



ANNUAL REPORT
2015



GREENTOWN CHINA HOLDINGS LIMITED
(incorporated in the Cayman Islands with limited liability)
(Stock Code: 03900)



Welcome to your home of Greentown.

Walk into a world of luxury and style. Transform your dreams into reality here.

From the minute you set foot on the majestic doorway that leads into the elegant hallway, you will be embraced by the luxury and grace of a bygone era.

Traditional style combined with contemporary detailing gives the place a personal touch with a flair of splendour. Each unit is tastefully designed for home lovers who have an eye for quality and beauty. Nestled in breath-taking landscaped gardens, these homes allow you to experience the magical powers of nature in your own private setting. Join the Greentown family and live the dream of many others today. Find your home with Greentown and enjoy the luxury of life with peace of mind.



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Corporate Profile



GREENTOWN CHINA HOLDINGS LIMITED IS ONE OF THE LEADING PROPERTY DEVELOPERS IN CHINA. IT COMMANDS A LEADING POSITION IN THE INDUSTRY BY LEVERAGING ON ITS QUALITY PROPERTIES, UNIQUE ARCHITECTURAL AESTHETICS AND CUSTOMER-FOCUSED RESIDENCE SERVICES. THE COMPANY WAS JOINTLY VOTED AS "2015 TOP 10 CHINESE REAL ESTATE ENTERPRISES BY COMPREHENSIVE STRENGTH" FOR THE 11TH CONSECUTIVE YEAR BY THE DEVELOPMENT RESEARCH CENTER OF THE STATE COUNCIL, THE INSTITUTE OF REAL ESTATE STUDIES AT TSINGHUA UNIVERSITY AND THE CHINA INDEX ACADEMY, REELECTED AS "TOP 10 LARGEST CHINESE REAL ESTATE ENTERPRISES". AND WAS AGAIN NAMED "2015 TOP 10 BRANDS OF CHINESE REAL ESTATE COMPANIES (DIVERSIFIED OWNERSHIP) FOR THE 12TH CONSECUTIVE YEAR WITH A BRAND VALUE OF RMB21.183 BILLION. MEANWHILE, WITH THE EFFORTS ON SAFEGUARDING THE BUILDING OF PROPERTIES AND CHARITY SERVICES, GREENTOWN WAS AWARDED "CHINA REAL ESTATE ENTERPRISES WITH SENSE OF SOCIAL RESPONSIBILITY".



Jinan National Games Project

Corporate Profile



Over 21 years of development, Greentown has been based in Zhejiang Province, one of the most economically vibrant provinces in the PRC. With property projects covering most of the economically prosperous cities in Zhejiang Province such as Hangzhou, Ningbo, Taizhou, Shaoxing and other cities amongst the Top 100 national most competitive county-level cities in Zhejiang Province, Greentown has a sizable operation scale and enjoys a wide recognition. Since the initiation of national strategies from the year of 2000, Greentown has successfully set foot in other major cities located in Yangtze River Delta, including Shanghai, Xuzhou and Wuxi, and in major cities in Bohai Rim Economic Belt, including Beijing, Tianjin, Qingdao, Jinan, Shenyang, Dalian and other provincial cities, such as Hefei in Anhui Province, Zhengzhou in Henan Province, Changsha in Hunan Province, and Urumqi in Xinjiang, established an excellent brand image in various cities.

From September 2010, Greentown initiated the Construction Management Business, which comprises the commercial construction management, government construction management and capital construction management. In September 2015, due to Greentown's new strategic development needs, Greentown Management Group was formally established, which becomes the principal of brand name, management and resources output of Greentown and

sets a milestone of Greentown's asset-light business model from platform-based to collective management. At present, Greentown Management Group undertakes 60 projects with a total GFA of 19.21 million sqm. Total saleable amount are expected to be over approximately 136.3 billion.

Being one of the leading large-scale property developers in the PRC and well known for its brand image of "building high-end positioned properties", Greentown successfully offers six major classic series of products including residential property, public property, commercial property, urban complex, ideal town and security property based on its knowledge in human idealism and extensive studies in global areas as well as its own adjustment, practice and renovation. It forges ideal residents with fine material.

On 8 June 2012, Wharf was introduced as a strategic shareholder of Greentown. The aggregate investment from Wharf amounted to approximately HK\$5.1 billion (equivalent to approximately RMB4.16 billion), including the subscription of approximately 490 million placing shares and the subscription of convertible securities (which have been redeemed in full in February 2014). As at the date of this report, Wharf (through its wholly-owned subsidiary) was interested in approximately 25% of the total issued share capital of the Company.

On 27 March 2015, CCCG completed the share sale transaction with Mr SONG Weiping and other related shareholders pursuant to which CCCG acquired an aggregate of 524,851,793 shares of the Company at HK\$11.46 per share in cash (representing a total consideration of approximately HK\$6.015 billion). On 4 June 2015, CCCG acquired another 100 million shares of the Company at HK\$11.46 per share. As at the date of this report, CCCG held approximately a 28.9% stake in the Company, making it the single largest shareholder.

As at 31 December 2015, the premier land bank of Greentown Group comprised a total GFA of over 31.24 million sqm ensuring Greentown Group's sustainable and steady development in the coming future. Leveraging on its quality human resources and highly effective corporate management structure, Greentown has established a strong presence in all cities where it operates. The Group's experience in developing numerous high-quality projects and outstanding operational capabilities have provided a strong momentum for its further expansion.

Corporate Information

Board of Directors

Executive Directors

Mr SONG Weiping (*Co-chairman*)
 Mr LIU Wensheng (*Co-chairman*)
 Mr SUN Guoqiang
 Mr SHOU Bainian
 Mr CAO Zhounan
 Mr LI Qingan
 Mr LI Yongqian

Independent Non-Executive Directors

Mr JIA Shenghua
 Mr KE Huanzhang
 Mr SZE Tsai Ping, Michael
 Mr HUI Wan Fai

Audit Committee

Mr SZE Tsai Ping, Michael (*Chairman*)
 Mr JIA Shenghua
 Mr HUI Wan Fai

Nomination Committee

Mr SZE Tsai Ping, Michael (*Chairman*)
 Mr LIU Wensheng
 Mr SHOU Bainian
 Mr JIA Shenghua
 Mr KE Huanzhang
 Mr HUI Wan Fai

Remuneration Committee

Mr JIA Shenghua (*Chairman*)
 Mr SUN Guoqiang
 Mr SHOU Bainian
 Mr KE Huanzhang
 Mr SZE Tsai Ping, Michael
 Mr HUI Wan Fai

Registered Office

Maples Corporate Services Limited
 PO Box 309, Ugland House
 South Church Street
 George Town, Grand Cayman
 KY1-1104, Cayman Islands

Share Registrar in Hong Kong

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

Share Registrar in Cayman Islands

Royal Bank of Canada Trust Company
 (Cayman) Limited
 4th Floor, Royal Bank House
 24 Shedden Road
 George Town Grand Cayman
 KY1-1110 Cayman Islands

Auditor

Deloitte Touche Tohmatsu

Legal Advisors

as to Hong Kong law:
 Ashurst Hong Kong

as to PRC law:
 Zhejiang T&C Law Firm

as to Cayman Islands law and
 British Virgin Islands law:
 Maples and Calder

Company Secretary

Mr FUNG Ching, Simon

Authorized Representatives

Mr CAO Zhounan
 Mr FUNG Ching, Simon

Principal Bankers

Bank of China Limited
 Industrial and Commercial Bank
 of China Limited
 Agricultural Bank of China Limited
 China Construction Bank Corporation
 The Hong Kong And Shanghai
 Banking Corporation Limited
 Standard Chartered Bank
 (Hong Kong) Limited
 Bank of Communications Co., Ltd.
 The Bank of East Asia, Limited
 Ping An Bank Co., Ltd
 China Everbright Bank
 Corporation Limited
 Shanghai Pudong Development
 Bank Co., Ltd.

Hangzhou Headquarters

10/F, Block A, Century Plaza
 No.1 Hangda Road
 Hangzhou, Zhejiang
 PRC
 (Postal code: 310007)

Principal Place of Business in Hong Kong

Room 1406–1408, 14/F
 New World Tower 1
 16–18 Queen's Road Central
 Hong Kong

Corporate Information

Investor Relations

Email: ir@chinagreentown.com

Tel: (852) 2523 3138

Fax: (852) 2523 6608

Public Relations

Hill + Knowlton Strategies Asia

Email: greentown@hkstrategies.com

Tel: (852) 2894 6321

Fax: (852) 2576 1990

Stock Code

HKEx: 03900

Websites

www.chinagreentown.com

www.greentownchina.com

Notes:

(1) The following changes have been effected during the year ended 31 December 2015:

The following changes have been effected on 27 March 2015:

- (i) Mr ZHU Bixin has been appointed as an executive Director, co-chairman of the Board and a member of the nomination committee;
- (ii) Mr SUN Guoqiang has been appointed as an executive Director, a member of the investment committee in place of Mr SHOU Bainian and a member of the remuneration committee;
- (iii) Mr Andrew Chow has been appointed as a non-executive Director and vice chairman of the Board, and a member of the remuneration committee and investment committee in place of Mr NG Tin Hoi, Stephen;
- (iv) Mr SONG Weiping has been re-designated from the chairman of the Board to a co-chairman of the Board;
- (v) Mr LUO Zhaoming has resigned as an executive Director and vice chairman of the Board;
- (vi) Each of Mr GUO Jiafeng and Mr CAO Zhounan has resigned as an executive Director;
- (vii) Mr NG Tin Hoi, Stephen has resigned as a non-executive Director and a member of the remuneration committee and investment committee; and
- (viii) Mr SHOU Bainian has resigned as an executive vice chairman of the Board and a member of the investment committee.

The following changes have been effected on 22 June 2015:

- (i) Mr SHOU Bainian has resigned as a chief executive officer of the Company;
- (ii) Mr CAO Zhounan has been appointed as an executive Director and the chief executive officer of the Company;
- (iii) Mr LI Qingan has been appointed as an executive Director of the Company;
- (iv) Mr LIU Wensheng has been appointed as a non-executive Director of the Company;
- (v) Mr JIA Shenghua has been appointed as a member of the nomination committee of the Company;
- (vi) Mr KE Huanzhang has been appointed as a member of the remuneration committee and nomination committee of the Company; and
- (vii) Mr HUI Wan Fai has been appointed as a member of the remuneration committee of the Company.

The following changes have been effected on 1 July 2015:

- (i) Mr Andrew Chow has resigned as a non-executive Director and vice chairman of the Board, and a member of the remuneration committee of the Company;
- (ii) Mr TSUI Yiu Cheung has resigned as a non-executive Director and a member of the audit committee and the nomination committee of the Company.

(2) The following changes have been effected after 31 December 2015:

The following changes have been effected on 15 January 2016:

- (i) Mr ZHU Bixin has resigned as an executive Director, co-chairman of the Board and a member of the nomination committee of the Board;
- (ii) Mr LIU Wensheng has been re-designated from a non-executive Director to an executive Director, and was appointed as co-chairman and a member of the nomination committee of the Board; and
- (iii) Mr LI Yongqian has been appointed as an executive Director of the Company.



Financial Highlights

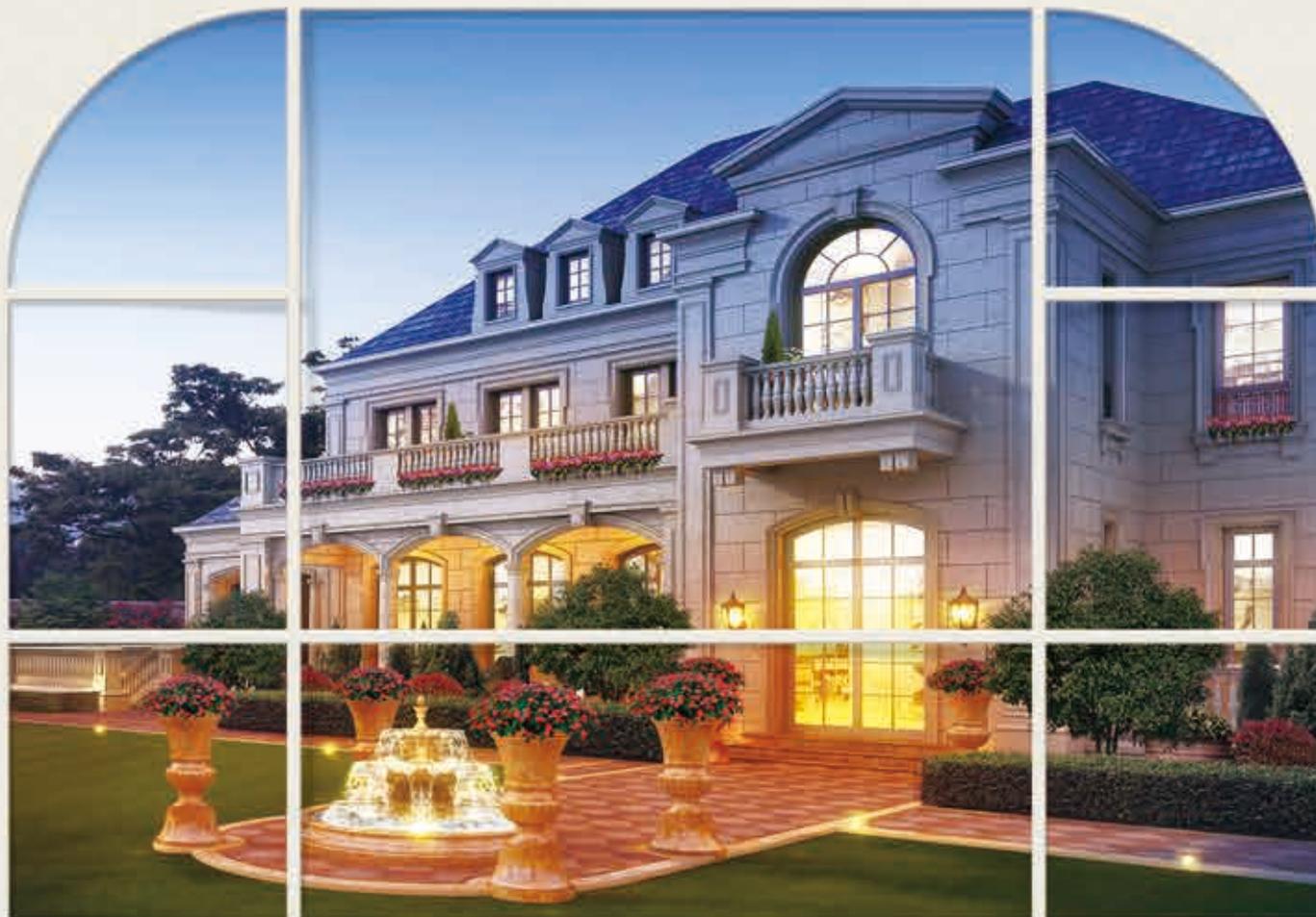
Five Years Financial Summary

Consolidated Results

| | For the Year Ended 31 December | | | | |
|---|--------------------------------|-----------------|-----------------|-----------------|-----------------|
| | 2015 RMB'000 | 2014 RMB'000 | 2013 RMB'000 | 2012 RMB'000 | 2011 RMB'000 |
| Revenue | 26,047,051 | 32,048,979 | 28,990,570 | 35,392,506 | 21,963,747 |
| Cost of sales | (20,626,106) | (23,916,319) | (20,215,201) | (24,678,810) | (14,555,354) |
| Gross profit | 5,420,945 | 8,132,660 | 8,775,369 | 10,713,696 | 7,408,393 |
| Other income | 1,185,999 | 1,209,064 | 1,647,817 | 1,744,672 | 1,000,840 |
| Expenses | (5,340,155) | (3,821,011) | (2,847,160) | (2,714,643) | (2,541,686) |
| Share of results of joint ventures and associates | 1,667,882 | 407,752 | 1,570,036 | 513,475 | 833,167 |
| Profit before taxation | 2,934,671 | 5,928,465 | 9,146,062 | 10,257,200 | 6,700,714 |
| Taxation | (1,675,175) | (2,718,644) | (3,155,857) | (4,204,149) | (2,582,772) |
| Profit for the year | 1,259,496 | 3,209,821 | 5,990,205 | 6,053,051 | 4,117,942 |
| Profit attributable to: | | | | | |
| Owners of the Company | 813,206 | 2,071,722 | 4,885,514 | 4,851,123 | 2,574,637 |
| Non-controlling interests | 446,290 | 1,138,099 | 1,104,691 | 1,201,928 | 1,543,305 |
| | 1,259,496 | 3,209,821 | 5,990,205 | 6,053,051 | 4,117,942 |

Consolidated Assets and Liabilities

| | As at 31 December | | | | |
|-------------------|--------------------|-----------------|-----------------|-----------------|-----------------|
| | 2015 RMB'000 | 2014 RMB'000 | 2013 RMB'000 | 2012 RMB'000 | 2011 RMB'000 |
| Total assets | 144,512,604 | 127,143,878 | 122,335,702 | 107,707,296 | 127,976,528 |
| Total liabilities | 107,852,545 | 92,298,570 | 90,324,730 | 80,219,221 | 110,333,214 |
| Total equity | 36,660,059 | 34,845,308 | 32,010,972 | 27,488,075 | 17,643,314 |



► Fenghua Rose Garden

Chairman's Statement



In 2015, under the backdrop of the Chinese economic adjustment and transformation and the intensified change of the real estate industry, we still adhered to Greentown's core value of "Sincere, Goodwill, Exquisite and Perfection", and always upholds the corporate vision of "Creating Platform for Employees, Creating Value for Customers, Creating Beauty for Cities and Creating Wealth for the Community". We treat the home owners as our family, the employees as our root to join hands in creating a better life and a better future.

We attempt to build the residential areas as a paradise, forging a healthy, happy and longevity ecosystem in the residential zones. Owing to the reinforcement efforts of the real estate industry guided by the government to reduce inventory, majority of people who have urban household registration have possessed more than one house and customer's demand has changed to the pursuit of quality of life. As Greentown entered into its 21st year of development, the Company successfully transformed from a traditional property developer into an ideal lifestyle integrated service provider. The residential zones developed

Chairman's Statement

and built by us forged a healthy, happy and longevity residential areas which satisfied the various demands of different ages and different kinds of people. All of these formed a complete ecosystem. This is a major upgrade in the real estate field. Greentown has to come out of the general pattern of development and the most simple and basic industry chain, and find new market demands.

We pursue to becoming an ideal lifestyle integrated service provider. Based on the world standard, we will build the paradise of dream as the commission work of the Creator. This is not a dream but the direction of our efforts.

Customer is our client and also our family. Customers are extremely important to Greentown. Customers are not only our service targets and service objects, but also service drivers and service principals. In the era of service, among the real estate developers in the PRC, Greentown has the best customer base with No. 1 rating in the national-wide customer satisfaction survey for five consecutive years and No. 1 rating in the property service satisfaction survey for six consecutive years. Customers and home

owners are the family of Greentown. They not only contribute to the performance and profit of Greentown, but also give care and support to Greentown. Customers are also the principal and drivers of life in the residential zones. It is our mission to serve the society and customers.

Talents are the important assets of the Company. Talents are the most important assets of the Company. They are our subject, starting point and goal. They constitute our company and is the key reason why we exist. For Greentown to transform from a traditional real estate developer into an ideal lifestyle integrated service provider and to realize a shift from a home builder to a lifestyle builder, all of these need to rely on the excellent staff and the management. Without the joint efforts of all employees, Greentown will not be able to enjoy the past, the present and the future glory. Talents are the principals of Greentown!

Greentown's house aesthetics. The precious and most valuable thing of Greentown is that even in such complex commercial society, as a social practitioner of humanistic idealism, we will adhere to our quality standard at the best effort

and try our best to change it and improve it. Property itself has a life cycle and will have natural wear and tear. Coupled with the advancement and replacement of technology and the upgrading of people's needs, the demand for high quality properties will always exist and will be increasing, Greentown's good house building keep abreast of the times with inside and outside touch. This is a solid foundation for our transformation into an ideal lifestyle integrated service provider.

For 2015, two keys words to Greentown are "services" and "quality of life". Now our development direction has been set, the key lies in how we are going to implement. We have to understand and set a firm footing for our future development from property building to the provision of living services with a full package of design, implementation and promotion. We are not allowed to let our customers, teammates, employees and shareholders down and we are committed to develop quality products with our best efforts.

SONG Weiping
Co-chairman of the Board

25 March 2016

Lin'an Spring Blossom



CEO's Report

Dear Shareholders,

Since its establishment in 1995, the past 21 years saw Greentown resolutely forging ahead and firmly grasping the historical opportunities arising from China's urbanization. By overcoming difficulties and setbacks in the process of development, we achieved sustained growth in operating results while successfully turning the land premiums, corporate profits, the wisdom of the team and the value of life into the platform of the employees, the value of customers, the beauty of the cities and the wealth of the society. The property development business of Greentown has been spreading to more than 90 cities over the country, creating more than 400 beautiful residential areas and serving millions of people's happy life. Greentown came first in the residents' overall satisfaction for five consecutive years and was ranked among the Top 10 Real Estate Brand Value and Consolidated Strength in China for more than 10 consecutive years. With a brand valuation of RMB21.183 billion in 2015, Greentown Group was ranked no. 168 in the Top 500 Enterprises of China and created its core advantages and characteristics through unique ideas, customers, building, products, services, teams, branding and resources.

2015 was an extraordinary year for the Company. As China's economy entered into a new norm of development and the real estate industry underwent fundamental changes, the Company experienced scarcity of land premiums, the adverse change in supply and demand as well as the shift of development model. The Company took the lead to transform and innovation, introducing CCCG as a strategic investor. With the strong support from the shareholders and under the appropriate leadership of the Board together with the joint efforts of all staff, we completed the optimization of equity structure, formed a new corporate governance layout, clarified the Company's development strategy of "Thirteen Five Plan", improved the investment structure, commenced the investment layout for the core cities, implemented the product innovation, and ensured a smooth transition and stable performance for the Company. As at 31 December 2015, Greentown Group achieved contract sales of RMB71.9 billion and completed 119.8% of the annual target, which underpinned our confidence and foundation as we look forward to our future and development.

In the coming three years, the Company will closely follow the typical characteristics and basic requirements of the "Quality Living Service Era", firmly advance the established transformation strategy of "platform-based services, professionalism towards development and financialisation of real estate", adhere to Greentown core values, uphold the development path based on quality and the essence and characteristics of Greentown products and provide the value-added products based on services. Greentown will change the strategic layout of the city locations and policy of land purchase as well as the operation management model under the land premium era. Customer satisfaction will always be our operation core and the preset profit will remain our management focus. We will emphasize on coming first in service, quality and cost-effectiveness and strive to enhance the gross profit margin and profitability, to build a modern corporate system, to open up the financial means for real estate and to link the "beautiful building" with "wonderful life".

Qingdao Deep Blue Center



CEO's Report

The year of 2016 is critical for our strategic transformation and operational optimization the Company will adhere to its vision of "being an ideal living services provider" and resolutely implement the service strategy which will based on the market, sales and quality. We honor the market practices and keep abreast of customer needs. The Company will transform to a "quality living service provider". The operation system will shift to market-oriented in order to further enhance the quality of services and products as well as the recognition of the brand name. By continuously innovating the operation systems, organization structure, incentive system and financial platform and further optimizing the city layout, inventory structure, co-operation and construction management model, we will join hand to lead and fulfill the diversified, varied and high quality demand for all ages, to materialize the added-value of the development, light assets and services, to become the "No. 1 brand of comprehensive urban living service provider".

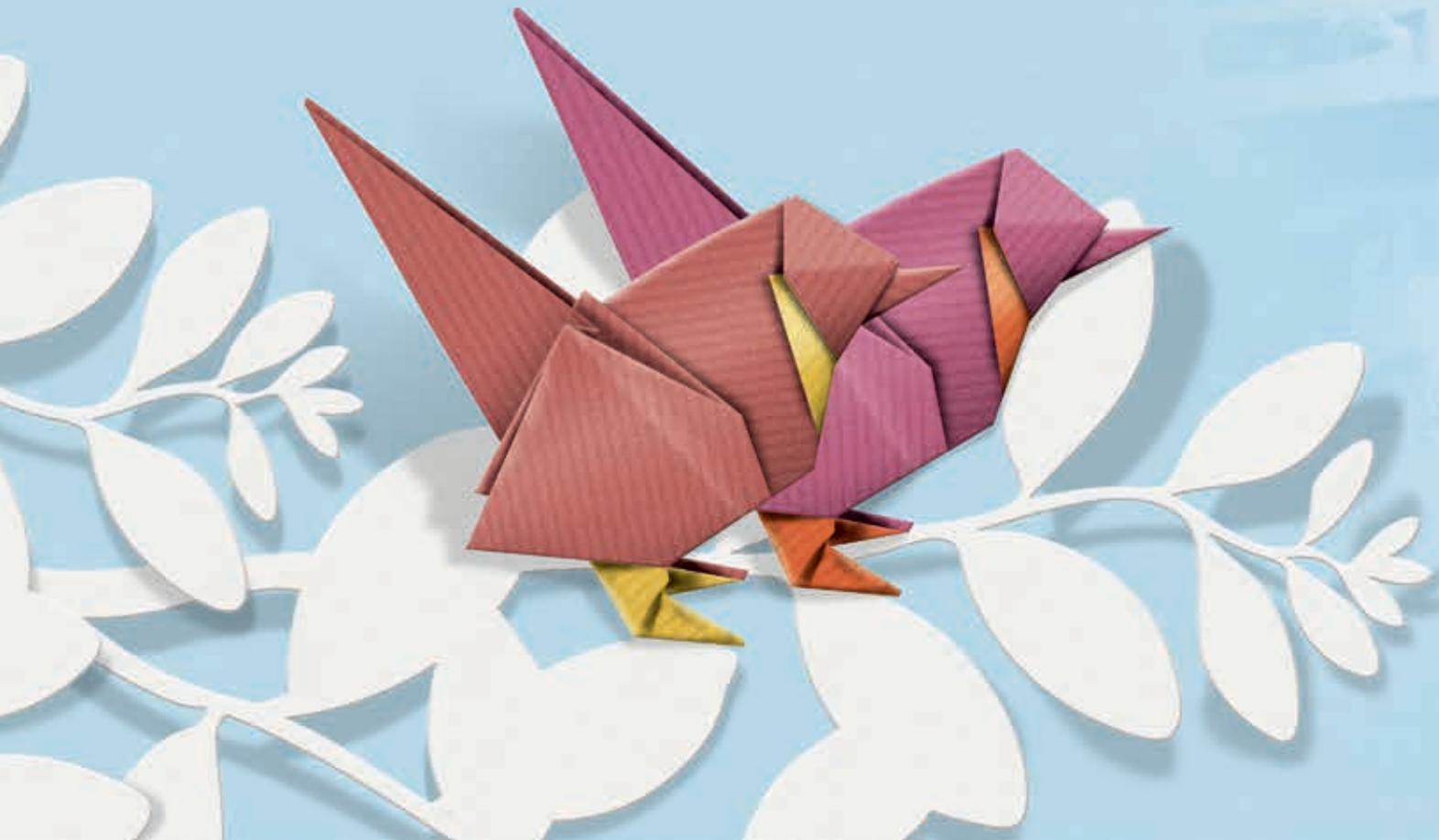
CAO Zhounan

Executive Director and Chief Executive Officer

25 March 2016



Property Portfolio





Xuzhou Lagerstroemia Mansion

Property Portfolio

Greentown in CHINA



- 13.7% Hangzhou
- 30.2% Zhejiang (excluding Hangzhou)
- 4.0% The Yangtze River Delta Area (excluding Zhejiang)
- 33.7% The Bohai Rim River Delta Area
- 18.4% Other

Total GFA Exceeds
31.24 Million sqm

Property Portfolio

| | | | | |
|---|--|--|---|--|
| Zhejiang 30.2% Proportion to total land bank (%) 9,449,447 Total GFA (sqm) | Xinjiang 5.7% Proportion to total land bank (%) 1,794,215 Total GFA (sqm) | Heilongjiang 2.2% Proportion to total land bank (%) 698,954 Total GFA (sqm) | Anhui 1.7% Proportion to total land bank (%) 518,475 Total GFA (sqm) | Hubei 0.6% Proportion to total land bank (%) 188,559 Total GFA (sqm) |
| Shandong 19.5% Proportion to total land bank (%) 6,076,805 Total GFA (sqm) | Hainan 4.8% Proportion to total land bank (%) 1,485,071 Total GFA (sqm) | Jiangsu 2.1% Proportion to total land bank (%) 662,284 Total GFA (sqm) | Henan 1.3% Proportion to total land bank (%) 418,858 Total GFA (sqm) | Inner Mongolia 0.5% Proportion to total land bank (%) 170,520 Total GFA (sqm) |
| Hangzhou 13.7% Proportion to total land bank (%) 4,266,157 Total GFA (sqm) | Tianjin 3.1% Proportion to total land bank (%) 960,021 Total GFA (sqm) | Beijing 1.9% Proportion to total land bank (%) 604,856 Total GFA (sqm) | Hunan 0.9% Proportion to total land bank (%) 279,750 Total GFA (sqm) | |
| Liaoning 6.4% Proportion to total land bank (%) 1,996,080 Total GFA (sqm) | Hebei 2.8% Proportion to total land bank (%) 888,122 Total GFA (sqm) | Shanghai 1.9% Proportion to total land bank (%) 578,300 Total GFA (sqm) | Guangxi 0.7% Proportion to total land bank (%) 205,926 Total GFA (sqm) | |

| Region | No. of Projects | Site Area (sqm) | GFA (sqm) | % of Total |
|---|-----------------|-------------------|-------------------|-------------|
| Hangzhou | 15 | 1,703,563 | 4,266,157 | 13.7% |
| Zhejiang (excluding Hangzhou) | 29 | 6,914,985 | 9,449,447 | 30.2% |
| The Yangtze River Delta Area (excluding Zhejiang) | 5 | 362,924 | 1,240,584 | 4.0% |
| Shandong | 12 | 2,559,015 | 6,076,805 | 19.5% |
| Liaoning | 2 | 845,276 | 1,996,080 | 6.4% |
| Hainan | 1 | 1,498,999 | 1,485,071 | 4.8% |
| Beijing | 3 | 326,650 | 604,856 | 1.9% |
| Other cities | 14 | 3,239,504 | 6,123,400 | 19.5% |
| Total | 81 | 17,450,916 | 31,242,400 | 100% |

Notes:

- (1) Excluding projects with less than 10% equity interest of the Group.
- (2) The figures for total GFA and saleable area are subject to adjustments due to planning changes. Relevant figures will only be finalized after project completion.

Yangtze River Delta Region HANGZHOU



Property Portfolio

| | Projects | Type of Properties | Equity Interest | Site Area (sqm) | GFA (sqm) |
|----|---|---------------------------------|------------------------|------------------------|------------------|
| 1 | Hangzhou Wulin No.1 | High-Rise Apartment | 50% | 77,041 | 357,433 |
| 2 | Hangzhou Blue Patio | High-Rise Apartment | 85% | 41,045 | 153,534 |
| 3 | Hangzhou Wangjiang Office | Office | 56% | 6,749 | 45,048 |
| 4 | Hangzhou Center | Urban Complex | 45% | 22,566 | 248,260 |
| 5 | Hangzhou Hope Town | Integrated Community | 45% | 316,954 | 604,826 |
| 6 | Hangzhou Jade Garden | High-Rise Apartment | 100% | 20,499 | 77,748 |
| 7 | Hangzhou Qiantang Mingyue | High-Rise Apartment | 50% | 70,227 | 285,447 |
| 8 | Hangzhou Taohuayuan | Hotel | 64% | 44,027 | 32,226 |
| 9 | Hangzhou Arcadia Town | Integrated Community | 50% | 539,505 | 759,939 |
| 10 | Hangzhou Zhijiang No.1 | High-Rise Apartment | 50% | 99,781 | 270,679 |
| 11 | Hangzhou Young City | High-Rise Apartment, Commercial | 25.6% | 293,354 | 824,195 |
| 12 | Hangzhou Liuxiangyuan | High-Rise Apartment | 25% | 52,528 | 239,112 |
| 13 | Hangzhou Jade Mansion | High-Rise Apartment | 50% | 29,382 | 85,250 |
| 14 | Hangzhou Binjiang Fourth Bridge Project | High-Rise Apartment, Villa | 50% | 38,605 | 120,710 |
| 15 | Hangzhou Jin Lin Mansion | High-Rise Apartment | 50% | 51,300 | 161,750 |
| | Sub-total | | | 1,703,563 | 4,266,157 |

ZHEJIANG



Property Portfolio

| | Projects | Type of Properties | Equity Interest | Site Area (sqm) | GFA (sqm) |
|----|---|---|-----------------|------------------|--------------------|
| 1 | Lin'an Spring Blossom | Villa | 51% | 588,122 | 266,194 |
| 2 | Lin'an Mantuo Garden | Villa | 80% | 62,853 | 44,422 |
| 3 | Lin'an Qingshan Lake Hongfengyuan | Villa | 100% | 97,398 | 42,087 |
| 4 | Lin'an Qingshan Lake Rose Garden | Villa | 50% | 1,120,741 | 290,728 |
| 5 | Jiande Chunjiang Mingyue | High-Rise Apartment | 100% | 52,037 | 174,449 |
| 6 | Jiande Complex Project | Urban Complex | 100% | 51,850 | 159,601 |
| 7 | Ningbo Center | Urban Complex | 49.34% | 58,013 | 446,876 |
| 8 | Fenghua Rose Garden | High-Rise Apartment, Villa | 31% | 199,791 | 432,097 |
| 9 | Yuyao Mingyuan | High-Rise Apartment, Villa | 47% | 186,464 | 508,016 |
| 10 | Shengzhou Greentown Mansion | High-Rise Apartment, Villa | 51% | 115,811 | 396,527 |
| 11 | Zhuji Greentown Plaza | High-Rise Apartment | 90% | 67,058 | 360,056 |
| 12 | Xinchang Rose Garden | Villa | 90% | 66,806 | 20,764 |
| 13 | Xinchang Orchid Residence | High-Rise Apartment | 80% | 69,618 | 233,886 |
| 14 | Wuzhen Graceland | High-Rise Apartment, Low-Rise Apartment | 50% | 197,852 | 447,713 |
| 15 | Zhoushan Changzhidao | Integrated Community | 96.875% | 644,373 | 958,126 |
| 16 | Zhoushan Daishan Sky Blue Apartment | High-Rise Apartment | 60% | 58,233 | 135,700 |
| 17 | Zhoushan Zhujiajian Dongsha Resort North Area | Serviced Apartment | 90% | 66,974 | 94,012 |
| 18 | Zhoushan West Rose Garden | High-Rise Apartment | 51% | 206,400 | 332,080 |
| 19 | Huzhou Majestic Mansion | Villa | 100% | 48,471 | 59,132 |
| 20 | Deqing Yingxi Arcadia | High-Rise Apartment, Villa, Hotel | 100% | 128,818 | 203,413 |
| 21 | Deqing Moganshan Project | Low-Rise Apartment, Villa | 50% | 609,358 | 354,180 |
| 22 | Anji Taohuayuan | Villa, Hotel | 47% | 1,108,363 | 445,812 |
| 23 | Taizhou Ningjiang Mingyue | Integrated Community | 51% | 565,382 | 1,588,619 |
| 24 | Taizhou Yulan Plaza | Urban Complex | 49% | 81,574 | 311,026 |
| 25 | Tiantaishan Lianhua Resort Project | Villa, Hotel | 100% | 88,499 | 44,957 |
| 26 | Linhai Rose Garden | Villa | 100% | 139,816 | 178,581 |
| 27 | Lishui Beautiful Spring River | High-Rise Apartment, Villa | 37.5% | 92,150 | 228,470 |
| 28 | Wenzhou Lucheng Plaza | Office, Hotel Commercial | 90% 80% | 14,596 59,682 | 199,126 172,589 |
| 29 | Yiwu Rose Garden | High-Rise Apartment | 35% | 67,882 | 320,208 |
| | Total | | | 6,914,985 | 9,449,447 |

Property Portfolio

SHANGHAI

| Projects | Type of Properties | Equity Interest | Site Area (sqm) | GFA (sqm) |
|-----------------------------|---------------------|-----------------|-----------------|-----------|
| 1 Shanghai Changfeng Center | Office | 37.5% | 62,276 | 277,542 |
| 2 Shanghai Bund House | High-Rise Apartment | 51% | 54,549 | 266,422 |
| 3 Shanghai Yi Mansion | Office | 20.4% | 6,760 | 34,336 |
| Total | | | 123,585 | 578,300 |

JIANGSU

| Projects | Type of Properties | Equity Interest | Site Area (sqm) | GFA (sqm) |
|--------------------------------|----------------------------|-----------------|-----------------|-----------|
| 1 Xuzhou Lagerstroemia Mansion | High-Rise Apartment, Villa | 60% | 139,915 | 251,630 |
| 2 Wuxi Lihu Camphora Garden | High-Rise Apartment | 49% | 99,424 | 410,654 |
| Total | | | 239,339 | 662,284 |

Property Portfolio

BOHAI RIM REGION

| Projects | Type of Properties | Equity Interest | Site Area (sqm) | GFA (sqm) |
|---|--|-----------------|-----------------|------------|
| 1 Beijing Mentougou Project | High-Rise Apartment, Low-Rise Apartment | 85% | 72,402 | 279,660 |
| 2 Beijing Xiaoyunlu Project (Note) | Office | 100% | 13,001 | 95,751 |
| 3 Beijing Majestic Mansion | Low-Rise Apartment | 100% | 241,247 | 229,445 |
| 4 Qingdao Jiaozhou Lagerstroemia Square | High-Rise Apartment, Low-Rise Apartment | 100% | 82,113 | 274,622 |
| 5 Qingdao Ideal City | Integrated Community | 80% | 665,386 | 1,410,264 |
| 6 Qingdao Deep Blue Center | High-Rise Apartment, Commercial | 40% | 34,924 | 345,221 |
| 7 Jinan Lily Garden | High-Rise Apartment | 49% | 59,403 | 197,582 |
| 8 Jinan Center | Office | 39% | 16,830 | 150,870 |
| 9 Jinan National Games Project | Integrated Community | 45% | 247,002 | 458,617 |
| 10 Jinan Yulan Garden | High-Rise Apartment | 50% | 333,342 | 844,879 |
| 11 Shandong Xueye Lake Taohuayuan | Integrated Community | 49% | 285,607 | 205,145 |
| 12 Xintai Yulan Garden | High-Rise Apartment, Low-Rise Apartment | 70% | 137,621 | 399,993 |
| 13 Qufu Sincere Garden | Low-Rise Apartment | 100% | 30,218 | 72,055 |
| 14 Zibo Lily Garden | High-Rise Apartment, Low-Rise Apartment, Villa | 100% | 307,097 | 904,206 |
| 15 Shenyang National Games Project | Integrated Community | 50% | 759,573 | 1,674,320 |
| 16 Dalian Taoyuan Lane | High-Rise Apartment | 40% | 85,703 | 321,760 |
| 17 Tianjin National Games Project | Integrated Community | 40.8% | 321,418 | 960,021 |
| 18 Dongying Ideal City | High-Rise Apartment, Villa, Hotel | 49% | 359,472 | 813,351 |
| 19 Tangshan South Lake Project | High-Rise Apartment | 40% | 294,979 | 888,122 |
| Sub-total | | | 4,347,338 | 10,525,884 |

Note: The Group entered into an equity transfer agreement with an independent third party on 25 December 2015 in relation to the disposal of Beijing Xiaoyunlu Project. As of the date of this report, the disposal of Beijing Xiaoyunlu Project is yet to be completed.

Property Portfolio

OTHERS

| Projects | Type of Properties | Equity Interest | Site Area (sqm) | GFA (sqm) |
|--|--|-----------------|-----------------|-----------|
| 1 Hefei Jade Lake Rose Garden | High-Rise Apartment, Villa | 100% | 119,053 | 357,591 |
| 2 Xinjiang Jade Garden | High-Rise Apartment | 60% | 237,059 | 496,333 |
| 3 Xinjiang Lily Apartment | High-Rise Apartment, Office, Commercial | 50% | 108,892 | 774,671 |
| 4 Xinjiang Blue Town | High-Rise Apartment, Low-Rise Apartment, Villa | 75% | 345,489 | 523,210 |
| 5 Changsha Bamboo Garden | Villa | 49.47% | 778,465 | 279,750 |
| 6 Zhengzhou Yanming Lake Rose Garden | Villa, Hotel | 100% | 233,268 | 237,160 |
| 7 Henan Xinyang Lily City | High-Rise Apartment, Low-Rise Apartment | 20% | 77,662 | 181,698 |
| 8 Hainan Blue Town | Integrated Community | 51% | 1,498,999 | 1,485,071 |
| 9 Hubei Huangshi Yulan Garden | High-Rise Apartment, Villa | 30% | 89,016 | 188,559 |
| 10 Daqing Majestic Mansion | High-Rise Apartment, Low-Rise Apartment, Villa | 60% | 429,804 | 698,954 |
| 11 Ordos Sincere Garden | High-Rise Apartment | 10.5% | 44,155 | 170,520 |
| 12 Anhui Ma'anshan Taibai Lake Rose Garden | Villa | 70% | 114,917 | 160,884 |
| 13 Guangxi Liuzhou Young City | High-Rise Apartment | 62.8% | 45,327 | 205,927 |
| Total | | | 4,122,106 | 5,760,328 |



► Beijing Majestic Mansion



Management Discussion and Analysis



Cixi Rose Garden

Management Discussion and Analysis



► Lin'an Mantuo Garden

Operational and Management Review

In 2015, the development of the Chinese economy entered into a new norm. Pursuant to the government's general deployment of reform and against the backdrop of stabilizing residential housing consumption and strengthening inventory turnover, there has been an easing of policy with respect to the national real estate market. A raft of policies, including lowering the down-payment ratio and trimming the reserve requirement ratio and interest rate, were introduced. A number of favorable sentiments joined force to improve the market environment and stimulate the demand for housing purchase, in particular the demand for better housing. The real estate in the PRC market achieved many major breakthroughs.

The year of 2015 marked the outset of a new journey for the Company. The Company gradually adapted to China's economic transformation and upgrading, the new phase of urbanization, the further acceleration of globalization as well as other new trends. The Company has also proactively tackled the difficulties resulting from the present scarcity of land premium, the reversal between supply and demand, the profitability downturn of property companies, and the real estate industry's new norm of development pattern. With full support from our substantial shareholders (namely China Communications Construction Group (Limited) ("CCCCG") and The Wharf (Holdings) Limited) and our founding shareholders (including Mr SONG Weiping) as well as the effort made by all employees, the Company has achieved a smooth transition and stable operation performance.

Management Discussion and Analysis

In the ever rapidly-changing market environment, the Company persistently upheld its core belief of “Honesty, Goodwill, Exquisite and Perfect” to further keep abreast with market and customer demands, innovate product variety, integrate with the optimization marketing strategies of the Internet and internet-of-things (“IoT”) in order to expand its customer base, enhance its comprehensive service standard and transform into an ideal lifestyle integrated service provider.

Results Overview

In 2015, the Group recognized revenue of RMB26,047 million, representing a decrease of 18.7% from RMB32,049 million in 2014, gross profit was RMB5,421 million, representing a decrease of 33.3% from

RMB8,133 million in 2014. The decrease was mainly due to the fact that the sales area of properties delivered decreased 16.8% to 1,610,818 sqm from 1,936,916 sqm in 2014. The gross profit margin from property sales for the Year was 18.0%, representing a decrease from 23.5% in 2014. Such decrease was mainly due to the fact that certain proportion of projects delivered during the Year were located at third-tier and fourth-tier cities and their relatively lower selling price as a result of the macro control measures on the real estate industry promulgated by Chinese government over the past years has affected the gross profit margin for the Year to a certain extent.

The net profit for the Year was RMB1,259 million, representing a decrease of 60.8% from RMB3,210 million in 2014. The profit attributable to owners of the Company reached RMB813 million, representing a decrease of 60.8% as compared to RMB2,072 million recorded in 2014. After deduction of post-tax effect of net gains from acquisitions, impairment losses or reversal of impairment losses on some assets, and changes in fair value of financial derivatives and gain from changes in fair value of investment properties, the core profit attributable to owners of the Company for the Year was RMB1,033 million, representing a decrease of 53.8% compared to RMB2,236 million recorded in 2014. In addition to the decline of gross profit, the decrease was also mainly due to the increase of selling and administrative expenses, which is in line with the significant increase of net foreign exchange loss and certain increased human resources cost and hotel operations cost.

Pre-sales in 2015

As at the 12 months ended 31 December 2015, Greentown Group (including Greentown China Holdings Limited and its subsidiaries, together with its joint ventures and associates) has recorded approximately 3.90 million sqm of accumulated total saleable area, while the contracted sales amounted to approximately RMB71.9 billion, of which about RMB38.8 billion was attributable to the Group. As at 31 December 2015, Greentown Group has recorded RMB1.8 billion of subscription sales, of which approximately RMB1.0 billion was attributable to the Group. The annual sales of Greentown Group have substantially exceeded the target of RMB60.0 billion set at the beginning of the Year with an overall average selling price of RMB18,449 per sqm.



► Hangzhou Arcadia Town

Management Discussion and Analysis

Land Bank

In 2015, Greentown Group acquired 8 high-quality land sites in core cities including Beijing, Hangzhou, Jinan, etc., through public land auctions and acquisitions. The total GFA was approximately 2.51 million sqm, of which approximately 1.33 million sqm was attributable to the Group. Total land premium of new projects amounted to approximately RMB15.3 billion, of which approximately RMB3.7 billion was paid by the Group from its own resources. As at 31 December 2015, Greentown Group had land bank reserves with a total GFA of approximately 31.24 million sqm, of which approximately 18.21 million sqm was attributable to the Group, and the total saleable area amounted to approximately 23.08 million sqm, of which approximately 13.56 million sqm was attributable to the Group, with an average GFA land cost of approximately RMB3,095 per sqm.

CCCG Becoming the Single Largest Shareholder of Greentown

On 27 March 2015, CCCG completed the acquisition of shares of the Company from Mr SONG Weiping, Ms XIA Yibo (spouse of Mr SONG) and Mr SHOU Bainian, pursuant to which CCCG held an aggregate of 524,851,793 shares of the Company. In addition, on 4 June 2015, CCCG, through its wholly-owned subsidiary, CCCG Real Estate Group Limited (中交房地產集團有限公司) acquired another 100,000,000 shares of the Company. As at the date of this report, CCCG held 624,851,793 shares of the Company, representing approximately 28.9% of the total issued share capital of the Company, and thus is the single largest shareholder of Greentown. After the share purchase by CCCG, the Company has

on separate appointed Mr ZHU Bixin as Executive Director and Co-chairman of the Board (who resigned on 15 January 2016), Mr LIU Wensheng as Executive Director and Co-chairman of the Board, Mr SUN Guoqiang as Executive Director, Mr CAO Zhounan as Executive Director and Chief Executive Officer, Mr LI Qingan as Executive Director and General Manager, and Mr LI Yongqian as Executive Director. Since the completion of the acquisitions, five out of the seven executive directors of Greentown are nominated by CCCG, forming a new corporate governance layout.

Standardization of Corporate Governance

In order to improve its modern corporate governance structure and operational mechanism, the Group promulgated and implemented the "Rules Governing the Procedures for the Meetings of

the Respective Boards of Directors of Greentown China and Greentown Real Estate Group and the General Office of Greentown Real Estate Group" (《綠城中國董事會、綠城房產集團董事會、綠城房產集團總辦會議事規則》), so as to introduce a more standardized corporate governance in an orderly manner. Meanwhile, the pilot schemes in relation to the delegation of management approval authority, investment project management and project partnership investment system were carried out to ensure a rigorous governance structure, an equal reciprocity of obligations and rights, as well as a sound control system. All these measures enhanced the working efficiency and boosted the Group's operational effectiveness.



► Anji Taohuayuan - Banyan Tree Resort

Management Discussion and Analysis

Effective Improvement on the Debt Structure

On 10 February 2015, the Company issued additional USD 8.0% senior notes due 2019 in an aggregate principal amount of USD200 million. Upon such issuance, these additional USD senior notes were consolidated with, and formed a singled series as, the Company's outstanding USD 8.0% senior notes due 2019. These additional USD senior notes are listed for trading on the Stock Exchange.

On 11 August 2015, the Company issued new USD 5.875% senior notes due 2020 (the "2020 Notes") in an aggregate principal amount of USD500 million of which (i) 2020 Notes in an aggregate principal amount of approximately USD430 million were issued to holders of the Company's outstanding USD 8.50% senior notes due 2018 and USD 8.0% senior notes due 2019 (together, the "Old USD Notes") who have accepted the Company's offer to exchange their Old USD Notes with

the 2020 Notes; and (ii) 2020 Notes in an aggregate amount of approximately USD70 million were issued to new investors in connection with the Company's exchange offer. The 2020 Notes are listed for trading on the Stock Exchange. In connection with the exchange offer, the Company also completed concurrent consent solicitations with respect to certain terms and conditions of the indentures in relation to the Company's RMB2.5 billion senior notes due 2016 and the Old USD Notes. The Company's exchange offer and concurrent consent solicitations was a landmark liability management transaction among real estate companies in the PRC in terms of structure innovation, transaction size, investors' participation, and the pricing of the 2020 Notes. In this connection, Greentown China Holdings Limited was awarded the "Asian Best Debt Management Award 2015" by The Asset magazine, a prestigious international financial media, on 22 February 2016.

On 28 August 2015, the Company successfully completed the issue of RMB3 billion 5-year domestic bonds with a coupon rate of 4.7% per annum. On 18 September 2015, the Company successfully completed the further issue of RMB4 billion domestic bonds comprising RMB2 billion 5-year bonds with a coupon rate of 4.40% per annum, and RMB2 billion 7-year bonds with a coupon rate of 5.16% per annum. These RMB domestic bonds are listed for trading on the Shanghai stock exchange.

The Clarification of Investment Strategy

In 2015, the Company has clearly identified 15 cities for strategic development including Beijing, Shanghai, Guangzhou, Shenzhen, Hangzhou, Tianjin, Nanjing, Wuhan, Hefei, Jinan, Zhengzhou, Xiamen, Fuzhou, Chengdu and Chongqing. New projects have been explored mainly in these 15 key cities. The Company has been proactively identifying quality land and is cooperating with quality partners to acquire 8 new quality projects by public land auctions and acquisitions, of which 6 sites are located in our planned core cities, including Beijing, Hangzhou and Jinan, and therefore gradually bringing into forms the Group's investment strategy. The saleable resources generated from the new projects amounted to approximately RMB41.1 billion.



► Qufu Sincere Garden

Management Discussion and Analysis

Innovation and Sales Heat

Since the beginning of 2015, the Central Government has cut the benchmark lending rate, lowered the reserve requirement and relaxed the property purchase limit. Driven by these favorable policies, the inventory reduction and stable development has become the key focus of the real estate companies. The Company took this opportunity and proactively established an operation mechanism based on a sizeable marketing system. The overall operation mechanism of the Company, from project expansion, product positioning, and development frequency to sales strategies, has shifted to be market-oriented. For product innovation, the Company has launched new products, namely Spring Blossom (桃李春風) (Chinese style small size villa), Young City (楊柳郡) (integrated community above subway) and Liuxiangyuan (留香園) (exquisite high-rise apartment with river view). The innovation which promotes “small towns” (小鎮中心), “elderly living” (養老產品), the third generation of high-rise products (三代高層產品), etc., were actively advocated and the balanced product structure of “2:6:2” has been initially shaped in line with market demand. The “2:6:2” balanced product structure refers to 20% of investment to be put into high-end products to cope with the demand of high-end market and support the growth of the brand value; 60% of investment to be put into the high cost-effective products to closely follow the market and accelerate turnover and increase profitability; and the remaining 20% of investment to be put into the development of high quality resettlement

housings and social security housings and strengthen the recognition of the general public and the social impact of the Group. In respect of the sales strategy, the Company systemically launched the branding themes of “Forever Young” and “CROSSOVER” etc., which targeted the young elite. With the opening of new channels, such as “Greentown fans+APP” and the “Greentown Taobao” flagship store, the Company widely made use of the CP2C (customer planning to customer) model, and further promoted new property sales and inventory reduction. The innovative products, such as Spring Blossom and Young City, led to a sales hit instantly after launch.

Construction Management Business Integrated in an Orderly Manner

Based on the current foundation, the Company integrated the construction management platform, unified business planning and gathered the dominant resources internally in order to integrate and strengthen the operation of an asset-light business. On 2 August 2015, the Company completed the acquisition of Greentown Dingyi Real Estate Investment Management Co., Ltd. (“Greentown Dingyi”) and Greentown Shidai City Construction and Development Company Limited (“Greentown Shidai”). On 23 September 2015, the new Greentown Construction Management Group, namely “Greentown Management Group”, was established and its operation, management and working teams integrated in an orderly manner. At present, Greentown Management Group undertakes 60 projects with a total GFA of approximately

19.21 million sqm. Total saleable amount of the construction management projects are expected to reach approximately RMB136.3 billion, of which Greentown Management Group expects to receive revenue of approximately RMB5.0 billion from construction management. In 2015, Greentown Management Group recorded revenue of approximately RMB336 million from construction management and net profit of approximately RMB105 million. Leveraging on the brand name and the management output of the project construction management, the Company strives to enhance the proportion of the asset-light business, enhance the integration of project management strengths across the industry chain and accelerate the formation of a unified and complete construction management brand.

Brand Value Continued to Grow

Since its establishment in 1995, Greentown has built up its brand name on exquisite quality. After 21 years of development, Greentown’s ever-evolving business philosophy has enriched its brand value. Shifting from a “house builder” to a “lifestyle builder”, it has completely created a socialized and open service platform aiming to provide a comprehensive lifestyle service to both Greentown residents and the general public of different age and culture. Greentown aims to create a complete ecosystem in Greentown’s properties to improve and enhance the living quality of the residents.

Management Discussion and Analysis

On 11 September 2015, Greentown Group was honored at the press conference of the 2015 China Real Estate Brand Value Survey jointly organized by the Corporate Research Institute in Development and Research Centre of the State Council, Tsinghua University Real Estate Research Institute and China Index Academy. With a brand value of RMB21.183 billion, Greentown Group was named the “2015 Top 10 Brands of Chinese Real Estate Companies (Diversified Ownership)” and was re-elected as the “2015 Top Brand of Chinese Real Estate Companies in Customer Satisfaction”. Greentown has been participating in the survey since 2004 and the brand value of Greentown increased by 22 times to RMB21.183 billion from RMB952 million over the past 12 years.

Outlook

With the backdrop of the new norm of China’s economic development and the fundamental change in the industry, the real estate industry, as a whole, has come to a stage which truly relies on the evolvement and development of quality, brand and management. In 2016, it is expected that the government will adjust the relevant real estate policy flexibly and reduce inventories and capacity determinately. The real estate market will also have a new round of competition and development.

