequent Overdue Borrowings and the Directors are confident that agreements will be reached in due course (note 19).

Because of the aforementioned actions taken, management is confident that the lenders of the borrowings in respect of which there were delay in principal and interest repayments will not enforce their rights of requesting for immediate repayment. Management is also confident that lenders of the Cross-default Borrowings will not exercise their rights of requesting for immediate repayment due to cross-default provisions.

All of the above conditions indicate the existence of material uncertainties which may cast significant doubt about the Group's ability to continue as a going concern.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2015

2 Summary of significant accounting policies *(Continued)*

(a) Basis of preparation *(Continued)*

(i) Going concern basis *(Continued)*

In view of such circumstances, the directors of the Company have given careful consideration to the future liquidity and performance of the Group and its available sources of financing in assessing whether the Group will have sufficient financial resources to continue as a going concern. Certain measures have been taken to mitigate the liquidity pressure and to improve its financial position which include, but are not limited to, the following:

(i) The Group has been actively negotiating with a number of commercial banks for renewal and extension of bank loans and credit facilities. Subsequent to the year end and up to the date of approval of these consolidated financial statements, in addition to the refinancing as mentioned above, loans with aggregate principal amounts of RMB405,360,000 have been successfully obtained;

(ii) In addition, the Group is also negotiating with various financial institutions and identifying various options for financing the Group's working capital and commitments in the foreseeable future;

(iii) The Group has accelerated the pre-sales and sales of its properties under development and completed properties. Subsequent to the year end and up to the date of approval of these consolidated financial statements, there were pre-sale of RMB1,536,397,000 for the Group's properties. Apart from selling the remaining units of those existing projects, the Group expects to launch four major projects in first- and second-tier cities upon obtaining the pre-sales permits from May 2016. It is expected that significant amounts of operating cash inflow from property sales will be available to the Group in 2016;

(iv) The Group has put in measures to speed up the collection of outstanding sales proceeds including both the initial down payments as well as the mortgage payments for the property sales. As at 31 December 2015, the Group has outstanding sales proceeds of RMB2,186,240,000 receivable from the customers for sales contracts executed before year-end. Subsequent to year-end and up to approval of these consolidated financial statements, the Group collected sales proceeds of more than RMB2,125,232,000 from the customers for property sales (including customers with pre-sales contracts signed subsequent to 31 December 2015); and

(v) The Group will continue to take active measures to control administrative costs through various channels including human resources optimisation and management remuneration adjustment and containment of capital expenditures.

The directors have reviewed the Group's cash flow projections prepared by management. The cash flow projections cover a period of not less than twelve months from 31 December 2015. They are of the opinion that, taking into account the above-mentioned plans and measures, the Group will have sufficient working capital to finance its operations and to meet its financial obligations as and when they fall due within twelve months from 31 December 2015. Accordingly, the directors are satisfied that it is appropriate to prepare the consolidated financial statements on a going concern basis.

2 Summary of significant accounting policies *(Continued)*

(a) Basis of preparation *(Continued)*

(i) Going concern basis *(Continued)*

Notwithstanding the above, significant uncertainties exist as to whether management of the Company will be able to achieve its plans and measures as described above. Whether the Group will be able to continue as a going concern would depend upon the Group's ability to generate adequate financing and operating cash flows through the following:

(i) Successful negotiations with the lenders for the renewal of or extension for repayments beyond year 2016 for those borrowings that (i) are scheduled for repayment (either based on the original agreements or the existing arrangements) in year 2016; (ii) were overdue as at 31 December 2015 because of the Group's failure to repay either the principal or the interests on or before the scheduled repayment dates; and (iii) became or might become overdue in year 2016;

(ii) Successful obtaining of additional new sources of financing as and when needed;

(iii) Successful implementation of its operational plans described above to accelerate its pre-sales and sales of its properties under development and completed properties and collection of outstanding sales proceeds; and to control costs and contain capital expenditure so as to generate adequate net cash inflows; and

(iv) Successful maintenance of relationship with the Group's existing lenders such that no action will be taken by the relevant lenders to demand immediate repayment of the borrowings in default, including those with cross-default terms.

Should the Group fail to achieve the above-mentioned plans and measures, it might not be able to continue operate as a going concern, and adjustments would have to be made to write down the carrying values of the Group's assets to their recoverable amounts, to provide for any further liabilities which might arise, and to reclassify non-current assets and non-current liabilities as current assets and current liabilities, respectively. The effects of these adjustments have not been reflected in these consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2015

2 Summary of significant accounting policies *(Continued)*

(a) Basis of preparation *(Continued)*

(ii) Effect of adopting new standards, amendments to standards and interpretation

The following new standards, amendments to standards and interpretation are mandatory for the Group's financial year beginning on 1 January 2015:

HKAS 19 (Amendment)	Defined Benefit Plans: Employee Contributions
HKFRSs Amendment	Annual Improvements 2010–2012 Cycle
HKFRSs Amendment	Annual Improvements 2011–2013 Cycle

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.

New Hong Kong Companies Ordinance (Cap. 622)

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

(iii) New Standards, amendments to standards and interpretation that have been issued but are not effective

The following amendments to standards and interpretation have been issued but are not effective for the financial year beginning on 1 January 2015 and have not been early adopted by the Group:

HKAS 1 (Amendment)	Disclosure Initiative
HKAS 16 and HKAS 38 (Amendment)	Clarification of Acceptable Methods of Depreciation and Amortization
HKAS 16 and HKAS 41 (Amendment)	Agriculture: Bearer Plants
HKAS 27	Equity Method in Separate Financial Statements
HKFRS 9	Financial Instruments
HKFRS 10 and HKAS 28 (Amendment)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
HKFRS 10, HKFRS 12 and HKAS 28 (Amendment)	Investment Entities: Applying the Consolidation Exception
HKFRS 11 (Amendment)	Accounting for Acquisitions of Interests in Joint Operations
HKFRS 14	Regulatory Deferral Accounts
HKFRS 15	Revenue from Contracts with Customers
HKFRSs Amendment	Annual Improvements 2012–2014 Cycle

The Group will adopt the above new or revised standards, amendments and interpretations to existing standards as and when they become effective. The Group has already commenced the assessment of the impact to the Group and is not yet in a position to stale whether these would have a significant impact on its results of operations and financial position.

2 Summary of significant accounting policies *(Continued)*

(b) Consolidation

The consolidated financial statements include the financial statements of the Company and all its subsidiaries.

(i) Subsidiaries

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

The Group uses the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owner of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets.

Acquisition-related costs are expensed as incurred.

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

Intra-group transactions, balances and unrealised gains on transactions between companies comprising the Group are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2015

2 Summary of significant accounting policies *(Continued)*

(b) Consolidation *(Continued)*

(i) Subsidiaries *(Continued)*

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

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

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

(ii) Associates

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting and are initially recognised at cost, and the carrying amount is increased or decreased to recognise the investor's share of the profits or loss of the investee after the date of acquisition. The Group's investment in associates includes goodwill (net of any accumulated impairment loss) identified on acquisition.

The Group's share of its associates post-acquisition profits or losses is recognised in the consolidated statement of comprehensive income, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

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

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

2 Summary of significant accounting policies *(Continued)*

(b) Consolidation *(Continued)*

(iii) Joint arrangements

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

Under the equity method of accounting, interests in joint ventures are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses and movements in other comprehensive income. When the Group's share of losses in a joint venture equals or exceeds its interests in the joint ventures (which includes any long-term interests that, in substance, form part of the Group's net investment in the joint ventures), the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the joint ventures.

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

(c) Foreign currency translation

(i) Functional and presentation currency

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

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the consolidated statement of comprehensive income.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2015

2 Summary of significant accounting policies *(Continued)*

(c) Foreign currency translation *(Continued)*

(iii) Group companies

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

— Assets and liabilities for each balance sheet of the companies comprising the Group are translated at the closing rate at the date of that balance sheet;

— Income and expenses for each statement of comprehensive income of the companies comprising the Group are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction date; in which case income and expenses are translated at the rate on the dates of the transactions); and

— All resulting exchange differences are recognised in other comprehensive income.

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

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

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

(d) Property, plant and equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation and any impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

Repairs and maintenance are expensed in the consolidated statement of comprehensive income during the financial period in which they are incurred.

2 Summary of significant accounting policies *(Continued)*

(d) Property, plant and equipment *(Continued)*

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

Building	The shorter of remaining lease term or useful lives
Computer and office equipment	5 years
Motor vehicles	5 years
Furniture, fitting and equipment	5 years
Plant and machinery	10 years
Leasehold improvements	Over the lease terms of 1 to 5 years

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

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (note 2(g)).

Gains and losses on disposals are determined by comparing proceeds with carrying amount and are recognised within "administrative expenses" in the consolidated statement of comprehensive income.

Construction in progress are stated at historical cost less impairment losses. Historical cost includes expenditure that is directly attributable to the development of the properties which comprises land use rights, construction costs, borrowing costs and professional fees incurred during the development period. On completion, the properties are transferred to building within property, plant and equipment.

No depreciation is provided for construction in progress. The carrying amount of properties under construction is written down immediately to its recoverable amount if the assets carrying amount are greater than their estimated recoverable amount (note 2(g)).

(e) Investment properties

Property that is held for long-term rental yields or for capital appreciation or both and is not occupied by the Group is classified as investment property. Land held under operating leases are classified and accounted for as investment property when the rest of the definition of investment property is met. In such case, the operating leases are accounted for as if they were finance leases. Investment property is carried at fair value, representing open market value determined annually by external valuers. Fair value is based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. If the information is not available, the Group uses alternative valuation methods such as recent prices on less active markets or discounted cash flow projections. These valuations are reviewed annually by an independent and professionally qualified valuer, changes in fair values are recorded in the consolidated statement of comprehensive income as part of "other losses, net".

Property that is currently being constructed or developed for future use as investment property is classified as investment properties and stated at fair value. Where fair value of investment property under construction is not reliably measurable, the property is measured at cost until the earlier of the date of construction is completed or the date at which fair value becomes reliably measurable.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2015

2 Summary of significant accounting policies *(Continued)*

(e) Investment properties *(Continued)*

If an item of completed properties held for sale becomes an investment property as a result of change in its use, any difference between the carrying amount and the fair value of this property at the date of transfer is recognised in the consolidated statement of comprehensive income as part of "other (losses)/ gains, net".

(f) Intangible assets

Intangible assets mainly represent the licence which was recorded at cost of acquisition on initial recognition. The licence has a finite useful life and is carried at cost less accumulated amortisation. Amortisation is calculated using the straight-line method to allocate the cost of licence over its estimated useful life of 5 years.

(g) Impairment of non-financial assets

Assets that have an indefinite useful life – for example, goodwill or intangible assets not ready to use – are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating unit). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

(h) Non-current assets classified as held-for-sale

Non-current assets are classified as held for sale when their carrying amount is to be recovered principally through a sale transaction and a sale within the next twelve months is considered highly probable. The non-current assets are stated at the lower of carrying amount and fair value less costs to sell. Deferred tax assets, assets arising from employee benefits, financial assets (other than investments in subsidiaries and associates) and investment properties, which are classified as held for sale, would continue to be measured in accordance with the polices set out elsewhere in note 2.

(i) Financial assets

The Group classifies its financial assets in the loans and receivables category. The classification depends on the purposes for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets.

Regular way purchases and sales of financial assets are recognised on the trade-date — the date on which the Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Loans and receivables are subsequently carried at amortised cost using the effective interest method.

2 Summary of significant accounting policies *(Continued)*

(i) Financial assets *(Continued)*

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

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

For loans and receivables category, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in the consolidated statement of comprehensive income.

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

(j) Properties under development

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

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

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

(k) Completed properties held for sale

Completed properties remaining unsold at the end of reporting period are stated at the lower of cost and net realisable value. Cost comprises development costs attributable to the unsold properties. Net realisable value is determined by reference to the sale proceeds of properties sold in the ordinary course of business, less applicable variable selling expenses, or by management estimates based on prevailing marketing conditions.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2015

2 Summary of significant accounting policies *(Continued)*

(l) Inventories

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

(m) Trade and other receivables

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

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

(n) Cash and cash equivalents

Cash and cash equivalent includes cash on hand and at banks and deposits held at call with banks with original maturities of three months or less. Bank deposits which are restricted to use are not included in the cash and cash equivalents.

(o) Share capital

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

(p) Trade and other payables

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

Payables are recognised initially at fair value and subsequently measured at amortised cost using the effective method.

(q) Offsetting financial instruments

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

(r) Borrowings

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

Borrowings are classified as current liabilities unless there is an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2015

2 Summary of significant accounting policies *(Continued)*

(s) Borrowing costs

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset that 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. All other borrowing costs are charged to the consolidated statement of comprehensive income in the period in which they are incurred.

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.

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

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

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

(t) Current and deferred income tax

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

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of reporting period in the countries where the Company and its subsidiaries and associates operate and generate taxable income. Management periodically evaluates position taken in tax return with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities, and the Group recognises tax liabilities for anticipated tax audit issues based on a single best estimate of the most likely outcome approach.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2015

2 Summary of significant accounting policies *(Continued)*

(t) Current and deferred income tax *(Continued)*

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

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

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

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

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

(u) Employee benefits

(i) Employee leave entitlements

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

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

2 Summary of significant accounting policies *(Continued)*

(t) Employee benefits *(Continued)*

(ii) Retirement benefits

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

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

The Group also participates in a pension scheme under the rules and regulations of the Mandatory Provident Fund Scheme Ordinance ("MPF Scheme") for all employees in Hong Kong. The contributions to the MPF Scheme are based on minimum statutory contribution requirement of the lower of 5% of eligible employees' relevant aggregate monthly income and HK$1,250 (adjusted to HK$1,500 starting 1 June 2014). The assets of this pension scheme are held separately from those of the Group in independently administrated funds.

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

(v) Share-based payments

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

- including any market performance conditions (for example, an entity's share price);
- excluding the impact of any service and non-market performance vesting conditions (for example, profitability, sales growth targets and remaining an employee of the entity over a specified time period); and
- including the impact of any non-vesting conditions (for example, the requirement for employees to save).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2015

2 Summary of significant accounting policies *(Continued)*

(v) Share-based payments *(Continued)*

Non-market performance and service conditions are included in assumptions about the number of options that are expected to vest. The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each reporting period, the Group revises its estimates of the number of options that are expected to vest based on the non-marketing performance and service conditions. It recognises the impact of the revision to original estimates, if any, in the consolidated statement of comprehensive income, with a corresponding adjustment to equity.

The cash received for the shares issued when the options are exercised is credited to share capital (nominal value) and share premium, net of any directly attributable transaction costs.

(w) Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sales of properties and services in the ordinary course of the Group's activities.

The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the Group and that when specific criteria have been met for each of the Group's activities as described below.

(i) Sales of properties

Revenue from sale of properties is recognised when the risk and rewards of the properties are transferred to the purchasers, which occurs when legally binding unconditional sales contracts were entered, the construction of the relevant properties has been completed, the properties have been delivered to the purchasers pursuant to the sale contracts and collectability of related receivables is reasonably assured. Deposits and installments received on properties sold prior to the date of revenue recognition are included in the consolidated balance sheet as advance proceeds received from customers under current liabilities.

(ii) Rental income from operating leases

Rental income receivable under operating leases is recognised in the consolidated statement of comprehensive income in equal installments over the accounting periods covered by the lease term, except where an alternative basis is more representative of the pattern of benefits to be derived from the leased asset. Lease incentives granted are recognised in the consolidated statement of comprehensive income 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) Interest income

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

2 Summary of significant accounting policies *(Continued)*

(x) Operating leases

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

(y) Finance leases

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

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

(z) Dividend distribution

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

(aa) Financial guarantee

Financial guarantee liabilities are recognised in respect of the financial guarantee provided by the Group for property purchasers.

Financial guarantee liabilities are recognised initially at fair value plus transaction costs that are directly attributable to the issue of the financial guarantee liabilities. After initial recognition, such contracts are measured at the higher of the present value of the best estimate of the expenditure required to settle the present obligation and the amount initially recognised less cumulative amortisation.

Financial guarantee liabilities are derecognised from the balance sheet when, and only when, the obligation specified in the contract is discharged or cancelled or expired.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2015

2 Summary of significant accounting policies *(Continued)*

(ab) Provisions and contingent liabilities

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

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

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

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. It can also be a present obligation arising from past events that is not recognised because it is not probable that outflow of economic resources will be required or the amount of obligation cannot be measured reliably.

A contingent liability is not recognised but is disclosed in the notes to the consolidated financial statements. When a change in the probability of an outflow occurs so that outflow is probable, it will then be recognised as a provision.

(ac) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker is responsible for making strategic decisions, allocating resources and assessing performance of the operating segments.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2015

3 Financial risk management

(a) Financial risk factors

The Group's major financial instruments include cash and bank deposits, trade and other receivables, trade and other payables and borrowings. Details of these financial instruments are disclosed in the respective notes. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. The Group manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner. The Group has not used any kind of derivative financial instruments to hedge its risk exposures.

