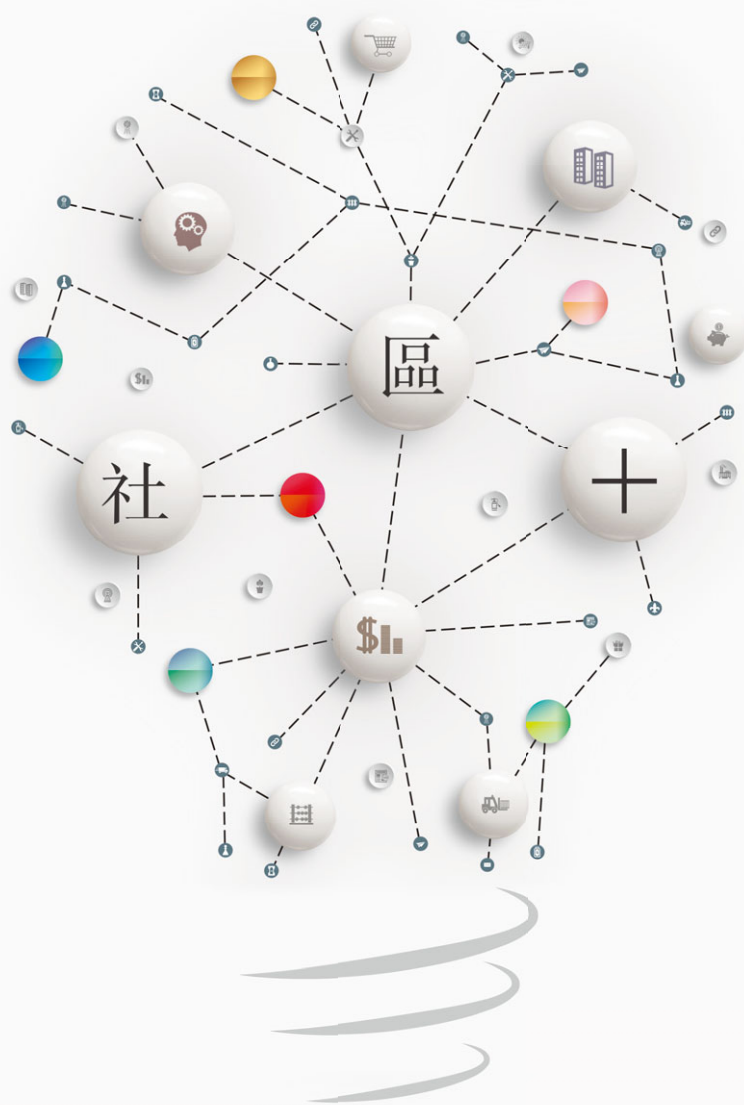


# 15

Annual Report | Stock Code: 01777



Creating Value with Aspirations.



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**DIRECTORS****Executive Directors**

Mr. Pan Jun (Chairman and  
Chief Executive Officer)  
Ms. Zeng Jie, Baby  
Mr. Lam Kam Tong  
Mr. Zhou Jinquan

**Non-Executive Directors**

Mr. Li Dong Sheng  
Mr. Yuan Hao Dong

**Independent Non-Executive Directors**

Mr. Ho Man  
Mr. Huang Ming  
Dr. Liao Jianwen  
Ms. Wong Pui Sze, Priscilla, JP  
Mr. Guo Shaomu

**COMPANY SECRETARY**

Mr. Lam Kam Tong

**AUTHORIZED REPRESENTATIVES**

Mr. Pan Jun  
Mr. Lam Kam Tong

**AUDIT COMMITTEE**

Mr. Ho Man (Committee Chairman)  
Mr. Huang Ming  
Dr. Liao Jianwen  
Ms. Wong Pui Sze, Priscilla, JP  
Mr. Guo Shaomu

**REMUNERATION COMMITTEE**

Mr. Huang Ming  
(Committee Chairman)  
Mr. Ho Man  
Mr. Pan Jun  
Dr. Liao Jianwen  
Ms. Wong Pui Sze, Priscilla, JP  
Mr. Guo Shaomu

**NOMINATION COMMITTEE**

Mr. Pan Jun (Committee Chairman)  
Mr. Ho Man  
Mr. Huang Ming  
Ms. Zeng Jie, Baby  
Dr. Liao Jianwen  
Ms. Wong Pui Sze, Priscilla, JP  
Mr. Guo Shaomu

**AUDITORS**

Deloitte Touche Tohmatsu  
Certified Public Accountants

**PRINCIPAL BANKERS**

Agricultural Bank of China  
China Construction Bank Corporation  
China Everbright Bank Co., Ltd.  
Industrial and Commercial Bank of  
China Limited  
The Hongkong and Shanghai Banking  
Corporation Limited

**LEGAL ADVISORS**

**As to Hong Kong Law**  
Sidley Austin

**As to PRC Law**

Commerce & Finance Law Offices

**As to Cayman Islands Law**

Conyers Dill & Pearman

**REGISTERED OFFICE**

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

**CORPORATE HEAD OFFICE IN HONG KONG**

Room 1202-03  
New World Tower 1  
16-18 Queen's Road Central  
Hong Kong

**CORPORATE HEADQUARTERS IN PEOPLE'S REPUBLIC OF CHINA**

Block A, Funian Plaza  
Shihua Road and Zijing Road  
Interchange in Futian Duty-free Zone  
Shenzhen 518048  
Guangdong Province, China

**CAYMAN ISLANDS PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE**

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

**HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE**

Computershare Hong Kong Investor  
Services Limited  
17M Floor, Hopewell Centre  
183 Queen's Road East  
Wanchai, Hong Kong

**LISTING INFORMATION****The Company's Share Listing**

Ordinary shares  
The Stock Exchange of Hong Kong  
Limited  
Stock Code: 01777

**The Company's Senior Notes Listing**

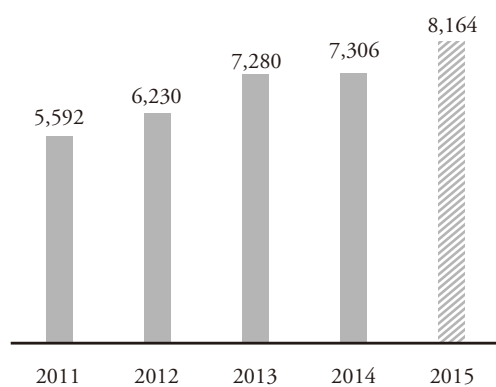
RMB1 billion 7.875%, 3 years senior  
notes due 2016  
USD250 million 13.75%, 5 years senior  
notes due 2017  
USD200 million 11.50%, 3 years senior  
notes due 2018  
USD300 million 10.625%, 5 years  
senior notes due 2019  
USD250 million 10.75%, 7 years senior  
notes due 2020  
The Singapore Exchange Securities  
Trading Limited

**WEBSITE**

<http://www.cnfantasia.com>

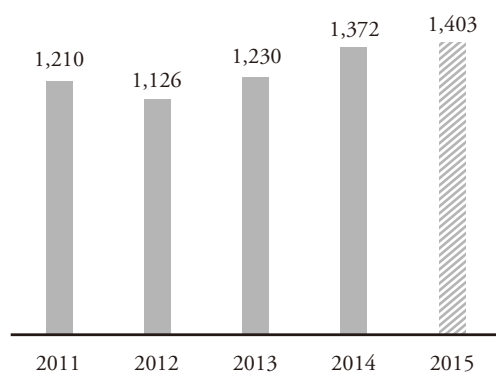
## FINANCIAL HIGHLIGHTS

Revenue (in RMB' million)



11.7%

Profit for the year (in RMB' million)



2.2%

	2010	2011	2012	2013	2014	2015
	(RMB'000)	(RMB'000)	(RMB'000)	(RMB'000)	(RMB'000)	(RMB'000)
Total assets	15,382,388	18,122,636	24,526,597	30,563,466	41,254,080	44,551,288
Gross profit	1,924,794	2,391,700	2,520,272	2,793,559	2,806,812	2,518,743
Profit attributable to owners of the Company	373,469	1,057,479	1,139,241	1,215,038	1,255,341	1,210,610
Basic earnings per share (RMB)	0.17	0.21	0.22	0.23	0.22	0.21
Revenue	4,471,234	5,592,350	6,230,050	7,279,828	7,305,950	8,164,297
Total liabilities	10,534,896	12,340,380	17,605,431	22,732,138	29,841,706	32,311,251

ON COMPANY LEVEL:

◎ In April 2015, Fantasia Group (China) Co., Limited was awarded the honour of the “Top 100 China Real Estate Enterprises” (中國房地產百強企業) for seven consecutive years.

◎ In April 2015, Shenzhen Fantasia Business Management Company Limited was awarded the honour of the “Best Chinese Commercial Real Estate Operator” (中國商業地產最佳營運商) in the Adjudication and Selection of Golden Coordinate on “the Tenth Chinese Commercial Real Estate Festival” (第十屆中國商業地產節).

◎ In April 2015, on the Twelfth Chinese Commercial Real Estate Industry Development Forum held in Shanghai, Shenzhen Fantasia Business Management Company Limited was awarded the honour of the “China Community Commercial Operation Innovation Prize” (中國社區商業運營創新獎).

◎ In May 2015, Shenzhen Fantasia International Property Services Co., Ltd., Chengdu Branch (深圳市花樣年國際物業服務有限公司成都分公司) was awarded the honour of the “Model Enterprises for Urban Water Conservation in Chengdu 2014” (成都市2014年度城市節水工作先進單位).

◎ In June 2015, Colour Life Services Group Co., Limited under Fantasia Group was awarded the honour of the “Top 10 in Top 100 Comprehensive Property Services Enterprises 2015” (2015物業服務百強綜合TOP10) by China Real Estate Top 10 Research Team.

◎ In June 2015, Colour Life Services Group Co., Limited under Fantasia Group was awarded the honour of the “Top 10 Growth Enterprises in Top 100 Property Services Companies 2015” (2015物業服務百強企業成長性TOP10) by China Real Estate Top 10 Research Team. In Addition, Colour Life Services Group ranked the top of “Top 10 Growth Enterprises in Top 100 Property Services Companies 2015” with its prevailing edges.



## HONOURS AND AWARDS

© In June 2015, Colour Life Services Group Co., Limited under Fantasia Group was awarded the honour of the “Leading Enterprises of Satisfaction in Top 100 Property Services Companies 2015” (2015中國物業服務百強滿意度領先企業) by China Real Estate Top 10 Research Team.

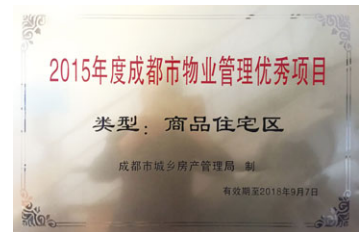
© In June 2015, Colour Life Services Group Co., Limited under Fantasia Group was awarded the honour of the “Top Enterprise with the Largest Area of Residential Properties under Management in the World at the end of 2014” (2014年底物業居住管理面積全球最大) by China Real Estate Top 10 Research Team.

© In July 2015, Fantasia Holdings Group Co., Limited was awarded the honour of the “Award of Contribution to Community Service Industry 2015” (2015年度社區服務行業貢獻大獎) at the 15th Annual Conference of BOAO 21st Century Real Estate Forum.

© In July 2015, Home E&E Group under Fantasia Group was awarded the honour of the “Award of Innovation in Commercial Community Operation 2015” at the 15th Annual Conference of BOAO 21st Century Real Estate Forum.

© In August 2015, Home E&E under Fantasia Group was awarded the honour of the “Award of Innovation in Resort Properties Operation 2015” in the Adjudication and Selection of China Real Estate Fashion Award in 2015.

© In December 2015, Fantasia Group was awarded the honour of the “Award of Innovation in Community Services” (社區服務創新獎), an innovation award of China Real Estate Value Report in the CBN China Real Estate Annual Summit 2015.



ON PROJECT LEVEL:

◎ In March 2015, on the Fifteenth Annual Meeting for China Real Estate Development 2015 organized by the Ministry of Housing and Urban Policy Research Center (住房和城乡建设部政策研究中心) and co-hosted by China Real Estate Dynamic Policy Design Research Group, Fantasia Lakeside Eden Community stood out on the Meeting and was awarded the honour of the “China Exemplary Residential Property Project 2015” (2015年中國宜居示範樓盤).

◎ In April 2015, Arcadia Resort Hotel in Yixing stood out in the Adjudication and Selection of “the Tenth China Hotel Starlight Awards” and was awarded the honour of the “10 Best Travelling and Resort Hotel in China” (中國十佳旅遊度假酒店).

◎ In April 2015, the Annual Meeting for Asia Hotel Forum 2015 cum the Award Ceremony of China Hotel Starlight Awards was held in Shanghai, Guilin Lingui Fantasia Four Points by Sheraton stood out among the numerous participating hotels and was awarded the honour of the “China’s Top 10 New Hotels” (中國十佳新開業酒店).

◎ In June 2015, Tianjin Future Plaza project was awarded the government subsidies for RMB100 million building project and the honour of the “Outstanding Property Management in Tianjin” (天津市物業管理優秀項目).

◎ In September 2015, Chengdu Funian project participated in the Adjudication and Selection of the outstanding building project in Chengdu and successfully attained the title of the outstanding building project in Chengdu.