Over the past 21 years of development, the Company has created unique advantages in the full value chain comprising property investment, development,

construction management and service, and consolidated and strengthened the core competitiveness of the Company in terms of quality, branding, construction, marketing, product innovation and cost control, which had laid down the solid foundation for the Company’s strategic transformation.

In 2016, the Company will focus on “becoming an ideal lifestyle integrated service provider”, continuing to optimize the corporate governance structure and build a modern enterprise system orderly. Based on the fundamental goals of “uplifting gross profit margin and profitability”, the Company will continue to uphold the market-oriented approach and emphasize on sales segment and quality. The Company will promote the established transformation strategies of “platform-based services, financialisation of real estate, professionalism towards property development” and uphold Greentown’s core values solidly with an aim to forge a full real estate value chain, a higher value enterprise as a role model of shareholder diversity in the PRC.

Strategically Transform into an Ideal Quality Living Service Provider

For real estate industry, the ultimate goal is to promote lifestyle through our services. In the coming year, the Company will focus on strengthening the delivery of market-oriented services to its customers based on the principle of “comprehensive coverage, stable implementation and focused supervision”. The Company plans to attract customers and maintain sales

volume by offering enhanced services. By treating the customers as our family, the Company also plans to improve the quality of living for its customers throughout the entire project positioning, development, sales and delivery operation cycles.

The Company will continue to enhance its design and construction quality and maintain our leading market position by strictly adhering to our market positioning as the provider of premium products, harnessing our product strengths and increasing product innovation.

The Company will further refine brand attributes to maintain its leading position in the real estate industry. While emphasizing the brand’s competitive advantages, the Company will strengthen brand value and leverage Greentown Management Groups’ brand in construction management to reinforce Greentown’s brand influence in the PRC property market.

In 2016, the Company will optimize the source, competency and age structures of the key posts and will boldly recruit young talents and bring in outside elite. By focusing on the training of operational talents, expanding the basic staffing and the tendency of key posts, the Company aims to provide both a good working condition and a variety of opportunities for them to explore their potential so as to support for the Company’s transformation into an ideal living services provider.

Management Discussion and Analysis

Continue to Optimize Corporate Control Management Model

The Company will optimize and innovate its mixed ownership management model in order to forge a strong and solid “Greentown China”. In line with its “light assets” strategy, the Company will consolidate and organize its construction management business as a result of which the Company will spin off ‘heavy assets’ business segments, such as hotels and commercials, with the objective of ultimately having three main subsidiaries under Greentown China – namely “Greentown Real Estate Group”, “Greentown Management Group” and “Greentown Assets Operation Group”. Greentown China will therefore assume the responsibility for centralized administrative management and operating results of the group.

Greentown Real Estate Group will primarily engage in project investment and development, in order to undertake

management and control functions along the principles of “streamlined and efficient control and allocation of resources”. The Company will strengthen the local offices’ execution, sales and customer services to ensure the implementation of all requirements and the materialization and achievement of its commitment to operations.

Greentown Management Group will primarily engage in construction development and management. Founded on the basis of business and team integration and management consolidation, this group will firmly implement the principles of “Quality Assurance” and “Value Sharing”. It will lead and promote the reform of the real estate industry and upgrade the standards so as to formulate a full life cycle for real estate projects and quality and service security mechanism with objective, clear and systemic standards. Through professional management and strict contractual

commitments, this group will advance a clear benefit and risk sharing mechanisms with a view to share and create higher value for entrusting parties.

Greentown Asset Operation Group will be established based on the strategic needs of “financialization” of the real estate industry. It will centralize and coordinate its hotel operations, business and non-business commercial operations, and club operations, etc. Through asset securitization, financialization, disposal and leasing, this group will aim to solve fundamental issues relating to asset operation, preservation and value appreciation. It also intends to further standardize its equity, property rights and property representative management, to establish property representative reporting mechanism which allows exploration of opportunities to establish a financial platform.

The Company will reform its remuneration allocation system by implementing new remuneration and incentive policies based closely on rewards and penalties and linking remuneration and performance rewards with project profitability. The performance-based variable component will also increasingly become an important part of the remuneration system. Through such change, the Company aims to incentivize employees’ performance and maximize employees’ potential. The Company will also put in place a clear set of incentive and penalty evaluation criteria, together with an automatic salary raise mechanism for outstanding employees, and timely evaluate employees’ performance and deliver incentive policies.



► Zhoushan Zhujiajian Dongsha Resort North Area

Management Discussion and Analysis

Optimize Market-led Investment Strategy

The Company will optimize the geographic mix and reinforce regional concentration of its investments. The Company will continue to focus on 15 key cities: Beijing, Shanghai, Guangzhou, Shenzhen, Hangzhou, Tianjin, Nanjing, Wuhan, Hefei, Jinan, Zhengzhou, Xiamen, Fuzhou, Chengdu, and Chongqing. The Company will systematically develop projects in these key cities. The Company will proactively and systematically carry out new project exploration initiatives and adopt market-oriented strategies.

Based on the strategy to focus on core cities, the Company will focus on implementing destocking initiatives, particularly in third- and fourth-tier cities. The Company will re-position existing projects and review product positioning. The aim is to optimize and adjust the master design, development sequence, product mix and cost standards to reduce inventory and increase the return of capital.

Closely following the principle of “complementary advantages and mutual benefit” for joint-venture projects, all future joint-ventures will be ideally controlled by the management of Greentown. The Company will operate and manage projects in accordance with the principle of “same equity, same right and same investment” in order to ensure the standardization of Greentown’s quality and brand name to optimize cooperation and improve satisfaction of customers and partners.

Based on the existing operation of Greentown Management Group, the Company will strengthen the integration of its project development industry chain, and extend its model of “single income generation” to become a model of “multi-income generation from each module of the project development value chain”. The Company will strive to develop an extensive data platform and will identify suitable combinations of high-quality land, investment and construction management business. The Company will formulate an urban redevelopment plan and overseas business development plan prior to pilot trials. Meanwhile, the Group will seek long-term strategic partners to source new construction management projects, and will aim to increase the weightage of asset-light businesses to maintain its leading position in the construction management industry.

The year of 2016 is crucial for our strategic transformation and operational optimization. We will endeavor to achieve four areas of improvement: “service quality, organization establishment, product quality and brand recognition”; four areas of innovation – “operation system, organization structure, incentive mechanism and financial platform”, and another four areas of optimization – “city layout, stock structure, cooperation standard and construction management model”. By driving and fulfilling the diversified, varied and high quality demand, the Company strives to become the “No. 1 brand of comprehensive urban living service provider”.

Financial Analysis

Revenue

The revenue of the Group mainly derives from the sales of property, as well as from hotel operations, property rental, project management, sales of construction materials, and design and decoration, etc. During the Year, the revenue from property sales amounted to RMB23,326 million, accounting for 89.6% of the total revenue, and representing a decrease of RMB6,785 million or 22.5% from RMB30,111 million in 2014. Such decrease was mainly due to the decrease in sales area of properties delivered and the decrease of the average selling prices from property sales. The sales area of properties delivered in 2015 was 1,610,818 sqm, representing a decrease of 16.8% from 1,936,916 sqm in 2014. The average selling price of properties delivered during the Year was RMB14,481 per sqm, representing a decrease of 6.9% from RMB15,546 per sqm in 2014, which was mainly due to the fact that high proportion of projects delivered during the Year, such as Taizhou Ningjiang Mingyue, Qingdao Jiaozhou Lagerstroemia Square, Cixi Sincere Garden, were located at third-tier and fourth-tier cities, affecting the average selling prices to a certain extent.

Management Discussion and Analysis

Properties with the revenue recognized by subsidiaries during 2015 were as follows:

| Projects | Type of Properties | Area Sold (sqm) (Note) | Sales Revenue (RMB million) | % of Total | Average Selling Price (RMB/sqm) |
|--|---|------------------------------|-----------------------------------|---------------|---------------------------------------|
| Taizhou Ningjiang Mingyue | High-Rise Apartment, Villa | 181,485 | 2,143 | 9.2% | 11,808 |
| Hangzhou Orchid Residence | High-Rise Apartment, Serviced Apartment | 46,973 | 1,945 | 8.3% | 41,407 |
| Qingdao Ideal City | High-Rise Apartment, Low-Rise Apartment | 117,552 | 1,607 | 6.9% | 13,671 |
| Hangzhou Yunqi Rose Garden | Villa | 17,953 | 1,582 | 6.8% | 88,119 |
| Hainan Blue Town | High-Rise Apartment, Villa | 35,625 | 1,495 | 6.4% | 41,965 |
| Qingdao Jiaozhou Lagerstroemia Square | High-Rise Apartment, Low-Rise Apartment | 157,359 | 1,120 | 4.8% | 7,117 |
| Xinjiang Lily Apartment | High-Rise Apartment, Low-Rise Apartment | 73,090 | 1,118 | 4.8% | 15,296 |
| Taizhou Rose Garden | High-Rise Apartment, Villa | 66,339 | 898 | 3.8% | 13,537 |
| Cixi Sincere Garden | High-Rise Apartment | 85,452 | 745 | 3.2% | 8,718 |
| Zhoushan Changzhidao | High-Rise Apartment, Villa | 60,779 | 722 | 3.1% | 11,879 |
| Hangzhou Taohuayuan | Villa | 15,561 | 691 | 3.0% | 44,406 |
| Deqing Yingxi Arcadia | High-Rise Apartment, Low-Rise Apartment, Villa | 52,965 | 645 | 2.8% | 12,178 |
| Other | | 699,685 | 8,615 | 36.9% | 12,313 |
| Total | | 1,610,818 | 23,326 | 100.2% | 14,481 |

Note: Area sold includes above ground and underground areas.



► Hangzhou Zhijiang No. 1

Management Discussion and Analysis

During the Year, projects in Zhejiang area (excluding Hangzhou) achieved sales revenue of RMB7,588 million, accounting for 32.5% of the property sales, ranking first. Projects in Hangzhou area achieved sales revenue of RMB6,898 million, accounting for 29.6%, ranking second. Projects in Shandong area achieved sales revenue of RMB3,340 million, accounting for 14.3%, ranking third.

During the Year, sales revenue of high-rise apartment, low-rise apartment and serviced apartment reached RMB15,342 million, accounting for 65.8% of the property sales; sales revenue of villa reached RMB7,714 million, accounting for 33.0%; and sales revenue of office reached RMB270 million, accounting for 1.2%.

During the Year, the Group achieved design and decoration revenue of RMB1,099 million, representing an increase of 46.7% from RMB749 million in 2014. Such increase was mainly due to the gradual expansion of design and decoration business year by year, and a steady growth in the customer base as a result of the customers' widely recognition of the high-end fit-out products and services being provided.

The Group's revenue from project management in 2015 amounted to RMB748 million, representing an increase of 62.3% from RMB461 million in 2014, mainly due to the continuous implementation of our light assets operation that leads to a steady growth of revenue derived from the project management. In 2015, the Group acquired Greentown Shidai and Greentown Dingyi, details of which please refer to "Material Acquisitions" below. By doing so, the Group consolidated and strengthened the existing construction management platform as well as expanded the market influence of the Group in the project management services.

During the Year, the Group's revenue from hotel operations was RMB584 million, representing an increase of 32.7% from RMB440 million in 2014. The increase was mainly due to the additional revenue contributed by several hotels such as Hangzhou Azure Qianjiang Luxury Collection Hotel, Hainan Westin Blue Bay Resort and Zhoushan Westin Zhujiajian Resort, etc, which commenced operations in the second half of 2014. Furthermore, hotels, such as Greentown Qiandao Lake Resort, which commenced operations in previous years also recorded an increase in operational revenue as a result of their stable customer base.

During the Year, the Group's rental income from investment properties was RMB124 million, in line with RMB122 million in 2014, mainly attributed by the rental income from Oakwood Residence Beijing.

Gross Profit Margin from Property Sales

During the Year, the Group's gross profit from property sales was RMB4,194 million and the gross profit margin of property sales was 18.0%, lower than 23.5% in 2014. The decrease was mainly due to the fact that certain proportion of projects delivered during the Year were located at third-tier and fourth-tier cities, the selling price of which was relatively lower as a result of the macro control measures on the real estate industry promulgated by Chinese government over the past years which has affected the gross profit margin for the Year to a large extent.

Other Income

During the Year, the Group realized other income of RMB849 million, representing a decrease of RMB115 million from RMB964 million in 2014, mainly due to the decrease of interest income of RMB71 million.

During the Year, the Group received interest income of RMB594 million, representing a decrease of RMB71 million from interest income of RMB665 million in 2014, mainly due to the decrease in interest due from related parties.

Management Discussion and Analysis

Selling and Administrative Expenses

The Group's selling and administrative expenses during the Year amounted to RMB1,229 million and RMB2,573 million, respectively, and RMB3,802 million in total, representing an increase of 34.5% from RMB2,827 million in 2014, which were mainly due to the increase of net foreign exchange loss, human resources cost as well as daily operating expenses. Excluding the impact of net foreign exchange loss, the selling and administrative expenses recorded an increase of 20.4% as compared with last year.

The administrative expenses for the Year included a net foreign exchange loss of RMB426 million, representing a significant increase of RMB404 million as compared with loss of RMB22 million in 2014. Such increase was mainly due to the rapid depreciation of Renminbi during the second half of 2015 and that the amount of the borrowings denominated in foreign currency and the USD senior notes of the Group were significant.

Human resources cost, which is the largest single expense item in selling and administrative expenses, amounted to RMB1,237 million in 2015 (2014: RMB950 million), representing an increase of 30.2% as compared with last year, mainly due to an increase in the cost of staff in connection with certain hotels that commenced operation during the second half of 2014 and on the other hand, the absolute amount of human resources

cost increased as a result of the increased presales amount owing to the Group's greater effort to reduce inventories in response to the steady recovery of the real estate market. Expenses in marketing and related fees during the Year amounted to RMB584 million, representing a slight increase as compared with RMB556 million in 2014. During the Year, the daily operating expenses amounted to RMB991 million (2014: RMB864 million), representing an increase of 14.7% as compared with that of last year. The increase was mainly due to the expenses, such as water and electricity charges, property management fees and depreciation, increased in connection with the certain hotels operated during the second half of 2014.

Financing Cost

During the Year, interest expenses recorded in the consolidated statement of profit or loss and other comprehensive income was RMB886 million (2014: RMB680 million). The total interest expenses during the Year was RMB3,028 million, representing a decrease of 3.1% from RMB3,125 million in 2014, mainly due to the completion of the exchange offer in relation to the offshore senior notes and the issuance of the domestic corporate bonds in the second half of 2015 and the decrease of the weighted average interest cost from 7.9% in 2014 to 7.3%. As at 31 December 2015, the Group's weighted average interest cost at the end of the period was 6.6%, representing a decrease

of 100 basis points as compared with 7.6% as at 31 December 2014. During the Year, the capitalized interest was RMB2,142 million, at a capitalization percentage of 70.7%, representing a decrease as compared with 78.2% in 2014.

Share of Results of Joint Ventures and Associates

During the Year, the Group's share of results of joint ventures and associates amounted to an aggregate gain of RMB1,668 million, representing an increase of RMB1,260 million from a gain of RMB408 million in aggregate in 2014, mainly due to: (a) disposal of the real estate projects held by Shanghai Sunac Greentown Investment Holdings Co., Ltd. (Shanghai Sunac Greentown) and Sunac Greentown Investment Holdings Limited (Sunac Greentown Investment), details of which please refer to "Transactions with Sunac China" below. The share of results of these two associates of the Group for the Year amounted to RMB714 million in aggregate; (b) Hangzhou Wulin No. 1, the project delivered in the Year, was a high-end fit-out apartment project with a higher average selling price and a relatively higher gross profit margin from property sales and the Group's share of its results was a gain of RMB425 million.

During the Year, revenue from property sales recognized by joint ventures and associates amounted to RMB39,755 million in aggregate, in line with RMB39,416 million in 2014.

Management Discussion and Analysis

Projects with the revenue recognized by joint ventures and associates in 2015 were as follows:

| Projects | Category | Type of Properties | Area Sold (sqm) (Note) | Sales Revenue (RMB million) | % of Total | Average Selling Price (RMB/sqm) |
|---|---------------|--|------------------------------|-----------------------------------|---------------|--|
| Haining Lily New Town | Joint Venture | High-Rise Apartment | 123,746 | 1,614 | 4.1% | 13,043 |
| Jinan Lily Garden | Joint Venture | High-Rise Apartment | 164,940 | 1,394 | 3.5% | 8,452 |
| Hangzhou Wulin No. 1 | Associate | High-Rise Apartment | 49,659 | 3,362 | 8.5% | 67,702 |
| Hangzhou Sincere Garden Zhichengyuan | Associate | High-Rise Apartment | 94,679 | 3,119 | 7.8% | 32,943 |
| Hangzhou Xinhua Garden | Associate | High-Rise Apartment | 85,076 | 3,009 | 7.6% | 35,368 |
| Jinan National Games Project | Associate | High-Rise Apartment, Villa | 240,102 | 2,565 | 6.5% | 10,683 |
| Hangzhou Idyllic Garden Luyunyuan | Associate | High-Rise Apartment, Villa | 100,550 | 1,856 | 4.7% | 18,458 |
| Hangzhou Xizi International | Associate | High-Rise Apartment, Office | 54,343 | 1,825 | 4.6% | 33,583 |
| Shanghai Dynasty on Bund | Associate | High-Rise Apartment | 27,586 | 1,679 | 4.2% | 60,864 |
| Yiwu Rose Garden | Associate | Villa | 37,505 | 1,627 | 4.1% | 43,381 |
| Beijing Jinghang Plaza | Associate | High-Rise Apartment, Office | 58,321 | 1,584 | 4.0% | 27,160 |
| Hangzhou Hope Town | Associate | High-Rise Apartment, Low-Rise Apartment | 113,073 | 1,422 | 3.6% | 12,576 |
| Shanghai Changfeng Center | Associate | High-Rise Apartment, Office | 36,585 | 1,281 | 3.2% | 35,014 |
| Other | | | 1,040,861 | 13,418 | 33.6% | 12,891 |
| Total | | | 2,227,026 | 39,755 | 100% | 17,851 |

Note: Area sold includes above ground and underground areas.



► Xuzhou Lagerstroemia Mansion

Management Discussion and Analysis

Taxation Expenses

During the Year, taxation included the LAT of RMB861 million (2014: RMB1,396 million) and enterprise income tax of RMB814 million (2014: RMB1,323 million). During the Year, the effective enterprise income tax rate was 45.9% (excluding share of results of joint ventures and associates and the losses of certain offshore subsidiaries), higher than the statutory tax rate of 25.0%, which was mainly attributable to withholding tax on dividend, the unrecognized deferred tax assets of the losses of certain onshore subsidiaries, fair value changes on cross currency swaps and the tax effect of nondeductible expenses.

Gain from Changes in Fair Value of Investment Properties

Investment property is a property held for rental earning and measured at fair value. The Group commissioned DTZ Debenham Tie Leung Limited to provide assessments on investment properties of

the Group. According to the results of the assessment, the gain from changes in fair value of investment properties amounted to RMB40 million in 2015 (2014: gain of RMB60 million).

Fair Value Changes on Cross Currency Swaps

In May 2013, the Company issued senior notes in an amount of RMB2,500 million and entered into several cross currency swap contracts with BOCI Financial Products Limited, Standard Chartered Bank and Industrial & Commercial Bank of China (Asia) Limited. The fair value changes on such cross currency swaps realized loss of RMB129 million during the Year (2014: loss of RMB121 million).

Fair Value Changes on Early Redemption Options of Senior Notes

All of the senior notes of the Group contain early redemption options. Early redemption options are regarded as embedded derivatives not closely related

to the host contracts. During the Year, the fair value changes on early redemption options of senior notes was a gain of RMB258 million.

Provision and Reversal of Provision for Impairment Losses

The restriction on property purchases and credit tightening policies imposed by the State increased the level of risk and uncertainties of China's real estate market. In light of this, the Group commissioned DTZ Debenham Tie Leung Limited to provide assessments on properties held by the Group. According to the results of the assessment, Zhoushan Putuo Greentown Industry Investment Co., Ltd., a subsidiary of the Company, recognized a reversal of impairment provision of RMB25 million in 2015 (2014: a reversal of impairment provision of RMB17 million). In 2015, Xinchang Greentown Real Estate Co., Ltd., a subsidiary of the Company, recognized a reversal of impairment provision of RMB6 million for its hotel properties.



► Shanghai Bund House

Management Discussion and Analysis

The Group provided for impairment loss of certain subsidiaries for their completed properties for sale during the Year as follows:

| Company | Project | Decrease in Net Profit (RMB million) |
|---|-------------------------------------|--|
| Cixi Greentown Real Estate Development Co., Ltd. | Cixi Sincere Garden | 88 |
| Anhui Greentown Rose Garden Real Estate Development Co., Ltd. | Hefei Jade Lake Rose Garden | 87 |
| Zhuji Yuedu Real Estate Co., Ltd. | Zhuji Greentown Plaza | 61 |
| Xinchang Greentown Real Estate Co., Ltd. | Xinchang Rose Garden | 60 |
| Zhoushan Greentown Weilanhai'an Real Estate Development Co., Ltd. | Zhoushan Daishan Sky Blue Apartment | 17 |
| Hangzhou Greentown Beisheng Real Estate Co., Ltd. | Hangzhou Idyllic Garden | 14 |
| Total | | 327 |

In addition, an impairment loss of RMB98 million (2014: RMB122 million) was made on the amount due from Shaoxing Greentown Baoye Real Estate Development Co., Ltd. (Shaoxing Jade Garden), a joint venture of the Group, and an impairment loss of RMB98 million was made on the amount due from Wenzhou Greentown Development Real Estate Development Co., Ltd. (Wenzhou Begonia Bay), an associate of the Group.

Pre-sale Deposits

Pre-sale deposits represent the amounts received from the pre-sale of properties. The amounts will be recognized as sales revenue upon delivery of properties. As at 31 December 2015, the balance of pre-sale deposits of the Group was RMB22,223 million, representing an increase of RMB2,107 million or 10.5% from RMB20,116 million as at 31 December 2014.

As at 31 December 2015, the pre-sale deposits of joint ventures and associates was RMB30,639 million, representing a decrease of RMB11,459 million or 27.2% from RMB42,098 million as at 31 December 2014, which was mainly due to the disposal of the real estate projects held by Shanghai Sunac Greentown and Sunac Greentown Investment.



► Hangzhou Blue Patio

Management Discussion and Analysis

Financial Resources and Liquidity

As at 31 December 2015, the Group had bank balances and cash (including pledged bank deposits) of RMB18,239 million (as at 31 December 2014: RMB9,084 million). Total borrowings amounted to RMB44,994 million (as at 31 December 2014: RMB35,815 million) and the net borrowings (total borrowings less bank balances and cash) amounted to RMB26,755 million (as at 31 December 2014: RMB26,731 million). The net gearing ratio (measured by net borrowings over net assets) was 73.0%, representing a decline as compared to 76.7% as at 31 December 2014.

Greentown Group has obtained facilities of approximately RMB67.1 billion from commercial banks, of which approximately RMB17.3 billion had been drawn down as at 31 December 2015.

Material Acquisitions

On 2 August 2015, Greentown Real Estate entered into a share transfer agreement with the shareholders of Greentown

Dingyi and other parties in relation to the acquisition of the entire equity interest in Greentown Dingyi for a total consideration of approximately RMB625 million. On the same day, Greentown Real Estate entered into a share transfer agreement with the shareholders of Greentown Shidai and other parties in relation to the acquisition of 92% equity interest in Greentown Shidai for a total consideration of RMB294 million. Upon the completion of the acquisitions, the Group holds 100% shareholding in Greentown Dingyi and Greentown Shidai.

Both of Greentown Dingyi and Greentown Shidai are principally engaged in the business of project management. The aforesaid acquisitions are in line with the Group's operation philosophy of increasing the proportion of light asset business. As at 31 December 2015, the Group has settled the consideration of approximately RMB828 million in aggregate in respect of the two acquisitions.

Transactions with Sunac China

On 15 May 2015, the Company and Sunac China Holdings Limited ("Sunac China") entered into a framework agreement (the "Framework Agreement") together with the underlying documents for the transactions contemplated thereunder, pursuant to which it was conditionally agreed that the Group would transact with the Sunac China and its subsidiaries in relation to (a) the Group's acquisition of the return on investment in respect of 51% equity interests in Shanghai Huazhe Bund Realty Co., Ltd.; (b) the Group's acquisition of 45% equity interests in, and shareholder's loan of Beijing Xingye Wanfa Real Estate Development Co., Ltd.; (c) the Group's acquisition of 50% equity interests in, and shareholder's loan of Zhejiang Jinying Real Estate Co., Ltd.; (d) the Group's disposal of 50% equity interests in Shanghai Greentown Forest Golf Villa Development Co., Ltd.; (e) the Group's disposal of 25% equity interests in Hangzhou Sunac Greentown Real Estate Development Co., Ltd.; (f) the Group's disposal of 50% equity interests in Shanghai Sunac Greentown; (g) the Group's disposal of 50% of the issued share capital of Sunac Greentown Investment; and (h) the development of the Tianjin National Game Village Project on a joint venture basis. Please refer to the circular of the Company dated 29 June 2015 for the details of the Framework Agreement and the transactions contemplated thereunder.

As at 31 December 2015, the Group has received the transaction amounts in full in respect of the transactions contemplated under the Framework Agreement, which increased the Group's net cash inflow equivalent to approximately RMB3,391 million.

Risks of Foreign Exchange Fluctuation

The principal place of operation of the Group is the People's Republic of China, and the majority of the income and expenditure were transacted in Renminbi. The Group had deposits, borrowings, amounts due from and amounts due to related parties, amounts due from



► Lin'an Spring Blossom

Management Discussion and Analysis

and amounts due to the third parties denominated in foreign currency, and the aggregate amount of approximately USD1.3 billion senior notes issued in 2013 and 2015 were denominated in US dollars. In addition, the Company issued senior notes in the aggregate principal amount of RMB2.5 billion in May 2013, and entered into cross currency swap contracts with certain banks. As such, the Group was exposed to exchange rate risk. However, the Group's operating cash flow and liquidity is not subject to significant influence from fluctuations in exchange rates. The Group did not enter into any foreign currency hedging arrangements as at 31 December 2015.

Financial Guarantees

The Group provided financial guarantees to banks for mortgage facilities granted to buyers of the Group's properties. As at 31 December 2015, such financial guarantees amounted to RMB21,845 million (as at 31 December 2014: RMB17,826 million).

Pledge of Assets

As at 31 December 2015, the Group pledged buildings, hotels, construction in progress, prepaid lease payment, investment properties, properties for development, properties under development, completed properties for sale, pledged bank deposits, interests in joint ventures and interests in associates, with an aggregate carrying value of RMB29,370 million (as at 31 December 2014: RMB26,217 million) to secure general credit facilities granted by banks and other financial institutions to the Group.

Capital Commitments

As at 31 December 2015, the Group had contracted, but not provided for, capital expenditure commitments of RMB16,465 million (as at 31 December 2014: RMB13,786 million) in respect of properties for development, properties under development and construction in progress.

Capital Expenditure Plan

In consideration of the complicated and highly uncertain economic environment, the Group takes a prudent approach towards the use of funds to secure the capital chain. Currently there is no material capital expenditure plan.

Human Resources

As at 31 December 2015, the Group employed a total of 5,328 employees (2014: 5,050). The employees of the Group were remunerated on the basis of their performance, experience and prevailing industry practices. The Group's remuneration policies and packages were reviewed by the remuneration committee of the Company and the Board on a regular basis. As an incentive for the employees, bonuses and cash awards may also be granted to the employees based on their individual performance evaluation.

The Company has adopted the Share Option Scheme as an incentive to directors and eligible employees. Details of the Share Option Scheme are set out in note 37 to the Consolidated Financial Statements.

Retirement Benefit Scheme

The Group has joined a mandatory provident fund scheme ("MPF Scheme") for all employees in Hong Kong. The MPF Scheme is registered with the Mandatory Provident Fund Schemes Authority under the Mandatory Provident Fund Schemes Ordinance. The assets of the MPF Scheme are held separately from those of the Group in funds under the control of an independent trustee. Under the MPF Scheme, the employer and its employees are each required to make contributions to the MPF Scheme at rates specified in the rules.

The employees of the Group's subsidiaries in the PRC are members of the state-managed retirement benefits schemes operated by the PRC government. The PRC subsidiaries are required to contribute a certain percentage of payroll costs to the retirement benefits schemes to fund the benefits. The only obligation of the Group with respect to the retirement benefits schemes is to make the specified contributions.



► Hainan Blue Town

Biographical Details of Directors and Senior Management





Zhoushan Changzhidao

Biographical Details of Directors and Senior Management

SONG Weiping

Co-chairman of the Board and Executive Director
Born in 1958



Mr SONG Weiping founded our Company in January 1995, and is primarily responsible for the formulation of our development strategies, as well as supervising our project planning, design and marketing. He is also a director of certain subsidiaries or associates of the Company. Mr SONG graduated from Hangzhou University with a bachelor's degree in history in 1982. In 2004 and 2005, Mr SONG was honored with the Ten Leaders of the Residential Property Sector in Zhejiang Award jointly by the Zhejiang Daily, the China Housing Industry Association and Special Committee of the China Construction Industry Association. In 2004, Mr SONG received the China Construction Architecture Award (Individual Contribution Award). Mr SONG was ranked as "2014 Top Ten Outstanding Real Estate Leaders of New Urbanization" in 2014. He is the vice chairman of the sixth Council of China Real Estate Association and the vice chairman of Zhejiang Provincial Real Estate Association. Mr SONG is interested or deemed to be interested in the shares of the Company for the purpose of Part XV of the SFO by, among other things, holding shares through his controlled corporations, namely Delta House Limited and Hong Kong Orange Osmanthus Foundation Limited. He is also a director of Delta House Limited and Hong Kong Orange Osmanthus Foundation Limited. Mr SONG was redesignated from the chairman of the Board to co-chairman of the Board with effect from 27 March 2015.

LIU Wensheng

Co-chairman of the Board and Executive Director
Born in 1960



Mr LIU Wensheng is the secretary of the board of directors, the company secretary and the chief economist of CCCC. He also serves as the chairman of CCCC International Holding Limited (中交國際(香港)控股有限公司) and Friede Goldman United, Ltd., as well as the director of CCCC Dredging (Group) Holdings Co., Ltd. (中交疏浚(集團)股份有限公司). Mr LIU graduated from Dalian Maritime University (formerly known as Dalian Maritime College) with a bachelor's degree in Engineering. He is a senior engineer. Mr LIU joined China Harbour Engineering Company Ltd. (中國港灣工程有限責任公司) in 1982 and possesses rich experience in operation and management. He served as the deputy general manager of CCCC Tianjin Dredging Co., Ltd. (中交天津航道局有限公司), the vice-chief economist and the general manager of corporate planning of China Harbour Engineering Company Ltd. (中國港灣工程有限責任公司) and the chief economist of CCCC. Mr LIU was appointed as non-executive Director on 22 June 2015 and he subsequently was redesignated from non-executive Director to executive Director and was appointed as co-chairman of the Board on 15 January 2016.

SUN Guoqiang

Executive Director
Born in 1966



Mr SUN Guoqiang is the chairman of the board and general manager of CCCC Real Estate Company Limited, a subsidiary of CCGG. Mr SUN joined the CCGG group in 1991 and has wealth of experience in management and administration. Mr SUN was a director and general manager of CCCC Fourth Harbor Engineering Co., Ltd. (中交四航局). Mr SUN graduated from the Jiangxi Industrial University with a bachelor's degree in water engineering. He has also obtained a master's degree in water structural engineering from the Tianjin University and a master's degree in business administration from the Cheung Kong Graduate School of Business. Mr SUN was appointed as a director and chairman (authorized representative) of Greentown Real Estate on 24 March 2015 and as our executive Director on 27 March 2015.

Biographical Details of Directors and Senior Management

**SHOU Bainian**

Executive Director

Born in 1954

Mr SHOU Bainian graduated from Hangzhou University with a bachelor's degree in history in 1982. Between 1982 and 1998, he worked at the government office of Yin County of Zhejiang Province, the general office of Ningbo Municipal Government and China Huaneng Group's Zhejiang subsidiary. Mr SHOU joined us in April 1998. He is a vice chairman of Hangzhou Real Estate Association. Mr SHOU is interested or deemed to be interested in the shares of the Company for the purpose of Part XV of the SFO by, among other things, holding shares through his controlled corporation, Profitwise Limited. He is also a director of Profitwise Limited. Mr. Shou resigned as an executive vice chairman of the Board and a member of the investment committee with effect from 27 March 2015. He also resigned as the chief executive officer of the Company with effect from 22 June 2015.

**CAO Zhounan**

Executive Director and Chief Executive Officer

Born in 1969

Mr CAO Zhounan graduated from Zhejiang University of Finance & Economics (浙江財經學院) in 1991, majoring in financial accounting. He obtained a Master's Degree from Université du Québec, Canada in 2009, majoring in Business Administration. Mr CAO started his career in 1989. From 1991 to 1995, he served as the deputy chief, the chief and the secretary of Zhejiang Provincial Finance Bureau. From 1996 to 1998, seconded by Zhejiang Provincial Party Committee (浙江省委組織部), he took up the position as an assistant to the county mayor of Zhejiang Province Yunhe County People's Government (浙江省雲和縣人民政府). From 1998 to 2001, he was the deputy division chief (副處長) of the Zhejiang Provincial Finance Bureau. From 2001 to 2005, he served as an assistant to the general manager of Zhejiang Provincial Railway Investment Group Co., Ltd. (浙江鐵路投資集團). From 2005-2009 he served as the vice general manager of Zhejiang Provincial Railway Investment Group Co., Ltd. From 2004 to 2009, he was appointed as the chairman of Zhejiang Asset Management Company (浙江資產管理公司). Mr Cao joined Greentown Real Estate in February 2009 as the executive general manager and was responsible for the overall operation and management in relation to the Group companies and its subsidiaries. Mr CAO was appointed as an executive director of the Company from 1 July 2011 to 27 March 2015. On 24 March 2015, he was appointed as a director of Greentown Real Estate. Mr CAO was appointed as an executive Director and chief executive officer of the Company on 22 June 2015 and also served as chairman of Greentown Property Construction Management Group Co., Ltd. with effect from 23 September 2015.

Biographical Details of Directors and Senior Management

**LI Qingan**

Executive Director

Born in 1966

Mr LI Qingan graduated from the Department of Management (Engineering and Finance Accounting Profession) of Changsha Communications University (長沙交通學院管理系) with a bachelor's degree in Engineering and Finance Accounting. He is a senior accountant. Mr LI started his career as a financial accountant of the Ministry of Transportation and Communications in July 1989. Mr LI joined CRBC in September 1998 and has rich experience in finance management. He served as the general manager of finance and accounting department of CRBC, the general manager of finance and accounting department of CCCC, the provisional party secretary and the director of CCCC Finance Company (中交財務公司). Mr LI joined the Company in March 2015 and was appointed as the director and the executive general manager of Greentown Real Estate and is primarily responsible for corporate finance, fund and audit management. Mr LI was appointed as our executive Director on 22 June 2015.

**LI Yongqian**

Executive Director

Born in 1974

Mr LI Yongqian graduated from Zhengzhou University (formerly known as Zhengzhou University of Technology) with a bachelor's degree in Architecture. He obtained a master's degree in Business Administration from Beijing Institute of Technology and a doctor's degree in Law from the Central University for Nationalities. He is a senior engineer. Mr LI joined CCCG in January 2014 with rich experience in operation and management. He served as the general manager of the coordination and management department of China State Construction Real Estate Co., Ltd. (中國中建地產有限公司), the deputy general manager of China Hydropower Construction Group Real Estate Co., Ltd. (中國水電建設集團房地產有限公司), the deputy general manager of the real estate division of China Electric Power Construction Group (中國電力建設集團) and the deputy general manager of the real estate division of CCCG. Mr LI joined the Company in March 2015 and was appointed as the director and the executive general manager of Greentown Real Estate and is primarily responsible for corporate investment development and asset management. Mr LI was appointed as our executive Director on 15 January 2016.

Biographical Details of Directors and Senior Management

**JIA Shenghua**

Independent Non-Executive Director

Born in 1962

Mr JIA Shenghua is a professor of Zhejiang University and serves as the director of Zhejiang University's Property Research Center. Mr JIA graduated from the Northwest Agricultural University with a doctorate degree in agricultural economics and management. Since 1989, Mr JIA has taught and conducted research in property economics, property development, and enterprise management in China. He furthered his study in Germany from 1993 to 1994. He is currently a member of Zhejiang Enterprises Management Research Society, Zhejiang Land Academy and Hangzhou Land Academy. Mr JIA is also a council member of the Zhejiang Provincial Real Estate Association, and a member of the expert committee of the China Real Estate Research Association. At present, Mr JIA acts as an independent non-executive director of Yinyi Real Estate Co., Ltd. (stock code: 000981.SZ), Rongan Property Co., Ltd. (stock code: 000517.SZ), China Calxon Group Co., Ltd. (stock code: 000918.SZ) and Hangzhou Binjiang Real Estate Group Co., Ltd. (stock code: 002244.SZ), all of which are listed in Shenzhen. Mr JIA was appointed as our independent non-executive Director on 22 June 2006.

**KE Huanzhang**

Independent Non-Executive Director

Born in 1938

Mr KE Huanzhang is currently the chief planning consultant of the Beijing Municipal Institute of City Planning and Design (北京市城市規劃設計研究院). Mr KE was graduated in 1962 from Southeast University (東南大學) (formerly the Nanjing Industrial Institute (南京工學院)) and his major was construction. Mr KE has over 40 years of experience in the areas of housing, urban rural development and town planning. From 1979 to 1986, Mr KE served as the deputy section chief and deputy director-general of the Beijing Planning Bureau (北京市規劃局). From September 1986 to March 2001, Mr KE was the dean and senior town planning professor of the Beijing Municipal Institute of City Planning and Design (北京市城市規劃設計研究院). Mr KE was appointed as our independent non-executive Director on 22 June 2009.

Biographical Details of Directors and Senior Management

**SZE Tsai Ping, Michael**

Independent Non-Executive Director

Born in 1945

Mr SZE Tsai Ping, Michael, has over 30 years of experience in the financial and securities field. He graduated with a Master of Laws (LLM) degree from the University of Hong Kong. He was a former member of the Securities and Futures Appeals Tribunal. He was also a former council member and member of the Main Board Listing Committee of the Stock Exchange of Hong Kong Limited. Mr SZE is an independent non-executive director of GOME Electrical Appliances Holding Limited (stock code: 00493.HK), Harbour Centre Development Limited (stock code: 00051.HK) and Walker Group Holdings Limited (stock code: 01386.HK), all of which are listed in Hong Kong. Mr SZE is a fellow of the Institute of Chartered Accountants in England and Wales, the Hong Kong Institute Certified Public Accountants and the Association of Chartered Certified Accountants and also a fellow of the Hong Kong Institute of Directors Limited. Mr SZE was appointed as our independent non-executive Director on 22 June 2006.

**HUI Wan Fai**

Independent Non-Executive Director

Born in 1976

Mr HUI Wan Fai is the managing partner of PAG (formerly known as Pacific Alliance Group). Mr HUI has previously served The Blackstone Group as a managing director. Mr HUI was a managing director of Mellon HBV Alternative Strategies LLC, a New York based hedge fund under Mellon Bank, from 2005 to 2006 where he acted as head of distressed investment for China. Mr HUI obtained a Master's degree in Business Administration from INSEAD in 2004 and a Master's degree in International and Public Affairs from The University of Hong Kong in 2002. Mr HUI obtained a Bachelor's degree in Business Administration from The University of Hong Kong in 1998. Mr HUI holds the qualifications of Certified Public Accountant from the Association of Chartered Certified Accountants, United Kingdom, Chartered Financial Analyst from the CFA Institute, The United States of America and Associate of HKICS from the Hong Kong Institute of Chartered Secretaries, Hong Kong. Mr HUI was appointed as our independent non-executive Director on 1 April 2012.

Biographical Details of Directors and Senior Management

Senior Management

YING Guoyong, born in 1961, is currently the Director and General Manager of Greentown Real Estate Group Co., Ltd. (綠城房地產集團有限公司), a principal subsidiary of the Group. He is primarily responsible for the development and management of the Group's entity. Mr YING graduated from Hangzhou University majoring in law and obtained a bachelor's degree. Mr YING has over 20 years of experience in operation and management. He began his career in July 1985 and has been worked in the Teaching and Research Group of Zhejiang Province CPC. School, the Corporate Office of CPC Youth of Zhejiang Province Committee and Zhejiang Youth Travel Service Co. Ltd. and Zhejiang China Travel Greentown Investment Property Company Limited (浙江中旅綠城投資置業公司). Mr YING joined the Group in June 2001.

DU Ping, born in 1970, is currently an Executive General Manager of Greentown Real Estate Group Co., Ltd. (綠城房地產集團有限公司), a principal subsidiary of the Group. He is primarily responsible for the building of corporate culture and value, corporate brand management, customer service management of the properties and operation of digital management platform. Mr DU graduated from Hangzhou University with a bachelor's degree in arts. Mr DU began his career in July 1990 and has been worked in Hangzhou Daily (杭州日報社) as the reporter, the senior report, the chief reporter, the sports director, the director of the financial news center, the editorial board member. Mr DU joined the Group on 9 March 2015 and was appointed as the Executive General Manager of Greentown Real Estate.

FUNG Ching, Simon, born in 1969, is the Chief Financial Officer, Company Secretary and one of the authorised representatives of the Company. Prior to joining the Group in August 2010, Mr FUNG served as the chief financial officer and secretary to the board of directors of Baoye Group Company Limited (寶業集團股份有限公司), a company listed in Hong Kong (stock code: 02355.HK), between 2004 and 2010, and he worked in PricewaterhouseCoopers between 1994 and 2004. Mr FUNG has over 11 years of experience in managing finance and accounting functions, mergers and acquisitions, fund raising and investor relations for PRC corporations listed in Hong Kong, and has 10 years of experience in auditing, accounting and business advisory with a "Big-4" international accounting firm. Mr FUNG graduated from the Queensland University of Technology in Australia with a bachelor's degree, majoring in accountancy. He is a fellow of the Hong Kong Institute of Certified Public Accountants and a fellow of the CPA Australia. Mr FUNG is currently an independent non-executive director of Hainan Meilan International Airport Company Limited (海南美蘭國際機場股份有限公司), a company listed in Hong Kong (stock code: 00357.HK), and he also serves as a non-executive director of Baoye Group Company Limited.

WANG Ke, born in 1978, is currently the Deputy General Manager of Greentown Real Estate Group Co., Ltd. (綠城房地產集團有限公司), a principal subsidiary of the Group. He is primarily responsible for the management of the Group's product centers. Mr WANG graduated from the Art and Design Profession of Shanghai Tongji University with a bachelor degree in arts and design. Mr WANG began his career in July 2002 and has been worked as a designer in Swiss Lemen Architectural Design Firm (瑞士蕾萌建築設計事務所) and the Architectural Design and Research Institute of Tongji University. Mr WANG joined the Group in 2005 and served in various positions such as Designer of the Planning Design Department of Greentown Group, the Deputy General Manager of Huzhou Majestic Mansion Project, the Deputy General Manager of Suzhou Rose Garden Project, the General Manager of Suzhou Taohuayuan Project and the Chief Executive Officer of Bluetown Real Estate Construction Group (to be confirmed by client). Mr WANG was appointed as the Deputy General Manager of Greentown Real Estate with effect from 4 January 2015.

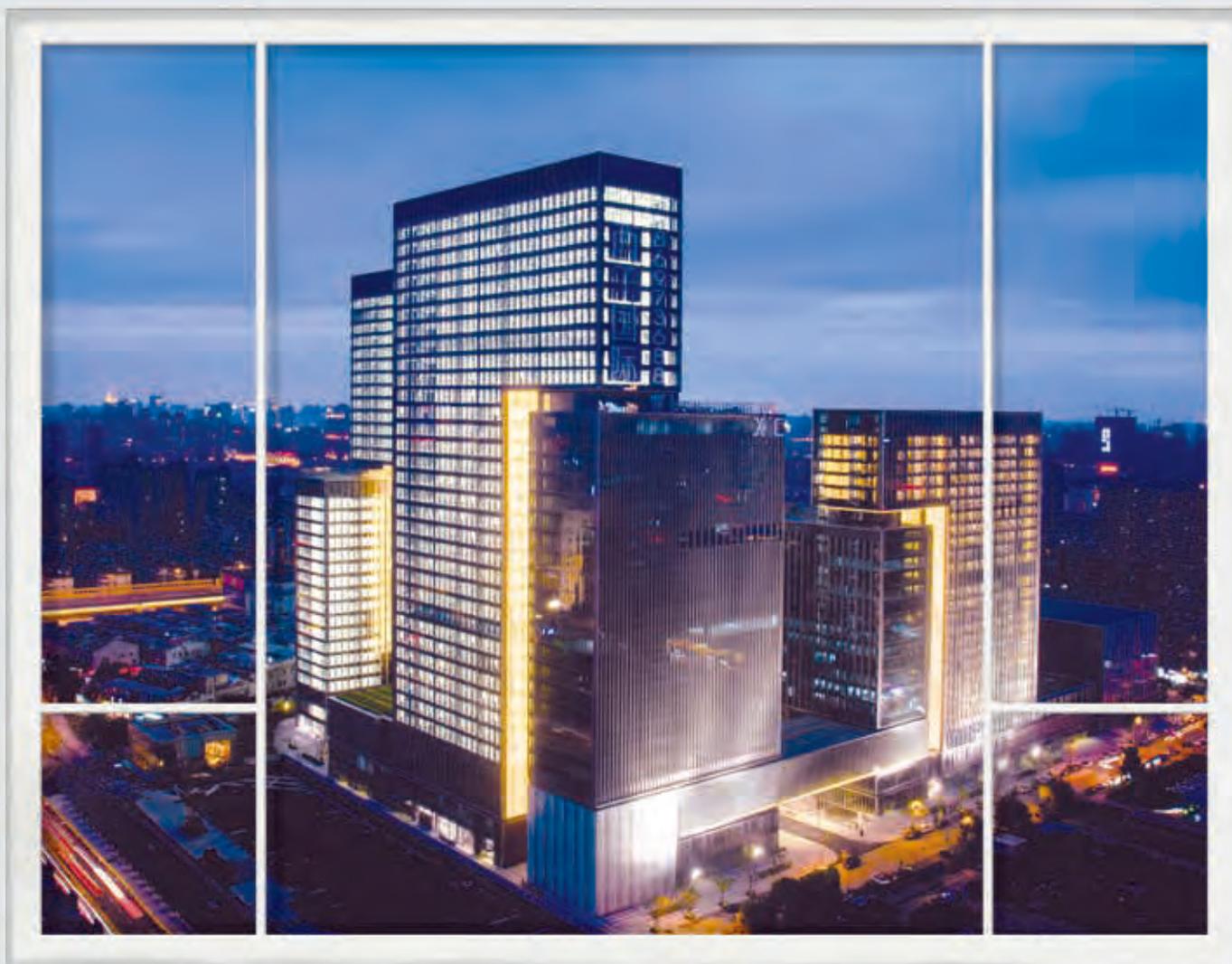
LOU Mingxia, born in 1979, is currently the Deputy General Manager of Greentown Real Estate Group Co., Ltd. (綠城房地產集團有限公司), a principal subsidiary of the Group. She is primarily responsible for the marketing of the Group. Ms LOU graduated from Zhejiang University with a bachelor degree in Chinese Language and Literature and English Language and Literature. Ms LOU began her career in June 1999 and has been worked in Hangzhou Bocai Advertising Company (杭州博采廣告公司), Huali Real Estate Company (華立房地產公司) and Yangshengtang Company (養生堂公司) and was responsible for creative, planning and brand management work.

Biographical Details of Directors and Senior Management

Ms LOU joined the Group in March 2004 and served in various positions such as the Planner of Marketing Planning Department of Greentown Group, the Manager of Marketing Management Department of Shaoxing Yulan Garden Project, the Deputy General Manager of Marketing Center of Greentown Property Construction Management Company (to be confirmed by client), the Deputy General Manager of Hangzhou Orchid Residence Project and the Vice-president of Bluetown Real Estate Construction Group (to be confirmed by client). Ms LOU was appointed as the Deputy General Manager of Greentown Real Estate with effect from on 4 January 2015.

YANG Wei, born in 1981, is currently the Deputy General Manager of Greentown Real Estate Group Co., Ltd. (綠城房地產集團有限公司), a principal subsidiary of the Group. She is primarily responsible for the construction work of the Group and assisting in the management work of the President's office. Ms YANG graduated from Hangzhou Normal University with a master's degree in Ethnomusicology. Ms YANG has certificates of Certified Human Resources Manager, Certified Qualification of Grade II Counseling Psychologist and Intermediate Economist. Ms YANG began her career in February 2004 and has been worked as a teaching staff in the Art Department of Zhejiang University of Technology as well as the secretary of the chairman and the deputy general manager of Wuyang Construction Co., Ltd. (五洋建設集團). Ms YANG joined the Group in December 2009 and served as the General Manager and Vice-president of the Operation Center of Greentown Property Construction Company. Ms YANG was appointed as the Deputy General Manager of Greentown Real Estate with effect from 4 January 2015.

XIAO Li, born in 1974, is currently the Deputy General Manager and Hangzhou Regional Coordinator of Greentown Real Estate Group Co., Ltd. (綠城房地產集團有限公司), a principal subsidiary of the Group. He is responsible for liaison, coordination of the operation and management of the projects in Hangzhou. Mr XIAO graduated from Nanjing Institute of Architectural Engineering (南京建築工程學院) with a bachelor degree in engineering (industrial and civil engineering) and was awarded a MBA degree from Zhejiang University. He also has the title of senior engineer. Mr XIAO began his career in August 1996 and has been worked as the manager of Engineering Department of Zhejiang Huazhe Development Company (浙江華浙實業開發公司) and the deputy general manager of Zhejiang Shenghua Real Estate Development Company (浙江升華房地產開發公司). Mr XIAO joined the Group in March 2004 and served in various positions such as Assistant to the General Manager of Deqing Project Company, the General Manager of Hangzhou Tulip Bank Project, the General Manager of Hangzhou Bright Moon in Jiangnan Project, the General Manager of Hangzhou Qiantang Mingyue Project, the General Manager of Hangzhou Zhijiang No.1 as well as Hangzhou Binjiang Fourth Bridge Project (杭州濱江四橋). Mr XIAO was appointed as the Deputy General Manager of Greentown Real Estate with effect from 29 June 2015.



► Hangzhou Xizi International



Sustainability and Corporate Social Responsibility



Hangzhou Taohuayuan

Sustainability and Corporate Social Responsibility

Facing the trend of continuous development of globalization, the question of how enterprises can achieve sustainability becomes an important issue for strategic development of modern enterprises. In fact, as a basic concept of establishing a harmonious relationship between enterprises and community, corporate social responsibility positions the role of enterprises in modern society, and is an important standard to determine the economic viability of an enterprise and the potential of market development. Greentown is of the view that fulfillment of social responsibility can raise the core competitiveness of enterprises, which paves the way for enterprises to be sustainable and secures absolute advantages under a rapidly developing market economy.

Over the past 21 years, Greentown has always been committed to developing quality properties and providing excellent customer services, which has contributed to our well-trusted brand name. At the same time, the Company inherits a strong sense of social and historical responsibility and proactively contributes to social, cultural and welfare services with the abundance of material and spiritual wealth that we have accumulated. We improve the community environment and enhance the quality of life within the Greentown estates through various kinds of quality services, and proactively commence diversified caring activities. In 2015, the Company even stayed highly focus on the vision and positing of “being an ideal living services provider”, promoted its

core operation shift from solely “building houses” to “creating an ideal life” and effectively integrated quality service resources in order to form a systematic service structure for serving people and contributing to the society.

Our Community

Senior College (頤樂學院)

We also show our love and care with our unique way towards the elderly, the underprivileged ones, who have contributed their entire life with hard work to the society. We believe that in addition to their own children’s care and concern, a recognition by the society and a kindly hand for helping them in finding their own value as well as spending the rest of life happily are even more appreciated. In this spirit, the Company invested in the



Sustainability and Corporate Social Responsibility

development of Greentown Senior College, an elderly learning institution. It organizes structured learning activities based on the four curriculum themes of “healthy, happy, competent and successful elderly”, which aims at providing the elderly with high quality educational programmes, Senior College programmes so as to enable them to be well looked after, to be happy, to study and to contribute. As at the end of 2015, Greentown had 41 Senior Colleges for the elderly in more than 20 cities across the country.

Dolphin Plan (海豚計劃)

The Company set up the “Dolphin Plan” project since 2009. Under this project,

professional coaches are hired to provide free swimming and lifesaving courses for the children of our properties’ owners. As at 2015, Greentown had organized the “Dolphin Plan” project during the summer holidays for seven consecutive years, offering free swimming courses to approximately 80,000 kids from ages 3 to 18 that are living in Greentown’s properties located in more than 50 cities across the PRC. From the children’s perspective, the “Dolphin Plan” project provides them with a delightful moment to hang around with other children. From the parents’ perspective, the “Dolphin Plan” is a good opportunity for their children to learn how to swim as well as to build up

their comprehensive abilities. From the Company’s perspective, it is the fulfillment of corporate social responsibility, which enables the children to learn to protect themselves and reduces harms. The total number of participants of the “Dolphin Plan” project in 2015 was 16,307. During the project, a series of joyful summer camp activities including “Baby Dolphin Adventure” (「海豚寶貝成長記」) and “Little Dolphin Book Snap” (「小海豚圖書漂流」) were launched. Not only learning the swimming skills, the children also had a chance to gain friendship and grow with peers.



Sustainability and Corporate Social Responsibility

Maple Leaf Action (紅葉行動)

As of 2015, we had held “Maple Leaf Action” for seven times. The serving target of such activity is the elderly who live in the Greentown estates, which promote happy living and study. “Treating all elders as if they were our own parents, treating all children as if they were our own children”, Greentown puts this old saying into practice, actively promotes the Chinese spirit of “kindness, love, obedience and justice” through a series of activities, and calls for the society to take care of the living and spiritual needs of the elderly, of which the “Love of Green” (「綠之戀」) banquet was the core activity reflecting the healthy lifestyle of the elderly owners in Greentown.

Neighbourhood Activities (鄰里活動)

In 2015, the Company continued to organize neighbourhood activities, actively participating in public welfare activity like “Saving Citizens, Delivering Green” (「拯救民勤綠色傳遞」), which had 110 estates participated in and raised funds with an aggregate amount of RMB334,296.94. Meanwhile, the Company adequately explored the property owners’ interests, hobbies and arranged their subjective initiatives and passion for life, forming approximately 300 groups of table tennis, calligraphy and chess games, so as to enhance the neighborhood relationships, enrich the life of estates, foster a cultural atmosphere of harmonious neighbourhood and assist the construction of ideal towns.