(i) Foreign currency exchange risk

The Group's property development projects are all located in the PRC and substantially all of the related transactions are settled in RMB. The Company and certain of the investment holding companies within the Group operate in Hong Kong which have recognised assets and liabilities in currencies other than RMB, mainly including the Senior Notes due 2018. As at 31 December 2015, the Group has cash and bank balances, borrowings and trade and other payables that are denominated in foreign currencies as follows:

RMB'000	**2015**	2014
Cash and bank balances:		
US$	**312**	979
HK$	**539**	2,217
	851	3,196

RMB'000	**2015**	2014
Borrowings:		
US$	**3,025,327**	4,548,431
HK$	**12,977**	—
	3,038,304	4,548,431

RMB'000	**2015**	2014
Trade and other payables:		
US$	**50,650**	3,060
HK$	**24,584**	37,949
	75,234	41,009

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2015

3 Financial risk management *(Continued)*

(a) Financial risk factors *(Continued)*

(i) Foreign currency exchange risk *(Continued)*

The Group currently does not have a foreign currency hedging policy. The Group manages its foreign currency risk by closely monitoring the movement of the foreign currency rates and will consider hedging significant foreign currency exposure should the need arises.

As at 31 December 2015, if RMB had strengthened/weakened by 5% against other currencies, with all other variables held constant, post-tax loss for the year ended 31 December 2015 would have been approximately RMB155.6 million lower/higher (2014: post-tax loss RMB229.3 million lower/higher).

(ii) Interest rate risk

The Group holds interest bearing assets including cash at bank and certain bank deposits, loan to a joint venture and certain other receivables. Majority of these balances are at fixed rates and expose the Group to fair value interest rate risk. As any reasonable changes in interest rate would not result in a significant change in the Group's results, no sensitivity analysis is presented for interest rate risk arising from the Group's interest bearing assets.

The Group's interest rate risk mainly arises from its borrowings. Borrowings at variable rates expose the Group to cash flow interest-rate risk. Borrowings issued at fixed rates expose the Group to fair value interest rate risk. The Group has not used any interest rate swaps to hedge its exposure to interest rate risk. The Group analyses its interest rate exposure on a dynamic basis and will consider the interest rate exposure when entering into any refinancing, renewal of existing positions and alternative financing transactions.

As at 31 December 2015, if interest rates on borrowings had been 1% higher/lower with all other variables held constant, post-tax loss for the year would have been RMB9,685,000 higher/lower (2014: post-tax loss RMB5,364,000 higher/lower), mainly as a result of higher/lower interest expense on floating rate borrowings.

(iii) Price risk

The Group is not exposed to material equity securities price risk and commodity price risk as the Group has no investments in securities that are exposed to price risk.

(iv) Credit risk

Credit risk is managed on a group basis. The Group's credit risk arises from cash deposits, trade and other receivables and loan to a joint venture. Management has policies in place to monitor the exposures to these credit risks on an on-going basis.

For banks and financial institutions, deposits are only placed with reputable banks. For credit exposures to customers, generally, the Group requires full payment from customers before delivery of properties. Credit terms are only granted to customers in very rare cases upon obtaining approval from the Company's senior management after assessing the credit history of those customers. The Group has set out policies to ensure follow-up action is taken to recover overdue debts and the Group reviews regularly the recoverable amount of each individual trade and other receivable to ensure that adequate impairment losses are made for irrecoverable amounts. The Group specifically analyses the recoverability of such receivables, including the debtors' financial conditions and any other known information. As at 31 December 2015, apart from certain other receivables amounting to RMB909,323,000 (2014: RMB909,323,000) that full provision for impairment has been made, no provision for impairment is required for all other trade and other receivables.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2015

3 Financial risk management *(Continued)*

(a) Financial risk factors *(Continued)*

(iv) Credit risk *(Continued)*

Loan to a joint venture is generally supported by the underlying assets and the Group monitors the credibility of joint venture continuously.

The Group has arranged bank financing for certain purchasers of the Group's properties and provided guarantees to secure obligations of such purchasers for repayments. Detailed disclosure of these guarantees is made in note 35.

(v) Liquidity risk

Management aims to maintain sufficient cash to meet funding requirement for operations and monitors rolling forecasts of the Group's cash on the basis of expected cash flow. The directors of the Company have prepared cash flow projections for the year ending 31 December 2016 on the basis that: (1) bank financing will continue to be available; (2) proceeds from pre-sales in 2016 will be more than that of 2015; (3) construction payments will be satisfied by receipt of the relevant proceeds from pre-sales; (4) available project loan facility will be no less than that of 2015; and (5) there will be no breach of debt covenants in 2016. Management will closely monitor the situation to ensure that appropriate alternative actions are taken, such as to accelerate the sales of completed properties, if any of the above conditions are not fully fulfilled.

The Group has a number of alternative plans to mitigate the potential impacts on anticipated cash flows should there be significant adverse changes in economic environment which might have unexpected material impact on the Group's anticipated cash flow position. These include accelerating sales of the Group's properties with more flexible pricing, adjusting and further slowing down the construction progress as appropriate, ensuring available resources for the development of properties for sale, implementing cost control measures, introducing strategic partners to the Group's property development projects and seeking other funding alternatives. The Group will assess the relevant future costs and benefits and pursue such options as are appropriate. The directors consider that the Group will be able to maintain sufficient financial resources to meet its operation needs.

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period from the balance sheet date to the contractual maturity date. As the amounts disclosed in the table are the contractual undiscounted cash flows, these amounts will not reconcile to the amounts disclosed on the consolidated balance sheets for borrowings.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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3 Financial risk management *(Continued)*

(a) Financial risk factors *(Continued)*

(v) Liquidity risk *(Continued)*

RMB'000	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total
At 31 December 2015					
Borrowings, including interest payable	**26,938,690**	**1,761,215**	**5,143**	**31,180**	**28,736,228**
Obligation under finance lease	**1,058**	**1,058**	**3,253**	**40,409**	**45,778**
Trade and other payables	**5,081,235**	**—**	**—**	**—**	**5,081,235**
Total	**32,020,983**	**1,762,273**	**8,396**	**71,589**	**33,863,241**
At 31 December 2014					
Borrowings, including interest payable	19,150,193	7,189,850	38,340	32,533	26,410,916
Obligation under finance lease	989	1,058	3,174	41,546	46,767
Trade and other payables	4,611,019	—	—	—	4,611,019
Total	23,762,201	7,190,908	41,514	74,079	31,068,702

The table above excludes the amount of guarantees given to banks for mortgage facilities granted to certain purchasers of the Group's properties as the directors consider the likelihood of default in payments by the purchasers is minimal. As at 31 December 2015, the maximum exposure for these guarantees are RMB7,270,468,000 (2014: RMB7,194,310,000) (note 35). Such guarantees terminate upon the earlier of (i) issuance of the real estate ownership certificate which will generally be available within an average period of one to two years upon the completion of guarantee registration; or (ii) the full repayment of mortgaged loan by the purchasers of properties.

3 Financial risk management *(Continued)*

(b) Capital risk management

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

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Group monitors capital on the basis of the gearing ratio and short-term debt ratio. Gearing ratio is calculated as net debt divided by total equity attributable to the owners of the Company. Net debt is calculated as total borrowings less cash and bank balances (including cash and cash equivalents and restricted cash). The gearing ratios at 31 December 2015 and 2014 were as follows:

RMB'000	**2015**	2014
Total borrowings (note 19)	**26,104,107**	22,270,000
Less: cash and bank balances	**(3,290,501)**	(1,365,658)
Net debt	**22,813,606**	20,904,342
Total equity attributable to the owners of the Company	**12,523,700**	15,453,892
Gearing ratio	**182.2%**	135.3%

The gearing ratio for 2015 was higher than that for 2014 as a result of the increase in the Group's net debt and the decrease in the Group's equity attributable to the owners of the Company as a result of the loss recorded for the current year.

Short-term debt ratio is calculated as current borrowings divided by total borrowings. As at 31 December 2015, the Group's short term debt ratio is 97.5% (2014: 70.4%). The higher short-term debt ratio was mainly due to the significantly increased current borrowings as a result of the reasons as set out in note 2(a).

(c) Fair value estimation

The Group does not have any financial instruments that are measured in the balance sheet at fair value.

The carrying amounts of the Group's financial assets and liabilities (including cash and cash equivalents, trade and other receivables, trade and other payables) approximate their fair values due to their short maturities.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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4 Critical accounting estimates and judgements

Estimates and judgements used in preparing the consolidated 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 within the next financial year are discussed below.

(a) Going concern consideration

In the process of applying the Group's accounting policies, apart from those involving estimations, management has prepared the consolidated financial statements on the assumption that the Group will be able to operate as a going concern in the coming year, which is a critical judgement that has the most significant effect on the amounts recognised in the financial statements. The assessment of the going concern assumption involves making a judgement by the Directors, at a particular point of time, about the future outcome of events or conditions which are inherently uncertain. The Directors consider that the Group has the capability to continue as a going concern and the major events or conditions, which may give rise to business risks, that individually or collectively may cast significant doubt upon the going concern assumption are set out in Note 2(a) to the consolidated financial statements.

(b) Impairment assessment of trade and other receivables

Generally, the Group requires full payment from customers before delivery of properties. Credit terms are only granted to customers in very rare cases upon obtaining approval from the Company's senior management after assessing the credit history of those customers. The Group has set out policies to ensure follow-up action is taken to recover overdue debts and the Group reviews regularly the recoverable amount of each individual trade receivables. The policy for provision for impairment on other receivables of the Group is based on the evaluation of collectability of receivable and on management's judgement. A considerable amount of judgement is required in assessing the ultimate realisation of these receivables, including the current creditworthiness.

(c) Provision for impairment of properties under development and completed properties held for sale

The Group assesses the carrying amounts of properties under development and completed properties held for sale according to their net realisable value based on the realisability of these properties, taking into account estimated costs to completion based on past experience (properties under development only) and estimated net sales value based on prevailing market conditions. Provision is made when events or changes in circumstances indicate that the carrying amounts may not be realised. The assessment requires the use of judgment and estimates.

As at 31 December 2015, based on management's best estimates, the Group has made a provision for impairment of RMB3,138,232,000 (2014: RMB1,424,372,000) for properties under development and completed properties held for sale.

4 Critical accounting estimates and judgements *(Continued)*

(d) Fair value of investment properties

The fair value of investment properties is determined by using valuation technique. Details of the judgement and assumptions have been disclosed in note 7.

(e) Land appreciation tax

The Group is subject to land appreciation tax in the PRC. However, the implementation and settlement of these taxes varies among various tax jurisdictions in cities of the PRC, and the Group has not finalised its land appreciation taxes calculation and payments with any local tax authorities in the PRC. Accordingly, significant judgement is required in determining the amount of the land appreciation and its related taxes. The Group recognised these land appreciation taxes based on management's best estimates according to the understanding of the tax rules, by using a single best estimate of the most likely outcome approach. The final tax outcome could be different from the amounts that were initially recorded, and these differences will impact the income tax expense and deferred income tax provisions in the periods in which such taxes have been finalised with local tax authorities.

(f) Revenue recognition on properties sold

When the inflow of economic benefits associated with the property sales transaction is assessed to be probable and significant risks and rewards of ownership of properties are transferred to purchasers, the Group recognised revenue in respect of the properties sold.

Management made judgement on whether the economic benefits associated with the property sales transaction will flow to the Group. Likelihood of inflow of economic benefits to the Group is demonstrated by the purchaser's commitment to pay, which in turn is supported by substantial investment that gives the purchaser a stake in the property sufficient that the risk of loss through default motivates the purchaser to honour the obligation to the Group. Inflow of economic benefits associated with the property sales transaction is also assessed by considering location of the property and the prevailing market price of similar properties.

Management has also made judgement on when significant risks and rewards of ownership of properties are transferred to purchasers. Risk and rewards of ownership of properties are transferred to purchasers upon which the construction of relevant properties has been completed and upon which the beneficial interest in the properties has been passed to the purchasers.

The judgement on the likelihood of inflow of economic benefits associated with the property sales transaction and the transfer of risks and rewards of ownership of properties would affect the Group's profit for the year and the carrying value of completed properties held for sale.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
31 December 2015

4 Critical accounting estimates and judgements *(Continued)*

(g) Income tax and deferred income tax

Significant judgement is required in determining the provision for income tax. There are many transactions and calculations for which the ultimate determination is uncertain during the ordinary course of business. The Group recognises tax liabilities for anticipated tax audit issues based on a single best estimate of the most likely outcome approach. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such difference will impact the income tax and deferred tax provision in the period in which such determination is made.

Deferred income tax assets relating to certain temporary differences and tax losses are recognised when management considers to be probable that future taxable profit will be available against which the temporary differences or tax losses can be utilised. The outcome of their actual utilisation may be different.

5 Segment information

The executive directors have been identified as the chief operating decision-maker. Management determines the operating segments based on the Group's internal reports, which are submitted to the executive directors for performance assessment and resources allocation.

The executive directors consider the business from geographical perspective and assess the performance of property development in four reportable operating segments, namely Shanghai Region, Yangtze River Delta (excluding Shanghai), Pan Bohai Rim and Northeast China. "Others" segment represents corporate support functions.

The executive directors assess the performance of the operating segments based on a measure of segment results. This measurement basis excludes the effects of non-recurring expenditure from the operating segments. Other information provided, except as noted below, to the executive directors is measured in a manner consistent with that in the consolidated financial statements.

Total segment assets excluded deferred income tax assets and other unallocated corporate assets. Other unallocated corporate assets mainly represent interest expenses incurred at corporate which have been capitalised on qualifying assets of the subsidiaries.

Sales between segments are carried out in terms equivalent to those that prevail in arm's length transactions. The revenue from external parties reported to the executive directors is measured in a manner consistent with that in the consolidated statement of comprehensive income.

5 Segment information *(Continued)*

RMB'000	Shanghai Region	Yangtze River Delta (excluding Shanghai)	Pan Bohai Rim	Northeast China	Others	Total
Year ended 31 December 2015						
Total revenue	**785,974**	**403,322**	**79,938**	**1,070,964**	**—**	**2,340,198**
Inter-segment revenue	**—**	**—**	**—**	**—**	**—**	**—**
Revenue (from external customers)	**785,974**	**403,322**	**79,938**	**1,070,964**	**—**	**2,340,198**
Segment results	**249,409**	**(161,315)**	**(212,761)**	**(233,905)**	**(306,371)**	**(664,943)**
Depreciation	**(6,351)**	**(1,719)**	**(2,655)**	**(2,059)**	**(1,221)**	**(14,005)**
Fair value changes of investment properties	**97,152**	**(45,874)**	**19,758**	**(130,129)**	**—**	**(59,093)**
Provision for impairment of properties under development and completed properties held for sale	**(3,601)**	**(1,309,737)**	**(322,583)**	**(77,939)**	**—**	**(1,713,860)**
Provision for impairment of other receivables and prepayments	**—**	**(26,000)**	**—**	**—**	**—**	**(26,000)**
Write-off of prepayments	**—**	**(125,000)**	**—**	**—**	**—**	**(125,000)**
Interest income	**33,657**	**1,107**	**595**	**150**	**17**	**35,526**
Finance costs	**(773,770)**	**(182,600)**	**(91,228)**	**(20,294)**	**(252,746)**	**(1,320,638)**
Income tax expenses	**(147,985)**	**16,096**	**51,212**	**(4,649)**	**—**	**(85,326)**
Year ended 31 December 2014						
Total revenue	2,398,196	1,301,656	125,317	441,536	—	4,266,705
Inter-segment revenue	(3,364)	—	—	—	—	(3,364)
Revenue (from external customers)	2,394,832	1,301,656	125,317	441,536	—	4,263,341
Segment results	346,085	(416,963)	(100,533)	(85,629)	(74,969)	(332,009)
Depreciation and amortisation	(8,871)	(2,839)	(3,167)	(2,523)	(1,963)	(19,363)
Fair value changes of investment properties	(46,708)	(53,711)	38,306	(81,131)	—	(143,244)
Provision for impairment of properties under development and completed properties held for sale	(17,233)	(322,446)	(434,862)	(364,278)	—	(1,138,819)
Provision for impairment of other receivables and prepayments	(721,240)	(173,083)	—	—	—	(894,323)
Interest income	23,719	4,799	3,894	471	134	33,017
Finance costs	(69,122)	(6,978)	(3,617)	(7,494)	(53,617)	(140,828)
Income tax expenses	(524,034)	49,741	(13,838)	(42,252)	(455)	(530,838)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2015

5 Segment information *(Continued)*

RMB'000	Shanghai Region	Yangtze River Delta (excluding Shanghai)	Pan Bohai Rim	Northeast China	Others	Elimination	Total
At 31 December 2015							
Total segment assets	**41,033,908**	**26,639,875**	**6,480,271**	**5,517,390**	**8,437,749**	**(37,543,035)**	**50,566,158**
Total segment assets include:							
Investment in an associate	**2,931**	—	—	—	—	—	**2,931**
Investment in a joint venture	**12,188**	—	—	—	—	—	**12,188**
Deferred income tax assets							**470,038**
Other unallocated corporate assets							**6,325,503**
Total assets							**57,361,699**
Additions to:							
Property, plant and equipment	**217,707**	**14**	**2,845**	**22**	**—**	**—**	**220,588**
Investment properties	**383,305**	**139,874**	**2,414**	**169,129**	**—**	**—**	**694,722**
At 31 December 2014							
Total segment assets	36,786,974	25,299,724	6,552,595	6,390,017	8,135,383	(35,270,602)	47,894,091
Total segment assets include:							
Investment in an associate	2,808	—	—	—	—	—	2,808
Investment in a joint venture	3,794	—	—	—	—	—	3,794
Non-current assets classified as held for sale	1,613,632	—	174,990	438,900	—	—	2,227,522
Deferred income tax assets							466,670
Other unallocated corporate assets							5,564,601
Total assets							53,925,362
Additions to:							
Property, plant and equipment	434,321	150	37	1,066	—	—	435,574
Investment properties	346,344	213,711	92,484	125,131	—	—	777,670

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2015

5 Segment information *(Continued)*

RMB'000	**2015**	2014
Segment results	**(664,943)**	(332,009)
Fair value changes of investment properties	**(59,093)**	(143,244)
Depreciation and amortisation	**(14,005)**	(19,363)
Provision for impairment of properties under development and completed properties held for sale	**(1,713,860)**	(1,138,819)
Provision for impairment of other receivables and prepayments	**(26,000)**	(894,323)
Write-off of prepayments	**(125,000)**	—
Operating loss	**(2,602,901)**	(2,527,758)
Interest income	**35,526**	33,017
Finance costs	**(1,320,638)**	(140,828)
Loss before income tax	**(3,888,013)**	(2,635,569)

Analysis of revenue by category

RMB'000	**2015**	2014
Sales of properties	**2,340,198**	4,263,341
Total	**2,340,198**	4,263,341

The Group has a large number of customers. No revenue from a customer exceeds 10% or more of the Group's revenue.