## MILESTONES OF BUSINESS DEVELOPMENT

- ◎ In January 2014, Fantasia Group (China) Co., Limited entered into a strategic cooperation agreement with China Merchants Bank Co., Ltd. at head office level.
- ◎ In February 2015, Colour Life Services Group Co., Limited announced that Shenzhen Colour Life Services Group Company Limited (深圳市彩生活服務集團有限公司), its wholly-owned subsidiary, entered into a strategic cooperation framework agreement with Shenzhen Qihoo Kin Smart Technology Co., Ltd. (深圳奇虎健安智能科技有限公司), to build a smart home security services system.
- ◎ In February 2015, Colour Life Services Group Co., Limited jointly announced that Colour Life, through its indirectly wholly-owned subsidiary, Shenzhen Colour Life Services Group Company Limited, entered into an agreement with original natural-person shareholders of Shenzhen Kaiyuan International Property Management Co., Ltd. (深圳市開元國際物業管理有限公司) to acquire 100% equity interests of Kaiyuan International for a total consideration of RMB330 million.
- ◎ In April 2015, Hehenian Internet Finance Platform under the community financial sector of Fantasia formally introduced two new payroll loans products named “Jing Ying Dai” (精英貸) and “Hehe Dai” (合和貸) to replace previous payroll loans products.
- ◎ In May 2015, Shenzhen Fantasia Business Management Company Limited entered into a cooperation agreement with Zhongchuang Real Estate (中創置業), a renowned development company in Ganzhou, in relation to a whole set of business asset management services, which was another project developed under the light assets management model of Fantasia Business Management Company Limited. In addition, Fantasia Business Management Company Limited obtained 1.5 projects per month on average and achieved amazingly rapid expansion and replication.
- ◎ In May 2015, Fantasia Real Estate Group reached a cooperative strategic relationship with Inno Vally Investment Management Co., Ltd. (創新谷投資管理有限公司), to accelerate the initiation of innovative development strategies of Fantasia in real estate industry.
- ◎ In May 2015, Shenzhen Longqiwan Project (深圳龍岐灣項目) was launched into market.
- ◎ In June 2015, Wannianchang Street Retirement Life Services Center (day-care center) in Chenghua District, Chengdu City commenced operation.
- ◎ In June 2015, Ankangnian Cujin Service Centre (homecare center) in Wuhou District, Chengdu City commenced operation.
- ◎ In June 2015, Guilin’s Huashengtang Shopping Centre under Shenzhen Fantasia Business Management Company Limited held its opening ceremony and officially commenced operation.
- ◎ In June 2015, shortly before the forthcoming date of the first anniversary of Colour Life Services Group’s listing on the Hong Kong Stock Exchange, Colour Life announced that a strategic cooperation agreement has been entered into with Mengniu, aiming at jointly creating community consumption experience platform for food, such as dairy products and agriculture products. Marketing, brand alliance and exploration for such new community business models as O2O are areas in which they would conduct in-depth cooperation.
- ◎ In June 2015, Jingchuan Fantasia Meinian Culture City Project (涇川花樣年美年文化城) held groundbreaking ceremony. Fantasia Group takes Jingchuan (涇川) as its centre and make use of its resources in Buddhism and tourism at the peripheral cities (i.e. Kongtong Mountain (崆峒山)) as its means to promote the comprehensive combination of local culture and tourism and to explore the essence of Jingchuan Culture, thereby building the brand of tourism of Jingchuan Culture and constructing a national comprehensive cultural tourism base, covering elderly services, health care, meditation, recreation and vacation.
- ◎ In June 2015, at Colour Life Services Group’s first anniversary of listing in Hong Kong, Colour Life solemnly launched “Colour Life Residence”. “Colour Life Residence” brand conference themed as “Wonderful Life begins” was solemnly host by Colour Life Services Group in Ramada Plaza Shenzhen North (深圳豪派特華美達酒店).

© In July 2015, Shenzhen Fantasia Business Management Company Limited and Tibet Shuntong Real Estate Co., Ltd. (西藏順通房產置業有限公司) host a signing ceremony for business asset management services and “Fantasia World Outlet” brand licensing. As Shenzhen Fantasia Business Management Company Limited successfully stepped into Lhasa, its assets management business under custody expanded into a new horizon and the profession of Fantasia’s business management team was well recognized in the industry.

© In August 2015, Colour Life Services Group entered into a strategic cooperative partnership with Red Star Macalline Group, pursuant to which, both parties would endeavor to build community O2O ecosystems and provide comprehensive home service for Colour Life users by leveraging their respective advantages.

© In August 2015, Qianhai Linlile Technology Services Co., Ltd. (前海鄰里樂科技服務有限公司), a Jiefang District community service operator under Fantasia, announced that the number of registered users of Jiefang District APP reached 1.5 million, of which the number of average monthly active users, weekly active users and daily active users was 550,000, 180,000 and 55,000, respectively. Meanwhile, a community business ecosystem model based on Jiefang District community life service platform was formed fundamentally.

© In September 2015, Fantasia formally announced to reach a comprehensive strategic cooperation agreement with Beijing Golden Tide Group, pursuant to which Golden Tide Group would integrate the stock of properties of its own and its subordinate units, and Fantasia would provide its innovative services in properties modification, online management and operation, community services enhancement and business management to Golden Tide Group with its technology and experience in property operation and management and Internet community.



## MILESTONES OF BUSINESS DEVELOPMENT

© In September 2015, Fantasia completed the issue of domestic corporate bonds in aggregate amount of RMB2 billion to significantly reduce capital costs and foreign exchange risk, laying a solid foundation for the expansion of business scale and sustainable development of the Group.

© In October 2015, the first completed project of the “Fantasia WEWORTH” platform of Fantasia in Shenzhen, National IC Design Shenzhen Industrial Centre Anbo Park (ICPARK), hosted a solemn opening ceremony. The “Fantasia WEWORTH” is a real estate industry O2O platform established by Fantasia through integrating real estate development, property operation, asset management and financial investment businesses, to form a comprehensive industrial ecosystem of enterprises.

© In November 2015, the area of residential communities managed and served by Fantasia in Mainland China exceeded 300,000,000 sq.m. in October and Fantasia was again the largest community service operator in China with increasingly stronger strength in economies of scale in the industry.

© In November 2015, the quotation of the shares of Home E&E on the NEEQ was approved. At the sixth anniversary of the Company’s listing, Fantasia marched into the capital market again through Home E&E. With three public companies, namely Fantasia Holdings (1777.HK), Colour Life (1778.HK) and Home E&E, Fantasia initially formed a multi-capital platform with the core of community service operation. Home E&E became the first share stock on the subject of the operation of online rent and holiday properties in the trend of sharing domestic economic growth.

© In December 2015, Fantasia acquired the entire equity interests of Morning Star Group Limited, a renowned travel agency in Hong Kong, through its subsidiary. The acquisition of Morning Star benefited Fantasia to enter into community cultural tourism industry based on its largest community service operation platform in the world.

© As at 31 December 2015, Fantasia achieved an annual accumulated contracted area of 1.289 million sq.m., representing a decrease of 6.6% and achieved sales of RMB11.272 billion, representing an increase of 10.4%, as compared to the same period last year. As above, Fantasia successfully achieved the full-year sale target of RMB11 billion set at the beginning of the year.

## WORKING ENVIRONMENT

Fantasia Holdings Group Co., Limited (“Fantasia” or the “Company”, together with its subsidiaries “Fantasia Group” or the “Group”) is committed to nurturing outstanding employees, providing its staff with competitive remuneration package according to their overall quality of work. Basing on the performance and the development potential of employees as well as the external economic environment, Fantasia Group provides a reasonable level of salary increase, attractive fringe benefits and reasonable individual holiday arrangements so as to ensure a comfortable life for its employees.

## HEALTH AND SAFETY

Other than complying with relevant laws and regulations according to international labor standards, the Company emphasizes the harmony of work and leisure and has created a healthy workplace environment through providing exquisite gymnasiums, offering enticing afternoon teas, carrying out regular comprehensive body check-ups for employees and organizing annual tours etc., which inculcates positive life attitude and enhances the sense of belonging among the employees.

## RECRUITMENT AND PROMOTION

Fantasia Group has, according to the specific needs of the Company, developed a competency-based recruitment model for various kinds of candidates. Recruitment is based on the candidates’ capability instead of other factors such as color, race, age and religion. All employees and applicants enjoy equal opportunities and fair treatment. The philosophy of developing a wide array of talents helps to build up the overall strength of the Group and equips the Group with different talents and skills. The average age of employees in Fantasia Group is 31.68. The average age of the management of the headquarters is dropping, with the oldest being 48 and the youngest being 22; the number of male staff is slightly less than that of the female, with a male to female ratio of 49% : 51%.

Complying rigidly with laws and regulations and exercising stringent recruitment procedures, Fantasia Group absolutely forbids child labor or forced labor.

## DEVELOPMENT AND TRAINING

Fantasia is dedicated to supporting the development of every employee, taking care of employees’ physical and mental health and overall development. The Group organizes various professional training as well as introduces external training courses, industry sharing sessions, salons and forums in order to provide employees with various training and learning opportunities.

Fantasia launched English training programs for senior management so as to facilitate the globalization of the Company. The Company sends the senior management to famous institute of finance for further study so as to promote the talent transformations. The Group holds regular trainings for new employees and new senior management in order to build cohesion amongst new comers as well as an in-depth understanding of the Company’s philosophy and strategies. The Company is determined to reinforce the Democratic Life Meetings so as to conclude and reflect deeply from our experience and progress and improve amid mutual and self-criticism. The Company completely integrates internal and external trainings in order to provide guidance for the staff for their professional enhancement as well as foster the innovative development of the Company.

## SUPPLY CHAIN MANAGEMENT

Fantasia Group has adopted a rigid and standardized internal control system with absolute emphasis on and strict compliance to relevant laws and regulation of the PRC. Through procurement by the way of tendering, the Group strictly assesses the economic and technical standard of the tenders and chooses the optimal suppliers under fair competitions to ensure the cost and quality of its procurements are reasonable. Through strategic cooperation, and after undertaking complete assessments, the Group develops long term, close and stable relationships with the best rated suppliers for critical products/ services in order to achieve ideal procurement goals. Taking account of efficiency, effectiveness and standardization, the Group tightly regulates the procurement process and the assessment principles.

## ANTI-CORRUPTION

Fantasia has established a sound structure for internal management and control as well as rigorous policies which would be strictly implemented in order to prevent corruption and fraud.

The audit committee and administrative management allow zero tolerance of corruption, malpractice and fraud and the relevant policies and operation procedures of the Group reflect integrity, justice and transparency.

In the meantime, the Group has stated clearly to its employees that it takes a firm position on fighting against corruption and malpractice and has included a trustworthy cooperation clause in the contracts entered into with the suppliers and service providers that the Group cooperates with so that they understand the requirements of the Group clearly. The internal audit department of the Group would conduct audit independently, which will further enhance the effectiveness of the whole system.

Furthermore, any incidents or suspicious incidents would be managed and controlled by the business department and would even be reported to the audit committee and administrative management if necessary. Material incidents will be investigated by the internal audit department. Meanwhile, the Group provides channels for complaints and reports so as to investigate any possible or actual illegal acts.

The Group is always on the alert for malpractice, fraud and corruption from time to time and would continuously seek for and implement more effective precautionary measures. Through analyzing trends of changes and incidents, the Group can understand the reasons and process of illegal acts and the remedial actions. The Group would hold exchange forum regularly to exchange the relevant knowledge, skill and experience.

To conclude, taking a firm position against corruption, malpractice and fraud is an integral part of the whole corporate governance of the Group, and the Group is planning to fully utilize resources to protect the legal interests of the Company and shareholders.



## COMMUNITY INVESTMENT

In 2015, Fantasia Group continued to adhere to the pursuit of art and beauty in the life, advocated joint participation of the public in Shenzhen Fantasia Charity Foundation (深圳市花樣年公益基金會), practiced three major public welfare projects, namely Public Welfare in Education, Public Welfare in Art, and Public welfare in Elderly Services within the full life cycle of human beings according to the concept of “Enjoy the Charity” (樂享公益) and studied the topic of “Happiness”. Fantasia built a public toilet for students of Ji’an Hope Primary School (吉安希望小學) to address the issues for over 1,200 students. Fantasia donated and constructed 5 flagship rainbow houses in China, held the large-scale public welfare project for caring the left-behind children under the eighth “Fantasia: Voyage to Happiness” (花樣年·發現幸福之旅), offered generous sponsorship of RMB2 million to Hong Kong & Shenzhen Bi-city Biennale of Urbanism\Architecture (深港城市\建築雙城雙年展) and continued to engage in Ankangnian Social Retirement Life Service Activity.

In 2015, Fantasia Charity Foundation built a public toilet for students of Ji’an Fantasia Hope Primary School with a donation of RMB290,000 and put it into use in September, which benefits over 1,200 students of the school. In addition, Shenzhen Fantasia Charity Foundation has constructed five flagship “Fantasia • rainbow houses” (花樣年·七彩小屋) in such cities where left-behind children concentrated as Shenzhen, Chongqing, Mianyang, Nanjing and Huizhou and commenced a series of “Rainbow Class” (七彩課堂) through long-distance online learning platform, which aim at improving the quality education for grass-root children. In addition, the Foundation has also designed, researched and developed and maintained “Rainbow Box” (七彩盒子), the curriculum for left-behind children’s quality education, so as to enhance the urban and rural education equality.

In 2015, the eighth “Fantasia: Voyage to Happiness” with the theme of “Design for Left-behind Children” (為留守兒童設計), gathered proposals on the physical and psychological issues of left-behind children from the public, and 102 proposals on caring for left-behind children have been collected and 15 projects have been put into practice, of which 14 projects were sponsored by Fantasia with total amount of RMB180,000. During May to July, Fantasia organized volunteers from such cities where left-behind children concentrated as Shenzhen, Guilin, Wuhan, Suzhou and Chengdu with “A Group of Seven

Dream Chasers Revisits the Road to Knowledge” (夢想七人組重走行知路) as their theme, to conduct education activities in villages, to visit the villages in rural hinterlands and live with children together, and to experience and record the real life of those left-behind children.

In 2015, Fantasia Group, as the advocate for integrating art and architecture, sponsored 2015 Hong Kong & Shenzhen Bicity Biennale of Urbanism\Architecture with an amount of RMB2 million and became the long-term cooperation partner of the Biennale. So far, Fantasia has sponsored such activity for six consecutive years with an aggregate amount of RMB9 million contributed. Moreover, Fantasia has been the exclusive sponsor ever since the first exhibition.