From Dolphin Plan, Maple Leaf Action to Neighbourhood Activities, the culture of harmonious community created by Greentown has come to its early form and has been building up gradually. Starting from spring, Greentown coped with the continuous interaction in the online virtual community by linking the theme activities of four seasons throughout the year, which enhanced the mutual understandings between the property owners of Greentown, meticulously created harmonious cultural atmosphere between neighbours, facilitated the construction of “small towns” inspired by Greentown, and finally realized the one world concept depicted from The Operation of Etiquette, The Book of Rites in the modern world.



Sustainability and Corporate Social Responsibility

CSR Building

In addition to engaging in the creation of community culture, the Company is also committed to CSR building. In March 2015, with the efforts on safeguarding the property building and charity services, the Company was awarded “China Real Estate Enterprises with Sense of Social Responsibility”. Meanwhile, the Company also actively provides support to the CSR building project in Hangzhou. In accordance with the “Opinions on Strengthening Corporate Social Responsibility”, the project devised a systematic evaluation system and techniques to assess our corporate social responsibilities. This assessment is based on integrity management, financial accounting and taxation, product quality, environmental conservation, low-carbon energy-saving, compliance with labor law, coordination policies, production safety, occupational health, charity, reputation among others. Greentown was ranked A class (no. 19) among 646 companies in this project.

Our Employees

Enterprises cannot make substantial gains from their businesses without the support and assistance of society. Therefore, it is a company’s responsibility to contribute to the society following its success so as to fulfill its responsibilities and duties. Taking the initiative is one of the most crucial components of corporate responsibility. This means that the vast majority of the obligations undertaken by a company should be taken on a voluntary basis. CSR is by nature the moral principles above and beyond a company’s economic behavior. It is important to focus on human values and the health, safety and interests of the society as well as the enterprise’s contribution to the society in the course of operation. As to the employees, the Company insists on the “human-oriented”

perspective, and believes that employees are the ultimate driving force of its development, and has been establishing and implementing a training platform for them. From the general managers of the project companies to new employees, we provide comprehensive training to all. This hierarchical training system guarantees coordinated improvement to the quality of our staff. Even though an employee may leave Greentown in the future, he/she will become a responsible individual trained by the Company and will be an asset to the society.

Staff Development and Training

In 2015, the Company developed a total of 11 training projects and held a total of 21 class sessions, including 7 training sessions for new employees, an experiential training of taking care of elderly, an experiential training of elderly care services for core members, project-themed training, young members-themed training, core members training and main system training. A total of 1,000 employees participated in the courses. To contribute to the society and strengthen our spirit, we recruited a large number of staff to actively teach and take care of elderly. Over this period, the development project with the theme of “Love. Accompanying” (「愛•陪伴」) for training the core members of the Company was organized including counseling, seminars, extracurricular activities and course lectures for the students from remote areas, and activities like training courses for elderly in Senior College, fostering the development of young core members so as to help them better bear the role of core duties and show their greatest value in the progress of the Company’s development.

Staff Health and Welfare

The Company’s performance depends on the physical and mental health of our staff. Hence, other than staff training and development, we are also concerned about their health. The Company requests our staff to participate in our free medical check-up schemes twice a year and arranges for medical professionals to assess their medical reports. If any problems are discovered, doctors or nutritionists from Greentown hospitals as well as members from hospitals designated by local companies will visit the staff concerned in order to prescribe medication, provide health consultations and design nutrition and fitness schemes. To tackle any psychological problems of our staff arising from work pressure, the Company occasionally invites counselors from professional institutions to organize stress management seminars or to share health knowledge via internet or other means. Other than providing benefits for its employees, the Company also believes that the families of our staff should be cared for and loved. In order to solve the schooling problem of the children of our staff as top priority, the Company makes use of the resources on kindergarten, junior high school and high school education. We also have commercial medical insurance coverage for employees’ children under the age of 18. In addition, in order to respect the suggestions and to satisfy the needs of the majority of our staff, as well as to improve the internal regulations of the Company, the Company holds the 5.1 Forum every year, where labor representatives will propose matters for discussion. These include matters involving staff interests such as accommodation and meals, remuneration policy reform, working hours, leave arrangements and insurance benefits. Any poll results in relation to these matters will be publicized and implemented.

Sustainability and Corporate Social Responsibility

Our Customers

Being customer-centered is another feature of our corporate responsibility. It means that while seeking for our own interests, the enterprise will seek to improve the welfare of other stakeholders. We have various obligations and responsibilities towards our customers and property owners being our largest stakeholders. The Company strives to maintain long-term relationships with its customers and is committed to providing them with superior services and beautiful home.

Greentown Club

Greentown embodies the principle "Customers Come First". In 2005, the Company formed the Greentown Property Customer Club ("Greentown Club") in Hangzhou. Upholding the Group's corporate belief of "Honesty, Goodwill, Exquisite, Perfect", Greentown Club aims at conveying the spirit of Greentown Group by offering comprehensive care to members and strengthening communication between members and the Company. By integrating the resources of medical, education, property management, hotel, club of Greentown Group and high quality resources from society, we are able to realize the merits of resources sharing and values adding. At the same time, Greentown Club is also committed to helping our customers fulfill the dream of home ownership and to providing full support for its members to enjoy an ideal lifestyle. To date, Greentown Club has become an organization with mature operations comprising a significant number of members. There are more than 200,000 members across the country, making Greentown Club one of the largest high-end customer groups in the PRC.

Quality Inspection

Property delivery is the process of turning a customer into a property owner. Therefore, the Company pays attention to property delivery. Frequent site inspections are carried out with care and with the view of value optimization and service enhancement, in order to build an ideal and warm home for property owners. Greentown's first-grade properties provide insight into how high-quality properties are delivered. Our staff conducts a detailed inspection in order to decide how the project area will be delivered. With the customers' interests in mind, a reasonable explanation and follow-up remedial measures need to be provided to the customers once any defects and deficiencies are discovered. We guarantee a smooth process for all delivery work.

Greentown Living Services System (綠城園區生活服務體系)

After the completion of the property delivery process and the customers become the property owners, to satisfy their increasing and diversifying demands for daily services, the Company establishes

a comprehensive services scheme known as "Greentown Living Services System" by putting all community resources together. This system aims to enhance the quality of life of the property owners by transforming the service model from traditional property management to personal services. By providing three main service systems which include health care, cultural education and lifestyle, we hope to satisfy the needs of our customers and enhance the overall quality of their lives. Currently, the system has been comprehensively promoted and implemented in more than 100 Greentown projects across the country. Through the integration of property development, community services and urban management, not only does Greentown Living Services System provide intensive, refined, systematic and standardized services but also bear parts of the social responsibility and make contributions to urban management. In 2007 our system was awarded the "Improvement in Urban Management in China" together with other outstanding government projects.





► Hangzhou Yunqi Rose Garden

Investor Relations

Investor Relations and Communications with Shareholders

The Company has established various channels of communication with its shareholders and the public to ensure that they are kept abreast of the Company's latest news and development. Information relating to the Company's financial details, property projects and major events are available through publication of annual and interim reports, announcements, circulars, press releases, monthly newsletters and the Company's website.

The Board believes that effective investor relations can contribute towards lowering finance cost, improving market liquidity of the Company's shares, and building a more stable shareholder base. Therefore, the Company is committed to maintaining a high level of corporate transparency and follow a policy of disclosing relevant information to shareholders, investors, analysts and bankers in a timely manner.

The Company's dedicated investor relations team held regular meetings with investors to keep them abreast of the Company's latest business development and corporate strategies. A series of public events have been hosted right after certain significant events of the Company such as results announcements,

important business development or financing activities. Directors and senior management will attend the events to answer investors' questions. The post-results analyst briefings and press conferences are also webcasted for more timely dissemination of relevant information and broader reach to investors.

During the Year, the Company had arranged over 60 site visits for the Group's projects, conducted over 200 investor meetings and telephone conferences, and attended 11 investor presentations organized by investments banks. Through these investor relations activities, the Group seeks to continuously improve interactions with investors, and maintain a high level of transparency in operation.

Key investor relations events held in 2015 are as follows:

| Events | Date |
|--|-------------|
| 2014 Annual Results Announcement – Press Conference and Analyst Briefing | 30 Mar 2015 |
| 2015 Annual General Meeting | 19 Jun 2015 |
| 2015 Extraordinary General Meeting | 15 Jul 2015 |
| 2015 Interim Results Announcement – Press Conference and Analyst Briefing | 31 Aug 2015 |
| Greentown China Development Forum 2015 | 19 Oct 2015 |



Investor Relations

During the Year, in addition to investors and analysts company visits and “one-on-one” meetings, the Company also attended the following important investor relations activities:

| Date | Events | Organizer | Venue |
|----------------|--|---------------|-----------|
| 7 Jan 2015 | Barclays Select Series 2015: China Property Corporate Day | Barclays | Hong Kong |
| 12-14 Jan 2015 | UBS 15th Greater China Conference | UBS | Shanghai |
| 12-14 Jan 2015 | 13th Annual dbAccess China Conference 2015 | Deutsche Bank | Beijing |
| 16-17 Apr 2015 | UBS HK/China Property Conference 2015 | UBS | Hong Kong |
| 15 May 2015 | DB China Property Corporate Day | Deutsche Bank | Hong Kong |
| 21-22 May 2015 | Barclays Select: Asia Financial & Property Conference 2015 | Barclays | Hong Kong |
| 25-26 Jun 2015 | Citi Asia Pacific Property Conference | Citi | Hong Kong |
| 9-10 Jul 2015 | BAML Greater China Property Corporate Day | BAML | Hong Kong |
| 2-4 Nov 2015 | Credit Suisse 2015 China Investment Conference | Credit Suisse | Shanghai |
| 4-5 Nov 2015 | Citi China Investor Conference 2015 | Citi | Macau |
| 1-2 Dec 2015 | Credit Suisse 2015 APAC Financials and Property Conference | Credit Suisse | Hong Kong |



Investor Relations

In 2015, there were 15 investment banks which had issued research reports* on Greentown, 9 of which gave a rating of 'buy' and 6 gave a rating of 'neutral'.

| | | | |
|---|---|--|---|
| Investment Bank UBS | Investment Bank Credit Suisse | Investment Bank Macquarie | Investment Bank CICC |
| Recommendation Buy | Recommendation Buy | Recommendation Buy | Recommendation Buy |
| Research Report  | Research Report  | Research Report  | Research Report  |
| Investment Bank Citi | Investment Bank Jefferies | Investment Bank BNP | Investment Bank Haitong International |
| Recommendation Buy | Recommendation Buy | Recommendation Buy | Recommendation Buy |
| Research Report  | Research Report  | Research Report  | Research Report  |

* Each of these research reports, representing an independent outsider's view on the Company which were independently produced by the writers and has not been verified or authorized by the Company, does not form part of this annual report and does not otherwise constitute any publication issued by, or any opinion, advice or view of, the Company.

Investor Relations

| | | | |
|---|---|---|--|
| Investment Bank CMS | Investment Bank BOCOM | Investment Bank Goldman Sachs | Investment Bank CIMB |
| Recommendation Buy | Recommendation Hold | Recommendation Hold | Recommendation Hold |
| Research Report  | Research Report  | Research Report  | Research Report  |
| Investment Bank ABC International | Investment Bank RHB | Investment Bank Nomura | |
| Recommendation Hold | Recommendation Hold | Recommendation Hold | |
| Research Report  | Research Report  | Research Report  | |

Our investor relations team will continue to enhance the quality of communication with its investors and maintain corporate transparency. To ensure easy access to the Company's updated information, all of the Company's published information including announcements, interim and annual reports, press releases, and monthly newsletters, are posted on the Company's website www.chinagreentown.com in a timely manner. Interested party can also make enquiries by contacting the investor relations department at (+852 2523 3138) or by email to ir@chinagreentown.com.

Corporate Governance Report

The Company believes that high corporate governance standards help enhance operational performance and the management's accountability. The Board has always strived to comply with the principles of corporate governance and adopt sound corporate governance practices to meet legal and commercial standards, with a focus on internal control and fair, transparent and timely disclosure.

Throughout the year ended 31 December 2015, the Board considers that the Company has met the code provisions as set out in the corporate governance code ("Corporate Governance Code") contained in Appendix 14 to the Listing Rules.

(A) The Board of Directors (for the year ended 31 December 2015)

The Board takes responsibility to oversee all major matters of the Group, including the formulation and approval of all policy matters, strategies for development, internal control and risk management systems, and monitoring the performance of the senior management. The daily business operations and administrative functions of the Group are delegated to the senior management.

Executive Directors

Mr SONG Weiping (*Co-chairman*)

Mr ZHU Bixin (*Co-chairman*) (with effect from 27 March 2015)

Mr SUN Guoqiang (with effect from 27 March 2015)

Mr SHOU Bainian

Mr CAO Zhounan (for a period from 1 January 2015 to 27 March 2015, and from 22 June onwards)

Mr LI Qingan (with effect from 22 June 2015)

Mr LUO Zhaoming (up to 27 March 2015)

Mr GUO Jiafeng (up to 27 March 2015)

Non-Executive Directors

Mr LIU Wensheng (with effect from 22 June 2015)

Mr NG Tin Hoi, Stephen (up to 27 March 2015)

Mr Andrew CHOW (with effect from 27 March 2015, up to 1 July 2015)

Mr TSUI Yiu Cheung (up to 1 July 2015)

Independent Non-Executive Directors

Mr JIA Shenghua

Mr KE Huanzhang

Mr SZE Tsai Ping, Michael

Mr HUI Wan Fai

Compliance with the Model Code for Securities Transactions by Directors of Listed Issuers

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules ("Model Code") as the standard for securities transactions by the directors. The Company has made specific enquiries of all the directors and each of the directors confirmed that he has complied with the required standards set out in the Model Code throughout the year ended 31 December 2015 or (where appropriate) during his tenure as a director of the Company in 2015. Relevant employees who are likely to be in possession of inside information of the Group are also subject to compliance with written guidelines on no less exacting terms than the Model Code.

Directors' Responsibilities for Financial Statements

The directors acknowledge their responsibilities for preparing the financial statements of the Group in accordance with statutory requirements and applicable accounting standards. The respective responsibilities of the directors and the Company's external auditors on the financial statements of the Group are set out in the "Independent Auditor's Report" on page 92 of this annual report.

Corporate Governance Report

Chairman and Chief Executive Officer

In order to reinforce their respective independence, accountability and responsibility, the role of the Chairman is separate from that of the Chief Executive Officer. The Chairman plays a leadership role and is responsible for the effective functioning of the Board in accordance with the good corporate governance practices adopted by the Company. He is also responsible for establishing corporate culture and developing strategies for the Company. The Chief Executive Officer focuses on developing and implementing policies approved and delegated by the Board. The Chief Executive Officer is also primarily responsible for the Group's day-to-day management and operations, and the formulation of the organization structure, management systems, and internal control procedures and processes of the Group.

As at 31 December 2015, Mr SONG Weiping and Mr ZHU Bixin were the Co-chairmen of the Board and Mr Cao Zhounan was the Chief Executive Officer of the Company.

Subsequently on 15 January 2016, Mr LIU Wensheng substituted Mr ZHU Bixin as the Co-chairman of the Board.

Independent Non-Executive Directors

Independent non-executive directors play a significant role in the Board by virtue of their independent judgment. Their views carry significant weight in the Board's decision. In particular, they provide impartial and multi-perspective opinions on the Group's development strategies, operational performance and internal control system. Every independent non-executive director possesses extensive academic, professional and industry expertise and management experience. They provide professional advice to the Board according to the Group's particular situation. For the year ended 31 December 2015, each of the independent non-executive directors has confirmed his independence to the Company in accordance with the Listing Rules.

Board Meetings and Shareholders' Meetings

The Board meets regularly to discuss the overall strategy as well as the operation and financial performance of the Group. Directors may participate either in person or through video/telephone conferences. 16 Board meetings

and 2 shareholders' meetings were convened in 2015. The attendance of each individual director at these Board meetings and shareholders' meetings is set out below:

| | Number of Board Meetings Attended/ Held in 2015 | Number of Shareholders' Meetings Attended/ Held in 2015 |
|---|---|---|
| Executive Directors | | |
| Mr SONG Weiping | 11/16 | 2/2 |
| Mr ZHU Bixin* (with effect from 27 March 2015) | 9/12 | 2/2 |
| Mr SUN Guoqiang (with effect from 27 March 2015) | 9/12 | 2/2 |
| Mr SHOU Bainian | 11/16 | 2/2 |
| Mr LUO Zhaoming* (up to 27 March 2015) | 4/4 | 0/0 |
| Mr GUO Jiafeng* (up to 27 March 2015) | 4/4 | 0/0 |
| Mr CAO Zhounan ^(Note 1) (for a period from 1 January 2015 to 27 March 2015, and from 22 June 2015 onwards) | 9/12 | 1/1 |
| Mr LI Qingan (with effect from 22 June 2015) | 6/8 | 1/1 |
| Non-Executive Directors | | |
| Mr NG Tin Hoi, Stephen* (up to 27 March 2015) | 4/4 | 0/0 |
| Mr TSUI Yiu Cheung* (up to 1 July 2015) | 8/8 | 0/1 |
| Mr Andrew CHOW* (with effect from 27 March 2015, up to 1 July 2015) | 4/4 | 0/1 |
| Mr LIU Wensheng (with effect from 22 June 2015) | 5/8 | 1/1 |
| Independent Non-Executive Directors | | |
| Mr JIA Shenghua | 16/16 | 2/2 |
| Mr KE Huanzhang | 16/16 | 2/2 |
| Mr SZE Tsai Ping, Michael | 16/16 | 2/2 |
| Mr HUI Wan Fai | 16/16 | 2/2 |

Corporate Governance Report

* This person has ceased to a Director.

Note 1: Mr CAO Zhounan resigned as an executive director with effect from 27 March 2015 and was subsequently appointed as an executive director and the chief executive officer of the Company with effect from 22 June 2015.

All directors are provided with the relevant materials relating to the issues for discussion before the meetings. They have access to members of the senior management and the company secretary at all times and may seek independent professional advice at the Company's expense. All directors have the opportunity to request to include new issues for discussion in the agenda for Board meetings. Notices of Board meetings are given to the directors within reasonable time before meeting and the procedures of Board meetings are conducted in compliance with the Articles of Association of the Company, as well as the relevant laws and regulations.

Appointments, Re-election and Removal of Directors

Each of the executive directors, non-executive directors, independent non-executive directors has entered into a service contract or appointment letter with the Company for a specific term and the details of which, as well as the details of the appointment, re-election and removal of the directors are described in the sections headed "Report of the Directors – Directors" and "– Directors' Service Contracts".

Non-compliance with Rule 3.10A of the Listing Rules

Under Rule 3.10A of the Listing Rules, the independent non-executive directors of a listed issuer must represent at least one-third of the board of directors. Following the appointment of the executive directors and a non-executive director taking effect on 22 June 2015, the Board then comprised 13 members including six executive directors, three non-executive directors and four independent non-executive directors, with the number of independent non-executive directors falling below one-third of the Board.

Following the resignation of Mr Andrew CHOW and Mr TSUI Yiu Cheung, the Board then comprised six executive directors, one non-executive director and four independent non-executive directors. As the number of independent non-executive directors on the Board represents not less than one-third of the members of the Board, the Company became in compliance with Rule 3.10A of the Listing Rules.

Directors' Continuous Professional Development

Each of the directors has participated in continuous professional development in 2015 in compliance with Code A.6.5 of the Corporate Governance Code.

Board Committees

The Board has established the Audit Committee, the Nomination Committee and the Remuneration Committee (collectively, the "Board Committees") with defined terms of reference. The terms of reference of the Board Committees are available on the websites of the Company and the Stock Exchange. The Board Committees are provided with sufficient resources to discharge their duties and, upon reasonable request, are able to seek independent professional advice in appropriate circumstances, at the Company's expenses.

Audit Committee

The primary duties of the Audit Committee are to review and supervise the Group's financial reporting procedures, internal control and risk management systems, review the internal audit scheme formulated by the Internal Audit Department of the Group and the reports submitted by the Internal Audit Department. It is also responsible for reviewing affairs related to the appointment, resignation and replacement of independent auditors, as well as assessing such auditors' performance, degree of independence and objectivity and reasonableness of their audit fees, and providing relevant recommendations to the Board. All members of the Audit Committee are independent non-executive directors and non-executive directors. As at 31 December 2015, the Audit Committee comprised independent non-executive directors Mr SZE Tsai Ping, Michael (Chairman), Mr JIA Shenghua and Mr HUI Wan Fai.

Corporate Governance Report

The major tasks accomplished during the year include:

- reviewing the annual and interim results announcements, reports and financial statements of the Group;
- reviewing and providing recommendations on the accounting policies adopted by the Group and the accounting practices;
- monitoring the work of the Internal Audit Department of the Group and reviewing the internal audit reports;
- advising on material transactions of the Group and providing recommendations on related risks to management; and
- reviewing the audit fees of the auditors and recommending the fees for approval by the Board.

During the year ended 31 December 2015, the Audit Committee held 3 meetings. The attendance of each individual member at the Audit Committee meetings is set out below:

| | Number of Meetings Attended/Held |
|---|--|
| Independent Non-Executive Directors | |
| Mr SZE Tsai Ping, Michael (<i>Chairman</i>) | 3/3 |
| Mr JIA Shenghua | 3/3 |
| Mr HUI Wan Fai | 3/3 |
| Non-Executive Director | |
| Mr TSUI Yiu Cheung* | 2/2 |

* Mr TSUI Yiu Cheung ceased as a member of Audit Committee with effect from 1 July 2015.

Nomination Committee

The Nomination Committee is primarily responsible for considering and recommending to the Board suitably qualified persons to become members of the Board and is also responsible for reviewing the structure, size and composition of the Board on a regular basis and as required. As at 31 December 2015, the Nomination Committee comprised independent non-executive director Mr SZE Tsai Ping, Michael (*Chairman*), Mr HUI Wan Fai, Mr JIA Shenghua and Mr KE Huanzhang, and executive directors Mr ZHU Bixin and Mr SHOU Bainian.

The Nomination Committee adopted and performed certain criteria and procedures in the nomination of new directors during 2015. The Company recognises and embraces the benefits of having a diverse Board to enhance the quality of its performance. In designing the Board's composition, the Board adopts the policy of considering a variety of aspects, such as cultural and educational background, professional experience, skills and knowledge in the industry of the Group's business and the past employment track record.

During the year ended 31 December 2015, the Nomination Committee held 3 meeting. The attendance of each individual member at the Nomination Committee meetings is set out below:

| | Number of Meetings Attended/Held |
|---|--|
| Independent Non-Executive Directors | |
| Mr SZE Tsai Ping, Michael (<i>Chairman</i>) | 3/3 |
| Mr HUI Wan Fai | 3/3 |
| Mr JIA Shenghua ^(Note 1) | 0/0 |
| Mr KE Huangzhang ^(Note 2) | 0/0 |
| Executive Directors | |
| Mr SHOU Bainian | 2/3 |
| Mr ZHU Bixin ^(Note 3) | 2/2 |
| Non-Executive Director | |
| Mr TSUI Yiu Cheung ^(Note 4) | 3/3 |

Corporate Governance Report

Notes:

- (1) Mr JIA Shenghua was appointed as a member of Nomination Committee with effect from 22 June 2015.
- (2) Mr KE Huanzhang was appointed as a member of Nomination Committee with effect from 22 June 2015.
- (3) Mr ZHU Bixin was appointed as a member of Nomination Committee with effect from 27 March 2015 and he subsequently ceased to be a member with effect from 15 January 2016.
- (4) Mr TSUI Yui Cheung ceased as a member of Nomination Committee with effect from 1 July 2015.

Remuneration Committee

The Remuneration Committee is responsible for making recommendations and proposals on directors' remuneration and other benefits to the Board.

The remuneration of all directors is subject to regular monitoring by the Remuneration Committee to ensure that the level of their remuneration and compensation are reasonable. As at 31 December 2015, the Remuneration Committee comprised independent non-executive directors Mr JIA Shenghua (Chairman), Mr KE Huanzhang, Mr SZE Tsai Ping, Michael and Mr HUI Wan Fai, and executive directors Mr SHOU Bainian and Mr SUN Guoqiang.

During the year ended 31 December 2015, the Remuneration Committee have assessed the performance of directors and reviewed the remuneration packages of the directors and the remuneration policies and structure of the Company, details of which are set out in the section headed "Management Discussion and Analysis – Human Resources". During the year ended 31 December 2015, the Remuneration Committee held 1 meeting. The attendance of each individual member at the Remuneration Committee meeting is set out below:

**Number of
Meetings
Attended/Held**

| Independent Non-Executive Directors | |
|--|-----|
| Mr JIA Shenghua (Chairman) | 1/1 |
| Mr SZE Tsai Ping, Michael | 1/1 |
| Mr KE Huang Zhang ^(Note 1) | 0/0 |
| Mr HUI Wan Fai ^(Note 2) | 0/0 |
| Executive Directors | |
| Mr SHOU Bainian | 1/1 |
| Mr SUN Guoqiang ^(Note 3) | 1/1 |
| Non-Executive Directors | |
| Mr NG Tin Hoi, Stephen ^(Note 4) | 0/0 |
| Mr Andrew CHOW ^(Note 5, Note 6) | 1/1 |

Notes:

- (1) Mr KE Huanzhang was appointed as a member of Remuneration Committee with effect from 22 June 2015.
- (2) Mr HUI Wan Fai was appointed as a member of Remuneration Committee with effect from 22 June 2015.
- (3) Mr SUN Guoqiang was appointed as a member of Remuneration Committee with effect from 27 March 2015.
- (4) Mr NG Tin Hoi, Stephen ceased as a member of Remuneration Committee with effect from 27 March 2015.
- (5) Mr Andrew CHOW was appointed as a member of Remuneration Committee with effect from 27 March 2015.
- (6) Mr Andrew CHOW ceased as a member of Remuneration Committee with effect from 1 July 2015.

Corporate Governance Report

Corporate Governance Functions

The Board is responsible for determining the policy for the corporate governance of the Company and it performed the corporate governance duties as follows in 2015:

- developing and reviewing the Company's policies and practices on corporate governance and making recommendations to the Board on changes and updates;
- reviewing and monitoring the training and continuous professional development of the directors and senior management;
- reviewing and monitoring the Company's policies and practices on compliance with legal and regulatory requirements;
- developing, reviewing and monitoring the code of conduct and compliance manual applicable to employees and the directors;
- reviewing the Company's compliance with the Corporate Governance Code and disclosure in the corporate governance report; and
- such other corporate governance duties and functions set out in the Corporate Governance Code (as amended from time to time) for which the Board are responsible.

(B) Financial Reporting and Internal Controls

Financial Reporting

The Board, supported by the finance department, is responsible for the preparation of the financial statements of the Company and the Group. In the preparation of financial statements, International Financial Reporting Standards have been adopted and appropriate accounting policies have been consistently used and applied.

Independent Auditor

Deloitte Touche Tohmatsu has been appointed as the Company's independent auditor since 2004.

A breakdown of the remuneration received by the independent auditor for audit and non-audit services provided to the Company is as follows:

| Service Item | 2015 (RMB'000) | 2014 (RMB'000) |
|---|-------------------|-------------------|
| Audit services (including interim review) | 5,240 | 5,140 |
| Non-audit services (mainly issuance of comfort letters for senior notes and major transactions) | 1,950 | 300 |
| Total | 7,190 | 5,440 |

The Audit Committee and the Board have agreed on the re-appointment of Deloitte Touche Tohmatsu as the independent auditor of the Group for 2015, and the proposal will be submitted for approval at the annual general meeting of the Company to be held on 17 June 2016 (Friday).

Corporate Governance Report

Internal Controls

The Board is responsible for the internal control of the Group and reviewing its effectiveness. Procedures have been designed to safeguard company assets against unauthorized use or disposition, ensure the maintenance of proper accounting records for the provision of reliable financial information for internal use or for external publication, and ensure compliance with the applicable laws, rules and regulations. The directors have conducted a review of the effectiveness of the internal control system of the Group, and reviewed and monitored the Company's internal management and operation during the year. The Internal Audit Department established by the Company has conducted random internal audit of the Company, its subsidiaries, joint ventures and associates. The work carried out by the Internal Audit Department includes ensuring that the internal control is in place and functions properly as intended.

(C) Shareholder's Rights

According to the Articles of Association of the Company, shareholders shall have the right to request to convene an extraordinary general meeting ("EGM") of the Company. Two or more shareholders holding in aggregate of not less than one-tenth (10%) of the paid up capital of the Company which carries the right of voting at the general meeting of the Company may send a written request to request for an EGM. The written requisition(s), duly signed by the shareholders concerned, must state the purposes of the meeting and must be deposited at the Hong Kong office of the Company.

Shareholders who wish to move a resolution at general meetings may follow the procedures set out in the preceding paragraph.

In case of any enquiries that a Shareholder may have, please contact the investor relations department at (+852 2523 3138) or by email to ir@chinagreentown.com.

The Memorandum and Articles of Association is published on the Company's website and the Stock Exchange's website.

Report of the Directors

The Board presents its annual report and the audited consolidated financial statements of the Group for the year ended 31 December 2015 (the "Consolidated Financial Statements") to the Shareholders.

Company Incorporation

The Company was incorporated and registered as an exempted company with limited liability in the Cayman Islands under the Companies Law (2004 Second Revision) of the Cayman Islands on 31 August 2005. The shares of the Company were listed on the Main Board of the Stock Exchange on 13 July 2006.

Principal Business

The Company is an investment holding company. The activities of its subsidiaries, joint ventures and associates are set out in notes 44, 19 and 18, respectively to the Consolidated Financial Statements. There was no significant change in the nature of the Group's principal business during the year ended 31 December 2015 (the "Year").

Business Review

A fair review of the Group's business, a description of the principal risks and uncertainties facing the Group, particulars of important events affecting the Group that have occurred since the end of the financial year and an indication of the likely future development of the Group's business (including, in each case to the extent necessary for an understanding of the development, performance or position of the Group's business, key performance indicators) are provided in the section headed "Management Discussion and Analysis" of this annual report and in the notes to the financial statements.

To the extent necessary for an understanding of the development, performance or position of the Group's business, a discussion of the Group's key relationships with its stakeholders that have a significant impact on the Group and on which the Group's success depends are provided in the section headed "Sustainability and Corporate Social Responsibility" and "Investor Relations".

Environmental Policies and Performance

The Group is committed to achieving environmental sustainability. The Group endeavours to comply with the relevant laws and regulations regarding environmental protection and adopt effective measures to achieve efficient use of resources, waste reduction and energy saving. The Group reviews its environmental policies on a regular basis.

Compliance with Relevant Laws and Regulations

The Group and its business operations are subject to various laws, rules and regulations. The Company seeks to ensure adherence to such laws, rules and regulations through various measures such as internal controls, approval procedures, staff trainings and oversight of business operations at different levels of the Group. The Board also monitors the Group's policies and practices on compliance with relevant laws, rules and regulations on a regular basis.

So far as the Directors and senior management are aware, for the year ended 31 December 2015, the Group has obtained the approvals, permits, consents, licences and registrations required for and material to its business and operations, and there was no material breach of the relevant laws and regulations by the Group that have a significant impact on the Group.

Report of the Directors

Financial Positions and Results

The financial positions of the Group as at 31 December 2015 prepared in accordance with IFRS are set out in the Consolidated Statement of Financial Position on pages 95 to 96 of the annual report.

The results of the Group for the year ended 31 December 2015 prepared in accordance with IFRS are set out in the Consolidated Statement of profit or loss and other Comprehensive Income on page 94 of the annual report. A financial summary of the Group for the last five financial years is set out on page 6 of the annual report.

Reserves

Details of movements in reserves of the Group in 2015 are set out in the Consolidated Statement of Changes in Equity on page 97 of the annual report.

Dividends

The Board has resolved not to declare any final dividend for the year ended 31 December 2015 (for the year ended 31 December 2014: nil).

Segment Information

The reporting segments of the Group are as follows:

- 1 Property development
- 2 Hotel operations
- 3 Property investment
- 4 Others (including sale of construction materials, design and decoration, project management, etc.)

The segment information for the year ended 31 December 2015 is set out in note 7 to the Consolidated Financial Statements.

Report of the Directors

Property, Plant and Equipment

Details of movements in property, plant and equipment of the Group during the Year are set out in note 15 to the Consolidated Financial Statements.

Details of Share Offering and Placing

| | IPO | Placement 1 | Placement 2 | Placement 3 |
|-------------------------|--------------------|---------------------|--------------------|--------------------|
| Listing place | Main Board of HKEx | Main Board of HKEx | Main Board of HKEx | Main Board of HKEx |
| Offering/Placing price | HK\$8.22 per share | HK\$16.35 per share | HK\$5.20 per share | HK\$5.20 per share |
| Listing date | 13 July 2006 | 4 May 2007 | 15 June 2012 | 2 August 2012 |
| Number of issued shares | 347,402,500 shares | 141,500,000 shares | 327,849,579 shares | 162,113,714 shares |

Share Capital

Details of movements in the share capital of the Company during the Year are set out in note 31 to the Consolidated Financial Statements.

Sufficiency of Public Float

Based on the information that is publicly available to the Company and to the best of the directors' knowledge, the Company has maintained a sufficient public float as required by the Listing Rules throughout the year ended 31 December 2015.

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

On 10 February 2015, the Company issued additional USD 8.0% senior notes due 2019 in an aggregate principal amount of USD200 million. Upon such issuance, these additional USD senior notes were consolidated with, and formed a singled series as, the Company's outstanding USD 8.0% senior notes due 2019. These additional USD senior notes are listed for trading on the Stock Exchange.

On 11 August 2015, the Company issued new USD 5.875% senior notes due 2020 (the "2020 Notes") in an aggregate principal amount of USD500 million of which (i) 2020 Notes in an aggregate principal amount of approximately USD430 million were issued to holders of the Company's outstanding USD 8.50% senior notes due 2018 and USD 8.0% senior notes due 2019 (together, the "Old USD Notes") who have accepted the Company's offer to exchange their Old USD Notes with the 2020 Notes; and (ii) 2020 Notes in an aggregate amount of approximately USD70 million were issued to new investors in connection with the Company's exchange offer. The 2020 Notes are listed for trading on the Stock Exchange. In connection with the exchange offer, the Company also completed concurrent consent solicitations with respect to certain terms and conditions of the indentures in relation to the Company's RMB2.5 billion senior notes due 2016 and the Old USD Notes. The Company's exchange offer and concurrent consent solicitations was a landmark liability management transaction among real estate companies in the PRC in terms of structure innovation, transaction size, investors' participation, and the pricing of the 2020 Notes. In this connection, Greentown China Holdings Limited was awarded the "Asian Best Debt Management Award 2015" by The Asset magazine, a prestigious international financial media, on 22 February 2016.

On 28 August 2015, the Company successfully completed the issue of RMB3 billion 5-year domestic bonds with a coupon rate of 4.7% per annum. On 18 September 2015, the Company successfully completed the further issue of RMB4 billion domestic bonds comprising RMB2 billion 5-year bonds with a coupon rate of 4.40% per annum, and RMB2 billion 7-year bonds with a coupon rate of 5.16% per annum. These RMB domestic bonds are listed for trading on the Shanghai stock exchange.

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

Report of the Directors

Directors

During the year ended 31 December 2015, the directors were as follows:

Executive Directors

Mr SONG Weiping (*Co-chairman*)

Mr ZHU Bixin (*Co-chairman*) (with effect from 27 March 2015)

Mr SUN Guoqiang (with effect from 27 March 2015)

Mr SHOU Bainian

Mr CAO Zhounan (for a period from 1 January 2015 to 27 March 2015, and from 22 June 2015 onwards)

Mr LI Qingan (with effect from 22 June 2015)

Mr LUO Zhaoming (up to 27 March 2015)

Mr GUO Jiafeng (up to 27 March 2015)

Non-Executive Directors

Mr LIU Wensheng (with effect from 22 June 2015)

Mr NG Tin Hoi, Stephen (up to 27 March 2015)

Mr Andrew CHOW (with effect from 27 March 2015, up to 1 July 2015)

Mr TSUI Yiu Cheung (up to 1 July 2015)

Independent Non-Executive Directors

Mr JIA Shenghua

Mr KE Huanzhang

Mr SZE Tsai Ping, Michael

Mr HUI Wan Fai

On 1 July 2015, each of Mr Andrew Chow and Mr Tsui Yiu Cheung has tendered his resignation as a non-executive director of the Company with effect from 1 July 2015.

Mr Chow and Mr Tsui welcome CCCG to be the single largest shareholder of the Company. While they believe it is in the interest of the Company for CCCG to lead the future development of the Group and to continue providing strong financial, management and other support to the Group, Mr Chow and Mr Tsui disagree with, as they consider, a disproportionate appointment of five CCCG representatives to the Board (out of, prior to the resignation of Mr Chow and Mr Tsui, a total of 13 directors). Taking into account the aforesaid, Mr Chow and Mr Tsui have decided to step down from the Board but would be pleased to continue contributing to the Group as representatives of The Wharf (Holdings) Limited (being the second largest shareholder of the Company).

As at the date of this Report, Mr ZHU Bixin has resigned as an executive director, co-chairman of the Board and a member of the nomination committee due to job position transfer; Mr LIU Wensheng has been re-designated to an executive director and was appointed as co-chairman of the Board and a member of the nomination committee; Mr LI Yongqian has been appointed as an executive director. All of the above changes have been effected from 15 January 2016.

Report of the Directors

In accordance with Article 130 of the Company's Articles of Association, one third of the directors for the time being or, if their number is not three or a multiple of three, the number nearest to but not less than one third shall retire from office by rotation provided that every director shall be subject to retirement by rotation at least once every three years. Mr SZE Tsai Ping, Michael, Mr KE Huanzhang, Mr JIA Shenghua and Mr HUI Wan Fai will retire at the forthcoming annual general meeting of the Company (the "AGM"). In addition, according to Article 114 of the Articles of Association of the Company, any director appointed by the Board will hold office until the first general meeting of the Company after his/her appointment. Therefore, Mr LI Yongqian will retire at the AGM. Each of the above retiring directors, being eligible in accordance with the Articles of Association of the Company, will offer himself for re-election.

Directors' Service Contracts

Each of the executive directors had entered into a service contract with the Company for an initial term of three years and shall continue thereafter until terminated by either party by giving not less than three months' prior notice in writing.

Each of the independent non-executive directors entered into an appointment letter with the Company regarding his appointment commencing from 1 April 2015 for an initial term of three years subject to the terms and conditions of the appointment letter. Their respective appointment as an independent non-executive director shall also be subject to retirement by rotation at the annual general meeting of the Company and each of them shall be eligible for re-election in accordance with the articles of association of the Company.

Apart from the foregoing, no director proposed for re-election at the AGM has a service contract with the Company which is not determinable by the Company within one year without payment of compensation, other than statutory compensation.

Biographical Details of Directors and Senior Management

Biographical details of the directors and senior management of the Group are set out on pages 44 to 50 of the annual report.

Remuneration of Directors

The remuneration of the directors is disclosed on an individual named basis in note 11 to the Consolidated Financial Statements.

Highest Paid Individuals

During the Year, the relevant information of the five individuals with the highest remuneration of the Group is disclosed in note 11 to the Consolidated Financial Statements.

Independence of Independent Non-Executive Directors

The Board has obtained written confirmations from all independent non-executive directors concerning their independence in accordance with Rule 3.13 of the Listing Rules. The Board is in the opinion that the existing independent non-executive directors are independent based on the guidelines set out in Rule 3.13 of the Listing Rules.

Report of the Directors

Directors' and Chief Executive's Interests in Securities

As at 31 December 2015, the interests and short positions of directors and chief executive of the Company and their associates in the shares, underlying shares and debentures of the Company and any of its associated corporations, as recorded in the register maintained by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code, were as follows:

Long Positions in Shares and Underlying Shares of the Company

| Name of Director | Personal Interests in Underlying Shares | Family Interests | Interest of Controlled Corporation | Total Number of Shares and Underlying Shares Held | % of Issued Share Capital of the Company Held |
|------------------|---|------------------|------------------------------------|---|---|
| Mr SONG Weiping | 1,089,000 (note 1) | – | 226,071,924 (note 2) | 227,160,924 | 10.506% |
| Mr SHOU Bainian | – | – | 174,549,783 (note 3) | 174,549,783 | 8.072% |
| Mr CAO Zhounan | 3,359,000 (note 4) | – | 197,500 (note 5) | 3,556,500 | 0.164% |

Notes:

- (1) It represents the share options granted on 22 January 2009 pursuant to the Share Option Scheme and are exercisable at the price of HK\$2.89 per share from 22 January 2009 to 21 January 2019.
- (2) Mr SONG Weiping, being the sole shareholder of Delta House Limited ("Delta"), is deemed to be interested in 126,071,924 Shares held by Delta pursuant to Part XV of the SFO. Hong Kong Orange Osmanthus Foundation Limited ("HKOO Foundation") is a company limited by guarantee and established by Mr SONG Weiping as a charitable institution of a public character exempt from tax under Section 88 of the Inland Revenue Ordinance, Chapter 112 of the Laws of Hong Kong. As Mr SONG Weiping is the sole member of HKOO Foundation, pursuant to Part XV of the SFO, Mr SONG Weiping is deemed to be interested in 100,000,000 Shares held by HKOO Foundation notwithstanding that Mr SONG Weiping is not beneficially interested in such shares.
- (3) Mr SHOU Bainian, being the sole shareholder of Profitwise Limited ("Profitwise"), is deemed to be interested in 174,549,783 Shares held by Profitwise pursuant to Part XV of the SFO.
- (4) It represents the share options granted on 13 May 2009 pursuant to the Share Option Scheme and are exercisable at the price of HK\$7.16 per share from 13 May 2009 to 12 May 2019.
- (5) Mr CAO Zhounan, being a shareholder holding 60% of the equity interest of Hangzhou Chengxun Investment Management Company Limited ("Hangzhou Chengxun"), is deemed to be interested in 197,500 Shares held by Hangzhou Chengxun pursuant to Part XV of the SFO.

Long Position in Debentures of the Company

| Name of Director | Personal Interest in the Underlying Debentures | Family Interest | Corporate Interest |
|---------------------------|--|----------------------|--------------------|
| Mr SZE Tsai Ping, Michael | – | US\$300,000 (note 1) | – |

Note:

- (1) These debentures are held by Ms YU Ka Po Ruby, the spouse of Mr SZE Tsai Ping. Accordingly, Mr SZE Tsai Ping, Michael is deemed to be interested in these debentures.

Report of the Directors

Long Position in Shares and Underlying Shares of Associated Corporations of the Company

| Name of Director | Name of Associated Corporation | Capacity | Interest in Registered Capital | % of the Total Registered Capital |
|------------------|---|------------------|--------------------------------|-----------------------------------|
| Mr SONG Weiping | Bluetown Property Construction Management Group Co., Ltd. | Beneficial owner | RMB69,200,000 | 34.6% |

Save as disclosed above, as at 31 December 2015, none of the directors and chief executive of the Company had any interest or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations, as recorded in the register maintained by the Company pursuant to Section 352 of the SFO or required to notify the Company and the Stock Exchange pursuant to the Model Code.

Substantial Shareholders' Interests in Securities

The register of substantial shareholders maintained by the Company pursuant to Section 336 of the SFO shows that, as at 31 December 2015, the following shareholders, other than those disclosed in the section headed "Directors' and Chief Executive's Interests in Securities", had notified the Company of relevant interests in the shares and underlying shares of the Company:

| Name of Substantial Shareholder | | Interest or Short Position in the Shares or Underlying Shares (note 1) | Capacity in which Interests are Held | % of Issued Share Capital of the Company Held |
|---|-----------|--|--------------------------------------|---|
| CCCG | (note 2) | 624,851,793 (L) | Interest of controlled corporations | 28.896% |
| CCCG Holding (HK) Limited | (note 3) | 524,851,793 (L) | Beneficial owner | 24.271% |
| HSBC Trustee (C.I.) Limited | (note 4) | 540,589,293 (L) | Interest of controlled corporations | 24.999% |
| Wheelock and Company Limited ("Wheelock") | (note 5) | 540,589,293 (L) | Interest of controlled corporations | 24.999% |
| Wharf | (note 6) | 540,589,293 (L) | Interest of controlled corporations | 24.999% |
| Ms XIA Yibo | (note 7) | 227,160,924 (L) | Interest of spouse | 10.505% |
| Profitwise | (note 8) | 174,549,783 (L) | Beneficial owner | 8.072% |
| Delta | (note 9) | 126,071,924 (L) | Beneficial owner | 5.830% |
| HKOO Foundation | (note 9) | 100,000,000 (L) | Beneficial owner | 4.624% |
| Lehman Brothers Holdings Inc. | (note 10) | 101,400,450 (L) | Interest of controlled corporations | 4.689% |
| | | 31,868,575 (S) | Interest of controlled corporations | 1.474% |

Report of the Directors

Notes:

- (1) The letter "L" denotes a long position. The letter "S" denotes a short position.
- (2) CCCG is deemed to be interested in 624,851,793 Shares through its controlled corporations, namely CCCG Real Estate Group Company Limited* (中交房地產集團有限公司) (which is wholly-owned by CCCG) and CCCG Holding (HK) Limited and CCCG Real Estate Holding Limited, each of which is wholly-owned by CCCG Real Estate Group Company Limited* (中交房地產集團有限公司).
- (3) A company controlled by CCCG by virtue of SFO.
- (4) HSBC Trustee (C.I.) Limited is deemed to be interested in 540,589,293 Shares through its controlled corporations, namely Wheelock, Wheelock Investments Limited, WF Investment Partners Limited, Wharf, Wharf China Holdings Limited and Target Smart Investments Limited ("Target Smart").
- (5) Wheelock is deemed to be interested in 540,589,293 Shares through its controlled corporations, namely Wheelock Investments Limited, WF Investment Partners Limited, Wharf, Wharf China Holdings Limited and Target Smart.
- (6) Wharf is deemed to be interested in 540,589,293 Shares through its controlled corporations, namely Wharf China Holdings Limited and Target Smart.
- (7) Ms XIA Yibo is the spouse of Mr SONG Weiping. Accordingly, pursuant to Part XV of the SFO, Ms XIA Yibo is deemed to be interested in: (i) 126,071,924 Shares held by Delta, a company of which Mr SONG Weiping is the sole shareholder; (ii) 100,000,000 Shares held by HKOO Foundation, a charitable institution established by Mr SONG Weiping of which Mr SONG Weiping is the sole member (notwithstanding that neither Mr SONG Weiping nor Ms XIA Yibo is beneficially interested in those shares); and (iii) 1,089,000 share options of the Company held by Mr SONG Weiping. The aforesaid represents an aggregate of 227,160,924 Shares.
- (8) A company controlled by Mr SHOU Bainian by virtue of SFO, of which Mr SHOU Bainian is the sole member.
- (9) A company controlled by Mr SONG Weiping by virtue of SFO, of which Mr SONG Weiping is the sole member. HKOO Foundation is a company limited by guarantee and established by Mr SONG Weiping as a charitable institution of a public character exempt from tax under Section 88 of the Inland Revenue Ordinance, Chapter 112 of the Laws of Hong Kong. As Mr SONG Weiping is the sole member of HKOO Foundation, pursuant to Part XV of the SFO, Mr SONG Weiping is deemed to be interested in 100,000,000 shares held by HKOO Foundation notwithstanding that Mr SONG Weiping is not beneficially interested in such shares.
- (10) Lehman Brothers Holdings Inc., according to its disclosure of interest filing, is deemed to be interested in a total of 101,400,450(L) shares and 31,868,575(S) shares through its controlled corporations by virtue of SFO.

Save as disclosed above, the Company has not been notified of any other notifiable interests or short positions in the shares or underlying shares of the Company as at 31 December 2015.

Report of the Directors

As at 31 December 2015, save as disclosed below, none of the directors was a director or employee of a company which had an interest or short position in the Shares or underlying Shares which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO:

| Name of Director | Name of company which had such discloseable interest or short position in the Shares | Position within such company |
|-------------------------|---|-------------------------------------|
| Mr SONG Weiping | Delta | Director |
| | HKOO Foundation | Director |
| Mr ZHU Bixin | CCCG | Chief Legal Counsel |
| Mr LIU Wensheng | CCCG Holding (HK) Limited | Director |
| Mr SUN Guoqiang | CCCG Real Estate Group Company Limited* (中交房地產集團有限公司) | Chairman and General Manager |
| Mr SHOU Bainian | Profitwise | Director |
| Mr CAO Zhounan | CCCG Real Estate Group Company Limited* (中交房地產集團有限公司) | Director |
| Mr LI Qingan | CCCG Real Estate Group Company Limited* (中交房地產集團有限公司) | Director |

Share Option Scheme

The Share Option Scheme was adopted pursuant to the shareholders' resolution passed on 22 June 2006 for the primary purpose of providing incentives and/or reward to directors and employees of the Group and will expire on 21 June 2016. Under the Share Option Scheme, the Board may grant share options to eligible employees, including directors of the Company and its subsidiaries, to subscribe for shares in the Company.

The total number of Shares in respect of which share options may be granted under the Share Option Scheme is not permitted to exceed 10% of the Shares in issue at any point of time, without prior approval from the Company's shareholders. The number of Shares issued and to be issued in respect of which share options granted and may be granted to any individual in any one year is not permitted to exceed 1% of the Shares in issue at any point of time, without prior approval from the Company's shareholders. Share options granted to independent non-executive directors and substantial shareholders of the Company in excess of 0.1% of the Company's share capital and with a value in excess of HK\$5,000,000 must be approved in advance by the Company's shareholders.

Share options may be exercised at any time from the date of grant of the share option to the expiry of the Share Option Scheme, unless otherwise specified in the Share Option Scheme. The exercise price is determined by the Board, and will not be less than the higher of (i) the closing price of the Shares of the Company as stated in the Stock Exchange's daily quotations sheet on the date of grant; (ii) the average of the closing prices of the Shares of the Company as stated in the Stock Exchange's daily quotation sheets for the five business days immediately preceding the date of grant; and (iii) the nominal value of the Shares of the Company. Detailed terms of the Share Option Scheme are set out in note 37 to the Consolidated Financial Statements.

As at 31 December 2015, the total number of options available for issue under the Share Option Scheme was 31,780,400 shares, or approximately 1.47% of the issued share capital of the Company.

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Details of the share options granted, exercised and cancelled pursuant to the Share Option Scheme on 22 January 2009, 13 May 2009, 22 June 2009 and 17 July 2009, respectively, during the twelve months ended 31 December 2015 were as follows:

| Name of Grantee | No. of Share Options Outstanding at the Beginning of the Year | No. of Share Options Granted during the Year | No. of Share Options Exercised during the Year | No. of Share Options Cancelled during the Year | No. of Share Options Lapsed during the Year | No. of Share Options Outstanding at the End of the Year | Date of Grant | Period During which Share Options are Exercisable | Exercise Price per Share (HK\$) |
|--|---|--|--|--|---|---|-----------------|---|---------------------------------|
| Directors | | | | | | | | | |
| Mr SONG Weiping | 544,500 | - | - | - | - | 544,500 | 22 January 2009 | 22 January 2009 to 21 January 2019 | 2.89 |
| | 272,250 | - | - | - | - | 272,250 | 22 January 2009 | 22 January 2010 to 21 January 2019 | 2.89 |
| | 272,250 | - | - | - | - | 272,250 | 22 January 2009 | 22 January 2011 to 21 January 2019 | 2.89 |
| | 1,089,000 | - | - | - | - | 1,089,000 | | | |
| Mr LUO Zhaoming | 7,500,000 | - | - | - | - | 7,500,000 | 17 July 2009 | 17 July 2009 to 16 July 2019 | 11.59 |
| | 3,750,000 | - | - | - | - | 3,750,000 | 17 July 2009 | 17 July 2010 to 16 July 2019 | 11.59 |
| | 3,750,000 | - | - | - | - | 3,750,000 | 17 July 2009 | 17 July 2011 to 16 July 2019 | 11.59 |
| | 15,000,000 | - | - | - | - | 15,000,000 | | | |
| Mr CAO Zhounan | - | - | - | - | - | - | 13 May 2009 | 13 May 2009 to 12 May 2019 | 7.16 |
| | 59,000 | - | - | - | - | 59,000 | 13 May 2009 | 13 May 2011 to 12 May 2019 | 7.16 |
| | 3,300,000 | - | - | - | - | 3,300,000 | 13 May 2009 | 13 May 2012 to 12 May 2019 | 7.16 |
| | 3,359,000 | - | - | - | - | 3,359,000 | | | |
| Employees | | | | | | | | | |
| Certain other employees of the Company's subsidiaries, associated companies and joint ventures | 2,239,000 | - | 536,500 | - | - | 1,702,500 | 22 January 2009 | 22 January 2009 to 21 January 2019 | 2.89 |
| | 2,642,750 | - | 412,250 | - | - | 2,230,500 | 22 January 2009 | 22 January 2010 to 21 January 2019 | 2.89 |
| | 3,651,250 | - | 523,250 | - | - | 3,128,000 | 22 January 2009 | 22 January 2011 to 21 January 2019 | 2.89 |
| | 13,109,250 | - | - | - | 105,500 | 13,003,750 | 22 June 2009 | 22 June 2009 to 21 June 2019 | 11.00 |
| | 7,166,625 | - | - | - | 52,750 | 7,113,875 | 22 June 2009 | 22 June 2010 to 21 June 2019 | 11.00 |
| | 7,428,125 | - | - | - | 52,750 | 7,375,375 | 22 June 2009 | 22 June 2011 to 21 June 2019 | 11.00 |
| | 36,237,000 | - | 1,472,000 | - | 211,000 | 34,554,000 | | | |
| Certain employees of Greentown Property Management Service Group Co., Ltd., Hangzhou | 872,500 | - | - | - | - | 872,500 | 22 June 2009 | 22 June 2009 to 21 June 2019 | 11.00 |
| | 436,250 | - | - | - | - | 436,250 | 22 June 2009 | 22 June 2010 to 21 June 2019 | 11.00 |
| | 436,250 | - | - | - | - | 436,250 | 22 June 2009 | 22 June 2011 to 21 June 2019 | 11.00 |
| Jinshagang Travel Cultural Company Limited and Greentown Holdings Group Limited, all being affiliates of Mr SONG Weiping and Mr SHOU Bainian | | | | | | | | | |
| | 1,745,000 | - | - | - | - | 1,745,000 | | | |
| Total | 57,430,000 | - | 1,472,000 | - | 211,000 | 55,747,000 | | | |

During the Year, 1,472,000 share options were exercised, and 211,000 share options lapsed.

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Valuation of Options

The Company has been using the Binomial Valuation Model and the Black-Scholes Pricing Model (collectively, the “Models”) to value the share options granted. Details of the key parameters used in the Models and the corresponding fair values of the options granted in 2009 are set out in note 37 to the Consolidated Financial Statements.