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31 December 2015

6 Property, plant and equipment

RMB'000	Building	Computer and office equipment	Motor vehicles	Furniture, fitting and equipment	Leasehold improvements	Plant and machinery	Construction in progress	Total
At 1 January 2014								
Cost	73,893	26,524	89,902	7,126	8,028	11	1,279,324	1,484,808
Accumulated depreciation	(11,346)	(18,909)	(58,414)	(4,835)	(6,262)	(4)	—	(99,770)
Net book amount	62,547	7,615	31,488	2,291	1,766	7	1,279,324	1,385,038
Year ended 31 December 2014								
Opening net book amount	62,547	7,615	31,488	2,291	1,766	7	1,279,324	1,385,038
Additions	8	367	1,048	141	—	—	434,010	435,574
Disposals	—	(148)	(996)	—	—	—	—	(1,144)
Depreciation	(3,093)	(3,343)	(13,000)	(1,092)	(764)	(1)	—	(21,293)
Closing net book amount	59,462	4,491	18,540	1,340	1,002	6	1,713,334	1,798,175
At 31 December 2014								
Cost	73,901	26,715	89,225	7,267	8,028	11	1,713,334	1,918,481
Accumulated depreciation	(14,439)	(22,224)	(70,685)	(5,927)	(7,026)	(5)	—	(120,306)
Net book amount	59,462	4,491	18,540	1,340	1,002	6	1,713,334	1,798,175
Year ended 31 December 2015								
Opening net book amount	**59,462**	**4,491**	**18,540**	**1,340**	**1,002**	**6**	**1,713,334**	**1,798,175**
Additions	**—**	**124**	**3,420**	**17**	**—**	**—**	**217,027**	**220,588**
Revaluation of the property, plant and equipment upon transfer to investment properties	**—**	**—**	**—**	**—**	**—**	**—**	**1,263,639**	**1,263,639**
Transfer to investment properties (note 7)	**—**	**—**	**—**	**—**	**—**	**—**	**(3,194,000)**	**(3,194,000)**
Disposals	**—**	**(14)**	**(1,527)**	**(1)**	**—**	**—**	**—**	**(1,542)**
Depreciation	**(3,094)**	**(1,893)**	**(8,989)**	**(791)**	**(794)**	**(1)**	**—**	**(15,562)**
Closing net book amount	**56,368**	**2,708**	**11,444**	**565**	**208**	**5**	**—**	**71,298**
At 31 December 2015								
Cost	**73,901**	**26,568**	**86,937**	**7,250**	**8,028**	**11**	**—**	**202,695**
Accumulated depreciation	**(17,533)**	**(23,860)**	**(75,493)**	**(6,685)**	**(7,820)**	**(6)**	**—**	**(131,397)**
Net book amount	**56,368**	**2,708**	**11,444**	**565**	**208**	**5**	**—**	**71,298**

Construction in progress comprises land costs, construction costs, borrowing costs and professional fees incurred during the development period.

As at 31 December 2014, all construction in progress were pledged as collateral for the Group's borrowings (note 19).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2015

6 Property, plant and equipment *(Continued)*

Depreciation charge was capitalised or expensed in the following categories in the consolidated balance sheet and the consolidated statement of comprehensive income:

RMB'000	2015	2014
Properties under development	**1,557**	1,930
Selling and marketing expenses	**1,223**	1,439
Administrative expenses	**12,782**	17,924
	15,562	21,293

Building includes the following amounts where the Group is a lessee under a finance lease:

RMB'000	2015	2014
Cost — capitalised finance leases	**24,524**	24,524
Accumulated depreciation	**(6,438)**	(5,825)
	18,086	18,699

The Group leases building under non-cancellable finance lease agreement. The lease term is 40 years.

7 Investment properties

RMB'000	2015	2014
At beginning of the year	**10,685,010**	12,278,106
Additions	**694,722**	777,670
Transfer from construction in progress (note 6)	**3,194,000**	—
Transfer from completed properties	**76,492**	—
Transfer to non-current assets classified as held for sale (note 17)	**—**	(2,227,522)
Transfer from non-current assets classified as held for sale (note 17)	**2,166,715**	—
Fair value changes (included in "other losses, net")	**(59,093)**	(143,244)
At end of the year	**16,757,846**	10,685,010

The following amounts have been recognised in the consolidated statement of comprehensive income:

RMB'000	2015	2014
Rental income	**41,153**	37,169
Direct operating expenses attributable to investment properties that generate rental income	**(6,144)**	(5,743)
Net rental income (note 24)	**35,009**	31,426

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2015

7 Investment properties *(Continued)*

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

Historically, all of the Group's investment properties were held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment properties over time. During the year ended 31 December 2014, in order to help generate sufficient financial resources to meet the Group's financial obligations, the expected manner of recovery of certain of the Group's investment properties had changed such that the carrying amount of those investment properties would be recovered through sale. Consequently, the related deferred tax had been re-measured by considering the related temporary differences of these investment properties using the tax rates and the tax bases that were consistent with the expected manner of recovery of these investment properties (note 21).

Independent valuation of the Group's investment properties were performed by the valuer, Asia-Pacific Consulting Appraisal Limited and Jones Lang LaSalle Corporate Appraisal and Advisory Limited, to determine the fair value of the investment properties as at 31 December 2015 and 2014 respectively. The revaluation gains or losses are included in "Other losses, net" in the consolidated statement of comprehensive income (note 25). The following table analyses the investment properties carried at fair value, by valuation method.

Fair value hierarchy

	Fair value measurements at 31 December 2015 using		
RMB'000	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Recurring fair value measurements			
Investment properties:			
Shops/shopping malls	—	—	3,835,100
Car parks	—	—	237,000
Complexes, including shops, car parks, offices and hotels	—	—	12,685,746

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2015

7 Investment properties *(Continued)*

Fair value hierarchy *(Continued)*

RMB'000	Fair value measurements at 31 December 2014 using — Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Recurring fair value measurements			
Investment properties:			
Shops/shopping malls	—	—	1,523,564
Car parks	—	—	164,000
Complexes, including shops, car parks, offices and hotels	—	—	8,997,446

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.

Fair value measurements using significant unobservable inputs (Level 3)

RMB'000	Shops/ shopping malls	Car parks	Complexes, including shops, car parks, offices and hotels	Total
At 1 January 2015	1,523,564	164,000	8,997,446	10,685,010
Additions	245,426	—	449,296	694,722
Transfer from construction in progress	—	—	3,194,000	3,194,000
Transfer from completed properties	—	76,492	—	76,492
Transfer from non-current assets classified as held for sale	2,166,715	—	—	2,166,715
Fair value changes	(100,605)	(3,492)	45,004	(59,093)
At 31 December 2015	3,835,100	237,000	12,685,746	16,757,846

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31 December 2015

7 Investment properties *(Continued)*

Fair value measurements using significant unobservable inputs (Level 3) *(Continued)*

RMB'000	Shops/ shopping malls	Car parks	Complexes, including shops, car parks, offices and hotels	Total
At 1 January 2014	3,503,160	164,000	8,610,946	12,278,106
Additions	221,510	1,001	555,159	777,670
Transfer from completed properties held for sale	—	—	—	—
Transfer to non-current assets classified as held for sale (note 17)	(2,227,522)	—	—	(2,227,522)
Fair value changes	26,416	(1,001)	(168,659)	(143,244)
At 31 December 2014	1,523,564	164,000	8,997,446	10,685,010

Valuation processes of the Group

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

The Group's finance department reviews the valuations performed by the independent valuers for financial reporting purposes. As at 31 December 2015, the fair values of the properties have been determined by Asia-Pacific Consulting Appraisal Limited.

At each financial year end the finance department:

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

Changes in Level 2 and 3 fair values are analysed at each reporting date.

7 Investment properties *(Continued)*

Valuation techniques

Fair values of completed shops/shopping malls are generally derived using the income capitalisation method. This valuation method is based on the capitalisation of the net income and reversionary income potential by adopting appropriate capitalisation rates, which are derived from analysis of sale transactions and valuers' interpretation of prevailing investor requirements or expectations. The prevailing market rents adopted in the valuation have reference to recent lettings, within the subject properties and other comparable properties.

For completed car parks and shops/shopping malls at initial stage of construction, the fair values are generally derived using the comparison approach assuming sale of the property interests in their existing states with the benefit of immediate vacant possession and by making reference to comparable sales transactions as available in the market, with adjustments to valuer's interpretation.

Fair values of investment properties under development are generally derived using residual approach that uses the combination of direct comparison method by making reference to the comparable market transactions as available in the market and the income capitalisation method by capitalising market rent derived from the properties. This valuation method is essentially a means of valuing the land and properties under development by reference to its development potential by deducting development costs together with developer's profit and risk from the estimated capital value of the proposed development assuming completed as at the date of valuation.

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

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

As at 31 December 2015, the key assumptions adopted in the valuation in determining fair value were in the following ranges for the Group's portfolio of properties:

Description	Fair value at 31 Dec 2015 (RMB'000)	Valuation technique	Unobservable inputs	Range of unobservable inputs	Relationship of unobservable inputs to fair value
Shops/shopping malls (completed)	2,066,100	Income approach (term and reversionary method)	Vacancy rate	0% – 10%	The higher the vacancy rate, the lower the fair value
			Term yield and revisionary yield	4.5% – 6%	The higher the yields, the lower the fair value
			Rental value	RMB2 – RMB20 per day per square meter	The higher the rental value, the higher the fair value

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31 December 2015

7 Investment properties *(Continued)*

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

Description	Fair value at 31 Dec 2015 (RMB'000)	Valuation technique	Unobservable inputs	Range of unobservable inputs	Relationship of unobservable inputs to fair value
Shops/shopping malls (under construction)	1,369,000	Residual approach	Rental value	RMB1 – RMB3 per day per square meter	The higher the rental value, the higher the fair value
			Term yield and revisionary yield	3.5% – 6%	The higher the yields, the lower the fair value
			Comparable's unit selling price	RMB26,000 – RMB30,100 per square meter	The higher the unit selling price, the higher the fair value
			Vacancy rate	0% – 30%	The higher the vacancy rate, the lower the fair value
			Estimated costs to completion	RMB4,500 – RMB9,700 per square meter	The higher the estimated costs, the lower the fair value
			Estimated profit margin required to hold and develop property to completion	12% – 15%	The higher the profit margin required, the lower the fair value
Shops/shopping malls – first-tier cities (completed)	114,000	Comparison approach	Comparable's unit selling price	RMB26,000 – RMB37,900 per square meter	The higher the unit selling price, the higher the fair value
Shops/shopping malls – second-tier cities (under planning)	286,000	Comparison approach	Comparable's unit selling price	RMB1,600 – RMB1,800 per square meter	The higher the unit selling price, the higher the fair value
Car parks	237,000	Comparison approach	Comparable's unit selling price	RMB270,000 – RMB360,000 per lot	The higher the unit selling price, the higher the fair value

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31 December 2015

7 Investment properties *(Continued)*

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

Description	Fair value at 31 Dec 2015 (RMB'000)	Valuation technique	Unobservable inputs	Range of unobservable inputs	Relationship of unobservable inputs to fair value
Complexes, including car parks, shops, offices and hotels – first-tier cities (under construction)	10,472,746	Residual approach	Rental value	RMB9 – RMB19 per day per square meter	The higher the rental value, the higher the fair value
			Term yield and revisionary yield	6% – 6.5%	The higher the yields, the lower the fair value
			Estimated costs to completion	RMB7,700 – RMB11,000 per square meter	The higher the estimated costs, the lower the fair value
			Estimated profit margin required to hold and develop property to completion	15% of property value	The higher the profit margin required, the lower the fair value
			Vacancy rate	7% – 50%	The higher the vacancy rate, the lower the fair value
			Comparable's unit selling price (for office portion)	RMB45,000 – RMB69,000 per square meter	The higher the unit selling price, the higher the fair value
			Comparable's unit selling price (for car parks)	RMB270,000 – RMB360,000 per lot	The higher the unit selling price, the higher the fair value

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2015

7 Investment properties *(Continued)*

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

Description	Fair value at 31 Dec 2015 (RMB'000)	Valuation technique	Unobservable inputs	Range of unobservable inputs	Relationship of unobservable inputs to fair value
Complexes, including car parks, shops, offices and hotels – second-tier cities (under construction)	2,213,000	Residual approach	Estimated costs to completion	RMB5,300 per square meter	The higher the estimated costs, the lower the fair value
			Estimated profit margin required to hold and develop property to completion	15% of property value	The higher the profit margin required, the lower the fair value
			Average daily room rate ("ADR") (for hotel portion)	RMB624 per room per day	The higher the ADR, the higher the fair value
			Discount rate (for hotel portion)	9%	The higher the discount rate, the lower the fair value
			Comparable's unit selling price (for retail portion)	RMB25,000 – RMB50,000 per square meter	The higher the unit selling price, the higher the fair value
			Comparable's unit selling price (for office portion)	RMB11,300 – RMB14,500 per square meter	The higher the unit selling price, the higher the fair value

7 Investment properties *(Continued)*

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

As at 31 December 2014, the key assumptions adopted in the valuation in determining fair value were in the following ranges for the Group's portfolio of properties:

Description	Fair value at 31 Dec 2014 (RMB'000)	Valuation technique	Unobservable inputs	Range of unobservable inputs	Relationship of unobservable inputs to fair value
Shops/shopping malls (completed)	307,344	Income approach (term and reversionary method)	Vacancy rate	7%	The higher the vacancy rate, the lower the fair value
			Term yield and revisionary yield	4.5% – 6%	The higher the yields, the lower the fair value
			Rental value	RMB4 – RMB19 per day per square meter	The higher the rental value, the higher the fair value
Shops/shopping malls (under construction)	553,100	Residual approach	Rental value	RMB1 – RMB3 per day per square meter	The higher the rental value, the higher the fair value
			Term yield and revisionary yield	3.5% – 6%	The higher the yields, the lower the fair value
			Comparable's unit selling price	RMB29,000 per square meter	The higher the unit selling price, the higher the fair value
			Vacancy rate	0% – 30%	The higher the vacancy rate, the lower the fair value
			Estimated costs to completion	RMB4,500 – RMB6,400 per square meter	The higher the estimated costs, the lower the fair value
			Estimated profit margin required to hold and develop property to completion	12% – 30%	The higher the profit margin required, the lower the fair value

7 Investment properties *(Continued)*

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

Description	Fair value at 31 Dec 2014 (RMB'000)	Valuation technique	Unobservable inputs	Range of unobservable inputs	Relationship of unobservable inputs to fair value
Shops/shopping malls – first-tier cities (completed)	103,460	Comparison approach	Comparable's unit selling price	RMB31,300 – RMB32,900 per square meter	The higher the unit selling price, the higher the fair value
Shops/shopping malls – first-tier cities (under planning)	291,660	Comparison approach	Comparable's unit selling price	RMB10,500 – RMB14,700 per square meter	The higher the unit selling price, the higher the fair value
Shops/shopping malls – second-tier cities (under planning)	268,000	Comparison approach	Comparable's unit selling price	RMB1,700 – RMB2,100 per square meter	The higher the unit selling price, the higher the fair value
Car parks	164,000	Comparison approach	Comparable's unit selling price	RMB210,000 – RMB300,000 per lot	The higher the unit selling price, the higher the fair value
Complexes, including car parks, shops, offices and hotels – first-tier cities (under construction)	6,878,446	Residual approach	Rental value	RMB10 – RMB18 per day per square meter	The higher the rental value, the higher the fair value
			Term yield and revisionary yield	6% – 6.5%	The higher the yields, the lower the fair value
			Estimated costs to completion	RMB6,900 – RMB8,600 per square meter	The higher the estimated costs, the lower the fair value
			Estimated profit margin required to hold and develop property to completion	15% of property value	The higher the profit margin required, the lower the fair value
			Vacancy rate	7% – 50%	The higher the vacancy rate, the lower the fair value

7 Investment properties *(Continued)*

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

Description	Fair value at 31 Dec 2014 (RMB'000)	Valuation technique	Unobservable inputs	Range of unobservable inputs	Relationship of unobservable inputs to fair value
			Comparable's unit selling price (for office portion)	RMB50,300 – RMB58,000 per square meter	The higher the unit selling price, the higher the fair value
			Comparable's unit selling price (for carparks)	RMB210,000 – RMB350,000 per lot	The higher the unit selling price, the higher the fair value
Complexes, including car parks, shops, offices and hotels – second-tier cities (under construction)	2,119,000	Residual approach	Estimated costs to completion	RMB4,900 – RMB5,700 per square meter	The higher the estimated costs, the lower the fair value
			Estimated profit margin required to hold and develop property to completion	15% – 20% of property value	The higher the profit margin required, the lower the fair value
			Average daily room rate ("ADR") (for hotel portion)	RMB614 per room per day	The higher the ADR, the higher the fair value
			Discount rate (for hotel portion)	11%	The higher the discount rate, the lower the fair value
			Comparable's unit selling price (for retail portion)	RMB25,000 – RMB28,000 per square meter	The higher the unit selling price, the higher the fair value
			Comparable's unit selling price (for office portion)	RMB13,400 – RMB14,600 per square meter	The higher the unit selling price, the higher the fair value

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2015

7 Investment properties *(Continued)*

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

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

The Group's interests in investment properties at their carrying amounts are analysed as follows:

RMB'000	**2015**	2014
In the PRC, held on:		
Leases of 10-50 years	**13,627,146**	9,276,546
Leases of over 50 years	**3,130,700**	1,408,464
	16,757,846	10,685,010

As at 31 December 2015, investment properties of carrying value with RMB12,513,866,000 (2014: RMB7,835,200,000) were pledged as collateral for the Group's borrowings (note 19).