In 2015, Fantasia continued to launch a series of services with respect to respecting and caring the elderly under the elderly-service brand of Ankangnian. Adhering to the concept of Fantasia Group in its elderly services in 2015, leaders of Ankangnian stressed that all the units should work in a more active and innovative manner, while vigorously promoting charitable activities through Ziyue University, so as to allow elderlies, especially those with low to middle income, to live a more comfortable and happy retirement life.

In 2015, Ankangnian built two more day care centres, one in Chengdu and one in Nanjing. Ankangnian accelerated the construction progress of the confirmed projects undertaken under the mode of construction by public sector and operation by private sector, and the relevant authorities have put further effort in supervision and guidance to make sure that projects would be completed on time with quality ensured. In addition, Ankangnian also has formulated operational plans and administrative measures with the relevant authorities to put strong emphasis on the construction of auxiliary facilities, while highlighting charity, the scale of economies and the offer of services. This helps to make sure that the elderly service institutions, upon established, will be under healthy development and are able to offer more quality elderly services to the elderlies.

In 2015, the Association of Fantasia Volunteers practiced the charitable concept of “One Good Deed a Day to Enjoy the Charity” (日行一善·樂享公益) through offering flower pots with the theme of “One Good Deed a Day” (日行一善), advocating “Ten Ways to do a good deed a day” (日行一善十條), taking part in charitable exhibition and having site visits for rainbow houses.

### AWARDS AND HONOURS:

On 24 October 2015, Nanjing Ankangnian Ziyue University won a gold medal and a silver medal in team event and a gold medal in single event in the martial arts competition of “Gulou Cup” (鼓樓杯).

### CHRONOLOGY OF CHARITY EVENTS:

#### In January

From January to February, Fantasia volunteers completed the survey of four Fantasia rainbow houses in Huizhou Nanxi Primary School (惠州南溪小學), Chongqing Tianxing Complete Primary School (重慶天星完小), Mianyang Beiba Primary School (綿陽北壩小學), Nanjing Jinyao Community (南京金堯社區). It is expected that five rainbow houses will be updated into flagship ones by June.

On 30 January, “Dream for Spring•Sail for Love” (春的夢想•愛的起航), the Spring Festival activities that care for migrant children, was jointly hosted by Fantasia Charity Foundation (花樣年公益基金會) and “Four-thirty” School (四點半學校) in Haiwan Community.

On 21 January, Jiangsu TV visited Nanjing Ankangnian Service Centers (南京安康年服務中心) and interviewed the elderlies in the center to understand their needs of and their satisfaction to, the retirement services, while the elderlies gave positive comments to Ankangnian’s services.

On 29 January, inspectors from the Development and Reform Commission, the Health and Family Planning Commission, the Provincial Water Resources Department, the Department of Housing and Urban-Rural Development, the Land and Resources Department of Sichuan Province, the provincial government, Chenghua District Civil Affairs Bureau, the Working Committee Office on Aging and Shuangqiao sub-district office conducted site visits to each of four service centers of Chengdu Ankangnian and studied its personnel structure. They were satisfied with the services rendered on the spot and have highly commented on its operational scale and fully affirmed the efforts of its staff.

By the end of January, after the modification work of flagship rainbow house in Ji’an Fantasia Hope School was completed, computers and indoor decorations have been improved so that SMILE, the interesting rainbow classes, can be regularly organized for students.

By the end of January, Fantasia Charity Foundation hosted three charitable brainstorm activities entitled “Dream Workshop” (夢想工坊) at Shenzhen Funian Plaza, Meinian Plaza and Xinian Center, inviting more outstanding youngsters with dreams to take part in the public welfare projects for caring left-behind children through seizing the opportunity “Design for Left-behind Children”.

#### In February

In February, in order to ensure personal and property safety of senior citizens living in Ankangnian community retirement life services centers in Chengdu and Nanjing, these centers have conducted comprehensive safety inspection when approaching the Chinese New Year. These centers also hosted or participated in various Spring Festival celebration activities, allowing the elderly to enjoy a harmonious, peaceful as well as safe Spring Festival.

On 12 February, the Association of Fantasia Volunteers organized an activity of donation entitled “Flower Pots Return Home, Love worth Spreading” (花罐回家 讓愛蔓延) as the year-end activity of Fantasia Real Estate Group Limited and raised funds of approximately RMB3,290 in total, the entire proceed was subsequently donated to Fantasia Charity Foundation.

#### In March

On 22 March, the flagship rainbow house of Half Past Four school in Gulf Community, Shekou District was successfully inaugurated, 10 Fantasia volunteers organized “Rainbow Hand Workshop” (七彩手工坊) to teach migrant children Paper-rolling Art (衍紙畫藝術), a traditional Chinese handicraft.

On 12 March, three teachers for teaching support of Fantasia Charity Foundation, being the 14th batch of teachers, set out for Ji’an Fantasia Hope Primary School and provided teaching support for three months. Those three teachers have become the 45th, 46th and 47th teacher for New Pillar teaching support respectively since the commencement of the scheme in 2008.

On 12 March, volunteers from the design department of Fantasia arrived at Ji’an Hope Primary School. They have completed an onsite survey of the modification of school toilets and have initiated discussion with the school.

On 23 March, Fantasia Group initiated “Send Books with Love to Countryside” (小書有愛 送書下鄉) in more than 30 communities in 11 cities in China and proposed to employees, landlords and customers to donate their idle children extra-curricular books. The activity collected more than 1,100 books and all of which have been donated to left-behind children school in Bijie, Guizhou Province.

On 31 March, the first proposal collection activity for the eighth “Fantasia: Voyage to Happiness” cum the public welfare project of “Design for Left-behind Children” (第八屆花樣年發現幸福之旅暨「為留守兒童設計」) was concluded and 80 proposals relating to caring for left-behind children were received.

On 30 and 31 March, to practise the charitable concept of “One Good Deed a Day to Enjoy the Charity”, the Association of Fantasia Volunteers delivered “Fuwa” flower pots to China Group (中國集團) and headquarters of eight segments, Real Estate Group (地產集團) and Urban Company (城市公司), and presented the details on the charity activity of flower pots.

In March, Fantasia Charity Foundation had exchanges with social organizations and charity foundations such as the Chen Yet-Sen Family Foundation in Hong Kong (香港陳一心公益基金會), Shenzhen Social Responsibility Promotion Center (深圳社會責任促進中心), Changsha Mengchuang Charity Center (長沙夢創公益中心), Political and Law School of Shandong Youth University of Political Science (山東青年政治學院政法學院), Angel Education (天使支教) Feet-naked Charity Organization of Jinan University (暨南大學赤腳公益組織), Shenzhen Water Conservation Promotion Association (深圳市節水促進會), Lighthouse Project (燈塔計劃) and Alliance Art Group (合縱文化), symbolizing the very beginning of “Open Gates to Practise Charity” (打開大門做公益).

On 20 March, Fantasia Charity Foundation was invited to attend the sharing session of “Daily Life with Mr. Egg” (與蛋君的日常) cum the third Hatch Ceremony of Incubator Project organized by Shenzhen Social Organization Incubator Laboratory (深圳市社會組織孵化實驗基地) and shared Fantasia’s charity concepts and projects by way of “Real Persons and Books” (真人圖書).

#### In April

On 16 April, Fantasia flagship rainbow house in Guangshun Tianxing Wanquan Primary School was inaugurated, Peng Chunli, a volunteer from Fantasia Chengdu, presented Zhang Daqing, the headmaster of the school, a plaque of “flagship rainbow house” as a gift and gave away study articles such as schoolbags and books to students.

On 19 April, the sports day of amusement games, “Colourful Life” (趣味生活) were respectively held at Shenzhen Bay Sports Center and Lixiang Park and Fantasia’s volunteers skated, played amusement games such as hula hoop, spot stacking, flight chess and kites with migrant children from Half Past Four school of Shekou District.

On 9 April, Nanjing Ankangnian retirement life services center specifically organized visit to Baiyunting Culture and Art Center, the most unique library in Nanjing, which provides library services, parenting rest area, study room, exhibition hall and cultural center in one setting for the elderlies. The elderly are able to grasp the essence of local culture with a relax mind in a comfortable environment. The activities organized by Ankangnian attracted the active participation of the elderly and were highly recommended.

In April, Dongguan Fantasia Real Estate Investment Company Limited donated 10 computers to Ji’an Fantasia Hope Primary School through Fantasia Charity Foundation.

On 17 April, professional accreditation for the first public welfare proposal of “Design for left-behind children” was held at Shenzhen Funian Plaza. After initial selection and professional evaluation, 30 projects out of more than 80 projects were shortlisted and 12 projects were finally selected for expert evaluation.

In early April, Wechat Puzzle, a public welfare online game with “A Group of Seven Dream Chasers Collects Books Together” (夢想七人組 一起集圖書) being its motto, was launched. In the welfare game, players who gather 5000 public “Bookbean” may make an exchange for a book and have it donated to left-behind children. By means of such a method, the public could make book donations to left-behind children through playing games.



### In May

On 12 May, Mr Sun Hong, the Councilor of Fantasia Charity Foundation, received the visit of the study team of Nanjing Gulou District Bureau of Civil Affairs to each of three Ankangnian retirement life service centres in Chengdu. During the month, Nanjing Ankangnian implemented modifications to its environment, including changing new Logo, pasting beautiful wallpapers on the wall, rearrange the reading room, game zone and bookshelves, to make the entire Ankangnian bright and colourful.

From 29 to 31 May, “A Group of Seven Dream Chasers Revisits the Road to Knowledge” Wuhan Project cum Actions for Dream of left-behind children commenced. Volunteers headed for Hongqiao Primary School in Bishidu Town, Ezhou City, Hubei Province and made on-site visits. In this activity, volunteers invited the children left-behind to get together with their parents in Wuhan where their parents work and to experience the city life. They had a special Children’s Day there.

From 23 to 24 May, an experience tour for countryside public welfare in Guilin under “A Group of Seven Dream Chasers Revisits the Road to Knowledge” commenced, 11 volunteers went to Huixian Town to enjoy movie entitled “Big Hero 6” in the left-behind children’s self-developed cinema and to play with “Baymax”. They also stayed at the village and helped left-behind families do farm work, cook and prepare rice dumplings.

From 26 to 31 May, an experience tour for countryside public welfare in Shenzhen under “A Group of Seven Dream Chasers Revisits the Road to Knowledge” commenced, 7 volunteers went to Ji’an Fantasia Hope Primary School in Jiangxi Province for visiting families residing in Ji’an while working in Shenzhen and experiencing the real life of “migrant and left-behind childhood”. During the tour, volunteers has made records in forms of words, pictures and videos on the choices of separated families: Migrate or left-behind, drift south or stay behind, change or continue.

### In June

On 11 June, the 45th, 46th and 47th teachers for teaching support returned to Shenzhen from Ji’an Hope Primary School and briefed other volunteers about the give and take of love in the three months through presentation on teaching support.

On 12 June, “A Group of Seven Dream Chasers Revisits the Road to Knowledge” in Suzhou commenced. In the activity, left-behind children of Class 2 (1) in Xuzhou Jiegou Village Primary School had a good time with the volunteers. Such activity also allowed white-collar class that has a busy city life had a chance to taste the delicate life in Xinyi village.

On 14 June, more than 1,000 books collected by Fantasia Group were successfully sent to the library of Shangzhai Primary School in Qingyang Town, Qixingguan District in Bijie, Guizhou Province by “Send Books with Love to Countryside” public welfare team. These books provided local children with materials for knowledge and strength, warmed their childhood with the fun of reading.

On 14 June, a day care center in the United Community of Chengdu Wannianchang commenced operation. On 18 June, in order to advocate and innovate the culture of the Dragon Boat Festival and reveal the charm of tradition customs, Ankangnian organized an activity of making rice dumplings themed with “Happy the Dragon Boat Festival, Wish families reunited and prosperous” (融融端午情·團圓家旺興) when approaching the Dragon Boat Festival. In the activity, participants prepared ingredients, such as glutinous rice, honey dates, bamboo leaves, strings and scissors, and exchanged their skills in making rice dumplings. Rice dumplings were made with wishes for health. Meanwhile, students of Ziyue University for the elderly also sang and danced to present a cheerful atmosphere.

On 29 June, Pan Jun, the Honorary President of Fantasia Charity Foundation and the spokesman for left-behind children, invited Fantasia’s employees, volunteers and landlords to join “One Good Deed a Day for Left-behind Children”.

On 30 June, Fantasia Charity Foundation participated in inaugurating ceremony of the sixth Poverty Alleviation Day of Guangdong Province cum the eighth Public Welfare and Charity Month of Shenzhen and the fourth China Charity Fair, and the actions taken and results achieved by the Foundation with a focus on Public Welfare in Education, Public Welfare in Art, and Public Welfare in Elderly Service for years in the event were shown.

**In July**

On 16 July, an experience tour for countryside in Chengdu under “A Group of Seven Dream Chasers Revisits the Road to Knowledge” commenced. Volunteers visited Qixiang School in Daxing Town of Pujiang with local left-behind children to experience new rural construction and to go to the Memorial Hall of General Li Jiayu for sight-seeing. Rainbow Music Classroom was also held in the school.

By the end of July, the modification work of the toilets of Ji'an Hope Primary School donated by Fantasia Charity Foundation commenced, and was scheduled to be put into use in October, which will benefit about 1,200 students of the school and significantly improve the study environment.