Directors’ Material Interests in Transactions, Arrangements or Contracts of Significance

Other than as disclosed in note 41 to the Consolidated Financial Statements and in the section headed “Connected Transactions and Continuing Connected Transactions”, no director nor any entity connected with a director is or was materially interested, either directly or indirectly, in any transaction, arrangement or contract, which is of significance to the business of the Group and to which the Company or any of its subsidiaries, its parent company and the subsidiaries of its parent company was a party, subsisting at any time during, or at the end of, the year ended 31 December 2015.

Permitted Indemnity Provision

Pursuant to the Company’s Articles of Association, every Director shall be entitled to be indemnified out of the assets of the Company against all losses or liabilities incurred or sustained by him as a Director of the Company in defending any proceedings, whether civil or criminal, in which judgment is given in his favour, or in which he is acquitted. The Company has arranged appropriate directors’ and officers’ liability insurance coverage for the Directors and officers of the Group.

Connected Transactions and Continuing Connected Transactions

Significant related party transactions entered into by the Group for the year ended 31 December 2015 are disclosed in note 41 to the Consolidated Financial Statements. Details of some of the said related party transactions, which also constituted connected transactions or continuing connected transactions of the Company required to be disclosed in accordance with Chapter 14A of the Listing Rules are listed as follows. Save for the transactions mentioned below, none of such related party transactions constituted a connected transaction or a continuing connected transaction of the Company pursuant to Chapter 14A of the Listing Rules. The Company has complied with the disclosure requirements under Chapter 14A of the Listing Rules as and where applicable and relevant.

(A) Connected Transactions

In 2015, the Group had the following connected transactions within the meaning of chapter 14A of the Listing Rules, and are subject to certain reporting requirements:

1.1 Joint Venture Agreement

On 27 October 2015, the Group entered into a connected transaction with the Wharf Group in relation to a joint venture project in China. Wharf (through its wholly-owned subsidiary) is a substantial shareholder of the Company and therefore Wharf and its associates are connected persons of the Company under the Listing Rules. As of 31 December 2015, the Wharf Group was beneficially interested in 540,589,293 shares, representing approximately 25% of the issued share capital of the Company.

As disclosed in the Company’s announcement dated 28 October 2015, the Company and Wharf entered into a Framework Agreement dated 27 October 2015 pursuant to which Wharf and the Company agreed to jointly develop a piece of land in Hangzhou into residential properties by a project company through Zhejiang Lujiu (Zhejiang Lujiu Real Estate Co., Ltd. (浙江綠九置業有限公司)), which is held by the Group and the Wharf Group on a 50:50 basis and currently

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being an indirect non-wholly owned subsidiary of the Company). The land is situated in Binjiang district, Hangzhou, Zhejiang, the PRC of approximately 38,605 sqm. It is expected that the residential properties of above-ground gross floor area of approximately 77,210 sqm will be developed and land consideration is RMB1,625,000,000.

Pursuant to the framework agreement, the parties expect that the total consideration for acquiring the land use rights of the relevant land, relevant land tax and the preliminary development funds shall be funded by the Group and the Wharf Group on a 50:50 basis through one or more companies held by each of the Group and the Wharf Group as to 50%, or on a 50:50 basis by the Group and the Wharf Group. It is expected that all other funding needs shall be arranged by the Project Company itself.

Based on applicable size tests, the entering into of the framework agreement and the transactions contemplated thereunder constitute a connected transaction of the Company subject to the reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

1.2 Hangzhou Greentown and Zhoushan Greentown Finance Lease Agreements

On 20 November 2015, each of Hangzhou Qiandao Lake Greentown Investment & Property Co., Ltd (a non-wholly owned subsidiary of the Company) ("Hangzhou Greentown") and Zhaoshan Putuo Greentown Industrial Investment Co., Ltd (a wholly-owned subsidiary of the Company) ("Zhaoshan Greentown") entered into a finance lease agreement and a related consultancy agreement with CCCC Financial Leasing Co., Ltd ("CCCC Financial Leasing"), a non-wholly owned subsidiary of China Communications Construction Group (Limited) ("CCCCG") (each "Hangzhou Greentown Agreement" and "Zhaoshan Greentown Finance Lease Agreement" respectively, and together the "Hangzhou Greentown and Zhoushan Greentown Financial Lease Agreements").

As at the date of the Hangzhou Greentown and Zhoushan Greentown Financial Lease Agreements, CCCG is holding 624,851,793 shares in the Company, representing approximately 28.9% of the issued share capital of the Company, and therefore is a substantial shareholder of the Company. CCCC Financial Leasing is a non-wholly owned subsidiary of CCCC and thus an associate of CCCC and a connected person of the Company. As such, the transactions contemplated under the Hangzhou Greentown and Zhoushan Greentown Finance Lease Agreements constitute connected transactions of the Company under Chapter 14A of the Listing Rules.

Pursuant to the Hangzhou Greentown Finance Lease Agreement, CCCC Financial Leasing shall purchase certain leased assets from Hangzhou Greentown at a total consideration of RMB25,000,000. And CCCC Financial Leasing shall lease back the leased assets to Hangzhou Greentown for a period of 36 months at a total lease payment of RMB27,552,120, which shall be made in six instalments in equal amount. In addition, Hangzhou Greentown also entered into a consultancy agreement with CCCC Financial Leasing for provision of financial planning and other consultancy services by CCCC Financial Leasing at a service fee of RMB250,000.

Pursuant to the Zhoushan Greentown Finance Lease Agreement, CCCC Financial Leasing shall purchase certain leased assets from Zhoushan Greentown at a total consideration of RMB140,000,000. And CCCC Financial Leasing shall lease back the leased assets to Zhoushan Greentown for a period of 36 month at a total lease payment of RMB154,291,872, which shall be made in six instalments in equal amount. In addition, Zhoushan Greentown also entered into a consultancy agreement with CCCC Financial Leasing for provision of financial planning and other consultancy services by CCCC Financial Leasing at a service fee of RMB1,400,000.

Details of the Hangzhou Greentown and Zhoushan Greentown Financial Lease Agreements were disclosed in the announcement of the Company dated 20 November 2015.

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1.3 Hainan Greentown and Qingdao Greentown Finance Lease Agreements

On 29 October 2015, each of Hainan Greentown Gaodi Investment Co., Ltd. (a subsidiary of the Company) (“Hainan Greentown”) and Qingdao Greentown Jiaozhouwan Real Estate Development Co., Ltd (a wholly-owned subsidiary of the Company) (“Qingdao Greentown”) entered into a finance lease agreement with CCCC Financial Leasing, a non-wholly owned subsidiary of CCCC (each “Hainan Greentown Finance Lease Agreement” and “Qingdao Greentown Finance Lease Agreement” respectively, together the “Hainan Greentown and Qingdao Greentown Finance Lease Agreements”).

As at the date of the Hainan Greentown and Qingdao Greentown Financial Lease Agreements, CCCC is holding 624,851,793 shares in the Company, representing approximately 28.9% of the issued share capital of the Company, and therefore is a substantial shareholder of the Company. CCCC Financial Leasing is a non-wholly owned subsidiary of CCCC and thus an associate of CCCC and a connected person of the Company. As such, the transactions contemplated under the Hainan Greentown and Qingdao Greentown Finance Lease Agreements constitute connected transactions of the Company under Chapter 14A of the Listing Rules.

Pursuant to the Hainan Greentown Finance Lease Agreement, CCCC Financial Leasing shall purchase certain leased assets from Hainan Greentown at a total consideration of RMB278,838,523.11. And CCCC Financial Leasing shall lease back the leased assets to Hainan Greentown for a period of 32 month at a total lease payment of RMB302,365,777.65 which shall be made in five instalments in equal amount.

Pursuant to the Qingdao Greentown Finance Lease Agreement, CCCC Financial Leasing shall purchase certain leased assets from Qingdao Greentown at a total consideration of RMB103,085,757.02. And CCCC Financial Leasing shall lease back the leased assets to Qingdao Greentown for a period of 32 month at a total lease payment of RMB111,783,711.75 which shall be made in five instalments in equal amount.

Details of the Hainan Greentown and Qingdao Greentown Financial Lease Agreements were disclosed in the announcement of the Company dated 29 October 2015.

1.4 Acquisition of Equity Interests in Greentown Dingyi and Greentown Shidai

On 2 August 2015, Greentown Real Estate Group Co., Ltd (“Greentown Real Estate”), a wholly-owned subsidiary of the Company, entered into a share transfer agreement with, among others, Zhejiang Dingshang City Construction & Development Company Limited (“Zhejiang Dingshan”), Hangzhou Chengxun Investment Management Company Limited (“Hangzhou Chengxun”), Hangzhou Luchao Investment Management Company Limited (“Hangzhou Luchao”), Hangzhou Luke Investment Partnership (Limited Partnership) (“Hangzhou Luke”), Mr. Feng Xiaokang and Ms. Li Hairong in relation to the sale of an aggregate of 100% equity interest in Greentown Dingyi Real Estate Investment Management Co., Ltd (“Greentown Dingyi”) to Greentown Real Estate for a total consideration of RMB625,450,000 (“Dingyi Share Transfer Agreement”).

As at the date of the Dingyi Share Transfer Agreement, Mr Cao Zhaonan, an executive Director and therefore a connected person of the Company at the listed company level, holds more than 30% interest in each of Zhejiang Dingshang and Hangzhou Chengxun. Therefore each of Zhejiang Dingshang and Hangzhou Chengxun is an associate of Mr Cao Zhaonan and a connected person of the Company at the listed company level. In addition, Mr Cao Xin is a son of Mr Cao Zhaonan. Therefore Mr Cao Xin is also an associate of Mr Cao and a connected person of the Company at the listed company level. Mr Feng Xiaokang (being a Dingyi Vendor) is a director of certain subsidiaries of the Company and is therefore a connected person of the Company at the subsidiary level. As such, the transactions contemplated under the Dingyi Share Transfer Agreement constitute a connected transaction of the Company under Chapter 14A of the Listing Rules.

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On 2 August 2015, Greentown Real Estate also entered into a share transfer agreement with, among others, Hangzhou Luyong Investment Management Company Limited (“Hangzhou Luyong”) in relation to the sale of 92% equity interest in Greentown Shidai City Construction & Development Company Limited (“Greentown Shidai”) to Greentown Real Estate for a total consideration of RMB294,000,000 (“Shidai Share Transfer Agreement”).

As at the date of the Shidai Share Transfer Agreement, Hangzhou Luyong is held as to more than 30% interest by Mr Ying Guoyong. Mr Ying Guoyong is a director of Greentown Real Estate, being a wholly-owned subsidiary of the Company. Hangzhou Luyong is therefore an associate of Mr Ying Guoyong and a connected person of the Company at the subsidiary level. In addition, Ms Ying Yifan is a daughter of Mr Ying Guoyong. Therefore Ms Ying Yifan is also an associate of Mr Ying Guoyong and a connected person of the Company at the subsidiary level. As such, the Shidai Acquisition constitutes a connected transaction of the Company under Chapter 14A of the Listing Rules.

Details of the acquisitions were disclosed in the announcement of the Company dated 2 August 2015.

1.5 Framework Agreement with Sunac China Holdings Limited

On 15 May 2015, the Company and Sunac China Holdings Limited (“Sunac China”) entered into a framework agreement (the “Framework Agreement”) together with the underlying documents for the transactions contemplated thereunder, pursuant to which it was conditionally agreed that the Group would transact with the Sunac China and its subsidiaries in relation to (a) the Group’s acquisition of the return on investment in respect of 51% equity interests in Shanghai Huazhe Bund Realty Co., Ltd.; (b) the Group’s acquisition of 45% equity interests in, and shareholder’s loan of Beijing Xingye Wanfa Real Estate Development Co., Ltd.; (c) the Group’s acquisition of 50% equity interests in, and shareholder’s loan of Zhejiang Jinying Real Estate Co., Ltd.; (d) the Group’s disposal of 50% equity interests in Shanghai Greentown Forest Golf Villa Development Co., Ltd.; (e) the Group’s disposal of 25% equity interests in Hangzhou Sunac Greentown Real Estate Development Co., Ltd.; (f) the Group’s disposal of 50% equity interests in Shanghai Sunac Greentown; (g) the Group’s disposal of 50% of the issued share capital of Sunac Greentown Investment; and (h) the development of the Tianjin National Game Village Project on a joint venture basis. Please refer to the circular of the Company dated 29 June 2015 for the details of the Framework Agreement and the transactions contemplated thereunder.

As at 31 December 2015, the Group has received the transaction amounts in full in respect of the transactions contemplated under the Framework Agreement, which increased the Group’s net cash inflow equivalent to approximately RMB3,391 million.

In addition, as at the date of the relevant announcement, Sunac China is a substantial shareholder of each of Beijing Xingye Wanfa Real Estate Development Co., Ltd and Shanghai Greentown Forest Golf Villa Development Co., Ltd, which are non-wholly owned subsidiaries of the Company. Sunac China is therefore a connected person of the Company at the subsidiary level.

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(B) Continuing Connected Transactions

In 2015, the Group had the following non-exempt continuing connected transactions (the “Non-exempt Continuing Connected Transactions”) within the meaning of Chapter 14A of the Listing Rules, and are subject to certain reporting requirements:

2.1 Renewed Properties Leasing Agreements

On 20 January 2012, the Company and Greentown Holdings Group Limited* (綠城控股集團有限公司) (“Greentown Holdings Group”) entered into certain leasing agreements, pursuant to which Greentown Holdings Group leased to the Company certain commercial properties for general commercial uses (the “Commercial Properties”) and certain staff quarters as staff quarters of the Group (the “Staff Quarters”). On 12 March 2015, the Company and Greentown Holdings Group entered into the Renewed Properties Leasing Agreements in respect of the properties (which are the Commercial Properties and the Staff Quarters) for a term up to 31 December 2017.

The annual cap for the rent payable by the Company under the Properties Leasing Agreements for each of the three years ended 31 December 2017 was RMB15 million (as to RMB14.5 million for the rent of the Commercial Properties and RMB0.50 million for the rent of the Staff Quarters).

As Greentown Holdings Group is wholly-owned by Mr SONG Weiping, Mr SHOU Bainian and Ms XIA Yibo (the spouse of Mr SONG Weiping) (collectively, the “Original Shareholders”), Greentown Holdings Group is a connected person of the Company and the transactions contemplated under the Renewed Properties Leasing Agreements constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

Details of the Renewed Properties Leasing Agreements were disclosed in the announcement of the Company dated 12 March 2015.

2.2 Renewed Advertising Services Agreement

On 20 January 2012, the Company and Zhejiang Greentown Football Club Company Limited* (浙江綠城足球俱樂部有限公司) (“Greentown Football Club”) entered into an advertising services agreement (the “Advertising Services Agreement”), pursuant to which Greentown Football Club agreed to provide advertising services to the Company including advertising the Company’s “Greentown Real Estate” brand name at the football games and events participated by Greentown Football Club. On 12 March 2015, the Company and Greentown Football Club entered into the Renewed Advertising Services Agreement in accordance with similar terms of the Advertising Services Agreement for a term up to 31 December 2017.

The annual cap for the aggregate annual advertising fees payable by the Company under the Advertising Services Agreement for each of the three years ended 31 December 2017 was RMB70 million.

As Greentown Holdings Group is wholly-owned by the Original Shareholders, Greentown Holdings Group is a connected person of the Company. As Greentown Football Club is a non-wholly owned subsidiary of Greentown Holdings Group, Greentown Football Club is a connected person of the Company and the transactions contemplated under the Renewed Advertising Services Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

Details of the Renewed Advertising Services Agreement were disclosed in the announcement of the Company dated 12 March 2015.

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2.3 Renewed Comprehensive Services Agreement

On 20 January 2012, the Company, the Original Shareholders and Greentown Holdings Group entered into a comprehensive services agreement (the "Comprehensive Services Agreement") in respect of the provision of interior decoration services, property management services, raw materials and hotel management services to the Company. On 12 March 2015, the Company, the Original Shareholders and Greentown Holdings Group entered into the Renewed Comprehensive Services Agreement in accordance with similar terms of the Comprehensive Services Agreement for a term up to 31 December 2017.

(a) *Interior Decoration Services*

Pursuant to the Comprehensive Services Agreement, the Original Shareholders, through their associates, agreed to provide interior decoration services to the Company for the Company's property developments upon terms not less favorable than those the Original Shareholders offer to any third parties from time to time. The Company was not obliged to engage such services exclusively or at all from the Original Shareholders. By serving three months' prior written notice, the Company may terminate such services in respect of any of the Company's projects. The annual cap for the fees in respect of interior decoration services payable by the Company under the Comprehensive Services Agreement for each of the three years ended 31 December 2017 was RMB10 million.

As the Original Shareholders are connected persons of the Company, the provision of interior decoration services by the Original Shareholders through their associates under the Renewed Comprehensive Services Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

(b) *Property Management Services*

Pursuant to the Comprehensive Services Agreement, Greentown Holdings Group, through its associates, agreed to provide, among other services, pre-delivery property management services (including certain property management advisory services, security services and other related services) to the Company for the Company's property developments upon terms not less favorable than those Greentown Holdings Group offers to any third parties from time to time. The Company was not obliged to engage such services exclusively or at all from Greentown Holdings Group. By serving three months' prior written notice, the Company may terminate such services in respect of any of the Company's projects. The annual caps for the fees in respect of the aforesaid property management services payable by the Company under the Comprehensive Services Agreement for the three years ended 31 December 2017 were RMB220 million, RMB240 million and RMB260 million, respectively.

(c) *Supply of Raw Materials*

Pursuant to the Comprehensive Services Agreement, Greentown Holdings Group, through its associates, agreed to supply, among other things, certain landscaping raw materials to the Company for the Company's property developments upon terms not less favorable than those Greentown Holdings Group offers to any third parties from time to time. The Company was not obliged to purchase such landscaping raw materials exclusively or at all from Greentown Holdings Group. By serving three months' prior written notice, the Company may terminate the purchase of such landscaping raw materials in respect of any specific supply contract. The annual cap for the costs in respect of the purchase of the aforesaid landscaping raw materials by the Company under the Comprehensive Services Agreement for each of the three years ended 31 December 2017 was RMB10 million.

(d) *Hotel Management Services*

Pursuant to the Comprehensive Services Agreement, Greentown Holdings Group, through its associates, agreed to provide, among other services, pre-delivery hotel management services (including certain advisory services and other related services) and post-delivery hotel management and operation services (including leasing business) to the Company for the Company's hotel property development projects upon terms not less favorable than those Greentown Holdings Group offers to any third parties from time to time. The Company was not obliged to engage such services exclusively or at all from Greentown Holdings Group. By serving three months' prior written notice, the Company may terminate such services in respect of any of the Company's projects. The annual cap for the aforesaid hotel management services payable by the Company under the Comprehensive Services Agreement for each of the three years ended 31 December 2017 was RMB15 million.

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As Greentown Holdings Group is wholly-owned by the Original Shareholders, Greentown Holdings Group is a connected person of the Company and the transactions contemplated in paragraphs (b) to (d) above constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

Details of the Comprehensive Services Agreement were disclosed in the announcement of the Company dated 12 March 2015.

2.4 Renewed Educational Services Framework Agreement

On 20 January 2012, the Company and Zhejiang Greentown Education Investment Company Limited* (浙江綠城教育投資有限公司) (“Greentown Education”) entered into an educational services framework agreement (the “Educational Services Framework Agreement”) for the provision of early educational participation services by Greentown Education to the Group in the Group’s development projects. On 12 March 2015, the Company and Greentown Education entered into the Renewed Educational Services Framework Agreement in accordance with similar terms of the Educational Services Framework Agreement for a term up to 31 December 2017. The services provided by Greentown Education mainly include: (i) participating in and advising on the initial decoration proposals and decoration work for the nursery and primary schools in the development projects of the Group; and (ii) assisting the Group in developing interest classes and summer camps, and related promotional activities. The services were charged according to government determined or directed price or, in absence of such government determination or direction, at market price (including tender price) which may be charged by an independent third party under normal commercial terms in respect of the provision of similar services in the same area, the vicinity or the PRC. The services under the Educational Services Framework Agreement were not exclusive and the Group may engage other service providers for the same services. The Company may also terminate the services provided by Greentown Education by three months’ prior written notice. The annual cap for the fees in respect of the educational services payable by the Company under the Educational Services Framework Agreement was RMB10 million.

As Greentown Education is wholly-owned by the Original Shareholders, Greentown Education is a connected person of the Company and the transactions contemplated under the Renewed Educational Services Framework Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

Details of the Educational Services Framework Agreement were disclosed in the announcement of the Company dated 12 March 2015.

2.5 Renewed Healthcare Services Framework Agreement

On 20 January 2012, the Company and Zhejiang Greentown Hospital Investment Company Limited* (浙江綠城醫院投資有限公司) (“Greentown Hospital”) entered into a healthcare services framework agreement (the “Healthcare Services Framework Agreement”) for the provision of healthcare services to the Group. On 12 March 2015, the Company and Greentown Hospital entered into the Renewed Healthcare Services Framework Agreement in accordance with similar terms of the Healthcare Services Framework Agreement for a term up to 31 December 2017. The services provided by Greentown Hospital mainly include: (i) providing healthcare and rehabilitation services; (ii) providing regular medical activities in respect of common or recurring diseases; (iii) establishing health database and developing health screening services; (iv) providing specific medical services; and (v) providing medical and living care services. The services were charged according to government determined or directed price or, in absence of such government determination or direction, at market price (including tender price) which may be charged by an independent third party under normal commercial terms in respect of the provision of similar services in the same area, the vicinity or the PRC. The services under the Healthcare Services Framework Agreement were not exclusive and the Group may engage other service providers for the same services. The Company may also terminate the services provided by Greentown Hospital by three months’ prior written notice. The annual caps for the fees in respect of healthcare services payable by the Company under the Healthcare Services Framework Agreement for the three years ended 31 December 2017 were RMB10 million respectively.

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As Greentown Hospital is controlled by the Original Shareholders, Greentown Hospital is a connected person of the Company and the transactions contemplated under the Renewed Healthcare Services Framework Agreement constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

Details of the Renewed Healthcare Services Framework Agreement were disclosed in the announcement of the Company dated 12 March 2015.

The annual amounts for each of the Non-exempt Continuing Connected Transactions for the year ended 31 December 2015 were as follows:

| Transaction Amounts for the Year Ended 31 December 2015 | RMB'000 |
|--|----------------|
| Annual rental pursuant to the Renewed Properties Leasing Agreements | 11,376 |
| Advertising fees pursuant to the Renewed Advertising Services Agreement | 70,000 |
| Interior decoration service fees pursuant to the Renewed Comprehensive Services Agreement | – |
| Property management service fees pursuant to the Renewed Comprehensive Services Agreement | 210,179 |
| Purchase cost of raw materials pursuant to the Renewed Comprehensive Services Agreement | – |
| Hotel management services fees pursuant to the Renewed Comprehensive Services Agreement | 4,364 |
| Educational services fees pursuant to the Renewed Educational Services Framework Agreement | – |
| Healthcare services fees pursuant to the Healthcare Services Framework Agreement | 1,788 |

The independent non-executive directors of the Company have reviewed the Non-exempt Continuing Connected Transactions and confirmed that they were:

- (a) entered into by members of the Group in the ordinary and usual course of its business;
- (b) on normal commercial terms or better; and
- (c) entered into in accordance with the relevant agreements governing them on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole.

Report of the Directors

The Company's auditor was engaged to report on the Group's continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 "Assurance Engagements 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 issued an unqualified letter containing his findings and conclusions in respect of the Non-Exempt Continuing Connected Transactions 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 Stock Exchange.

In the opinion of the directors, all the above transactions have been entered into in the ordinary course of the Group's business and are conducted on normal commercial terms and are fair and reasonable and in the interest of the Company's shareholders as a whole.

The directors confirm that it has complied with the disclosure requirements in accordance with Chapter 14A of the Listing Rules.

Directors' Interests In Competing Business

During the year ended 31 December 2015, save as disclosed below, none of the directors is considered to have interest in a business which competes or is likely to compete, either directly or indirectly, with the business of the Group, as defined in the Listing Rules.

Greentown Holdings Group is engaged in various lines of businesses, including certain property development and sale. On 22 June 2006, Mr SONG Weiping, Mr SHOU Bainian, Ms XIA Yibo and Greentown Holdings Group entered into a deed of non-competition (the "Deed of Non-Competition") with the Company to undertake that they will not, and shall procure their controlled affiliates (other than subsidiaries and associates of the Company) not to engage in any property development business (except for hotel development and property management) in the PRC, provided that Greentown Holdings Group may continue with the development and sale of the eight property projects (the "Non-inclusion Projects"). Pursuant to the Deed of Non-Competition, Greentown Holdings Group granted an option to the Company to acquire the Non-inclusion Projects. Details of the terms of the Deed of Non-Competition are described in the "Business Section" of the Company's prospectus dated 30 June 2006.

Pursuant to the ordinary resolutions passed at the extraordinary general meeting held on 26 March 2007, three out of eight Non-inclusion Projects were acquired by the Company. During the year ended 31 December 2007, Greentown Holdings Group disposed one Non-inclusion Project to an independent third party. As at 31 December 2015, there were still four Non-inclusion Projects pursuant to the Deed of Non-Competition.

On 3 August 2010, Mr SONG Weiping, Greentown Real Estate and Shanghai Xinping Financial Consulting Firm (上海欣萍財務諮詢事務所) entered into a joint venture agreement for the establishment of Bluetown Construction Management. Mr SONG Weiping has a 34.6% interest in Bluetown Construction Management. The principal activities of the Bluetown Construction Management are providing property construction management and advisory services in the PRC. The directors were of the view that the business activities of Bluetown Construction Management may compete with that of the Group. A waiver from the Deed of Non-Competition in favor of Mr SONG Weiping was proposed by the directors and granted by the shareholders at the extraordinary general meeting of the Company held on 7 September 2010.

Report of the Directors

We set out below other directors' interest in any business which competes or is likely to compete, either directly or indirectly, with the business of the Group as required to be disclosed pursuant to the Listing Rules.

| Name of Director | Name of competing entity | Nature of business of the competing entity | Nature of interest of the director in the competing entity |
|-------------------------|---|---|--|
| Mr ZHU Bixin | CCCG | The design and construction of transportation infrastructure, dredging business, heavy machinery manufacturing and property development | Chief Legal Counsel |
| Mr LIU Wensheng | China Communications Construction Company Limited | The design and construction of transportation infrastructure, dredging business, heavy machinery manufacturing and property development | Secretary of Board of Directors, Company Secretary and Chief Economist |
| Mr SUN Guoqiang | CCCG Real Estate Group Company Limited* (中交房地產集團有限公司) | The development of properties and project investment | Chairman and General Manager |
| Mr CAO Zhounan | CCCG Real Estate Group Company Limited* (中交房地產集團有限公司) | The development of properties and project investment | Director |
| Mr LI Qingan | CCCG Real Estate Group Company Limited* (中交房地產集團有限公司) | The development of properties and project investment | Director |

Major Customers and Suppliers

The aggregate sales attributable to the Group's five largest customers were less than 30% of the Group's total sales and the sales attributable to the Group's largest customer were less than 10% of the Group's total sales for the Year.

The aggregate purchases attributable to the Group's five largest suppliers were less than 30% of the Group's total purchases and the purchases attributable to the Group's largest supplier were less than 10% of the Group's total purchases for the Year.

At no time during the year ended 31 December 2015, a director, an associate of a director or a shareholder of the Company (who to the knowledge of the directors own more than 5% of the Company's share capital) had any interest in any of the Group's five largest suppliers or customers.

Report of the Directors

Pre-Emptive Rights

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

Donations

During the year ended 31 December 2015, the Company made charitable donations amounting to RMB2,408,000.

Annual General Meeting

It is proposed that the annual general meeting of the Company will be held on 17 June 2016 (Friday). A notice convening the AGM will be published and dispatched to the shareholders of the Company in the manner as required by the Listing Rules in due course.

Closure of Register of Members

The register of members of the Company will be closed from 15 June 2016 (Wednesday) to 17 June 2016 (Friday), both days inclusive, during which period no transfer of shares will be registered, for the purpose of ascertaining shareholders' entitlement to attend and vote at the AGM. In order to be eligible to attend and vote at the AGM, all transfers accompanied by the relevant share certificates must be lodged with the Company's branch share register in Hong Kong, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Center, 183 Queen's Road East, Wanchai, Hong Kong for registration no later than 4:30 p.m. on 14 June 2016 (Tuesday).

Auditor

The Consolidated Financial Statements of the Group for the year ended 31 December 2015 have been audited by Messrs. Deloitte Touche Tohmatsu. A resolution will be proposed at the forthcoming AGM to re-appoint Messrs. Deloitte Touche Tohmatsu as the auditor of the Company.

By order of the Board
Co-chairmen

Song Weiping Liu Wensheng

25 March 2016

Independent Auditor's Report

Deloitte. 德勤

TO THE MEMBERS OF GREENTOWN CHINA HOLDINGS LIMITED
(incorporated in the Cayman Islands with limited liability)

We have audited the consolidated financial statements of Greentown China Holdings Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 94 to 217, which comprise the consolidated statement of financial position as at 31 December 2015, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Directors' Responsibilities 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 International Financial Reporting Standards and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body, in accordance with our agreed terms of engagement, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the consolidated financial statements are free from material misstatement.

Independent Auditor's Report

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

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

Opinion

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

Deloitte Touche Tohmatsu

Certified Public Accountants

Hong Kong

25 March 2016

Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2015

| | NOTES | 2015 RMB'000 | 2014 RMB'000 |
|--|-------|-----------------|-----------------|
| Revenue | 7 | 26,047,051 | 32,048,979 |
| Cost of sales | | (20,626,106) | (23,916,319) |
| Gross profit | | 5,420,945 | 8,132,660 |
| Other income | 8 | 849,170 | 964,263 |
| Selling expenses | | (1,229,119) | (991,966) |
| Administrative expenses | | (2,572,730) | (1,835,533) |
| Finance costs | 9 | (885,945) | (679,688) |
| Reversal of impairment losses on property, plant and equipment | 15 | 30,729 | 16,799 |
| Impairment losses on completed properties for sale | | (327,120) | (70,604) |
| Impairment losses on amounts due from an associate and a joint venture | | (196,619) | (122,198) |
| Gain from changes in fair value of investment properties | 16 | 40,000 | 60,000 |
| Fair value changes on cross currency swaps | | (128,622) | (121,022) |
| Fair value changes on senior notes' early redemption options | 29 | 257,994 | – |
| Gain on re-measurement of an associate to acquisition date fair value in business combination achieved in stages | | – | 37,196 |
| Gain on acquisition of a subsidiary | 33 | 2,242 | 1,363 |
| Net gain on disposal of subsidiaries | 34 | 2,906 | 8,670 |
| Gain on disposal of an associate | | 2,958 | 120,773 |
| Share of results of associates | | 1,436,026 | 339,873 |
| Share of results of joint ventures | | 231,856 | 67,879 |
| Profit before taxation | 10 | 2,934,671 | 5,928,465 |
| Taxation | 12 | (1,675,175) | (2,718,644) |
| Profit and total comprehensive income for the year | | 1,259,496 | 3,209,821 |
| Attributable to: | | | |
| Owners of the Company | | 813,206 | 2,071,722 |
| Non-controlling interests | | 446,290 | 1,138,099 |
| | | 1,259,496 | 3,209,821 |
| Earnings per share | 14 | | |
| Basic | | RMB0.25 | RMB0.80 |
| Diluted | | RMB0.25 | RMB0.80 |

Consolidated Statement of Financial Position

As at 31 December 2015

| | NOTES | 2015 RMB'000 | 2014 RMB'000 |
|--|--------|--------------------|-----------------|
| NON-CURRENT ASSETS | | | |
| Property, plant and equipment | 15 | 6,512,266 | 6,216,092 |
| Investment properties | 16 | 1,931,500 | 1,891,500 |
| Goodwill | 17 | 769,241 | – |
| Interests in associates | 18 | 6,646,717 | 8,724,954 |
| Interests in joint ventures | 19 | 2,979,402 | 1,807,755 |
| Available-for-sale investments | 20 | 162,289 | 388,617 |
| Prepaid lease payment | 21 | 659,487 | 662,061 |
| Rental paid in advance | | 8,843 | 8,697 |
| Deferred tax assets | 22 | 1,201,769 | 1,116,046 |
| Senior notes' early redemption options | 29 | 257,994 | – |
| | | 21,129,508 | 20,815,722 |
| CURRENT ASSETS | | | |
| Properties for development | 23 | 9,982,486 | 5,749,961 |
| Properties under development | 24 | 48,772,289 | 41,312,223 |
| Completed properties for sale | | 14,348,837 | 15,651,236 |
| Inventories | | 92,245 | 123,062 |
| Trade and other receivables, deposits and prepayments | 25 | 4,318,531 | 5,215,241 |
| Amounts due from related parties | 41(ii) | 24,275,996 | 27,156,714 |
| Prepaid income taxes | | 1,351,708 | 1,055,775 |
| Prepaid other taxes | | 1,183,024 | 979,687 |
| Pledged bank deposits | 25, 38 | 3,358,767 | 1,350,690 |
| Bank balances and cash | 25 | 14,879,912 | 7,733,567 |
| | | 122,563,795 | 106,328,156 |
| Assets classified as held for sale | 26 | 819,301 | – |
| | | 123,383,096 | 106,328,156 |
| CURRENT LIABILITIES | | | |
| Trade and other payables | 27 | 18,754,124 | 19,380,948 |
| Pre-sale deposits | | 22,223,247 | 20,116,444 |
| Amounts due to related parties | 41(ii) | 11,642,692 | 9,850,372 |
| Income taxes payable | | 4,355,641 | 5,290,359 |
| Other taxes payable | | 740,929 | 969,807 |
| Bank and other borrowings | 28 | 12,540,078 | 12,167,171 |
| Senior notes | 29 | 2,497,056 | – |
| Cross currency swaps | | 199,796 | – |
| | | 72,953,563 | 67,775,101 |
| Liabilities associated with assets classified as held for sale | 26 | 312,340 | – |
| | | 73,265,903 | 67,775,101 |

Consolidated Statement of Financial Position

As at 31 December 2015

| | NOTES | 2015 RMB'000 | 2014 RMB'000 |
|--|-------|-------------------|-----------------|
| NET CURRENT ASSETS | | 50,117,193 | 38,553,055 |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | 71,246,701 | 59,368,777 |
| NON-CURRENT LIABILITIES | | | |
| Bank and other borrowings | 28 | 14,894,665 | 15,056,123 |
| Senior notes | 29 | 8,163,517 | 8,592,129 |
| Corporate bonds | 30 | 6,898,467 | – |
| Deferred tax liabilities | 22 | 4,629,993 | 804,043 |
| Cross currency swaps | | – | 71,174 |
| | | 34,586,642 | 24,523,469 |
| | | 36,660,059 | 34,845,308 |
| CAPITAL AND RESERVES | | | |
| Share capital | 31 | 208,967 | 208,850 |
| Reserves | | 23,792,070 | 23,431,221 |
| Equity attributable to owners of the Company | | 24,001,037 | 23,640,071 |
| Perpetual securities | 32 | 3,014,681 | 3,014,681 |
| Non-controlling interests | | 9,644,341 | 8,190,556 |
| | | 36,660,059 | 34,845,308 |

The consolidated financial statements on page 94 to 217 were approved and authorised for issue by the Board of Directors on 25 March 2016 and are signed on its behalf by:

CAO Zhounan
DIRECTOR

Li Qing'an
DIRECTOR

Consolidated Statement of Changes in Equity

For the year ended 31 December 2015

| | Attributable to owners of the Company | | | | | | | | | | |
|--|---------------------------------------|--------------------------|-----------------------------------|--------------------------------------|---------------------------------|-----------------------------------|------------------------------|---------------------|---------------------------------|--------------------------------------|------------------|
| | Share Capital RMB'000 | Share Premium RMB'000 | Special Reserve RMB'000 (i) | Statutory Reserve RMB'000 (ii) | Share Option Reserve RMB'000 | Convertible Securities RMB'000 | Retained Earnings RMB'000 | Subtotal RMB'000 | Perpetual Securities RMB'000 | Non-Controlling Interests RMB'000 | Total RMB'000 |
| At 1 January 2014 | 208,656 | 8,530,329 | (316,680) | 1,314,590 | 217,778 | 2,084,472 | 12,908,189 | 24,947,334 | - | 7,063,638 | 32,010,972 |
| Profit and total comprehensive income for the year | - | - | - | - | - | - | 2,071,722 | 2,071,722 | - | 1,138,099 | 3,209,821 |
| Dividends recognised as distributions (Note 13) | - | - | - | - | - | - | (928,301) | (928,301) | - | - | (928,301) |
| Dividends paid to non-controlling interests | - | - | - | - | - | - | - | - | - | (530,738) | (530,738) |
| Transfer (ii) | - | - | - | 429,122 | - | - | (429,122) | - | - | - | - |
| Exercise of share options | 194 | 7,909 | - | - | (2,494) | - | - | 5,609 | - | - | 5,609 |
| Issue of Perpetual Securities | - | - | - | - | - | - | - | - | 3,014,681 | - | 3,014,681 |
| Redemption of Convertible Securities | - | - | - | - | - | (2,151,149) | - | (2,151,149) | - | - | (2,151,149) |
| Transfer on redemption of Convertible Securities | - | - | - | - | - | 66,677 | (66,677) | - | - | - | - |
| Distribution relating to Convertible Securities | - | - | - | - | - | - | (99,896) | (99,896) | - | - | (99,896) |
| Distribution relating to Perpetual Securities (Note 32) | - | - | - | - | - | - | (138,650) | (138,650) | - | - | (138,650) |
| Acquisition of subsidiaries (Note 33) | - | - | - | - | - | - | - | - | - | 77,375 | 77,375 |
| Purchase of additional interest in subsidiaries | - | - | (66,598) | - | - | - | - | (66,598) | - | (360,766) | (427,364) |
| Disposal of subsidiaries | - | - | - | - | - | - | - | - | - | (105,514) | (105,514) |
| Liquidation of subsidiaries | - | - | - | - | - | - | - | - | - | (6,125) | (6,125) |
| Capital contribution from non-controlling shareholders of subsidiaries | - | - | - | - | - | - | - | - | - | 914,587 | 914,587 |
| At 31 December 2014 | 208,850 | 8,538,238 | (383,278) | 1,743,712 | 215,284 | - | 13,317,265 | 23,640,071 | 3,014,681 | 8,190,556 | 34,845,308 |
| Profit and total comprehensive income for the year | - | - | - | - | - | - | 813,206 | 813,206 | - | 446,290 | 1,259,496 |
| Dividends paid to non-controlling interests | - | - | - | - | - | - | - | - | - | (1,474,708) | (1,474,708) |
| Transfer (ii) | - | - | - | 106,409 | - | - | (106,409) | - | - | - | - |
| Exercise of share options | 117 | 4,775 | - | - | (1,501) | - | - | 3,391 | - | - | 3,391 |
| Distribution relating to Perpetual Securities (Note 32) | - | - | - | - | - | - | (275,715) | (275,715) | - | - | (275,715) |
| Acquisition of subsidiaries (Note 33) | - | - | - | - | - | - | - | - | - | 2,297,010 | 2,297,010 |
| Purchase of additional interest in subsidiaries | - | - | (179,916) | - | - | - | - | (179,916) | - | (146,096) | (326,012) |
| Disposal of subsidiaries (Note 34) | - | - | - | - | - | - | - | - | - | (113,682) | (113,682) |
| Liquidation of subsidiaries | - | - | - | - | - | - | - | - | - | (34,767) | (34,767) |
| Capital contribution from non-controlling shareholders of subsidiaries | - | - | - | - | - | - | - | - | - | 479,738 | 479,738 |
| At 31 December 2015 | 208,967 | 8,543,013 | (563,194) | 1,850,121 | 213,783 | - | 13,748,347 | 24,001,037 | 3,014,681 | 9,644,341 | 36,660,059 |

Notes:

- (i) Special reserve mainly represents changes in equity attributable to owners' of the Company risen from partial acquisition or disposal of subsidiaries. The changes are calculated based on the difference between the amount by which non-controlling interests are adjusted and the fair value of the consideration paid or received for the partial acquisition or disposal.
- (ii) The statutory reserve is non-distributable and the transfer to this reserve is determined by the board of directors of the relevant companies in accordance with the relevant laws and regulations of the People's Republic of China (the "PRC"). This reserve can be used to offset accumulated losses and increase capital upon approval from the relevant authorities.

Consolidated Statement of Cash Flows

For the year ended 31 December 2015

| | 2015 RMB'000 | 2014 RMB'000 |
|--|-----------------|-----------------|
| OPERATING ACTIVITIES | | |
| Profit before taxation | 2,934,671 | 5,928,465 |
| Adjustments for: | | |
| Share of results of associates | (1,436,026) | (339,873) |
| Share of results of joint ventures | (231,856) | (67,879) |
| Depreciation and amortisation | 316,830 | 228,702 |
| Impairment losses on completed properties for sale | 327,120 | 70,604 |
| Impairment losses on amounts due from an associate and a joint venture | 196,619 | 122,198 |
| Reversal of impairment losses on property, plant and equipment | (30,729) | (16,799) |
| Interest income | (593,657) | (665,206) |
| Dividends from available-for-sale investments | (99,570) | (76,168) |
| Finance costs | 885,945 | 679,688 |
| Net unrealised foreign exchange losses | 426,054 | 21,920 |
| Net gain on disposal of property, plant and equipment | (3,537) | (414) |
| Gain from changes in fair value of investment properties | (40,000) | (60,000) |
| Fair value changes on cross currency swaps | 128,622 | 121,022 |
| Fair value changes on senior notes' early redemption options | (257,994) | - |
| Net gain on disposal of subsidiaries | (2,906) | (8,670) |
| Gain on disposal of an associate | (2,958) | (120,773) |
| Gain on acquisition of a subsidiary | (2,242) | (1,363) |
| Gain on re-measurement of associates to acquisition date fair value in business combination achieved in stages | - | (37,196) |
| Operating cash flows before movements in working capital | 2,514,386 | 5,778,258 |
| Decrease (increase) in properties for development | (4,882,983) | 1,641,524 |
| Decrease in properties under development | 6,024,076 | 4,048,767 |
| Decrease (increase) in completed properties for sale | 1,460,512 | (3,195,335) |
| Decrease (increase) in inventories | 30,286 | (19,705) |
| Decrease (increase) in trade and other receivables, deposits and prepayments | 515,592 | (553,791) |
| Decrease (increase) in prepaid other taxes | (223,660) | 483,629 |
| Increase in rental paid in advance | (146) | (5,188) |
| Decrease in pre-sale deposits | (12,434) | (6,924,117) |
| Increase (decrease) in trade and other payables | (2,096,697) | 1,628,890 |
| (Decrease) increase in other taxes payable | 16,981 | (66,757) |
| Cash generated from operations | 3,345,913 | 2,816,175 |
| Income taxes paid | (2,620,078) | (2,719,703) |
| NET CASH FROM OPERATING ACTIVITIES | 725,835 | 96,472 |

Consolidated Statement of Cash Flows

For the year ended 31 December 2015

| | NOTES | 2015 RMB'000 | 2014 RMB'000 |
|--|-------|--------------------|--------------------|
| INVESTING ACTIVITIES | | | |
| Purchase of property, plant and equipment | | (160,308) | (1,432,227) |
| Proceeds from disposal of property, plant and equipment | | 17,226 | 8,107 |
| Increase in prepaid lease payment | | – | (8,085) |
| Investments in associates | | (615,693) | (252,484) |
| Investments in joint ventures | | (1,430,090) | (361,758) |
| Dividends received from associates and joint ventures | | 1,561,294 | 1,322,404 |
| Disposal (purchase) of available-for-sale investments | | 221,868 | (6,607) |
| Dividends received from available-for-sale investments | | 99,570 | 76,168 |
| Consideration paid for acquisition of subsidiaries recognised in prior year | | – | (139,600) |
| Acquisition of subsidiaries which constitute business (net of cash and cash equivalents acquired) | 33 | (2,070,335) | 6,615 |
| Disposal of subsidiaries (net of cash and cash equivalents disposed of) | 34 | 142,853 | 76,747 |
| Receipt in advance for a subsidiary held for sale | | 786,913 | – |
| Acquisition of an associate | | (41,150) | – |
| Proceeds from disposal of interests in associates | | 215,721 | 1,065,000 |
| Repayment from (advance to) third parties | | 493,314 | (201,318) |
| Repayment from (advance to) to related parties | | 1,101,717 | (2,491,717) |
| Increase in pledged bank deposits | | (2,008,077) | (755,652) |
| Interest received | | 305,409 | 486,686 |
| NET CASH USED IN INVESTING ACTIVITIES | | (1,379,768) | (2,607,721) |

Consolidated Statement of Cash Flows

For the year ended 31 December 2015

| | 2015 RMB'000 | 2014 RMB'000 |
|--|-------------------|--------------------|
| FINANCING ACTIVITIES | | |
| Bank and other borrowings raised | 15,431,178 | 12,373,988 |
| Repayment of bank and other borrowings | (16,979,150) | (8,374,625) |
| Interest paid | (2,771,159) | (3,044,729) |
| Advance from (repayment of) borrowings from related parties | 5,248,355 | (1,049,554) |
| Contribution by non-controlling shareholders of subsidiaries | 479,738 | 914,587 |
| Dividends paid to owners of the Company | – | (928,301) |
| Dividends paid to non-controlling interests | (1,509,475) | (536,863) |
| Redemption of Convertible Securities | – | (2,151,149) |
| Distribution relating to Convertible Securities | – | (99,896) |
| Proceeds from issue of Perpetual Securities | – | 3,014,681 |
| Distribution relating to Perpetual Securities | (275,715) | (138,650) |
| Proceeds from issue of senior notes | 1,566,932 | – |
| Proceeds from issue of corporate bonds | 6,892,000 | – |
| Proceeds from exercise of share options | 3,391 | 5,609 |
| Share option premium received | – | 682 |
| Purchase of additional interests in subsidiaries | (326,012) | (427,364) |
| NET CASH FROM (USED IN) FINANCING ACTIVITIES | 7,760,083 | (441,584) |
| NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS | 7,106,150 | (2,952,833) |
| CASH AND CASH EQUIVALENTS AT THE BEGINNING OF YEAR | 7,733,567 | 10,686,041 |
| Effects of exchange rate changes on the balance of cash held in foreign currencies | 40,195 | 359 |
| CASH AND CASH EQUIVALENTS AT THE END OF YEAR | 14,879,912 | 7,733,567 |
| REPRESENTED BY BANK BALANCES AND CASH | 14,879,912 | 7,733,567 |

Notes to the Consolidated Financial Statements

For the year ended 31 December 2015

1. General

The Company was incorporated in the Cayman Islands on 31 August 2005 as an exempted company with limited liability under the Companies Law (2004 Revision) and its shares have been listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") with effect from 13 July 2006. The address of the registered office of the Company is disclosed in the section headed "Corporate Information" of the annual report.

The consolidated financial statements are presented in Renminbi ("RMB"), which is also the functional currency of the Company.

The Company is an investment holding company. The principal activity of its subsidiaries (together with the Company referred to as the "Group") is the development for sale of residential properties in the PRC.

2. Application of New and Revised International Financial Reporting Standards ("IFRSs")

Amendments to IFRSs Applied in the Current Year

In the current year, the Group has applied, for the first time, several amendments to IFRSs issued by the International Accounting Standards Board (the "IASB") that are effective for the Group's financial year beginning on 1 January 2015.

The application of the amendments to IFRSs in the current year has had no material effect on the amounts reported in these consolidated financial statements and/or disclosures set out in these consolidated financial statements.

New and Amendments to IFRSs Issued but not yet Effective

The Group has not early applied the following new and amendments to IFRSs that have been issued but are not yet effective:

| | |
|---|--|
| IFRS 9 | Financial Instruments ¹ |
| IFRS 15 | Revenue from Contracts with Customers ¹ |
| IFRS 16 | Leases ² |
| Amendments to IFRS 11 | Accounting for Acquisitions of Interests in Joint Operations ³ |
| Amendments to IAS 1 | Disclosure Initiative ³ |
| Amendments to IAS 16 and IAS 38 | Clarification of Acceptable Methods of Depreciation And Amortisation ³ |
| Amendments to IFRSs | Annual Improvements to IFRSs 2012-2014 Cycle ³ |
| Amendments to IAS 16 and IAS 41 | Agriculture: Bearer Plants ³ |
| Amendments to IFRS 10 and IAS 28 | Sale or Contribution of Assets between an Investor And its Associate or Joint Venture ⁴ |
| Amendments to IFRS 10, IFRS 12 and IAS 28 | Investment Entities: Applying the Consolidation Exception ³ |
| Amendments to IAS 7 | Disclosure Initiative ⁵ |
| Amendments to IAS 12 | Recognition of Deferred Tax Assets for Unrealised Losses ⁵ |

¹ Effective for annual periods beginning on or after 1 January 2018

² Effective for annual periods beginning on or after 1 January 2019

³ Effective for annual periods beginning on or after 1 January 2016

⁴ Effective for annual periods beginning on or after a date to be determined

⁵ Effective for annual periods beginning on or after 1 January 2017

Notes to the Consolidated Financial Statements

For the year ended 31 December 2015

2. Application of New and Revised International Financial Reporting Standards (“IFRSs”) (continued)

New and Revised Standards and Interpretations Issued but not yet Effective (continued)

IFRS 9 Financial Instruments

IFRS 9 issued in 2009 introduces new requirements for the classification and measurement of financial assets. IFRS 9 was subsequently amended in 2010 to include the requirements for the classification and measurement of financial liabilities and for derecognition, and further amended in 2013 to include the new requirements for general hedge accounting. Another revised version of IFRS 9 was issued in 2014 mainly to include a) impairment requirements for financial assets and b) limited amendments to the classification and measurement requirements by introducing a ‘fair value through other comprehensive income’ (FVTOCI) measurement category for certain simple debt instruments.

Key requirements of IFRS 9 are described as follows:

- All recognised financial assets that are within the scope of IAS 39 *Financial Instruments: Recognition and Measurement* are subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. All other debt investments and equity investments are measured at their fair values at the end of subsequent reporting periods. In addition, under IFRS 9, entities may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognised in profit or loss.
- With regard to the measurement of financial liabilities designated as at fair value through profit or loss, IFRS 9 requires that the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability’s credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss. Changes in fair value of financial liabilities attributable to changes in the financial liabilities’ credit risk are not subsequently reclassified to profit or loss. Under IAS 39, the entire amount of the change in the fair value of the financial liability designated as fair value through profit or loss was presented in profit or loss.
- In relation to the impairment of financial assets, IFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under IAS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.
- The new general hedge accounting requirements retain the three types of hedge accounting. However, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been overhauled and replaced with the principle of an ‘economic relationship’. Retrospective assessment of hedge effectiveness is also no longer required. Enhanced disclosure requirements about an entity’s risk management activities have also been introduced.

The directors anticipate that the adoption of IFRS 9 in the future may have impact on amounts reported in respect of the Group’s financial assets and financial liabilities. However, it is not practicable to provide a reasonable estimate of that effect until a detailed review has been completed.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2015

2. Application of New and Revised International Financial Reporting Standards (“IFRSs”) (continued)

New and Revised Standards and Interpretations Issued but not yet Effective (continued)

IFRS 15 Revenue from Contracts with Customers

In May 2014, IFRS 15 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. IFRS 15 will supersede the current revenue recognition guidance including IAS 18 *Revenue*, IAS 11 *Construction Contracts* and the related Interpretations when it becomes effective.

The core principle of IFRS 15 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the Standard introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation

Under IFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when ‘control’ of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in IFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by IFRS 15.

The directors of the Company anticipate that the application of IFRS 15 in the future may have a material impact on the amounts reported and disclosures made in the Group’s consolidated financial statements. However, it is not practicable to provide a reasonable estimate of the effect of IFRS 15 until the Group performs a detailed review.

IFRS 16 Leases

IFRS 16, which upon the effective date will supersede IAS 17 *Leases*, introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. Specifically, under IFRS 16, a lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. Accordingly, a lessee should recognise depreciation of the right-of-use asset and interest on the lease liability, and also classifies cash repayments of the lease liability into a principal portion and an interest portion and presents them in the statement of cash flows. Also, the right-of-use asset and the lease liability are initially measured on a present value basis. The measurement includes non-cancellable lease payments and also includes payments to be made in optional periods if the lessee is reasonably certain to exercise an option to extend the lease, or not to exercise an option to terminate the lease. This accounting treatment is significantly different from the lessee accounting for leases that are classified as operating leases under the predecessor standard, IAS 17.

In respect of the lessor accounting, IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently.

The directors of the Company will assess the impact of the application of IFRS 16. For the moment, it is not practicable to provide a reasonable estimate of the effect of the application of IFRS 16 until the Group performs a detailed review.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2015

2. Application of New and Revised International Financial Reporting Standards (“IFRSs”) (continued)

New and Revised Standards and Interpretations Issued but not yet Effective (continued)

Amendments to IFRS 11 Accounting for Acquisitions of Interests in Joint Operations

The amendments to IFRS 11 provide guidance on how to account for the acquisition of a joint operation that constitutes a business as defined in IFRS 3 *Business Combinations*. Specifically, the amendments state that the relevant principles on accounting for business combinations in IFRS 3 and other standards (e.g. IAS 36 *Impairment of Assets* regarding impairment testing of a cash generating unit to which goodwill on acquisition of a joint operation has been allocated) should be applied. The same requirements should be applied to the formation of a joint operation if and only if an existing business is contributed to the joint operation by one of the parties that participate in the joint operation.

A joint operator is also required to disclose the relevant information required by IFRS 3 and other standards for business combinations.

The amendments to IFRS 11 apply prospectively for annual periods beginning on or after 1 January 2016. The directors of the Company do not anticipate that the application of these amendments to IFRS 11 will have a material impact on the Group’s consolidated financial statements.

Amendments to IAS 1 Disclosure Initiative

The amendments to IAS 1 *Presentation of Financial Statements* give some guidance on how to apply the concept of materiality in practice.

The amendments to IAS 1 are effective for annual periods beginning on or after 1 January 2016. The directors of the Company do not anticipate that the application of these amendments to IAS 1 will have a material impact on the amounts recognised in the Group consolidated financial statements.

Amendments to IAS 16 and IAS 38 Clarification of Acceptable Methods of Depreciation and Amortisation

The amendments to IAS 16 prohibit entities from using a revenue-based depreciation method for items of property, plant and equipment. The amendments to IAS 38 introduce a rebuttable presumption that revenue is not an appropriate basis for amortisation of an intangible asset. This presumption can only be rebutted in the following two limited circumstances:

- a) when the intangible asset is expressed as a measure of revenue; or
- b) when it can be demonstrated that revenue and consumption of the economic benefits of the intangible asset are highly correlated.

