Fantasia Holdings Group Co., Limited

花樣年控股集團有限公司

(Incorporated in Cayman Islands with limited liability)

(Stock Code: 01777)

ANNOUNCEMENT OF 2015 ANNUAL RESULTS

HIGHLIGHTS

– The Group's total contract sales for the year of 2015 recorded over RMB11.272 billion and reached approximately 102.47% of the Group's annual sales target of RMB11 billion.

– The Group's total revenue increased by 11.7% to RMB8,164 million in 2015 from RMB7,306 million in 2014.

– The Group's gross profit margin in 2015 maintained at a relatively high level of 30.9%.

– The Group's profit for the year increased by 2.2% to RMB1,403 million in 2015 from RMB1,372 million in 2014. The net profit margin was 17.2% (2014: 18.8%).

– The Group's net gearing ratio (being aggregated bank borrowings and senior notes net of bank balances and cash and restricted cash over the total equity) as at 31 December 2015 was 75.6%, which substantially decreased by 11.1 percentage points from 86.7% as at 31 December 2014.

– In May 2015, the Company issued senior notes in the amount of US$200 million at an interest rate of 11.50% due 2018, to optimize the overall maturity profile of debts.

– In September 2015, a wholly-owned subsidiary of the Company incorporated in the People's Republic of China issued the Domestic Bonds in the amount of RMB2 billion at an interest rate of 6.95% due 2020, to optimize the overall maturity profile of debts.

– Basic earnings per share was RMB0.21 (2014: RMB0.22).

– The Board proposed the payment of a final dividend of HK$5.00 cents per share.

The board (the "Board") of Directors (the "Directors") of Fantasia Holdings Group Co., Limited (the "Company") is pleased to announce the audited financial results of the Company and its subsidiaries (the "Group") for the year ended 31 December 2015 (the "Period") as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 December 2015

	Notes	2015 RMB'000	2014 RMB'000
Revenue	3	**8,164,297**	7,305,950
Cost of sales and services		**(5,645,554)**	(4,499,138)
Gross profit		**2,518,743**	2,806,812
Other income, gains and losses	4	**(108,360)**	(13,301)
Change in fair value of investment properties		**713,887**	575,840
Recognition of change in fair value of completed properties for sale upon transfer to investment properties		**175,922**	95,665
Selling and distribution expenses		**(318,594)**	(269,719)
Administrative expenses		**(741,241)**	(585,730)
Finance costs	5	**(302,340)**	(290,948)
Share of results of associates		**626**	56
Share of results of joint ventures		**(7,324)**	(12,663)
Gain on disposal of subsidiaries		**790,039**	223,707
Profit before tax	6	**2,721,358**	2,529,719
Income tax expense	7	**(1,318,542)**	(1,157,408)
Profit for the year		**1,402,816**	1,372,311
Other comprehensive income (expense)			
Items that will not be reclassified subsequently to profit or loss:			
Surplus on revaluation of properties		**11,876**	9,942
Deferred taxation liability arising from revaluation of properties		**(2,969)**	(2,485)
Other comprehensive income for the year, net of income tax		**8,907**	7,457
Total comprehensive income for the year		**1,411,723**	1,379,768
Profit for the year attributable to:			
Owners of the Company		**1,210,610**	1,255,341
Owner of perpetual capital instrument		**63,875**	42,525
Other non-controlling interests		**128,331**	74,445
		1,402,816	1,372,311
Total comprehensive income attributable to:			
Owners of the Company		**1,215,955**	1,259,815
Owner of perpetual capital instrument		**63,875**	42,525
Other non-controlling interests		**131,893**	77,428
		1,411,723	1,379,768
Earnings per share – Basic (RMB)	9	**0.21**	0.22
Earnings per share – Diluted (RMB)	9	**0.21**	0.22

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
At 31 December 2015

	Note	**2015** **RMB'000**	2014 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment		**1,766,869**	1,541,882
Investment properties		**6,884,931**	6,642,075
Interests in associates		**6,789**	1,753
Interests in joint ventures		**410,044**	609,981
Available-for-sale investment		**–**	38,910
Goodwill		**733,549**	133,918
Intangible assets		**204,474**	26,850
Prepaid lease payments		**868,698**	884,550
Premium on prepaid lease payments		**172,169**	175,847
Land development expenditure		**–**	667,965
Other receivables		**376,841**	376,841
Deposits paid for acquisition of subsidiaries		**231,329**	262,550
Deposit paid for acquisition of a property project		**140,946**	136,648
Deposits paid for acquisition of land use rights		**1,050,077**	1,005,685
Deferred tax assets		**462,161**	498,714
		13,308,877	13,004,169
CURRENT ASSETS			
Properties for sale		**21,801,648**	19,442,516
Prepaid lease payments		**34,274**	34,274
Premium on prepaid lease payments		**3,678**	3,678
Trade and other receivables	*10*	**4,604,047**	3,873,362
Amounts due from customers for contract works		**88,937**	59,460
Tax recoverable		**107,594**	34,130
Amount due from a joint venture		**180,258**	149,855
Amounts due from related parties		**184,782**	–
Financial assets designated as at fair value through profit or loss ("FVTPL")		**19,200**	–
Restricted/pledged bank deposits		**1,336,482**	914,596
Bank balances and cash		**2,881,511**	3,738,040
		31,242,411	28,249,911

	Note	2015 RMB'000	2014 RMB'000
CURRENT LIABILITIES			
Trade and other payables	*11*	**6,626,928**	5,516,143
Deposits received for sale of properties		**5,555,880**	3,386,888
Amounts due to customers for contract works		**17,141**	8,195
Amount due to a non-controlling shareholder		**390,199**	419,960
Amounts due to joint ventures		**1,033,916**	996,467
Tax liabilities		**3,626,109**	3,016,193
Borrowings – due within one year		**1,407,598**	4,122,925
Obligations under finance leases		**22,101**	20,826
Senior notes		**1,004,105**	746,051
		19,683,977	18,233,648
NET CURRENT ASSETS		**11,558,434**	10,016,263
TOTAL ASSETS LESS CURRENT LIABILITIES		**24,867,311**	23,020,432
NON-CURRENT LIABILITIES			
Amount due to a shareholder		**329,721**	686,667
Deferred tax liabilities		**1,071,358**	1,096,155
Borrowings – due after one year		**2,556,814**	3,651,475
Obligations under finance leases		**104,979**	119,749
Derivative financial instruments		**22,673**	–
Senior notes		**8,508,474**	6,022,081
Provision		**33,255**	31,931
		12,627,274	11,608,058
		12,240,037	11,412,374
CAPITAL AND RESERVES			
Share capital		**497,797**	497,485
Reserves		**9,910,694**	8,955,574
Equity attributable to owners of the Company		**10,408,491**	9,453,059
Perpetual capital instrument		**710,500**	710,500
Other non-controlling interests		**1,121,046**	1,248,815
Total non-controlling interests		**1,831,546**	1,959,315
		12,240,037	11,412,374

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2015

1. GENERAL

The Company is a limited company incorporated in Cayman Islands and its shares are listed on The Stock Exchange of Hong Kong Limited (the "SEHK"). Its parent and its ultimate parent are Fantasy Pearl International Limited and Ice Apex Limited, respectively, both being limited liability companies incorporated in the British Virgin Islands (the "BVI"). Its ultimate controlling shareholder is Ms.Zeng Jie, Baby, who is a director of the Company. The addresses of the registered office and principal place of the Company are disclosed in the corporate information section to the annual report.

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

2. APPLICATION OF NEW AND REVISED HONG KONG FINANCIAL REPORTING STANDARDS ("HKFRSs")

The Group has applied the following new and revised HKFRSs issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") for the first time in the current year:

Amendments to HKAS 19	Defined Benefit Plans: Employee Contributions
Amendments to HKFRSs	Annual Improvements to HKFRSs 2010–2012 Cycle
Amendments to HKFRSs	Annual Improvements to HKFRSs 2011–2013 Cycle

The application of the above new and revised amendments to HKFRSs in the current year has had no material impact on the Group's financial performance and positions for the current and prior years and/or on the disclosures set out in these consolidated financial statements.

The Group has not early applied the following new and revised HKFRSs that have been issued but are not yet effective:

HKFRS 9	Financial Instruments[1]
HKFRS 14	Regulatory Deferral Accounts[2]
HKFRS 15	Revenue from Contracts with Customers[1]
Amendments to HKFRS 11	Accounting for Acquisitions of Interests in Joint Operations[3]
Amendments to HKAS 1	Disclosure Initiative[3]
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation[3]
Amendments to HKFRSs	Annual Improvements to HKFRSs 2012–2014 Cycle[3]
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer Plants[3]
Amendments to HKFRS 10 and HKAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[4]
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment Entities: Applying the Consolidation Exception[3]

[1] Effective for annual periods beginning on or after 1 January 2018
[2] Effective for first annual HKFRS financial statements beginning on or after 1 January 2016
[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

HKFRS 9 "*Financial Instruments*"

HKFRS 9 issued in 2009 introduced new requirements for the classification and measurement of financial assets. HKFRS 9 was subsequently amended in 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition, and in 2013 to include the new requirements for general hedge accounting. Another revised version of HKFRS 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 HKFRS 9:

- all recognised financial assets that are within the scope of HKAS 39 "*Financial Instruments: Recognition and Measurement*" are required to be 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. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms that give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are generally measured at FVTOCI. All other debt investments and equity investments are measured at their fair value at the end of subsequent accounting periods. In addition, under HKFRS 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, HKFRS 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 attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss. Under HKAS 39, the entire amount of the change in the fair value of the financial liability designated as fair value through profit or loss is presented in profit or loss.

- in relation to the impairment of financial assets, HKFRS 9 requires an expected credit loss model, as opposed to an incurred credit loss model under HKAS 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 mechanisms currently available in HKAS 39. Under HKFRS 9, 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 retrospective quantitative effectiveness test has been removed. Enhanced disclosure requirements about an entity's risk management activities have also been introduced.

The directors of the Company anticipate that the application of HKFRS 9 in the future may have a material impact on amount reported in respect of the Group's financial assets and financial liabilities. However, it is not practicable to provide a reasonable estimate of the effect of HKFRS 9 until the group undertakes a detailed review.

HKFRS 15 "*Revenue from contracts with Customer*"

HKFRS 15 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. HKFRS 15 will supersede the current revenue recognition guidance including HKAS 18 "*Revenue*", HKAS 11 "*Construction Contracts*" and the related interpretations when it becomes effective. The core principle of HKFRS 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 goods and services. Specifically, the Standard introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with 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 HKFRS 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 HKFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by HKFRS 15.

The directors of the Company anticipates that the application of HKFRS 15 in the future may affect the amounts reported and related disclosures. However, it is not practicable to provide a reasonable estimate of the effect of HKFRS 15 until the Group performs a detailed review.

Except for the above impact, the Directors of the Company do not anticipate that the application of other new and revised HKFRSs will not have significant impact on the Group's consolidated financial statements.