In July, the elderly in Ankangnian retirement life services center (united community) in Chenghua District of Chengdu City enjoyed wonderful life. In late July, Ankangnian united community organized two large-scale activities in succession, namely Mahjong Contest for the elderly in united community and Sichuan Opera show. The activities induced active participation from the community residents and created an aura of joy since the activities kicked off. The Mahjong Contest lasted for ten days, with a total of 186 participations in 52 tables. Among all the contestants, Grandma Peng, the eldest one, made it to the final and was very excited. Sichuan opera show, the essences of Sichuan culture, brought the elderly of the community a big surprise and enthralled old opera fans deeply. With the participations of numerous senior citizens of the community, the activities successfully came to an end at the end of July and were highly appraised by the community residents.

On 29 July, Fantasia completed the sharing and mobilization work on teaching support with 23 newly recruited graduates. In early September, the 48th and 49th teachers for teaching support of Fantasia, Zhang Weiming and Liu Xiyu, headed for Ji'an Hope Primary School and provided teaching support for three months.

**In August**

In late August, the official WeChat of Fantasia Charity Foundation organized an online voting activity for the most beautiful “Group of Seven Dream Chasers” and the “Group of Seven Dream Chasers” in Suzhou was automatically selected as the most beautiful “Group of Seven Dream Chasers” with the highest votes received and was directly nominated for the “Award for Special Social Services by the President (Organization)” in 2015.

On 27 August, a sharing and exchange conference themed “How to Promote Public Welfare Effectively and in Good Manner?” was held in Shenzhen, and Fantasia and various foundations, social organizations, senior journalists and volunteers in Shenzhen joined the conference to discuss the topic of promoting the public welfare.

**In September**

In early September, public accreditation for the proposal of the eighth “Fantasia: Voyage to Happiness” cum the public welfare project of “Design for Left-behind Children” (第八屆花樣年發現幸福之旅暨「為留守兒童設計」) was concluded, of which 16 projects on caring the left-behind children were put to public voting on Sina and 87,241 votes were received. The project received highest voting of 21,668 votes and seven projects received more than 3,500 votes. Issues on physical safety and psychological health of the left-behind children captured highest attention while creative art and quality education projects that help widen the perspective of people were the most popular.

In September, Ankangnian gave free health examination services for the elderly, including measuring blood pressure, blood sugar, bone mineral density, electrocardiogram and arteriosclerosis and over 30 senior citizens were served.

On 25 September, in anticipation of the Mid-Autumn Festival, Ankangnian specifically hosted a carnival themed “Be Together in Mid-Autumn Festival, Enjoy Infinite Benefits and Surprises” (相聚中秋·‘金’喜連連) for the elderly, and a variety of programmes were arranged, such as singing and dancing shows, charity sales, credits exchange and amusement games. The carnival attracted the participations of numbers of elderly.

### In October

On 15 October, “Fantasia Dream Packages” donated by 50 generous persons of Fantasia Group were delivered to Guizhou Bijie Chashugou Primary School and the local left-behind children were able to have new stationery and schoolbags.

On 28 October, the final accreditation for the proposal of “Design for left-behind children” and the exhibition themed left-behind children were held in Shenzhen simultaneously. After several rounds of selection and evaluation, 16 projects on caring the left-behind children were selected for expert evaluation and 8 projects were selected for vis-a-vis interview with the judges. Finally, 14 projects were confirmed to receive sponsorship and total amount sponsored was RMB180,000.

On 28 October, Fantasia held “Stories behind Happiness” (幸福背後的故事) welfare salon in the form of “Huafang” (花坊) with charity foundations and generous individuals that participated offline selection for “Design for Left-behind Children”. They shared the stories behind the project and their experience in engaging activities in Public Welfare in Education and explored the more efficient and effective ways and modes of care.

By the end of October, the donation results of “One Good Deed a Day” (日行一善) showed a donation of RMB91536.48 in total was received in the third quarter. The total number of donors was 1328 while the average amount of donation was RMB68.9 per person. In addition, Fantasia expressed its encouragement to the volunteers for their “One Good Deed a Day” with cookies made by Xihaner (喜憨兒).

On 22 October, all the employees of Fantasia Real Estate Group in Suzhou visited Ji’an Fantasia Hope Primary School. “Moral Lecture” (道德講堂) speech contest and drawing and painting activities themed “Hope and Future” (希望與未來) were arranged and students were presented with various donated articles such as sports goods, stationery and teaching aids.

On 18 October, Ankangnian Retirement Life Service Centre in Qingyang District, Chengdu City organized “Huolishaocheng Amusement Games” (活力少城趣味運動會) in Paulownia Primary School and seven amusement games such as amusement bowling, rope-skipping and hoop-rolling were arranged, drawing the participation of a large number of elderlies.

On 21 October, the signing ceremony of cooperation for “Ramble under the Sunset•Enjoy Happiness Together” among Wannianchang Street Elderlies Association (萬年場街道老年人協會) and Chengdu Wannian Hospital (成都萬年醫院), Ankangnian Retirement Life Service Centre in Chenghua District, Chengdu City, Xinyuhe Elderly Commune (欣雨禾幸福享老公社), Kangxin International Travel Service Company Limited (康欣旅行社有限公司) was held at Wannianchang Street Retirement Life Services Center.

### November

On 7 November, Fantasia Charity Foundation and Half Past Four school in Gulf Community, Shekou District organized city tour of experience for the migrant children. Volunteers led those children to visit ancient buildings in Shenzhen and organized games themed “construction”, which allowed these children to understand the history of Shenzhen and deepened their emotion, acceptance and sense of belonging.

On 16 November, Yijiangmen Street Ankangnian Domestic Retirement Life Service Centre in Gulou District, Nanjing City commenced operation and became the second Domestic Retirement Life Service Centre in Nanjing City.

On 19 November, “Primary School Campus Lightening project” (希望小学校園亮化工程) donated by teachers for teaching support from Fantasia was completed. As the campus is lightened, children are able to walk out of the classroom to relax during the break between night classes.

By the end of November, the Second Yangtze River Charity Award themed “Search for Charity Innovation of People Living by Yangtze River” commenced internet voting, Fantasia was nominated for two prizes, being that Fantasia Group was nominated for “Innovative Corporate Responsibility Prize” under Yangtze River Charity Prize and the 8th Fantasia: Voyage to Happiness cum “A Group of Seven Dream Chasers Revisits the Road to Knowledge” was nominated for “Annual Yangtze River Charity Innovation Project” under 2015 Yangtze River Charity Prize.

### In December

On 5 December, the United Community (聯合社區) held Futainian Elderly Charm Contest (福泰年老年人風采大賽).

Dear shareholders,

## I. STRATEGIC TRANSFORMATION DEEPENING; THE COMMUNITY + LAYOUT GETTING BETTER

In 2015, amid complex and volatile macro-economic environment in China, the economic growth was expected to enter the phase of “New Normal”. The structural differentiation of the real estate market was exacerbated. Fantasia Group, sticking to the Group’s strategic transformation plan formulated in 2012, focused on its positioning as a community service operator and proactively expanded into various areas of community services and achieved significant results and it gained the acknowledgment and recognition from fellow members of the industry and the capital market. During the period, Fantasia Group has become a large-scale community integrated service group with overall sales revenue over RMB10 billion and over 30,000 employees.

In respect of property development, the Company continued to provide the market with quality and cost-effective residential services and achieved stable sales performance. For the year ended 31 December 2015, the company recorded accumulated contract sales of approximately RMB11.272 billion and accumulated contracted sales area of 1,289,000 square meters, which once again exceeded its annual sales target of RMB11 billion, securing its place in the “National 10 Billion Club of Real Estate Enterprises” (全國房地產企業百億俱樂部).

While reinforcing the competitive edges in the traditional real estate business, the Company continued to accelerate its layout development which focused on at the community service platform. The promotion of community-related services has become the new driving force of the development of the Group, enabling the manifestation of the enormous potential of the ‘community’ commercial ecosystem.

On 25 November 2015, Shenzhen Home E&E Commercial Services Group Co., Ltd. (深圳市美易家商務服務集團股份有限公司) (“Home E&E”), an indirect subsidiary of Fantasia, was granted the permission for listing its shares in National Equities Exchange and Quotations System (“NEEQ”), becoming the country’s first stock that focuses on online short-term leasing and the operation of resort properties. The launching of Home E&E in the NEEQ was beneficial to the establishment of an independent financing platform, streamlining the corporate capital structure, reducing the operational risks and enhancing the level of corporate management and the corporate profile. Leveraging on the above, Fantasia would build an on-line and off-line integrated resort property leasing and sharing operation platform and accelerate its expansion into the market of resort property operation in the PRC.

On 28 December 2015, the Company, through its indirect subsidiary, acquired the entire equity interest of Morning Star Group Limited, one of the top six travel agencies in Hong Kong. The acquisition enabled Fantasia to enter the tourism industry, develop community tourism business and strengthen the Company’s competitive edges in its community service platform through the advantage brought by the platform and the strengths of Morning Star.

## II. RESULTS AND DIVIDENDS

For the financial year ended 31 December 2015, the Company recorded revenue of approximately RMB8,164 million, representing an increase of 11.7% over last year. Net profit during the year was RMB1,403 million, representing an increase of 2.2% as compared to last year. To reward the Company’s shareholders for their support, the Board of Directors of the Company proposed a final dividend of HK5.00 cents per share in respect of the year 2015, subject to shareholders’ approval at the upcoming annual general meeting.

### III. MARKET AND BUSINESS REVIEW

In 2015, the global economy was recovering among varying factors. Prices of various types of key assets around the world differentiated. The commodity price dropped significantly. While US dollar was strong, currencies and securities in the emerging market were weak, and monetary easing resulted in the influx of capital from Europe and Japan. Certainties of US economic growth were enhanced. The fundamentals of Europe's economy were stabilized which further increased the certainties.

The financial policies and the monetary policies of the PRC worked jointly to underpin the economy. China's economy was undergoing a dip. The practical easing operation cycle at the policy level was formed. It was expected that the financial policies would be stepped up to supplement the monetary policies so as to underpin the economy.

Compared with that of the previous year, the antinomy of excessive structural supply in the domestic real estate market in 2015 remained prominent, except that transactions in first-tier cities and a few second-tier cities recovered at a faster pace. However, since third and fourth-tier cities were constrained by relatively high level of stock, downward pressure on the overall market performance would prevail and the regional differentiation would be apparent.

The economic transformation and the differentiation of the development of the real estate industry mentioned above were in line with Fantasia's forecast made at the beginning of the year. The foresightedness of the Company enabled it to fully perceive the market trend and seized the strategic opportunities in the ever-changing market. Although the general market risks were aggravating, with its nationwide strategic layout, precise

product positioning, detailed control of project operation and optimized and innovative marketing concepts, the Company achieved outstanding performance in its real estate business in various regions of the country under such market condition and accomplished overall growth amid adversity.

Products with rigid demand launched by the Company during the year were well received by the market contributing significantly to the growth in the operation results: projects such as Huizhou Kangchengsiji, Huizhou Fantasia Special Town, Suzhou Lago Paradise, Ningbo Love Forever, Tianjin Love Forever, Wuhan Love Forever, Wuhan Fantasia Town, Chengdu Fantasia Town, Chengdu Mont Conquerant all achieved outstanding sales; in respect of commercial properties, projects including Shenzhen Longnian International Centre, Shenzhen Lenian Plaza, Nanjing Hailrun Plaza, Suzhou Hailrun Plaza, Tianjin Meinian International Plaza were hot selling and achieved phenomenal results. In 2015, the Group recorded accumulated contract sales of approximately RMB11.272 billion, which represented a year-on-year increase of 10.36%, making us one of the companies among the "National 10 Billion Club of Real Estate Enterprises" (全國房企百億元俱樂部) for the third consecutive year.

Through providing products and services with consistently excellent quality in the past year and its growth potential in the future, Fantasia was highly regarded by media and the capital market. In 2015, the Company was awarded the "Annual Award for Listed Companies 2015" (上市公司年度大獎 2015) by The Hong Kong Institute of Financial Analysts and Professional Commentators Limited (香港股票分析師協會) and "China Outstanding Enterprises Award 2015" (中國傑出房地產商2015) by the Hong Kong Economic Digest Magazine (香港經濟一週).



## CHAIRMAN'S STATEMENT

### **1. Continue to expand its advantage in having the largest scale of operation in the community service industry while the flagship in the community service industry in the PRC began to take shape**

Since its successful listing on the Main Board of the Stock Exchange in 2014, Colour Life Services Group Co., Limited ("Colour Life"), and together with its subsidiaries the "Colour Life Group", an indirect subsidiary of Fantasia, taking advantage of the favorable environment in the capital market, accelerated its rate of expansion. On 17 February 2015, Colour Life acquired Shenzhen Kaiyuan International Property Management Co., Ltd. (深圳市開元國際物業管理有限公司), a leading developer of high-end properties at RMB330 million, which completed its strategic layout for the high-end market. As of the end of 2015, Colour Life developed and managed a total property area of over 320 million square meters. During the period, the number of registered users of Caizhiyun platform hit a record high and the number of active users increased rapidly. Colour Life launched "Colourful and Wealthy Life", a value-adding program, in the sub-community so as to provide property owners with free property services, and it was welcomed by nearly ten thousand households. Moreover, E Maintenance launched by Colour Life received high acclaims, with average daily order volume escalating. It was another successful example of value-adding community services. In June 2015, on the first anniversary after listing, Colour Life launched "Colour Life Residence" for the first time in the industry and, since then, the era that the real-estate industry could profit from providing services began. Through the integration of resources in Internet, communities and properties, O2O commercial ecosystem of the community were constantly enriched and enhanced. The flagship of the community service industry in the PRC began to take shape.