8 Intangible assets

RMB'000	**2015**	2014
At beginning of the year	**1,800**	1,800
Amortisation charge	**—**	—
At end of the year	**1,800**	1,800
At end of the year		
Cost	**4,300**	4,300
Accumulated amortisation	**(2,500)**	(2,500)
Net book amount	**1,800**	1,800

There was no amortisation and impairment of the Group's intangible assets during the year (2014: Nil).

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31 December 2015

9 Investment in an associate

RMB'000	2015	2014
Investment in an associate	**2,931**	2,808

The Group's investment in an associate represents the 45% equity interest in Shanghai Chuangmeng International Architectural Design Co., Ltd. (上海創盟國際建築設計有限公司) ("Shanghai Chuangmeng"). Shanghai Chuangmeng is an entity established in the PRC.

Set out below is the summarised financial information for Shanghai Chuangmeng which is accounted for using the equity method:

RMB'000	2015	2014
Assets		
Non-current assets	**3,613**	2,825
Current assets	**8,907**	7,833
	12,520	10,658
Liabilities		
Current liabilities	**6,006**	4,418
Net assets	**6,514**	6,240
Income	**26,322**	21,248
Expenses, including income tax	**(26,048)**	(18,577)
Profit for the year	**274**	2,671

Reconciliation of summarised financial information

Set out below is a reconciliation of the summarised financial information to the carrying amount of the Group's interest in an associate:

RMB'000	2015	2014
Net assets at 1 January	**6,240**	3,569
Profit for the year	**274**	2,671
Net assets at 31 December	**6,514**	6,240
Interest in an associate (45%)	**2,931**	2,808
Carrying value at 31 December	**2,931**	2,808

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10 Investment in a joint venture and loan to a joint venture

RMB'000	2015	2014
Investment in a joint venture	**12,188**	3,794
Loan to a joint venture (a)	**1,209,741**	1,422,370

The Group's investment in a joint venture represents the 60% equity interest in Glorious Jiangxu (Nanjing) Property Development Co., Ltd. (恒盛江旭(南京)房地產開發有限公司) ("Nanjing Jiangxu"). Nanjing Jiangxu is an entity established in the PRC.

RMB'000	2015	2014
Share of profit/(loss) of a joint venture		
— share of result of the year	**8,394**	(11,523)
— realisation of interest income on loan to a joint venture upon sale of properties by the joint venture	**256,035**	—
	264,429	(11,523)

Set out below is the summarised financial information for Nanjing Jiangxu which is accounted for using the equity method:

Summarised balance sheet

RMB'000	2015	2014
Current		
Cash and cash equivalents	**550,372**	384,212
Other current assets (excluding cash)	**6,648,454**	6,400,923
Total current assets	**7,198,826**	6,785,135
Financial liabilities (excluding trade payables)	**(1,701,999)**	(1,944,280)
Other current liabilities (including trade payables)	**(3,271,868)**	(2,444,651)
Total current liabilities	**(4,973,867)**	(4,388,931)
Non-current		
Assets	**2,482**	8,279
Financial liabilities	**(2,207,128)**	(2,398,160)
Net assets	**20,313**	6,323

10 Investment in a joint venture and loan to a joint venture *(Continued)*

Summarised statement of comprehensive income

RMB'000	**2015**	2014
Revenue	**1,607,852**	—
Cost of sales	**(1,548,368)**	—
Depreciation	**(881)**	(788)
Interest income	**5,240**	3,081
Other selling and administrative expenses	**(44,734)**	(21,498)
Income tax expenses	**(5,119)**	—
Profit/(loss) for the year	**13,990**	(19,205)

Reconciliation of summarised financial information

Set out below is a reconciliation of the summarised financial information to the carrying amount of the Group's interest in a joint venture:

RMB'000	**2015**	2014
Net assets at 1 January	**6,323**	25,528
Profit/(loss) for the year	**13,990**	(19,205)
Net assets at 31 December	**20,313**	6,323
Interest in a joint venture (60%)	**12,188**	3,794
Carrying value at 31 December	**12,188**	3,794

(a) The loan to a joint venture is unsecured, has no fixed terms of repayment and bears interest that is agreed with Nanjing Jiangxu and its joint venture partner by making reference to the latest benchmark lending rate published by the People's Bank of China. As at 31 December 2015, the annual interest rate is 13% (2014: 13%). The carrying value of the loan to a joint venture approximates its fair value. It is determined based on discounted cash flows using the lending rate and is within level 2 of the fair value hierarachy.

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11 Subsidiaries

Particulars of the subsidiaries of the Company as at 31 December 2015 are set out below:

Name	Date of incorporation/ establishment	Type of legal entity	Issued/ paid-in/ registered capital	Percentage of attributable equity interest 2014	2015	Principal activities
Directly held:						
Incorporated in the British Virgin Islands (the "BVI") and with principal operations in Hong Kong:						
Bright New Investments Limited (明新投資有限公司)	2 May 2007	Limited company	US$50,000	100%	**100%**	Investment holding
Indirectly held:						
Incorporated in the BVI and with principal operations in Hong Kong:						
Achieve Triumph Limited (達凱有限公司)	6 April 2011	Limited company	US$1	100%	**100%**	Investment holding
Allied Honest Holdings Limited	30 March 2006	Limited company	US$1,000	100%	**100%**	Investment holding
Better Score Limited	25 February 2009	Limited company	US$1	100%	**100%**	Investment holding
East Harbour Development Limited	9 March 2006	Limited company	US$1,000	100%	**100%**	Investment holding
East Plus Enterprises Limited (東和企業有限公司)	25 November 2010	Limited company	US$1	100%	**100%**	Investment holding
Grand Target Group Limited (君達集團有限公司)	23 January 2006	Limited company	US$1,000	100%	**100%**	Investment holding
Highest Reach Limited	9 March 2007	Limited company	US$50,000	100%	**100%**	Investment holding
Jolly Rich Limited (怡富有限公司)	25 March 2011	Limited company	US$1	100%	**100%**	Investment holding
May Gain Limited (美盈有限公司)	6 April 2011	Limited company	US$1	100%	**100%**	Investment holding
Regal World Development Limited	21 February 2006	Limited company	US$1,000	100%	**100%**	Investment holding
Vieward Group Limited (景向集團有限公司)	15 February 2006	Limited company	US$1,000	100%	**100%**	Investment holding

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2015

11 Subsidiaries *(Continued)*

Name	Date of incorporation/ establishment	Type of legal entity	Issued/ paid-in/ registered capital	Percentage of attributable equity interest 2014	2015	Principal activities
Incorporated in Hong Kong and with principal operations in Hong Kong:						
Cheston Holdings Limited (卓怡集團有限公司)	14 June 2006	Limited company	HK$1	100%	**100%**	Investment holding
Extreme (Asia) Limited (永和(亞洲)有限公司)	15 May 2006	Limited company	HK$1	100%	**100%**	Investment holding
Fast Right Limited	15 December 2006	Limited company	HK$10,000	100%	**100%**	Investment holding
Glorious Corporate Services Limited	12 July 2010	Limited company	HK$1	100%	**100%**	Provision of corporate services
Gold Radiant Investments Limited (富谷投資有限公司)	11 April 2011	Limited company	HK$1	100%	**100%**	Investment holding
Greater Base Limited (基鉅有限公司)	3 March 2009	Limited company	HK$1	100%	**100%**	Investment holding
Rich Tech International Enterprise Limited (富達國際企業有限公司)	2 June 2006	Limited company	HK$1	100%	**100%**	Investment holding
Triumph One Investments Limited (美堡投資有限公司)	11 April 2011	Limited company	HK$1	100%	**100%**	Investment holding
Venture Hong Kong Group Limited (富昇香港集團有限公司)	26 June 2006	Limited company	HK$1	100%	**100%**	Investment holding
Worldex Investment Development Limited (恒匯投資發展有限公司)	14 June 2006	Limited company	HK$1	100%	**100%**	Investment holding
Incorporated in Singapore and with principal operations in Singapore:						
Wachovian II Co Pte. Ltd.	14 August 2007	Limited company	SGD10	100%	**100%**	Investment holding
Incorporated in the PRC and with principal operations in the PRC:						
Fuda Real Estate Development (Nantong) Co., Ltd. (富達房地產開發(南通)有限公司)	1 August 2006	Limited company	US$111,880,000	100%	**100%**	Property development and investment holding
Fusheng Real Estate Development (Nantong) Co., Ltd. (富昇房地產開發(南通)有限公司)	27 June 2005	Limited company	US$99,960,000	100%	**100%**	Property development and investment holding
Henghui Real Estate Development (Nantong) Co., Ltd. (恒匯房地產開發(南通)有限公司)	22 July 2005	Limited company	US$112,990,000	100%	**100%**	Property development and investment holding
Nantong Huangshi Hui Real Estate Development Co., Ltd. (南通皇室會房地產開發有限公司)	25 July 2005	Limited company	US$128,990,000	100%	**100%**	Property development and investment holding
Nantong Jiangle Real Estate Development Co., Ltd. (南通江樂房地產開發有限公司)	27 June 2006	Limited company	US$99,800,000	100%	**100%**	Property development and investment holding

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31 December 2015

11 Subsidiaries *(Continued)*

Name	Date of incorporation/ establishment	Type of legal entity	Issued/ paid-in/ registered capital	Percentage of attributable equity interest 2014	Percentage of attributable equity interest 2015	Principal activities
Incorporated in the PRC and with principal operations in the PRC (continued):						
Nantong Jigui Real Estate Development Co., Ltd. (南通杰匯置業發展有限公司)	14 April 2006	Limited company	US$113,990,000	100%	**100%**	Property development and investment holding
Nantong Jiju Foundation Facilities Construction Co., Ltd. (南通基鉅基礎設施建設有限公司)	27 April 2009	Limited company	US$3,000,000	100%	**100%**	Investment holding
Nantong Lehua Real Estate Development Co., Ltd. (南通樂華房地產開發有限公司)	29 June 2006	Limited company	US$114,800,000	100%	**100%**	Property development and investment holding
Yonghe Real Estate Development (Nantong) Co., Ltd. (永和房地產開發(南通)有限公司)	10 April 2006	Limited company	US$102,750,000	100%	**100%**	Property development and investment holding
Zhuo Yi Real Estate Development (Nantong) Co., Ltd. (卓怡房地產開發(南通)有限公司)	2 August 2006	Limited company	US$99,800,000	100%	**100%**	Property development and investment holding
Dalian Runjing Property Development Co., Ltd. (大連潤景房地產開發有限公司)	19 January 2010	Limited company	RMB100,000,000	100%	**100%**	Property development
Glorious Baofeng (Nantong) Property Development Co., Ltd. (恒盛寶豐(南通)置業發展有限公司)	12 January 2010	Limited company	RMB802,000,000	100%	**100%**	Property development
Glorious Fuhai (Harbin) Property Development Co., Ltd. (恒盛福海(哈爾濱)置業有限公司)	5 November 2010	Limited company	RMB100,000,000	100%	**100%**	Property development
Glorious Fusheng Property Investment (Beijing) Co., Ltd. (恒盛富升地產投資(北京)有限公司)	23 July 2010	Limited company	RMB100,000,000	100%	**100%**	Investment holding
Glorious Hengmao (Hefei) Property Development Co., Ltd. (恒盛恒茂(合肥)房地產開發有限公司)	24 October 2007	Limited company	RMB509,830,227	100%	**100%**	Property development
Glorious Hetian Hexin (Beijing) Property Development Co., Ltd. (恒盛合天和信(北京)房地產開發有限公司)	25 December 2001	Limited company	RMB130,000,000	100%	**100%**	Property development
Glorious Hongsheng (Suzhou) Property Development Co., Ltd. (恒盛弘晟(蘇州)置業有限公司)	17 March 2005	Limited company	RMB170,000,000	100%	**100%**	Property development
Glorious Huixin (Changchun) Property Development Co., Ltd. (恒盛匯鑫(長春)置業有限公司)	7 May 2010	Limited company	RMB250,000,000	100%	**100%**	Property development

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31 December 2015

11 Subsidiaries *(Continued)*

Name	Date of incorporation/ establishment	Type of legal entity	Issued/ paid-in/ registered capital	Percentage of attributable equity interest 2014	2015	Principal activities
Incorporated in the PRC and with principal operations in the PRC (continued):						
Glorious Plaza (Nantong) Property Development Co., Ltd. (恒盛廣場(南通)房地產開發有限公司)	12 December 2007	Limited company	RMB460,000,000	100%	**100%**	Property development
Glorious Property Investment (Changchun) Co., Ltd. (恒盛地產投資(長春)有限公司)	25 August 2011	Limited company	RMB50,000,000	100%	**100%**	Investment holding
Glorious Property Investment (Harbin) Co., Ltd. (恒盛地產投資(哈爾濱)有限公司)	3 August 2010	Limited company	RMB100,000,000	100%	**100%**	Investment holding
Glorious Property Investment (Hefei) Co., Ltd. (恒盛地產投資(合肥)有限公司)	23 July 2010	Limited company	RMB250,000,000	100%	**100%**	Investment holding
Glorious Property Investment (Nanjing) Co., Ltd. (恒盛地產投資(南京)有限責任公司)	21 May 2013	Limited company	RMB30,000,000	100%	**100%**	Investment holding
Glorious Property Investment (Nantong) Co., Ltd. (恒盛地產投資(南通)有限公司)	28 May 2010	Limited company	RMB420,000,000	100%	**100%**	Investment holding
Glorious Property Investment (Shanghai) Co., Ltd. (恒盛地產投資(上海)有限公司)	21 June 2010	Limited company	RMB100,000,000	100%	**100%**	Investment holding
Glorious Property Investment (Tianjin) Co., Ltd. (恒盛地產投資(天津)有限公司)	2 December 2010	Limited company	RMB40,000,000	100%	**100%**	Investment holding
Glorious Qiwei (Shanghai) Industry Co., Ltd. (恒盛祺偉(上海)實業有限公司)	24 September 2008	Limited company	RMB100,000,000	100%	**100%**	Wholesale of construction materials
Glorious (Shanghai) Commercial Operation and Management Co., Ltd. (恒盛(上海)商業經營管理有限公司)	25 May 2011	Limited company	RMB10,000,000	100%	**100%**	Culture, advertising planning, investment holding and advisory
Glorious Tianxingjian (Tianjin) Real Estate Investment Co., Ltd. (恒盛天行建(天津)房地產投資有限公司)	20 March 2006	Limited company	RMB53,480,000	100%	**100%**	Property development
Glorious Weida (Nantong) Property Development Co., Ltd. (恒盛煒達(南通)房地產開發有限公司)	12 January 2010	Limited company	RMB3,370,000,000	100%	**100%**	Property development
Glorious Wangjiarui (Wuxi) Co., Ltd. (恒盛旺佳瑞(無錫)有限公司)	7 September 2004	Limited company	RMB1,197,911,767	100%	**100%**	Property development and investment holding
Glorious Yangguang Binhai (Harbin) Property Co., Ltd. (恒盛陽光濱海(哈爾濱)置業有限公司)	19 December 2007	Limited company	RMB660,000,000	100%	**100%**	Property development