The amendments apply prospectively for annual periods beginning on or after 1 January 2016. Currently, the Group uses the straight-line method for depreciation and amortisation for its property, plant and equipment, and intangible assets respectively. The directors of the Company believe that the straight-line method is the most appropriate method to reflect the consumption of economic benefits inherent in the respective assets and accordingly, the directors of the Company do not anticipate that the application of these amendments to IAS 16 and IAS 38 will have a material impact on the Group’s consolidated financial statements.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2015

2. Application of New and Revised International Financial Reporting Standards (“IFRSs”) (continued)

New and Revised Standards and Interpretations Issued but not yet Effective (continued)

Annual Improvements to IFRSs 2012-2014 Cycle

The Annual Improvements to IFRSs 2012-2014 Cycle include a number of amendments to various IFRSs, which are summarised below.

The amendments to IFRS 5 introduce specific guidance in IFRS 5 for when an entity reclassifies an asset (or disposal group) from held for sale to held for distribution to owners (or vice versa). The amendments clarify that such a change should be considered as a continuation of the original plan of disposal and hence requirements set out in IFRS 5 regarding the change of sale plan do not apply. The amendments also clarify the guidance for when held-for-distribution accounting is discontinued.

The amendments to IFRS 7 provide additional guidance to clarify whether a servicing contract is continuing involvement in a transferred asset for the purpose of the disclosures required in relation to transferred assets.

The amendments to IAS 19 clarify that the rate used to discount post-employment benefit obligations should be determined by reference to market yields at the end of the reporting period on high quality corporate bonds. The assessment of the depth of a market for high quality corporate bonds should be at the currency level (i.e. the same currency as the benefits are to be paid). For currencies for which there is no deep market in such high quality corporate bonds, the market yields at the end of the reporting period on government bonds denominated in that currency should be used instead.

The directors do not anticipate that the application of the amendments included in the Annual Improvements to IFRSs 2012-2014 Cycle will have a material effect on the Group’s consolidated financial statements.

Amendments to IFRS 10 and IAS 28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture

The amendments to IFRS 10 *Consolidated Financial Statements* and IAS 28 *Investments in Associates and Joint Ventures* deal with situations where there is a sale or contribution of assets between an investor and its associates or joint venture. Specifically, the amendments state that gains or losses resulting from the loss of control of a subsidiary that does not contain a business in a transaction with an associate or a joint venture that is accounted for using the equity method, are recognised in the parent’s profit or loss only to the extent of the unrelated investors’ interests in that associate or joint venture. Similarly, gains and losses resulting from the remeasurement of investments retained in any former subsidiary (that has become an associate or a joint venture that is accounted for using the equity method) are recognised in the former parent’s profit or loss only to the extent of the unrelated investors’ interests in the new associate or joint venture.

The amendments should be applied prospectively to transactions occurring in annual periods beginning on or after a date to be determined. The directors of the Company do not anticipate that the application of these amendments to IFRS 10 and IAS 28 will have an impact on the Group’s consolidated financial statements in future periods should such transactions arise.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2015

2. Application of New and Revised International Financial Reporting Standards (“IFRSs”) (continued)

New and Revised Standards and Interpretations Issued but not yet Effective (continued)

Amendments to IFRS 10, IFRS 12 and IAS 28 Investment Entities: Applying the Consolidation Exception

The amendments to IFRS 10 *Consolidated Financial Statements*, IFRS 12 *Disclosure of Interest in Other Entities* and IAS 28 *Investments in Associates and Joint Ventures* clarify that the exemption from preparing consolidated financial statements is available to a parent entity that is a subsidiary of an investment entity, even if the investment entity measures all its subsidiaries at fair value in accordance with IFRS 10. The amendments also clarify that the requirement for an investment entity to consolidate a subsidiary, whose main purpose is to provide service and activities that are related to the investment activities of the investment entity parent, applies only to subsidiaries that are not investment entities themselves.

The directors of the Company do not anticipate that the application of these amendments to IFRS 10, IFRS 12 and IAS 28 will have a material impact on the Group’s consolidated financial statements as the Group is not an investment entity and does not have any subsidiary, associate or joint venture that qualifies as an investment entity.

3. Principal Accounting Policies

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (“Listing Rules”) and by the Hong Kong Companies Ordinance (“CO”).

The provisions of the new Hong Kong Companies Ordinance (Cap 622) regarding preparation of accounts and directors’ reports and audits became effective for the Company for the financial year ended 31 December 2015. Further, the disclosure requirements set out in the Listing Rules regarding annual accounts have been amended with reference to the new CO and to streamline with IFRSs. Accordingly the presentation and disclosure on information in the consolidated financial statements for the financial year ended 31 December 2015 have been changed to comply with these new requirements. Comparative information in respect of the financial year ended 31 December 2014 are presented or disclosed in the consolidated financial statements based on the new requirements.

Information previously required to be disclosure under the predecessor CO or Listing Rules but not under the new CO or amended Listing Rules are not disclosed in these consolidated financial statements.

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments and investment properties, which are measured at fair values, as explained in the accounting policies set out below. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of IFRS 2 *Share-based Payment*, leasing transactions that are within the scope of IAS 17 *Leases*, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2 *Inventories* or value in use in IAS 36 *Impairment of Assets*.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2015

3. Principal Accounting Policies (continued)

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The principal accounting policies are set out below.

Basis of Consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries). Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Group has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Group considers all relevant facts and circumstances in assessing whether or not the Group's voting rights in an investee are sufficient to give it power, including:

- the size of the Group's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Group, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Group has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2015

3. Principal Accounting Policies (continued)

Basis of Consolidation (continued)

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Group gains control until the date when the Group ceases to control the subsidiary.

Profit or loss and each item of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Changes in the Group's Ownership Interests in Existing Subsidiaries

Changes in the Group's ownership interests in existing subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, it (i) derecognises the assets (including any goodwill) and liabilities of the subsidiary at their carrying amounts at the date when control is lost, (ii) derecognises the carrying amount of any non-controlling interests in the former subsidiary at the date when control is lost (including any components of other comprehensive income attributable to them), and (iii) recognises the aggregate of the fair value of the consideration received and the fair value of any retained interest, with any resulting difference being recognised as a gain or loss in profit or loss attributable to the Group.

When assets of the subsidiary are carried at revalued amounts or fair values and the related cumulative gain or loss has been recognised in other comprehensive income and accumulated in equity, the amounts previously recognised in other comprehensive income and accumulated in equity are accounted for as if the Group had directly disposed of the related assets (i.e. reclassified to profit or loss or transferred directly to retained earnings as specified by applicable IFRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IAS 39 *Financial Instruments: Recognition and Measurement* or, when applicable, the cost on initial recognition of an investment in a joint venture or an associate.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2015

3. Principal Accounting Policies (continued)

Business Combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value, except that:

- deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with IAS 12 *Income Taxes* and IAS 19 *Employee Benefits* respectively;
- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with IFRS 2 *Share-based Payment* at the acquisition date (see the accounting policy below); and
- assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that Standard.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after re-assessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at their fair value or, when applicable, on the basis specified in another Standard.

When a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date (i.e. the date when the Group obtains control), and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss where such treatment would be appropriate if that interest were disposed of.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see above), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2015

3. Principal Accounting Policies (continued)

Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business (see the accounting policy above) less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually or more frequently when there is indication that the unit may be impaired. For goodwill arising on an acquisition in a reporting period, the cash-generating unit to which goodwill has been allocated is tested for impairment before the end of that reporting period. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit on a pro-rata basis based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the amount of profit or loss on disposal.

Acquisition of Assets

When the Group acquires a subsidiary, a group of assets or net assets that does not constitute a business, the cost of the acquisition is allocated between the individual identifiable assets and liabilities in the group based on their relative fair values at the acquisition date. No goodwill will be recognised for acquisition of a subsidiary that is accounted for as acquisition of assets.

Investments in Associates and Joint Ventures

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

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

The results and assets and liabilities of associates and joint ventures are incorporated in these consolidated financial statements using the equity method of accounting. The financial statements of associates and joint ventures used for equity accounting purposes are prepared using uniform accounting policies as those of the Group for like transactions and events in similar circumstances. Under the equity method, an investment in an associate or a joint venture is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate or joint venture. When the Group's share of losses of an associate or joint venture exceeds the Group's interest in that associate or joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate or joint venture), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2015

3. Principal Accounting Policies (continued)

Investments in Associates and Joint Ventures (continued)

An investment in an associate or a joint venture is accounted for using the equity method from the date on which the investee becomes an associate or a joint venture. On acquisition of the investment in an associate or a joint venture, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

The requirements of IAS 39 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in an associate or a joint venture. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with IAS 36 *Impairment of Assets* as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with IAS 36 to the extent that the recoverable amount of the investment subsequently increases.

The Group discontinues the use of the equity method from the date when the investment ceases to be an associate or a joint venture, or when the investment (or a portion thereof) is classified as held for sale. When the Group retains an interest in the former associate or joint venture and the retained interest is a financial asset, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition in accordance with IAS 39. The difference between the carrying amount of the associate or joint venture at the date the equity method was discontinued, and the fair value of any retained interest and any proceeds from disposing of a part interest in the associate or joint venture is included in the determination of the gain or loss on disposal of the associate or joint venture. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate or joint venture on the same basis as would be required if that associate or joint venture had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associate or joint venture would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when the equity method is discontinued.

The Group continues to use the equity method when an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate. There is no remeasurement to fair value upon such changes in ownership interests.

When the Group reduces its ownership interest in an associate or a joint venture but the Group continues to use the equity method, the Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities.

When a group entity transacts with an associate or a joint venture of the Group (such as a sale or contribution of assets), profits and losses resulting from the transactions with the associate or joint venture are recognised in the Group's consolidated financial statements only to the extent of interests in the associate or joint venture that are not related to the Group.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2015

3. Principal Accounting Policies (continued)

Non-Current Assets Held for Sale

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the asset is available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such asset and its sale is highly probable. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

When the Group is committed to a sale plan involving loss of control of a subsidiary, all of the assets and liabilities of that subsidiary are classified as held for sale when the criteria described above are met, regardless of whether the Group will retain a non-controlling interest in its former subsidiary after the sale.

Non-current assets classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell.

Revenue Recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts received or receivable for goods sold and services provided in the normal course of business, net of discounts and sales-related taxes.

Revenue from sales of properties in the ordinary course of business is recognised when the respective properties have been completed and delivered to the buyers. Deposits received from pre-sales of properties are carried as pre-sale deposits.

Revenue from sales of other goods is recognised when the goods are delivered and title has passed.

Service income is recognised when services are provided.

Comprehensive service income is recognised on sales or pre-sales of properties by comprehensive service users at agreed fee rates.

Interest income from a financial asset is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

The Group's accounting policy for recognition of revenue from operating leases is described in the accounting policy for leasing below.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2015

3. Principal Accounting Policies (continued)

Foreign Currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of that entity (foreign currencies) are recorded in the respective functional currency (i.e. the currency of the primary economic environment in which the entity operates) at the rates of exchange prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are recognised in profit or loss in the period in which they arise.

Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

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

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from "profit before taxation" as reported in the consolidated statement of profit or loss and other comprehensive income because it excludes items of income and expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2015

3. Principal Accounting Policies (continued)

Taxation (continued)

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of the reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

For the purposes of measuring deferred tax liabilities or deferred tax assets for investment properties that are measured using the fair value model, the carrying amounts of such properties are presumed to be recovered entirely through sale, unless the presumption is rebutted. The presumption is rebutted when the investment property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale.

Current and deferred tax is recognised in profit or loss, except when it relates to items that are recognised in other comprehensive income or directly in equity, in which case the current and deferred tax is also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

Government Grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate. Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2015

3. Principal Accounting Policies (continued)

Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Group as Lessor

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised as an expense on a straight-line basis over the lease term.

The Group as Lessee

Operating lease payments are recognised as an expense on a straight-line basis over the term of the relevant lease. Benefits received and receivable as an incentive to enter into an operating lease are recognised as a reduction of rental expense over the lease term on a straight-line basis.

Leasehold Land and Buildings

When a lease includes both land and building elements, the Group assesses the classification of each element as a finance lease or an operating lease separately based on the assessment as to whether substantially all the risks and rewards incidental to ownership of each element have been transferred to the Group. Specifically, the minimum lease payments (including any lump-sum upfront payments) are allocated between the land and the building elements in proportion to the relative fair values of the leasehold interests in the land element and building element of the lease at the inception of the lease.

To the extent the allocation of the lease payments can be made reliably, interest in leasehold land that is accounted for as an operating lease is presented as "prepaid lease payments" in the consolidated statement of financial position and is amortised over the lease term on a straight-line basis except for those that are classified and accounted for as investment properties under the fair value model. When the lease payments cannot be allocated reliably between the land and building elements, the entire lease is generally classified as a finance lease and accounted for as property, plant and equipment, unless it is clear that both elements are operating leases, in which case the entire lease is classified as an operating lease.

Retirement Benefit Costs

The Group participates in state-managed retirement benefit schemes, which are defined contribution schemes, pursuant to which the Group pays a fixed percentage of its qualifying staff's wages as contributions to the plans. Payments to such retirement benefit schemes are charged as an expense when employees have rendered service entitling them to the contributions.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2015

3. Principal Accounting Policies (continued)

Short-Term Employee Benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave and sick leave in the period the related service is rendered at the undiscounted amount of the amount of benefits expected to be paid in exchange for that service.

Liabilities recognised in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

Property, Plant and Equipment

Property, plant and equipment, including land and buildings held for use in the production or supply of goods or services, or for administrative purposes other than construction in progress, are stated in the consolidated statement of financial position at cost less accumulated depreciation and accumulated impairment losses.

Depreciation is recognised so as to write off the cost of items of property, plant and equipment other than construction in progress less their residual values over their estimated useful lives, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Property, plant and equipment in the course of construction for production, supply or administrative purposes are carried at cost less any recognised impairment loss. Costs include professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Group's accounting policy and, where appropriate, the amortisation of prepaid lease payments provided during the construction period. Such properties are classified to the appropriate category of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Investment Properties

Investment properties are properties (including the leasehold interest under an operating lease for a property which would otherwise meet the definition of an investment property) held to earn rentals and/or for capital appreciation.

Investment properties are initially measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment properties are measured at their fair values using the fair value model. Gains or losses arising from changes in the fair value of investment property are included in profit or loss for the period in which they arise.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2015

3. Principal Accounting Policies (continued)

Investment Properties (continued)

Construction costs incurred for investment properties under construction are capitalised as part of the carrying amount of the investment properties under construction.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use or no future economic benefits are expected from its disposals. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the year in which the item is derecognised.

Impairment of Tangible Assets

At the end of the reporting period, the Group reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised as income immediately.

Properties for Development

Properties for development, representing leasehold land located in the PRC for development for future sale in the ordinary course of business, are stated at the lower of cost and net realisable value. Cost comprises the costs of land use rights and other directly attributable costs. Net realisable value represents the estimated selling price in the ordinary course of business less estimated costs of completion and the estimated costs necessary to make the sale. Properties for development are transferred to properties under development upon commencement of development.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2015

3. Principal Accounting Policies (continued)

Properties under Development

Properties under development, representing leasehold land and buildings located in the PRC under development for future sale in the ordinary course of business, are stated at the lower of cost and net realisable value. Cost comprises the costs of land use rights, construction costs, borrowing costs capitalised and other direct development expenditure. Net realisable value represents the estimated selling price in the ordinary course of business less estimated costs of completion and the estimated costs necessary to make the sale. Properties under development are transferred to completed properties for sale upon completion of development.

Completed Properties for Sale

Completed properties for sale are stated at the lower of cost and net realisable value. Cost comprises the costs of land use rights, construction costs, borrowing costs capitalised and other direct development expenditure. Net realisable value represents the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale.

The Group transfers a property from completed properties for sale to investment property when there is a change of intention to hold the property to earn rentals or/and for capital appreciation rather than for sale in the ordinary course of business, which is evidenced by the commencement of an operating lease to another party. Any difference between the fair value of the property at the date of transfer and its previous carrying amount is recognised in profit or loss.

Provisions

Provisions are recognised when the Group has a present obligation as a result of a past event, and it is probable that the Group will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation. Provisions are measured at the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

Inventories

Inventories other than properties for development, properties under development and completed properties for sale are stated at the lower of cost and net realisable value. Cost is calculated using the weighted average method.

Financial Instruments

Financial assets and financial liabilities are recognised on the consolidated statement of financial position when a group entity becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2015

3. Principal Accounting Policies (continued)

Financial Instruments (continued)

Financial Assets

The Group's financial assets are classified into the following specified categories: financial assets at fair value through profit or loss ("FVTPL"), loans and receivables and available-for-sale financial assets. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

Effective Interest Method

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset, or, where appropriate, a shorter period to the net carrying amount on initial recognition.

Interest income is recognised on an effective interest basis.

Financial Assets at FVTPL

Financial assets are classified as at FVTPL when the financial asset is either held for trading or it is designated as at FVTPL.

A financial asset is classified as held for trading if:

- it has been acquired principally for the purpose of selling in the near term; or
- on initial recognition it is a part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

A financial asset other than a financial asset held for trading may be designated as at FVTPL upon initial recognition if:

- such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- the financial asset forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and IAS 39 *Financial Instruments: Recognition and Measurement* permits the entire combined contract (asset or liability) to be designated as at FVTPL.

Financial assets at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. Fair value is determined in the manner described in Note 6(c).

Notes to the Consolidated Financial Statements

For the year ended 31 December 2015

3. Principal Accounting Policies (continued)

Financial Instruments (continued)

Financial Assets (continued)

Loans and Receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, loans and receivables (including trade and other receivables, amounts due from related parties, pledged bank deposits, bank balances and cash) are carried at amortised cost using the effective interest method, less any identified impairment losses (see accounting policy on impairment loss on financial assets below).

Available-for-Sale Financial Assets

Available-for-sale financial assets are non-derivatives that are either designated or not classified as financial assets at FVTPL, loans and receivables or held-to-maturity investments.

Equity and debt securities held by the Group that are classified as available-for-sale and are traded in an active market are measured at fair value at the end of each reporting period. Changes in the carrying amount of available-for-sale monetary financial assets relating to interest income calculated using the effective interest method and dividends on available-for-sale equity investments are recognised in profit or loss. Other changes in the carrying amount of available-for-sale financial assets are recognised in other comprehensive income and accumulated under the heading of investments revaluation reserve. When the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss (see the accounting policy in respect of impairment loss on financial assets below).

Dividends on available-for-sale equity instruments are recognised in profit or loss when the Group's right to receive the dividends is established.

For available-for-sale equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured, they are measured at cost less any identified impairment losses at the end of the reporting period (see accounting policy on impairment loss on financial assets below).

Impairment of Financial Assets

Financial assets other than those FVTPL are assessed for indicators of impairment at the end of the reporting period. Financial assets are considered to be impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the financial assets have been affected.

For an available-for-sale equity investment, a significant or prolonged decline in the fair value of that investment below cost is considered to be objective evidence of impairment.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2015

3. Principal Accounting Policies (continued)

Financial Instruments (continued)

Financial Assets (continued)

Impairment of Financial Assets (continued)

For all other financial assets, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- breach of contract, such as default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation; or
- the disappearance of an active market for that financial asset because of financial difficulties.

For certain categories of financial assets, such as trade and other receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period of 90 days, observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of the impairment loss recognised is the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the financial asset's original effective interest rate.

For financial assets carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade and other receivables, where the carrying amount is reduced through the use of an allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss. When a trade or other receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited to profit or loss.

When an available-for-sale financial asset is considered to be impaired, cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss in the period.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment loss was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2015

3. Principal Accounting Policies (continued)

Financial Instruments (continued)

Financial Assets (continued)

Impairment of Financial Assets (continued)

In respect of available-for-sale equity investments, impairment losses previously recognised in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognised in other comprehensive income. In respect of available-for-sale debt investments, impairment losses are subsequently reversed through profit or loss if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss.

Financial Liabilities and Equity

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

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments issued by the Group are recognised at the proceeds received, net of direct issue costs.

The Group's financial liabilities are generally classified into financial liabilities at fair value through profit or loss ("FVTPL") and other financial liabilities.

Effective Interest Method

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition. Interest expense is recognised on an effective interest basis.

Financial Liabilities at Fair Value through Profit or Loss

Financial liabilities at FVTPL include financial liabilities held for trading.

A financial liability is classified as held for trading if:

- it has been incurred principally for the purpose of repurchasing in the near future; or
- on initial recognition it is a part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2015

3. Principal Accounting Policies (continued)

Financial Instruments (continued)

Financial Liabilities and Equity (continued)

Financial Liabilities at Fair Value through Profit or Loss (continued)

Financial liabilities at FVTPL are measured at fair value, with changes in fair value arising on remeasurement recognised directly in profit or loss in the period in which they arise. The net gain or loss recognised in profit or loss excludes any interest paid on the financial liabilities and is included in the other income item.

Other Financial Liabilities

Other financial liabilities including bank and other borrowings, trade and other payables, amounts due to related parties, liability portion of senior notes are subsequently measured at amortised cost, using the effective interest method.

Senior Notes

Senior notes issued by the Company that contain both liability and early redemption option (which is not closely related to the host contract) are classified separately into respective items on initial recognition. At the date of issue, both the liability and early redemption option components are recognised at fair value.

In subsequent periods, the liability component of the senior notes is carried at amortised cost using the effective interest method. The early redemption option is measured at fair value with changes in fair value recognised in profit or loss.

Transaction costs that relate to the issue of the senior notes are allocated to the liability and early redemption option components in proportion to their relative fair values. Transaction costs relating to the early redemption option are charged to profit or loss immediately. Transaction costs relating to the liability component are included in the carrying amount of the liability portion and amortised over the period of the senior notes using the effective interest method.

Corporate Bonds

Corporate bonds issued by a subsidiary of the Group that contain both liability and written put option (which is closely related to the host contract) are not separated into host contract and embedded derivatives on initial recognition. At the date of issue, the corporate bonds are recognised at fair value

In subsequent periods, the corporate bonds are carried at amortised cost using the effective interest method.

Transaction costs that relate to the issue of the corporate bonds are included in the carrying amount of the corporate bonds and amortised over the period of the corporate bonds using the effective interest method.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2015

3. Principal Accounting Policies (continued)

Financial Instruments (continued)

Financial Liabilities and Equity (continued)

Equity Instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recognised at the proceeds received, net of direct issue costs.

Convertible Securities

Convertible securities with no contractual obligation to repay its principal or to pay any distribution are classified as equity. Respective distributions if and when declared are treated as equity dividends.

Embedded Derivatives

Derivatives embedded in non-derivative host contracts are treated as separate derivatives when they meet the definition of a derivative, their risks and characteristics are not closely related to those of the host contracts and the host contracts are not measured at fair value with changes in fair value recognised in profit or loss.

Financial Guarantee Contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument. A financial guarantee contract issued by the Group and not designated as at fair value through profit or loss is recognised initially at its fair value. Subsequent to initial recognition, the Group measures the financial guarantee contract at the higher of: (i) the amount of obligation under the contract, as determined in accordance with IAS 37 *Provisions, Contingent Liabilities and Contingent Assets*; and (ii) the amount initially recognised less, when appropriate, cumulative amortisation recognised in accordance with the revenue recognition policy.

Derecognition

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group continues to recognise the asset to the extent of its continuing involvement and recognises an associated liability. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received. On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

The Group derecognises a financial liability when, and only when, the Group's obligations are discharged, cancelled or expire. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2015

3. Principal Accounting Policies (continued)

Share-Based Payment Transactions

Equity-Settled Share-Based Payment Transactions

Share Options Granted to Employees

The fair value of services received determined by reference to the fair value of share options granted at the grant date is expensed on a straight-line basis over the vesting period, with a corresponding increase in equity (share options reserve). Share option premiums received or receivable from grantees are recognised in share options reserve.

At the end of the reporting period, the Group revises its estimates of the number of options that are expected to ultimately vest. The impact of the revision of the estimates during the vesting period, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to share options reserve.

At the time when the share options are exercised, the amount previously recognised in share options reserve will be transferred to share premium. When the share options are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognised in share options reserve will continue to be held in share options reserve.

4. Critical Accounting Judgements and Key Sources of Estimation Uncertainty

Critical Judgements in Applying Accounting Policies

The critical judgements, apart from those involving estimations (see below), that the directors have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the consolidated financial statements are disclosed below.

Deferred Taxation on Investment Properties

For the purposes of measuring deferred tax liabilities or deferred tax assets arising from investment properties that are measured using the fair value model, the directors have reviewed the Group's investment property portfolios and concluded that the Group's investment properties are not held under a business model whose objective is to consume substantially all of the economic benefits embodied in the investment properties over time, rather than through sale. Therefore, in measuring the Group's deferred taxation on investment properties, the directors have determined that the presumption that the carrying amounts of investment properties measured using the fair value model are recovered entirely through sale is not rebutted. As a result, the Group has recognised deferred taxes of both enterprise income tax and land appreciation tax on changes in fair value of investment properties.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2015

4. Critical Accounting Judgements and Key Sources of Estimation Uncertainty (continued)

Key Sources of Estimation Uncertainty

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

Net Realisable Value for Properties for Development, Properties under Development and Completed Properties for Sale

Properties for development, properties under development and completed properties remaining unsold at the end of each reporting period are stated at the lower of cost and net realisable value.

Net realisable value for properties for development and properties under development is determined by reference to management estimates of the selling price based on prevailing market conditions, less applicable variable selling expenses and the anticipated costs to completion. Net realisable value for completed properties for sale is determined by reference to management estimates of the selling price based on prevailing market conditions, less applicable variable selling expenses. During the course of their assessment, management will also make reference to property valuations conducted by independent qualified professional valuers based on comparable market prices. Management are required to revise these estimates if there is a change in market condition or demand. If actual market conditions are less favourable than those projected by management, additional adjustments to the value of properties for development, properties under development and completed properties for sale may be required. As at 31 December 2015, the carrying amounts of properties for development, properties under development and completed properties for sale are RMB9,982,486,000 (2014: RMB5,749,961,000), RMB48,772,289,000(2014: RMB41,312,223,000) and RMB14,348,837,000(2014: RMB15,651,236,000) respectively (net of accumulated impairment losses of RMB nil (2014: RMB nil), RMB nil (2014: RMB nil) and RMB374,908,000 (2014: RMB70,604,000) respectively).

Fair Value of Investment Properties

Investment properties are carried in the consolidated statement of financial position at 31 December 2015 at their fair value of approximately RMB1,931,500,000 (2014: RMB1,891,500,000).

The fair value was based on valuation on these properties conducted by the independent qualified professional valuers using property valuation techniques which adopt the investment approach by capitalising the net rental income derived from the existing tenancies with due provision for the reversionary income potential of the property interests, or where appropriate, by direct comparison approach by making reference to comparable sales transactions as available in the relevant markets. Favourable or unfavourable changes to the assumptions such as rental yield and estimation of future rentals would result in changes in the fair value of the Group's investment properties and corresponding adjustments to the amount of gain or loss reported in the consolidated statement of profit or loss and other comprehensive income.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2015

4. Critical Accounting Judgements and Key Sources of Estimation Uncertainty (continued)

Key Sources of Estimation Uncertainty (continued)

Estimated Impairment of Trade and Other Receivables and Amounts due from Related Parties

When there is objective evidence of impairment loss, the Group takes into consideration the estimation of future cash flows to determine impairment loss. The amount of the impairment 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 (i.e. the effective interest rate computed at initial recognition). Where the actual future cash flows are less than expected, a material impairment loss may arise. As at 31 December 2015, the carrying amount of trade and other receivables and amounts due from related parties are RMB3,611,666,000 (2014: RMB4,258,469,000) and RMB24,275,996,000 (2014: RMB27,156,714,000) respectively (net of accumulated impairment loss of RMB nil (2014: RMB nil) and RMB318,817,000 (2014: RMB122,198,000) respectively).

Impairment of Goodwill

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The value in use calculation requires the directors to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate present value. Where the discounted future cash flow estimations are less than expected, a material impairment loss may arise. The carrying amount of goodwill at 31 December 2015 was RMB769,241,000 (2014: RMB nil) (net of accumulated impairment loss of RMB nil (2014: RMB nil)). Details of the impairment loss calculation are set out in note 17.

Land Appreciation Tax

The provision for Land Appreciation Tax ("LAT") amounting to RMB2,208,580,000 (2014: RMB2,587,195,000) (included in income taxes payable) is estimated and made 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. Accordingly, significant judgment is required in determining the amount of land appreciation and its related income tax provisions. The Group recognises land appreciation tax based on management's best estimates. The final tax outcome could be different from the amounts that were initially recorded, and these differences will impact the income tax expense and the related income tax provisions in the periods in which such tax is finalised with local tax authorities.

Coupon Rate of the Corporate Bonds

The corporate bonds amounting to RMB6,898,467,000 (2014: RMB nil) contain Coupon Rate Adjustment Right that allow the issuer of the corporate bonds to adjust the coupon rates of the remaining outstanding bonds under certain terms and conditions. The corporate bonds also contain written put options granting the investors of the corporate bonds right to sell back the bonds that will be triggered with the exercise of the Coupon Rate Adjustment Right. As at the reporting date of the financial statement, the Group had no plan nor intention to exercise the Coupon Rate Adjustment Right of the corporate bonds, therefore the effective interest rate charged for the year on the corporate bonds was calculated according to the original coupon rates and maturity dates of the corporate bonds. If the Group decided to exercise the Coupon Rate Adjustment Right of the corporate bonds, the effective interest rate would be different because the coupon rates of any remaining outstanding corporate bonds would be adjusted and the corporate bonds would become immediately repayable. Details of the corporate bonds are set out in note 30.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2015

5. Capital Risk Management

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from prior year.

The capital structure of the Group consists of net debt, which includes the borrowings disclosed in Notes 27, 28, 29, 30 and 41(ii) (net of cash and cash equivalents), and capital and reserves.

The directors of the Company review the capital structure on a regular basis. As part of this review, the directors consider the cost of capital and the risks associated with each class of capital. The Group will balance its overall capital structure through the payment of dividends, new share issues and share buy-backs as well as the issue of new debt or the redemption of existing debt.

6. Financial Instruments

(a) Categories of Financial Instruments

| | 2015 RMB'000 | 2014 RMB'000 |
|---|-----------------|-----------------|
| Financial assets | | |
| Loans and receivables (including cash and cash equivalents) | 45,741,608 | 39,863,615 |
| Available-for-sale investments | 162,289 | 388,617 |
| Senior notes' early redemption options | 257,994 | – |
| Financial liabilities | | |
| Amortised cost | 74,718,004 | 64,121,425 |
| Cross currency swaps | 199,796 | 71,174 |

(b) Financial Risk Management Objectives and Policies

The Group's major financial instruments include available-for-sale investments, issuer's early redemption options, cross currency swaps, trade and other receivables, amounts due from related parties, pledged bank deposits, bank balances and cash, trade and other payables, amounts due to related parties, bank and other borrowings, corporate bonds and senior notes. Details of the financial instruments are disclosed in respective notes. The risks associated with these financial instruments include market risk (currency risk and interest rate risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner. There has been no significant change in the Group's exposure to these risks or the manner in which it manages and measures risks.

Market Risk

(i) Currency Risk

The Group has bank balances, other payables, other receivables, amounts due from related parties, amounts due to related parties, bank and other borrowings and senior notes denominated in foreign currencies, which expose the Group to foreign currency risk. In addition, the Company issued senior notes in the aggregate principal amount of RMB2,500,000,000 in May 2013 and entered into cross currency swap contracts with certain banks, which also expose the Group to foreign currency risk.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2015

6. Financial Instruments (continued)

(b) Financial Risk Management Objectives and Policies (continued)

Market Risk (continued)(i) *Currency Risk (continued)*

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

| | Assets | | Liabilities | |
|-------------------------------|-----------------|-----------------|-----------------|-----------------|
| | 2015 RMB'000 | 2014 RMB'000 | 2015 RMB'000 | 2014 RMB'000 |
| Hong Kong dollars ("HKD") | 171,138 | 102,438 | – | 9,754 |
| United States dollars ("USD") | 2,552,437 | 1,284,725 | 14,080,019 | 12,114,520 |

The Group does not use any derivative contracts to hedge against its exposure to currency risk.

Sensitivity Analysis

The Group is mainly exposed to the fluctuations in exchange rates between RMB and HKD/USD. The exposure in HKD/USD arises mainly from the Group's bank balances and cash, other receivables, other payables, bank and other borrowings, senior notes and amounts due from/to related parties.

The following table details the Group's sensitivity to a 5% (2014: 5%) increase and decrease in RMB against the relevant foreign currencies. 5% represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the year end for a 5% change in foreign currency rates. A positive number below indicates an increase in post-tax profit where RMB strengthens 5% against the relevant currency. For a 5% weakening of RMB against the relevant currency, there would be an equal and opposite impact on post-tax profit.

| | HKD Impact | | USD Impact | |
|----------------|-----------------|-----------------|-----------------|-----------------|
| | 2015 RMB'000 | 2014 RMB'000 | 2015 RMB'000 | 2014 RMB'000 |
| Profit or loss | (6,418) | (3,476) | 432,284 | 406,117 |

(ii) *Interest Rate Risk*

The Group is exposed to fair value interest rate risk in relation to fixed-rate bank deposits, amounts due from/to related parties, bank and other borrowings, senior notes and corporate bonds (see Notes 25, 28, 29, 30 and 41 for details).

The Group is also exposed to cash flow interest rate risk in relation to variable-rate bank deposits, amounts due from/to related parties and bank and other borrowings (see Notes 25, 28 and 41 for details).

The Group does not use any derivative contracts to hedge against its exposure to interest rate risk.

The Group's exposures to interest rates on financial liabilities are detailed in the liquidity risk management section of this note.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2015

6. Financial Instruments (continued)

(b) Financial Risk Management Objectives and Policies (continued)

Market Risk (continued)

(ii) Interest Rate Risk (continued)

Sensitivity Analysis

The sensitivity analyses below have been determined based on the exposure to market deposit and lending interest rates for non-derivative instruments. For variable-rate bank deposits, bank and other borrowings and amounts due from/to related parties, the analysis is prepared assuming the balances outstanding at the end of the reporting period were outstanding for the whole year. A 5 basis point (2014: 5 basis point) increase or decrease in market deposit interest rates and a 50 basis point (2014: 50 basis point) increase or decrease in market lending interest rates represent management's assessment of the reasonably possible change in interest rates.

If the market deposit interest rates had been 5 basis points higher/lower and all other variables were held constant, the Group's post-tax profit for the year ended 31 December 2015 would have increased/decreased by RMB4,847,000 (2014: increased/decreased by RMB2,642,000). This is mainly attributable to the Group's exposure to interest rates on its variable-rate bank deposits.

If the market lending interest rates had been 50 basis points higher/lower and all other variables were held constant, the Group's post-tax profit for the year ended 31 December 2015 would have decreased/increased by RMB50,997,000 (2014: decreased/increased by RMB58,131,000). This is mainly attributable to the Group's exposure to interest rates on its variable-rate bank and other borrowings and amounts due from/to related parties.

Credit Risk

As at 31 December 2015, the Group's maximum exposure to credit risk which will cause a financial loss to the Group due to failure to discharge an obligation by the counterparties and financial guarantees provided by the Group arises from:

- the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position; and
- the amount of contingent liabilities disclosed in Note 40.

In order to minimise the credit risk, the management of the Group has delegated a team responsible for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue trade debts, other receivables and amounts due from related parties. In addition, the Group reviews the recoverable amount of each overdue debt at the end of the reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. To minimise the credit risk arising from customer mortgage guarantees, the Group has reserved the right to collect the properties sold to customers should they default on their mortgage payments and demanded the application for building ownership certificates by customers since these guarantees provided by the Group to the banks will be released upon receiving such certificates. To minimise the credit risk arising from guarantees provided to banks and other parties in respect of credit facilities utilised by joint ventures and associates, the Group has delegated a team responsible for assessing the credit standing of such entities and the limits to the guarantees to be provided. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2015

6. Financial Instruments (continued)

(b) Financial Risk Management Objectives and Policies (continued)

Credit Risk (continued)

The credit risk on liquid funds is limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies or with a good reputation.

The Group's concentration of credit risk by geographical locations is mainly in the PRC. Other than the concentration of credit risk on liquid funds which are deposited with several large state-owned banks and commercial banks in the PRC, the Group does not have any other significant concentration of credit risk, with exposure spread over a number of counterparties and customers.

Liquidity Risk

In the management of the liquidity risk, the Group monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance the Group's operations and mitigate the effects of fluctuations in cash flows. The management monitors the utilisation of borrowings and ensures compliance with loan covenants.

The Group relies on bank and other borrowings, senior notes and amounts due to related parties as a significant source of liquidity.

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group can be required to pay. Specifically, bank loans with a repayment on demand clause are included in the earliest time band regardless of the probability of the banks choosing to exercise their rights. The maturity dates for other non-derivative financial liabilities are based on the agreed repayment dates. The table includes both interest and principal cash flows.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2015

6. Financial Instruments (continued)

(b) Financial Risk Management Objectives and Policies (continued)

Liquidity Risk (continued)*Liquidity and Interest Risk Tables*

| | Weighted Average Interest Rate | On Demand or Less Than 1 Year RMB'000 | 1-5 Years RMB'000 | >5 Years RMB'000 | Total Undiscounted Cash Flows RMB'000 | Carrying Amount at 31/12/2015 RMB'000 |
|---|--------------------------------------|--|----------------------|---------------------|--|---|
| 2015 | | | | | | |
| Non-derivative financial liabilities | | | | | | |
| Trade and other payables | - | 16,597,287 | 1,484,243 | - | 18,081,530 | 18,081,530 |
| Bank and other borrowings | | | | | | |
| – fixed-rate | 9.55% | 6,058,623 | 6,768,047 | - | 12,826,670 | 10,973,296 |
| – variable-rate | 6.05% | 8,525,234 | 8,385,189 | 1,897,763 | 18,808,186 | 16,461,447 |
| Amounts due to related parties | | | | | | |
| – interest-free | - | 4,602,380 | - | - | 4,602,380 | 4,602,380 |
| – fixed-rate | 9.74% | 6,141,437 | - | - | 6,141,437 | 5,596,145 |
| – variable-rate | 3.34% | 1,492,380 | - | - | 1,492,380 | 1,444,167 |
| Senior notes | 7.34% | 745,772 | 12,240,397 | - | 12,986,169 | 10,660,573 |
| Corporate bond | 4.76% | 332,200 | 6,255,197 | 2,176,430 | 8,763,827 | 6,898,467 |
| Financial guarantee contracts | - | 32,800,245 | - | - | 32,800,245 | - |
| | | 77,295,558 | 35,133,073 | 4,074,193 | 116,502,824 | 74,718,005 |

Notes to the Consolidated Financial Statements

For the year ended 31 December 2015

6. Financial Instruments (continued)

(b) Financial Risk Management Objectives and Policies (continued)**Liquidity Risk (continued)***Liquidity and Interest Risk Tables (continued)*

| | Weighted Average Interest Rate | On Demand or Less Than 1 Year RMB'000 | 1-5 Years RMB'000 | >5 Years RMB'000 | Total Undiscounted Cash Flows RMB'000 | Carrying Amount at 31/12/2014 RMB'000 |
|---|--------------------------------------|--|----------------------|---------------------|--|---|
| 2014 | | | | | | |
| Non-derivative financial liabilities | | | | | | |
| Trade and other payables | – | 16,987,067 | 1,468,563 | – | 18,455,630 | 18,455,630 |
| Bank and other borrowings | | | | | | |
| – fixed-rate | 9.81% | 6,807,092 | 4,113,131 | – | 10,920,223 | 9,597,644 |
| – variable-rate | 6.46% | 7,439,538 | 11,800,030 | 856,719 | 20,096,287 | 17,625,650 |
| Amounts due to related parties | | | | | | |
| – interest-free | – | 5,174,982 | – | – | 5,174,982 | 5,174,982 |
| – fixed-rate | 11.00% | 4,215,791 | – | – | 4,215,791 | 3,798,110 |
| – variable-rate | 6.24% | 945,778 | – | – | 945,778 | 877,280 |
| Senior notes | 7.56% | 650,639 | 9,892,997 | – | 10,543,636 | 8,592,129 |
| Financial guarantee contracts | – | 26,800,206 | – | – | 26,800,206 | – |
| | | 69,021,093 | 27,274,721 | 856,719 | 97,152,533 | 64,121,425 |

The amounts included above for financial guarantee contracts are the maximum amounts the Group could be required to settle under the arrangement for the full guaranteed amount if that amount is claimed by the counterparty to the guarantee. Based on expectations at the end of the reporting period, the Group considers that it is more likely than not that no amount will be payable under the arrangement. However, this estimate is subject to change depending on the probability of the counterparty claiming under the guarantee which is a function of the likelihood that the financial receivables held by the counterparty which are guaranteed suffer credit losses.

The amounts included above for variable interest rate non-derivative financial liabilities is subject to change if changes in variable interest rate differ from those interest rate estimates determined at the end of the reporting period.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2015

6. Financial Instruments (continued)

(c) Fair Value Measurements of Financial Instruments

Fair Value of the Group's Financial Assets and Financial Liabilities that are Measured at Fair Value on a Recurring Basis

At the end of the reporting period, the Group had the following cross currency swaps not designated as hedging instruments. Major terms of the cross currency swaps are as follows:

| Notional Amount | Maturity | Exchange Rates | Interest Rate Swap |
|---------------------|------------|------------------|---|
| Sell RMB600,000,000 | 05/09/2016 | USD 1: RMB6.1640 | From fixed rate 5.625% per annum to fixed rate 4.625% per annum |
| Sell RMB600,000,000 | 05/13/2016 | USD 1: RMB6.1600 | From fixed rate 5.625% per annum to fixed rate 4.625% per annum |
| Sell RMB700,000,000 | 05/13/2016 | USD 1: RMB6.1600 | From fixed rate 5.625% per annum to fixed rate 4.625% per annum |
| Sell RMB600,000,000 | 05/13/2016 | USD 1: RMB6.1700 | From fixed rate 5.625% per annum to fixed rate 4.625% per annum |

Some of the Group's financial assets and financial liabilities are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets and financial liabilities are determined (in particular, the valuation technique(s) and inputs used).

| Financial Instrument | Fair Value RMB'000 | Fair Value Hierarchy | Valuation Technique and Key Inputs |
|--|--|-------------------------|---|
| Cross currency swaps | Liabilities: 199,796 (2014: liabilities: 71,174) | Level 2 | Broker quotes: The quotes are calculated by discounting estimated future cash flows based on contracted interest rates discounted at respective currency's observable yield curves at the end of the year |
| Senior notes' early redemption options | Assets: 257,994 (2014: nil) | Level 2 | Black bond option pricing model: The strike price in the option is the pre-determined redemption price that must be paid to the senior notes holder when redemption. The underlying asset of the bond call option is the remaining cash flow of the senior notes, which is a forward bond with same remaining cash flow of the senior notes since redemption date |

Notes to the Consolidated Financial Statements

For the year ended 31 December 2015

6. Financial Instruments (continued)

(c) Fair Value Measurements of Financial Instruments (continued)

Fair Value of Financial Assets and Financial Liabilities that are not Measured at Fair Value on a Recurring Basis (but Fair Value Disclosures are Required)

Except as detailed in the following table, the directors consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the consolidated financial statements approximate their fair values:

| | 2015 | | 2014 | |
|------------------------------|--|-------------------------|--|------------------------|
| | Carrying Amount of Liability Component RMB'000 | Fair Value RMB'000 | Carrying Amount of Liability Component RMB'000 | Fair Value RMB'000 |
| Financial liabilities | | | | |
| Senior notes (Level 2) | 10,660,573 | 11,323,431 ¹ | 8,592,129 | 8,565,155 ¹ |
| Corporate bond (Level 2) | 6,898,467 | 7,071,001 ¹ | N/A | N/A |

¹ Based on quoted price

7. Revenue and Segment Information

An analysis of the Group's revenue from its major products and services is as follows:

| | 2015 RMB'000 | 2014 RMB'000 |
|---------------------------------|-------------------|-------------------|
| Property sales | 23,325,860 | 30,110,664 |
| Hotel operations | 583,732 | 439,571 |
| Project management | 747,908 | 460,805 |
| Property rental income | 124,022 | 121,561 |
| Design and decoration | 1,099,165 | 748,647 |
| Sales of construction materials | 1,606 | 19,066 |
| Other business | 164,758 | 148,665 |
| | 26,047,051 | 32,048,979 |

Notes to the Consolidated Financial Statements

For the year ended 31 December 2015

7. Revenue and Segment Information (continued)

The chief operating decision-maker of the Group has been identified as the executive directors and certain senior management (collectively referred to as the "CODM"). Operating segments are determined based on the Group's internal reports which are submitted to the CODM for performance assessment and resources allocation. This is also the basis upon which the Group is organised and managed.

The Group's consolidated revenue and results are attributable to the market in the PRC (country of domicile) and almost all of the Group's consolidated assets are located in the PRC.

The Group's reportable segments under IFRS 8 are as follows:

- 1 Property development
- 2 Hotel operations
- 3 Property investment
- 4 Others (including sales of construction materials, design and decoration, project management, etc.)

For the property development operations, the CODM reviews the financial information of each property development project, hence each property development project constitutes a separate operating segment. However, the property development projects possess similar economic characteristics, and are with similar development and selling activities as well as similar customer bases. Therefore, all property development projects are aggregated into one reportable segment for segment reporting purposes.

For the hotel operations, the CODM reviews the financial information of each hotel, hence each hotel constitutes a separate operating segment. However, the hotels possess similar economic characteristics, and are with similar development and selling activities as well as similar customer bases. Therefore, all hotels are aggregated into one reportable segment for segment reporting purposes.

For the property investment operations, the CODM reviews the financial information of each investment property, hence each investment property constitutes a separate operating segment. However, the investment properties possess similar economic characteristics, and are with similar development and selling activities as well as similar customer bases. Therefore, all investment properties are aggregated into one reportable segment for segment reporting purposes.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2015

7. Revenue and Segment Information (continued)

| | Property Development RMB'000 | Hotel Operations RMB'000 | Property Investment RMB'000 | Others RMB'000 | Segment Total RMB'000 | Eliminations RMB'000 | Total RMB'000 |
|--|------------------------------------|--------------------------------|-----------------------------------|-------------------|-----------------------------|-------------------------|------------------|
| For the year ended 31 December 2014 | | | | | | | |
| Segment revenue | | | | | | | |
| External revenue | 30,110,664 | 439,571 | 121,561 | 1,377,183 | 32,048,979 | - | 32,048,979 |
| Inter-segment revenue | - | 9,388 | 112 | 451,748 | 461,248 | (461,248) | - |
| Total | 30,110,664 | 448,959 | 121,673 | 1,828,931 | 32,510,227 | (461,248) | 32,048,979 |
| Segment results | 3,359,750 | 7,167 | 42,267 | 123,566 | 3,532,750 | (18,793) | 3,513,957 |
| Unallocated administrative expenses | | | | | | | (54,197) |
| Unallocated other income | | | | | | | 10,339 |
| Unallocated finance costs | | | | | | | (41,926) |
| Fair value changes on cross currency swaps | | | | | | | (121,022) |
| Unallocated taxation | | | | | | | (97,330) |
| Profit for the year | | | | | | | 3,209,821 |

Segment Assets and Liabilities

The following is an analysis of the Group's assets and liabilities by reportable segment:

Segment Assets

| | 2015 RMB'000 | 2014 RMB'000 |
|----------------------|-----------------|-----------------|
| Property development | 129,525,307 | 115,207,207 |
| Hotel operations | 6,656,336 | 6,057,524 |
| Property investment | 1,969,604 | 1,921,244 |
| Others | 4,843,293 | 2,923,431 |
| Total segment assets | 142,994,540 | 126,109,406 |
| Unallocated | 1,518,064 | 1,034,472 |
| Consolidated assets | 144,512,604 | 127,143,878 |

Notes to the Consolidated Financial Statements

For the year ended 31 December 2015

7. Revenue and Segment Information (continued)

Segment Assets and Liabilities (continued)**Segment Liabilities**

| | 2015 RMB'000 | 2014 RMB'000 |
|---------------------------|-----------------|-----------------|
| Property development | 100,698,005 | 86,659,435 |
| Hotel operations | 413,575 | 321,269 |
| Property investment | 801,599 | 916,091 |
| Others | 4,842,873 | 3,560,398 |
| Total segment liabilities | 106,756,052 | 91,457,193 |
| Unallocated | 1,096,493 | 841,377 |
| Consolidated liabilities | 107,852,545 | 92,298,570 |

For the purposes of monitoring segment performances and allocating resources among segments:

- all assets are allocated to operating segments other than bank balances and cash, property, plant and equipment, available-for-sale investments, trade and other receivables, deposits and prepayments and amounts due from related parties pertaining to non-operating group entities.
- all liabilities are allocated to operating segments other than derivative financial instruments, bank and other borrowings, amounts due to related parties, income taxes payable, other taxes payable and deferred tax liabilities pertaining to non-operating group entities.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2015

7. Revenue and Segment Information (continued)

Other Segment Information**For the Year Ended 31 December 2015**

| | Property Development RMB'000 | Hotel Operations RMB'000 | Property Investment RMB'000 | Others RMB'000 | Reportable Segment Total RMB'000 | Unallocated RMB'000 | Total RMB'000 |
|--|------------------------------------|--------------------------------|-----------------------------------|-------------------|---|------------------------|------------------|
| Amounts included in the measure of segment profit or loss or segment assets: | | | | | | | |
| Addition to non-current assets (Note) | 2,223,475 | 475,217 | 1,012 | 27,681 | 2,727,385 | 1,245 | 2,728,630 |
| Interests in associates | 6,646,717 | - | - | - | 6,646,717 | - | 6,646,717 |
| Interests in joint ventures | 2,979,402 | - | - | - | 2,979,402 | - | 2,979,402 |
| Reversal of impairment losses on property, plant and equipment | - | (30,729) | - | - | (30,729) | - | (30,729) |
| Impairment losses on completed properties for sale | 327,120 | - | - | - | 327,120 | - | 327,120 |
| Impairment losses on amounts due from an associate and a joint venture | 196,619 | - | - | - | 196,619 | - | 196,619 |
| Gain from changes in fair value of investment properties | - | - | (40,000) | - | (40,000) | - | (40,000) |
| Gain on acquisition of a subsidiary | (2,242) | - | - | - | (2,242) | - | (2,242) |
| Net gain on disposal of subsidiaries | (2,906) | - | - | - | (2,906) | - | (2,906) |
| Gain on disposal of associates | (2,958) | - | - | - | (2,958) | - | (2,958) |
| Depreciation of property, plant and equipment | 128,971 | 146,021 | 2,107 | 26,369 | 303,468 | 732 | 304,200 |
| Loss (gain) on disposal of property, plant and equipment | (3,780) | - | (1) | 274 | (3,507) | (30) | (3,537) |
| Interest income | (572,536) | (86) | (64) | (4,729) | (577,415) | (16,242) | (593,657) |
| Finance costs | 795,347 | 14,944 | 42,172 | 31,662 | 884,125 | 1,820 | 885,945 |
| Share of results of associates | (1,436,026) | - | - | - | (1,436,026) | - | (1,436,026) |
| Share of results of joint ventures | (231,856) | - | - | - | (231,856) | - | (231,856) |
| Taxation | 1,516,354 | 8,346 | 10,000 | 104,521 | 1,639,221 | 35,954 | 1,675,175 |

Notes to the Consolidated Financial Statements

For the year ended 31 December 2015

7. Revenue and Segment Information (continued)

Other Segment Information (continued)
For the Year Ended 31 December 2014

| | Property Development RMB'000 | Hotel Operations RMB'000 | Property Investment RMB'000 | Others RMB'000 | Reportable Segment Total RMB'000 | Unallocated RMB'000 | Total RMB'000 |
|--|------------------------------------|--------------------------------|-----------------------------------|-------------------|---|------------------------|------------------|
| Amounts included in the measure of segment profit or loss or segment assets: | | | | | | | |
| Addition to non-current assets (Note) | (1,042,065) | 1,230,962 | 775 | 33,082 | 222,754 | – | 222,754 |
| Interests in associates | 8,724,954 | – | – | – | 8,724,954 | – | 8,724,954 |
| Interests in joint ventures | 1,807,755 | – | – | – | 1,807,755 | – | 1,807,755 |
| Reversal of impairment loss on property, plant and equipment | – | (16,799) | – | – | (16,799) | – | (16,799) |
| Impairment loss on completed properties for sale | 70,604 | – | – | – | 70,604 | – | 70,604 |
| Impairment loss on amounts due from a joint venture | 122,198 | – | – | – | 122,198 | – | 122,198 |
| Gain from changes in fair value of investment properties | – | – | (60,000) | – | (60,000) | – | (60,000) |
| Gain on re-measurement of an associate to acquisition date fair value in business combination achieved in stages | (37,196) | – | – | – | (37,196) | – | (37,196) |
| Gain on acquisition of a subsidiary | (1,363) | – | – | – | (1,363) | – | (1,363) |
| Net gain on disposal of subsidiaries | (8,670) | – | – | – | (8,670) | – | (8,670) |
| Gain on disposal of associates | (120,773) | – | – | – | (120,773) | – | (120,773) |
| Depreciation of property, plant and equipment | 91,876 | 101,274 | 6,448 | 18,964 | 218,562 | – | 218,562 |
| Loss (gain) on disposal of property, plant and equipment | (964) | 47 | 58 | 445 | (414) | – | (414) |
| Interest income | (642,727) | (1,391) | (43) | (13,080) | (657,241) | (7,965) | (665,206) |
| Finance costs | 550,418 | 7,024 | 52,759 | 27,561 | 637,762 | 41,926 | 679,688 |
| Share of results of associates | (339,873) | – | – | – | (339,873) | – | (339,873) |
| Share of results of joint ventures | (67,879) | – | – | – | (67,879) | – | (67,879) |
| Taxation | 2,524,209 | 4,865 | 15,096 | 77,144 | 2,621,314 | 97,330 | 2,718,644 |

Note: Non-current assets mainly included property, plant and equipment, investment properties (excluding gain from changes in fair value of investment properties), prepaid lease payment, interests in joint ventures, interests in associates and rental paid in advance and excluded financial instruments, goodwill and deferred tax assets.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2015

8. Other Income

| | 2015 RMB'000 | 2014 RMB'000 |
|---|-----------------|-----------------|
| Interest income on bank balances | 119,458 | 107,188 |
| Interest income on amounts due from related parties | 474,199 | 558,018 |
| Government grants | 9,032 | 26,203 |
| Comprehensive service income | 86,577 | 129,901 |
| Dividends from available-for-sale investments | 99,570 | 76,168 |
| Others | 60,334 | 66,785 |
| | 849,170 | 964,263 |

9. Finance Costs

| | 2015 RMB'000 | 2014 RMB'000 |
|--|--------------------|-----------------|
| Interest on bank and other borrowings | 2,133,080 | 2,461,864 |
| Interest on senior notes (Note 29) | 783,931 | 662,637 |
| Interest on corporate bonds (Note 30) | 111,192 | – |
| | 3,028,203 | 3,124,501 |
| Less: Capitalised in properties under development and construction in progress | (2,142,258) | (2,444,813) |
| | 885,945 | 679,688 |

Borrowing costs capitalised during the year arose on the specific loan and general borrowing pool and are calculated by applying a capitalisation rate of 7.28% (2014: 7.87%) per annum to expenditure on the development of properties for sale and for own use.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2015

10. Profit Before Taxation

| | 2015 RMB'000 | 2014 RMB'000 |
|---|-----------------|-----------------|
| Profit before taxation has been arrived at after charging (crediting): | | |
| Salaries and other benefits | 1,579,536 | 1,231,707 |
| Retirement benefits scheme contributions | 71,495 | 54,703 |
| Staff costs (including directors' emoluments) | 1,651,031 | 1,286,410 |
| Less: Capitalised in properties under development | (413,572) | (336,158) |
| | 1,237,459 | 950,252 |
| Depreciation of property, plant and equipment | 304,200 | 218,562 |
| Less: Capitalised in properties under development | (7,955) | (7,412) |
| | 296,245 | 211,150 |
| Amortisation of prepaid lease payment (included in administrative expenses) | 20,585 | 17,552 |
| Auditors' remuneration | 11,312 | 12,654 |
| Cost of properties and inventories recognised as an expense | 20,019,963 | 23,567,280 |
| Net gain on disposal of property, plant and equipment | (3,537) | (414) |

11. Directors', Chief Executive's and Employees' Emoluments

The emoluments paid or payable to each of the 15 (2014: 13) directors and the chief executive of the Company were as follows:

| | SONG Weiping RMB'000 | ZHU Bixin ¹ RMB'000 | SHOU Bainian RMB'000 | SUN Guoqiang ² RMB'000 | CAO Zhounan ³ RMB'000 | LI Qing'an ⁴ RMB'000 | GUO Jiafeng ⁵ RMB'000 | 2015 Total RMB'000 |
|--|----------------------------|--------------------------------------|----------------------------|---|--|---------------------------------------|--|--------------------------|
| Executive directors | | | | | | | | |
| Fees | - | - | - | - | - | - | - | - |
| Other emoluments: | | | | | | | | |
| Salaries and other benefits | 5,000 | 917 | 4,500 | 917 | 3,440 | 793 | 236 | 15,803 |
| Contributions to retirement benefits/pension schemes | 98 | - | 15 | - | 50 | 56 | 26 | 245 |
| Performance relate incentive payments (Note) | 4,990 | - | 4,500 | - | 3,440 | - | 84 | 13,014 |
| Sub-total | 10,088 | 917 | 9,015 | 917 | 6,930 | 849 | 346 | 29,062 |

Notes to the Consolidated Financial Statements

For the year ended 31 December 2015

11. Directors', Chief Executive's and Employees' Emoluments (continued)

The executive directors' emoluments shown above were mainly for their services in connection with the management of the affairs of the Company and the Group.

| | TSUI Yiu Cheung ⁶ RMB'000 | NG Tin Hoi ⁷ RMB'000 | ZHOU Anqiao ⁸ RMB'000 | LIU Wensheng ⁹ RMB'000 | 2015 Total RMB'000 |
|--|--|---------------------------------------|--|---|--------------------------|
| Non-executive directors | | | | | |
| Fees | 130 | 61 | 69 | 137 | 397 |
| Other emoluments: | | | | | |
| Salaries and other benefits | - | - | - | - | - |
| Contributions to retirement benefits/ pension schemes | - | - | - | - | - |
| Performance relate incentive payments (Note) | - | - | - | - | - |
| Sub-total | 130 | 61 | 69 | 137 | 397 |

The non-executive directors' emoluments shown above were mainly for their services as directors of the Company or its subsidiaries.

| | JIA Shenghua RMB'000 | SZE Tsai Ping, Michael RMB'000 | KE Huanzhang RMB'000 | HUI Wan Fai RMB'000 | 2015 Total RMB'000 |
|--|----------------------------|--------------------------------------|----------------------------|---------------------------|--------------------------|
| Independent non-executive directors | | | | | |
| Fees | 260 | 260 | 260 | 260 | 1,040 |
| Other emoluments: | | | | | |
| Salaries and other benefits | - | - | - | - | - |
| Contributions to retirement benefits/ pension schemes | - | - | - | - | - |
| Performance relate incentive payments (Note) | - | - | - | - | - |
| Sub-total | 260 | 260 | 260 | 260 | 1,040 |

The independent non-executive directors' emoluments shown above were mainly for their services as directors of the Company.

| | | | | | |
|-------|--|--|--|--|--------|
| Total | | | | | 30,499 |
|-------|--|--|--|--|--------|

Notes to the Consolidated Financial Statements

For the year ended 31 December 2015

11. Directors', Chief Executive's and Employees' Emoluments (continued)

| | SONG Weiping RMB'000 | SHOU Bainian RMB'000 | LUO Zhaoming ¹⁰ RMB'000 | GUO Jiafeng RMB'000 | CAO Zhounan RMB'000 | 2014 Total RMB'000 |
|--|----------------------------|----------------------------|--|---------------------------|---------------------------|--------------------------|
| Executive directors | | | | | | |
| Fees | – | – | – | – | – | – |
| Other emoluments: | | | | | | |
| Salaries and other benefits | 4,500 | 4,500 | 1,200 | 1,000 | 1,200 | 12,400 |
| Contributions to retirement benefits/ pension schemes | 94 | 32 | 49 | 99 | 62 | 336 |
| Performance relate incentive payments (Note) | 4,379 | 4,500 | 157 | 426 | 360 | 9,822 |
| Sub-total | 8,973 | 9,032 | 1,406 | 1,525 | 1,622 | 22,558 |

The executive directors' emoluments shown above were mainly for their services in connection with the management of the affairs of the Company and the Group.

| | TSUI Yiu Cheung RMB'000 | NG Tin Hoi RMB'000 | 2014 Total RMB'000 |
|--|-------------------------------|--------------------------|--------------------------|
| Non-executive directors | | | |
| Fees | 260 | 260 | 520 |
| Other emoluments: | | | |
| Salaries and other benefits | – | – | – |
| Contributions to retirement benefits/pension schemes | – | – | – |
| Performance relate incentive payments (Note) | – | – | – |
| Sub-total | 260 | 260 | 520 |

The non-executive directors' emoluments shown above were mainly for their services as directors of the Company or its subsidiaries.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2015

11. Directors', Chief Executive's and Employees' Emoluments (continued)

| | TANG Shiding ¹¹ RMB'000 | JIA Shenghua RMB'000 | SZE Tsai Ping, Michael RMB'000 | KE Huanzhang RMB'000 | JIANG Wei ¹² RMB'000 | HUI Wan Fai RMB'000 | 2014 Total RMB'000 |
|--|--|----------------------------|---|----------------------------|---------------------------------------|---------------------------|--------------------------|
| Independent non-executive | | | | | | | |
| Fees | 129 | 260 | 260 | 260 | 157 | 260 | 1,326 |
| Other emoluments: | | | | | | | |
| Salaries and other benefits | – | – | – | – | – | – | – |
| Contributions to retirement benefits/ pension schemes | – | – | – | – | – | – | – |
| Performance relate incentive payments (Note) | – | – | – | – | – | – | – |
| Sub-total | 129 | 260 | 260 | 260 | 157 | 260 | 1,326 |

The independent non-executive directors' emoluments shown above were mainly for their services as directors of the Company.