3. REVENUE AND SEGMENT INFORMATION

An analysis of the Group's revenue for the year is as follows:

	2015	2014
	RMB'000	*RMB'000*
Sales of properties	**6,562,066**	6,535,319
Rental income	**182,886**	136,462
Agency fee from provision of property agency services	**24,476**	18,653
Management fee and installation services fee from provision of property operation services	**1,270,014**	504,243
Hotel operations	**121,620**	111,273
Others	**3,235**	–
	8,164,297	7,305,950

The segment information reported externally was analysed on the basis of the different products and services supplied by the Group's operating divisions which is consistent with the internal information that are regularly reviewed by the directors of the Company, the chief operating decision maker, for the purposes of resource allocation and assessment of performance. This is also the basis of organisation in the Group, whereby the management has chosen to organise the Group around differences in products and services. No operating segments identified by the chief operating decision maker have been aggregated in arriving at the operating and reportable segments of the Group.

The Group has six reportable and operating segments as follows:

Property development	–	developing and selling of commercial and residential properties in the PRC
Property investment	–	leasing of commercial and residential properties
Property agency services	–	provision of property agency and other related services
Property operation services	–	provision of property management, installation of security systems and other related services
Hotel operation	–	provision of hotel accommodation, hotel management and related services, food and beverage sale and other ancillary services
Others	–	provision of travel agency services

The accounting policies of the operating and reportable segments are the same as the Group's accounting policies. Segment profit represents the profit earned by each segment without allocation of central administration costs and directors' salaries, interest income, exchange gain/loss, share of results of associates and joint ventures, gain on disposal of subsidiaries, finance costs and income tax expense. This is the measure reported to the chief operating decision maker for the purposes of resources allocation and assessment of segment performance.

For the purposes of monitoring segment performance and allocating resources between segments, the chief operating decision maker also reviews the segment assets attributable to each operating segment, which comprises assets other than interests in associates and joint ventures, available-for-sale investments, amount due from a joint venture, restricted bank deposits, bank balances and cash and other corporate assets.

The following is an analysis of the Group's revenue, results and other material items by operating and reportable segment under review:

For 31 December 2015

	Property development *RMB'000*	Property investment *RMB'000*	Property agency services *RMB'000*	Property operation services *RMB'000*	Hotel operations *RMB'000*	Others *RMB'000*	Total *RMB'000*
External revenues	6,562,066	182,886	24,476	1,270,014	121,620	3,235	8,164,297
Inter-segment revenues	16,979	–	–	107,361	–	–	124,340
Segment results	1,420,638	829,649	22,148	381,102	(9,270)	289	2,644,556
Segment assets	28,569,770	6,985,732	14,890	1,827,971	1,252,412	285,500	38,936,275
Amounts included in the measure of segment profit or loss or segment assets:							
Additions to non-current assets *(note)*	99,563	932,377	–	805,352	237,356	364,117	2,438,765
Change in fair value of investment properties	–	713,922	–	–	–	–	713,922
Recognition of change in fair value of completed properties for sale upon transfer to investment properties	175,922	–	–	–	–	–	175,922
Release of prepaid lease payments	13,879	–	–	–	1,973	–	15,852
Release of premium on prepaid lease payments	3,678	–	–	–	–	–	3,678
Amortisation of intangible assets	–	–	–	13,004	–	–	13,004
Depreciation of property, plant and equipment	36,887	4,185	155	28,764	55,759	–	125,750
Gain (loss) on disposal of property, plant and equipment	286	–	–	(604)	487	–	169
Allowance on bad and doubtful debts, net	14,877	–	–	29,627	–	–	44,504

Inter-segment revenues are charged at prevailing market rate.

Segment revenues, results, assets and other material items for 31 December 2014:

	Property development *RMB'000*	Property investment *RMB'000*	Property agency services *RMB'000*	Property operation services *RMB'000*	Hotel operations *RMB'000*	Total *RMB'000*
External revenues	6,535,319	136,462	18,653	504,243	111,273	7,305,950
Inter-segment revenues	147,775	–	–	90,238	–	238,013
Segment result	1,854,053	637,038	17,234	299,063	5,323	2,812,711
Segment assets	26,161,619	6,875,227	11,731	1,203,359	955,256	35,207,192
Amounts included in the measure of segment profit or loss or segment assets:						
Additions to non-current assets *(note)*	73,249	2,139,128	689	10,594	623,839	2,847,499
Change in fair value of investment properties	–	575,840	–	–	–	575,840
Recognition of change in fair value of completed properties for sale upon transfer to investment properties	95,665	–	–	–	–	95,665
Release of prepaid lease payments	22,308	–	–	–	1,937	24,245
Release of premium on prepaid lease payments	22,910	–	–	–	–	22,910
Amortisation of intangible assets	–	–	–	3,505	–	3,505
Depreciation of property, plant and equipment	21,496	6,475	–	8,639	54,046	90,656
Gain on disposal of property, plant and equipment	321	–	–	–	–	321
Reversal of allowance on bad and doubtful debts, net	28,599	–	–	11,054	–	39,653

Inter-segment revenues are charged at prevailing market rate.

Note: Additions to non-current assets comprise mainly additions to goodwill, property, plant and equipment and investment properties and exclude interests in associates and joint ventures, deposits paid for acquisition of land use rights, acquisition of subsidiaries and acquisition of a property project and deferred tax assets.

Reconciliation:

	2015	2014
	RMB'000	*RMB'000*
Revenue:		
Total revenue for operating and reportable segments	**8,288,637**	7,543,963
Elimination of inter-segment revenues	**(124,340)**	(238,013)
Group's total revenues	**8,164,297**	7,305,950
Total segment results	**2,644,556**	2,812,711
Elimination of inter-segment result	**(20,720)**	(68,860)
Unallocated amounts:		
Unallocated income, gains and losses	**–**	–
Bank interest income	**30,127**	23,351
Net exchange loss	**(233,559)**	(50,514)
Change in fair value of option derivatives	**6,917**	–
Share-based payment expenses	**(90,923)**	(33,133)
Unallocated corporate expenses	**(96,041)**	(73,988)
Finance costs	**(302,340)**	(290,948)
Share of results of associates	**626**	56
Share of results of joint ventures	**(7,324)**	(12,663)
Gains on disposal of subsidiaries	**790,039**	223,707
Profit before tax	**2,721,358**	2,529,719

	2015	2014
	RMB'000	*RMB'000*
Assets:		
Total assets for operating and reportable segments	**38,936,275**	35,207,192
Unallocated assets:		
Interests in associates	**6,789**	1,753
Interests in joint ventures	**410,044**	609,981
Financial assets designated as at FVTPL	**19,200**	–
Available-for-sale investment	**–**	38,910
Amounts due from related parties	**184,782**	–
Restricted/pledged bank deposits	**1,336,482**	914,596
Amount due from a joint venture	**180,258**	149,855
Bank balances and cash	**2,881,511**	3,738,040
Corporate assets	**595,947**	593,753
Group's total assets	**44,551,288**	41,254,080

The Group's revenue from external customers is derived solely from its operations in the PRC, and non-current assets of the Group are mainly located in the PRC.

During the years ended 31 December 2014 and 2013, there was no revenue from transactions with a single external customer amounted to 10% or more of the Group's total revenue.

	2015	2014
	RMB'000	*RMB'000*
Other material items:		
Release of prepaid lease payments		
Reportable segment totals	**15,852**	24,245
Unallocated amount	**–**	343
	15,852	24,588
Release of premium on prepaid lease payments		
Reportable segment and Group's totals	**3,678**	22,910
Depreciation of property, plant and equipment		
Reportable segment totals	**125,750**	90,656
Unallocated amount	**4,463**	439
Group's total	**130,213**	91,095
Additions to non-current assets		
Reportable segment totals	**2,438,765**	2,847,499
Unallocated amount	**6,747**	8,864
Group's total	**2,445,512**	2,856,363
Gain on disposal of property, plant and equipment		
Reportable segment and Group's totals	**169**	321
Allowance (reversal) on bad and doubtful debt, net		
Reportable segment and Group's totals	**44,504**	39,653

4. OTHER INCOME, GAINS AND LOSSES

	2015	2014
	RMB'000	*RMB'000*
Bank interest income	**30,127**	23,351
Change in fair value of option derivatives	**6,917**	–
Investment income from land development *(note a)*	**67,239**	–
Change in fair value of financial assets designated as at FVTPL	**442**	–
Unconditional government grants *(note b)*	**10,223**	571
Net exchange loss	**(233,559)**	(50,514)
Others	**10,251**	13,291
	(108,360)	(13,301)

Notes:

(a) The amount represents the project management income from the People's Government of Chengdu ("Chengdu Government") for the Land Development Project.

(b) The amount represents the grants received from the relevant PRC local governments to encourage the development of real estate industry and property management industry. The subsidies are unconditional and granted to the group on a discretionary basis.

5. FINANCE COSTS

	2015	2014
	RMB'000	*RMB'000*
Interest on:		
– bank and other loans	**383,066**	369,496
– senior notes and bonds	**887,481**	768,529
– finance leases	**4,447**	8,759
– redeemable shares	**–**	655
– amount due to a non-controlling shareholder	**48,581**	141,099
	1,323,575	1,288,538
Less: Amount capitalised in properties under development for sale	**(812,774)**	(953,941)
Amount capitalised in investment properties under construction	**(186,155)**	(4,123)
Amount capitalised in construction in progress	**(22,306)**	(39,526)
	302,340	290,948

In 2015, certain amount of borrowing costs capitalised arose on the general borrowing pool and were calculated by applying the capitalisation rate of 13.8% per annum (2014: 11.76% per annum) to expenditures on qualifying assets.

6. PROFIT BEFORE TAX

	2015	2014
	RMB'000	*RMB'000*
Profit before tax has been arrived at after charging (crediting):		
Directors' emoluments	**17,344**	20,274
Other staff's salaries and allowances	**443,896**	346,743
Retirement benefit scheme contributions	**76,998**	62,003
Share-based payments	**90,327**	768
Total staff costs	**628,565**	429,788
Less: Amount capitalised in properties under development for sale	**(206,042)**	(167,094)
	422,523	262,694
Auditor's remuneration	**5,966**	5,853
Release of prepaid lease payments	**15,852**	24,588
Release of premium on prepaid lease payments	**3,678**	22,910
Depreciation of property, plant and equipment	**130,213**	91,095
Amortisation of intangible assets	**13,004**	3,505
Gain on disposal of property, plant and equipment	**(169)**	(321)
Allowance on bad and doubtful debts, net	**44,504**	39,653
Listing expense of a non-wholly own subsidiary of the Company	**–**	16,282
Cost of properties sold recognised as an expense	**4,726,772**	4,091,116
Contract cost recognised as an expense	**30,981**	24,878
Rental expenses in respect of rented premises under operating leases	**21,088**	13,893
Gross rental income from investment properties	**(182,886)**	(136,462)
Less: direct operating expenses from investment properties that generated rental income	**11,722**	9,784
	(171,164)	(126,678)

7. INCOME TAX EXPENSE

	2015 *RMB'000*	2014 *RMB'000*
Current tax:		
PRC taxes		
Enterprise Income Tax ("EIT")	**732,318**	538,665
Land Appreciation Tax ("LAT")	**342,468**	382,487
	1,074,786	921,152
Deferred tax		
Current year	**243,756**	236,256
	1,318,542	1,157,408

No provision for Hong Kong Profits Tax has been made in the consolidated financial statements as the income of the Group neither arises in nor is derived from Hong Kong.