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11 Subsidiaries *(Continued)*

Name	Date of incorporation/ establishment	Type of legal entity	Issued/ paid-in/ registered capital	Percentage of attributable equity interest 2014	2015	Principal activities
Incorporated in the PRC and with principal operations in the PRC (continued):						
Glorious Yangguang Xindi (Beijing) Property Co., Ltd. (恒盛陽光鑫地(北京)置業有限公司)	25 February 2003	Limited company	RMB129,000,000	100%	**100%**	Property development
Glorious Yangguang Xindi (Dalian) Property Co., Ltd. (恒盛陽光鑫地(大連)置業有限公司)	3 November 2009	Limited company	RMB300,000,000	70%	**70%**	Property development
Glorious Yangguang Xindi (Liaoning) Property Co., Ltd. (恒盛陽光鑫地(遼寧)置業有限公司)	6 June 2005	Limited company	RMB1,333,502,300	100%	**100%**	Property development and investment holding
Glorious Yangguang Xindi (Tianjin) Investment Co., Ltd. (恒盛陽光鑫地(天津)投資有限公司)	19 May 2003	Limited company	RMB806,039,565	100%	**100%**	Property development and investment holding
Glorious Yifeng (Hefei) Property Development Co., Ltd. (恒盛頤豐(合肥)房地產開發有限公司)	14 October 2010	Limited company	RMB250,000,000	100%	**100%**	Property development
Glorious Zhuoda (Nantong) Property Development Co., Ltd. (恒盛焯達(南通)房地產開發有限公司)	21 June 2011	Limited company	RMB183,000,000	100%	**100%**	Property development
Glorious Zhuoyi Property Investment (Dalian) Co., Ltd. (恒盛卓怡地產投資(大連)有限公司)	3 December 2010	Limited company	RMB100,000,000	100%	**100%**	Investment holding
Jiangsu Arts and Cultural Property Holdings Ltd. (江蘇演藝文化產業股份有限公司)	8 May 2004	Limited company	RMB50,000,000	54%	**54%**	Cultural and property development
Jiangsu Chuangyi Cultural Property Foundation Investment and Construction Co., Ltd. (江蘇創意文化產業基地投資建設有限公司)	16 January 2007	Limited company	RMB88,670,000	100%	**100%**	Investment holding
Jiangsu Glorious Dadi Culture Co., Ltd. (江蘇恒盛大地文化有限責任公司)	28 June 2011	Limited company	RMB10,000,000	54%	**54%**	Property development
Nanjing Rongxiang Wenhua Real Estate Development Co. Ltd. (南京熔祥文華置業有限公司)	1 July 2014	Limited company	RMB1	100%	**100%**	Property development
Nantong Zhuowei Trade Development Co., Ltd. (南通焯煒貿易發展有限公司)	5 June 2003	Limited company	RMB155,000,000	100%	**100%**	Wholesale of mechanical equipments and building materials
Shanghai Anshun Property Development Co., Ltd. (上海安順房地產發展有限公司)	18 January 1996	Limited company	RMB30,000,000	100%	**100%**	Property development
Shanghai Glorious Shengtong Investment Partnership Enterprise (Limited Partnership) (上海恒盛勝通投資合夥企業)(有限合夥)	13 June 2012	Limited partnership	—	100%	**100%**	Investment management
Shanghai Haosen Property Co., Ltd. (上海豪森房地產有限公司)	6 October 1998	Limited company	RMB80,000,000	100%	**100%**	Property development
Shanghai Hengran Property Development Co., Ltd. (上海恒冉房地產開發有限公司)(a)	21 January 2014	Limited company	RMB51,000,000	100%	**100%**	Property development

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11 Subsidiaries *(Continued)*

Name	Date of incorporation/ establishment	Type of legal entity	Issued/ paid-in/ registered capital	Percentage of attributable equity interest 2014	2015	Principal activities
Incorporated in the PRC and with principal operations in the PRC (continued):						
Shanghai Hongye Property Development Co., Ltd. (上海弘曄房地產發展有限公司)	7 April 2008	Limited company	RMB900,000,000	100%	**100%**	Property development
Shanghai Jinhao Property Development Co., Ltd. (上海錦豪房地產開發有限公司)	25 December 2009	Limited company	RMB10,000,000	100%	**100%**	Property development
Shanghai Junjie Business Consulting Co., Ltd. (上海雋捷商務諮詢有限公司)	28 December 2010	Limited company	RMB1,000,000	100%	**100%**	Business consulting and wholesale of construction materials
Shanghai Mingbao Construction Co., Ltd. (上海明寶建設工程有限公司)	17 January 2004	Limited company	RMB100,000,000	100%	**100%**	Interior and exterior decoration and renovation
Shanghai Penghui Property Development Co., Ltd. (上海鵬暉置業有限公司)	26 May 2008	Limited company	RMB20,000,000	100%	**100%**	Property development
Shanghai Ranjuan Decoration Engineering Co., Ltd. (上海冉娟裝潢工程有限公司)	28 December 2010	Limited company	RMB5,000,000	100%	**100%**	Interior and exterior decoration and renovation
Shanghai Rongxi Business Trading Co., Ltd (上海榮熙商貿有限公司)	24 June 2010	Limited company	RMB1,000,000	100%	**100%**	Trading of mechanical equipments and construction materials
Shanghai Rongxiang Property Development Co., Ltd. (上海熔祥房地產開發有限公司)	29 December 2009	Limited company	RMB10,000,000	100%	**100%**	Property development
Shanghai Shengtong Property Development Co., Ltd. (上海勝通房地產開發有限公司)	19 June 2001	Limited company	RMB601,000,000	100%	**100%**	Property development
Shanghai Xintai Property Development Co., Ltd. (上海鑫泰房地產發展有限公司)	22 April 1999	Limited company	RMB1,400,000,000	100%	**100%**	Property development and investment holding
Shanghai Yijing Property Development Co., Ltd. (上海意景房地產開發有限公司)	22 January 2001	Limited company	RMB563,587,214	100%	**100%**	Property development and investment holding
Shenyang Glorious Plaza Commercial Management Co., Ltd. (瀋陽恒盛廣場商業管理有限公司)	7 September 2010	Limited company	RMB5,000,000	100%	**100%**	Business management and property management
Tianjin Dong'an Construction Co., Ltd. (天津東岸建設有限公司)	11 March 2005	Limited company	RMB510,000,000	70%	**70%**	Property development
Tianjin Gangtian Real Estate Investment Co., Ltd. (天津港天房地產投資有限公司)	21 March 2006	Limited company	RMB136,265,000	100%	**100%**	Property development

Note:

(a) Pursuant to the trust scheme with Zhongrong International Trust Corporation Limited ("Zhongrong Trust"), the Group's entity interest in Shanghai Hengran Property Development Co. Ltd ("Shanghai Hengran") was reduced from 100% to 51%. In view of the substance of the arrangement, the directors are of their opinion that it is a loan arrangement and the Group continues to consolidate 100% of Shanghai Hengran and the contribution from Zhongrong Trust is treated as a financial liability and measured at amortised cost using the effective interest method (note 19).

(b) As at 31 December 2015, equity interests of certain of the Company's subsidiaries have been pledged for securing the Group's borrowings (note 19).

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31 December 2015

11 Subsidiaries *(Continued)*

Material non-controlling interests

Summarised financial information of subsidiaries with material non-controlling interests

Set out below is the summarised balance sheets for each subsidiary that has non-controlling interests that are material to the Group:

RMB'000	Jiangsu Arts and Cultural Property Holdings Ltd. and Jiangsu Glorious Dadi Culture Co., Ltd. (collectively referred to as "Jiangsu Cultural Property Group") 2015	2014
Assets		
Non-current assets	**1,282,529**	1,282,847
Current assets	**326,191**	449,836
	1,608,720	1,732,683
Liabilities		
Current liabilities	**533,977**	531,878
	533,977	531,878
Net assets	**1,074,743**	1,200,805

RMB'000	Jiangsu Cultural Property Group 2015	2014
Expenses	**(126,062)**	(3,090)
Loss for the year	**(126,062)**	(3,090)

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11 Subsidiaries *(Continued)*

Material non-controlling interests *(Continued)*

Summarised financial information of subsidiaries with material non-controlling interests *(Continued)*

RMB'000	Glorious Yangguang Xindi (Dalian) Property Co., Ltd. (referred to as "Glorious Yangguang Dalian") 2015	2014
Assets		
Non-current assets	**409,170**	409,716
Current assets	**455,391**	455,330
	864,561	865,040
Liabilities		
Current liabilities	**538,916**	533,504
	538,916	533,504
Net assets	**325,645**	331,542

RMB'000	Glorious Yangguang Dalian 2015	2014
Expenses	**(5,897)**	(371,518)
Loss for the year	**(5,897)**	(371,518)

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11 Subsidiaries *(Continued)*

Material non-controlling interests *(Continued)*

Summarised financial information of subsidiaries with material non-controlling interests *(Continued)*

RMB'000	Tianjin Dong'an Construction Co., Ltd. (referred to as "Tianjin Dong'an") 2015	2014
Assets		
Non-current assets	**1,227,829**	1,228,006
Current assets	**836,682**	829,286
	2,064,511	2,057,292
Liabilities		
Current liabilities	**661,572**	535,489
	661,572	535,489
Net assets	**1,402,939**	1,521,803

RMB'000	Tianjin Dong'an 2015	2014
Expenses	**(118,864)**	(191,803)
Loss for the year	**(118,864)**	(191,803)

The income statements and cash flow statements of Jiangsu Cultural Property Group and the cash flow statements of Glorious Yangguang Dalian and Tianjin Dong'an are insignificant to the Group.

The information above is the amount before inter-company eliminations.

12 Properties under development

RMB'000	**2015**	2014
Within normal operating cycle included under current assets	**20,965,023**	22,560,732
Amount comprised:		
Land use rights	**8,116,576**	9,803,675
Construction costs and capitalised expenditures	**6,606,603**	6,401,893
Interest capitalised	**8,841,821**	7,495,475
	23,565,000	23,701,043
Less: Provisions for impairment	**(2,599,977)**	(1,140,311)
	20,965,023	22,560,732

The properties under development are all located in the PRC.

RMB'000	**2015**	2014
Properties under development:		
Expected to be completed and available for sale after more than 12 months	**13,150,606**	14,280,880
Expected to be completed and available for sale within 12 months	**7,814,417**	8,279,852
	20,965,023	22,560,732

As at 31 December 2015, properties under development with carrying value of RMB6,804,124,000 (2014: RMB8,710,759,000) were pledged as collateral for the Group's borrowings (note 19).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2015

13 Completed properties held for sale

RMB'000	**2015**	2014
Completed properties held for sale comprised:		
Land use rights	**1,544,293**	1,348,935
Construction costs and capitalised expenditures	**4,537,619**	3,331,148
Interest capitalised	**660,200**	655,083
	6,742,112	5,335,166
Less: Provision for impairment	**(538,255)**	(284,061)
	6,203,857	5,051,105

The completed properties held for sale are all located in the PRC.

As at 31 December 2015, completed properties held for sale with carrying value of RMB1,946,724,000 (2014: RMB1,746,761,000) were pledged as collateral for the Group's borrowings (note 19).

14 Trade and other receivables and prepayments

RMB'000	2015	2014
Trade receivables due from third parties (a)	**433,620**	384,896
Other receivables due from third parties (b)	**955,702**	879,388
Prepayments for construction costs:	**1,827,189**	1,879,532
Related parties (note 34(b))	**957,980**	1,183,271
Third parties	**869,209**	696,261
Prepayments for land premium (c)	**4,548,971**	4,699,971
Prepaid business tax and other taxes	**271,704**	170,992
	8,037,186	8,014,779

(a) Trade receivables mainly arise from sales of properties. Proceeds in respect of sales of properties are to be received in accordance with the terms of the related sales and purchase agreements and customers are generally required to settle the receivables within 30 days after the date of signing the sales and purchase agreements. The ageing analysis of trade receivables at the balance sheet dates based on revenue recognition date is as follows:

RMB'000	2015	2014
Within 6 months	**62,826**	15,485
Between 7 and 12 months	**3,799**	4,179
Between 13 months and 3 years	**366,995**	365,232
	433,620	384,896

As at 31 December 2015, trade receivables of RMB433,620,000 (2014: RMB384,896,000) were overdue but not impaired, including an amount of trade receivables of RMB341,548,000 (2014: RMB341,548,000) due from a local government authority upon recognising the revenue relating to certain relocation and resettlement housing. The remaining trade receivables that are past due but not impaired relate to certain customers that have a good track record with the Group. Based on past experience, management believes that no provision for impairment 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 receivable.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2015

14 Trade and other receivables and prepayments *(Continued)*

(b)

RMB'000	2015	2014
Other receivables due from third parties	**1,865,025**	1,788,711
Less: provision for impairment of other receivables (note 26)	**(909,323)**	(909,323)
Other receivables due from third parties, net	**955,702**	879,388

As at 31 December 2014 and 2015, the fair values of the Group's trade and other receivables approximate their carrying amounts. The maximum exposure to credit risk at each balance sheet date is the carrying value of each class of receivables mentioned above. The Group does not hold any collateral as security.

(c) As at 31 December 2015, included in prepayments for land premium were prepayments of RMB1,627,103,000 (2014: RMB1,752,103,000) for the rights to acquire four land use rights ("Relevant land use rights") relating to a project located in the Jiangsu province, of which 46% is attributable to the non-controlling interests. Majority of these amounts were acquired in 2011 through the acquisition of 54% equity interests in Jiangsu Arts and Cultural Property Holdings Ltd. and its subsidiary (the "Jiangsu Cultural Property Group").

Based on the Group's original project development plan, Jiangsu Glorious Dadi Culture Co., Ltd. ("Jiangsu Dadi", a subsidiary of the Group with 54% equity interests), placed a bid for two out of the Relevant land use rights with a payment of guarantee deposit amounting to RMB125,000,000. Jiangsu Dadi won the auction in January 2014 at a total consideration of RMB615,000,000 for those two land parcels, and the remaining consideration (after netting off the paid guarantee deposit) had to be paid by August 2014. Subsequently, the Group only paid a further RMB124,500,000. Though the Group has continuously communicated with the relevant government authorities, including applying for revising payment schedules, the local land bureau issued a formal notice to remove Jiangsu Dadi's winning qualification in 2015 and forfeited the guarantee deposit. As a result, the forfeited guarantee deposit of RMB125,000,000 was written off to the current year income statement as administrative expenses (note 26), while for the remaining RMB124,500,000, the Group has submitted the application for the refund.

In determining the recoverable amount of the remaining prepayment, management considered the Group would still proceed with the development of such project in the Jiangsu province and such prepayment will be recovered by property sales in the future.

15 Restricted cash

Restricted cash comprises (i) funds borrowed under specific borrowings that are subject to restriction of use until certain prescribed stages of construction works are achieved, (ii) guaranteed deposits for the mortgage loan facilities granted by banks to purchasers of the Group's properties, (iii) guarantee deposits for bank loans, and (iv) other bank deposits that are restricted in use for daily operational needs. The components of restricted cash as at 31 December 2015 are as follows:

RMB'000	2015	2014
Restricted funds under specific borrowings and guarantee deposits for mortgage facilities	**90,897**	191,771
Guarantee deposits for bank loans (a)	**2,810,300**	724,033
Other restricted funds	**4,145**	607
Total	**2,905,342**	916,411

(a) As at 31 December 2015, guarantee deposits for bank loans of RMB2,405,500,000 (2014: RMB174,233,000) were related to offshore borrowings.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2015

16 Cash and cash equivalents

RMB'000	2015	2014
Cash at bank and on hand:		
Denominated in RMB	**3,289,650**	1,362,462
Denominated in US$	**312**	979
Denominated in HK$	**539**	2,217
	3,290,501	1,365,658
Less: Restricted cash	**(2,905,342)**	(916,411)
	385,159	449,247
Maximum exposure to credit risk	**3,289,662**	1,365,048

As at 31 December 2015, the Group's five highest bank balances amounted to RMB3,144,518,000 (2014: RMB1,059,310,000), representing 95.6% (2014: 77.6%) of the Group's total cash and bank balances at the balance sheet date.

The conversion of Renminbi denominated balances into foreign currencies and the remittance of such foreign currencies denominated bank balances and cash out of the PRC are subject to the relevant rules and regulations of foreign exchange control promulgated by the PRC government.

17 Non-current assets classified as held for sale

RMB'000	2015	2014
As at 1 January	**2,227,522**	—
Transfer from investment properties (note 7)	**—**	2,227,522
Disposal during the year	**(60,807)**	—
Transfer to investment properties (note 7)	**(2,166,715)**	—
As at 31 December	**—**	2,227,522

During the year ended 31 December 2014, in order to help generate financial resources to meet the Group's financial obligations, the expected manner of recovery of certain investment properties was changed such that the carrying amount of those investment properties would be recovered through sale. For those investment properties which were to be sold within a year, they were classified as non-current assets classified as held for sale (note 7).

During the year ended 31 December 2015, the Group generated sufficient financial resources by other activities and slowed down the sales of these properties. Due to this change in the plan of sale, management reclassified the abovementioned unsold properties to investment properties (note 7).