Total 24,404

- 1 Mr ZHU Bixin was appointed as an executive Director, co-chairman of the Board and a member of the nomination committee on 27 March 2015.
- 2 Mr SUN Guoqiang was appointed as an executive Director, a member of the investment committee in place of Mr SHOU Bainian and a member of the remuneration committee on 27 March 2015.
- 3 Mr CAO Zhounan resigned as an executive Director on 27 March 2015 and he was appointed again as an executive Director and the chief executive officer of the Company on 22 June 2015.
- 4 Mr LI Qing'an was appointed as an executive Director on 22 June 2015.
- 5 Mr GUO Jiafeng resigned as an executive Director on 27 March 2015.
- 6 Mr Tsui Yiu Cheung resigned as an independent non-executive director and ceased to be a member of the audit committee and nomination committee of the Company on 1 July 2015.
- 7 Mr NG Tin Hoi resigned as an independent non-executive director and ceased to be a member of remuneration committee and investment committee of the Company on 27 March 2015.
- 8 Mr ZHOU Anqiao was appointed as a non-executive Director, a vice chairman of the Board and a member of remuneration committee and investment committee in place of Mr NG Tin Hoi on 27 March 2015. He was resigned as an independent non-executive director and ceased to be a vice chairman of the Company and a member of the remuneration committee of the Company on 1 July 2015.
- 9 Mr LIU Wensheng was appointed as a non-executive Director on 22 June 2015.
- 10 Mr. LUO Zhaoming was resigned as an executive Director and vice chairman of the Board on 27 March 2015.
- 11 Mr TANG Shiding retired by rotation as an independent non-executive director and ceased to be a member of the audit committee and nomination committee of the Company on 27 June 2014.
- 12 Mr JIANG Wei retired by rotation as an independent non-executive director and ceased to be a member of the audit committee and nomination committee of the Company on 8 August 2014.

Mr CAO Zhounan was appointed as a Chief Executive Officer of the Company in place of Mr SHOU Bainian on 22 June 2015 and their emoluments disclosed above include those for services rendered by them during their respective tenures as the Chief Executive Officer.

Note: The performance related incentive payments is determined as a percentage of the results of the Group for both years.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2015

11. Directors', Chief Executive's and Employees' Emoluments (continued)

No directors waived any emoluments in both years.

Of the five individuals with the highest emoluments in the Group, two (2014: four) were directors of the Company whose emoluments are included in the disclosure above. The emoluments of the remaining three (2014: one) individuals were as follows:

| | 2015 RMB'000 | 2014 RMB'000 |
|--|-----------------|-----------------|
| Salaries and other benefits | 3,352 | 906 |
| Contributions to retirement benefits/pension schemes | 111 | 76 |
| Performance related incentive payments | 1,337 | 1,519 |
| | 4,800 | 2,501 |

The individuals' emoluments were within the following bands:

| | 2015 No. of employees | 2014 No. of employees |
|------------------------------|-----------------------------|-----------------------------|
| HKD1,500,001 to HKD2,000,000 | 2 | – |
| HKD2,500,001 to HKD3,000,000 | 1 | – |
| HKD3,000,001 to HKD3,500,000 | – | 1 |

During the year, no emoluments were paid by the Group to any of the directors or the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office (2014: nil).

12. Taxation

| | 2015 RMB'000 | 2014 RMB'000 |
|---------------------------------|------------------|-----------------|
| Current tax: | | |
| PRC enterprise income tax | 704,744 | 1,271,129 |
| LAT | 860,606 | 1,396,485 |
| | 1,565,350 | 2,667,614 |
| Under-provision in prior years: | | |
| PRC enterprise income tax | 747 | 448 |
| Deferred tax (Note 22): | | |
| Current year | 109,078 | 50,582 |
| | 1,675,175 | 2,718,644 |

No provision for income tax has been made for the Company and group entities incorporated in Hong Kong as they have no assessable profits derived from Hong Kong.

Under the Law of the People's Republic of China on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25%.

In addition, the EIT Law provides that qualified dividend income between two "resident enterprises" that have a direct investment relationship is exempted from income tax. Otherwise, such dividends will be subject to a 5% or 10% withholding tax under the EIT Law. A 10% withholding tax rate is applicable to the Group.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2015

12. Taxation (continued)

The tax charge for the year can be reconciled to the profit per the consolidated statement of profit or loss and other comprehensive income as follows:

| | 2015 RMB'000 | 2014 RMB'000 |
|--|-----------------|-----------------|
| Profit before taxation | 2,934,671 | 5,928,465 |
| Tax at the applicable PRC enterprise income tax rate of 25% (2014: 25%) | 733,668 | 1,482,116 |
| Effect of different tax rates | (5,594) | (17,247) |
| Tax effect of share of results of associates | (359,007) | (84,968) |
| Tax effect of share of results of joint ventures | (57,964) | (16,970) |
| Tax effect of income not taxable for tax purposes | (89,694) | (19,028) |
| Tax effect of expenses not deductible for tax purposes | 546,790 | 213,958 |
| Under-provision in respect of prior year | 747 | 448 |
| Tax effect of impairment losses not recognized | 25,380 | – |
| Tax effect of tax losses not recognised | 211,242 | 63,086 |
| Recognition of deferred tax assets on tax losses previously not recognised | (833) | (5,276) |
| Utilisation of tax losses previously not recognised | (5,015) | (4,839) |
| LAT provision for the year | 860,606 | 1,396,485 |
| Tax effect of LAT | (215,151) | (349,121) |
| Tax effect of undistributed profits | 30,000 | 60,000 |
| Tax charge for the year | 1,675,175 | 2,718,644 |

Details of deferred taxation for the year ended 31 December 2015 are set out in Note 22.

PRC LAT

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

According to the Notices for the Strengthening of Administration on LAT (關於加強土地增值稅管理工作的通知), the Group is required to pre-pay LAT on pre-sale proceeds at 0.5% – 3% for ordinary residential properties and 1% – 6% for other properties.

For the year ended 31 December 2015, the Group estimated and made a provision for LAT in the amount of RMB860,606,000 (2014: RMB1,396,485,000), 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.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2015

13. Dividends

On 18 July 2014, a final dividend for 2013 of RMB0.43 per ordinary share, or RMB928,301,000 in total, was paid to the shareholders.

The Board has resolved not to declare any interim dividend for the six months ended 30 June 2015 (for the six months ended 30 June 2014: RMB nil per ordinary share).

The Board has resolved not to declare any final dividend for the year ended 31 December 2015 (for the year ended 31 December 2014: RMB nil per ordinary share).

14. Earnings per Share

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

Earnings

| | 2015 RMB'000 | 2014 RMB'000 |
|---|-----------------|-----------------|
| Profit for the year attributable to the owners of the Company | 813,206 | 2,071,722 |
| Premium of Convertible Securities on redemption | – | (66,677) |
| Distribution related to Perpetual Securities | (280,763) | (254,986) |
| Distribution related to Convertible Securities | – | (25,282) |
| Earnings for the purpose of basic earnings per share | 532,443 | 1,724,777 |
| Earnings for the purpose of diluted earnings per share | 532,443 | 1,724,777 |

Number of Shares

| | 2015 | 2014 |
|--|---------------|---------------|
| Weighted average number of ordinary shares for the purpose of basic earnings per share | 2,161,681,120 | 2,159,405,822 |
| Effect of dilutive potential ordinary shares: | | |
| Share options | 5,834,950 | 8,014,885 |
| Weighted average number of ordinary shares for the purpose of diluted earnings per share | 2,167,516,070 | 2,167,420,707 |

The computation of 2014 diluted earnings per share does not assume the conversion of the Convertible Securities since their exercise would result in an increase in diluted earnings per share for the year. The computation of 2015 and 2014 diluted earnings per share also does not assume the exercise of some of the share options because the exercise price of these share options was higher than the average market price for shares for the year.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2015

15. Property, Plant and Equipment

| | Hotel Buildings RMB'000 | Land and Buildings RMB'000 | Leasehold Improvements RMB'000 | Machinery RMB'000 | Furniture, Fixtures and Equipment RMB'000 | Transportation Equipment RMB'000 | Construction In Progress RMB'000 | Total RMB'000 |
|---|-------------------------------|----------------------------------|--------------------------------------|----------------------|--|--|--|--------------------|
| COST | | | | | | | | |
| At 1 January 2014 | 2,733,534 | 262,901 | 79,075 | 18,937 | 282,885 | 322,451 | 2,120,427 | 5,820,210 |
| Additions | 6,873 | 7,634 | 18,929 | 7,406 | 78,282 | 53,208 | 1,387,352 | 1,559,684 |
| Transfer | 3,156,381 | - | - | - | 68,902 | - | (3,225,283) | - |
| Disposals | - | (81) | (3,551) | (159) | (9,920) | (21,806) | - | (35,517) |
| Acquisition of subsidiaries (Note 33) | - | - | - | 300 | 715 | 2,216 | - | 3,231 |
| Disposal of subsidiaries | - | - | (3,612) | (6) | (1,984) | (4,022) | - | (9,624) |
| At 31 December 2014 | 5,896,788 | 270,454 | 90,841 | 26,478 | 418,880 | 352,047 | 282,496 | 7,337,984 |
| Additions | 797 | 4,096 | 10,528 | 1,746 | 30,903 | 21,076 | 521,268 | 590,414 |
| Transfer | (46,585) | 46,585 | - | - | 140 | - | (140) | - |
| Disposals | - | - | (4,655) | (3,549) | (16,874) | (29,067) | - | (54,145) |
| Acquisition of subsidiaries (Note 33) | - | - | - | 6 | 916 | 10,626 | - | 11,548 |
| Disposal of subsidiaries (Note 34) | - | (31,822) | (957) | - | (5,970) | (10,486) | - | (49,235) |
| At 31 December 2015 | 5,851,000 | 289,313 | 95,757 | 24,681 | 427,995 | 344,196 | 803,624 | 7,836,566 |
| DEPRECIATION AND IMPAIRMENT | | | | | | | | |
| At 1 January 2014 | (379,175) | (55,714) | (60,410) | (11,168) | (172,892) | (193,615) | (83,182) | (956,156) |
| Provided for the year | (94,747) | (22,370) | (6,042) | (6,350) | (48,492) | (40,561) | - | (218,562) |
| Eliminated on disposals | - | 33 | 1,265 | 89 | 8,024 | 18,415 | - | 27,826 |
| Eliminated on disposal of subsidiaries | - | - | 3,612 | - | 1,405 | 3,184 | - | 8,201 |
| Reversal of impairment losses on property, plant and equipment | - | - | - | - | - | - | 16,799 | 16,799 |
| Transfer impairment loss | (66,383) | - | - | - | - | - | 66,383 | - |
| At 31 December 2014 | (540,305) | (78,051) | (61,575) | (17,429) | (211,955) | (212,577) | - | (1,121,892) |
| Provided for the year | (164,059) | (29,407) | (13,325) | (5,360) | (50,128) | (41,921) | - | (304,200) |
| Eliminated on disposals | - | - | 3,366 | 710 | 11,771 | 24,609 | - | 40,456 |
| Eliminated on disposal of subsidiaries (Note 34) | - | 19,915 | 516 | - | 3,697 | 6,479 | - | 30,607 |
| Reversal of impairment losses on property, plant and equipment | 30,729 | - | - | - | - | - | - | 30,729 |
| At 31 December 2015 | (673,635) | (87,543) | (71,018) | (22,079) | (246,615) | (223,410) | - | (1,324,300) |
| CARRYING VALUES | | | | | | | | |
| At 31 December 2015 | 5,177,365 | 201,770 | 24,739 | 2,602 | 181,380 | 120,786 | 803,624 | 6,512,266 |
| At 31 December 2014 | 5,356,483 | 192,403 | 29,266 | 9,049 | 206,925 | 139,470 | 282,496 | 6,216,092 |

Notes to the Consolidated Financial Statements

For the year ended 31 December 2015

15. Property, Plant and Equipment (continued)

The above items of property, plant and equipment other than construction in progress are depreciated on a straight-line basis, taking into account their residual value, at the following rates per annum:

| | |
|-----------------------------------|---|
| Hotel buildings | Over the shorter of the term of the land use rights or 40 years |
| Land and buildings | Over the shorter of the term of the land use rights or 20 years |
| Leasehold improvements | Over the shorter of the lease term or five years |
| Machinery | 10% to 33 $\frac{1}{3}$ % |
| Furniture, fixtures and equipment | 10% to 33 $\frac{1}{3}$ % |
| Transportation equipment | 10% to 20% |

Details of the hotel buildings, land and buildings and construction in progress pledged to secure banking facilities granted to the Group are disclosed in Note 38.

In view of the improving performance of the hotel operations, the Group engaged DTZ Debenham Tie Leung Limited to update their review of the Group's hotel buildings as at 31 December 2014 and as a result an impairment loss of RMB16,799,000 of a hotel building was reversed in 2014 in respect of hotel buildings based on their value in use.

In view of the improving performance of the hotel operations, the Group engaged DTZ Debenham Tie Leung Limited to update their review of the Group's hotel buildings as at 31 December 2015 and as a result an impairment loss of RMB30,729,000 of hotel buildings was reversed during the year in respect of hotel buildings based on their value in use.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted. The discount rate used in measuring value in use was 9% (2014: 9%).

16. Investment Properties

| | RMB'000 |
|--|-----------|
| FAIR VALUE | |
| At 1 January 2014 | 1,831,500 |
| Unrealised gain on property revaluation included in profit or loss | 60,000 |
| At 31 December 2014 | 1,891,500 |
| Unrealised gain on property revaluation included in profit or loss | 40,000 |
| At 31 December 2015 | 1,931,500 |

All of the Group's property interests held under operating leases to earn rentals or for capital appreciation purposes are measured using the fair value model and are classified and accounted for as investment properties.

The fair value of the Group's investment property at 31 December 2015 and 2014 have been arrived at on the basis of a valuation carried out on that date by DTZ Debenham Tie Leung Limited.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2015

16. Investment Properties (continued)

In estimating the fair value of the properties, the highest and best use of the properties is their current use.

The following table gives information about how the fair values of these investment properties are determined (in particular, the valuation techniques and inputs used), as well as the fair value hierarchy into which the fair value measurements are categorised (Level 3) based on the degree to which the inputs to the fair value measurements is observable.

| Carrying Value of Investment Properties Held by the Group in the Consolidated Statements of Financial Positions | Fair Value Hierarchy | Valuation Technique(s) and Key Input(s) | Significant Unobservable Input(s) | Relationship of Unobservable Inputs to Fair Value |
|--|-----------------------------|--|---|---|
| Serviced apartments in Beijing RMB1,900,000,000 (2014: RMB1,860,000,000) | Level 3 | Investment approach The Key inputs are: 1. Reversionary yield; and 2. Market unit rent. | Reversionary yield, taking into account the annual rental income potential and unit market value of the comparable properties, of 7.5% (2014: 7.5%) for serviced apartments and 8.0% (2014: 8.0%) for auxiliary retail area. Market unit rent, using direct market comparables and taking into account of similar character, location and sizes. | The higher the reversionary yield, the lower the fair value. The higher the market unit rent, the higher the fair value. |
| Commercial property in Hangzhou RMB31,500,000 (2014: RMB31,500,000) | Level 3 | Investment approach The Key inputs are: 1. Reversionary yield; and 2. Market unit rent. | Reversionary yield, taking into account annual rental income potential and unit market value of the comparable properties, of 6.5% (2014: 6.5%). Market unit rent, using direct market comparables and taking into account of similar character, location and sizes. | The higher the reversionary yield, the lower the fair value. The higher the market unit rent, the higher the fair value. |

Significant increases/(decreases) in the reversionary yield in isolation would result in a significantly lower/(higher) fair value of the investment properties. There is no indication that any slight increases/(decreases) in market unit rent in isolation would result in a significantly higher/(lower) fair value of the investment properties.

There was no transfer into or out of Level 3 during the year.

Notes to the Consolidated Financial Statements

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17. Goodwill

Cost

| | 2015 RMB'000 | 2014 RMB'000 |
|--|-----------------|-----------------|
| At 1 January 2015 | – | – |
| Arising on acquisition of subsidiaries (Note 33) | 769,241 | – |
| At 31 December 2015 | 769,241 | – |

The goodwill held by the Group as at 31 December 2015 arose on the acquisition of subsidiaries Greentown Shidai Urban Construction Development Co., Ltd. (“Greentown Shidai”); and Greentown Real Estate Construction Management Group Co., Ltd (“Greentown Construction Management Group”) (the former name “Greentown Dingyi Real Investment Management Group Co., Ltd.”). Please refer to note 33 for details.

Goodwill arose in the acquisition of Greentown Shidai and Greentown Construction Management Group because the consideration paid for the acquisition effectively included the benefit of expected synergies, revenue growth and future market development of Greentown Shidai and Greentown Construction Management Group. These benefits are not recognized separately from goodwill because they do not meet the recognition criteria for identifiable intangible assets.

Impairment test on goodwill

For the purposes of impairment testing, goodwill set out above has been allocated to one cash generating unit (CGU). During the year ended 31 December 2015, the director considered that there is no impairment of CGU containing goodwill.

The basis of recoverable amount of the CGU and its major underlying assumptions is summarised below:

The recoverable amount of the CGU has been determined based on a value in use calculation. That calculation uses cash flow projections based on financial budgets approved by management covering a six-year period, and discount rate of 12.5% (2014: nil). Other key assumptions for the value in use calculations relate to the estimation of cash inflows/outflows which include budgeted sales and gross margin, such estimation is based on the unit’s past performance and director’s expectations for the market development. The directors believe that any reasonably possible change in any of these assumptions would not cause the construction operations carrying amount to exceed its recoverable amount.

18. Interests in Associates

| | 2015 RMB'000 | 2014 RMB'000 |
|--|-----------------|-----------------|
| Cost of unlisted investments in associates | 6,561,520 | 8,758,737 |
| Share of post-acquisition profits, net of dividends received | 85,197 | (33,783) |
| | 6,646,717 | 8,724,954 |

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For the year ended 31 December 2015

18. Interests in Associates (continued)

The share of results of associates for this year were mainly due to the disposal of real estate projects held by Shanghai Sunac Greentown Investment Holdings Co., Ltd. ("Shanghai Sunac Greentown"), including the disposal of the return on investment in respect of 51% equity interest in Shanghai Huazhe Bund Real Estate Co., Ltd. ("Huazhe Bund"), and also disposal of real estate held by Sunac Greentown Investment Holdings Limited ("Sunac Greentown Investment") as part of the Framework Agreement (as defined in Note 41(v)). The share of results of these two associates of the Group for the year amounted to RMB714,053,000 in aggregate.

As at 31 December 2015 and 2014, the Group had interests in the following principal associates established and operating in the PRC:

| Name of Associate | Registered Capital | Proportion of Ownership Interest/Voting Rights Held by the Group | | Principal Activities |
|--|--------------------|--|-------|-----------------------------------|
| | | 2015 | 2014 | |
| 浙江中青旅綠城投資置業有限公司 | RMB200,000,000 | 49% | 49% | Investment holding and consulting |
| Zhejiang Zhongqinglv Greentown Real Estate Investment Co., Ltd. ("Zhejiang Zhongqinglv") | | (i) | (i) | |
| 慈溪綠城投資置業有限公司 | RMB98,000,000 | 49% | 49% | Real estate development |
| Cixi Greentown Real Estate Investment Co., Ltd. ("Cixi Greentown") | | (i) | (i) | |
| 穎澤投資有限公司 | HKD1,500,000,000 | 40% | 40% | Investment holding |
| Green Magic Investments Limited ("Green Magic") | | (ii) | (ii) | |
| 大連九龍倉綠城置業有限公司 | USD434,000,000 | 40% | 40% | Real estate development |
| Dalian Wharf Greentown Real Estate Co., Ltd. ("Dalian Wharf Greentown") | | (ii) | (ii) | |
| 杭州濱綠房地產開發有限公司 | RMB1,389,140,188 | 50% | 50% | Real estate development |
| Hangzhou Binlv Real Estate Development Co., Ltd. ("Hangzhou Binlv") | | (iii) | (iii) | |
| 上海浙鐵綠城房地產開發有限公司 | RMB50,000,000 | 38% | 38% | Real estate development |
| Shanghai Zhetie Greentown Real Estate Development Co., Ltd. | | | | |
| 寧波都市房產開發有限公司 | USD200,000,000 | 49% | 49% | Real estate development |
| Ningbo Dushi Real Estate Development Co., Ltd. | | | | |

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For the year ended 31 December 2015

18. Interests in Associates (continued)

| Name of Associate | Registered Capital | Proportion of Ownership Interest/Voting Rights Held by the Group | | Principal Activities |
|--|--------------------|--|------|--|
| | | 2015 | 2014 | |
| 中投發展有限責任公司 China Investment Development Co., Ltd. | RMB2,000,000,000 | 24% | 24% | Infrastructure construction and investment holding |
| 杭州余杭綠城九洲房地產開發有限公司 Hangzhou Yuhang Greentown Jiuzhou Real Estate Development Co., Ltd. | RMB85,000,000 | 35% | 35% | Real estate development |
| 杭州翡翠城房地產開發有限公司 Hangzhou Hope Town Real Estate Development Co., Ltd. | RMB50,000,000 | 45% | 45% | Real estate development |
| 紹興金綠泉置業有限公司 Shaoxing Jinlvquan Real Estate Co., Ltd. | RMB580,000,000 | 35% | 35% | Real estate development |
| 濟南海爾綠城置業有限公司 Jinan Haier Greentown Real Estate Co., Ltd. | RMB200,000,000 | 45% | 45% | Real estate development |
| 台州浙能綠城置業有限公司 Taizhou Zheneng Greentown Real Estate Co., Ltd. | RMB300,000,000 | 49% | 49% | Real estate development |
| 杭州浙能綠城置業有限公司 Hangzhou Zheneng Greentown Real Estate Co., Ltd. | RMB300,000,000 | 49% | 49% | Real estate development |
| 台州浙信綠城房地產開發有限公司 Taizhou Zhexin Greentown Real Estate Development Co., Ltd. | RMB20,000,000 | 40% | 40% | Real estate development |
| 浙江鐵建綠城房地產開發有限公司 Zhejiang Tiejian Greentown Real Estate Development Co., Ltd. | RMB100,000,000 | 38% | 38% | Real estate development |
| 杭州百大置業有限公司 Hangzhou Baida Real Estate Co., Ltd. | RMB1,965,500,000 | 30% | 30% | Real estate development |

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For the year ended 31 December 2015

18. Interests in Associates (continued)

| Name of Associate | Registered Capital | Proportion of Ownership Interest/Voting Rights Held by the Group | | Principal Activities |
|--|--------------------|--|------|-------------------------|
| | | 2015 | 2014 | |
| 杭州賽麗綠城申花置業有限公司 Hangzhou Saili Greentown Shenhua Real Estate Co., Ltd. | RMB100,000,000 | 25% | 25% | Real estate development |
| 杭州紫元綠西房地產有限公司 Hangzhou Ziyuan Lvxi Real Estate Co., Ltd. | RMB100,000,000 | 33% | 33% | Real estate development |
| 北京東部綠城置業有限公司 Beijing Eastern Greentown Real Estate Co., Ltd. | RMB50,000,000 | 49% | 49% | Real estate development |
| 杭州海航綠城置業有限公司 Hangzhou Haihang Greentown Real Estate Co., Ltd. | RMB1,860,180,000 | 40% | 40% | Real estate development |
| 杭州綠城金久房地產開發有限公司 Hangzhou Greentown Jinjiu Real Estate Development Co., Ltd. | RMB100,000,000 | 40% | 40% | Real estate development |
| 上海青蓮房地產開發有限公司 Shanghai Qinglian Real Estate Development Co., Ltd. | RMB50,000,000 | 20% | 20% | Real estate development |
| 溫州綠城發展房地產開發有限公司 Wenzhou Greentown Development Real Estate Development Co., Ltd. | RMB200,000,000 | 40% | 40% | Real estate development |
| 大冶有色綠城房地產開發有限公司 Daye Youse Greentown Real Estate Development Co., Ltd. | RMB160,000,000 | 30% | 30% | Real estate development |
| 山東高速綠城萊蕪雪野湖開發有限公司 Shandong Gaosu Greentown Laiwu Xueyehu Development Co., Ltd. | RMB50,000,000 | 49% | 49% | Real estate development |

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For the year ended 31 December 2015

18. Interests in Associates (continued)

| Name of Associate | Registered Capital | Proportion of Ownership Interest/Voting Rights Held by the Group | | Principal Activities |
|--|--------------------|--|--------------------|-------------------------|
| | | 2015 | 2014 | |
| 山東財富縱橫置業有限公司 Shandong Caifu Zongheng Real Estate Co., Ltd. | RMB50,000,000 | 39% | 39% | Real estate development |
| 信陽市萬恒置業有限公司 Xinyang Wanheng Real Estate Co., Ltd. | RMB50,000,000 | 20% | 20% | Real estate development |
| 青島綠城華景置業有限公司 Qingdao Greentown Huajing Real Estate Co., Ltd. | RMB2,000,000,000 | 40% | 40% | Real estate development |
| 義烏浙鐵綠城房地產開發有限公司 Yiwu Zhetie Greentown Real Estate Development Co., Ltd. | RMB200,000,000 | 35% | 35% | Real estate development |
| 奉化綠城房地產開發有限公司 Fenghua Greentown Real Estate Development Co., Ltd. | RMB100,000,000 | 31% | 31% | Real estate development |
| 杭州綠城墅園置業有限公司 Hangzhou Greentown Shuyuan Real Estate Co., Ltd. | RMB200,000,000 | 30% | 30% | Real estate development |
| 杭州地鐵武林置業有限公司 Hangzhou Metro Wulin Real Estate | RMB20,000,000 | 45% | 45% | Real estate development |
| 杭州安景置業有限公司 Hangzhou Anjing Real Estate ("Hangzhou Anjing") | RMB100,000,000 | 25% (iv) | – | Real estate development |
| 上海融創綠城投資控股有限公司 Shanghai Sunac Greentown | RMB2,000,000,000 | – (v) | 50% (vi), (vii) | Investment holding |

Notes to the Consolidated Financial Statements

For the year ended 31 December 2015

18. Interests in Associates (continued)

| Name of Associate | Registered Capital | Proportion of Ownership Interest/Voting Rights Held by the Group | | Principal Activities |
|--|--------------------|--|------------------|-------------------------|
| | | 2015 | 2014 | |
| | | | | |
| 蘇州融綠泛庭置業有限公司 Suzhou Sunac Greentown Fanting Real Estate Co., Ltd. ("Sunac Greentown Fanting") | RMB50,000,000 | — (v) | 50% (vii) | Real estate development |
| 上海綠順房地產開發有限公司 Shanghai Lvshun Real Estate Development Co., Ltd. ("Lvshun Real Estate") | RMB1,000,000,000 | — (v) | 50% (vii) | Real estate development |
| 天津逸駿投資有限公司 Tianjin Yijun Investment Co., Ltd. ("Tianjin Yijun") | RMB30,000,000 | — (v) | 40% (vii) | Real estate development |
| 無錫綠城房地產開發有限公司 Wuxi Greentown Real Estate Development Co., Ltd. ("Wuxi Greentown") | RMB174,807,000 | — (v) | 43% (vii) | Real estate development |
| 融創綠城投資控股有限公司 Sunac Greentown Investment | USD2 | — (viii) | 50% (ix), (x) | Investment holding |
| 蘇州綠城御園房地產開發有限公司 Suzhou Greentown Yuyuan Real Estate Development Co., Ltd. ("Suzhou Greentown Yuyuan") | RMB250,000,000 | — (viii) | 50% (x) | Real estate development |
| 上海新富港房地產發展有限公司 New Richport Property Development Shanghai Co., Ltd. ("New Richport") | RMB2,500,000,000 | — (viii) | 50% (x) | Real estate development |
| 上海豐明房地產發展有限公司 Everbright Property Development Shanghai Co., Ltd. ("Everbright") | RMB135,000,000 | — (viii) | 50% (x) | Real estate development |
| 豐盛地產發展(上海)有限公司 Fung Seng Estate Development Shanghai Co., Ltd. ("Fung Seng") | USD10,000,000 | — (viii) | 50% (x) | Real estate development |

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For the year ended 31 December 2015

18. Interests in Associates (continued)

| Name of Associate | Registered Capital | Proportion of Ownership Interest/Voting Rights Held by the Group | | Principal Activities |
|--|--------------------|--|--------------|-------------------------|
| | | 2015 | 2014 | |
| 杭州融創綠城房地產開發有限公司 Hangzhou Sunac Greentown Real Estate Development Co., Ltd. ("Hangzhou Sunac Greentown") | USD102,000,000 | – (xi) | 25% | Real estate development |
| 上海華浙外灘置業有限公司 Shanghai Huazhe Bund Real Estate Co., Ltd. ("Huazhe Bund") | RMB50,000,000 | – (xii) | 26% (vii) | Real estate development |

The above table lists the associates of the Group which, in the opinion of the directors, principally affected the results or assets of the Group. To give details of other associates would, in the opinion of the directors, result in particulars of excessive length.

Notes:

- (i) Cixi Greentown is a subsidiary of Zhejiang Zhongqinglv.
- (ii) Dalian Wharf Greentown is a subsidiary of Green Magic.
- (iii) Only two out of five directors of Hangzhou Binlv are appointed by the Group, while a valid board resolution requires half of the total votes. The Group thus does not have the power to control or jointly control Hangzhou Binlv. Therefore, Hangzhou Binlv is accounted for as an associate of the Group.
- (iv) Hangzhou Anjing was newly established in 2015.
- (v) In 2015, the Group disposed of 50% equity interests in Shanghai Sunac Greentown held by Greentown Investment Management Co., Ltd., a wholly-owned subsidiary of the Group to Shanghai Sunac Real Estate Development Co., Ltd., a wholly-owned subsidiary of Sunac China Holdings Limited ("Sunac China"), for details please refer to Note 41(v).
- (vi) Only two out of five directors of Shanghai Sunac Greentown are appointed by the Group, while a valid board resolution requires half of the total votes. The Group thus does not have the power to control or jointly control Shanghai Sunac Greentown. Therefore, Shanghai Sunac Greentown was accounted for as an associate of the Group.
- (vii) Huazhe Bund, Lvshun Real Estate, Wuxi Greentown, Tianjin Yijun, Sunac Greentown Fanting are subsidiaries of Shanghai Sunac Greentown.
- (viii) In 2015, the Company disposed of 50% of the issued share capital of Sunac Greentown Investment to Sunac China, for details please refer to Note 41(v).

Notes to the Consolidated Financial Statements

For the year ended 31 December 2015

18. Interests in Associates (continued)

Notes: (continued)

- (ix) Only one out of three directors of Sunac Greentown Investment is appointed by the Group, while a valid board resolution requires a majority of the total votes. The Group thus does not have the power to control or jointly control Sunac Greentown Investment. Therefore, Sunac Greentown investment is accounted for as an associate of the Group.
- (x) Suzhou Greentown Yuyuan, New Richport, Everbright and Fung Seng are subsidiaries of Sunac Greentown Investment.
- (xi) In 2015, the Group disposed of 25% equity interests in Hangzhou Sunac Greentown held by On Century Investment Limited, a wholly-owned subsidiary of the Group, to Zhuo Yue Property Investment Holdings Limited, a wholly-owned subsidiary of Sunac China, for details please refer to Note 41(v).
- (xii) In 2015, the Group acquired the return on investment in respect of 51% equity interest in Huazhe Bund from Shanghai Sunac Greentown. Huazhe Bund became a non-wholly owned subsidiary of the Group, for details please refer to Note 33 and 41(v).

Summarised Financial Information of Material Associates

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

All of these associates are accounted for using the equity method in these consolidated financial statements.

Associate Group A

The financial information of the associates within Associate Group A are aggregated for disclosure purpose. The directors believe it is appropriate to aggregate these information as these associates are formed with the partners from the same group and are exposed to similar risks and returns. Associate Group A was disposed during the year.

| | 2015 RMB'000 | 2014 RMB'000 |
|--|------------------|-----------------|
| Current assets | – | 35,932,342 |
| Non-current assets | – | 3,033,645 |
| Current liabilities | – | 19,428,219 |
| Non-current liabilities | – | 12,266,367 |
| Non-controlling interests of Associate Group A | – | 1,049,442 |
| Revenue | 2,538,128 | 5,576,990 |
| Profit for the year | 1,418,344 | 223,080 |

Notes to the Consolidated Financial Statements

For the year ended 31 December 2015

18. Interests in Associates (continued)

Summarised Financial Information of Material Associates (continued)**Associate Group A (continued)**

Reconciliation of the above summarised financial information to the carrying amount of the interest in the associate recognised in the consolidated financial statements:

| | 2015 RMB'000 | 2014 RMB'000 |
|---|-----------------|-----------------|
| Net assets attributable to owners of Associate Group A | – | 6,221,958 |
| Weighted average proportion of the Group's ownership interests in Associate Group A | – | 50% |
| Other adjustment | – | 11,504 |
| Carrying amount of the Group's interest in Associate Group A | – | 3,122,483 |

Aggregate Information of Associates that are not Individually Material:

| | 2015 RMB'000 | 2014 RMB'000 |
|--|-----------------|-----------------|
| Group's share of total profit for the year | 721,973 | 221,752 |
| Aggregate carrying amount of the Group's interests in these associates | 6,646,717 | 5,602,471 |

The Group has discontinued recognition of its share of losses of certain associates as its share of losses of those associates equals or exceeds its interests in those associates. The amounts of unrecognised share of losses of these associates, both for the year and cumulatively, are as follows:

| | 2015 RMB'000 | 2014 RMB'000 |
|---|-----------------|-----------------|
| Unrecognised share of losses of associates for the year | 4,835 | 67,814 |
| Accumulated unrecognised share of losses of associates | 87,366 | 93,902 |

Notes to the Consolidated Financial Statements

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19. Interests in Joint Ventures

| | 2015 RMB'000 | 2014 RMB'000 |
|--|------------------|-----------------|
| Cost of unlisted investments in joint venture | 2,892,027 | 1,628,179 |
| Share of post-acquisition profits, net of dividends received | 87,375 | 179,576 |
| | 2,979,402 | 1,807,755 |

As at 31 December 2015 and 2014, the Group had interests in the following principal joint ventures established and operating in the PRC:

| Name of Joint Venture | Registered Capital | Proportion of Ownership Interest/Voting Rights Held by the Group | | Principal Activities |
|---|--------------------|--|--------------|---|
| | | 2015 | 2014 | |
| 浙江綠西房地產集團有限公司 Zhejiang Lvxi Real Estate Group Co., Ltd. ("Zhejiang Lvxi Group") | RMB100,000,000 | 50% (i) | 50% (i) | Investment holding, real estate development and business consulting |
| 臨安西子房地產開發有限公司 Lin'an Xizi Real Estate Development Co., Ltd. ("Lin'an Xizi") | RMB100,000,000 | 50% (i) | 50% (i) | Real estate development |
| 浙江鐵投綠城投資有限公司 Zhejiang Tietou Greentown Investment Co., Ltd. ("Zhejiang Tietou Greentown Investment") | RMB80,000,000 | 50% (ii) | 50% (ii) | Investment holding |
| 浙江鐵投綠城房地產開發有限公司 Zhejiang Tietou Greentown Real Estate Development Co., Ltd. ("Zhejiang Tietou Greentown Real Estate") | RMB80,000,000 | 50% (ii) | 50% (ii) | Real estate development |
| 盈高有限公司 Profit Pointer Limited | HKD10,000 | 50% (iii) | 50% (iii) | Investment holding |
| 瀋陽全運村建設有限公司 Shenyang National Games Project Co., Ltd. ("Shenyang National Games") | USD290,000,000 | 50% (iii) | 50% (iii) | Real estate development |
| 紹興綠城寶業房地產開發有限公司 Shaoxing Greentown Baoye Real Estate Co., Ltd. ("Shaoxing Greentown Baoye") | RMB100,000,000 | 51% (iv) | 51% (iv) | Real estate development |

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For the year ended 31 December 2015

19. Interests in Joint Ventures (continued)

| Name of Joint Venture | Registered Capital | Proportion of Ownership Interest/Voting Rights Held by the Group | | Principal Activities |
|--|--------------------|--|---------------|-------------------------|
| | | 2015 | 2014 | |
| 山東東城置業有限公司 Shandong Dongcheng Real Estate Co., Ltd. ("Shandong Dongcheng") | RMB200,000,000 | 49% (v) | 49% (v) | Real estate development |
| 杭州綠城中勝置業有限公司 Hangzhou Greentown Zhongsheng Real Estate Co., Ltd. ("Greentown Zhongsheng") | RMB100,000,000 | 55% (vi) | 55% (vi) | Real estate development |
| 余姚綠城房地產開發有限公司 Yuyao Greentown Real Estate Development Co., Ltd. ("Yuyao Greentown") | RMB99,000,000 | 47% (vii) | 47% (vii) | Real estate development |
| 舟山綠城海盛置業發展有限公司 Zhoushan Greentown Haisheng Real Estate Co., Ltd. ("Zhoushan Greentown Haisheng") | RMB100,000,000 | 51% (viii) | 51% (viii) | Real estate development |
| 浙江金盈置業有限公司 Zhejiang Jinying | RMB400,000,000 | 50% (x) | 25% (ix) | Real estate development |
| 天津綠城全運村建設開發有限公司 Tianjin National Games Project Co., Ltd. ("Tianjin National Games") | RMB2,500,000,000 | 41% (xi) | 50% | Real estate development |
| 海寧綠城新湖房地產開發有限公司 Haining Greentown Sinhoo Real Estate Development Co., Ltd. | RMB20,000,000 | 50% | 50% | Real estate development |
| 杭州綠城北秀置業有限公司 Hangzhou Greentown Beixiu Real Estate Co., Ltd. | RMB50,000,000 | 50% | 50% | Real estate development |
| 杭州臨宜房地產開發有限公司 Hangzhou Linyi Real Estate Development Co., Ltd. | USD50,000,000 | 50% | 50% | Real estate development |
| 德清莫干山樂城置業有限公司 Deqing Moganshan Lecheng Real Estate Co., Ltd. | RMB100,000,000 | 50% | 50% | Real estate development |

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19. Interests in Joint Ventures (continued)

The above table lists the joint venture of the Group which, in the opinion of the directors, principally affected the results or assets of the Group. To give details of other joint ventures would, in the opinion of the directors, result in particulars of excessive length.

Notes:

- (i) Lin'an Xizi is a subsidiary of Zhejiang Lvxi Group.
- (ii) Zhejiang Tietou Greentown Real Estate is a subsidiary of Zhejiang Tietou Greentown Investment.
- (iii) Shenyang National Games is a subsidiary of Profit Pointer Limited.
- (iv) Three out of five directors of Shaoxing Greentown Baoye are appointed by the Group, while a valid board resolution requires unanimous approval from all directors. Therefore, Shaoxing Greentown Baoye is accounted for as a joint venture of the Group.
- (v) Two out of five directors of Shandong Dongcheng are appointed by the Group and the remaining three directors by the other equity holder, while a valid board resolution requires four-fifths of the total votes. Decisions about relevant activities of Shandong Dongcheng require unanimous consent from the Group and the other equity holders. Therefore, Shandong Dongcheng is accounted for as a joint venture of the Group.
- (vi) Three out of five directors of Greentown Zhongsheng are appointed by the Group and the remaining two directors by the other equity holder, while a valid board resolution requires four-fifths approval from the directors. Decisions about relevant activities of Greentown Zhongsheng require unanimous consent from the Group and the other equity holders. Therefore, Greentown Zhongsheng is accounted for as a joint venture of the Group.
- (vii) Two out of five directors of Yuyao Greentown are appointed by the Group, while a valid board resolution requires unanimous approval from all directors. Therefore, Yuyao Greentown is accounted for as a joint venture of the Group.
- (viii) Three out of five directors of Zhoushan Greentown Haisheng are appointed by the Group, while a valid board resolution requires two thirds above approval from all directors. Decisions about relevant activities of Zhoushan Greentown Haisheng require unanimous consent from the Group and the other equity holders. Therefore, Zhoushan Greentown Haisheng is accounted for as a joint venture of the Group.
- (ix) Zhejiang Jinying is a 50% joint venture of the Shanghai Greentown Woods Golf Villas Development Co., Ltd ("Shanghai Forest Golf"). Shanghai Forest Golf is a 50%-owned subsidiary of the Group.
- (x) Greentown Real Estate Group Co., Ltd. ("Greentown Real Estate"), a wholly-owned subsidiary of the Group, acquired 50% equity interests in Zhejiang Jinying from Shanghai Forest Golf and shareholder's loan of Zhejiang Jinying from Tianjin Sunac Zhidi Co., Ltd. ("Sunac Zhidi") by Greentown Real Estate. Zhejiang Jinying remained a joint venture company of the Group after the completion of acquisition. For details please refer to Note 41(v).
- (xi) The 80% equity interest in Tianjin National Game was owned by Greentown Real Estate and Tianjin Sunac. Ao Cheng Investment Co., Ltd. as to 51% and 49% respectively. The remaining 20% equity interest in Tianjin National Game was owned by an independent third party. Three out of seven directors of Tianjin National Games are appointed by the Group, while a valid board resolution requires unanimous approval from two-third approval from the directors. Therefore, Tianjin National Games is accounted for as a joint venture of the Group.

Summarised Financial Information of Material Joint Ventures

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

The joint ventures are accounted for using the equity method in these consolidated financial statements.

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For the year ended 31 December 2015

19. Interests in Joint Ventures (continued)

Summarised Financial Information of Material Joint Ventures (continued)**Joint Venture Company A**

| | 2015 RMB'000 | 2014 RMB'000 |
|---------------------|-----------------|-----------------|
| Current assets | 1,131,924 | 1,700,781 |
| Non-current assets | 96,119 | 97,041 |
| Current liabilities | 1,092,039 | 1,733,081 |

The above amounts of assets and liabilities include the following:

| | 2015 RMB'000 | 2014 RMB'000 |
|---------------------------|-----------------|-----------------|
| Cash and cash equivalents | 208,229 | 88,902 |

| | 2015 RMB'000 | 2014 RMB'000 |
|---|-----------------|-----------------|
| Revenue | 1,617,318 | 273,088 |
| Profit for the year | 371,263 | 93,156 |
| Dividends received from the joint venture during the year | 150,000 | 150,000 |

The above profit for the year include the following:

| | 2015 RMB'000 | 2014 RMB'000 |
|-------------------------------|-----------------|-----------------|
| Depreciation and amortisation | 931 | 959 |
| Interest income | 6,139 | 5,684 |
| Income tax expense | 302,052 | 67,688 |

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19. Interests in Joint Ventures (continued)

Summarised Financial Information of Material Joint Ventures (continued)**Joint Venture Company A (continued)**

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

| | 2015 RMB'000 | 2014 RMB'000 |
|---|-----------------|-----------------|
| Net assets of Joint venture Company A | 136,004 | 64,741 |
| Proportion of the Group's ownership interest in Joint venture Company A | 50% | 50% |
| Other adjustments | 19,364 | 19,364 |
| Carrying amount of the Group's interest in Joint venture Company A | 87,366 | 51,735 |

Joint Venture Company B

| | 2015 RMB'000 | 2014 RMB'000 |
|-------------------------|-----------------|-----------------|
| Current assets | 10,702,957 | 100,383 |
| Non-current assets | 18,883 | – |
| Current liabilities | 5,584,006 | 650 |
| Non-current liabilities | 2,686,264 | – |

The above amounts of assets and liabilities include the following:

| | 2015 RMB'000 | 2014 RMB'000 |
|---|-----------------|-----------------|
| Cash and cash equivalents | 1,042,651 | 141 |
| Current financial liabilities (excluding trade and other payables and provisions) | 1,892,000 | – |
| Non-current financial liabilities (excluding trade and other payables and provisions) | 2,686,264 | – |
| | 2015 RMB'000 | 2014 RMB'000 |
| Revenue | – | – |
| Loss for the year | (48,163) | (267) |

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For the year ended 31 December 2015

19. Interests in Joint Ventures (continued)

Summarised Financial Information of Material Joint Ventures (continued)**Joint Venture Company B (continued)**

The above profit (loss) for the year includes the following:

| | 2015 RMB'000 | 2014 RMB'000 |
|-------------------------------|-----------------|-----------------|
| Depreciation and amortisation | 88 | – |
| Interest income | – | – |
| Income tax expense | (16,054) | – |

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

| | 2015 RMB'000 | 2014 RMB'000 |
|---|-----------------|-----------------|
| Net assets of Joint venture Company B | 2,451,570 | 99,733 |
| Proportion of the Group's ownership interest in Joint venture Company B | 41% | 50% |
| Other adjustments (note) | 206,091 | – |
| Carrying amount of the Group's interest in Joint venture Company B | 1,206,332 | 49,867 |

Note: The investment cost in the Joint venture Company B injected by the Group accounts for 51% of the registered capital of Joint Venture Company B.

Aggregate Information of Joint Ventures that are not Individually Material

| | 2015 RMB'000 | 2014 RMB'000 |
|---|-----------------|-----------------|
| Group's share of profit (loss) for the year | 67,037 | 21,435 |

The Group has discontinued recognition of its share of losses of certain joint ventures as its share of losses of those joint ventures equals or exceeds its interests in those joint ventures. The amounts of unrecognised share of losses of these joint ventures, both for the year and cumulatively, are as follows:

| | 2015 RMB'000 | 2014 RMB'000 |
|---|-----------------|-----------------|
| Unrecognised share of losses of joint ventures for the year | 431,238 | 196,976 |
| Accumulated unrecognised share of losses of joint ventures | 869,709 | 438,471 |

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For the year ended 31 December 2015

20. Available-For-Sale Investments

Available-for-sale investments comprise:

| | 2015 RMB'000 | 2014 RMB'000 |
|----------------------------|-----------------|-----------------|
| Non-current portion: | | |
| Unlisted equity securities | 162,289 | 388,617 |

The above unlisted equity securities were issued by private entities established in the PRC. The available-for-sale investments are measured at cost less impairment at the end of the reporting period because the range of reasonable fair value estimates is so significant that the directors are of the opinion that their fair values cannot be measured reliably. The Group disposal of an available-for-sale investments which investment cost was RMB204,000,000 and recognised approximately RMB88,000,000 investment income in 2015.