The Group's PRC enterprise income tax is calculated based on the applicable tax rate on assessable profits, if applicable.

LAT is levied at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds of sales of properties less deductible expenditures including cost of land use rights and all property development expenditures.

8. DIVIDENDS

	2015 *RMB'000*	2014 *RMB'000*
Dividends recognised as distribution during the year:		
2014 Final – HK5.39 cents		
(2014: 2013 final dividend HK6.68 cents) per share	**245,012**	306,054

Note: Subsequent to the end of the reporting period, a final dividend in respect of the year ended 31 December 2015 of HK5.00 cents, equivalent to RMB4.19 cents (2014: final dividend for the financial year ended 31 December 2014 of HK5.39 cents, equivalent to RMB4.36 cents) per share amounting to approximately RMB241,330,000 has been proposed by the directors for approval by the shareholders in the annual general meeting.

9. 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:

	2015	2014
	RMB'000	*RMB'000*
Earnings		
Earnings for the purpose of basic and diluted earnings per share (Profit for the year attributable to owners of the Company)	**1,210,610**	1,255,341
Effect of dilutive potential ordinary shares:		
Share options – Colour Life	**(40)**	–
Earnings for the purpose of diluted earnings per share	**1,210,570**	1,255,341
Number of shares		
Weighted average number of ordinary shares for the purpose of basic earnings per share	**5,759,214,304**	5,743,200,974
Effect of dilutive potential ordinary shares		
Share options	**4,122,311**	5,218,237
Weighted average number of ordinary shares for the purpose of diluted earnings per share	**5,763,336,615**	5,748,419,211

10. TRADE AND OTHER RECEIVABLES

Trade receivables are mainly arisen from sales of properties, rental income derived from investment properties, agency fee income in respect of property rentals, service and management income in respect of property management.

Considerations in respect of properties sold are paid by purchasers in accordance with the terms of the related sales and purchase agreements.

Rental income from investment properties is received in accordance with the terms of the relevant lease agreements, normally within 30 days from the issuance of invoices.

Management and service fee income is received in accordance with the terms of the relevant property service agreements, normally within 30 days to 1 year after the issuance of demand note to the residents. Each customer from the property management service has a designated credit limit.

Hotel operation income is in the form of cash sales.

	2015	2014
	RMB'000	*RMB'000*
Trade receivables	**1,317,151**	1,034,555
Other receivables	**362,730**	321,438
Prepayments and other deposits	**186,946**	103,146
Prepayments for suppliers	**165,829**	187,386
Prepayments for construction work	**1,029,565**	1,262,129
Consideration receivables on disposal of subsidiaries	**761,000**	286,446
Amount due from Pixian Government	**135,989**	135,989
Amount due from Chengdu Government	**419,274**	–
Other tax prepayments *(note)*	**225,563**	173,613
Consideration receivables on disposal of partial interests in subsidiaries resulting in loss of control	**–**	206,410
Consideration receivables on disposal of partial interests in subsidiaries without loss of control	**–**	162,250
	4,604,047	3,873,362

Note: During the year ended 31 December 2015, the Group is required to prepay business tax amounting to RMB269,625,000 (2014: RMB188,054,000) in accordance with the relevant PRC tax rules in respect of its pre-sale of property development projects. As at 31 December 2015, amount of approximately RMB218,691,000 (2014: RMB168,946,000) has been prepaid and included in other tax prepayments.

The following is an aged analysis of trade receivables of the Group net of allowance for doubtful debts presented based on the date of delivery of the properties to the customers at the end of the reporting period:

	2015	2014
	RMB'000	*RMB'000*
0 to 30 days	**865,758**	617,505
31 to 90 days	**126,749**	101,979
91 to 180 days	**118,624**	72,856
181 to 365 days	**105,263**	141,341
Over 1 year	**100,757**	100,874
	1,317,151	1,034,555

11. TRADE AND OTHER PAYABLES

	2015	2014
	RMB'000	*RMB'000*
Trade payables	**4,530,755**	3,706,547
Deposit received *(note)*	**587,197**	183,996
Other payables	**901,313**	891,659
Other tax payables	**188,376**	137,307
Accrued staff costs	**215,566**	105,508
Retention payables	**7,234**	6,870
Consideration payables	**138,127**	426,297
Accruals	**58,360**	57,959
	6,626,928	5,516,143

Note: The balance of RMB517,197,000 (2014: RMB183,996,000) represents the earnest money received from potential property buyers.

Trade payables principally comprise amounts outstanding for purchase of materials for the construction of properties for sale and ongoing expenditures. The average credit period for purchase of construction materials ranged from six months to one year.

The following is an aged analysis of the Group's trade payables and retention payables presented based on the invoice date at the end of the reporting period:

	2015	2014
	RMB'000	*RMB'000*
0 to 60 days	**2,012,493**	2,774,979
61 to 180 days	**771,978**	260,645
181 to 365 days	**1,088,540**	507,270
1–2 years	**575,877**	118,654
2–3 years	**85,096**	11,014
Over 3 years	**4,005**	40,855
	4,537,989	3,713,417

At 31 December 2015, the balances of RMB7,234,000 (2014: RMB6,870,000) represent the retention money of approximately 5% to 10% of the construction contract price.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

Property Development

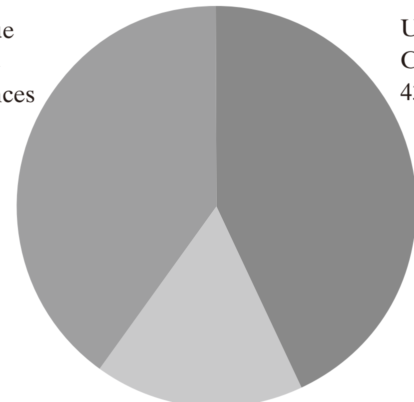
Contracted Sales and Project Development

The policy environment of the property market in 2015 was relatively liberal, making the sales promotion of inventories as the theme of the year; in respect of macro economy, under the active financial policies and stable monetary policies, the growth rate of the economy gradually stabilized with downward pressure still in place; meanwhile, with reasonable and sufficient market liquidity maintained by stable monetary policies, the corporate financial costs have reduced, resulting in a relatively improved financial environment. As driven by relatively liberal policies, the market recovered significantly in 2015 in general, in particular, the property prices in first-tier cities increased rapidly while that of in second and third-tier cities were under the pressure of high inventories, and thus lacking the momentum to price increase and resulting in the increase in volume and decrease in prices; with further decrease in inventories, the extent of price fall reduced and the prices tended to be stabilized.

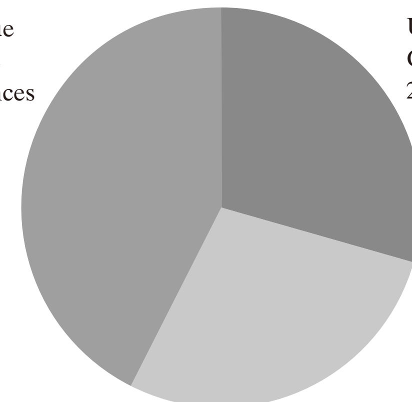
On the basis of the changes in market environment, the Group promptly formulated highly-focused sales strategies with regard to the market fluctuations. During the first half of the year, the Group adhered to its steady and prudent business strategies so that its cash flows and capital were cautiously managed, and sales were stably promoted and sales performance gradually improved, and thus team confidence was nurtured. The market recovered quickly during the second half of the year and the Group took the opportunities as they arise, and made greater marketing efforts to achieve rapid growth in sales volume and successfully accomplished the full-year target. Apart from the above, under the favorable trend for sales in the fourth quarter, the Group has precisely captured the opportunities in rocketing market prices and endeavored to raise the price for projects in major cities pursuant to the sales environment and hence enhanced the Group's profit from sales.

During the Period, the Group recorded contracted sales of RMB11,272.21 million and contracted sales area of 1,289,423 square meters. RMB4,858.62 million of the total contracted sales was derived from urban complexes projects, representing approximately 43.1% of the Group's total contracted sales, and RMB4,526.76 million of the total contracted sales was derived from boutique upscale residences projects, representing approximately 40.2% of the Group's total contracted sales.

The proportion of contracted sales attributable to different categories of products



The proportion of contracted sales area attributable to different categories of products

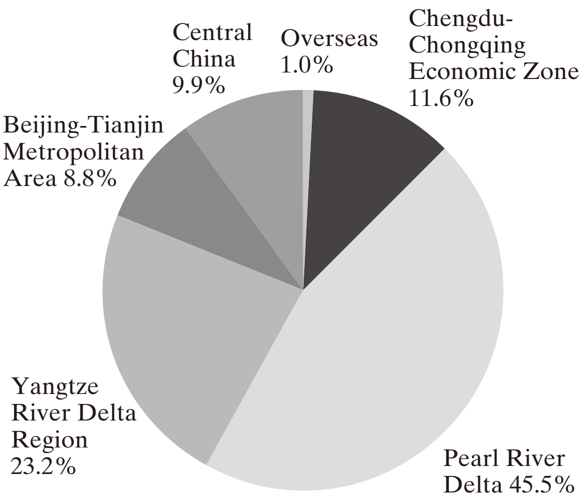


The proportion of contracted sales and contracted sales area attributable to different categories of products for the year 2015

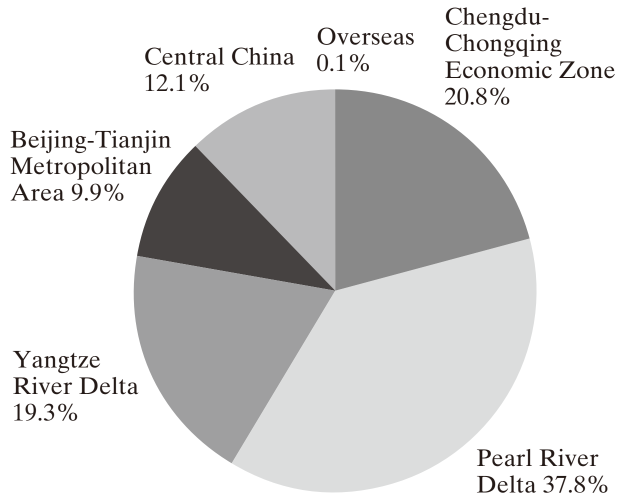
	Amount		Area	
	(RMB million)	*%*	*(sq.m.)*	*%*
Urban Complexes	4,858.62	43.1	380,698.67	29.5
Mid-to-high End Residences	1,886.83	16.7	358,830.26	27.8
Boutique Upscale Residences	4,526.76	40.2	549,894.08	42.7
Total	**11,272.21**	**100.0**	**1,289,423.01**	**100.0**

During the Period, the contracted sales contribution of the Group's real estate business were mainly derived from 13 cities, including Wuhan, Chengdu, Guilin, Huizhou and Suzhou, and 39 projects, including Wuhan Love Forever, Suzhou Hailrun, Tianjin Meinian, Chengdu Longnian International Center, Guilin Lakeside Eden and Huizhou Kangchengsiji. As compared to last year, the Group used Wuhan city as a strategic location to enter the Central China market and Tianjin city as a center for Northern China market, and earned good reputation and impact in the local market. In addition, projects in first-tier cities such as Shenzhen and Guangzhou have increased, making greater growth in its business and resulting in a better established presence of the Group's property business in first and second-tier cities.