### **2. Home E&E was listed on NEEQ and was much sought-after for its outstanding business results and unique business model**

On 25 November 2015, Shenzhen Home E&E Commercial Services Group Co., Ltd. (深圳市美易家商務服務集團股份

有限公司) ("Home E&E"), an indirect subsidiary of Fantasia, was granted the permission for listing its shares in National Equities Exchange and Quotations System, becoming the country's first stock that focused on online short-term leasing and operation of resort properties. Before that, leveraging its top earning power in the industry, Home E&E had recorded outstanding business results and, coupled with its unique business model of online leasing and resort properties operation; it was much sought-after by many established capital institutions after its launch in the capital market. Taking this opportunity, Home E&E accelerated the building of a leasing and sharing platform which integrated on-line and off-line operation and a resort property operation system, consolidating resources offline and online. Through asset operation and custody and integrated services for resort property, it revitalized a substantial amount of idling resort property assets through marketization and realized the recreation and restructuring of property value.

### **3. The closed loop of community finance was gradually formed; the financial sector of Fantasia made its debut**

During the year, various business segments of the community finance group under Fantasia further expanded, forming an all rounded community based supply of financial product that included off-line micro-credit, community P2P internet finance and insurance brokerage business. Community P2P internet financial products has improved significantly in respect of product concepts, processes and experiences. Leveraging on community resources and a unique model, many beneficial explorations into the area of community financial management and community loan were made and numerous positive market results were achieved. As an important part in perfecting community financial solutions, the Group launched the insurance brokerage business in 2015 and the scope of cooperation covered many mainstream insurance companies within and outside China. It effectively enriched the product lines of the community finance.

**4. Successfully acquired Morning Star Group Limited; completed the building of the structure of Fantasia's Cultural and Tourism Group**

Fantasia acquired the entire equity interest of Morning Star Group Limited ("Morning Star") through its subsidiary. Morning Star, with over 43 years of experience of operation in Hong Kong, is one of the top six outbound travel agencies in Hong Kong, which enjoys an excellent reputation in Hong Kong and Macau market since it provides quality travelling service experience. It was rated in the Hong Kong market as "The Best Travel Agencies for Tours to Korea" for a few consecutive years. This acquisition took Fantasia one step closer to its goal of better establishing its position in the community, securing target customers and exploring the market segment of community travel. Through Morning Star, Fantasia diverted the demand for travel generated from the world's largest community service platform to the outbound travel market and continued to consolidate various kinds of internal and external travel resources within this powerful community service platform to explore this new and unique model of custom-made travel in the community with the concerted effort of online and offline resources. Morning Star can help enhance Colour Life's community service ecosystem. The quality travel services offered by Morning Star enhanced the customer loyalty and activeness of the residents in the community. With Morning Star, Fantasia is now connected the industry chain which is based on community cultural tourism.

**5. Achieving breakthroughs in the innovations of business properties management**

After preparing and accumulating experience for years, the sector for business properties management is currently undergoing rapid development. In 2015, the Nanjing Yuhuatai operation project was well received by the market and achieved excellent rent out rate while realizing record-high income. In 2015, Fantasia Business achieved significant breakthrough in its management model for community business properties management. The foundation of a service model that features the export, to the industry, of complete management procedure and provides management service to business properties is basically laid.

During the period, the sector for business properties management acquired and exported 7 light asset management projects while almost 10 light asset projects were at the stage of contract negotiation. The projects under negotiation covered the key cities in main provinces in China, including Shenzhen, Chengdu, Chongqing, Nanjing, Xian, Lhasa, Suzhou and Foshan. The sector for business properties management was moving onto a fast track for the export of management services within the country.

**6. The financing channels in China were established, facilitating steady future development**

In 2015, Fantasia established the financing channels within China through successfully issuing a total amount of RMB3.1 billion of domestic corporate bonds with a maturity of 5 years in two tranches to eligible investors. Each of the two tranches of corporate bonds, the prices of which were determined on 7 September 2015 and 23 December 2015 respectively, amounted to RMB2 billion and RMB1.1 billion respectively and their coupon rate was 6.95% and 7.29% respectively. The cost of these two tranches of domestic corporate bonds was the lowest among that of the bonds Fantasia had issued in the past. The financing cost of Fantasia is expected to decrease in the future, which facilitates the continuous and steady development of Fantasia.

**7. Environmental conservation**

As a socially responsible public enterprise, Fantasia has, since its establishment, always highly regarded the issue of environmental conservation during the course of company's operation and provision of services. Environmental protection has now become one of the cornerstones of the Company's manifested corporate responsibility policy, and on this basis, the Company formulates relevant policies to ensure its enforcement. According to the Company's environmental protection policy, during business operation, Fantasia implements the principle of environmental conservation mainly through the following aspects:



## CHAIRMAN'S STATEMENT

Be aware of the latest laws and regulations and ensures that they are complied and implemented by the Group's cooperating partners and employees; providing employees with regular training regarding environmental protection and safety so as to enhance the environmental awareness of individual employee and the Company in general;

Incorporate green elements into the development plans of the projects and take factors such as project design, the greening of the peripheral and include green facilities into consideration during project planning;

During project construction and operation, implement environmental and safety control at the construction site, educate construction workers about environmental conservation and practicing environmental conservation management and introduce green and innovative construction methods in order to develop pilot points of residential housing industrialization and to achieve environmental protection, water conservation, energy saving and emission reduction;

Be aware of the air quality at indoor environment, adopting green designs and green building materials so as to ensure all residents and employees enjoy a healthy living environment;

The Company puts emphasis on the recycling and reusing of resources, advocating an environmental-friendly corporate culture. Employees of the Company should conserve water and electricity. To use environmental friendly recycled materials during the operation of the community services and pay constant attention to the new development in the recycling technology industry and their applications;

The Company attaches great importance to promoting environmental conservation and enhances environmental awareness of the clients when it provides community services in hopes of reducing energy consumption without compromising the quality of services.

Fantasia adheres to the principle of sustainable development and, according to its corporate responsibility policy, encourages employees, cooperating partners and clients to maintain high environmental protection standards.

### **8. The Company's relationship with cooperating partners, consumers and employees**

During its course of operation and development, not only does Fantasia care about business performance, it also values the building of foundation for sustainable development-the establishing and maintenance of a positive relationship with cooperating partners, consumers and employees.

Committed to becoming an interesting, tasteful, resourceful leader in living space and experience, the Company treats its employees and cooperating partners in a fair and respectful manner, provides its employees with a working platform where they can put their talents to good use and uncover their potential, and strives to establish a mutually-beneficial long-term business relationship with the cooperating partners.

The Company offers unique and tasteful living space and experience rich in connotation to customers who pursue value. Through model innovations with in-depth observation of human nature and internet thinking, the business models become more creative, which provides the customers with a uniquely stylish, rich and fruitful living space and living experience full of pleasant surprises and establishes a closer bonding between the Company and the customers. Fantasia consolidates and coordinates the resources of various sectors including the sector of community services, finance, business, cultural tourism and elderly service in an innovative way with experience optimization as the main aim in order to strengthen the customers' recognition of the Company.

#### IV. OUR BUSINESS DEVELOPMENT IN FUTURE

2015 was the year of consolidation for the global economy. The global trend of monetary easing continued. Prices of various types of key assets around the world varied greatly. The weaknesses of the growth pattern of the Chinese economy became prominent and the initial growth impetus was deteriorating. The tightening of the restrictions on resources and the environment and changes in the relative prices of key production factors together forced the transformation of investment.

Under the influence of the economic and the financial environment, driven by the demand, China's real estate market remained bullish in first tier and very few second tier cities; while in the third and fourth-tier cities, the stock level was still high due to tepid consumption. Polarization among cities remained conspicuous. In respect of the land market, the land resources in first-tier cities were scarce while the potential demand was relatively high so the competition for resources was keen against the background of the overall industry decline; the supply of land in the second-tier cities continued to decline, resulting in a fall in the sales volume but an increase in prices. In the third and fourth-tier cities, under the pressure of heavy inventory, both demand and supply were sluggish. The Company considers that the real estate industry in China has entered a stage in which the Company needs to explore the potential of customers deeply and carry out multi-dimensional consolidation of various resources. In 2016, the theme of the industry will be stock clearing and there is enormous room for development in the financial services derived from the real estate industry.

2015 was the final year of the first stage of the Company's strategic plan for 2012–2020. Focusing on the theme of integrated community operation service, the Company has completed the transformation and incubation of various business sectors. The drivers for financial services were established. Two service platforms, Colour Life and Home E&E, were enhanced and established. The strategic transformation of the real estate, hotels and business sectors has been completed. The business models of cultural tourism and health-preserving and elderly care which are unique to Fantasia were developed and constructed.

Looking forward, 2016 will be the first year of the development and expansion stage. The Company will continue to base its foothold in the community and adjust its business structure to further realize the light assets operation, and to establish an organic ecosystem that is based on community integrated services and finance through consolidating the internal and external resources of the Company. The Company will endeavor to complete the in-depth development of its business systems, from hard to soft and from heavy to light. We will also enhance our effort in the exploration of innovative business models and value of service.

Looking forward, as the largest community service operator in China, Fantasia will continue to be committed to the building of the four major community platforms, namely, residential community, commercial community, business community and elderly service community, developing community manufacturing, community finance, community cultural tourism and community education in depth, gradually building up a warm community+ ecosystem and becoming an integrated financial holding group based on community services.

#### V. APPRECIATION

2015 was the final year of the first stage of strategic transformation of Fantasia. With the tremendous support from all parties in the society and the hard work of all staff, Fantasia realized the transformation of various business sectors under community integrated operation service and successfully launched the third public company in the capital market. On behalf of the Board of Directors, I would like to take this opportunity to express our heartfelt thanks to all shareholders, investors, partners and customers for their trust and support. The global economic condition in 2016 will still be volatile. In performing its duty in 2016, the Board will remain prudent, conscientious, hard-working and diligent and it will continue to proactively promote the development of various business sectors through active innovations in operation models, to promote the development of various business sectors in order to enhance the Company's leading position in the industry of community operation service. We will also actively explore the vast future of community services related industry under the new environment and strive for the best results and maximize the returns to all shareholders and investors!

We strongly believe Fantasia creates value!

## 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.

the table below sets forth the total revenue derived from each of the projects and the aggregate GFA of properties sold in 2015 and 2014.

	2015			2014		
	Total Revenue	GFA sold	Average Selling Price	Total Revenue	GFA sold	Average Selling Price
	RMB'000	Square meters	RMB/square meter	RMB'000	Square meters	RMB/square meter
Chengdu Future Plaza (成都香年廣場)	1,083	100	10,834	69,402	6,350	10,929
Huizhou Fantasia Special Town (惠州別樣城)	209,520	39,966	5,242	1,152,616	221,984	5,192
Chengdu Fantasia Town (成都花樣城)	1,203,322	278,989	4,313	328,760	80,248	4,097
Dongguan Wonderland (東莞江山)	–	–	–	553,081	85,053	6,502
Wuxi Love Forever (無錫花郡)	154,336	25,254	6,111	335,956	50,357	6,671
Suzhou Lago Paradise (蘇州太湖天城)	806,641	123,453	6,534	709,124	126,493	5,606
Dongguan Mont Conquerant (東莞君山)	–	–	–	1,760	147	11,972
Chengdu MIC Plaza 1 (成都美年國際廣場)	489,725	45,811	10,690	4,058	494	8,215
Chengdu Grande Valley (成都大溪谷)	353,002	35,252	10,014	367,915	35,654	10,319

	2015			2014		
	Total Revenue	GFA sold	Average Selling Price	Total Revenue	GFA sold	Average Selling Price
	RMB'000	Square meters	RMB/square meter	RMB'000	Square meters	RMB/square meter
Chengdu Belle Epoque 2 (成都君山)	28,235	6,298	4,483	18,801	3,930	4,784
Chengdu Funian Plaza (成都福年廣場)	–	–	–	43,035	3,563	12,078
Tianjin Love Forever (天津花郡)	95,118	16,139	5,894	432,806	69,684	6,211
Wuxi Hailun Plaza (無錫喜年廣場)	86,084	11,563	7,445	46,503	8,643	5,380
Huizhou Love Forever (惠州花郡)	28,703	5,824	4,929	194,039	44,473	4,363
Guilin Fantasia Town (桂林花樣城)	32,263	6,972	4,627	1,168,126	237,520	4,918
Nanjing Yuhuatai Project (南京花生唐)	–	–	–	1,143	53	21,566
Dali Human Art Wisdom (大理藝墅花鄉)	–	–	–	24,069	1,276	18,863
Guilin Lakeside Eden Community (桂林麓湖國際社區)	428,391	80,892	5,296	522,671	56,012	9,331
Chengdu Longnian Plaza (成都龍年廣場)	501,187	107,103	4,679	453,316	31,973	14,178
Huizhou TCL Project (惠州TCL項目)	267,001	40,208	6,640	55,643	8,934	6,228
Wuhan Love Forever (武漢花郡)	617,635	67,088	9,206	–	–	–
Shenzhen Longnian Building (深圳龍年大廈)	510,644	25,043	20,391	–	–	–
Ningbo Love Forever (寧波花郡)	651,985	69,126	9,432	–	–	–
	6,464,873	985,080	6,563	6,482,824	1,072,841	6,043
Other (including sales of car parks and construction of relocation housing)	97,193			52,495		
	6,562,066			6,535,319		

## MANAGEMENT DISCUSSION AND ANALYSIS

### *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.







Fantasia World Outlets, Lasa

BUSINESS REVIEW

Property Development

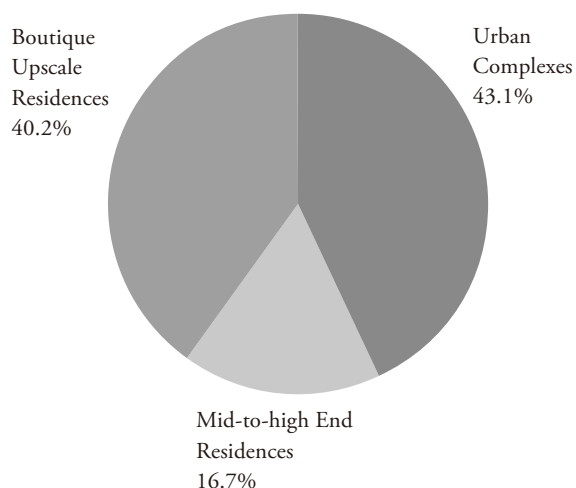
*Contracted Sales and Project Development*

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.