21. Prepaid Lease Payment

| | 2015 RMB'000 | 2014 RMB'000 |
|---|-----------------|-----------------|
| Analysed for reporting purposes as: | | |
| Current asset (included in trade and other receivables) | 20,502 | 22,213 |
| Non-current asset | 659,487 | 662,061 |
| | 679,989 | 684,274 |

Notes to the Consolidated Financial Statements

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22. Deferred Taxation

The following are the major deferred tax assets (liabilities) recognised and movements thereon during the current and prior years:

| | Temporary Differences on Revenue Recognition and Related Cost of Sales RMB'000 | Impairment Losses RMB'000 | Fair Value Tax Losses RMB'000 | LAT Adjustments RMB'000 | Undistributed Provision RMB'000 | Profits RMB'000 | Others RMB'000 | Total RMB'000 |
|---------------------------------------|---|------------------------------|----------------------------------|----------------------------|------------------------------------|--------------------|-------------------|--------------------|
| At 1 January 2014 | 214,279 | 41,400 | 131,849 | (215,635) | 675,225 | (487,184) | (10,404) | 349,530 |
| (Charge) credit to profit or loss | (18,644) | 43,985 | 25,290 | (13,008) | (22,651) | (60,000) | (5,554) | (50,582) |
| Acquisition of subsidiaries (Note 33) | - | - | 18,830 | - | - | - | - | 18,830 |
| Disposal of subsidiaries | - | - | - | - | (5,775) | - | - | (5,775) |
| At 31 December 2014 | 195,635 | 85,385 | 175,969 | (228,643) | 646,799 | (547,184) | (15,958) | 312,003 |
| (Charge) credit to profit or loss | (14,512) | 92,102 | 69,093 | 37,527 | (140,712) | (30,000) | (122,576) | (109,078) |
| Acquisition of subsidiaries (Note 33) | - | - | 60,087 | (3,695,391) | 55,502 | - | - | (3,579,802) |
| Disposal of subsidiaries (Note 34) | - | - | (3,897) | - | (47,450) | - | - | (51,347) |
| At 31 December 2015 | 181,123 | 177,487 | 301,252 | (3,886,507) | 514,139 | (577,184) | (138,534) | (3,428,224) |

The addition in deferred tax liabilities current year is mainly due to fair value adjustment of the properties under development from the acquisition of subsidiaries.

Others represent mainly deferred tax liabilities recognised in respect of temporary differences arising from accelerated tax depreciation and capitalised interest expense.

For the purpose of presentation in the consolidated statement of financial position, deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same legal entity and fiscal authority. The following is the analysis of the deferred tax balances for financial reporting purposes:

| | 2015 RMB'000 | 2014 RMB'000 |
|--------------------------|--------------------|-----------------|
| Deferred tax assets | 1,201,769 | 1,116,046 |
| Deferred tax liabilities | (4,629,993) | (804,043) |
| | (3,428,224) | 312,003 |

Notes to the Consolidated Financial Statements

For the year ended 31 December 2015

22. Deferred Taxation (continued)

At the end of the reporting period, the Group had deductible temporary differences of RMB101,520,000 (2014:nil). No deferred tax asset has been recognized in relation to such deductible temporary differences as it is not probable that taxable profit will be available against which the deductible temporary differences can be utilised.

At the end of the reporting period, the Group had unutilised tax losses of RMB3,339,956,000 (2014: RMB2,134,358,000) available for offset against future profits. Deferred tax asset has been recognised in respect of RMB1,205,010,000 (2014: RMB703,874,000) of such losses. No deferred tax asset has been recognised in respect of the remaining RMB2,134,946,000 (2014: RMB1,430,484,000) due to the unpredictability of future profit streams. Pursuant to the relevant laws and regulations in the PRC, the unrecognised tax losses at the end of the reporting period will expire in the following years:

| | 2015 RMB'000 | 2014 RMB'000 |
|------|------------------|-----------------|
| 2015 | – | 93,491 |
| 2016 | 174,482 | 185,505 |
| 2017 | 377,682 | 385,987 |
| 2018 | 489,323 | 510,690 |
| 2019 | 250,544 | 254,811 |
| 2020 | 842,915 | – |
| | 2,134,946 | 1,430,484 |

Based on the latest budgets, management believes that there will be sufficient future profits for the realisation of the deferred tax assets recognised in respect of these tax losses.

Under the EIT Law of PRC, withholding tax is imposed on dividends declared in respect of profits earned by PRC subsidiaries from 1 January 2008 onwards. Deferred taxation has not been provided for in the consolidated financial statements in respect of certain temporary differences attributable to accumulated profits of the PRC subsidiaries amounting to RMB13,200,973,000 (31 December 2014: RMB12,500,973,000) as the Group is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

23. Properties for Development

Included in properties for development as at 31 December 2015 is an amount of RMB6,202,964,000 (2014: RMB2,253,436,000) in respect of long-term leasehold land for which the Group was in the process of obtaining the land use rights certificates.

All properties for development are expected to be recovered after more than 12 months from the end of the reporting period.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2015

24. Properties under Development

| | 2015 RMB'000 | 2014 RMB'000 |
|------------------------------------|-------------------|-----------------|
| Long-term leasehold land – at cost | 27,212,632 | 19,325,206 |
| Development costs | 16,457,895 | 17,781,481 |
| Finance costs capitalised | 5,101,762 | 4,205,536 |
| | 48,772,289 | 41,312,223 |

Properties under development for sale amounting to RMB37,987,338,000 (2014: RMB25,268,010,000) are expected to be recovered after more than 12 months from the end of the reporting period.

25. Other Current Assets

Trade and Other Receivables, Deposits and Prepayments

| | 2015 RMB'000 | 2014 RMB'000 |
|--|------------------|-----------------|
| Trade receivables | 600,621 | 611,334 |
| Other receivables | 2,947,895 | 3,583,985 |
| Prepayments and deposits | 706,865 | 956,772 |
| Consideration receivables from disposal of a subsidiary and an associate | 63,150 | 63,150 |
| | 4,318,531 | 5,215,241 |

The Group allows an average credit period of 90 days to certain trade customers with good credit standing. The aged analysis of trade receivables is stated below. The trade receivables which are aged 91 days or above are all past due but not impaired. The Group does not notice any significant changes in the credit quality of its trade receivables and the amounts are considered to be recoverable.

| | 2015 RMB'000 | 2014 RMB'000 |
|-------------------|-----------------|-----------------|
| Within 90 days | 302,171 | 360,756 |
| 91–180 days | 85,883 | 19,494 |
| 181–365 days | 74,208 | 91,240 |
| Over 365 days | 138,359 | 139,844 |
| Trade receivables | 600,621 | 611,334 |

Notes to the Consolidated Financial Statements

For the year ended 31 December 2015

25. Other Current Assets (continued)

Trade and Other Receivables, Deposits and Prepayments (continued)

Most of the Group's customers take out mortgages from banks to buy their properties. Should a customer fail to obtain a mortgage and honour the property sale and purchase agreement between himself and the Group, the Group has the right to revoke the agreement, reclaim the property and re-sell it in the market. The Group does not notice any significant changes in the credit quality of its trade receivables and the amounts are considered to be recoverable.

Included in other receivables were advances to third parties of RMB1,449,716,000 (2014: RMB1,664,585,000) as at 31 December 2015. The advances are interest free, unsecured and expected to be recovered within one year except for RMB375,844,000 (2014: RMB712,196,000) which carries interest at 7% to 14.5% (2014: 8.5% to 14.5%) per annum, is unsecured and is expected to be recovered within one year. The advances comprise mainly earnest money for potential projects. The Group has concentration of credit risk as 43% (2014: 58%) of the total advances to third parties was due from the five largest counterparties. The Group does not notice any significant changes in the credit quality of its advances to third parties and the amounts are considered to be recoverable.

Other receivables, other than advances to third parties which were mainly earnest money for potential projects, are repayable on demand. Prepayments and deposits are expected to be recovered after more than 12 months.

No allowance was made for trade and other receivables.

Bank Balances and Cash/Pledged Bank Deposits

Bank balances and cash comprise cash held by the Group and short-term bank deposits with an original maturity of three months or less. Bank balances carry interest at market rates which range from 0.3% to 2.5% (2014: 0.35% to 2.35%) per annum.

Pledged bank deposits represent deposits pledged to banks to secure short-term banking facilities granted to the Group. The pledged bank deposits carry interest at fixed rates which range from 0.3% to 2.75% (2014: 0.35% to 4%) per annum.

As at 31 December 2015, the Group had bank balances and cash (including pledged bank deposits) denominated in Renminbi amounting to RMB16,854,677,000 (2014: RMB9,019,024,000). Renminbi is not freely convertible into other currencies.

Bank balances and cash/pledged bank deposits that are denominated in currencies other than the functional currency of the respective group entities are set out below:

| | HKD | USD |
|------------------------|----------------|------------------|
| | RMB'000 | RMB'000 |
| As at 31 December 2015 | 108,294 | 1,275,708 |
| As at 31 December 2014 | 11,275 | 53,958 |

Notes to the Consolidated Financial Statements

For the year ended 31 December 2015

26. Disposal Group Classified as Held for Sale

On 25 December 2015, the Group entered into an equity transfer agreement to dispose to an independent third party of (i) 100% equity interest in Beijing Greentown Yinshi Real Estate Co., Ltd. (“Beijing Yinshi”), a 100%-owned subsidiary of the Group; and (ii) the shareholder’s loan made to Beijing Yinshi by the Group; and (iii) other liabilities for a total cash consideration of RMB1,950,000,000. As at 31 December 2015, the Group has received RMB858,000,000 according to the equity transfer agreement.

As at 31 December 2015, the disposal of Beijing Yinshi has not been completed, as such, the assets and liabilities attributable to Beijing Yinshi that are expected to be sold within 12 months have been classified as disposal groups held for sale and are separately presented in the consolidated statement of financial position. Beijing Yinshi is included in the Group’s property development activities for segment reporting purposes.

The major classes of assets and liabilities classified as held for sale are as follows:

| | 2015 RMB’000 |
|--|-----------------|
| Property, plant and equipment | 57 |
| Properties for development | 748,079 |
| Trade and other receivables deposits and prepayments | 78 |
| Bank balances and cash | 71,087 |
| Assets classified as held for sale | 819,301 |
| Trade and other payables | 312,340 |
| Liabilities associated with assets classified as held for sale | 312,340 |

27. Trade and Other Payables

The aged analysis of trade payables is stated as follows:

| | 2015 RMB’000 | 2014 RMB’000 |
|---|-------------------|-----------------|
| Within 180 days | 8,072,246 | 9,054,735 |
| 180–365 days | 2,342,294 | 1,459,852 |
| Over 365 days | 1,128,615 | 1,270,961 |
| Trade payables | 11,543,155 | 11,785,548 |
| Other payables and accrued expenses | 6,230,768 | 7,595,400 |
| Receipt in advance for a subsidiary held for sale (Note 26) | 858,000 | – |
| Consideration payables on acquisition of subsidiaries | 122,201 | – |
| | 18,754,124 | 19,380,948 |

Trade payables and other payables principally comprise amounts outstanding for trade purposes and ongoing costs.

Notes to the Consolidated Financial Statements

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28. Bank and Other Borrowings

| | 2015 RMB'000 | 2014 RMB'000 |
|---|---------------------|-----------------|
| Secured bank loans (Note 38) | 16,099,303 | 16,503,229 |
| Unsecured bank loans | 6,971,180 | 5,617,662 |
| | 23,070,483 | 22,120,891 |
| Secured other loans (Note 38) | 2,875,474 | 4,971,908 |
| Unsecured other loans | 1,488,786 | 130,495 |
| | 4,364,260 | 5,102,403 |
| | 27,434,743 | 27,223,294 |
| | 2015 RMB'000 | 2014 RMB'000 |
| Carrying amount repayable*: | | |
| Within one year | 12,540,078 | 12,167,171 |
| More than one year, but not exceeding two years | 7,937,138 | 9,865,879 |
| More than two years, but not exceeding three years | 2,501,146 | 3,095,363 |
| More than three years, but not exceeding four years | 1,791,131 | 719,516 |
| More than four years, but not exceeding five years | 875,750 | 570,615 |
| More than five years | 1,789,500 | 804,750 |
| | 27,434,743 | 27,223,294 |
| Less: Amounts due within one year shown under current liabilities | (12,540,078) | (12,167,171) |
| Amounts shown under non-current liabilities | 14,894,665 | 15,056,123 |

* The amounts due are based on scheduled repayment dates set out in the loan agreements.

Bank and other borrowings can be further analysed as follows:

| | 2015 RMB'000 | 2014 RMB'000 |
|---------------|-------------------|-----------------|
| Fixed-rate | 10,973,296 | 9,597,644 |
| Variable-rate | 16,461,447 | 17,625,650 |
| | 27,434,743 | 27,223,294 |

Notes to the Consolidated Financial Statements

For the year ended 31 December 2015

28. Bank and Other Borrowings (continued)

Interest on variable-rate bank and other borrowings is based on:

| | 2015 RMB'000 | 2014 RMB'000 |
|---|-------------------|-----------------|
| The People's Bank of China benchmark rate | 10,609,285 | 11,638,688 |
| London Interbank Offered Rate | 5,852,162 | 5,986,962 |
| | 16,461,447 | 17,625,650 |

The average interest rates were as follows:

| | 2015 | 2014 |
|-------------|--------|--------|
| Bank loans | 6.43% | 6.66% |
| Other loans | 10.24% | 10.51% |

Bank and other borrowings that are denominated in currencies other than the functional currency of the respective group entities are set out below:

| | USD RMB'000 |
|------------------------|----------------|
| As at 31 December 2015 | 5,852,162 |
| As at 31 December 2014 | 5,986,962 |

At the end of the reporting period, certain bank loans are guaranteed by the following companies:

| | 2015 RMB'000 | 2014 RMB'000 |
|--|-----------------|-----------------|
| Secured bank loans: | | |
| Non-controlling shareholders of subsidiaries | 980,000 | 186,200 |
| Independent third parties | 1,391,420 | 360,000 |
| Unsecured bank loans: | | |
| Non-controlling shareholders of subsidiaries | 225,000 | – |
| Independent third parties | 209,000 | 195,500 |

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29. Senior Notes

2018 USD Notes – Unsecured

On 4 February 2013, the Company issued senior notes with an aggregate principal amount of USD400,000,000 at 100% of face value (the “2018 USD Notes”), which are listed on the Stock Exchange. The 2018 USD Notes carry interest at the rate of 8.5% per annum payable semi-annually in arrears. The net proceeds, after deduction of direct issuance costs, amounted to approximately USD394,626,000 (approximately RMB2,480,617,000). The 2018 USD Notes will mature on 4 February 2018.

On 26 March 2013, the Company issued additional USD senior notes with an aggregate principal amount of USD300,000,000 at 102.5% of face value plus accrued interest that were consolidated and formed a single series with the 2018 USD Notes. These additional USD senior notes are listed on the Stock Exchange and carry the same terms and conditions as the 2018 USD Notes. The net proceeds, after deduction of direct issuance costs, amounted to approximately USD308,515,000 (approximately RMB1,934,851,000).

The principal terms of the 2018 USD Notes are disclosed in the Group’s 2013 consolidated financial statements.

On 11 August 2015, the Company has exchanged USD139,034,000 of the principal amount of 2018 USD Notes (approximately RMB850,360,000), representing approximately 19.86% of the total aggregate principal amount of 2018 USD Notes outstanding with new 2020 USD Notes. After repurchase and cancellation of the exchanged notes, USD560,966,000 (approximately RMB3,430,980,000) of the aggregate principal amount of the 2018 USD Notes remained outstanding.

The 2018 USD Notes contain a liability component and an early redemption option:

- (i) Liability component represents the present value of the contractually determined stream of future cash flows discounted at the prevailing market interest rate at that time applicable to instruments of comparable credit status and providing substantially the same cash flows, on the same terms, but without the embedded derivatives.

The interest charged for the year is calculated by applying an effective interest rate of approximately 8.5% per annum to the liability component since the senior notes were issued.

- (ii) Early redemption option is regarded as an embedded derivative not closely related to the host contract. The directors consider that the fair value of the early redemption option is RMB148,965,000 on 31 December 2015. The fair value of the early redemption option in 2014 assessed to be immaterial.

The movements of 2018 USD Notes during the year are set out below:

| | RMB'000 |
|---------------------------------------|------------------|
| At 1 January 2015 | 4,281,780 |
| Exchange realignment | 213,547 |
| Interest charged during the year | 341,701 |
| Interest paid/payable during the year | (345,072) |
| Principal exchanged during the year | (850,360) |
| At 31 December 2015 | 3,641,596 |

Notes to the Consolidated Financial Statements

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29. Senior Notes (continued)

RMB Notes – Unsecured

On 13 May 2013, the Company issued senior notes with an aggregate principal amount of RMB2,500,000,000 at 100% of face value (the “RMB Notes”), which are listed on the Stock Exchange. The RMB Notes carry interest at the rate of 5.625% per annum payable semi-annually in arrears. The net proceeds, after deduction of direct issuance costs, amounted to approximately RMB2,475,911,000. The RMB Notes will mature on 13 May 2016.

The principal terms of RMB Notes is disclosed in the Group’s 2013 consolidated financial statements.

The movements of RMB Notes during the year are set out below:

| | RMB’000 |
|---------------------------------------|------------------|
| At 1 January 2015 | 2,489,026 |
| Interest charged during the year | 148,655 |
| Interest paid/payable during the year | (140,625) |
| At 31 December 2015 | 2,497,056 |

2019 USD Notes – Unsecured

On 24 September 2013, the Company issued senior notes with an aggregate principal amount of USD300,000,000 at 100% of face value (the “2019 USD Notes”), which are listed on the Stock Exchange. The 2019 USD Notes carry interest at the rate of 8.0% per annum payable semi-annually in arrears. The net proceeds, after deduction of direct issuance costs, amounted to approximately USD296,947,000 (approximately RMB1,826,138,000). The 2019 USD Notes will mature on 24 March 2019.

The principal terms of 2019 USD Notes is disclosed in the Group’s 2013 consolidated financial statements.

On 10 February 2015, the Company issued additional senior notes with an aggregate principal amount of USD200,000,000 at 96.61% of face value plus accrued interest that were consolidated and formed a single series with the 2019 USD Notes. This additional USD senior notes are listed on the Stock Exchange and carry the same terms and conditions as the 2019 USD Notes. The net proceeds, after deduction of direct issuance costs, amounted to approximately USD191,817,000 (approximately RMB1,175,321,000).

On 11 August 2015, the Company has exchanged USD263,459,000 of the principal amount of 2019 USD Notes (approximately RMB1,611,368,000), representing approximately 52.69% of the total aggregate principal amount of 2019 USD Notes outstanding with new 2020 USD Notes. After repurchase and cancellation of the exchanged notes, USD236,541,000 (approximately RMB1,446,732,000) of the aggregate principal amount of the 2019 USD Notes remain outstanding.

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29. Senior Notes (continued)

2019 USD Notes – Unsecured (continued)

The 2019 USD Notes contain a liability component and an early redemption option:

- (i) Liability component represents the present value of the contractually determined stream of future cash flows discounted at the prevailing market interest rate at that time applicable to instruments of comparable credit status and providing substantially the same cash flows, on the same terms, but without the embedded derivatives.

The interest charged for the year is calculated by applying an effective interest rate of approximately 8% per annum to the liability component since the senior notes were issued.

- (ii) Early redemption option is regarded as an embedded derivative not closely related to the host contract. The directors consider that the fair value of the early redemption option is RMB49,721,000 on 31 December 2015. The fair value of the early redemption option in 2014 assessed to be immaterial.

The movements of 2019 USD Notes during the year are set out below:

| | RMB'000 |
|---------------------------------------|------------------|
| At 1 January 2015 | 1,821,323 |
| Issuance of senior notes | 1,175,321 |
| Exchange realignment | 82,281 |
| Interest charged during the year | 203,925 |
| Interest paid/payable during the year | (189,007) |
| Principal exchanged during the year | (1,611,368) |
| At 31 December 2015 | 1,482,475 |

2020 USD Notes – Unsecured

On 11 August 2015, the Company issued senior notes with an aggregate principal amount of USD500,000,000, comprised of (i) notes in the aggregate amount of USD429,698,000 which were issued pursuant to the exchange offer memorandum dated 20 July 2015 in relation to the exchange of the 2018 USD Notes and the 2019 USD Notes into new USD senior notes due 2020 and (ii) notes in the aggregate amount of USD70,302,000 which formed a single series with and have the same terms and conditions as the new USD senior notes due 2020 (collectively, the "2020 USD Notes").

The 2020 USD Notes were issued at 100% of face value and carried interest at the rate of 5.875% per annum payable semi-annually in arrears. No net proceed has been raised from the 2020 USD Notes, after deducting subscription discounts for odd lot of notes and subtracting expenses related to the issuance of the 2020 USD Notes, was approximately USD62,861,000 (approximately RMB391,611,000). The 2020 USD Notes will mature on 11 August 2020.

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29. Senior Notes (continued)

2020 USD Notes – Unsecured (continued)

The principal terms of the 2020 USD Notes are as follows:

- (1) senior in right of payment to any existing and future obligations of the Company expressly subordinated in right of payment to the 2020 USD Notes;
- (2) at least pari passu in right of payment with the RMB Notes, the 2018 USD Notes, the 2019 USD Notes and all other unsecured, unsubordinated indebtedness of the Company (subject to any priority rights of such unsubordinated indebtedness pursuant to applicable law);
- (3) guaranteed by certain offshore subsidiaries on a senior basis, subject to certain limitations;
- (4) have the benefit of the keepwell deed and the deed of undertaking provided by China Communications Construction Group (Limited) (“CCCCG”);
- (5) effectively subordinated to secured obligations of the Company, and its subsidiaries guaranteeing the 2020 USD Notes, to the extent of the value of the assets serving as security therefor; and
- (6) effectively subordinated to all existing and future obligations of the subsidiaries of the Company which do not provide guarantees under the 2020 USD Notes.

At any time and from time to time on or after 11 August 2018, the Company may at its option redeem the 2020 USD Notes, in whole or in part, at a redemption price equal to the percentage of the principal amount set forth below plus accrued and unpaid interest, if any, to (but not including) the redemption date if redeemed during the twelve-month period beginning on 11 August of each of the years indicated below.

| Period | Redemption Price |
|---------------------|-------------------------|
| 2018 | 102.938% |
| 2019 and thereafter | 101.469% |

At any time prior to 11 August 2018, the Company may at its option redeem the 2020 USD Notes, in whole but not in part, at a redemption price equal to 100% of the principal amount of the 2020 USD Notes plus Applicable Premium (as defined below) as of, and accrued and unpaid interest, if any, to (but not including) the redemption date.

“Applicable Premium” means with respect to the 2020 USD Notes at any redemption date, the greater of (1) 1.00% of the principal amount of the 2020 USD Notes and (2) the excess of (A) the present value at such redemption date of (i) the redemption price of the 2020 USD Notes on 11 August 2018 plus (ii) all required remaining scheduled interest payments due on 2020 USD through 11 August 2018 (but excluding accrued and unpaid interest to the redemption date), computed using a discount rate equal to the adjusted treasury rate, the rate per annum equal to the semi-annual equivalent yield in maturity of the comparable US treasury security, plus 100 basis points, over (B) the principal amount of 2020 USD Notes on such redemption date.

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For the year ended 31 December 2015

29. Senior Notes (continued)

2020 USD Notes – Unsecured (continued)

At any time and from time to time prior to August 11, 2018, the Company may redeem up to 35.0% of the aggregate principal amount of the 2020 USD Notes with the net cash proceeds of one or more sales of ordinary shares of the Company in an equity offering at a redemption price of 105.875% of the principal amount of the 2020 USD Notes, plus accrued and unpaid interest, if any, to (but not including) the redemption date, provided that at least 65.0% of the aggregate principal amount of the 2020 USD Notes issued on the original issue date remains outstanding after each such redemption and any such redemption takes place within 60 days after the closing of the related equity offering.

The 2020 USD Notes contain a liability component and an early redemption option:

- (i) Liability component represents the present value of the contractually determined stream of future cash flows discounted at the prevailing market interest rate at that time applicable to instruments of comparable credit status and providing substantially the same cash flows, on the same terms, but without the embedded derivatives.

The interest charged for the year is calculated by applying an effective interest rate of approximately 5.875% per annum to the liability component since the senior notes were issued.

- (ii) Early redemption option is regarded as an embedded derivative not closely related to the host contract. The directors consider that the fair value of the early redemption option is RMB59,308,000 on 31 December 2015.

The movements of 2020 USD notes during the year are set out below:

| | RMB'000 |
|---------------------------------------|------------------|
| Fair value at the dates of issuance | 2,853,339 |
| Exchange realignment | 171,167 |
| Interest charged during the year | 89,650 |
| Interest paid/payable during the year | (74,710) |
| At 31 December 2015 | 3,039,446 |

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For the year ended 31 December 2015

29. Senior Notes (continued)

The summary of movements of all senior notes during the year is set out below:

| | RMB'000 |
|---------------------------------------|-------------------|
| At 1 January 2015 | 8,592,129 |
| Fair value at the dates of issuance | 4,028,660 |
| Exchange realignment | 466,995 |
| Interest charged during the year | 783,931 |
| Interest paid/payable during the year | (749,414) |
| Principal exchanged during the year | (2,461,728) |
| At 31 December 2015 | 10,660,573 |

All of the senior notes contain early redemption options. Early redemption options are regarded as embedded derivatives not closely related to the host contracts. The directors consider that the fair value of the early redemption options is RMB257,994,000 on 31 December 2015.

30. Corporate Bonds

On 28 August 2015, Greentown Real Estate Group Co., Ltd (the "Issuer"), a wholly-owned subsidiary of the Group, issued the first tranche of corporate bonds with an aggregate principal amount of RMB3,000,000,000 at 100% of face value (the "First Bonds") which are listed on Shanghai Stock Exchange. The First Bonds carry interest at the rate of 4.7% per annum payable semi-annually in arrears. The net proceeds, after deduction of direct issuance costs, amounted to RMB2,952,000,000. The First Bonds will mature on 27 August 2020.

On 18 September 2015, the Issuer issued the second tranche of the corporate bonds in an aggregate amount of RMB4,000,000,000 at 100% of face value comprising (i) RMB2,000,000,000 with a term of five years and an annual coupon rate of 4.40% (the "Five-year Bonds"), and (ii) RMB2,000,000,000 with a term of seven years and an annual coupon rate of 5.16% (the "Seven-year Bonds", together with the Five-year Bonds, the "Second Bonds"). The net proceeds, after deduction of direct issuance costs, amounted to RMB3,940,000,000. The Five-year Bonds will mature on 16 September 2020. The Seven-year Bonds will mature on 16 September 2022.

The Issuer shall be entitled to adjust the coupon rate and the investors shall be entitled to sell back the First Bonds and Five-year Bonds at the end of the third year and the Seven-year Bonds at the end of the fifth year, respectively.

The principal terms of the corporate bonds are as follows:

- (i) the First Bonds and Five-year Bonds have fixed interest rate in the first three years. At the end of the third year, the Issuer has the right to adjust the coupon rate of the remaining outstanding bonds ("Coupon Rate Adjustment Right"). If the Issuer chooses to exercise the Coupon Rate Adjustment Right, the new fixed coupon rate for the remaining two years will be the coupon rate of the first three years plus adjusting basis points;
- (ii) the Seven-year Bonds have fixed interest rate in the first five years. At the end of the fifth year, the Issuer has the right to exercise the Coupon Rate Adjustment Right. If the Issuer chooses to do so, the new fixed coupon rate for the remaining two years will be the coupon rate of the first three years plus adjusting basis points;

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For the year ended 31 December 2015

30. Corporate Bonds (continued)

- (iii) the investors of the First Bonds and Five-year Bonds have option to sell back the bonds, in whole or in parts, at a redemption price equal to 100% of the principal amount of the bonds plus accrued and unpaid interest, if any, to (but not including) the redemption date when the Issuer issues the announcement concerning whether to adjust the coupon rate of the bonds at the end of the third year;
- (iv) the investors of the Seven-Year Bonds have option to sell back the bonds, in whole or in parts, at a redemption price equal to 100% of the principal amount of the bonds plus accrued and unpaid interest, if any, to (but not including) the redemption date when the Issuer issues the announcement concerning whether to adjust the coupon rate of the bonds at the end of the fifth year.

Further details of the corporate bonds are published on the website of the Shanghai Stock Exchange (www.sse.com.cn).

The corporate bonds contain a liability component and a written put option:

- (i) Liability component represents the present value of the contractually determined stream of future cash flows discounted at the prevailing market interest rate at that time applicable to instruments of comparable credit status and providing substantially the same cash flows, on the same terms.

The interest charged for the year is calculated by applying an effective interest rate of approximately 4.76% per annum to the liability component since the corporate bonds were issued.

- (ii) Written put option is regarded as an embedded derivative closely related to the economic characteristics and risks of the host contract, therefore, the written put option is not separated from the liability component.

As at 31 December 2015, the Group has had no plan nor intention to exercise the Coupon Rate Adjustment Right of the corporate bonds, therefore the interest expense for the year was calculated using the original coupon rates of the corporate bonds.

The movements of corporate bonds during the year are set out below:

| | RMB'000 |
|---------------------------------------|------------------|
| Fair value at the date of issuance | 6,892,000 |
| Interest charged during the year | 111,192 |
| Interest paid/payable during the year | (104,725) |
| At 31 December 2015 | 6,898,467 |

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31. Share Capital

| | Number of Shares | Share Capital HKD'000 |
|--|----------------------|-----------------------------|
| <i>Authorised</i> | | |
| Ordinary shares of HKD0.10 each At 31 December 2014 and 2015 | 10,000,000,000 | 1,000,000 |
| <i>Issued and fully paid</i> | | |
| Ordinary shares of HKD0.10 each At 1 January 2014 | 2,158,500,690 | 215,850 |
| Exercise of share options | 2,447,000 | 245 |
| At 31 December 2014 | 2,160,947,690 | 216,095 |
| Exercise of share options | 1,472,000 | 147 |
| At 31 December 2015 | 2,162,419,690 | 216,242 |
| | | RMB'000 |
| Shown on the consolidated statement of financial position | | |
| As at 31 December 2015 | | 208,967 |
| As at 31 December 2014 | | 208,850 |

All shares issued during the year rank pari passu with other shares in issue in all respects.

32. Perpetual Securities

On 28 January 2014 (the "Issue Date"), Moon Wise Global Limited ("Moon Wise"), a wholly-owned subsidiary of the Company, issued USD denominated subordinated perpetual capital securities ("Perpetual Securities") with an aggregate principal amount of USD500,000,000. The Company has agreed to guarantee on a subordinated basis the due payment of all sums expressed to be payable by Moon Wise under the Perpetual Securities.

The Perpetual Securities confer the holders a right to receive distribution at the applicable distribution rate from the Issue Date semi-annually in arrears. The distribution rate shall be (i) in respect of the period from, and including the Issue Date to, but excluding the 5th anniversary from the Issue Date (the "First Call Date"), 9% per annum and (ii) in respect of the periods (A) from and including the First Call Date to, but excluding the immediately following reset date and (B) from, and including, each reset date falling after the First Call Date to, but excluding, the immediately following reset date, the initial spread of 7.373% plus the applicable 5-year U.S. treasury rate plus 5% per annum. A reset date is defined as the First Call Date and each day falling on the expiry of every five calendar years after the First Call Date. The applicable 5-year U.S. treasury rate refers to the prevailing rate that represents the average for the week immediately prior to the date on which the reset is calculated as published by the Board of Governors of the U.S. Federal Reserve.

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32. Perpetual Securities (continued)

Moon Wise may at its sole discretion elect to defer any scheduled distribution to the next scheduled distribution payment date by giving prior written notice. Moon Wise may further defer any arrears of distribution following the foregoing notice requirement and is not subject to any limits as to the number of times distributions and arrears of distribution can be deferred. Unless and until (i) Moon Wise or the Company satisfies in full all outstanding arrears of distribution and any additional distribution amount or (ii) it is permitted by a resolution passed by a majority of not less than three quarters of the votes casted at a duly convened meeting of the holders of the Perpetual Securities, Moon Wise and the Company shall not declare or pay any dividends, distributions or make payment on, and will procure that no dividend or other payment is made on or redeem, reduce, cancel, buy-back or acquire for any consideration any share capital thereof (including preference shares) or parity securities.

As the Perpetual Securities only impose contractual obligations on the Group to repay principal or to pay any distributions under certain circumstances which are at the Group's discretion, they have in substance confer the Group an unconditional right to avoid delivering cash or other financial asset to settle contractual obligations, therefore they do not meet the definition for classification as financial liabilities under IAS 32 Financial Instruments: Presentation. As a result, the whole instrument is classified as equity, and distributions if and when declared are treated as equity dividends.

Distribution of RMB275,715,000 for the year ended 31 December 2015 (2014: RMB138,650,000) has been provided and paid by the Company.

The net proceeds of the Perpetual Securities was used to replace the convertible securities issued in June 2012 ("Convertible Securities") and for general working capital purposes. The principal terms and conditions of the Convertible Securities is disclosed in the Group's 2013 consolidated financial statements. The Convertible Securities has been redeemed on 20 February 2014 at a premium and a final distribution of RMB99,896,000 has been paid by the Company.

33. Acquisition of Subsidiaries

Particulars of the subsidiaries acquired during 2015 were as follows:

| Acquired Company | Principal Activities | Acquisition Date | Equity Interest Acquired | Consideration RMB'000 |
|--|-------------------------|------------------|--------------------------|--------------------------|
| 北京藍城房地產開發有限公司 Beijing Bluetown Real Estate Development Co., Ltd. ("Beijing Bluetown") (Note (i)) | Project management | 1 January 2015 | 60% | 256 |
| 柳州綠城投資有限公司 Liuzhou Greentown Investment Co., Ltd. ("Liuzhou Greentown") (Note (ii)) | Investment holding | 30 April 2015 | 60% | 18,000 |
| 柳州綠城房地產開發有限公司 Liuzhou Greentown Real Estate Development Co., Ltd. ("Liuzhou Greentown Development") (Note (ii)) | Real estate development | 30 April 2015 | 60% | – |

Notes to the Consolidated Financial Statements

For the year ended 31 December 2015

33. Acquisition of Subsidiaries (continued)

Particulars of the subsidiaries acquired during 2015 were as follows: (continued)

| Acquired Company | Principal Activities | Acquisition Date | Equity Interest Acquired | Consideration RMB'000 |
|---|----------------------------|------------------|--------------------------------|--------------------------|
| 臨安金基房地產開發有限公司 Linan Jinji Real Estate Development Co., Ltd. ("Lin'an Jinji") (Note (iii)) | Real estate development | 31 May 2015 | 51% | 72,360 |
| 上海華浙外灘置業有限公司 Huazhe Bund (Note (iv)) | Real estate development | 30 June 2015 | 51% | 1,970,285 |
| 綠城時代城市建設發展有限公司 Greentown Shidai (Note (v)) | Project management | 8 September 2015 | 92% | 294,000 |
| 綠城房地產建設管理集團有限公司 Greentown Construction Management Group (Note (vi)) | Project management | 1 September 2015 | 100% | 625,450 |
| 浙江宏順房地產開發有限公司 Zhejiang Hongshun Real Estate Development Co., Ltd. ("Zhejiang Hongshun") (Note (vii)) | Real estate development | 18 December 2015 | 65% | 47,268 |
| 杭州泰旭投資管理有限公司 Hangzhou Taixu Investment Management Co., Ltd. ("Hangzhou Taixu") (Note (viii)) | Investment holding | 18 December 2015 | 100% | 100 |
| | | | | 3,027,719 |

Notes to the Consolidated Financial Statements

For the year ended 31 December 2015

33. Acquisition of Subsidiaries (continued)

Particulars of the subsidiaries acquired during 2015 were as follows: (continued)

Notes:

- (i) Bluetown Property Construction Management Group Co., Ltd. ("Bluetown Property Construction Management"), a 35.4%-owned subsidiary of the Company, acquired 60% equity interest of Beijing Bluetown. The Group acquired Beijing Bluetown so as to continue the expansion of the Group's project management.
- (ii) Greentown Real Estate injected cash to obtain 60% equity interest in Liuzhou Greentown. Liuzhou Greentown Development is a wholly-owned subsidiary of Liuzhou Greentown, therefore was also acquired by the Group. The Group acquired Liuzhou Greentown and Liuzhou Greentown Development so as to continue the expansion of the Group's property development operation.
- (iii) Hangzhou Greentown Zhizhen Investment Co., Ltd., a wholly-owned subsidiary of the Company acquired 51% equity interest of Lin'an Jinji. The Group acquired Lin'an Jinji so as to continue the expansion of the Group's property development operation.
- (iv) Greentown Real Estate acquired the return on investment in respect of 51% equity interests of Shanghai Huazhe Bund. The Group acquired Huazhe Bund so as to continue the expansion of the Group's property development operation. For details please refer to note 41(v).
- (v) Greentown Real Estate acquired additional 92% equity interest of Greentown Shidai. The Group previously held an 8% equity interest in Greentown Shidai and classified the investments as available-for-sale investments measured at cost. The Group acquired Greentown Shidai so as to continue the expansion of the Group's project management.
- (vi) Greentown Real Estate, a wholly-owned subsidiary of the Company acquired 100% equity interest of Greentown Construction Management Group. The Group acquired Greentown Construction Management Group so as to continue the expansion of the Group's project management.
- (vii) Hangzhou Greentown Zhizhen Investment Co., Ltd., a wholly-owned subsidiary of the Company acquired additional 15% and 50% equity interest of Zhejiang Hongshun from a non-controlling shareholder and other independent third parties respectively. Hangzhou Zhizhen previously held a 15% equity interest in Zhejiang Hongshun and classified the investments as available-for-sale investments measured at cost. The Group acquired Zhejiang Hongshun so as to continue the expansion of the Group's property development operation.
- (viii) Hangzhou Zhenquan Investment Co., Ltd., a wholly-owned subsidiary of the Company acquired 100% equity interest of Hangzhou Taixu so as to continue the expansion of the Group's property development operation.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2015

33. Acquisition of Subsidiaries (continued)

Particulars of the subsidiaries acquired during 2014 were as follows:

| Acquired Company | Principal Activities | Acquisition Date | Effective Equity Interest Acquired | Consideration RMB'000 |
|--|-------------------------|------------------|------------------------------------|--------------------------|
| 馬鞍山偉華置業發展有限公司 Ma'anshan Weihua Property Development Co., Ltd. ("Ma'anshan Weihua") (Note (i)) | Real estate development | 27 Feb 2014 | 70% | 74,200 |
| 麒愉有限公司 Magic Delight Limited ("Magic Delight") (Note (ii)) | Investment holding | 27 March 2014 | 50% | – |
| 杭州綠城九龍倉置業有限公司 Hangzhou Greentown Wharf Property Co., Ltd. ("Hangzhou Greentown Wharf") (Note (ii)) | Real estate development | 27 March 2014 | 50% | – |
| 杭州綠城錦玉置業有限公司 Greentown Jinyu Property Co., Ltd. ("Hangzhou Jinyu") (Note (iii)) | Real estate development | 30 May 2014 | 50% | 147,370 |
| 杭州余杭綠城藍庭護理院 Hangzhou Yuhang Greentown Lanting Nursing Home ("Lanting Nursing Home") (Note (iv)) | Health care | 4 July 2014 | 85% | 1,500 |
| 杭州余杭綠城藍庭老年頤養公寓 Hangzhou Yuhang Greentown Lanting Elderly Apartment ("Lanting Elderly Apartment") (Note (v)) | Health care | 4 July 2014 | 85% | 300 |
| 杭州西郊農莊有限公司 Hangzhou Western Suburbs Farm Co., Ltd. ("Western Suburbs Farm") (Note (vi)) | Agriculture | 25 Sept 2014 | 100% | 10,000 |
| | | | | 233,370 |

Notes to the Consolidated Financial Statements

For the year ended 31 December 2015

33. Acquisition of Subsidiaries (continued)

Particulars of the subsidiaries acquired during 2014 were as follows: (continued)

Notes:

- (i) Greentown Real Estate acquired 70% equity interest of Ma'anshan Weihua. The Group acquired Ma'anshan Weihua so as to continue the expansion of the Group's property development operation.
- (ii) Onnex Limited, a wholly-owned subsidiary of the Company, acquired 50% equity interest of Magic Delight. Magic Delight became a subsidiary of the Group because the Group has the right to appoint majority of directors of Magic Delight and hence the power over Magic Delight and has the ability to use its power to affect its returns. Hangzhou Greentown Wharf is a wholly-owned subsidiary of Magic Delight, therefore was also acquired by the Group. The Group acquired Magic Delight and Hangzhou Greentown Wharf so as to continue the expansion of the Group's property development operation.
- (iii) Greentown Real Estate acquired additional 50% equity interest of Greentown Jinyu in 2014. Greentown Jinyu was previously a 35%-owned associate of the Group. The Group acquired additional 50% equity interest so as to continue the expansion of the Group's property development operation.
- (iv) Hangzhou Yuhang Jinteng Real Estate Development Co., Ltd. ("Yuhang Jinteng"), an 85%-owned subsidiary of the Company acquired 100% equity interest of Lanting Nursing Home in 2014.
- (v) Yuhang Jinteng, an 85%-owned subsidiary of the Company acquired 100% equity interest of Lanting Elderly Apartment in 2014.
- (vi) Hangzhou Nuozen Investment Co., Ltd., a newly established wholly-owned subsidiary of the Company acquired 100% equity interest of Western Suburbs Farm in 2014.

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33. Acquisition of Subsidiaries (continued)

A summary of the effects of the acquisition of these subsidiaries is as follows:

| | Huazhe Bund RMB'000 | Other companies RMB'000 | 2015 total RMB'000 | 2014 RMB'000 |
|---|------------------------|----------------------------|-----------------------|-----------------|
| Net assets acquired: | | | | |
| Property, plant and equipment | 1,623 | 9,925 | 11,548 | 3,231 |
| Prepaid lease payment | – | – | – | 44,416 |
| Deferred tax assets | 85,793 | 29,796 | 115,589 | 18,830 |
| Available-for-sale investments | – | 23,540 | 23,540 | – |
| Properties for development | – | 110,121 | 110,121 | 1,461,330 |
| Properties under development | 10,942,250 | 840,278 | 11,782,528 | 4,651,022 |
| Inventories | – | – | – | 1,437 |
| Completed properties for sale | 218,000 | 415,249 | 633,249 | – |
| Trade and other receivables, deposits and prepayments | 7,622 | 208,748 | 216,370 | 30,776 |
| Amounts due from related parties | 352,337 | 75,951 | 428,288 | 15 |
| Prepaid income taxes | 139,997 | 2,105 | 142,102 | 154,835 |
| Prepaid other taxes | 138,645 | 4,147 | 142,792 | 213,614 |
| Bank balances and cash | 729,925 | 105,258 | 835,183 | 239,985 |
| Deferred tax liability | (3,695,391) | – | (3,695,391) | – |
| Trade and other payables | (366,322) | (430,829) | (797,151) | (148,220) |
| Pre-sale deposits | (2,274,664) | (5,100) | (2,279,764) | (4,060,190) |
| Amounts due to related parties | (17,036) | (836,602) | (853,638) | (468,903) |
| Income taxes payable | (404,565) | (39,241) | (443,806) | (3,129) |
| Other taxes payable | (73,043) | (5,692) | (78,735) | (1) |
| Bank and other borrowings | (1,616,095) | (100,000) | (1,716,095) | (1,724,681) |
| | 4,169,076 | 407,654 | 4,576,730 | 414,367 |
| Goodwill | – | 769,241 | 769,241 | 900 |
| Non-controlling interests | (2,198,791) | (98,219) | (2,297,010) | (77,375) |
| | 1,970,285 | 1,078,676 | 3,048,961 | 337,892 |
| Less: | | | | |
| Transferred from interests previously held and classified as associates/available-for-sale investments | – | (19,000) | (19,000) | (65,963) |
| Gain on re-measurement of associates to acquisition date fair value in business combination achieved in stages (Note i) | – | – | – | (37,196) |
| Gain on acquisition of a subsidiary (Note ii) | – | (2,242) | (2,242) | (1,363) |
| | 1,970,285 | 1,057,434 | 3,027,719 | 233,370 |
| Total consideration, satisfied by: | | | | |
| Cash | 1,970,285 | 935,233 | 2,905,518 | 233,370 |
| Consideration payable | – | 122,201 | 122,201 | – |
| | 1,970,285 | 1,057,434 | 3,027,719 | 233,370 |
| Net cash flow arising on acquisition | | | | |
| Cash paid | (1,970,285) | (935,233) | (2,905,518) | (233,370) |
| Bank balances and cash acquired | 729,925 | 105,258 | 835,183 | 239,985 |
| | (1,240,360) | (829,975) | (2,070,335) | 6,615 |

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33. Acquisition of Subsidiaries (continued)

Goodwill arising on acquisition in 2015:

| | RMB'000 |
|---|-----------|
| Consideration transferred | 919,450 |
| Add: | |
| Transferred from interests previously held and classified as available-for-sale investments | 6,246 |
| Less: net assets acquired | (156,455) |
| | 769,241 |

Note:

- i. The Group's 35% equity interest in Greentown Jinyu, which was previously accounted for as an associate, was remeasured to its fair value upon acquisition, resulting in a gain of RMB37,196,000 in 2014.
- ii. The acquisition of Magic Delight and Hangzhou Greentown Wharf was completed with a consideration of HKD1, resulting in a gain of RMB1,363,000 in 2014. The acquisition of Greentown Shidai results in a gain in 2015.

The acquisition of the subsidiaries has been accounted for using the acquisition method. The effect of the acquisitions was presented together as the assets and liabilities acquired from Beijing Bluetown, Liuzhou Greentown, Liuzhou Greentown Development, Lin'an Jinji, Greentown Shidai, Greentown Construction Management Group, Zhejiang Hongshun, Hangzhou Taixu were not material in comparison to the assets and liabilities acquired from Huazhe Bund.

The receivables acquired (which principally comprised trade and other receivables, deposits and prepayments, amounts due from related parties) with a fair value of RMB644,658,000 at the date of acquisition had gross contractual amounts of RMB644,658,000, which were expected to be fully collected.

The non-controlling interest recognised at the acquisition date was measured by reference to the proportionate share of the recognised amounts of net assets of subsidiaries and amounted to RMB2,297,010,000.

The subsidiaries contributed RMB170,695,000 in revenue to the Group between the date of acquisition and the end of the period while Liuzhou Greentown, Liuzhou Greentown Development, Zhejiang Hongshun and Hangzhou Taixu did not contribute any revenue.

The losses attributable to the subsidiaries amounted to RMB33,587,000 has been recognised in the Group's profit for the year between the date of acquisition and the end of the period. The profits attributable to the subsidiaries amounted to RMB43,066,000 has been recognised in the Group's profit for the year between the date of acquisition and the end of the period.

Had the acquisition of the subsidiaries been effected at 1 January 2015, the effect on the Group's revenue and profit for the year ended 31 December 2015 have been RMB587,739,000 and RMB63,135,000.

Acquisition-related costs were immaterial and had been excluded from the consideration transferred and had been recognised as an expense in the current year, within the administrative expenses line item in the consolidated statement of profit or loss and other comprehensive income.

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34. Disposal of Subsidiaries

On 9 February 2015, the Group disposed of its entire 55% equity interest in Beijing Greentown Changxin Property Co., Ltd. ("Beijing Changxin") to a non-controlling shareholder for a cash consideration of approximately RMB11,000,000.

On 15 February 2015, Bluetown Property Construction Management disposed of its 66% equity interest in Greentown East Construction Management Co., Ltd. ("East Construction Management") to three independent third parties for a cash consideration of RMB33,000,000. Bluetown Property Construction Management retained 34% equity interest in East Construction Management and East Construction Management is accounted for as an associated after the disposal.

On 30 June 2015, the Group disposed of its 53% equity interest in Hangzhou Nuoqian Investment Management Co., Ltd. ("Hangzhou Nuoqian") to an independent third party for a cash consideration of RMB10,600,000. The remaining 47% equity interest in Hangzhou Nuoqian is accounted for as an associate.

On 30 June 2015, the Group disposed of its entire 50% equity interest in Shanghai Forest Golf, a 50%-owned subsidiary, to Sunac Zhidi, a wholly-owned subsidiary of Sunac China, for a cash consideration of RMB104,540,000. The disposal is part of Framework Agreement entered into between the Company and Sunac China, please refer to note 41(v) for more details.

A summary of the effects of the disposal of these subsidiaries is as follows:

| | 2015 RMB'000 |
|---|-----------------|
| Net assets disposed of: | |
| Property, plant and equipment | 18,628 |
| Interest in joint ventures | 295,036 |
| Deferred tax assets | 51,347 |
| Properties for development | 12,500 |
| Completed properties for sale | 148,016 |
| Inventories | 531 |
| Trade and other receivables, deposits and prepayments | 108,369 |
| Amounts due from related parties | 2,006,820 |
| Prepaid income taxes | 162,425 |
| Prepaid other taxes | 56,901 |
| Bank balances and cash | 16,287 |
| Pre-sale deposits | (160,526) |
| Trade and other payables | (178,956) |
| Amounts due to related parties | (1,653,770) |
| Income taxes payables | (534,585) |
| Other taxes payables | (54,157) |
| Non-controlling interests | (113,682) |
| | 181,184 |
| Net gain on disposal of subsidiaries | 2,906 |
| Total consideration | 184,090 |
| Satisfied by: | |
| Cash received | 159,140 |
| Retained interests accounted for as associates | 24,950 |
| Total consideration | 184,090 |
| Net cash inflow arising on disposal: | |
| Cash received | 159,140 |
| Bank balances and cash disposed of | (16,287) |
| | 142,853 |

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35. Operating Leases

The Group as Lessee

| | 2015 RMB'000 | 2014 RMB'000 |
|--|-----------------|-----------------|
| Minimum lease payments made under operating leases in respect of buildings during the year | 110,138 | 104,860 |

At the end of the reporting period, the Group had commitments for future minimum lease payments under non-cancellable operating leases which fall due as follows:

| | 2015 RMB'000 | 2014 RMB'000 |
|---------------------------------------|-----------------|-----------------|
| Within one year | 36,354 | 41,632 |
| In the second to fifth year inclusive | 67,676 | 78,417 |
| After the 5th year | 2,339 | – |
| | 106,369 | 120,049 |

Operating lease payments represent rentals payable by the Group for certain office premises. Leases are negotiated for a term ranging from 1 to 6 years with fixed rentals.

The Group as Lessor

| | 2015 RMB'000 | 2014 RMB'000 |
|---|-----------------|-----------------|
| Property rental income, net of negligible outgoings | 137,298 | 135,072 |

At the end of the reporting period, the Group had contracted with tenants for the following future minimum lease payments:

| | 2015 RMB'000 | 2014 RMB'000 |
|---------------------------------------|-----------------|-----------------|
| Within one year | 19,473 | 54,158 |
| In the second to fifth year inclusive | 60,583 | 29,194 |
| After five years | 43,308 | 30,957 |
| | 123,364 | 114,309 |

Property rental income represents rentals receivable by the Group. Leases are negotiated for a term ranging from 1 to 15 years with fixed rentals.

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36. Commitments

| | 2015 RMB'000 | 2014 RMB'000 |
|---|-----------------|-----------------|
| Commitments contracted for but not provided in the consolidated financial statements in respect of: | | |
| Properties for development and properties under development and construction in progress | 16,465,147 | 13,786,137 |

In addition to the above, the Group's share of the commitments of its joint ventures are as follows:

| | 2015 RMB'000 | 2014 RMB'000 |
|---|-----------------|-----------------|
| Contracted for but not provided in respect of properties for development and properties under development | 2,039,176 | 6,968,762 |

37. Share-Based Payment Transactions

The Company's share option scheme (the "Scheme") was adopted pursuant to the shareholders' resolution passed on 22 June 2006 for the primary purpose of providing incentives and/or reward to directors and employees of the Group and will expire on 21 June 2016. Under the Scheme, the Board of Directors of the Company may grant options to eligible employees, including directors of the Company and its subsidiaries, to subscribe for shares in the Company.

The total number of shares in respect of which options may be granted under the Scheme is not permitted to exceed 10% of the shares of the Company in issue at any point in time, without prior approval from the Company's shareholders. The number of shares issued and to be issued in respect of which options granted and may be granted to any individual in any one year is not permitted to exceed 1% of the shares of the Company in issue at any point in time, without prior approval from the Company's shareholders. Options granted to independent non-executive directors and substantial shareholders of the Company in excess of 0.1% of the Company's share capital or with a value in excess of HKD5 million must be approved in advance by the Company's shareholders.

Options may be exercised at any time from the date of grant of the share option to the expiry of the Scheme, unless otherwise specified in the Scheme. The exercise price is determined by the directors of the Company, and will not be less than the higher of (i) the closing price of the Company's shares on the date of grant; (ii) the average closing price of the share for the five business dates immediately preceding the date of grant; and (iii) the nominal value of the Company's shares.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2015

37. Share-Based Payment Transactions (continued)

Details of specific categories of options granted in 2009 are as follows:

| | Date of Grant | Vesting Period | Exercise Period | Exercise Price | Fair Value |
|-------|----------------------|-----------------------|------------------------|-----------------------|-------------------|
| 2009A | 22/1/2009 | 22/1/2009-21/1/2011 | 22/1/2009-21/1/2019 | HK\$2.89 | HK\$1.19 |
| 2009B | 13/5/2009 | 13/5/2009-12/5/2012 | 13/5/2009-12/5/2019 | HK\$7.16 | HK\$3.41 |
| 2009C | 22/6/2009 | 22/6/2009-21/6/2011 | 22/6/2009-21/6/2019 | HK\$11.00 | HK\$4.71 |
| 2009D | 17/7/2009 | 17/7/2009-16/7/2011 | 17/7/2009-16/7/2019 | HK\$11.59 | HK\$4.17 |

The closing prices of the Company's shares on 22 January, 13 May, 22 June and 17 July 2009, the dates of grant, were HK\$2.75, HK\$7.16, HK\$11.00 and HK\$11.52 respectively.

The share options are exercisable during the following periods:

2009A

- (i) up to 50% of the share options granted to each grantee from 22 January 2009;
- (ii) up to 75% of the share options granted to each grantee at any time after the expiration of 12 months from 22 January 2009; and
- (iii) all the remaining share options granted to each grantee at any time after the expiration of 24 months from 22 January 2009, and in each case, not later than 21 January 2019.

2009B

- (i) up to 33% of the share options granted to each grantee from 13 May 2009;
- (ii) up to 67% of the share options granted to each grantee at any time after the expiration of 24 months from 13 May 2009; and
- (iii) all the remaining share options granted to each grantee at any time after the expiration of 36 months from 13 May 2009, and in each case, not later than 12 May 2019.

2009C

- (i) up to 50% of the share options granted to each grantee from 22 June 2009;
- (ii) up to 75% of the share options granted to each grantee at any time after the expiration of 12 months from 22 June 2009; and
- (iii) all the remaining share options granted to each grantee at any time after the expiration of 24 months from 22 June 2009, and in each case, not later than 21 June 2019.

2009D

- (i) up to 50% of the share options granted to each grantee from 17 July 2009;
- (ii) up to 75% of the share options granted to each grantee at any time after the expiration of 12 months from 17 July 2009; and
- (iii) all the remaining share options granted to each grantee at any time after the expiration of 24 months from 17 July 2009, and in each case, not later than 16 July 2019.