The contracted sales value distribution in the six major regions in 2015



The contracted sales area distribution in the six major regions in 2015



The breakdown of the Group's contracted sales in the six major regions in 2015

	Amount		**Area**	
	(RMB million)	%	*(sq.m.)*	%
Chengdu-Chongqing Economic Zone	1,311.32	11.6	267,657.82	20.8
Pearl River Delta	5,123.11	45.5	487,037.03	37.8
Yangtze River Delta Region	2,614.60	23.2	249,474.68	19.3
Beijing-Tianjin Metropolitan Area	993.08	8.8	127,799.03	9.9
Central China	1,120.11	9.9	156,407.44	12.1
Overseas	109.99	1.0	1,047.00	0.1
Total	**11,272.21**	**100.0**	**1,289,423.01**	**100.0**

Chengdu-Chongqing Economic Zone

Chengdu-Chongqing Economic Zone is one of the most important drivers for economic growth in China. Driven by its systematic planning for transport development, Chengdu will become the strategic economic region for modern service industry and new and high-technology industry. The Group entered the Chengdu market in early 2001. With the brand reputation that the Group has accumulated over the past 14 years, the Group has become one of the strongest property developers in Chengdu. In 2015, the Group has been aiming at actively expanding the development of the Group's projects in Chongqing and strove to complete comprehensive expansion of Chengdu-Chongqing Economic Zone.

During the Period, the Group recorded contracted sales area of approximately 267,657.82 square meters ("sq.m.") in Chengdu-Chongqing Zone and contracted sales of approximately RMB1,311.32 million, attributing 20.8% and 11.6% of the total contracted sales area and total contracted sales of properties to the Group during the Period, respectively.

As at 31 December 2015, the Group had six projects or phases of projects under construction in Chengdu-Chongqing Economic Zone, with a total planned gross floor area of approximately 917,391 sq.m. and a saleable area of approximately 753,323 sq.m.. Excluding projects under construction, the Group also had three projects or phases of projects to be developed in Chengdu-Chongqing Economic Zone, with a total planned gross floor area ("GFA") of approximately 1,206,922 sq.m..

Pearl River Delta Region

Pearl River Delta Region has always been one of the most important drivers for economic growth in China, and the area in which the Group undertook strategic transformation. The Group has been accelerating the business development in Guilin market and constantly strengthening the business reserve and new projects in Guangzhou-Shenzhen district.

During the Period, the Group recorded contracted sales area of approximately 487,037.03 sq.m. in Pearl River Delta Region and contracted sales of approximately RMB5,123.11 million, attributing 37.8% and 45.5% of the total contracted sales area and total contracted sales of properties to the Group during the Period, respectively

As at 31 December 2015, the Group had 12 projects or phases of projects under construction in Pearl River Delta Region, with a total planned GFA of approximately 1,350,414 sq.m. and an estimated saleable area of approximately 1,015,565 sq.m.. The Group also had four projects or phases of projects to be developed in Pearl River Delta Region, with a total planned GFA of approximately 1,774,589 sq.m..

Beijing-Tianjin Metropolitan Area

Beijing-Tianjin Metropolitan Area, which is the third pole for China's economic growth as well as the core of the Capital Economic Circle and the hinterland of Bohai Economic Rim Region, enjoys a prominent strategic position. This area, being a national political, economic and cultural centre, is one of the most attractive areas in China. During the Period, on top of its existing projects, the Group actively expanded industry projects, which is the core direction of real estate transformation in the first-tier cities.

During the Period, the Group recorded contracted sales area of approximately 127,799.03 sq.m. and contracted sales of approximately RMB993.08 million in Beijing-Tianjin Metropolitan Area, attributing 9.9% and 8.8% of the total contracted sales area and total contracted sales of properties to the Group during the Period, respectively.

As at 31 December 2015, the Group had three projects or phases of projects under construction in Beijing-Tianjin Metropolitan Area, with a total planned GFA of approximately 118,961 sq.m. and an estimated saleable area of approximately 81,371 sq.m.. The Group also had four projects or phases of projects to be developed in Beijing-Tianjin Metropolitan Area, with a total planned GFA of approximately 576.779 sq.m..

Yangtze River Delta Region

Yangtze River Delta Region is the region which enjoys the strongest integrative strength and the most-balanced development in China. Due to its extensive geographic coverage and strategic development, cities in the region has become important focuses for the growth of China's real estate industry. The Group paid continuous attention to its current projects as well as key cities that have great growth potential within the region. During the Period, Suzhou Fantasia Special Town Project, the Group's housing industrialization project, has been successfully delivered which completed the sales of housing industrialization projects.

During the Period, the Group recorded contracted sales area of 249,474.68 sq.m. and contracted sales of approximately RMB2,614.60 million in the Yangtze River Delta Region, attributing 19.3% and 23.2% of the total contracted sales area and total contracted sales of properties to the Group during the Period, respectively.

As at 31 December 2015, the Group had four projects or phases of projects under construction in Yangtze River Delta Region, with a total planned GFA of approximately 677,580 sq.m. and an estimated saleable area of approximately 422,711 sq.m.. The Group also had two projects or phases of projects to be developed in Yangtze River Delta Region, with a total planned GFA of approximately 112,240 sq.m..

Central China

Central China is one of the regions in China that has high economic growth potential. It is the centre of industry and agriculture as well as a transport hub of the country. The region plays an important role of linking the eastern, southern, western and northern parts of China and hence is of strategic significance. During the Period, the Group has been gaining market recognition in Wuhan city and this further consolidated the base of its business development.

During the Period, the Group recorded contracted sales area of 156,407.44 sq.m. and contracted sales of approximately RMB1,120.11 million in Central China, attributing 12.1% and 9.9% of the total contracted sales area and total contracted sales of properties to the Group during the Period, respectively

As at 31 December 2015, the Group had two projects or phases of projects under construction in Wuhan, with a total planned GFA of approximately 255,318 sq.m. and an estimated saleable area of approximately 220,805 sq.m..

Overseas

Singapore is one of the United States dollar centres and one of the most important financial, service and shipping centres in Asia. As the first stop for the Group to advance into overseas real estate market, Singapore has an important strategic meaning to the international development of the Group.

During the Period, the Group recorded contracted sales area of 1,047.00 sq.m. and contracted sales of approximately RMB109.99 million in the overseas market, attributing 0.1% and 1.0% of the total contracted sales area and total contracted sales of properties to the Group during the Period, respectively.

As at 31 December 2015, the Group had one overseas project to be developed, with a total planned GFA of approximately 22,904 sq.m. and an estimated saleable area of approximately 11,551 sq.m..

Newly Commenced Projects

During the Period, the Group had eight projects or phases of projects which were newly commenced, with a total planned GFA of approximately 803,883 sq.m..

The breakdown of newly commenced projects in 2015

Project-serial number	Project name	Project location	Nature of land	Expected completion date	Company's interest	GFA (sq.m.)
Yangtze River Delta Region						
1	Phase 2 of Nanjing Hailrun Plaza	Central North Road, Gulou District, Nanjing City	Commercial land use	2018	60%	116,862
2	Suzhou Lago Paradise Land Plot No. 3	Suzhou Taihu National Holiday Resort (蘇州市太湖國家旅遊渡假區)	Residential land use	2017	100%	10,700
Chengdu-Chongqing Economic Zone						
1	Phase 2.2 of Chengdu Longnian Building	Pi County, Chengdu City	Residential and commercial purposes	2016	100%	171,234
Pearl River Delta						
1	Guangzhou Wonderland Kindergarten	Huangjiang, Dongguan City	Ancillary	2016	100%	4,270
2	Phase 3 of Huizhou Kangchengsiji	Hui Nan Road, Huizhou (惠州市惠南路)	Residential and commercial purposes	2017	100%	200,163
Central China						
1	Phase 3 of Wuhan Love Forever (Land plot A)	Hongshan District, Wuhan City	Residential land use	2017	100%	68,458
2	Phase 2 of Wuhan Fantasia Town	Jinyin Lake Ecological Commercial Town, Dongxihu District, Wuhan City	Residential land use	2017	100%	186,860
Beijing-Tianjin Metropolitan Area						
1	Phase 5 of Tianjin Love Forever	Wuqing District, Tianjin City	Residential land use	2016	100%	45,336
Total						**803,883**

Completed Projects

During the Period, the Group completed 19 projects or phases of projects, with a total GFA of approximately 1,837,388 sq.m..

The breakdown of completed projects in 2015

Project-serial number	Project name	GFA *(sq. m.)*	Gross saleable area *(sq. m.)*	Area for sales *(sq.m.)*	Contracted sales area *(sq. m.)*	Area held by the Company *(sq.m.)*
Yangtze River Delta Region						
1	Phase 1 of Ningbo Love Forever	112,223	78,007	3,303	74,704	–
2	Phase 2 of Ningbo Love Forever	97,503	69,530	124	69,406	–
3	Wuxi Love Forever	89,033	45,407	776	44,631	–
4	Phase 2.1 of Suzhou Lago Paradise Land Plot No. 4	8,808	8,808	1,422	7,386	–
5	Phase 2 of Fantasia Special Town	129,080	105,410	532	104,878	–
Pearl River Delta						
1	Building 9–12# of Phase 2 of Huizhou Kangchengsiji	42,191	41,007	–	41,007	–
2	Phase 4 of Huizhou Fantasia Special Town	156,095	129,716	1,962	127,754	–
3	Shenzhen Longnian Building	38,566	28,957	641	28,316	–
4	Dongguan Wonderland	34,288	14,208	3,100	11,108	–
5	Wonderland (Commercial) Land Plot No. 1	1,387	1,387	1,387		–
6	Buildings 1#, 2#, 3# and 5# of Guilin Lakeside Spring Dawn	99,295	99,295	20,890	78,405	–
Chengdu-Chongqing Economic Zone						
1	Phase 2.1 of Chengdu Longnian Building	161,681	128,060	32,984	95,076	–
2	Phase 2.1 of Chengdu Meinian	64,077	31,786	22,789	8,997	–
3	Phase 2.2 of Chengdu Grande Valley	26,231	26,231	2,616	23,615	–
4	Phase 5 of Chengdu Fantasia Town	367,733	282,634	285,319	285,319	–
Central China						
1	Phase 1 of Wuhan Love Forever	89,259	68,313	–	68,313	–
2	Phase 2 of Wuhan Love Forever	99,937	73,729	2,418	71,311	–
3	Phase 1 of Wuhan Fantasia Town	147,825	117,743	28,672	89,071	–
Beijing-Tianjin Metropolitan Area						
1	Phase 4 of Tianjin Love Forever	72,177	43,394	–	43,394	–
Total		**1,837,256**	**1,393,622**	**408,935**	**1,272,691**	**–**

Projects Under Construction

As at 31 December 2015, the Group had 28 projects or phases of projects under construction, with a total planned GFA of 3,342,569 sq.m. and a total planned gross saleable area of 2,526,922 sq.m. among which the accumulated contracted area was 730,397 sq.m.