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18 Trade and other payables

RMB'000	2015	2014
Trade payables (a):	**3,825,291**	3,378,620
Related parties (note 34(b))	**11,500**	19,820
Third parties	**3,813,791**	3,358,800
Other payables due to third parties (b):	**1,278,289**	1,232,399
Acquisition consideration payable	**310,000**	310,000
Other payables and accrued expenses	**968,289**	922,399
Other taxes payable	**262,908**	176,398
	5,366,488	4,787,417

(a) The ageing analysis of trade payables at the balance sheet date is as follows:

RMB'000	2015	2014
Within 6 months	**1,008,379**	2,599,516
Between 7 and 12 months	**467,246**	107,486
Between 13 months and 5 years	**2,349,666**	671,618
	3,825,291	3,378,620

(b) All other payables due to third parties are unsecured, interest-free and repayable on demand.

The Group's other payables and accrued expenses mainly comprise interest payable, accruals and guarantee deposits received from various suppliers.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2015

18 Trade and other payables *(Continued)*

(c) The carrying amounts of the Group's trade and other payables are denominated in the following currencies:

RMB'000	**2015**	2014
HK$	**24,584**	37,949
RMB	**5,291,254**	4,746,408
US$	**50,650**	3,060
	5,366,488	4,787,417

(d) As at 31 December 2014 and 2015, the carrying values of the trade and other payable balances approximate their fair values.

19 Borrowings

RMB'000	**2015**	2014
Borrowings included in non-current liabilities:		
Bank borrowings — secured (d)	**648,892**	6,596,124
	648,892	6,596,124
Borrowings included in current liabilities:		
Bank borrowings — secured (d)	**22,401,487**	11,074,398
Senior Notes due 2015 — secured (a)	**—**	1,869,404
Senior Notes due 2018 — secured (b), (d)	**2,680,550**	2,516,874
Other borrowings — unsecured (c)	**288,936**	125,800
Other borrowings — secured	**84,242**	87,400
	25,455,215	15,673,876
Total borrowings	**26,104,107**	22,270,000
The carrying values of the borrowings are denominated in the following currencies:		
HK$	**12,977**	—
RMB	**23,065,803**	17,721,569
US$	**3,025,327**	4,548,431
Total borrowings	**26,104,107**	22,270,000

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31 December 2015

19 Borrowings *(Continued)*

An analysis of the Group's borrowings into principal amounts is as follows:

RMB'000	**2015**	2014
Bank borrowings	**22,358,478**	17,976,744
Senior Notes due 2015 (a)	**—**	1,835,700
Senior Notes due 2018 (b), (d)	**2,597,440**	2,447,600
Other borrowings	**373,178**	213,200
	25,329,096	22,473,244
Adjusted by: unamortised loan arrangement fees and accrued interests	**775,011**	(203,244)
Total borrowings	**26,104,107**	22,270,000

The Group's borrowings comprise loans from commercial banks, other financial institutions and certain individuals, and financing obtained from the capital market by way of notes. Apart from certain other borrowings as further mentioned in (c) below, all of the Group's borrowings are secured by the construction in progress, investment properties, properties under development, completed projects held for sale, restricted cash and equity interests of certain subsidiaries of the Group.

(a) On 25 October 2010, the Company issued 13.0% senior notes due 2015 with an aggregated nominal value of US$300,000,000 at par value (the "Senior Notes due 2015"). The interest was payable semi-annually in arrears. The net proceeds, after deducting the direct issuance costs, amounted to approximately US$292,806,000. In October 2015, the Senior Notes due 2015 were fully redeemed in accordance with the relevant terms and conditions.

(b) On 4 March 2013, the Company issued 13.25% senior notes due 2018 with an aggregate nominal value of US$250,000,000 at par value. On 20 March 2013, the Company further issued 13.25% senior notes due 2018 with an aggregate nominal value of US$150,000,000 at par value. These senior notes are consolidated and form a single series with the senior notes issued on 4 March 2013 (collectively the "Senior Notes due 2018"). The interest is payable semi-annually in arrears. The net proceeds, after deducting the direct issuance costs, amounted to approximately US$391,943,000. The Senior Notes due 2018 will mature on 4 March 2018. The Company, at its option, can redeem the Senior Notes due 2018 (i) in whole, or in part, on or after 4 March 2016 at the redemption price equal to 106.625% before 4 March 2017 and 103.313% thereafter of the principal amount plus accrued and unpaid interest and (ii) in whole but not in part, prior to 4 March 2016 at redemption price equal to 100% of the principal amount plus a premium and accrued and unpaid interest. The Senior Notes due 2018 are secured by the shares of certain subsidiaries of the Company which are incorporated outside the PRC. The Senior Notes due 2018 are listed on the Hong Kong Stock Exchange.

(c) As at 31 December 2015, short-term borrowings from third parties of RMB288,936,000 (2014: RMB125,800,000) are unsecured, interest-bearing and are repayable within one year from the date of drawdown.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2015

19 Borrowings *(Continued)*

(d) As a result of the matters described in note 2(a), borrowings with principal amounts of RMB5,962,666,000 with original maturity beyond 31 December 2016 have been reclassified as current liabilities as at 31 December 2015.

Management estimates that after taking the measures as set out in note 2(a) and with its endeavours to ensure that there will be no further delay in repayment of principal and interest, the repayment dates of these reclassified borrowings could be reverted to their respective original repayment dates which are all beyond 31 December 2016.

(e) The maturities of the Group's total borrowings at the balance sheet date are as follows:

RMB'000	**2015**	2014
Amounts of borrowing that are repayable:		
Within 1 year	**25,455,215**	15,673,876
After 1 and within 2 years	**630,342**	6,536,124
After 2 and within 5 years	**7,500**	30,000
After 5 years	**11,050**	30,000
	26,104,107	22,270,000

(f) The fair value of the Senior Notes due 2018 as at 31 December 2015 were approximately RMB2,241,915,000 (2014: RMB1,788,021,000). They were determined directly by reference to the price quotations published by the Hong Kong Stock Exchange on 31 December 2015 respectively, and are within level 1 of the fair value hierarchy. The fair values of the Group's other current and non-current borrowings approximate their carrying amounts at each balance sheet date. They are determined based on discounted cash flows using the borrowing rate and are within level 2 of the fair value hierarchy.

(g) As at 31 December 2015, the Group's effective interest rates was 12.3% (2014: 13.1%).

(h) The exposure of the Group's borrowings to interest rate changes and the contractual repricing dates (or maturity date whichever is earlier) are as follows:

RMB'000	**2015**	2014
Within 6 months	**20,761,151**	13,130,188
Between 7 and 12 months	**4,909,064**	3,258,211
Between 13 months and 5 years	**433,892**	5,881,601
	26,104,107	22,270,000

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2015

20 Obligations under finance lease

RMB'000	2015	2014
Gross finance lease liabilities — minimum lease payments:		
No later than 1 year	**1,058**	989
Later than 1 year and no later than 5 years	**4,311**	4,232
Later than 5 years	**40,409**	41,546
	45,778	46,767
Future finance charges on finance leases	**(26,814)**	(27,944)
Present value of finance lease liabilities	**18,964**	18,823
The present value of finance lease liabilities is as follows:		
No later than 1 year	**998**	933
Later than 1 year and no later than 5 years	**3,518**	3,459
Later than 5 years	**14,448**	14,431
	18,964	18,823

Finance lease liabilities are effectively secured as the rights to the leased asset revert to the lessor in the event of default.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2015

21 Deferred income tax

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset tax assets against tax liabilities and when the deferred income taxes relate to the same tax authority.

RMB'000	**2015**	2014
Deferred income tax assets		
To be realised after more than 12 months	**385,380**	261,355
To be realised within 12 months	**84,658**	205,315
	470,038	466,670
Deferred income tax liabilities		
To be realised after more than 12 months	**2,549,203**	1,694,090
To be realised within 12 months	**—**	476,764
	2,549,203	2,170,854
Deferred income tax liabilities, net	**(2,079,165)**	(1,704,184)

The movements of the net deferred income tax liabilities are as follows:

RMB'000	**2015**	2014
At 1 January	**(1,704,184)**	(1,314,955)
Charged as income tax expenses (note 29)	**(59,072)**	(389,229)
Charged as other comprehensive income	**(315,909)**	—
At 31 December	**(2,079,165)**	(1,704,184)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2015

21 Deferred income tax *(Continued)*

Movement in deferred income tax assets/(liabilities) during the year, without taking into consideration the offsetting of balances within the same tax jurisdiction, is as follows:

Deferred income tax assets

RMB'000	Tax losses	Unrealised profit and other expenses	Total
At 1 January 2014	203,285	245,929	449,214
Credited to income tax expenses	11,865	71,815	83,680
At 31 December 2014	215,150	317,744	532,894
(Charge)/credited to income tax expenses	**(26,964)**	**7,915**	**(19,049)**
At 31 December 2015	**188,186**	**325,659**	**513,845**

Deferred income tax liabilities

RMB'000	Other timing differences arising from capitalised interest	Fair value changes	Total
At 1 January 2014	(340,571)	(1,423,598)	(1,764,169)
(Charged)/credited to the consolidated statement of comprehensive income			
— Change in applicable rate due to change in the expected manner of recovery on several investment properties	—	(476,764)	(476,764)
— Others	(31,956)	35,811	3,855
At 31 December 2014	(372,527)	(1,864,551)	(2,237,078)
(Charged)/credited to income tax expenses	**(68,980)**	**28,957**	**(40,023)**
Charged as other comprehensive income	**—**	**(315,909)**	**(315,909)**
At 31 December 2015	**(441,507)**	**(2,151,503)**	**(2,593,010)**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2015

21 Deferred income tax *(Continued)*

Deferred income tax assets are recognised for tax losses carried forward to the extent that the realisation of the related benefit through future taxable profits is probable. As at 31 December 2015, the Group did not recognise deferred income tax assets of RMB506,718,000 (2014: RMB156,274,000) in respect of tax losses of approximately RMB2,026,872,000 (2014: RMB625,097,000) as there are uncertainties as to whether assessable profits will be available in the foreseeable future to utilise such tax losses. These tax losses will expire in the following years:

RMB'000	**2015**	2014
2015	—	7,854
2016	**48,656**	48,656
2017	**40,235**	40,235
2018	**181,549**	181,549
2019	**346,803**	346,803
2020	**1,409,629**	—
	2,026,872	625,097

Pursuant to the relevant PRC corporate income tax rules and regulations, withholding tax is imposed on dividends declared in respect of profits earned by the Group's PRC subsidiaries from 1 January 2008. Deferred income tax liabilities of RMB756,442,000 (2014: RMB825,068,000) have not been provided for in these consolidated financial statements in respect of temporary differences attributable to accumulated profits of the Group's PRC subsidiaries as the Group controls the dividend policy of these PRC subsidiaries and it is probable that these temporary differences will not be reversed in the foreseeable future.

22 Share capital and share premium

	Number of ordinary shares	Nominal value of ordinary shares HK$	Equivalent nominal value of ordinary shares RMB'000	Share premium RMB'000	Total RMB'000
Authorised:					
Ordinary shares of HK$0.01 each at 1 January 2014, 31 December 2014 and 31 December 2015	**38,000,000,000**	**380,000,000**			
Issued:					
Ordinary shares of HK$0.01 each at 1 January 2014, 31 December 2014 and 31 December 2015	**7,792,645,623**	**77,926,456**	**68,745**	**7,822,982**	**7,891,727**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2015

23 Reserves

(a) Merger reserve

Merger reserve arose from merger accounting for the reorganisation of the Group completed in 2007.

(b) Statutory reserve

In accordance with the relevant regulations and their articles of association, the Company's subsidiaries incorporated in the PRC are required to allocate at least 10% of their after-tax profit according to PRC accounting standards and regulations to the general statutory reserve until such reserve has reached 50% of registered capital. Appropriations to the enterprise expansion fund and staff welfare and bonus fund are at the discretion of the respective board of directors of the subsidiaries. These reserves can only be used for specific purposes and are not distributable or transferable in the form of loans, advances, or cash dividends. During the year ended 31 December 2015, appropriation to the general statutory reserve amounted to RMB700,000 (2014: RMB6,404,000).

24 Other income

RMB'000	**2015**	2014
Interest income	**35,526**	33,017
Rental income (note 7)	**35,009**	31,426
Others	**3,142**	6,101
	73,677	70,544

25 Other losses, net

RMB'000	**2015**	2014
Fair value changes of investment properties	**(59,093)**	(143,244)
Gain from disposal of non-current assets classified as held for sale	**22,228**	—
Exchange loss, net	**(258,539)**	(21,445)
	(295,404)	(164,689)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2015

26 Expenses by nature

Loss before income tax is stated after charging the following:

RMB'000	2015	2014
Auditors' remuneration		
— Audit services	**11,205**	10,472
— Non-audit services	**147**	153
Advertising costs	**27,816**	46,428
Business taxes and other levies	**133,418**	236,035
Costs of properties sold	**2,473,766**	3,844,252
Provision for impairment of properties under development and completed properties held for sale (a)	**1,713,860**	1,138,819
Provision for impairment of other receivables and prepayments	**26,000**	894,323
Write-off of prepayments (b)	**125,000**	—
Depreciation (note 6)	**14,005**	19,363
Staff costs — excluding directors' emoluments (note 28)	**136,994**	134,721
Rental expenses	**33,901**	41,016

(a) For the year ended 31 December 2015, included in this amount were late payment penalty surcharges amounting to RMB719,120,000 payable to a local government authority relating to a land use right acquisition. The Group paid RMB759,589,000, which was included in "prepayments for land premium", in respect of the land acquisition with a remaining balance of RMB502,872,000 which was due but not yet settled. Since the local government had modified the related land usage plan, the Group did not settle that remaining consideration in previous years, and legal action was taken against that local government authority. In December 2015, the Group decided to withdraw its legal action and accrued a late payment surcharges provision in accordance with the penalty clauses in the original sales and purchase agreement.

(b) The write-off of prepayments represents the forfeiture of a guarantee deposit of land acquisition as the full consideration was not paid within the agreed timeframe (note 14).

27 Finance costs

RMB'000	2015	2014
Interest expenses		
— Bank borrowings	**2,845,114**	2,044,687
— Senior Notes due 2015	**206,756**	278,072
— Senior Notes due 2018	**338,208**	304,486
— Others	**62,546**	25,787
Total interest expenses	**3,452,624**	2,653,032
Less: interest capitalised on qualifying assets	**(2,131,986)**	(2,512,204)
	1,320,638	140,828

Borrowing costs on the loans used to finance the property development projects of the Group have been capitalised in properties under development, property, plant and equipment and investment properties, at a capitalisation rate of 11.0% during the year (2014: 12.0%).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2015

28 Staff costs — excluding directors' emoluments

RMB'000	2015	2014
Wages and salaries	**108,407**	101,054
Retirement scheme contribution	**13,326**	14,002
Staff welfare	**5,053**	9,003
Other allowances and benefits	**10,208**	10,662
	136,994	134,721

(a) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for the year ended 31 December 2015 include 2 directors (2014: 4 directors whose emoluments are disclosed in note 38). The emoluments payable to the remaining 3 individuals (2014: 1 individual) for the year ended 31 December 2015 are as follows:

RMB'000	2015	2014
Salaries and other short-term benefits	**4,123**	4,974
Retirement scheme contribution	**98**	13
	4,221	4,987

The emoluments fell within the following bands:

	2015	2014
RMB1,000,000 to RMB1,500,000	**2**	—
RMB1,500,001 to RMB2,000,000	**1**	—
RMB4,500,001 to RMB5,000,000	**—**	1
	3	1

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2015

29 Income tax expenses

RMB'000	2015	2014
Current income tax		
— PRC corporate income tax	**33,028**	11,904
— PRC land appreciation tax	**(6,774)**	129,705
	26,254	141,609
Deferred income tax (note 21)		
— Origination and reversal of temporary differences	**59,072**	389,229
	59,072	389,229
	85,326	530,838

The income tax on the Group's loss before income tax differs from the theoretical amount that would arise using the enacted tax rate of the home country of the companies comprising the Group as follows:

RMB'000	2015	2014
Loss before income tax	**(3,888,013)**	(2,635,569)
Calculated at PRC corporate income tax rate of 25%	**(972,003)**	(658,892)
Expenses not deductible for tax purposes	**682,505**	532,516
Income not taxable for tax purposes	**(603)**	(7,744)
Tax losses not recognised as deferred income tax assets	**352,407**	86,701
Provision for land appreciation tax	**(6,774)**	129,705
Tax effect on land appreciation tax	**1,693**	(32,426)
Expiration of tax losses previously recognised as deferred tax assets	**28,101**	—
Effect of re-measurement of deferred tax due to change in the expected manner of recovery of the carrying value of certain investment properties	**—**	476,764
Others	**—**	4,214
Income tax expenses	**85,326**	530,838

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2015

29 Income tax expenses *(Continued)*

PRC corporate income tax is provided at the rate of 25% for each of the years ended 31 December 2014 and 2015 of the profits for the PRC statutory financial reporting purpose, adjusted for those items which are not assessable or deductible for PRC corporate income tax purpose.