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For the year ended 31 December 2015

37. Share-Based Payment Transactions (continued)

The following table discloses movements of the Company's share options held by directors and employees during the year:

| Option Type | Outstanding at 1/1/2015 | Exercised During Year | Forfeited During Year | 31/12/2015 |
|------------------------------------|------------------------------------|----------------------------------|----------------------------------|-------------------|
| 2009A | 9,622,000 | (1,472,000) | – | 8,150,000 |
| 2009B | 3,359,000 | – | – | 3,359,000 |
| 2009C | 29,449,000 | – | (211,000) | 29,238,000 |
| 2009D | 15,000,000 | – | – | 15,000,000 |
| | 57,430,000 | (1,472,000) | (211,000) | 55,747,000 |
| Exercisable at the end of the year | | | | 55,747,000 |
| Weighted average exercise price | HK\$9.57 | HK\$2.89 | HK\$11.00 | HK\$9.74 |

| Option type | Outstanding at 1/1/2014 | Exercised During Year | Forfeited During Year | 31/12/2014 |
|------------------------------------|------------------------------------|----------------------------------|----------------------------------|-------------------|
| 2009A | 12,122,000 | (2,447,000) | (53,000) | 9,622,000 |
| 2009B | 3,359,000 | – | – | 3,359,000 |
| 2009C | 29,576,500 | – | (127,500) | 29,449,000 |
| 2009D | 15,000,000 | – | – | 15,000,000 |
| | 60,057,500 | (2,447,000) | (180,500) | 57,430,000 |
| Exercisable at the end of the year | | | | 57,430,000 |
| Weighted average exercise price | HK\$9.30 | HK\$2.89 | HK\$8.62 | HK\$9.57 |

In respect of the share options exercised during the year, the weighted average share price at the dates of exercise is HK\$8.69 (2014: HK\$8.09).

HK\$1.00 is payable for each acceptance of grant of share options. In addition, (i) in respect of the 2009A share options, certain grantees were required to pay an option premium of HK\$1.00 per share option up front; and (ii) in respect of the 2009C share options, certain grantees were required to pay an option premium of HK\$3.50 per share option in three annual instalments. As at 31 December 2015, share option premiums receivable amounting to RMB62,844,000 (2014: RMB62,844,000) were included in current other receivables according to the payment terms of the share option premiums.

The estimated fair values of the 2009A, 2009B, 2009C and 2009D share options at their respective dates of grant are RMB39,173,000, RMB30,023,000, RMB168,173,000 and RMB55,132,000 respectively.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2015

37. Share-Based Payment Transactions (continued)

The following assumptions were used to calculate the fair values of the share options:

| | 2009A | 2009B | 2009C | 2009D |
|-------------------------|----------|----------|-----------|-----------|
| Grant date share price | HK\$2.75 | HK\$7.16 | HK\$11.00 | HK\$11.52 |
| Exercise price | HK\$2.89 | HK\$7.16 | HK\$11.00 | HK\$11.59 |
| Expected life | 10 years | 10 years | 10 years | 5.1 years |
| Expected volatility | 58% | 59% | 59% | 57% |
| Dividend yield | 2.81% | 2.81% | 4.16% | 4.16% |
| Risk-free interest rate | 1.450% | 2.372% | 2.951% | 1.79% |

The Binomial model has been used to estimate the fair value of the 2009A, 2009B and 2009C share options. The Black-Scholes pricing model has been used to estimate the fair value of the 2009D share options. The variables and assumptions used in computing the fair value of the share options are based on the directors' best estimate. Changes in variables and assumptions may result in changes in the fair value of the share options.

Expected volatility was determined by using the historical volatility of the share price of comparable listed companies over the most recent period. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

38. Pledge of Assets

At the end of the reporting period, the following assets were pledged to banks and other parties to secure credit facilities granted to the Group:

| | 2015 RMB'000 | 2014 RMB'000 |
|-------------------------------|-------------------|-----------------|
| Land and buildings | 14,820 | 15,762 |
| Hotel buildings | 3,238,606 | 3,487,208 |
| Construction in progress | 61,907 | 49,131 |
| Prepaid lease payment | 496,504 | 536,345 |
| Properties for development | 679,031 | 600,577 |
| Properties under development | 14,287,439 | 13,808,752 |
| Completed properties for sale | 3,447,045 | 3,967,235 |
| Investment properties | 1,900,000 | 1,860,000 |
| Pledged bank deposits | 3,358,767 | 1,350,690 |
| Interests in associates | 391,178 | 429,987 |
| Interests in joint ventures | 1,494,720 | 111,491 |
| | 29,370,017 | 26,217,178 |

39. Retirement Benefits Plans

The employees of the Group's subsidiaries in the PRC are members of the state-managed retirement benefits schemes operated by the PRC government. The PRC subsidiaries are required to contribute a certain percentage of payroll costs to the retirement benefits schemes to fund the benefits. The only obligation of the Group with respect to the retirement benefits schemes is to make the specified contributions.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2015

40. Contingent Liabilities

(i) Guarantees

The Group provided guarantees of RMB21,844,799,000 (2014: RMB17,826,248,000) at 31 December 2015 to banks in favour of its customers in respect of the mortgage loans provided by the banks to those customers for the purchase of the Group's developed properties. These guarantees provided by the Group to the banks will be released upon receiving the building ownership certificates of the respective properties by the banks from the customers as a pledge for security to the mortgage loans granted.

The Group also provided guarantees to banks and other parties in respect of credit facilities utilised by the following companies:

| | 2015 RMB'000 | 2014 RMB'000 |
|---------------------------------------|------------------|-----------------|
| <i>Credit guarantees provided to:</i> | | |
| Associates | 3,953,360 | 5,912,621 |
| Joint ventures | 5,435,749 | 1,532,470 |
| Independent third parties | 90,000 | 300,000 |
| | 9,479,109 | 7,745,091 |

| | 2015 RMB'000 | 2014 RMB'000 |
|--|-------------------|-----------------|
| <i>Mortgage and charge guarantees provided to:</i> | | |
| Associates | 572,399 | 804,987 |
| Joint ventures | 903,938 | 423,880 |
| | 1,476,337 | 1,228,867 |
| Total | 10,955,446 | 8,973,958 |

Contingent liabilities arising from interests in associates at the end of the reporting period:

| | 2015 RMB'000 | 2014 RMB'000 |
|--|-----------------|-----------------|
| Share of mortgage loan guarantees provided by associates to banks in favour of its customers | 5,458,643 | 5,097,567 |

Contingent liabilities arising from interests in joint ventures at the end of the reporting period:

| | 2015 RMB'000 | 2014 RMB'000 |
|--|-----------------|-----------------|
| Share of mortgage loan guarantees provided by joint ventures to banks in favour of its customers | 3,432,224 | 2,317,055 |

The directors consider that the fair value of the above guarantees is insignificant on initial recognition and it is not probable that an outflow in settlement will be required.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2015

41. Related Party Disclosures

- (i) During the year, in addition to those disclosed in other notes to the consolidated financial statements, the Group entered into the following transactions with related parties:

| | 2015 RMB'000 | 2014 RMB'000 |
|--|-----------------|-----------------|
| Sale of properties to a non-controlling shareholder | 23,823 | – |
| Sale of materials to joint ventures and associates (Note) | 2,689 | 4,621 |
| Construction service income from associates (Note) | 15,266 | 872 |
| Construction service income from joint ventures (Note) | 5,207 | 3,551 |
| Construction consulting service income from joint ventures and associates (Note) | – | 4,039 |
| Rental expenses paid/payable to: | | |
| – shareholders' companies | 11,376 | 8,534 |
| – non-controlling shareholders | 67 | 64 |
| Purchases from associates | 1,760 | – |
| Purchases from shareholders' companies (Note) | – | 4,480 |
| Interior decoration service fees paid/payable to associates (Note) | 8,380 | 40,216 |
| Property management fees paid/payable to shareholders' companies | 210,179 | 135,697 |
| Interest income arising from amounts due from: | | |
| – associates (Note) | 374,123 | 501,547 |
| – joint ventures (Note) | 375,227 | 133,408 |
| – non-controlling shareholders | 43,338 | 12,292 |
| Interest expense arising from amounts due to: | | |
| – associates (Note) | 130,171 | 168,408 |
| – joint ventures (Note) | 13,403 | 19,944 |
| – non-controlling shareholders | 241,668 | 272,180 |
| – shareholders' companies | 28,580 | – |
| Advertising expenses paid/payable to shareholders' companies | 70,000 | 70,000 |
| Comprehensive service income from joint ventures and associates (Note) | 32,599 | 129,269 |
| Hotel management fees paid/payable to shareholders' companies | 4,364 | 9,693 |
| Hotel service income from associates (Note) | 599 | 599 |
| Interior decoration service income from: | | |
| – joint ventures and associates (Note) | 529,514 | 393,474 |
| – shareholders' companies | 1,168 | 1,816 |
| Health management service fee to shareholders' companies | – | 975 |
| Healthcare service fee to shareholders' companies | 1,788 | 4,393 |
| Educational service fee to shareholders' companies | – | 401 |
| Marketing service income from joint ventures and associates (Note) | 33 | 7,294 |
| Advertising income from joint ventures and associates (Note) | – | 4,678 |
| Landscape construction fee to associates (Note) | 71,264 | 65,882 |

Notes to the Consolidated Financial Statements

For the year ended 31 December 2015

41. Related Party Disclosures (continued)

- (i) During the year, in addition to those disclosed in other notes to the consolidated financial statements, the Group entered into the following transactions with related parties: (continued)

Note: Purchases from shareholders' companies represent raw materials purchased for use by construction contractors, the costs of which are included in the overall construction contracts. The transactions with associates and joint ventures are presented gross before elimination of unrealised profits or losses attributable to the Group.

The directors considered that the transactions above were carried out in accordance with the terms agreed with the counterparties.

Mr SONG Weiping, Mr SHOU Bainian, Ms XIA Yibo and CCCG are each a "Shareholder", and collectively the "Shareholders", of the Company. Shareholders' Companies represent companies owned by the Shareholders and affiliates.

- (ii) As at the end of the reporting period, the Group had balances with related parties, which are all unsecured, as follows:

| | 2015 | | | | | | Total RMB'000 |
|------------------------------|--------------------------------|------------------------------------|--------------------------------|------------------------------------|--------------------------------|------------------------------------|------------------|
| | Project-Related | | Non-Project Related | | Sub Total | | |
| | Interest Bearing RMB'000 | Non-Interest Bearing RMB'000 | Interest Bearing RMB'000 | Non-Interest Bearing RMB'000 | Interest Bearing RMB'000 | Non-Interest Bearing RMB'000 | |
| Due from | | | | | | | |
| Shareholders' Companies | - | 25,712 | - | 1,092 | - | 26,804 | 26,804 |
| Non-controlling shareholders | 2,365,989 | 4,373,663 | - | 31,601 | 2,365,989 | 4,405,264 | 6,771,253 |
| Associates | 4,661,324 | 4,039,712 | - | - | 4,661,324 | 4,039,712 | 8,701,036 |
| Joint ventures | 3,391,024 | 5,367,207 | - | - | 3,391,024 | 5,367,207 | 8,758,231 |
| Officers | - | 18,672 | - | - | - | 18,672 | 18,672 |
| | 10,418,337 | 13,824,966 | - | 32,693 | 10,418,337 | 13,857,659 | 24,275,996 |
| Due to | | | | | | | |
| Shareholders' Companies | 533,602 | 8,299 | - | 8,199 | 533,602 | 16,498 | 550,100 |
| Non-controlling shareholders | 3,225,899 | 765,449 | - | - | 3,225,899 | 765,449 | 3,991,348 |
| Associates | 2,227,320 | 2,651,913 | - | - | 2,227,320 | 2,651,913 | 4,879,233 |
| Joint ventures | 1,053,491 | 1,168,520 | - | - | 1,053,491 | 1,168,520 | 2,222,011 |
| | 7,040,312 | 4,594,181 | - | 8,199 | 7,040,312 | 4,602,380 | 11,642,692 |

Notes to the Consolidated Financial Statements

For the year ended 31 December 2015

41. Related Party Disclosures (continued)

- (ii) As at the end of the reporting period, the Group had balances with related parties, which are all unsecured, as follows: (continued)

| | Project-Related | | 2014 Non-Project Related | | Sub Total | | Total RMB'000 |
|------------------------------|-----------------|--------------|-----------------------------|--------------|-----------|--------------|------------------|
| | Interest | Non-Interest | Interest | Non-Interest | Interest | Non-interest | |
| | Bearing | Bearing | Bearing | Bearing | Bearing | Bearing | |
| | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | |
| Due from | | | | | | | |
| Shareholders' Companies | – | 6,350 | – | 2,208 | – | 8,558 | 8,558 |
| Non-controlling shareholders | 2,296,721 | 4,423,622 | – | 39,811 | 2,296,721 | 4,463,433 | 6,760,154 |
| Associates | 4,995,659 | 8,577,105 | – | – | 4,995,659 | 8,577,105 | 13,572,764 |
| Joint ventures | 984,016 | 5,772,112 | – | – | 984,016 | 5,772,112 | 6,756,128 |
| Officers | – | 59,110 | – | – | – | 59,110 | 59,110 |
| | 8,276,396 | 18,838,299 | – | 42,019 | 8,276,396 | 18,880,318 | 27,156,714 |
| Due to | | | | | | | |
| Shareholder | – | 10,380 | – | – | – | 10,380 | 10,380 |
| Shareholders' Companies | – | 14,081 | – | 11,700 | – | 25,781 | 25,781 |
| Non-controlling shareholders | 3,114,305 | 2,328,602 | – | – | 3,114,305 | 2,328,602 | 5,442,907 |
| Associates | 427,268 | 1,890,474 | – | – | 427,268 | 1,890,474 | 2,317,742 |
| Joint ventures | 1,133,817 | 912,781 | – | – | 1,133,817 | 912,781 | 2,046,598 |
| Officers | – | 6,964 | – | – | – | 6,964 | 6,964 |
| | 4,675,390 | 5,163,282 | – | 11,700 | 4,675,390 | 5,174,982 | 9,850,372 |

In respect of project-related balances with related parties:

- (a) The trade balances due from officers arise mainly from property sales.
- (b) The trade balances due from Shareholders' Companies are mainly construction prepayments and trade receivables.

Construction prepayments are billed according to the construction contracts and are settled within one to two months after the construction cost incurred are verified and agreed.

Trade receivables arise mainly from materials sales and are with a normal credit terms of two months.

- (c) The project-related balances due from non-controlling shareholders are mainly prepaid distributions. The project-related balances due from joint ventures/associates are mainly project advances to these joint ventures/associates and are tied to the project development cycle. In the opinion of the directors, these balances are expected to be settled when the projects concerned commence pre-sales.
- (d) The trade balances due to Shareholders and officers are mainly pre-sale deposits.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2015

41. Related Party Disclosures (continued)

(ii) As at the end of the reporting period, the Group had balances with related parties, which are all unsecured, as follows: (continued)

- (e) The amounts due to shareholders' companies arise mainly from loan of a CCCG's fellow subsidiary.
- (f) The project-related balances due to non-controlling shareholders are mainly project advances from these non-controlling shareholders and are tied to the project development cycle. In the opinion of the directors, these balances are repayable on demand and are expected to be settled when the projects concerned commence pre-sales.
- (g) The project-related balances due to joint ventures/associates are mainly prepaid distributions.

The non-project related balances with related parties are mainly unsecured advances and repayable on demand.

The non-interest bearing balances due from (to) related parties are unsecured and repayable on demand. The key terms of the interest bearing balances due from (to) related parties are as follows:

- (a) The project-related amounts due from non-controlling shareholders of RMB2,365,989,000 (2014: RMB2,296,721,000) at 31 December 2015 carried interest at a variable rate from 0.35% to 4.79% (2014: 0.35% to 6.00%) per annum.
- (b) The project-related amounts due from associates of RMB4,661,324,000 (2014: RMB4,995,659,000) at 31 December 2015 carried interest at fixed rates ranging from 6.00% to 17.00% (2014: 7.19% to 12.00%) per annum.
- (c) The project-related amounts due from joint ventures of RMB3,391,024,000 (2014: RMB984,016,000) at 31 December 2015 carried interest at fixed rates ranging from 6.66% to 10.00% (2014: 7.52% to 10%) per annum.
- (d) The project-related amounts due to non-controlling shareholders of RMB2,576,904,000 (2014: RMB3,114,305,000) at 31 December 2015 carried interest at fixed rates ranging from 8.00% to 11.50% (2014: 8.00% to 15.00%) per annum.

Notes to the Consolidated Financial Statements

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41. Related Party Disclosures (continued)

(ii) As at the end of the reporting period, the Group had balances with related parties, which are all unsecured, as follows: (continued)

- (e) The project-related amounts due to non-controlling shareholders of RMB648,995,000 (2014: nil) at 31 December 2015 carried interest at variable rates of 7.00% (2014: nil) per annum.
- (f) The project-related amounts due to associates of RMB1,831,651,000 (2014: RMB49,491,000) at 31 December 2015 carried interest at fixed rates ranging from 7.00% to 11.02% (2014: 8.32%) per annum.
- (g) The project-related amounts due to associates of RMB395,669,000 (2014: RMB377,777,000) at 31 December 2015 carried interest at variable rates of 0.35% (2014: 0.35% to 6.85%) per annum.
- (h) The project-related amounts due to joint ventures of RMB653,988,000 (2014: RMB634,314,000) at 31 December 2015 carried interest at fixed rates ranging from 6.66% to 10.00% (2014: 7.00% to 7.52%) per annum.
- (i) The project-related amounts due to joint ventures of RMB399,503,000 (2014: RMB499,503,000) at 31 December 2015 carried interest at a variable rate of 0.35% (2014: 8.76%) per annum.

(iii) (a) During the year, in addition to those disclosed in note 33, the Group made acquisitions from related parties as follows:

| | 2015 RMB'000 | 2014 RMB'000 |
|--|-----------------|-----------------|
| Purchase of additional interests in subsidiaries from non-controlling shareholders | 326,012 | 427,364 |

2015:

On 16 April 2015, the Group entered into an agreement with a non-controlling shareholder to acquire 30% equity interest in Huzhou Xinjinjiang Real Estate Development Co., Ltd. ("Huzhou Xinjinjiang") for a consideration of RMB20,500,000.

On 15 March 2015, the Group acquire 9% equity interest in Hengji Daqing Real Estate Development Co., Ltd ("Greentown Hengji Daqing") from a non-controlling shareholder for a total consideration of RMB22,500,000.

On 15 June 2015, the Group entered into an agreement with a non-controlling shareholder to acquire 49% equity interest in Zhejiang Greentown Wood Development Co., Ltd. for a total consideration of RMB9,800,000.

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For the year ended 31 December 2015

41. Related Party Disclosures (continued)

- (iii) (a) During the year, in addition to those disclosed in note 33, the Group made acquisitions from related parties as follows: (continued)

On 15 June 2015, the Group entered into agreements with non-controlling shareholders to acquire 22% equity interest in Zhejiang Greentown Construction Management Co., Ltd. for a total consideration of RMB4,400,000.

On 19 June 2015, the Group entered into an agreement with a non-controlling shareholder to acquire 10% equity interest in Xinchang Greentown Real Estate Co., Ltd. ("Xinchang Greentown") for a consideration of RMB16,000,000.

On 30 June 2015, the Group acquired 45% equity interest in Beijing Xingye Wanfa Real Estate Development Co., Ltd. ("Beijing Xingye Wanfa") for a consideration of RMB191,374,000, for details please refer to Note 41(v).

On 16 September 2015, the Group entered into an agreement with a non-controlling shareholder to acquire 1% equity interest in Anhui Greentown Real Estate Development Co., Ltd. for a total consideration of RMB300,000.

On 5 November 2015, the Group entered into an agreement with a non-controlling shareholders to acquire 49% equity interest in Linhai Greentown Taiye Real Estate Development Co., Ltd. ("Linhai Greentown Taiye") for a total consideration of RMB61,138,000.

2014:

On 11 July 2014, the Group entered into an agreement with a non-controlling shareholder to acquire 30% equity interest in Zhuji Yuedu Real Estate Co., Ltd. ("Zhuji Yuedu") for a consideration of RMB246,464,000.

On 17 October 2014, the Group entered into an agreement with a non-controlling shareholder to acquire 30% equity interest in Hangzhou Greentown Dongyou Real Estate Development Co., Ltd. ("Hangzhou Greentown Dongyou") for a consideration of RMB163,400,000.

On 10 July 2014, the Group entered into an agreement with a non-controlling shareholder to acquire 20% and 15% equity interest in Lin'an Greentown Real Estate Co., Ltd. ("Lin'an Greentown ") for a total consideration of RMB17,500,000.

Notes to the Consolidated Financial Statements

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41. Related Party Disclosures (continued)

(iii) (b) During the year, the Group made disposals to related parties as follows:

| | 2015 RMB'000 | 2014 RMB'000 |
|--|-----------------|-----------------|
| Disposal of subsidiaries to non-controlling shareholders | 11,000 | 91,150 |

In February 2015, the Group entered into an agreement to disposed of its whole 55% equity interest in Beijing Changxin for a consideration of RMB11,000,000 to a non-controlling shareholder.

In July 2014, the Group entered into an agreement to dispose of its whole 51% equity interest in Changxing Greentown Real Estate Development Co., Ltd. ("Changxing Greentown") for a consideration of RMB58,000,000 to a non-controlling shareholder.

In September 2014, the Group entered into an agreement to dispose of its whole 51% equity interest in Qidong Greentown Xiangge Real Estate Co., Ltd. ("Qidong Greentown") for a consideration of RMB33,150,000 to a noncontrolling shareholder.

(c) On 27 October 2015, the Company entered into a framework agreement with Wharf, a non-controlling shareholder of the Company, pursuant to which the Group and Wharf together with its subsidiaries will jointly develop a piece of land in the Binjiang District of Hangzhou, Zhejiang province of the PRC, on a 50:50 ownership basis, into residential properties. The framework agreement was passed at an extraordinary general meeting held on 8 January 2016 and the joint venture was established in December 2015.

On 18 November 2015, Hangzhou Zhiquan Investment Co., Ltd., a wholly-owned subsidiary of the Group, entered into a framework agreement with CCC Real Estate Company Limited, a wholly-owned subsidiary of CCCG and an independent third party, pursuant to which the Group, CCCG and an independent third party together with its subsidiaries will jointly develop a piece of land in the Mentougou District of Beijing, the PRC, into residential properties.

On 29 December 2014, the Company entered into a framework agreement with Wharf, a non-controlling shareholder of the Company, pursuant to which the Group and Wharf together with its subsidiaries will jointly develop a piece of land in the Xiaoshan District of Hangzhou, Zhejiang province of the PRC, on a 50:50 ownership basis, into residential properties. This company was established on 24 March 2015.

(iv) **Compensation of Key Management Personnel**

The remuneration of directors and other members of key management during the year was as follows:

| | 2015 RMB'000 | 2014 RMB'000 |
|--------------------------|-----------------|-----------------|
| Short-term benefits | 38,380 | 33,161 |
| Post-employment benefits | 250 | 284 |
| | 38,630 | 33,445 |

The remuneration of directors and key executives is determined by the remuneration committee having regard to the performance of individuals and market trends.

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41. Related Party Disclosures (continued)

(v) Transaction with Sunac China

On 15 May 2015, the Company entered into a framework agreement (“Framework Agreement”) with Sunac China, the series of transaction under the Framework Agreement include the following:

- (a) acquisition of the return on investment in respect of 51% equity interests in Huazhe Bund by Greentown Real Estate from Shanghai Sunac Greentown. Huazhe Bund was a subsidiary of Shanghai Sunac Greentown, an associate of the Group, Huazhe Bund became a non-wholly owned subsidiary of the Group after completion of the acquisition;
- (b) acquisition of additional 45% equity interests in, and shareholder’s loan of Beijing Xingye Wanfa, a 55% owned subsidiary of the Group, by Greentown Real Estate from Beijing Sunac Construction Investment Real Estate Co., Ltd., a wholly-owned subsidiary of Sunac China. Beijing Xingye Wanfa was a non-wholly owned subsidiary of the Group,. Beijing Xingye Wanfa became a wholly owned subsidiary of the Group after the completion of acquisition;
- (c) acquisition of 50% equity interests in Zhejiang Jinying Real Estate Co., Ltd. (“Zhejiang Jinying”), a joint venture of the Group, from Shanghai Forest Golf and shareholder’s loan of Zhejiang Jinying from Sunac Zhidi by Greentown Real Estate, Zhejiang Jinying was a joint venture company of the Group, Zhejiang Jinying remained a joint venture company of the Group after the completion of acquisition;
- (d) disposal of 50% equity interests in Shanghai Forest Golf by Greentown Real Estate to Sunac Zhidi, Shanghai Forest Golf was a non-wholly owned subsidiary of the Group, and Shanghai Forest Golf was deconsolidated after the completion of disposal;
- (e) disposal of 25% equity interests in Hangzhou Sunac Greentown Real Estate Development Co., Ltd. (“Hangzhou Sunac Greentown”) by On Century Investment Limited, a wholly-owned subsidiary of the Company, to Zhuo Yue Property Investment Holdings Limited, a wholly-owned subsidiary of Sunac China;
- (f) disposal of 50% equity interests in Shanghai Sunac Greentown Investment Holdings Limited (“Shanghai Sunac Greentown”) by Greentown Investment Management Co., Ltd., a wholly-owned subsidiary of the Company to Shanghai Sunac Real Estate Development Co., Ltd., a wholly-owned subsidiary of Sunac China;
- (g) disposal of 50% of the issued share capital of Sunac Greentown Investment by the Company to Sunac China; and
- (h) development of the Tianjin National Game Village Project on a joint venture basis in the proportion of 51%:49% by the Company and Sunac China.

As at 31 December 2015, the transactions described above have been completed. Detail of the Framework Agreement has been disclosed in circular by the Group dated 28 June 2015.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2015

42. Statement of Financial Position of the Company

| | 2015 RMB'000 | 2014 RMB'000 |
|---|-------------------|-----------------|
| NON-CURRENT ASSETS | | |
| Property, plant and equipment | 153 | 362 |
| Investment in a subsidiary | 280,346 | 1,918,837 |
| | 280,499 | 1,919,199 |
| CURRENT ASSETS | | |
| Other receivables | 135,841 | 412,188 |
| Amounts due from subsidiaries and related parties | 19,806,623 | 18,156,309 |
| Bank balances and cash | 827,927 | 9,524 |
| | 20,770,391 | 18,578,021 |
| CURRENT LIABILITIES | | |
| Other payables | 253,094 | 203,993 |
| Amounts due to related parties | 4,079,363 | 5,078,339 |
| Other taxes payable | 6,703 | 6,316 |
| Bank and other borrowing | 2,058,732 | – |
| Senior notes | 2,497,056 | – |
| | 8,894,948 | 5,288,648 |
| NET CURRENT ASSETS | 11,875,443 | 13,289,373 |
| TOTAL ASSETS LESS CURRENT LIABILITIES | 12,155,942 | 15,208,572 |
| NON-CURRENT LIABILITIES | | |
| Bank and other borrowings | – | 2,401,625 |
| Senior notes | 8,163,517 | 8,592,129 |
| | 8,163,517 | 10,993,754 |
| | 3,992,425 | 4,214,818 |
| CAPITAL AND RESERVES | | |
| Share capital | 208,967 | 208,850 |
| Reserves (Note) | 3,783,458 | 4,005,968 |
| | 3,992,425 | 4,214,818 |

Notes to the Consolidated Financial Statements

For the year ended 31 December 2015

42. Statement of Financial Position of the Company (continued)

Note:

The movement of the reserves of the Company is as follows:

| | RMB'000 |
|---------------------------------------|-----------|
| At 1 January 2014 | 4,884,082 |
| Profit for the year | 44,772 |
| Dividends recognised as distributions | (928,301) |
| Exercise of share options | 5,415 |
| At 31 December 2014 | 4,005,968 |
| Profit (loss) for the year | (225,784) |
| Exercise of share options | 3,274 |
| At 31 December 2015 | 3,783,458 |

43. Events after the end of the Reporting Period

The following significant events took place subsequent to 31 December 2015:

On 4 February 2016, the Company entered into a framework agreement with CCCG and Wharf, pursuant to which the Company, CCCG and Wharf together with its subsidiaries will jointly develop a piece of land in the Jiangtai Xiang, Chaoyang District of Beijing, the PRC, on a 50:10:40 ownership basis, into residential properties.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2015

44. Particulars of Principal Subsidiaries of the Company

Particulars of the principal subsidiaries as at 31 December 2015 and 2014 are set out below:

| Name of Subsidiary | Place and Date of Registration | Registered Capital | Proportion of Ownership Interest/ Voting Rights Held by the Company | | | | Principal Activities | Legal Form |
|---|--------------------------------|--------------------|--|------|------------------|------------------|-------------------------|-----------------------------------|
| | | | Direct | | Indirect | | | |
| | | | 2015 | 2014 | 2015 | 2014 | | |
| 綠城房地產集團有限公司 Greentown Real Estate | The PRC 6 January 1995 | RMB895,000,000 | – | – | 100% | 100% | Real estate development | Wholly foreign-owned enterprise |
| 新疆俊發綠城房地產開發有限公司 Xinjiang Junfa Greentown Real Estate Development Co., Ltd. | The PRC 16 January 2008 | RMB211,079,000 | – | – | 50% (Note i) | 50% (Note i) | Real estate development | Limited liability company |
| 北京亞奧綠城房地產開發有限公司 Beijing Ya'ao Greentown Real Estate Development Co., Ltd. | The PRC 19 August 2008 | RMB50,000,000 | – | – | 50% (Note i) | 50% (Note i) | Real estate development | Limited liability company |
| 杭州休博園湖畔綠景休閒開發有限公司 Hangzhou Xiuboyuan Hupan Lvjing Xiuxian Development Co., Ltd. | The PRC 2 April 2008 | RMB120,000,000 | – | – | 50% (Note i) | 50% (Note i) | Real estate development | Limited liability company |
| 寧波象山綠城房地產開發有限公司 Ningbo Xiangshan Greentown Real Estate Development Co., Ltd. | The PRC 19 February 2008 | RMB100,000,000 | – | – | 50% (Note i) | 50% (Note i) | Real estate development | Limited liability company |
| 藍城房產建設管理集團有限公司 Bluetown Property Construction Management | The PRC 8 September 2010 | RMB200,000,000 | – | – | 35% (Note i) | 35% (Note i) | Project management | Limited liability company |
| 杭州綠城九龍倉置業有限公司 Hangzhou Greentown Wharf | The PRC 20 February 2014 | USD 460,000,000 | – | – | 50% (Note i) | 50% (Note i) | Real estate development | Wholly foreign-owned enterprise |
| 湖南青竹湖國際商務社區開發有限公司 Hunan Bamboo Lake International Business Community Development Co., Ltd. | The PRC 26 September 2003 | RMB50,600,000 | – | – | 49% (Note ii) | 49% (Note ii) | Real estate development | Limited liability company |
| 溫州綠城置業有限公司 Wenzhou Greentown Real Estate Co., Ltd. | The PRC 21 May 2007 | RMB915,000,000 | – | – | 80% | 80% | Real estate development | Sino-foreign equity joint venture |

Notes to the Consolidated Financial Statements

For the year ended 31 December 2015

44. Particulars of Principal Subsidiaries of the Company (continued)

| Name of Subsidiary | Place and Date of Registration | Registered Capital | Proportion of Ownership Interest/ Voting Rights Held by the Company | | | | Principal Activities | Legal Form |
|--|--------------------------------|--------------------|--|------|----------|------|-------------------------|-----------------------------------|
| | | | Direct | | Indirect | | | |
| | | | 2015 | 2014 | 2015 | 2014 | | |
| 溫州綠景置業有限公司 Wenzhou Lvjing Real Estate Co., Ltd. | The PRC 26 November 2007 | RMB915,000,000 | – | – | 90% | 90% | Real estate development | Sino-foreign equity joint venture |
| 浙江綠城天臺山蓮花度假村有限公司 Zhejiang Greentown Tiantaishan Lianhua Resort Co., Ltd. | The PRC 8 August 2011 | RMB50,000,000 | – | – | 100% | 100% | Real estate development | Limited liability company |
| 溫州綠城房地產開發有限公司 Wenzhou Greentown Real Estate Development Co., Ltd. | The PRC 15 February 2007 | RMB768,000,000 | – | – | 60% | 60% | Real estate development | Sino-foreign equity joint venture |
| 溫州綠城家景房地產開發有限公司 Wenzhou Greentown Jiajing Real Estate Development Co., Ltd. | The PRC 21 May 2007 | RMB386,000,000 | – | – | 60% | 60% | Real estate development | Sino-foreign equity joint venture |
| 舟山綠城房地產開發有限公司 Zhoushan Greentown Real Estate Development Co., Ltd. | The PRC 16 December 1999 | RMB100,000,000 | – | – | 100% | 100% | Real estate development | Limited liability company |

Notes to the Consolidated Financial Statements

For the year ended 31 December 2015

44. Particulars of Principal Subsidiaries of the Company (continued)

| Name of Subsidiary | Place and Date of Registration | Registered Capital | Proportion of Ownership Interest/ Voting Rights Held by the Company | | | | Principal Activities | Legal Form |
|--|--------------------------------|--------------------|--|------|----------|------|----------------------------|--------------------------------------|
| | | | Direct | | Indirect | | | |
| | | | 2015 | 2014 | 2015 | 2014 | | |
| 北京陽光綠城房地產開發有限公司 Beijing Sunshine Greentown Real Estate Development Co., Ltd. | The PRC 15 January 2001 | RMB50,000,000 | – | – | 80% | 80% | Real estate development | Limited liability company |
| 杭州余杭綠城房地產開發有限公司 Hangzhou Yuhang Greentown Real Estate Development Co., Ltd. | The PRC 12 November 1999 | RMB30,000,000 | – | – | 64% | 64% | Real estate development | Limited liability company |
| 杭州余杭金騰房地產開發有限公司 Yuhang Jinteng | The PRC 25 December 2001 | RMB100,000,000 | – | – | 85% | 85% | Real estate development | Limited liability company |
| 青島綠城華川置業有限公司 Qingdao Greentown Huachuan Real Estate Co., Ltd. | The PRC 21 August 2007 | RMB517,764,600 | – | – | 80% | 80% | Real estate development | Sino-foreign equity joint venture |
| 舟山綠城聯海置業有限公司 Zhoushan Greentown Lianhai Real Estate Co., Ltd. | The PRC 5 June 2007 | RMB250,000,000 | – | – | 100% | 100% | Real estate development | Limited liability company |
| 寧波太平洋實業有限公司 Ningbo Pacific Real Estate Co., Ltd. | The PRC 11 July 2003 | RMB177,000,000 | – | – | 60% | 60% | Real estate development | Foreign equity joint venture |
| 台州吉利嘉苑房地產開發有限公司 Taizhou Jilijayuan Real Estate Development Co., Ltd. | The PRC 15 October 2001 | RMB40,000,000 | – | – | 55% | 55% | Real estate development | Limited liability company |
| 養生堂浙江千島湖房地產有限公司 Yangshengtang Zhejiang Qiandaohu Real Estate Co., Ltd. | The PRC 24 January 2005 | RMB200,000,000 | – | – | 51% | 51% | Real estate development | Limited liability company |

Notes to the Consolidated Financial Statements

For the year ended 31 December 2015

44. Particulars of Principal Subsidiaries of the Company (continued)

| Name of Subsidiary | Place and Date of Registration | Registered Capital | Proportion of Ownership Interest/ Voting Rights Held by the Company | | | | Principal Activities | Legal Form |
|---|--------------------------------|--------------------|--|------|----------|------|----------------------------|--------------------------------------|
| | | | Direct | | Indirect | | | |
| | | | 2015 | 2014 | 2015 | 2014 | | |
| 杭州綠城海企房地產開發有限公司 Hangzhou Greentown Haiqi Real Estate Development Co., Ltd. | The PRC 23 November 2007 | RMB1,000,000,000 | – | – | 100% | 100% | Real estate development | Limited liability company |
| 杭州金馬房地產有限公司 Hangzhou Golden Horse Real Estate Development Co., Ltd. | The PRC 22 October 1992 | USD50,000,000 | – | – | 51% | 51% | Real estate development | Sino-foreign joint venture |
| 浙江報業綠城房地產開發有限公司 Zhejiang Newspapering Greentown Real Estate Development Co., Ltd. | The PRC 7 July 2008 | RMB1,200,000,000 | – | – | 100% | 100% | Real estate development | Wholly foreign-owned enterprise |
| 北京萊福世紀置業有限公司 Beijing Laifu Century Property Co., Ltd. | The PRC 24 April 2007 | RMB30,000,000 | – | – | 100% | 100% | Real estate development | Limited liability company |
| 杭州綠城北盛置業有限公司 Hangzhou Greentown Beisheng Real Estate Co., Ltd. | The PRC 1 December 2009 | RMB503,823,400 | – | – | 100% | 100% | Real estate development | Wholly foreign-owned enterprise |
| 溫州景楊置業有限公司 Wenzhou Jingyang Real Estate Co., Ltd. | The PRC 19 July 2010 | RMB340,000,000 | – | – | 60% | 60% | Real estate development | Sino-foreign equity joint venture |
| 杭州千島湖綠城投資置業有限公司 Hangzhou Qiandaohu Real Estate Investment Co., Ltd. | The PRC 15 June 2005 | RMB30,000,000 | – | – | 80% | 80% | Real estate development | Limited liability company |
| 寧波高新區研發園綠城建設有限公司 Ningbo Gaoxinqu Yanfayuan Greentown Construction Co., Ltd. | The PRC 21 August 2003 | RMB50,000,000 | – | – | 60% | 60% | Real estate development | Sino-foreign equity joint venture |
| 南京天浦置業有限公司 Nanjing Tianpu Real Estate Co., Ltd. | The PRC 12 November 2002 | RMB50,000,000 | – | – | 70% | 70% | Real estate development | Limited liability company |

Notes to the Consolidated Financial Statements

For the year ended 31 December 2015

44. Particulars of Principal Subsidiaries of the Company (continued)

| Name of Subsidiary | Place and Date of Registration | Registered Capital | Proportion of Ownership Interest/ Voting Rights Held by the Company | | | | Principal Activities | Legal Form |
|--|--------------------------------|--------------------|--|------|----------|------|-------------------------|---------------------------|
| | | | Direct | | Indirect | | | |
| | | | 2015 | 2014 | 2015 | 2014 | | |
| 浙江嘉和實業有限公司 Zhejiang Jiahe Industrial Co., Ltd. | The PRC 25 April 1995 | RMB50,000,000 | – | – | 100% | 100% | Real estate development | Limited liability company |
| 杭州玫瑰園度假村有限公司 Hangzhou Rose Garden Resort Co., Ltd. | The PRC 15 August 2006 | RMB184,410,000 | – | – | 100% | 100% | Real estate development | Limited liability company |
| 安徽綠城玫瑰園房地產開發有限公司 Anhui Greentown Rose Garden Real Estate Development Co., Ltd. | The PRC 23 December 2009 | RMB200,000,000 | – | – | 100% | 100% | Real estate development | Limited liability company |
| 舟山綠城蔚藍海岸房地產開發有限公司 Zhoushan Greentown Weilanhai'an Real Estate Development Co., Ltd. | The PRC 6 May 2008 | RMB50,000,000 | – | – | 60% | 60% | Real estate development | Limited liability company |
| 舟山市普陀綠城房地產開發有限公司 Zhoushan Putuo Greentown Real Estate Co., Ltd. | The PRC 5 November 2009 | RMB50,000,000 | – | – | 90% | 90% | Real estate development | Limited liability company |
| 舟山市普陀綠城實業投資有限公司 Zhoushan Putuo Greentown Industry Investment Co., Ltd. | The PRC 5 November 2009 | RMB100,000,000 | – | – | 100% | 100% | Real estate development | Limited liability company |
| 城建中樞(浙江) 實業發展有限公司 City-Urban Construction (Zhejiang) Industrial Development Co., Ltd. | The PRC 5 February 2005 | RMB160,000,000 | – | – | 97% | 97% | Real estate development | Limited liability company |
| 舟山市明程房地產開發有限公司 Zhoushan Mingcheng Real Estate Development Co., Ltd. | The PRC 31 October 2005 | RMB10,000,000 | – | – | 97% | 97% | Real estate development | Limited liability company |
| 舟山市乾源房地產開發有限公司 Zhoushan Qianyuan Real Estate Development Co., Ltd. | The PRC 31 October 2005 | RMB10,000,000 | – | – | 97% | 97% | Real estate development | Limited liability company |

Notes to the Consolidated Financial Statements

For the year ended 31 December 2015

44. Particulars of Principal Subsidiaries of the Company (continued)

| Name of Subsidiary | Place and Date of Registration | Registered Capital | Proportion of Ownership Interest/ Voting Rights Held by the Company | | | | Principal Activities | Legal Form |
|--|--------------------------------|--------------------|--|------|----------|------|-------------------------|---------------------------------|
| | | | Direct | | Indirect | | | |
| | | | 2015 | 2014 | 2015 | 2014 | | |
| 河南錦江置業有限公司 Henan Jinjiang Real Estate Co., Ltd. | The PRC 8 August 2002 | RMB80,000,000 | – | – | 100% | 100% | Real estate development | Limited liability company |
| 海南綠城高地投資有限公司 Hainan Greentown Gaodi Investment Co., Ltd. | The PRC 15 November 2007 | RMB60,000,000 | – | – | 51% | 51% | Real estate development | Limited liability company |
| 慈溪綠城房地產開發有限公司 Cixi Greentown Real Estate Development Co., Ltd. | The PRC 27 July 2009 | RMB98,000,000 | – | – | 60% | 60% | Real estate development | Limited liability company |
| 杭州綠城玉園房地產開發有限公司 Hangzhou Greentown Yuyuan Real Estate Development Co., Ltd. | The PRC 11 November 2009 | RMB1,300,000,000 | – | – | 100% | 100% | Real estate development | Wholly foreign-owned enterprise |
| 大連綠城房地產開發有限公司 Dalian Greentown Real Estate Development Co., Ltd. | The PRC 11 November 2008 | RMB120,000,000 | – | – | 80% | 80% | Real estate development | Limited liability company |
| 青島綠城膠州灣房地產開發有限公司 Qingdao Jiaozhouwan Real Estate Development Co., Ltd. | The PRC 25 November 2009 | USD100,000,000 | – | – | 100% | 100% | Real estate development | Wholly foreign-owned enterprise |
| 新泰綠城置業有限公司 Xintai Greentown Real Estate Co., Ltd. | The PRC 12 January 2010 | RMB98,000,000 | – | – | 70% | 70% | Real estate development | Limited liability company |
| 大連綠城置業有限公司 Dalian Greentown Real Estate Co., Ltd. | The PRC 15 March 2010 | RMB100,000,000 | – | – | 90% | 90% | Real estate development | Limited liability company |
| 德清綠城房地產開發有限公司 Deqing Greentown Real Estate Development Co., Ltd. | The PRC 1 February 2010 | RMB100,000,000 | – | – | 100% | 100% | Real estate development | Limited liability company |

Notes to the Consolidated Financial Statements

For the year ended 31 December 2015

44. Particulars of Principal Subsidiaries of the Company (continued)

| Name of Subsidiary | Place and Date of Registration | Registered Capital | Proportion of Ownership Interest/ Voting Rights Held by the Company | | | | Principal Activities | Legal Form |
|---|--------------------------------|--------------------|--|------|----------|------|-------------------------|-----------------------------------|
| | | | Direct | | Indirect | | | |
| | | | 2015 | 2014 | 2015 | 2014 | | |
| 紹興綠城金昌置業有限公司 Shaoxing Greentown Jinchang Real Estate Co., Ltd. | The PRC 6 November 2009 | RMB100,000,000 | – | – | 51% | 51% | Real estate development | Limited liability company |
| 杭州銀嘉房地產開發有限公司 Hangzhou Yinjia Real Estate Development Co., Ltd. | The PRC 17 September 2003 | RMB100,000,000 | – | – | 56% | 56% | Real estate development | Limited liability company |
| 台州綠城泰業房地產開發有限公司 Taizhou Greentown Taiye Real Estate Development Co., Ltd. | The PRC 18 February 2011 | RMB130,000,000 | – | – | 51% | 51% | Real estate development | Limited liability company |
| 新疆鴻遠投資有限公司 Xinjiang Hongyuan Investment Co., Ltd. | The PRC 22 January 2003 | RMB42,500,000 | – | – | 60% | 60% | Real estate development | Limited liability company |
| 慈溪綠城房地產發展有限公司 Cixi Greentown Property Development Co., Ltd. | The PRC 7 July 2011 | RMB98,000,000 | – | – | 100% | 100% | Real estate development | Limited liability company |
| 浙江建德綠城置業有限公司 Zhejiang Jiande Greentown Real Estate Co., Ltd. | The PRC 6 December 2013 | RMB305,000,000 | – | – | 100% | 100% | Real estate development | Wholly foreign-owned enterprise |
| 杭州綠城東友房產開發有限公司 Hangzhou Greentown Dongyou | The PRC 11 January 2013 | RMB500,000,000 | – | – | 100% | 100% | Real estate development | Sino-foreign equity joint venture |
| 臨安綠城置業有限公司 Lin'an Greentown | The PRC 2 July 2009 | RMB50,000,000 | – | – | 100% | 100% | Real estate development | Limited liability company |
| 諸暨市越都置業有限公司 Zhujij Yuedu | The PRC 31 October 2008 | RMB300,000,000 | – | – | 90% | 90% | Real estate development | Limited liability company |
| 新昌綠城佳園房地產開發有限公司 Xinchang Greentown Jiayuan Real Estate Development Co., Ltd. | The PRC 25 February 2014 | RMB100,000,000 | – | – | 80% | 80% | Real estate development | Limited liability company |

Notes to the Consolidated Financial Statements

For the year ended 31 December 2015

44. Particulars of Principal Subsidiaries of the Company (continued)

| Name of Subsidiary | Place and Date of Registration | Registered Capital | Proportion of Ownership Interest/ Voting Rights Held by the Company | | | | Principal Activities | Legal Form |
|---|--------------------------------|--------------------|--|------|----------------------------------|------|-------------------------|---------------------------------|
| | | | Direct | | Indirect | | | |
| | | | 2015 | 2014 | 2015 | 2014 | | |
| 淄博綠城置業有限公司 Zibo Greentown Real Estate Co., Ltd. | The PRC 25 March 2014 | RMB500,000,000 | – | – | 100% | 100% | Real estate development | Wholly foreign-owned enterprise |
| 馬鞍山偉華置業發展有限公司 Ma'anshan Weihua | The PRC 11 June 2012 | RMB106,000,000 | – | – | 70% | 70% | Real estate development | Limited liability company |
| 湖州新錦江房地產開發有限公司 Huzhou Xinjiang | The PRC 3 February 2004 | RMB50,000,000 | – | – | 100% (Note iii) | 70% | Real estate development | Limited liability company |
| 新昌綠城置業有限公司 Xinchang Greentown | The PRC 12 December 2006 | RMB77,600,000 | – | – | 90% (Note iii) | 80% | Real estate development | Limited liability company |
| 臨海綠城泰業房地產開發有限公司 Lin Hai Greentown Taiye | The PRC 20 January 2014 | RMB100,000,000 | – | – | 100% (Note iii) | 51% | Real estate development | Limited liability company |
| 綠城恒基(大慶)置業有限公司 Greentown Hengji Daqing | The PRC 30 August 2011 | RMB250,000,000 | – | – | 60% (Note iii) | 51% | Real estate development | Limited liability company |
| 北京興業萬發房地產開發有限公司 Beijing Xingye Wanfa | The PRC 26 October 2000 | RMB50,000,000 | – | – | 100% (Note iii), (Note iv) | 55% | Real estate development | Limited liability company |
| 上海華浙外灘置業有限公司 Huazhe Bund | The PRC 26 September 2002 | RMB50,000,000 | – | – | 51% (Note v) | – | Real estate development | Limited liability company |
| 北京藍城房地產開發有限公司 Beijing Bluetown Real Estate Development Co., Ltd. | The PRC 7 July 2011 | RMB10,000,000 | – | – | 21% (Note ii), (Note vi) | – | Project management | Limited liability company |

Notes to the Consolidated Financial Statements

For the year ended 31 December 2015

44. Particulars of Principal Subsidiaries of the Company (continued)

| Name of Subsidiary | Place and Date of Registration | Registered Capital | Proportion of Ownership Interest/ Voting Rights Held by the Company | | | | Principal Activities | Legal Form |
|--|--------------------------------|--------------------|--|------|---------------------|---|---------------------------|------------|
| | | | Direct | | Indirect | | | |
| | | | 2015 | 2014 | 2015 | 2014 | | |
| 臨安金基房地產開發有限公司 Lin'an Jinji | The PRC 22 March 2004 | RMB140,000,000 | - | - | 51% (Note vi) | - Real estate development | Limited liability company | |
| 柳州綠城房地產開發有限公司 Liuzhou Greentown Development | The PRC 7 May 2014 | RMB80,000,000 | - | - | 63% (Note vi) | - Real estate development | Limited liability company | |
| 柳州綠城投資有限公司 Liuzhou Greentown | The PRC 1 April 2014 | RMB80,000,000 | - | - | 63% (Note vi) | - Investment holding | Limited liability company | |
| 綠城房地產建設管理集團有限公司 Greentown Construction Management Group | The PRC 21 March 2012 | RMB100,000,000 | - | - | 100% (Note vii) | - Project management | Limited liability company | |
| 綠城時代城市建設發展有限公司 Greentown Shidai | The PRC 17 September 2012 | RMB50,000,000 | - | - | 100% (Note viii) | - Project management | Limited liability company | |
| 浙江宏順房地產開發有限公司 Zhejiang Hongshun | The PRC 11 March 2008 | RMB100,000,000 | - | - | 80% (Note ix) | - Real estate development | Limited liability company | |
| 上海綠城森林高爾夫別墅開發有限公司 Shanghai Forest Golf | The PRC 19 June 2002 | RMB196,080,000 | - | - | - (Note xi) | 50% (Note i) Real estate development | Limited liability company | |
| 北京綠城銀石置業有限公司 Beijing Yinshi | The PRC 20 February 2008 | RMB50,000,000 | - | - | 100% (Note xii) | 100% Real estate development | Limited liability company | |
| 北京綠城昌信置業有限公司 Beijing Changxin | The PRC 25 November 2011 | RMB20,000,000 | - | - | - (Note x) | 55% Real estate development | Limited liability company | |

The above table lists the subsidiaries of the Group which, in the opinion of the directors, principally affected the results or assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

Notes to the Consolidated Financial Statements

For the year ended 31 December 2015

44. Particulars of Principal Subsidiaries of the Company (continued)

Notes:

- (i) The Group has the right to appoint a majority of directors to the board of directors. Hence the Group has the power over these entities and has the ability to use its power to affect its returns. Therefore, these entities are accounted for as subsidiaries of the Group.
- (ii) The entity is a subsidiary of non-wholly owned subsidiaries of the Group.
- (iii) The Group acquired additional equity interest in these subsidiaries from their non-controlling shareholder in 2015. Please refer to Note 41(iii) for details.
- (iv) The Group acquired additional 45% equity interest in Xingye Wanfa from Beijing Sunac Construction Investment Real Estate Co., Ltd., a wholly-owned subsidiary of Sunac China. Please refer to Note 41(v) for details.
- (v) Huazhe Bund became a 51%-owned subsidiary of the Group in 2015 and the Group previously held a 26% equity interest in Huazhe Bund. Please refer to Note 33 and 41(v) for details.
- (vi) These entities became subsidiaries of the Group in 2015 as the Group acquired equity interest in it. Please refer to Note 33 for details.
- (vii) Greentown Construction Management Group became a 100%-owned subsidiary of the Group in 2015. Please refer to Note 33 for details.
- (viii) Greentown Shidai became a 100%-owned subsidiary of the Group in 2015. The Group previously held a 8% equity interest in Greentown Shidai and classified the investments as available-for-sale investments measured at cost. Please refer to Note 33 for details.
- (ix) Zhejiang Hongshun became an 80%-owned subsidiary of the Group in 2015. The Group previously held a 15% equity interest in Zhejiang Hongshun and classified the investments as available-for-sale investments measured at cost. Please refer to Note 33 for details.
- (x) In 2015, the Group disposed of its 55% equity interest in Beijing Changxin to a non-controlling shareholder. Please refer to Note 34 for details.
- (xi) In 2015, the Group disposed of its 50% equity interest in Shanghai Forest Golf to Sunac Zhidi. Please refer to Note 34 for details.
- (xii) As at 31 December 2015, the disposal of Beijing Yinshi has not been completed, as such, the assets and liabilities attributable to Beijing Yinshi that are expected to be sold within 12 months have been classified as disposal groups held for sale. Please refer to Note 26 for details.

The directors of the Company are of the opinion that none of the Group's subsidiaries that has non-controlling interests are material to the consolidated financial statements as a whole and therefore, the financial information in respect of those subsidiaries that has non-controlling interests are not presented.

Definition

In this annual report, unless the context otherwise requires, the following expressions have the following meanings:

| | |
|----------------------------------|--|
| Bluetown Construction Management | Bluetown Property Construction Management Group Co., Ltd. (藍城房產建設管理集團有限公司), formerly known as Greentown Property Construction Management Co., Ltd. (綠城房產建設管理有限公司), a subsidiary of the Company |
| Board | The Board of Directors of the Company |
| CCCCG | China Communications Construction Group (Limited) (中國交通建設集團有限公司), a wholly state-owned company established in the PRC and a substantial Shareholder of the Company |
| Company/Greentown | Greentown China Holdings Limited, a company incorporated in the Cayman Islands with limited liability, the shares of which are listed on the Main Board of the Stock Exchange |
| GFA | Gross floor area |
| Greentown Group | Greentown China Holdings Limited and its subsidiaries together with its joint ventures and associates |
| Greentown Real Estate | Greentown Real Estate Group Co., Ltd.* (綠城房地產集團有限公司), a company established in the PRC and a wholly owned subsidiary of the Company |
| Group | Greentown China Holdings Limited and its subsidiaries |
| Listing Rules | The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited |
| Model Code | Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules |
| PRC/China | The People's Republic of China |
| SFO | Securities and Futures Ordinance, Chapter 571 of the laws of Hong Kong |
| Share Option Scheme | The share option scheme adopted by a resolution of the shareholders of the Company on 22 June 2006 |
| sqm | Square metres |
| Stock Exchange/HKEX | The Stock Exchange of Hong Kong Limited |
| Wharf | The Wharf (Holdings) Limited, a company incorporated in Hong Kong with limited liability, the shares of which are listed on the Main Board of the Stock Exchange (stock code: 00004) |
| Wharf Group | Wharf and its subsidiaries |
| Year | The year ended 31 December 2015 |

GREENTOWN CHINA HOLDINGS LIMITED

Hangzhou Headquarters

10/F, Block A, Century Plaza, No.1 Hangda Road,
Hangzhou, Zhejiang, PRC (Postcode: 310007)
Tel: (86-571) 8898 8888 Fax: (86-571) 8790 1717

Hong Kong Office

Rm 1406-1408, New World Tower 1,
16-18 Queen's Road Central, Hong Kong
Tel: (852) 2523 3138 Fax: (852) 2523 6608

www.chinagreentown.com