The breakdown of projects under construction as at 31 December 2015

Project-serial number	Project name	Project location	Nature of land	Company's interest	Expected completion date	GFA *(sq.m.)*	Gross saleable area *(sq.m.)*	Product Category
Shenzhen								
1	Phase 2 of Able	Longgang District, Shenzhen City	Industrial land use	61%	2016	85,428	65,109	Industrial Plants
2	Lenian Plaza	Longgang District, Shenzhen City	Industrial plants and carpark	60%	2016	127,123	86,344	Industrial Plants
Huizhou								
1	Building 1-2# of Phase 1 of Huizhou TCL Kangchengsiji	Zhongkai Hi-tech Zone, Huizhou City	Residential and commercial purposes	100%	2016	31,505	31,047	Mid-to-high End Residences
2	Phase 1 of Kangchengsiji Land Plot No. 8	Zhongkai Hi-tech Zone, Huizhou City	Residential and commercial purposes	100%	2016	33,254	32,565	Mid-to-high End Residences
3	Building 15-16# of Phase 2 of Huizhou Kangchengsiji	Zhongkai Hi-tech Zone, Huizhou City	Residential and commercial purposes	100%	Building 16#: 2016 Building 15#: 2018	40,139	34,657	Mid-to-high End Residences
4	Phase 3 of Huizhou Kangchengsiji	Huinan Road, Huizhou City	Residential and commercial purposes	100%	2017	200,163	137,207	Mid-to-high End Residences
Dongguan								
1	Guangzhou Jiang Shan Hui Kindergarten (廣州江山薈幼稚園)	Huangjiang Town, Dongguan City	Ancillary	100%	2016	4,270	4,270	Educational Ancillaries
Guilin								
1	Phrase 3 of Guilin Fantasia Town	Lingui New District, Guilin City	Residential and commercial purposes	100%	Phase 3: 2016	298,619	238,383	Urban Complexes
2	B District, North Coast of Guilin Lakeside Eden	Lingui New District, Guilin City	Residential and commercial purposes	100%	1,8#: 2016 2, 3#: 2017 Others: 2018	243,210	206,571	Boutique Upscale Residences
3	Block C2 of Guilin Lakeside Eden Community	Lingui New District, Guilin City	Residential and commercial purposes	100%	3#: 2016 5,6#: 2017	149,670	93,882	Boutique Upscale Residences
4	Remaining ancillaries of Block D of Guilin Lakeside Spring Dawn	Lingui New District, Guilin City	Residential and commercial purposes	100%	2016	17,326	17,326	Boutique Upscale Residences
5	Block E of Guilin Lakeside Spring Dawn	Lingui New District, Guilin City	Residential and commercial purposes	100%	1,2#: 2016 3#: 2018	119,709	89,800	Boutique Upscale Residences

Project-serial number	Project name	Project location	Nature of land	Company's interest	Expected completion date	GFA (sq.m.)	Gross saleable area (sq.m.)	Product Category
Chengdu								
1	Phase 2 of Meinian International Plaza	Chengdu High-technology Zone, Chengdu City	Residential, commercial and educational purposes	100%	Phase 2.2 Block B: 2016 Phase 2.2 remaining blocks & Phase 2.3: TBC	482,759	393,490	Urban Complexes
2	Phase 1.2 and 1.3 of Longnian International Center	Pi County, Chengdu City	Residential and commercial purposes	100%	TBC	74,776	56,592	Urban Complexes
3	Phase 2.2 of Longnian International Center	Pi County, Chengdu City	Residential and commercial purposes	100%	2016	171,234	114,619	Urban Complexes
4	Four Points by Sheraton of Grande Valley	Pujiang County, Chengdu City	Hotels	100%	2016	33,700	33,700	Hotels
5	Grande Valley 12-1	Pujiang County, Chengdu City	Residential and commercial purposes	100%	2016	3,497	3,497	Boutique Upscale Residences
6	Chengdu Pi County Project	Pi County, Chengdu City	Residential and commercial purposes	100%	2018	151,425	151,425	Boutique Upscale Residences
Tianjin								
1	Ancillaries of Phase 1.3 of Love Forever	Wuqing District, Tianjin City	Residential land use	100%	2016	2,679	2,679	Mid-to-high End Residences
2	Phase 1 of Huaxiang	Wuqing District, Tianjin City	Residential land use	100%	2016	16,479	10,248	Boutique Upscale Residences
3	Meinian International Plaza	Hexi District, Tianjin City	Offices	100%	2016	99,803	68,444	Urban Complexes
Suzhou								
1	Suzhou Lago Paradise Land Plot No. 3	Taihu National Tourism Vacation Zone, Suzhou City	Residential purpose	100%	2017	10,700	10,124	Boutique Upscale Residences
2	Paradise Land Plot No. 4	Taihu National Tourism Vacation Zone, Suzhou City	Residential purpose	100%	Phase 2.2: 2016 Phase 2.3: 2016	20,034	13,008	Boutique Upscale Residences
3	Hailrun Plaza	Binhe Road West, Shangxin District, Suzhou City	Residential and commercial purposes	100%	2016	330,589	198,743	Urban Complexes
Nanjing								
1	Hailrun Plaza	Central North Road, Gulou District, Nanjing City	Commercial land use	60%	2017	316,257	200,836	Urban Complexes

Project-serial number	Project name	Project location	Nature of land	Company's interest	Expected completion date	GFA *(sq.m.)*	Gross saleable area *(sq.m.)*	Product Category
Wuhan								
1	Phase 3 of Love Forever	Hongshan District, Wuhan City	Residential and commercial purposes	100%	2017	68,458	54,217	Boutique Upscale Residences
2	Phase 2 of Wuhan Fantasia Town	Jinyin Lake Ecological Commercial Town, Dongxihu District, Wuhan City	Residential land use	100%	2017	186,860	166,588	Mid-to-high End Residences
Singapore								
1	6 Derbyshire	Novena, Singapore	Residential and commercial purposes	90%	2016	22,904	11,551	Boutique Upscale Residences
Total						**3,342,569**	**2,526,922**	

Projects Held for Development

As at 31 December 2015, the Group had 13 projects or phases of projects held for development, with a total planned GFA of approximately 3,670,530 sq.m..

The following table sets out a breakdown of the Group's projects or phases of projects held for development in the six major regions as at 31 December 2015.

	Sq.m.	*%*
Pearl River Delta	1,774,589	48.3%
Chengdu-Chongqing Economic Zone	1,206,922	32.9%
Yangtze River Delta Region	112,240	3.1%
Beijing-Tianjin Metropolitan Area	576,779	15.7%
Central China	–	–
Overseas	–	–
Total	**3,670,530**	**100%**

The breakdown of projects held for development as at 31 December 2015

Project-serial number	Project name	Project location	Nature of land	Company's interest	GFA *(sq.m.)*
Shenzhen					
1	Xinghua Industrial Project	Shekou District, Shenzhen City	Commercial and financial purposes	61%	40,000
Subtotal					**40,000**
Huizhou					
1	Remaining phases of Kangchengsiji	Zhongkai Hi-tech Zone, Huizhou City	Residential and commercial purposes	100%	256,526
2	Qiuchang Project	Danshui Town, Huiyang District, Huizhou City	Residential purpose	100%	159,387
Subtotal					**415,913**
Suzhou					
1	Remaining phases of Lago Paradise	Taihu National Tourism Vacation Zone, Suzhou City	Residential and commercial purposes	100%	108,500
Subtotal					**108,500**
Wuxi					
1	Remaining phases of Wuxi Love Forever	New District, Wuxi City	Residential and commercial purposes	100%	3,740
Subtotal					**3,740**
Guilin					
1	Remaining phases of Guilin Lakeside Eden Community	Lingui New District, Guilin City	Residential and commercial purposes	100%	1,318,676
Subtotal					**1,318,676**

Project-serial number	Project name	Project location	Nature of land	Company's interest	GFA
					(sq.m.)
Chengdu					
1	Remaining phases of Belle Epoque	Laojunshan, Xinjin County, Chengdu City	Residential, commercial and ancillary purposes	100%	397,204
2	Remaining phases of Grande Valley	Pujiang County, Chengdu City	Residential and commercial purposes	100%	727,088
3	Phase 2.3 of Longnian International Center	Pi County, Chengdu City	Residential and commercial purposes	100%	82,630
Subtotal					**1,206,922**
Beijing					
1	Qingnian Road Project	Qingnian Road, Beijing	Commercial purpose, offices and carparks	100%	94,984
Subtotal					**94,984**
Tianjin					
1	Remaining phases of Love Forever	Wuqing District, Tianjin City	Residential land use	100%	52,755
2	Remaining phases of Huaxiang	Wuqing District, Tianjin City	Residential land use	100%	260,700
3	Yingcheng Lake Project	Hangu District, Tianjin City	Residential, commercial and tourism purposes	100%	168,339
Subtotal					**481,794**
Total					**3,670,530**

The Group's Land Bank

During the reporting period, the Group continued to adhere to its prudent investment strategy and its development direction of acquiring land in first-tier cities, such as Beijing, Shanghai and Shenzhen, which enjoy strong market potential and are capable of delivering prosperous return. As at 31 December 2015, the planned GFA of the Group's land bank amounted to approximately 15.91 million sq.m. and the planned GFA of properties with framework agreements signed amounted to 8.90 million sq.m..

Region	Projects under construction *(sq.m.)*	Projects to be developed *(sq.m.)*	Projects under framework agreements *(sq.m.)*	Aggregate planned GFA of landbank *(sq.m.)*	Proportion
Chengdu-Chongqing Economic Zone				**5,130,995**	**32.2%**
Chengdu	917,391	1,206,922	2,916,682	5,040,995	
Kunming			90,000	90,000	
Pearl River Delta				**8,138,054**	**51.1%**
Shenzhen	212,550	40,000	2,223,050	2,475,601	
Huizhou	305,060	415,913	2,790,000	3,510,973	
Dongguan	4,270			4,270	
Guilin	828,534	1,318,676		2,147,210	
Beijing-Tianjin Metropolitan Area				**695,740**	**4.4%**
Beijing		94,984		94,984	
Tianjin	118,961	481,794		600,755	
Yangtze River Delta				**1,092,170**	**6.9%**
Suzhou	361,323	108,500	56,254	526,077	
Wuxi		3,740		3,740	
Shanghai			4,818	4,818	
Nanjing	316,257		241,278	557,535	
Central China				**831,318**	**5.2%**
Wuhan	255,318		576,000	831,318	
Overseas				**22,904**	**0.1%**
Singapore	22,904			22,904	
Total	**3,342,569**	**3,670,530**	**8,898,082**	**15,911,180**	**100.0%**

Colour Life Group

During the Period, the community services business of the Group maintained rapid growth while Colour Life Services Group Co., Limited ("Colour Life", and together with its subsidiaries the "Colour Life Group"), a subsidiary of the Group, continued to expand its management areas through discretionary trust and acquisition. As at 31 December 2015, Colour Life Group had contracted management area of over 322,000,000 sq.m. with a total of 2,001 communities served. Currently, projects managed by Colour Life Group cover a total of 165 cities in China, including provincial capitals, such as Beijing, Tianjin, Shenyang, Harbin, Changchun, Shanghai, Hangzhou, Nanjing, Xi'an, Yinchuan, Taiyuan, Guiyang, Changsha, Wuhan, Zhengzhou, Guangzhou, Nanchang, Chengdu, Nanning, Haikou and Chongqing, and cities in the Yangtze River Delta, such as Suzhou, Wuxi and Yangzhou, as well as cities in the Pearl River Delta, such as Foshan, Zhuhai, Zhongshan, Huizhou and Zhanjiang, as well as in Singapore, initially forming a regional layout covering regions such as Eastern China, Southern China, Northwest China, Southwest China, Northeast China, Northern China, Central China, Singapore and Hong Kong. Currently, Colour Life Group has become a large-scale property service group, comprising 17 corporations with the certificate of National Class 1 Aptitude on Property Management and 35 corporations with the certificate of National Class 2 Aptitude on Property Management.