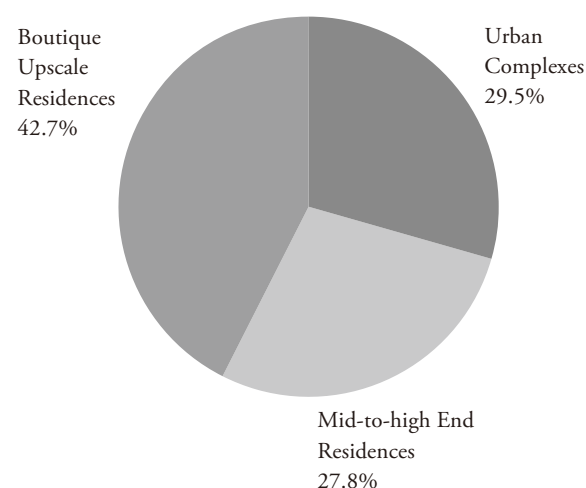
On the basis of the changes in market environment, the Group promptly formulated highly-focused sales strategies with regard to the market fluctuations. During the first half of the year, the Group adhered to its steady and prudent business strategies so that its cash flows and capital were cautiously 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



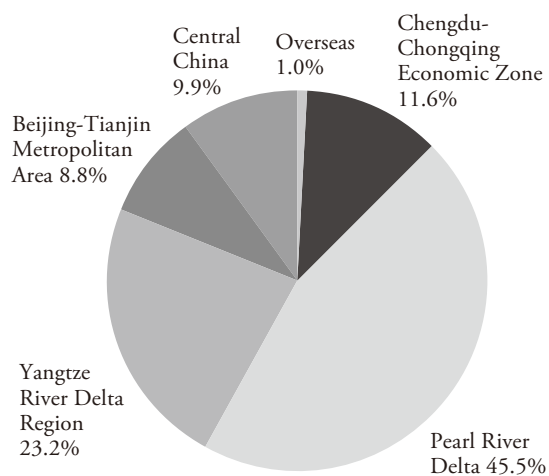
## MANAGEMENT DISCUSSION AND ANALYSIS

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

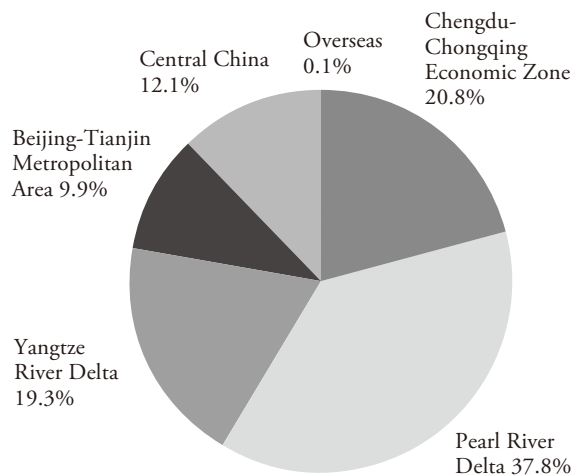
	Amount		Area	
	(RMB million)	%	(sq.m.)	%
Urban Complexes	4,858.62	43.1	380,698.67	29.5
Mid-to-high End Residences	1,886.83	16.7	358,830.26	27.8
Boutique Upscale Residences	4,526.76	40.2	549,894.08	42.7
<b>Total</b>	<b>11,272.21</b>	<b>100.0</b>	<b>1,289,423.01</b>	<b>100.0</b>

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
<b>Total</b>	<b>11,272.21</b>	<b>100.0</b>	<b>1,289,423.01</b>	<b>100.0</b>

### 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 step 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.)
<b>Yangtze River Delta Region</b>						
1	Phase 2 of Nanjing Hailun 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度假區)	Residential land use	2017	100%	10,700
<b>Chengdu-Chongqing Economic Zone</b>						
1	Phase 2.2 of Chengdu Longnian Building	Pi County, Chengdu City	Residential and commercial purposes	2016	100%	171,234



**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.)
<b>Yangtze River Delta Region</b>						
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	–
<b>Pearl River Delta</b>						
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	–
<b>Chengdu-Chongqing Economic Zone</b>						
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	–
<b>Central China</b>						
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	–
<b>Beijing-Tianjin Metropolitan Area</b>						
1	Phase 4 of Tianjin Love Forever	72,177	43,394	–	43,394	–
<b>Total</b>		<b>1,837,256</b>	<b>1,393,622</b>	<b>408,935</b>	<b>1,272,691</b>	<b>–</b>



## MANAGEMENT DISCUSSION AND ANALYSIS

### 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
<b>Shenzhen</b>								
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
<b>Huizhou</b>								
1	Building 1-2# of Phase 1 of Huizhou TCL Kangchensiji	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 Kangchensiji 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 Kangchensiji	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 Kangchensiji	Huinan Road, Huizhou City	Residential and commercial purposes	100%	2017	200,163	137,207	Mid-to-high End Residences
<b>Dongguan</b>								
1	Guangzhou Jiang Shan Hui Kindergarten (廣州江山麓幼稚園)	Huangjiang Town, Dongguan City	Ancillary	100%	2016	4,270	4,270	Educational Ancillaries
<b>Guilin</b>								
1	Phase 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
<b>Chengdu</b>								
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
<b>Tianjin</b>								
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
<b>Suzhou</b>								
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

## MANAGEMENT DISCUSSION AND ANALYSIS

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
<b>Nanjing</b>								
1	Hailrun Plaza	Central North Road, Gulou District, Nanjing City	Commercial land use	60%	2017	316,257	200,836	Urban Complexes
<b>Wuhan</b>								
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
<b>Singapore</b>								
1	6 Derbyshire	Novena, Singapore	Residential and commercial purposes	90%	2016	22,904	11,551	Boutique Upscale Residences
<b>Total</b>						<b>3,342,569</b>	<b>2,526,922</b>	

### 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	–	–
<b>Total</b>	<b>3,670,530</b>	<b>100%</b>

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.)
<b>Shenzhen</b>					
1	Xinghua Industrial Project	Shekou District, Shenzhen City	Commercial and financial purposes	61%	40,000
<b>Subtotal</b>					<b>40,000</b>
<b>Huizhou</b>					
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
<b>Subtotal</b>					<b>415,913</b>
<b>Suzhou</b>					
1	Remaining phases of Lago Paradise	Taihu National Tourism Vacation Zone, Suzhou City	Residential and commercial purposes	100%	108,500
<b>Subtotal</b>					<b>108,500</b>
<b>Wuxi</b>					
1	Remaining phases of Wuxi Love Forever	New District, Wuxi City	Residential and commercial purposes	100%	3,740
<b>Subtotal</b>					<b>3,740</b>
<b>Guilin</b>					
1	Remaining phases of Guilin Lakeside Eden Community	Lingui New District, Guilin City	Residential and commercial purposes	100%	1,318,676
<b>Subtotal</b>					<b>1,318,676</b>

MANAGEMENT DISCUSSION AND ANALYSIS

Project-serial number	Project name	Project location	Nature of land	Company's interest	GFA
					(sq.m.)
<b>Chengdu</b>					
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
<b>Subtotal</b>					<b>1,206,922</b>
<b>Beijing</b>					
1	Qingnian Road Project	Qingnian Road, Beijing	Commercial purpose, offices and carparks	100%	94,984
<b>Subtotal</b>					<b>94,984</b>
<b>Tianjin</b>					
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
<b>Subtotal</b>					<b>481,794</b>
<b>Total</b>					<b>3,670,530</b>

### 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	Projects to be developed	Projects under framework agreements	Aggregate planned GFA of landbank	Proportion
	(sq.m.)	(sq.m.)	(sq.m.)	(sq.m.)	
<b>Chengdu-Chongqing Economic Zone</b>				<b>5,130,995</b>	<b>32.2%</b>
Chengdu	917,391	1,206,922	2,916,682	5,040,995	
Kunming			90,000	90,000	
<b>Pearl River Delta</b>				<b>8,138,054</b>	<b>51.1%</b>
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	
<b>Beijing-Tianjin Metropolitan Area</b>				<b>695,740</b>	<b>4.4%</b>
Beijing		94,984		94,984	
Tianjin	118,961	481,794		600,755	
<b>Yangtze River Delta</b>				<b>1,092,170</b>	<b>6.9%</b>
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	
<b>Central China</b>				<b>831,318</b>	<b>5.2%</b>
Wuhan	255,318		576,000	831,318	
<b>Overseas</b>				<b>22,904</b>	<b>0.1%</b>
Singapore	22,904			22,904	
<b>Total</b>	<b>3,342,569</b>	<b>3,670,530</b>	<b>8,898,082</b>	<b>15,911,180</b>	<b>100.0%</b>

### Colour Life Group

During the Period, the community services business of the Group maintained rapid growth while Colour Life, 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 ecosystem (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. 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 ecosystem 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 competitiveness 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.

## MANAGEMENT DISCUSSION AND ANALYSIS

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 (台北有園飯店), 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.

## MANAGEMENT DISCUSSION AND ANALYSIS

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.



Lung Kei Sea, Shenzhen

## DIRECTORS' PROFILE

### EXECUTIVE DIRECTORS

**Mr. PAN Jun (潘軍)**, aged 45, is the chairman of the Board, an executive Director, the chief executive officer, the chairman of the Company's nomination committee, and a member of the Company's remuneration committee. He joined the Group in 1999 and is responsible for the overall operation of the Group's projects, the formulation of our development strategies, as well as supervising the project planning, business and operation management of the Group. He is also currently the president of Fantasia Group (China) Company Limited, the president of Shenzhen Fantasia Real Estate Group Limited and the director of a number of the Group's subsidiaries including a non-executive director of Colour Life. Prior to joining the Group, Mr. Pan was the project manager, the manager of the marketing department, the manager of the valuation department and the assistant to the general manager of World Union Real Estate Consultancy (Shenzhen) Ltd. (世聯地產顧問(深圳)有限公司). Mr. Pan obtained a Bachelor's degree in Conservancy and Hydropower Engineering from Chengdu University of Science and Technology (成都科技大學), now Sichuan University (四川大學), in 1992 and holds an EMBA degree from Tsinghua University. Mr. Pan is also a registered property valuer in China and a member of the Shenzhen Institution of Real Estate Appraisers (深圳市不動產估價學會).

**Ms. ZENG Jie, Baby (曾寶寶)**, is an executive Director of the Company. She is also a member of the Company's nomination committee. Ms. Zeng is one of the controlling shareholders and the largest shareholder of the Company.

**Mr. LAM Kam Tong (林錦堂)**, aged 47, is an executive Director, the chief financial officer and the company secretary of the Company. Mr. Lam joined the Group in May 2012 and is responsible for financial management, investor relations, and financial planning of the Group, as well as the management of the Company's Hong Kong branch and he is a non-executive director of Colour Life. He is a member of the Hong Kong Institute of Certified Public Accountants and the Association of Chartered Certified Accountants. Mr. Lam received his Bachelor's degree in Business Administration from the Chinese University of Hong Kong in July 1991. He has over 14 years of experience in professional auditing as well as extensive experience in the areas of investor relations management,

auditing, mergers and acquisitions and offshore financing. Mr. Lam is currently an independent non-executive director of Pegasus Entertainment Holdings Limited (天馬娛樂控股有限公司), a company listed on the Main Board of the Stock Exchange. Before joining the Group, Mr. Lam was an executive director, the chief financial officer and company secretary of China Aoyuan Property Group Ltd. (中國奧園地產股份有限公司), a company listed on the Main Board of the Stock Exchange, for over three years. From May 2006 to October 2008, Mr. Lam was the chief financial officer, company secretary and qualified accountant of Greentown China Holdings Ltd. (綠城中國控股有限公司), another listed company on the Main Board of the Stock Exchange. From November 2010 to March 2014, he was an independent non-executive director of Sheng Yuan Holdings Limited (盛源控股有限公司), a company listed on the Main Board of the Stock Exchange.

**Mr. ZHOU Jinquan (周錦泉)**, aged 49, is an executive Director of the Company and the chief executive officer of Shenzhen Qianhai Fantasia Financial Community Group Company Limited, a wholly-owned subsidiary of the Company. Mr. Zhou joined the Group in January 2013 and is responsible for the business development and management of the community finance. Prior to joining the Group, he was the deputy president of China Resources Bank of Zhuhai Head Office (珠海華潤銀行總行) from 2011 to 2013, the deputy president of Guangxi Beibu Gulf Bank Head Office (廣西北灣銀行總行) from 2008 to 2011, the assistant of the president of Guosen Securities (國信證券) from 2004 to 2008, the general manager of International Department of Guoyuan Securities (國元證券國際部) from 2001 to 2004, the deputy general manager of International Department, the general manager of Business Department and Institution Department of Industrial and Commercial Bank, Shenzhen Branch (工商銀行深圳分行) from 1994 to 2001, the staff member of General Office of Guangdong Provincial Government Institute of International Economic Technology (廣東省政府辦公廳國際經濟技術研究所) from 1992 to 1994 and the staff member of Industrial and Commercial Bank, Beijing Branch, Haidian Office (工商銀行北京分行海淀分理處) from 1989 to 1990. Mr. Zhou obtained a Bachelor's degree in International Finance from Renmin University of China in 1989 and a Master's degree in International Finance from Renmin University of China in 1992.