No Hong Kong profits tax has been provided for the years ended 31 December 2014 and 2015 as there is no assessable profit for these years.

PRC land appreciation tax ("LAT") is levied at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds of sales of properties less deductible expenditures including lease charges of land use rights and all property development expenditures, which is included in the consolidated statement of comprehensive income as income tax. The Group has estimated the tax provision for LAT according to the requirements set forth in the relevant PRC tax laws and regulations. The actual LAT liabilities are subject to the determination by the tax authorities upon completion of the property development projects and the tax authorities might disagree with the basis on which the provision for LAT is calculated.

30 Loss per share

(a) Basic

Basic loss per share is calculated by dividing the loss attributable to the owners of the Company by the weighted average number of ordinary shares in issue during the year.

	2015	2014
Loss attributable to the owners of the Company (RMB'000)	**(3,877,922)**	(2,995,989)
Weighted average number of ordinary shares in issue (thousands)	**7,792,646**	7,792,646

(b) Diluted

Diluted loss per share is calculated by adjusting the weighted average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares. For each of the years ended 31 December 2014 and 2015, the Company's share options had no dilutive effect, as the relevant exercise price was higher than the average market price of the Company's shares for the period when the options are outstanding.

31 Dividend

The Board has resolved not to recommend for shareholders' approval at its forthcoming annual general meeting on 31 May 2016 the payment of a final dividend for the year ended 31 December 2015 (2014: Nil).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2015

32 Notes to Consolidated Statement of Cash Flows

Reconciliation of loss for the year to cash generated from/(used in) operations

RMB'000	Note	2015	2014
Loss for the year		**(3,973,339)**	(3,166,407)
Adjustments for:			
Share of profit of an associate		**(123)**	(1,202)
Share of (profit)/loss of a joint venture		**(264,429)**	11,523
Income tax expenses	29	**85,326**	530,838
Interest income	24	**(35,526)**	(33,017)
Interest expenses	27	**1,320,638**	140,828
Fair value changes of investment properties	25	**59,093**	143,244
Depreciation	6	**14,005**	19,363
Gain on disposal of non-current assets classified as held for sale	25	**(22,228)**	—
Losses/(gains) on disposals of property, plant and equipment		**855**	(195)
Exchange loss, net	25	**258,539**	21,445
Provision for impairment of properties under development and completed properties held for sale	26	**1,713,860**	1,138,819
Provision for impairment of other receivables and prepayments	26	**26,000**	894,323
Write-off of prepayments	26	**125,000**	—
Changes in working capital:			
Properties under development and completed properties held for sale		**546,276**	928,297
Inventories		**—**	5,143
Restricted cash		**(224,828)**	(15,031)
Trade and other receivables and prepayments		**(134,560)**	(1,314,212)
Investment in and loan to a joint venture		**468,664**	420,711
Trade and other payables		**474,323**	(73,696)
Advanced proceeds received from customers		**1,784,420**	(640,839)
Cash generated from/(used in) operations		**2,221,966**	(990,065)

There is no major non-cash transaction during each of the years ended 31 December 2014 and 2015.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2015

33 Commitments

(a) Commitments for capital and property development expenditures

RMB'000	2015	2014
Contracted but not provided for		
Land use rights	**545,736**	870,884
Property development expenditures	**4,092,535**	5,264,609
— Shanghai Ditong	**2,445,431**	2,960,581
— Third parties	**1,647,104**	2,304,028
Construction materials	**31,051**	31,818
	4,669,322	6,167,311

As at 31 December 2015, the Group's share of commitment of the joint venture (note 10) is RMB113,544,000 (2014: RMB174,160,000).

(b) Operating lease commitments

The future aggregate minimum lease payments under non-cancellable operating leases in respect of land and buildings are as follows:

RMB'000	2015	2014
No later than 1 year	**12,494**	19,434
Later than 1 year and no later than 5 years	**3,064**	11,765
	15,558	31,199

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2015

34 Related party transactions

As at 31 December 2015, Best Era International Limited, Market Victor Limited, Novel Ventures Limited, Island Century Limited and Well Advantage Limited held, in aggregate, 68.4% of the issued share capital of the Company. These five companies are all wholly-owned directly or indirectly by Mr. Zhang Zhi Rong, The remaining 31.6% of the Company's issued shares are widely held. The ultimate controlling party of the Company is Mr. Zhang Zhi Rong.

The following transactions were carried out with related parties:

(a) Purchase of services

RMB'000	2015	2014
Purchase of construction services from:		
— Shanghai Ditong Construction (Group) Co., Ltd. ("Shanghai Ditong") a company controlled by close family member of the ultimate controlling party	**958,482**	1,156,971
Purchase of property design services from an associate	**16,587**	12,609

(b) Balances with related parties

As at 31 December 2014 and 2015, the Group had the following significant balances with related parties:

RMB'000	2015	2014
Balances included in current assets:		
Prepayments to related companies for construction costs or purchase of services — included in "Prepayments"		
— Shanghai Ditong	**952,608**	1,180,981
— Other related companies	**5,372**	2,290
	957,980	1,183,271
Loan to a joint venture	**1,209,741**	1,422,370
Balances included in current liabilities:		
Trading balances — included in "Trade payables"		
— Other related companies	**11,500**	19,820

Except for the loan to a joint venture, the terms of which are disclosed in note 10(a), as at 31 December 2014 and 2015, all other balances with related parties were unsecured, interest free and repayable on demand or to be settled according to the relevant trading terms, as appropriate.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2015

34 Related party transactions *(Continued)*

(c) Key management compensation

RMB'000	**2015**	2014
Salaries and other short-term employee benefits	**12,003**	14,388
	12,003	14,388

35 Financial guarantees

The Group has arranged bank financing for certain purchasers of the Group's property units and provided guarantees to secure obligations of such purchasers for repayments. Such guarantees terminate upon the earlier of (i) issuance of the real estate ownership certificate which will generally be available within an average period of one to two years upon the completion of guarantee registration; or (ii) the full repayment of mortgaged loan by the purchasers of properties.

Pursuant to the terms of the guarantees, upon default in mortgage payments by these purchasers, the Group is responsible to repay the outstanding mortgage principals together with accrued interest and penalty owed by the defaulted purchasers to the banks and the Group is entitled to retain the legal title and take over possession of the related properties. The Group's guarantee period starts from the dates of grant of the mortgages. As at 31 December 2015, the amount of outstanding guarantees for mortgages were approximately RMB7,270,468,000 (2014: RMB7,194,310,000).

The directors consider that the likelihood of default in payments by purchasers is minimal and as the Group is entitled to retain the ownership of the properties, the valuation of which is significantly higher than the guaranteed amounts, the financial guarantees measured at fair value is immaterial.

36 Share option schemes

(a) Pre-IPO share option scheme

Pursuant to a resolution in writing passed by all the shareholders of the Company on 9 September 2009, the Company conditionally approved and adopted a pre-IPO share option scheme (the "Pre-IPO Share Option Scheme"). By the same resolution, the Company granted 84,000,000 share options to its directors and employees which are exercisable for a ten-year period from the grant date under the following terms:

(i) the exercise price per share shall be equal to 60% discount to the initial public offering price;

(ii) 20% of the total number of shares will become exercisable on 2 October 2009 (the "Listing Date"). The remaining 80% of share options will become exercisable in four equal instalments, 20% of the total number of shares will become exercisable on the first anniversary of the Listing Date with a further 20% to become exercisable on each subsequent anniversary.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2015

36 Share option schemes *(Continued)*

(a) Pre-IPO share option scheme *(Continued)*

The fair value of the employee services received in exchange for the grant of the share options is recognised as an expense, with a corresponding adjustment to employee share-based compensation reserve over the vesting period. At the end of each reporting period, the Company revises its estimates of the number of options that are expected to vest. It recognises the impact of the revision to original estimates, if any, in the consolidated statement of comprehensive income, with a corresponding adjustment to equity. There was no share-based compensation expenses for the year ended 31 December 2014 and 2015.

Each share option gives the holder the right to subscribe for one ordinary share of the Company.

Movement of Pre-IPO Share Option Scheme during the year ended 31 December 2014 and 2015 is as follows:

	Exercise Price (HK$)	Number of options
At 1 January 2014	1.76	74,000,000
Lapsed	1.76	(5,000,000)
At 31 December 2014 and 31 December 2015	**1.76**	**69,000,000**

All of the outstanding share options as at 31 December 2015 were exercisable and will expire by 8 September 2019.

The weighted average fair value granted in 2009 determined using the Binomial option pricing model was HK$3.05 per option. The significant inputs to the model were as follows:

Assumptions	
Volatility	73.85%
Dividend yield	1.70%
Annual risk-free rate	2.356%
Expected option life	10 years

The volatility measured at the standard deviation of expected share price returns is based on statistical analysis of daily share prices over the past three years of similar listed companies.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
31 December 2015

36 Share option schemes *(Continued)*

(b) Share option scheme

Pursuant to the aforementioned resolution in writing passed by all the shareholders of the Company on 9 September 2009, the Company adopted a share option scheme on 9 September 2009 ("Share Option Scheme"). The purpose of the share option scheme is to provide incentives to the Group's employees including the executive directors and non-executive directors (each a "participant"). The Board may, at any time within 10 years after the date of adoption of the Share Option Scheme, make an offer to any participant. The subscription price for shares granted pursuant to the Share Option Scheme is the highest of:

— the closing price of the shares of the Company on the Hong Kong Stock Exchange on the business day on which an offer is made to a participant;

— the average of the closing prices of the shares on the Hong Kong Stock Exchange for the five business days immediately preceding the date on which such offer is made; and

— the nominal value of the shares of the Company.

The total number of shares which may be issued upon exercise of all options granted under the Share Option Scheme must not, in aggregate, exceed 10% of the issued share capital of the Company at the date of approval of the share option scheme. The 10% limit may be refreshed with the approval by ordinary resolution of the Company's shareholders. The maximum number of shares which may be issued upon exercise of all outstanding options granted, and yet to be exercised, under the Share Option Scheme must not exceed 30% of the Company's issued share capital.

The total number of shares issued and to be issued upon exercise of all options granted under the Share Option Scheme to each participant (including both exercised, cancelled and outstanding options) in any 12-month period shall not exceed 1% of the total number of issued shares of the Company. If shares issued and to be issued upon exercise of all options granted under the Share Option Scheme (including options exercised, cancelled and outstanding) to a participant who is a substantial shareholder or an independent non-executive director of the Company in any 12-month period, (i) represent in aggregate more than 0.1% of the total number of shares in issue and (ii) have an aggregate value, based on the closing price of the shares of the Company at the date of each grant, in excess of HK$5,000,000, the proposed grant of option must be approved by the Company's shareholders by poll in a general meeting.

The exercise period of any option granted under the Share Option Scheme shall not be longer than 10 years from the date of grant of the relevant option. The Board has the authority to determine the minimum period for which an option must be held before it can vest.

As at 31 December 2015, no share options have been granted under the Share Option Scheme (2014: Nil).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2015

37 Balance sheet and reserves movement of the Company

RMB'000	Note	**2015**	2014
Non-current assets			
Interests in subsidiaries		**9,139,099**	9,446,530
Property and equipment		**—**	4
		9,139,099	9,446,534
Current assets			
Prepayments		**87**	190
Cash and cash equivalents		**324**	2,425
		411	2,615
Total assets		**9,139,510**	9,449,149
Current liabilities			
Trade and other payables		**17,071**	9,838
Amounts due to subsidiaries		**819,492**	501,990
Borrowings		**4,745,079**	4,548,431
		5,581,642	5,060,259
Total liabilities		**5,581,642**	5,060,259
EQUITY			
Capital and reserves attributable to the owners of the Company			
Share capital		**68,745**	68,745
Share premium		**7,822,982**	7,822,982
Reserves	(a)	**(4,333,859)**	(3,502,837)
Total equity		**3,557,868**	4,388,890
Total liabilities and equity		**9,139,510**	9,449,149

Approved by the Board on 15 April 2016 and signed on its behalf by

Ding Xiang Yang
Director

Xia Jing Hua
Director

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2015

37 Balance sheet and reserves movement of the Company *(Continued)*

(a) Reserves movement of the Company

RMB'000	Other reserve (note (i))	Employee share-based compensation reserve	Accumulated losses	Total
Balance at 1 January 2014	264,317	201,795	(3,347,671)	(2,881,559)
Total comprehensive loss for the year	—	—	(621,278)	(621,278)
Balance at 31 December 2014	**264,317**	**201,795**	**(3,968,949)**	**(3,502,837)**
Total comprehensive loss for the year	**—**	**—**	**(831,022)**	**(831,022)**
Balance at 31 December 2015	**264,317**	**201,795**	**(4,799,971)**	**(4,333,859)**

(i) Other reserve

It represents the 0.7% and 0.5% equity interests in the Company contributed by Best Era International Limited, the immediate holding company of the Company and is wholly-owned by Mr. Zhang Zhi Rong, in connection with the Group's financing activities in 2007 and 2009 respectively.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2015

38 Directors' benefits and interests and senior management's emoluments

(a) Directors' emoluments

The remuneration of each of the directors disclosed pursuant to section 383 of the Hong Kong Companies Ordinance (Cap. 622) and the Companies (Disclosure of Information about Benefits of Directors) Regulation (Cap. 622G) are set out below:

For the year ended 31 December 2015

RMB'000	Fee	Salaries, allowance and benefits in kind	Bonus	Employer's contribution to retirement scheme	Other benefits	Total
Executive (i):						
Mr. Cheng Li Xiong	—	6,919	—	69	731	7,719
Mr. Ding Xiang Yang	—	2,138	—	54	89	2,281
Mr. Xia Jing Hua	—	859	—	54	89	1,002
Mr. Yan Zhi Rong	—	859	—	54	89	1,002
Independent non-executive director:						
Mr. Liu Shun Fai (iv)	166	—	—	—	—	166
Mr. Wo Rui Fang	402	—	—	—	—	402
Mr. Han Ping	402	—	—	—	—	402
Prof. Liu Tao (v)	135	—	—	—	—	135

For the year ended 31 December 2014

RMB'000	Fee	Salaries, allowance and benefits in kind	Bonus	Employer's contribution to retirement scheme	Other benefits	Total
Executive director (i):						
Mr. Cheng Li Xiong	—	6,973	—	63	793	7,829
Mr. Ding Xiang Yang	—	1,797	—	50	28	1,875
Mr. Liu Ning (ii)	—	114	—	4	2	120
Mr. Xia Jing Hua	—	997	—	50	28	1,075
Mr. Yan Zhi Rong	—	997	—	50	28	1,075
Mr. Yu Xiu Yang (iii)	—	413	—	—	—	413
Independent non-executive director:						
Mr. Yim Ping Kuen (iii)	157	—	—	—	—	157
Mr. Liu Shun Fai (iv)	379	—	—	—	—	379
Mr. Wo Rui Fang	379	—	—	—	—	379
Mr. Han Ping	379	—	—	—	—	379

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 December 2015

38 Directors' benefits and interests and senior management's emoluments *(Continued)*

(a) Directors' emoluments *(Continued)*

(i) The Company's executive directors represent all of the Company's chief executives. Accordingly, no separate disclosure in respect of the remuneration of the chief executives is made in the financial statements.

(ii) Mr. Liu Ning resigned as the Company's executive director and chief executive officer from 5 February 2014.

(iii) Mr. Yu Xiu Yang retired as the Company's executive director and Mr. Yim Ping Kuen retired as the Company's independent non-executive director from 30 May 2014.

(iv) Mr. Liu Shun Fai resigned as the Company's independent non-executive director from 30 May 2015.

(v) Prof. Liu Tao was appointed as the Company's independent non-executive director on 17 September 2015.

(b) Other directors' benefits and interest

During the years ended 31 December 2015 and 2014, there were:

(i) no other retirement benefits paid to the directors;

(ii) no termination on the appointment of directors and thus no payments was made as compensation for the early termination of appointment;

(iii) no consideration was provided to third parties for making available directors' services;

(iv) no loans, quasi-loans and other dealings were entered into by the Company or any of its subsidiaries in favour of the directors, their controlled bodies corporate and their connected entities; and

(v) no significant transactions, arrangements and contracts in relation to the Group's business to which the Company was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

(c) During each of the years ended 31 December 2014 and 2015, no director received any emoluments from the Group as an inducement to join or leave the Group or compensation for loss of office, no director waived or has agreed to waive any emoluments.