At the same time when the business scale has expanded rapidly, the brand influence of the community services of Colour Life has further strengthened as well. In June 2015, the China Index Academy has awarded Colour Life the name of "The World's Largest Residential Properties Community Services Area 2014" (2014 居住物業社區服務面積全球最大). Meanwhile, according to the 2015 China Top 100 Property Service Companies report published by the China Index Academy, among the ten leaders in the category of top 100 property service enterprises with highest satisfaction, Colour Life ranked the sixth, going up one rank as compared to last year. This was a clear evidence that, while maintaining the rapid growth of operational scale, Colour Life also succeeded in improving customer satisfaction, thereby laying a solid foundation for the roll-out of value-added services.

In order to further enhance the efficiency of property management services and realize better experience for residents, Colour Life from time to time implemented Internet-technology based modifications and operation to the projects that it managed. During the first half of 2015, the intelligent community model of Colour Life experienced the upgrade from version 2.2 to version 2.3, which further enhanced the model in areas such as business initiatives, budgeting system, intelligent devices, construction inspection and acceptance, registration of APP and vertical application of ecosphere (including E Maintenance, E Rental, E Wealth Management and microbusiness circle). In October 2015, Colour Life has further completed the upgrade to 3.0 version, and has primarily achieved the professionalization and commercialization in organization, and created a highly efficient and professional community service system with the ICE system supported by the synergy of operating center. Meanwhile, the design and study of the entry points and the setting was comprehensively intensified by the 3.0 version, allowing better access to the Caizhiyun APP by clients and this in turn has successfully increased the reliance of clients, and developed a community online ecosystem through various aspects such as users' demand and efficient support. In 2015, the Colour Life Group has completed hardware upgrade and transformation for 432 communities, making the accumulated total of 842 communities, which accounted for 42.1% in the total number of communities managed by the Colour Life Group.

In 2015, the online platform of Colour Life also achieved significant development in the first half of 2015. Apart from satisfying basic needs such as paying property management fees and handling complaints on services, Caizhiyun APP also added in functions which are frequently used such as "Opening Gate with a Swipe" (掃一掃開社區大門), so as to strengthen the interaction and communication between residents in the community and Colour Life, and increase reliance of residents to the Caizhiyun APP. It is believed that this would further boost Colour Life's capability in exploring and constructing entry points to and setting in communities, thereby facilitating the seamless integration between its online and offline businesses. As of 31 December 2015, registered users of Caizhiyun increased to 2,003 thousand, of which 858 thousand were active users, each representing an increase of 100.3% and 114.5% respectively as compared with those as at the end of 2014. For E Master, a vertical application platform Colour Life operated jointly with a third party, the order per day exceeded 6,000 whilst the order per day for E Wealth Management reached over 4,000, with an accumulated total investment of RMB533 million. These outstanding operating statistics showed that the construction of Colour Life ecosphere was gradually taking shape.

Apart from remarkable development in the principal business, Colour Life has considered employing talents that satisfies its long-term strategies as the central part of its work. Colour Life is of the view that, the composition of the community ecosystem platform has three critical aspects: the building up of a basic IT system, the operating ability of online platform and the service quality in offline community. Thus, focusing in the above three professional requirement, in 2015, Colour Life has employed Zhang Qiliang (張其亮), who was the chief financial architect of Cisco in Greater China area, currently the chief scientist of the research department of Colour Life and primarily responsible for commencing research works relating to future property development, restructuring and upgrading. Colour Life has employed Zheng Jiabin (鄭家斌), the former product and operation director of Alibaba Group, to be responsible for the work relating to Colour Life community platform center and Fu Guojun (付國君), the former operation director of Hai Di Lao Group (海底撈集團), to be responsible for the operation and management of urban facilities and community projects of Colour Life. Such elites from their respective areas will act in concert to assist the future growth of Colour Life.

On the other hand, Colour Life has launched the Colour Life residential sales mode on 30 June 2015, and promoted nationally Colour Life Residence as the strategic product for future development. Colour Life Residence can assist property developers to speed up sales and also lower the entry price for flat purchasers. As the core designer for Colour Life Residence, Colour Life could speed up the growth of the service area through such mode of operation and efficiently organize various demands of future community residents, and such an initiative could significantly increase the online activity and reliance of residents.

Financial Group

Community finance is the important driving force and core business sector in the Group's "Community Plus" strategy. Since the launching in 2013, relying on the Group's strong community service operating platform and making use of the innovative internet finance model, a new path of development for the unique Fantasia "Community Plus Finance" was opened up through providing a variety of financial services such as internet financial platform, insurance brokerage, micro credit business, financial leasing and factoring, with easy assess in the community setting.

The online financial platform, "Hehenian Online"(合和年線上) was renamed as "Qian Sheng Hua"(錢生花) in 2015, and has covered mainstream online channels such as PC-based computer and app-based mobile phone channels. In 2015, the platform, relying on the foundation of Colour Life Group, being China's greatest community operating service provider, has further expanded new channels such as Home E&E, Jiefang District under the Group and has fully integrated the resources, and this made the number of registered users increase to approximately 0.4 million. The amount of newly invested capital reached approximately RMB0.6 billion, rendering the quality of the platform's assets well exceed the average industrial standard. In 2016, Qian Sheng Hua will further its effort in community development and strive to become China's largest community financial service platform.

"Zhong An Xin" (中安信) insurance broker currently achieved strategic cooperation with major insurance companies in China. In 2016, the Group will, centered on "community insurance" model, develop "Community Plus Insurance" Product, and combine online and offline aspects, to continuously enrich Fantasia's "Community operating services ecosystem" through innovative products, services and pattern, and continuously optimize and enhance users experience and devote itself to become client's first choice of community insurance service provider.

The Group's micro credit business and financial leasing business have been operating stably, and has maintained its geographic coverage in the whole country and provided quality assets for the Group. Micro-credit has officially accessed to the credit investigation system in 2015 and has become one of the few micro-credit companies that has accessed to credit investigation system and this has greatly enhanced the market competiveness of the company. Financial leasing business has continued to adhere its unique direction in developing community leasing, and financial services have received stable leasing return through its penetration into the community, and maintained excellent quality assets amid the increased market risks in general. Meanwhile, the brand reputation has also been raised through the successful entering into the capital market through various partnership during the year.

Looking forward, community finance sector will continue to focus on the integration of online and offline ("O2O") service platform of innovative community finance, and provide innovative, convenient, comprehensive and valuable financial services, and endeavor to become the connection for the community's family wealth management.

Home E&E

Shenzhen Fantasia Internation Property Management Co., Ltd. (深圳市花樣年國際物業管理服務有限公司), as one of the two integral parts under the Group, was established in October 2010 with a registered capital of RMB25 million. The company is an integrated property solution service provider, which mainly provides property management and property operating services for urban complexes, office spaces and resort properties. It also provides assets custodian services and other value-added services for all property owners and property users in its course of continuously expanding its assets operating services business.

In 2015, the company was renamed as Shenzhen Home E&E Commercial Services Group Co., Ltd. (深圳市美易家商務服務集團有限公司) ("Home E&E", and together with its subsidiaries the "Home E&E Group") and with the support of the Group, its shares were quoted in the New Third Board with the securities code 834669 on 9 December 2015. The company has formulated its strategies layout which is in line with clients' needs, and the area newly put under management was 5.61 million sq.m., while the projects under its management covered 21 cities in China. Obtaining quality property management projects, and promoting the rapid growth in income and profit of property management business, have been the cornerstone of the company's assets operating business.

During 2015, Home E&E Group has set up three departments, namely business travelling, assets management and commercial community, and thus ensured the value preservation and value-added in the assets management, community operation and tourist short-term leasing. Through the adjustment to the operating model of Niutian Electrical Equipment Engineering, the company has achieved the separation of management and operation, and has succeeded in achieving management efficiency through professional management system. The company has also developed assets management operation online applications, which provides online and offline quality assets management operating services to clients.

In 2016, with its high-end service quality and the strategy of financial leverage, Home E&E Group has deployed its capital to acquire small and medium property enterprise, and implemented the new business model to further improve the project layout throughout China, so as to promote greater growth in management scale and efficiency. Through property management and new business, the Company has applied in practice the internet of things and internet technology into property management activities, and promoted the development of property management in a more professional, smart and automatic direction, this makes the management costs lower and client's experience optimize, while higher standard of services would be available to clients. All of such initiatives make Home E&E Group develop into China's leading commercial community services provider.

Business Management

Urban complex is one of the most important product categories offered by the real estate sector of the Group. With the experience accumulated over the past 17 years, the Group adheres to its mission to pursue innovative business model and diversified business offerings. In attaining its goal, Fantasia Business Management Company Limited ("Fantasia Business Management"), a wholly-owned subsidiary of the Group, successfully recruited much industry talents and actively participated in the operational planning, business solicitation as well as investment invitation for certain large scale projects of the Group during the Period. Meanwhile, it also engaged in the provision of various services which are light assets in nature, such as agency service, consultation service as well as entrusted operation and management for commercial projects operated by external parties.

Nanjing Yuhuatai, a project developed and operated by Fantasia Business Management, commenced operation on 28 September 2014 and has entered the maturity stage with an accumulated income of over RMB15 million in 2015 and an occupancy rate of over 90% and while the profile of brands that have set up business kept raising. Nanjing Yuhuatai has become a renowned community business complex, providing entertainment, leisure, culture and lifestyle experience. Guilin Huashengtang, developed and operated by Fantasia Business Management was successfully opened on 19 June 2015, with an accumulated income of nearly RMB10 million in 2015. Guilin Huashengtang has attracted many famous brands from China and overseas, most of which are entering Guilin market for the first time. With the plenty of shops offering variety of services and products, Guilin Huashengtang has become the flagship shopping centre in Lingui New District, or even Guilin City. Chengdu Hongtang, Suzhou Hongtang and "Fantasia World Outlet" Project in Pi County, Chengdu have fully secured intents of setting in with first and second tier brands and preparation work of openings are well underway.

In 2015, Fantasia Business Management has actively expanded its commercial light assets projects throughout China, across the five regions of East China, South China, Central China, North China and Southwest China, accumulating 11 management business projects, covering the provinces of Tibet, Jiangxi, Jilin, Jiangsu, Sichuan and Guangdong etc. Meanwhile, the market value of commercial brands "Huashengtang", "Hongtang" and "Fantasia World Outlet" was further highlighted, commercial brands business and the granting of naming right have resulted in win-win situation for homeowners and the management side. Following the solid progress of transformation to light assets, Fantasia Business Management will provide higher quality service to homeowners throughout China, in order to generate more fruitful returns.

The brand image and recognition of business projects operated by Fantasia have improved significantly and the Group has gained unique brand influence in the industry. The Group believes that Fantasia Business Management will earn a stable and growing return in the future.