## NON-EXECUTIVE DIRECTORS

**Mr. LI Dong Sheng (李東生)**, aged 58, is a non-executive Director of the Company. He graduated from South China University of Technology in 1982 with a Bachelor's degree in Radio Technology and has more than 19 years of experience in the information technology field. Currently, Mr. Li is the chairman and CEO of TCL Corporation (TCL 集團股份有限公司), the Chairman of TCL Multimedia Technology Holdings Limited ("TCL Multimedia") and TCL Communication Technology Holdings Limited ("TCL Communication"), both of TCL Multimedia and TCL Communication are companies listed on the Stock Exchange, all of which produce consumer electronic products. He is also an independent non-executive director of Tencent Holdings Limited, a company listed on the Stock Exchange, and an independent director of Legrand, a company listed on NYSE Euronext.

**Mr. YUAN Hao Dong (袁浩東)**, aged 43, is a non-executive Director of the Company. He graduated from Huazhong University of Science and Technology in December 2000 with a Master's degree in Business Administration and Management and has more than 11 years of work experience in financial management, corporate finance and merger and acquisition areas. Mr. Yuan joined TCL Corporation in 2000 as the senior manager of the strategic development department. Between 2002 and 2009, he was the finance manager of various subsidiaries of TCL Corporation and the vice general manager of the strategic investment centre and was generally responsible for planning and carrying out reorganization and merger and acquisition activities. Since 2012, he has been the general manager of the investment banking department of TCL Corporation. He is generally responsible for building capital platforms, implementing capital finance strategies, carrying out investments and dealing with matters concerning the acquisition and disposal of assets. Mr. Yuan was also the chief financial officer of Shenzhen Huaxing Electric Technology Co., Ltd. (深圳市華星光電技術有限公司) in 2009.

## INDEPENDENT NON-EXECUTIVE DIRECTORS

**Mr. HO Man (何敏)**, aged 47, is an independent nonexecutive Director of the Company. He is also the chairman of the Company's audit committee and a member of each of the Company's remuneration committee and nomination committee, respectively. Mr. Ho is currently managing director of an investment holding company. Prior to that, Mr. Ho served as an executive partner representative of a Chengdu-based private equity investment fund from December 2011 to May 2014. Mr. Ho worked for a Hong Kong based private fund management company during January 2010 to December 2013 and was a managing director and head of China growth and expansion capital of CLSA Capital Partners which he worked for during August 1997 to October 2009. Mr. Ho was the independent non-executive director and member of the audit committee of SCUD Group Limited and Shanghai Tonva Petrochemical Co., Ltd., both companies are listed on the Main Board of the Stock Exchange, from December 2006 to October 2009 and from September 2008 to October 2009, respectively. Mr. Ho has been the independent non-executive director and chairman of the audit committee of Fu Shou Yuan International Group Limited, a company listed on the Main Board of the Stock Exchange since December 2013. In addition, he has served since February 2012 as an independent non-executive director of Shenzhen Form Syntro Information Company Limited, a company listed on the ChiNext of Shenzhen Stock Exchange, as an independent non-executive director of China Fire Safety Enterprise Group Limited, a company listed on the Main Board of the Stock Exchange since July 2015 and, since September 2015, a director of Shenzhen Daxiang United Space Construction Ltd, a company which will soon be listed in the National Equities Exchange and Quotations. Mr. Ho has over 18 years of working experience in private equity investment and finance.

Mr. Ho was awarded an EMBA degree from Tsinghua University and a master's degree in finance from the London Business School. He is also a Chartered Financial Analyst charterholder and a Certified Public Accountant.



## DIRECTORS' PROFILE

**Mr. HUANG Ming (黃明)**, aged 51, is an independent non-executive Director of the Company. He is the chairman of the Company's remuneration committee and a member of each of the Company's audit committee and nomination committee, respectively. He has been a Professor of Finance at the Johnson Graduate School of Management at Cornell University since July 2005 and the Head of School of Finance of Shanghai University of Finance and Economics from 2006 to April 2009. Mr. Huang was an Assistant Professor of Finance at Stanford University, Graduate School of Business from 1998 to 2002. He was also the Associate Dean, visiting Professor of Finance and the Professor of Finance at the Cheung Kong Graduate School of Business (長江商學院) from 2004 to 2005 and from 2008 to 2010 respectively. Since July 2010, He has been a Professor of Finance at the China Europe International Business School (中歐國際工商學院). He graduated from Peking University in 1985 majoring in Physics. Mr. Huang then obtained a Ph.D in Physics and a Ph.D in Business from Cornell University and Stanford University respectively. Mr. Huang has been a non-executive director of the Annuity Fund Management Board of China National Petroleum Corporation (中國石油天然氣集團年金理事會) and a non-executive director of Yingli Green Energy Holdings Co., Ltd. (英利綠色能源控股有限公司), a company listed on the New York Stock Exchange, since 2007 and 2008, respectively. He was also appointed as an independent director of Qihoo 360 Technology Co. Ltd. (奇虎360科技有限公司), a company listed on the New York Stock Exchange, in 2011. Mr. Huang is currently a non-executive director of 360buy Group (京東商城集團), Guosen Securities Company Limited (國信證券有限公司), and Tebon Securities Co. Ltd. (德邦證券有限公司). He is also an independent non-executive director of each of China Medical System Holdings Limited and WH Group Limited, both are companies listed on the Main Board of the Stock Exchange.

**Dr. LIAO Jianwen (廖建文)**, aged 48, is an independent non-executive Director of the Company. He is also a member of each of the Company's audit committee, remuneration committee and nomination committee, respectively. Dr. Liao has extensive business research and teaching experience in the United States, Hong Kong and the People's Republic of China (the "PRC"). He has been an associate dean and

professor of managerial practice in strategy and innovation at the Cheung Kong Graduate School of Business (長江商學院) since January 2012. Prior to that, Dr. Liao was an associate professor at the Stuart School of Business in Illinois Institute of Technology from 2006 to 2012. In 2001, he was also a visiting professor at Hong Kong University of Science and Technology. Dr. Liao received a Doctorate degree in business administration from Southern Illinois University at Carbondale (USA) in August 1996, a Master's degree in economics from Renmin University of China (中國人民大學) in February 1991, and a Bachelor's degree in industry engineering from Northeastern University (東北大學) (formerly known as Northeastern Institute of Technology (東北工學院)) in July 1988. He is currently an independent non-executive director of Colour Life, 361 Degrees International Limited and China Mengniu Dairy Company Limited, the companies are listed on the Main Board of the Stock Exchange. Additionally he also serves as an independent non-executive director of Qihoo 360 which is traded at New York Stock Exchange.

**Ms. WONG Pui-sze, Priscilla, JP (王沛詩)**, aged 55, is an independent non-executive Director of the Company. She is also a member of each of the Company's audit committee, remuneration committee and nomination committee, respectively. Ms. Wong was appointed a Justice of the Peace in 2005. She is a member of Chinese People's Political Consultative Conference, Shanghai Committee in the PRC. In Hong Kong, Ms. Wong serves as the Chairman of Appeal Board Panel (Consumer Good Safety), the Chairman of Employees Compensation Assistance Fund Board, a member of Court of University of Hong Kong, a member of Panel of the Witness Protection Review Board, a member of Financial Reporting Review Panel and a member of Hong Kong Bar Association Special Committee on Overseas Admissions (Civil). She graduated with a Bachelor of Law (Hons) degree from the University of Hong Kong and a Master of Laws degree from The London School of Economics and Political Science of The University of London. Ms. Wong was called to the Bar in Hong Kong in 1985 and is a practising barrister in Hong Kong. She is a mediator of Centre for Effective Dispute Resolution and an arbitrator of China International Economic and Trade Arbitration Commission. Ms. Wong is also an advocate and solicitor admitted in Singapore.

Mr. GUO Shaomu (郭少牧), aged 50, is an independent non-executive Director of the Company. He is also a member of each of the audit committee, remuneration committee and nomination committee, respectively. He has over 13 years of experience in investment banking in Hong Kong. From February 2000 to February 2001, Mr. Guo served as an associate director of corporate finance of Salomon Smith Barney, an investment bank principally engaged in providing financial services (an investment banking arm of Citigroup Inc.), where he was primarily responsible for supporting the marketing and execution efforts of the China team. From March 2001 to September 2005, Mr. Guo served as an associate director of global investment banking of HSBC Investment Banking, an investment bank principally engaged in providing financial services, where he was primarily responsible for the execution of China-related transactions. From October 2005 to April 2007, Mr. Guo served as a vice president and a director of the real estate team of J.P. Morgan Investment Banking Asia, an investment bank principally engaged in providing financial services, where he was primarily responsible for marketing efforts covering the real estate sector in China. From April 2007 to April 2013, Mr. Guo served as a director and a managing director of the real estate team of Morgan Stanley Investment Banking Asia, an investment bank principally engaged in providing financial services, where he was one of the key members responsible for the business in the real estate sector in the Greater China region. Since January 2014, Mr. Guo has been an independent non-executive director of Galaxycore Inc., a leading China-based fabless image sensor company targeting the global mobile device and consumer electronics market. Since June 2014, Mr. Guo has been an independent non-executive director of Yida China Holdings Limited (a company listed on the Main Board the Stock Exchange), a real estate developer based in Dalian, China. Mr. Guo received his bachelor's degree in electrical engineering from Zhejiang University in July 1989, a master's degree in computer engineering from the University of Southern California in May 1993 and a master's degree in business administration from the School of Management of Yale University in May 1998.

## SENIOR MANAGEMENT'S PROFILE

**Ms. LI Chuanyu (李傳玉)**, aged 47, is the deputy chief executive of Fantasia Group (China) Co., Limited. She is responsible for the management of the chief executive's office, the Fantasia Charity Foundation (花樣年公益基金會), the Fantasia Foundation (花樣年基金公司) and the Company's Singapore branch (新加坡公司). She is also the director of a number of subsidiaries of the Group. Ms. Li joined the Group in May 2001 and was the deputy chief executive of the Shenzhen Fantasia Real Estate Group Limited, and was responsible for the financial management department, fund planning department, cost control department of the control center, development center (發展中心) and general contracting company (planning) (總承包公司(籌)) from 2011 to 2015. From 2001 to 2011, she was the chief financial officer of Shenzhen Fantasia Real Estate Group Limited, as well as the chief financial officer and the general manager of the financial management department of Fantasia Property Group Limited. Prior to joining the Group, she was the deputy manager of the financial department of Shenzhen Zhujiang Industry Company (深圳珠江實業公司) from 1996 to 2001. Ms. Li received a Master's degree in international accounting (國際會計) from the City University of Hong Kong in 2006.

**Mr. JIAN Jianxun (簡堅訓)**, aged 45, is the assistant chief executive of Fantasia Group (China) Company Limited, and is responsible for legal department (法律事務部) and audit monitoring department (審計監察部), asset management department (資產管理部), trading company (planning) (貿易公司(籌)) and the Company's USA branch (planning) (美國公司(籌)). Mr. Jian joined the Group in March 2014 and served as the general counsel (法務長) of Fantasia Holdings Group (China) Co., Limited from 2014 to 2015. Prior to joining the Group, he was a lawyer of Zhong Yin Law Firm in Beijing (北京中銀律師事務所) from 2013 to 2014 and senior legal specialist (法務高專), deputy manager (副理), manager, assistant manager (協理), deputy general manager (chief compliance officer (合規總監) and general counsel of the Group (集團法務長)) of Polaris Financial Group (寶來金融集團) from 2001 to 2012. Mr. Jian received a PhD in Law from University of International Business and Economics (對外經濟貿易大學) in 2013 and a Master's degree in International Laws (國際法) from Tamkang University (淡江大學) in Taiwan in 1998.

**Mr. Deng Bo (鄧波)**, aged 47, is the assistant chief executive of Fantasia Group (China) Company Limited, and is responsible for the strategy management department, human resources department, information department, mass data center (大數據中心) and the Company's Japan branch (日本公司). Mr. Deng joined the Group in April 2010, and served as the general manager of the strategy management department and investment management department in Fantasia Group (China) Company Limited from 2013 to 2015. From 2010 and 2012, he was the general manager of the strategy management department of Fantasia Real Estate Group Limited, the deputy manager of the business development

department, as well as the investment planning director of investment development section. Prior to joining the Group, he held the position of investment development director and manager of Oceanwide Real Estate Group (泛海建設集團) from 1998 to 2010. He also served as a design director of Sunlight Real Estate Corporation (深圳鈞濠地產公司), and an architect of Shenzhen Nanyou Engineering Company (深圳南油工程公司) respectively from 1995 to 1998. Mr. Deng received a Master's degree in Architecture from Hunan University in 1995.

**Mr. LIU Zongbao (劉宗保)**, aged 47, is the president of Shenzhen Fantasia Real Estate Group Company Limited and is also the director of a number of subsidiaries of the Group. Mr. Liu joined the Group in March 2005 and served as the sales director of our Company and the deputy general manager and general manager of the Chengdu branch of Fantasia Real Estate Group, as well as the vice president of Shenzhen Fantasia Real Estate Group Company Limited. Prior to joining our Group, he was the deputy general manager of Shenzhen Zhonglian Real Estate Development Co., Ltd. (深圳市中聯房地產企業發展有限公司) from 2004 to 2005 and the manager of the sales and marketing department of Shenzhen Xinghe Real Estate Development Co., Ltd. (深圳市星河房地產開發公司) from 2001 to 2003. Mr. Liu received his Bachelor's degree in construction management engineering from Southeast University (東南大學) in 1991. He is now studying in China Europe International Business School for EMBA.

**Mr. TANG Xuebin (唐學斌)**, aged 48, was appointed as a director of Colour Life on 30 October 2012 and was redesignated as an executive director of Colour Life on 11 June 2014. He is also the chief executive officer of Colour Life. He joined the Group in 2002 and is responsible for the operation and management of Colour Life Group. He also serves as the general manager of a number of subsidiaries of Colour Life Group. Mr. Tang has over 15 years of experience in property management. Prior to joining the Group, he worked at China Overseas Property Management Co., Ltd. (中海物業管理有限公司), a company which is principally engaged in property management, from 1997 to 2001, where his last position held was the deputy general manager and was primarily responsible for the management of engineering department. Mr. Tang obtained a Bachelor's degree in industrial electrical automation (工業電氣自動化) from Tongji University (同濟大學) in July 1993, an Executive Master of Business Administration degree ("EMBA degree") from China Europe International Business School (中歐國際工商學院) in September 2010 and an executive education program certificate from Cheung Kong Graduate School of Business (長江商學院) in June 2012.