FIVE-YEAR FINANCIAL SUMMARY

Consolidated results

RMB'000	2011	2012	2013	2014	**2015**
Revenue	9,585,443	8,384,740	8,217,194	4,263,341	**2,340,198**
Cost of sales	(5,788,246)	(6,463,366)	(7,166,239)	(5,219,106)	**(4,321,044)**
Gross profit/(loss)	3,797,197	1,921,374	1,050,955	(955,765)	**(1,980,846)**
Other income	182,695	82,043	101,634	70,544	**73,677**
Other gains/(losses), net	724,419	520,077	298,587	(164,689)	**(295,404)**
Selling and marketing expenses	(240,998)	(235,457)	(269,759)	(137,245)	**(99,603)**
Administrative expenses	(435,957)	(405,582)	(471,108)	(1,297,265)	**(529,751)**
Finance costs	(2,526)	(8,326)	(2,548)	(140,828)	**(1,320,638)**
Share of profit/(loss) of an associate	338	(1,704)	(2,879)	1,202	**123**
Share of loss of a joint venture	(4,143)	(3,382)	(7,068)	(11,523)	**264,429**
Profit/(loss) before income tax	4,021,025	1,869,043	697,814	(2,635,569)	**(3,888,013)**
Income tax expenses	(1,811,944)	(790,855)	(409,284)	(530,838)	**(85,326)**
Profit/(loss) for the year	2,209,081	1,078,188	288,530	(3,166,407)	**(3,973,339)**
Profit/(loss) for the year attributable to:					
— the owners of the Company	2,215,654	1,081,631	292,074	(2,995,989)	**(3,877,922)**
— non-controlling interests	(6,573)	(3,443)	(3,544)	(170,418)	**(95,417)**
	2,209,081	1,078,188	288,530	(3,166,407)	**(3,973,339)**
Earnings/(loss) per share for profit/(loss) attributable to the owners of the Company (expressed in RMB per share)					
— Basic	0.28	0.14	0.04	(0.38)	**(0.50)**
— Diluted	0.28	0.14	0.04	(0.38)	**(0.50)**
Dividend	—	—	—	—	**—**
Dividend per share (expressed in RMB per share)	—	—	—	—	**—**

FIVE-YEAR FINANCIAL SUMMARY

Assets and liabilities

RMB'000	2011	2012	2013	2014	**2015**
Total non-current assets	11,591,256	14,030,720	15,955,781	14,380,627	**18,525,842**
Total current assets	39,112,911	38,596,456	38,018,942	39,544,735	**38,835,857**
Total assets	50,704,167	52,627,176	53,974,723	53,925,362	**57,361,699**
Total non-current liabilities	7,076,858	11,361,320	15,532,354	8,784,868	**3,216,061**
Total current liabilities	25,282,613	21,824,051	18,705,297	28,578,229	**40,608,982**
Total liabilities	32,359,471	33,185,371	34,237,651	37,363,097	**43,825,043**
Net assets	18,344,696	19,441,805	19,737,072	16,562,265	**13,536,656**

PARTICULARS OF MAJOR PROPERTIES HELD

Name of property		Location	Type	Interest attributable to the Group: Percentage	Interest attributable to the Group: Approximate GFA (sq.m.)	Interest attributable to the Group: Approximate number of carparks	Lease term
A.	**Major properties held for investment by the Group**						
1.	Chateau De Paris	No.2093 Xietu Road, Xuhui District, Shanghai	Commercial	100%	15,559	342	Long term
2.	Sunshine Venice (Phases I, II & IIIA, B)	South of Taopu Road, west of Qilianshan Road, Shanghai	Commercial	100%	34,042	1,240	Long term
3.	Sunshine Venice (Phase IIIC)	South of Taopu Road, west of Qilianshan Road, Shanghai	Commercial	100%	58,718	—	Long term
4.	Shanghai Bay (Phase III) – Binjiang Center (North block)	No. 1441 Wanping South Road, Shanghai	Commercial/ Office	100%	110,832	362	Long term
5.	Shanghai Bay (Phase III) – Binjiang Center (South block)	No. 1441 Wanping South Road, Shanghai	Commercial/ Office	100%	123,388	307	Long term
6.	Sunglow Xinjing	No. 259 Tiandeng Road, Shanghai	Commercial	100%	2,076	81	Long term
7.	Caohejing Project	No. 292 Caohejing Road, Shanghai	Commercial/ Office/Hotel	100%	115,031	450	Long term
8.	Zhongcaoxincun Project	No. 143 Xujiahui Road, Shanghai	Commercial/ Office	100%	88,615	340	Long term
9.	Sunny Town (Shenyang Glorious Plaza)	No. 181, Nujiang North Street, Yuhong District, Shenyang, Liaoning Province	Commercial	100%	119,391	178	Long term
10.	Sunshine Holiday (Phase IV)	Intersection of Taixing South Road and Chenyang Road,Hedong District, Tianjin	Commercial	100%	35,906	180	Long term
11.	Tianjin Glorious Plaza	Intersection of Taixing South Road and Chenlin Road, Hedong District, Tianjin	Commercial	100%	15,770	575	Long term
12.	Changchun Villa Glorious (West) (Phase I)	East to Chaoran Street, south to Guihua Road, west to Chaoqun Street, north to Yisi Road, New and High-tech District, Changchun	Commercial	100%	21,397	200	Long term
13.	Hefei Bashangjie Project	Southwest intersection of Mingguang Road and Changjiang East Road, Hefei, Anhui Province	Commercial/ Office/Hotel	100%	700,203	3,800	Long term
14.	Nanjing Royal Bay (Land parcels C and D)	The southern end of Gulou District, Nanjing	Commercial	60%	30,584	1,099	Long term
15.	Nantong Glorious Plaza	South of Shiji Avenue and east of Gongnong Road, Nantong, Jiangsu Province	Commercial/ Office/Hotel	100%	297,486	1,196	Long term
	Subtotal				**1,768,998**	**10,350**	

PARTICULARS OF MAJOR PROPERTIES HELD

	Name of property	Location	Type	Percentage	Interest attributable to the Group: Approximate GFA (sq.m.)	Interest attributable to the Group: Approximate site area (sq.m.)	Interest attributable to the Group: Approximate number of carparks	Stage of completion	Anticipated completion date
B.	**Major projects under development and planning held by the Group**								
1.	Shanghai Bay (Phase IIB)	No. 1441 Wanping South Road, Shanghai	Residential/ Commercial	100%	444,255	178,734[1]	1,151	Main structure under construction	August 2017 to December 2019 in stages
2.	Royal Lakefront (Phase IB)	Jinhai Road, Zefeng Road and Wangyuan Road, Fengxian District, Shanghai	Commercial	100%	22,750	118,307[2]	200	Under planning	July 2017
	Royal Lakefront (Phase II)	Jinhai Road, Zefeng Road and Wangyuan Road, Fengxian District, Shanghai	Commercial	100%	89,540	161,388	890	Under planning	July 2018
3.	Sunshine Venice (Phase IV)	South of Taopu Road and west of Qilianshan Road, Shanghai	Residential	100%	68,225	429,929[3]	322	Under planning	December 2018
4.	Shanghai City Glorious (Phase I)	West of Gaojing Road, east of Jiangyang South Road, south of the planned extension of 128 Jinian Road and north of Yingao Road, Baoshan District, Shanghai	Residential/ Commercial	100%	51,577	315,588[4]	1,551	Main structure and amenities under construction	October 2016
	Shanghai City Glorious (Phase II)	West of Gaojing Road, east of Jiangyang South Road, south of the planned extension of 128 Jinian Road and north of Yingao Road, Baoshan District, Shanghai	Residential/ Commercial	100%	147,231	315,588[4]	1,248	Main structure under construction	October 2016 to August 2017 in stages
5.	Glorious Xinyamingdi	South of Jiefang East Road, West of planned Xianzheng Raod, Nanqiao New City, Shanghai	Residential	100%	131,424	40,880	996	Foundation under construction	November 2017

Notes:
(1) The site area includes all of the site areas of Shanghai Bay Phase II.
(2) The site area includes all of the site areas of Royal Lakefront Phases IA and IB.
(3) The site area includes all of the site areas of Sunshine Venice Phases I to IV.
(4) The site area includes all of the site areas of Shanghai City Glorious Phases I and II.

PARTICULARS OF MAJOR PROPERTIES HELD

	Name of property	Location	Type	Percentage	Interest attributable to the Group: Approximate GFA (sq.m.)	Approximate site area (sq.m.)	Approximate number of carparks	Stage of completion	Anticipated completion date
6.	Hefei Royal Garden	Southeast intersection of Mengcheng Road and Lianshui Road, Hefei	Hotel	100%	20,000	150,001(5)	120	Under planning	December 2018
7.	Hefei Bashangjie Project (Land parcel A1)	Southwest intersection of Mingguang Road and Changjiang East Road, Hefei, Anhui Province	Residential/ Commercial	100%	747,005	118,929(6)	4,555	Under planning	November 2019 to July 2021 in stages
	Hefei Bashangjie Project (Land parcel A2, Phase 1.1)	Southwest intersection of Mingguang Road and Changjiang East Road, Hefei, Anhui Province	Residential/ Commercial	100%	183,827	118,929(6)	1,668	Preparing to completion	January 2016
	Hefei Bashangjie Project (Land parcel A2, Phase 1.2)	Southwest intersection of Mingguang Road and Changjiang East Road, Hefei, Anhui Province	Residential/ Commercial	100%	83,524	118,929(6)	734	Main structure under construction	March 2018 to August 2018 in stages
	Hefei Bashangjie Project (Land parcel A2, Phase 1.3)	Southwest intersection of Mingguang Road and Changjiang East Road, Hefei, Anhui Province	Residential/ Commercial	100%	145,976	118,929(6)	522	Under planning	July 2021
8.	No.1 City Promotion (Phase IV)	North of Wangzhuang East Road, south of Xinguang Road, east of Xixing Road and west of Chunhua Road, Wuxi New District, Wuxi, Jiangsu Province	Residential/ Commercial	100%	68,088	28,662	480	Under planning	July 2018
9.	Nantong Royal Bay (Land parcel No. 5)	West of Gongnong Road and south of Hongqiao Road, Nantong, Jiangsu Province	Residential/ Commercial	100%	196,941	244,524(7)	1,049	Under planning	December 2019
10.	Nanjing Royal Bay (Phase II to IV)	The southern end of Gulou District, Nanjing	Residential/ Commercial	60%	509,360	109,244	3,011	Foundation, main structure and interior decoration under construction	September 2017 to December 2019 in stages

Notes:

(5) The site area includes all of the site areas of Hefei Royal Garden Phases I to III.

(6) The site area includes all of the site areas of land parcels A1 and A2 of Hefei Bashangjie Project.

(7) The site area includes all of the site areas of Nantong Royal Bay Land parcels No. 3 and No. 5.

PARTICULARS OF MAJOR PROPERTIES HELD

	Name of property	Location	Type	Percentage	Interest attributable to the Group: Approximate GFA (sq.m.)	Approximate site area (sq.m.)	Approximate number of carparks	Stage of completion	Anticipated completion date
11.	Royal Mansion (Phase II)	The fourth Zone, Yuhaiyuan Small District, Yuquan Road, Haidian District, Beijing	Residential/ Commercial	100%	90,406	34,850	180	Under planning	November 2018
12.	Sunny Town	No. 181 Nujiang North Street, Yuhong District, Shenyang, Liaoning Province	Commercial	100%	8,034	3,214	56	Under planning	October 2016
13.	Tianjin Royal Bay Seaside (North)	Guangang Forest Park, Dagang District, Tianjin	Residential	100%	330,345	312,704	1,267	Under planning	December 2019
	Tianjin Royal Bay Seaside (East)	Guangang Forest Park, Dagang District, Tianjin	Residential	100%	345,349	366,667	1,738	Under planning	December 2019
	Tianjin Royal Bay Seaside (West Phase II)	Guangang Forest Park, Dagang District, Tianjin	Residential	100%	160,534	216,700(8)	1,242	Under planning	December 2019
14.	Tianjin Royal Bay Lakeside (Phases I-IV)	The eastern part of Tuanbohu, Jinghai County, Tianjin	Residential/ Commercial	70%	1,567,303	1,196,000	7,087	Under planning	In stages starting December 2018
15.	Changchun Villa Glorious (West) (Land parcel A, Phase III)	East to Chaofan Street, south to New and High-tech Reserve Center, west to Chaoran Street and north to Yisi Road, New and High-tech District, Changchun	Residential/ Commercial	100%	115,670	516,768(9)	609	Under planning	June 2018

Notes:
(8) The site area includes all of the site areas of Tianjin Royal Bay Seaside West.
(9) The site area includes all of the site areas of the East and West parts of Changchun Villa Glorious.

PARTICULARS OF MAJOR PROPERTIES HELD

	Name of property	Location	Type	Percentage	Interest attributable to the Group: Approximate GFA (sq.m.)	Interest attributable to the Group: Approximate site area (sq.m.)	Interest attributable to the Group: Approximate number of carparks	Stage of completion	Anticipated completion date
	Changchun Villa Glorious (West) (Land parcel A, Phase IV)	East to Chaofan Street, south to New and High-tech Reserve Center, west to Chaoran Street and north to Yisi Road, New and High-tech District, Changchun	Residential/ Commercial	100%	167,969	516,768(9)	773	Under planning	June 2018
	Changchun Villa Glorious (West) (Land parcel B, Phase I)	East to Chaofan Street, south to New and High-tech Reserve Center, west to Chaoran Street and north to Yisi Road, New and High-tech District, Changchun	Residential/ Commercial	100%	130,603	516,768(9)	600	Under planning	November 2018
	Changchun Villa Glorious (West) (Land parcel B, Phase II)	East to Chaofan Street, south to New and High-tech Reserve Center, west to Chaoran Street and north to Yisi Road, New and High-tech District, Changchun	Residential/ Commercial	100%	40,648	516,768(9)	300	Under planning	November 2018
16.	Dalian Plot No. 200	Bali Village, Xianjin Street, Jinzhou New District, Dalian	Residential/ Commercial	70%	344,000	121,153	1,224	Under planning	October 2019
	Subtotal				**6,623,436**		**35,418**		

Notes:

(9) The site area includes all of the site areas of the East and West parts of Changchun Villa Glorious.

PARTICULARS OF MAJOR PROPERTIES HELD

	Name of property	Location	Type	Interest attributable to the Group: Percentage	Approximate GFA (sq.m.)	Approximate number of carparks
C.	**Major properties available for sale held by the Group**					
1.	Shanghai Park Avenue	No. 389 Anshun Road, Changning District, Shanghai	Residential/ Commercial	100%	26,451	335
2.	Chateau De Paris	No. 2143 Xietu Road, Xuhui District, Shanghai	Residential/ Commercial	100%	4,809	89
3.	Sunshine Venice	South of Taopu Road, west of Qilianshan Road, Shanghai	Residential	100%	21,819	240
4.	Shanghai Bay (Phase I & II)	No. 1441 Wanping South Road, Shanghai	Residential/ Commercial	100%	63,472	222
5.	Shanghai City Glorious (Phase I & Phase II)	West of Gaojing Road, east of Jiangyang South Road, south of the planned extension of 128 Jinian Road and north of Yingao Road, Baoshan District, Shanghai	Residential/ Commercial	100%	40,681	—
6.	No.1 City Promotion	North of Wangzhuang East Road, south of Xinguang Road, east of Xixing Road and west of Chunhua Road, Wuxi New District, Jiangsu Province	Residential/ Commercial	100%	54,472	2,412
7.	Nanjing Royal Bay	The southern end of Gulou District, Nanjing	Residential/ Commercial	60%	29,175	—
8.	Sunny Town	No. 181 Nujiang North Street, Yuhong District, Shenyang, Liaoning Province	Residential/ Commercial	100%	1,108	816
9.	Hefei Bashangjie Project (Phase I and Phase II)	Southwest intersection of Mingguang Road and Changjiang East Road, Hefei, Anhui Province	Residential/ Commercial	100%	50,285	1,700
10.	Hefei Royal Garden	Southeast intersection of Mengcheng Road and Lianshui Road, Hefei	Commercial	100%	787	1,782

PARTICULARS OF MAJOR PROPERTIES HELD

	Name of property	Location	Type	Interest attributable to the Group Percentage	Approximate GFA (sq.m.)	Approximate number of carparks
11.	Harbin Villa Glorious	The enclosure section of Anyang Road, Longkui Road, Qunei Guihua Road and Wuwei West Road, Daoli District, Harbin	Residential/ Commercial	100%	8,500	80
12.	Harbin Royal Garden	North to the fourth Avenue, east to Shangjiang Street, south to the fifth Avenue and west to Lingjiang Road, Qunli New District, Harbin	Residential/ Commercial	100%	503	905
13.	Nantong Villa Glorious	South of Dongcheng Garden, west of Shiji Road and the north of Tongjia River, Nantong, Jiangsu Province	Residential/ Commercial	100%	3,854	576
14.	Nantong Royal Bay (Land parcel No. 3)	West of Gongnong Road and south of Hongqiao Road, Nantong, Jiangsu Province	Residential/ Commercial	100%	10,457	231
15.	Changchun Villa Glorious (Land parcel A Phase I & II and Land parcel C Phase II)	East to Chaofan Street, south to New and High-tech Reserve Center, west to Chaoran Street and north to Yisi Road, New and High-tech District, Changchun	Residential/ Commercial	100%	153,048	1,253
16.	Dalian Villa Glorious	Bali Village, Xianjin Street, Jinzhou New District, Dalian	Residential/ Commercial	100%	4,082	229
17.	Tianjin Royal Bay Seaside (West Phase I)	Guangang Forest Park, Dagang District, Tianjin	Residential/ Commercial	100%	7,625	—
18.	Sunshine Holiday (Phase IV)	Intersection of Taixing South Road and Chenyang Road, Hedong District, Tianjin	Residential/ Commercial	100%	28,924	—
	Subtotal				**510,052**	**10,870**

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