Cultural and Tourism Group

In 2014, Fantasia Cultural and Tourism Group was taking shape and its businesses covered hotels, golf courses, urban clubhouses, private clubs, theme parks, art museums and engineering consultation. In 2015, Cultural and Tourism Group, having inherited the "Internet & Community" ("互聯網+社區") concept, continued on the path of developing light assets, targeting both the domestic and the overseas market, with commitment to consolidating and refining the cultural tourism resources.

In 2015, the overseas business unit of Cultural and Tourism Group has taken over 373 U Hotel in United States and U Hotel Taipei (臺北有園飯店), gaining the high reputation of U Hotel (有園品牌) and expanding into overseas hotel market rapidly. Each branded hotel under U Hotel (有園品牌) has a strong market position, with its own feature: U Hotel (有園酒店) put more efforts in promoting "Art +" activities ("藝術+"活動). The activities successfully enhanced the artistic culture, raised the image of the hotel, strengthened connection with clients, making the hotel a market leader in the region. Geyuan Hotel (個園酒店) targets regimen and golden-ager market and puts effort in attaining its position of a regimen-themed hotel. Gaoduan Hotel (高端酒店) mainly hosts international events and large press conferences. In the same year, the project of Jingchuan (涇川花樣年美年文化城) commenced. A national cultural tourism base for regimen, retirement, meditation, leisure and vacation, which is going to astonish the Gansu region, is in the blueprint. Regarding tourism-related products, the firefly base has successfully hatched the first and the second generation of fireflies, commencing the hatching age of Mengchongleyuan (萌寵樂園). Shanghai Harmony Golf Club (上海協和球場) formed cooperation with the local Education Commission and brought golf games and training into campus, creating economic and social benefits. Club Qiertang (七二唐俱樂部) focused on "tailored-itinerary" as the core service. It offered innovative membership products with an internet mindset and provided on-line booking and other services with the functions of mobile applications, and thus put extra value into the membership. The engineering consultation company was contracted to various types of projects. Carrying innovative thinking, the company conducted cross-region (Shenzhen and Hong Kong) project selection, procured the items for the projects and met artistic requirements and completed construction management, inspection and acceptance of projects independently. In December 2015, the Group acquired 100% interests of Morning Star Travel Service Limited (星晨旅遊有限公司) ("Morning Star Travel") in Hong Kong. A community cultural tourism value chain based on the world's largest community service operation platform is instantly established.

In 2016, Fantasia Cultural and Tourism Company (花樣年文化旅遊公司) ("Fantasia Cultural and Tourism", and together with its subsidiaries the "Fantasia Cultural and Tourism Group"), a wholly-owned subsidiary of the Group, will put "hotel and travel" on the highest priority, and will commence community tourism businesses. Meanwhile, Fantasia Cultural and Tourism Group will proactively explore new business models for cultural tourism and serve the community clients with overseas travel, supported by the experience and the strong business network of Morning Star Travel. In this year, Fantasia Cultural and Tourism Group will strive to become the first community overseas travel enterprise in China.

Futainian

In 2015, Shenzhen Futainian Investment Management Co., Ltd. (深圳福泰年投資管理有限公司) ("Futainian"), a wholly-owned subsidiary of the Group, thoroughly studied the consumer behaviour of the senior citizens and core healthcare products for the senior, established a membership system for Futainian, where the number of members has been increasing. In response to the government "9073" plan, Futainian continued to focus on homecare retirement life service, forming a preliminary retirement life service model based on four major services, which were health management, life care, spiritual and cultural care and senior finance, to provide senior citizens with some 60 comprehensive services. In respect of institution expansion, Futainian, on the basis of its presence in Chengdu and Nanjing, continued to promote the "3-in-1" retirement life service system comprising the collaboration of institutional service, homecare service and community service and Ziyue University. Futainian possesses a high-end retirement home, three daycare centres and five homecare service centres to date. Each website has gained good reputation among the community with its quality service and constant marketing campaigns. In 2015, Futainian received over 10,000 requests on senior service followed by the provision of services and products, such as feeding assistance, rehabilitation, senior university and senior travelling, and has set up a database for senior citizens.

In 2016, to strive for a comprehensive coverage of senior service, Futainian will use the feeding assistance as a breakthrough to offer low-priced, high-quality nutritious meals to the senior and establish service reliance with the senior. Futainian will also treat the health management as a value-added service and use smart senior care facilities to build an extensive smart database for the senior. Based on the senior database in 2015, Futainian will create healthcare files for the senior, enhance service reliance to cover every stage of senior citizens and provide services that match the elderly's needs so as to perfect the product service system and set a prime example for health management. For institution operation, Futainian will actively participate in the government's procurement projects on homecare services and, provided that the staff workload is within a reasonable range, explore the method and standard of home-based homecare service in order to improve service quality and strengthen service skills. In respect of product line and service, while perfecting its product line, Futainian will benefit from its commitment to the market, focus on the consumption demands of targeted groups, market segmentation, marketing planning and exploration of senior travelling, home-based homecare, health management and senior interest classes, and progressively enter the market and turn itself into a recognisable retirement life service brand which serves the public and pursues perfection. With the plan of 2016, Futainian is anticipating 30,000 members and a business turnover of more than RMB10,000,000.

Education

2015 has been a year of innovation and development to the education sector of the Group. To match the needs of rapid business growth, the education sector of the Group seeks to build an innovative industrial platform based on the long-term planning and the strategic layout of the four major communities and four major application. The education sector will focus on family and integrate internal resources of the Group, Colour Life, Home E&E and Guilin Hehenian Micro-credit Company Limited ("Hehenian") and external resources on education, business and community to build platforms for modern education service and child development experience. The platforms offer services staff who can perform tasks with high standard and quality to families and provide unique experience and environment for the growth of the children in the communities.

In the first half of 2015, the education sector of the Group undertook different exploration in occupational training, community education and overseas education. The Group has first studied overseas education project and proactively explore overseas education model. It also commenced the training camp for community service elites for internal training for offering modern services staff to enterprises. It has also completed the programme design for services sector and online-offline staff training within internal and external operation. All the development has achieved preferred results. In the second half of 2015, the education sector of the Group finalised its operation mode with the focus on both occupational training and community education to build a space for child development and establish community service training centres; the education qualification application of the education sector is officially completed, representing that the education sector will enter the modern services staff training market and revitalise the community family. At the end of 2015, the education sector completed the confirmation of the education business method which has been put into practice, starting a new page of community education.

In the next three years, the education sector of the Group will rapidly duplicate and expand the community education and occupational training mainly in Shenzhen, Dongguan, Chengdu, Nanjing and Shanghai. Through brand establishment and high-quality product service, the education sector will provide the community family with quick, convenient and excellent solutions on education and bring values to the positive development of society, enterprises, families and individuals.

FINANCIAL REVIEW

Revenue

Revenue of the Group mainly consists of revenue derived from (i) the sales of our developed properties, (ii) the lease of investment properties, (iii) the provision of property agency and related services, (iv) the provision of property operation and related services, (v) the provision of hotel management and related services and (vi) the provision of travel agency service. For the year ended 31 December 2015, revenue of the Group amounted to approximately RMB8,164 million, representing an increase of 11.7% from approximately RMB7,306 million in 2014. Profit for the year attributable to the owners of the Company was approximately RMB1,211 million, representing a decrease of 3.6% from approximately RMB1,255 million in 2014.

Property Development

The Company recognised revenue from the sale of properties when the significant risks and rewards of ownership have been transferred to the purchaser, i.e., when the relevant property has been completed and the possession of the property has been delivered to the purchaser. Revenue from property development represents proceeds from sales of the Group's properties held for sales. Revenue derived from property development increased by 0.4% to approximately RMB6,562 million in 2015 from approximately RMB6,535 million in 2014, which was almost flat as compared to last year.

Property Investment

Revenue generated from property investment increased by 34% to approximately RMB183 million in 2015 from approximately RMB136 million in 2014. The increase was primarily due to the additional area of investment properties leased externally.

Property Agency Services

Revenue derived from property agency services increased by 31.2% to approximately RMB24 million in 2015 from approximately RMB19 million in 2014. The increase was primarily due to the increase in the number of communities that the Group provided agency services and management services to.

Property Operation Services

Revenue derived from property operation services increased by 151.9% to approximately RMB1,270 million in 2015 from approximately RMB504 million in 2014. The increase was primarily due to the increase in both the GFA of the properties under the Group's management and the scope of value-added services provided in 2015.

Hotel Operations

Revenue derived from hotel services increased by 9.3% to approximately RMB122 million in 2015 from approximately RMB111 million in 2014. This increase was primarily due to an increase in number of hotels operated by the Group.

Others

Revenue derived from travel agency services was approximately RMB3 million, which was generated from the acquisition of Morning Star Travel.

Gross Profit and Margin

Gross profit decreased by 10.3% to approximately RMB2,519 million in 2015 from approximately RMB2,807 million in 2014, while the Group's gross profit margin was 30.9% in 2015 as compared to a gross profit margin of 38.4% in 2014. The decrease in gross profit margin was, on one hand, attributable to the narrow down of gross profit margin caused by the downturn of the property market of the second and third tier cities while on the other hand, the increase in proportion of contract system in Colour Life also contributed to the further decrease in gross profit margin.

Other Income, Gain and Losses

In 2015, the Group recorded other net loss of RMB108 million, (2014: RMB13 million). Such difference was mainly attributable to the exchange loss of RMB234 million in 2015 (2014: RMB51 million).

Selling and Distribution Expenses

The Group's selling and distribution expenses increased by 18.1% to approximately RMB319 million in 2015 from approximately RMB270 million in 2014. The increase was mainly due to the increase in the amount of the Group's contracted sales in 2015 as compared to 2014. Expenses such as advertising and marketing expenses as well as salaries of sales personnel for the Period were closely related to the amount of contracted sales, and hence the selling expenses increased significantly.

Administrative Expenses

The Group's administrative expenses increased by 26.5% to approximately RMB741 million in 2015 from approximately RMB586 million in 2014. This increase was mainly due to the increase in the number of staff required to support the expansion of the Group's scale of operation for the Group's business development during its transformation towards a community-based company.

Finance Costs

The Group's finance costs increased by 3.9% to approximately RMB302 million in 2015 from approximately RMB291 million in 2014. Most of the Group's bank loans and senior notes were used for projects constructions. The increase in finance costs was mainly due to the increase in the average annual balance of interest-bearing liabilities, which offsets the effect arising from the slight decrease in overall interest rate.

Income Tax Expenses

The Group's income tax expenses increased by 13.9% to approximately RMB1,319 million in 2015 from approximately RMB1,157 million in 2014. This increase was mainly due to the increase in profit before tax.

Profit Attributable to Owners of the Company

Profit attributable to owners of the Company decreased by 3.6% to approximately RMB1,211 million in 2015 from approximately RMB1,255 million in 2014.

Liquidity, Financial and Capital Resources

Cash Position

As at 31 December 2015, the Group's bank balances and cash were in the sum of approximately RMB4,218 million (2014: approximately RMB4,653 million), representing a decrease of 9.3% as compared to that as at 31 December 2014. A portion of the Group's cash is restricted bank deposits that are restricted for use of property development. These restricted bank deposits will be released upon completion of the development of the relevant properties in which such deposits relate to.

Net Gearing Ratio

The net gearing ratio was 75.6% as at 31 December 2015 compared to that of 86.7% as at 31 December 2014, representing a substantial decrease of 11.1 percentage points. The net gearing ratio was measured by net debt (aggregated bank borrowings and senior notes net of bank balances and cash and restricted cash) over the total equity. In 2015, due to the unfavorable property market, the Group optimised its equity structure and maintained a reasonable proportion of long-term and short-term debts as well as strictly implemented the budget for cash flows so that the Group had a relatively substantial decrease in its gearing ratio for the Period as compared to that as at the end of last year.

Borrowings and Charges on the Group's Assets

As at 31 December 2015, the Group had an aggregate borrowings and senior notes of approximately RMB3,964 million (31 December 2014: approximately RMB7,774 million) and approximately RMB9,513 million (31 December 2014: approximately RMB6,768 million), respectively. Amongst the borrowings, approximately RMB1,408 million (31 December 2014: approximately RMB4,123 million) will be repayable within one year, approximately RMB2,468 million (31 December 2014: approximately RMB2,795 million) will be repayable between two to five years and approximately RMB88 million (31 December 2014: approximately RMB856 million) will be repayable after five years. Amongst the senior notes, approximately RMB1,004 million (31 December 2014: approximately RMB746 million) will be repayable within one year and approximately RMB8,508 million (31 December 2014: approximately RMB6,022 million) will be repayable after one year.

As at 31 December 2015, a substantial part of the borrowings were secured by land use rights and properties of the Group. The senior notes were jointly and severally guaranteed by certain subsidiaries of the Group through the pledge of their shares.

Exchange Rate Risk

The Group mainly operates its business in China. Other than the foreign currency denominated bank deposits, borrowings, redeemable shares, obligations under finance leases and senior notes, the Group does not have any other material direct exposure to foreign exchange fluctuations. During 2015, though the exchange rates of RMB against U.S. dollar and Hong Kong dollar decreased, the Directors expect that any fluctuation of RMB's exchange rate will not have material adverse effect on the operation of the Group.

Commitments

As at 31 December 2015, the Group had committed payment for the construction and land development expenditure amounting to approximately RMB3,867 million (2014: RMB4,487 million).

Contingent Liabilities

As at 31 December 2015, the Group had provided guarantees amounting to approximately RMB6,442 million (2014: approximately RMB4,778 million) in respect of mortgage facilities granted by certain banks in connection with the mortgage loans entered into by purchasers of the Group's properties. Pursuant to the terms of the guarantees, if there is default of the mortgage payments by these purchasers, the Group is responsible to repay the outstanding mortgage loans together with accrued interests thereon and any penalty owed by the defaulted purchasers to banks. The Group is then entitled to take over the legal title of the related properties. The guarantee period commences from the dates of grant of the relevant mortgages loans and ends after the purchaser obtained the individual property ownership certificate. In the opinion of the Directors, no provision for the guarantee contracts was recognized in the financial statement for the year ended 31 December 2015 as the default risk is low.

Employees and Remuneration Policies

As at 31 December 2015, excluding the employees of communities managed on a commission basis, the Group had approximately 12,141 employees (31 December 2014: approximately 5,990 employees). Total staff costs, including the Directors' emoluments, for the year ended 31 December 2015 amounted to approximately RMB629 million (2014: approximately RMB430 million). Remuneration is determined with reference to the performance, skills, qualifications and experiences of the staff concerned and according to the prevailing industry practice. Besides salary payments, other staff benefits include contribution of the mandatory provident fund (for Hong Kong employees) and state-managed retirement pension scheme (for Chinese employees), a discretionary bonus program and a share option scheme.

The Company adopted the share option scheme on 27 October 2009. As at 31 December 2015, total 142,660,000 share options were granted and 19,325,000 (2014: 7,115,800) share options had lapsed while 3,721,000 (2014: 124,200) share options had been exercised during the year. As at 31 December 2015, the outstanding share options were 85,944,000.

SIGNIFICANT EVENT AFTER THE REPORTING PERIOD

On 4 January 2016, a wholly-owned subsidiary of the Company ("Issuer") incorporated in the People's Republic of China issued the domestic bonds in the amount of RMB1.1 billion at an interest rate of 7.29% due 2021. The domestic bonds are non-guaranteed bonds. At the end of the third year, the Issuer shall be entitled to increase the coupon rate and the investors shall be entitled to sellback the domestic bonds. Guotai Junan Securities Co., Ltd acted as the lead underwriters for the issue. The domestic bonds are listed on the Shenzhen Stock Exchange.

DIVIDENDS DISTRIBUTION

The Directors recommend the declaration of a final dividend at the rate of HK$5.00 cents per share to all persons registered as holders of shares of the Company on Friday, 20 May 2016. The aggregate amount shall be paid out of the Company's share premium account.

CLOSURE OF REGISTER OF MEMBERS

The register of members of the Company will be closed for the following periods:

(a) For the purpose of determining shareholders who are entitled to attend and vote at the forthcoming annual general meeting to be held on Friday, 13 May 2016 ("AGM"), the register of members of the Company will be closed on Monday, 9 May 2016 to Friday, 13 May 2016, both days inclusive. In order to qualify for attending and voting at the AGM, all transfer documents should be lodged for registration with Company's Hong Kong branch share registrar, Computershare Hong Kong Investor Services Limited at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:30 p.m. on Friday, 6 May 2016.

(b) For the purpose of determining shareholders who qualify for the final dividend, the register of members of the Company will be closed on Thursday, 19 May 2016 to Friday, 20 May 2016, both days inclusive. In order to qualify for the final dividend, all transfer documents should be lodged for registration with the Company's Hong Kong branch share registrar, Computershare Hong Kong Investor Services Limited at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:30 p.m. on Wednesday, 18 May 2016.

ANNUAL GENERAL MEETING

The AGM will be held on Friday, 13 May 2016 and a notice convening the AGM will be published and dispatched in the manner as required by the Rules Governing the Listing of Securities (the "Listing Rules") on the Stock Exchange in due course.

CODE ON CORPORATE GOVERNANCE PRACTICES

The Company has adopted the code provisions set out in the Corporate Governance Code ("Corporate Governance Code") contained in Appendix 14 to the Listing Rules. For the period throughout the year ended 31 December 2015, the Board is of the view that the Company has complied with the code provisions under the Corporate Governance Code save for the following deviation:

– Code A.2.1 of the Corporate Governance Code stipulates that the roles of chairman and chief executive officer should be separate and should not be performed by the same individual. Mr. Pan Jun is the chairman of the Board and chief executive officer of the Company. The Board considers that this structure will not impair the balance of power and authority between the Board and the management of the Company. The balance of power and authority is ensured by the operations of the Board, which comprises experienced and high caliber individuals and meets regularly to discuss issues affecting operations of the Company. The Board believes that this structure is conductive to strong and consistent leadership, enabling the Group to make and implement decisions promptly and efficiently. The Board has full confidence in Mr. Pan and believes that his appointment to the posts of chairman and chief executive officer is beneficial to the business prospects of the Company.

– Under Code A.6.7, the independent non-executive Directors and the non-executive Directors, as equal Board members, should attend the general meetings of the Company. However, due to other business commitment, Ms. Zeng Jie, Baby, Mr. Zhou Jinquan and Mr. Wang Liang, the executive Directors, Mr. Li Dong Sheng and Mr. Yuan Hao Dong, the non-executive Directors, and Mr. Ho Man, Mr. Huang Ming, Dr. Liao Jianwen and Mr. Guo Shaomu, the independent non-executive Directors, did not attend the annual general meeting of the Company held on 14 May 2015.

Audit Committee

The Company has established the audit committee (the "Audit Committee") in compliance with the Listing Rules to fulfill the functions of reviewing and monitoring the financial reporting and internal control of the Company. In order to comply with the Corporate Governance Code, the Board adopted a revised terms of reference of the Audit Committee on 22 December 2015. The revised terms of reference of the Audit Committee are available on the websites of the Company and the Stock Exchange.

The annual results of the Company have been reviewed by the Audit Committee.

Remuneration Committee

The Company has established the remuneration committee (the "Remuneration Committee") in compliance with the Listing Rules. In order to comply with the Corporate Governance Code, the Board adopted a revised terms of reference of the Remuneration Committee on 12 March 2012. The revised terms of reference of the Remuneration Committee are available on the websites of the Company and the Stock Exchange.

Nomination Committee

The Company has established the nomination committee (the "Nomination Committee") in compliance with the Listing Rules to fulfill the functions of reviewing the structure of and nominating suitable candidates to the Board. In order to comply with the Corporate Governance Code, the Board (a) adopted a revised terms of reference of the Nomination Committee on 30 August 2013 and (b) announced that Mr. Pan Jun was appointed as chairman of the Nomination Committee in place of Ms. Zeng Jie, Baby with effect from 12 March 2012. Ms. Zeng Jie, Baby remains as a member of the Nomination Committee. The revised terms of reference of the Nomination Committee are available on the websites of the Company and the Stock Exchange.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 of the Listing Rules as the code of conduct regarding directors' securities transactions. The Company has made specific enquiry with all Directors whether the Directors have complied with the required standard as set out in the Model Code during the year ended 31 December 2015 and all Directors confirmed that they have complied with the Model Code throughout such period.

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S SHARES

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

SUFFICIENCY OF PUBLIC FLOAT

Based on information that is publicly available to the Company and within knowledge of its directors at the date of this announcement, the Company has maintained a sufficient public float throughout the year ended 31 December 2015.

PUBLICATION OF FINAL RESULTS AND ANNUAL REPORT ON THE WEBSITES OF THE STOCK EXCHANGE AND THE COMPANY

This results announcement is published on the websites of the Stock Exchange (www.hkex.com.hk) and the Company (www.cnfantasia.com). The annual report of the Company for the year ended 31 December 2015 containing all the information required by the Listing Rules will be dispatched to the Company's shareholders and published on the above websites in due course.

ACKNOWLEDGEMENT

The development of the Group was founded on the tremendous support from all parties in the society and the contributions of our dedicated staff. On behalf of the Board, the Company would like to take this opportunity to express its heartfelt thanks to all shareholders, investors, partners and customers for their trust and support. Looking forward, the Group will build a coordinated organic ecosphere based on the financial services and the Internet, actively promote the globalisation of our development strategies and step by step shift towards light asset based business. It will also gradually adopt an organisation structure that separates the operation of front and back offices and supervise their coordination, so as to establish itself as an integrated strategic investment holding group. The Group will adhere to the brand vision of "Fantasia Creates Value" and endeavour to create maximum value and best return for shareholders and investors.

By order of the Board
Fantasia Holdings Group Co., Limited
Pan Jun
Chairman

Hong Kong, 2 March 2016

As at the date of this announcement, the executive Directors are Mr. Pan Jun, Ms. Zeng Jie, Baby, Mr. Lam Kam Tong and Mr. Zhou Jinquan; the non-executive Directors are Mr. Li Dong Sheng and Mr. Yuan Hao Dong; and the independent non-executive Directors are Mr. Ho Man, Mr. Huang Ming, Dr. Liao Jianwen, Ms. Wong Pui Sze, Priscilla, JP and Mr. Guo Shaomu.