**Mr. CHEN Xiangming (陳湘明)**, aged 46, is the general manager of 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). He joined the Group in July 2012 and is responsible for the overall management of Shenzhen Home E&E Commercial Services

Group Co. Ltd.. Prior to joining the Group, he was the general manager of Shenzhen Baopu Property Service Co., Ltd. (深圳市抱樸物業服務有限公司) from 2011 to 2012, the general manager of Shenzhen Terra Property Management Service Co., Ltd. (深圳市泰然物業管理服務有限公司) from 2007 to 2011, the general manager of Shenzhen Excellence Property Management Co., Ltd. (深圳市卓越物業管理有限公司) from 2006 to 2007, and the vice-general manager of Shenzhen Fantasia Property Management Co., Ltd. (深圳市花樣年物業管理有限公司) from 2002 to 2006. Mr. Chen completed his tertiary education in Safety Engineering from Hunan University Hengyang Campus in 1992.

**Mr. QIU Zhidong (邱志東)**, aged 49, is the general manager of Shenzhen Fantasia Business Management Company Limited (深圳花樣年商業管理有限公司). Mr. Qiu joined the Group in June 2013 and is responsible for the overall daily operation and management of Shenzhen Fantasia Business Management Company Limited. Prior to joining the Group, he was the vice president of Shenzhen Jinguanghua Shiye Group (深圳金光華實業集團) from 2005 to 2013, the managing director of Shenzhen Jinguanghua Business Company Limited (深圳市金光華商業有限公司) from 2003 to 2005, the general manager of Shenzhen Modern Friendship Co., Ltd (現代友誼股份有限公司)/Shenzhen Friendship Department Store Company Limited (深圳友誼城百貨有限公司) from 1997 to 2003, the deputy director of Cadres Division of Organization Department (組織部幹部處) and Managerial

Division of Corporate Leading Officers (企業領導人員管理處) of Shenzhen Municipal Committee of CPC (中共深圳市委) from 1992 to 1997, the official of Cadre Department of Organization Department of Chaozhou Municipal Committee of CPC (中共潮州市委組織部幹部科) from 1988 to 1992 and the teacher of Chaozhou High School (潮州高級中學) in Guangdong in 1988. Mr. Qiu received a Master's degree in Business Administration from Hong Kong Baptist University in 2003 and a Bachelor's degree in Computer Science from Hanshan Normal University (韓山師範學院) in Guangdong Province in 1988.

**Mr. GAO Fei (高飛)**, aged 42, is the general manager of Qianhai Linlile Technology Services Limited (前海鄰里樂科技服務有限公司). Mr. Gao joined the Group in December 2013, and served as the chief data and information officer of Fantasia Group (China) Co., Ltd. from 2013 to 2015 and was responsible for the manager of Linlile Company (鄰里樂公司) and the information department. Prior to joining the Group, he was the system architect, project manager, department manager, product director, general manager and assistant president of Kingdee Software (China) Co., Ltd (金蝶軟件(中國)有限公司) from 2001 to 2013 and the lecturer of Nanchang University (南昌大學) from 1999 to 2001. Mr. Gao received a Master's degree in business administration from Guanghua School of Management Peking University (北京大學光華管理學院) in 2007 and a Master's degree in hydraulic and hydro-power engineering from Nanchang University in 1999.



## REPORT OF DIRECTORS

The Directors have pleasure in presenting their annual report and the audited consolidated financial statements of the Group for the year ended 31 December 2015.

### PRINCIPAL ACTIVITIES

The Company is an investment holding company. The activities of its principal subsidiaries are set out in note 54 to the consolidated financial statements.

### RESULTS

The results of the Group for the year ended 31 December 2015 are set out in the consolidated statement of comprehensive income on page 87.

### BUSINESS REVIEW AND PERFORMANCE

A fair review of the business of the Group and a discussion and analysis of the Group's performance during the year and the material factors underlying its results and financial position are provided in the Chairman's Statement, Financial Review and Business Review sections respectively from pages 19 to 25, pages 26 to 31 and pages 33 to 52 of this Annual Report. The future development of the Group's business is discussed throughout this Annual Report including in the Chairman's Statement from pages 19 to 25 of this Annual Report. In addition, more details regarding the Group's performance by reference to environmental and social-related key performance indicators and policies, as well as compliance with relevant laws and regulations which have a significant impact on the Group, are provided in this Annual Report in the Environmental, Social and Governance Report and Corporate Governance Report. This discussion forms part of this Directors' Report.

### DIVIDENDS DISTRIBUTION

The Directors recommended the declaration of a final dividend at the rate of HK5.00 cents per share payable on 13 June 2016 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.

### SHARE CAPITAL

Details of change during the year in the share capital of the Company are set out in note 43 to the consolidated financial statements.

### PROPERTY, PLANT AND EQUIPMENT

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

## DISTRIBUTABLE RESERVES OF THE COMPANY

Distributable reserves of the Company as at 31 December 2015, calculated under the Cayman Islands Companies Law, amounted to RMB1,227,075,000 (2014: RMB2,052,744,000) representing share premium of RMB2,220,190,000 and accumulated loss of RMB973,115,000.

## DIRECTORS AND DIRECTORS' SERVICE CONTRACTS

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

### Executive Directors:

Mr. Pan Jun (Chairman)  
Ms. Zeng Jie, Baby  
Mr. Lam Kam Tong  
Mr. Zhou Jinquan

### Non-executive Directors:

Mr. Li Dong Sheng  
Mr. Yuan Hao Dong

### Independent non-executive Directors:

Mr. Ho Man  
Mr. Huang Ming  
Dr. Liao Jianwen  
Ms. Wong Pui Sze, Priscilla, JP  
Mr. Guo Shaomu

In accordance with Article 84 of the Articles of Association, Ms. Zeng Jie, Baby, Mr. Li Dong Sheng, Mr. Yuan Hao Dong and Mr. Huang Ming shall retire from office by rotation and, being eligible, offer themselves for re-election at the forthcoming annual general meeting. A circular containing the explanatory statement on buyback of the shares of the Company, the biographical details of the Director candidates and the notice of the AGM will be sent to Shareholders.

Each of Mr. Pan Jun and Ms. Zeng Jie, Baby entered into a service contract with the Company for an initial term of three years commencing from 25 November 2009. Their service contracts were renewed on 25 November 2015 for another term of three years. Mr. Lam Kam Tong entered into a service contract with the Company for an initial term of three years commencing from 23 May 2012. Mr. Lam was then appointed as executive Director on 28 May 2012. His service contract was renewed on 28 May 2015 for another term of three years. Mr. Zhou Jinquan was appointed as executive Director on 28 March 2013. Mr. Zhou has entered into a service contract with the Company for an initial term of three years commencing from 28 March 2013. His service contract was renewed on 28 March 2016 for another term of three years. The above service contracts may only be terminated in accordance with the provisions of such service contract or by either party giving to the other not less than three months prior notice in writing.

Each of the non-executive Directors is appointed for a term of three years commencing on 6 January 2014.

Each of Mr. Ho Man and Mr. Huang Ming was appointed as independent non-executive Directors for an initial term of three years commencing from 25 November 2009. Their service contracts were renewed on 25 November 2015 for another term of three years. Each of Dr. Liao Jianwen, Ms. Wong Pui Sze, Priscilla, JP and Mr. Guo Shaomu were appointed as independent non-executive Directors for an initial term of three years commencing from 17 February 2015.

No Director proposed for re-election at the AGM has a service contract with the Company which is not determinable by the Group within one year without payment of compensation, other than normal statutory compensation.

## SENIOR MANAGEMENT'S EMOLUMENTS

Pursuant to code provision B.1.5, the annual remuneration of the members of the senior management (other than Directors) by bands for the year ended 31 December 2015 is set out below:

	Number of individuals
Nil to HK\$1,000,000	69
HK\$1,000,001 to HK\$2,000,000	28
HK\$2,000,001 to HK\$3,000,000	7
HK\$3,000,001 to HK\$4,000,000	2
Above HK\$4,000,000	1
	107

Details of the remuneration of each of the Directors for the year ended 31 December 2015 are set out in note 12 to the consolidated financial statements.

## DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITION

As at 31 December 2015, the interests and short positions of the Directors and the chief executive of the Company in the shares, underlying shares and debentures of the Company or of any associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) of the Company, which will have to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which he is taken or deemed to have under such provisions of the SFO) or which will be required, as recorded in the register maintained by the Company pursuant to Section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as contained in Appendix 10 to the Rules Governing the Listing of Securities in the Stock Exchange (the "Listing Rules") were as follows:

- (i) Long positions in the shares and underlying shares of the Company:

Director	Nature of interest	Number of issued ordinary shares of the Company	Interest in underlying Shares of the Company	Approximate percentage of interest in the Company as at 31 December 2015
Ms. Zeng Jie, Baby	Interest of controlled corporation	3,313,090,500 <sup>(1)</sup>	–	57.51%
	Beneficial owner	–	9,980,000 <sup>(2)</sup>	0.17%
Mr. Pan Jun	Beneficial owner	–	9,980,000 <sup>(2)</sup>	0.17%
Mr. Lam Kam Tong	Beneficial owner	–	2,770,000 <sup>(2)</sup>	0.05%
Mr. Ho Man	Beneficial owner	–	1,600,000 <sup>(2)</sup>	0.03%
Mr. Huang Ming	Beneficial owner	–	1,600,000 <sup>(2)</sup>	0.03%

## Notes:

- (1) Fantasy Pearl International Limited (“Fantasy Pearl”) is owned as to 80% by Ice Apex Limited (“Ice Apex”) and 20% by Graceful Star Overseas Limited (“Graceful Star”). While Ice Apex is wholly owned by Ms. Zeng Jie, Baby, Ms. Zeng Jie, Baby is deemed to be interested in the shares of the Company held by Fantasy Pearl for the purpose of Part XV of the SFO.
- (2) The relevant Director was granted options to subscribe for such number of shares of the Company under the Scheme (as defined under the sub-section headed “Share Option Scheme” in the “Corporate Governance and Other Information” section below) on 29 August 2011.

## (ii) Long positions in the debentures of the Company:

- USD300,000,000 aggregate principal amount of its 10.625% senior notes due 2019 (“2019 USD Notes”)

Director	Nature of interest	Amount of debentures of the Company held	Approximate percentage of the interest in the 2019 USD Notes as at 31 December 2015 <sup>(1)</sup>
Ms. Zeng Jie, Baby	Interest of controlled corporation	USD5,500,000 <sup>(2)</sup>	1.83%

## Notes:

- (1) The percentage of the interest in the USD Notes is based on the aggregate principal amount of USD300,000,000.
- (2) Fantasy Pearl is owned as to 80% by Ice Apex, a company wholly owned by Ms. Zeng Jie, Baby. Ms. Zeng Jie, Baby is deemed to be interested in the debentures held by Fantasy Pearl for the purpose of Part XV of the SFO.
- USD400,000,000 aggregate principal amount of its 10.75% senior notes due 2020 (“2020 USD Notes”)

Director	Nature of interest	Amount of debentures of the Company held	Approximate percentage of the interest in the 2020 USD Notes as at 31 December 2015 <sup>(1)</sup>
Mr. Guo Shaomu	Beneficial owner	USD400,000	0.10%

## Note:

- (1) The percentage of the interest in the USD Notes is based on the aggregate principal amount of USD400,000,000.



## REPORT OF DIRECTORS

### (iii) Long positions in association corporations

#### A. Fantasy Pearl

Director	Nature of interest	Number of shares	Description of shares	Approximate percentage of interest in the associated corporation as at 31 December 2015
Ms. Zeng Jie, Baby	Interest of controlled corporation	80 <sup>(1)</sup>	Ordinary	80%
Mr. Pan Jun	Interest of controlled corporation	20 <sup>(2)</sup>	Ordinary	20%

Notes:

- (1) These are shares held by Ice Apex in Fantasy Pearl and Ice Apex is wholly owned by Ms. Zeng Jie, Baby.  
 (2) These are shares held by Graceful Star in Fantasy Pearl and Graceful Star is wholly owned by Mr. Pan Jun.

#### B. Colour Life

Director	Nature of interest	Number of shares	Description of shares	Approximate percentage of interest in the associated corporation as at 31 December 2015
Ms. Zeng Jie, Baby	Interest of controlled corporation	721,981,259 <sup>(1)</sup>	Ordinary	72.19%
Mr. Pan Jun	Beneficial owner	1,075,440 <sup>(2)</sup>	Ordinary	0.11%
Mr. Lam Kam Tong	Beneficial owner	330,000 <sup>(2)</sup>	Ordinary	0.03%
Dr. Liao Jianwen	Beneficial owner	330,000 <sup>(2)</sup>	Ordinary	0.03%

Notes:

- (1) These include (i) 503,956,782 shares in Colour Life held by the Company which is owned as to 57.51% by Fantasy Pearl which is in turn owned as to 80% by Ice Apex and 20% by Graceful Star and as Ice Apex is wholly owned by Ms. Zeng Jie, Baby, Ms. Zeng Jie Baby is deemed to be interested in the shares of Colour Life held by the Company for the purpose of Part XV of the SFO; and (ii) pursuant to a concert party agreement dated 29 June 2015 entered into between the Company and Splendid Fortune Enterprise Limited ("Splendid Fortune"), each of the Company and Splendid Fortune is taken to be interested in the shares of Colour Life in which each other is interested for the purpose of Part XV of the SFO. As such, the Company, Fantasy Pearl, Ice Apex and Ms. Zeng Jie, Baby are also deemed to be interested in 216,681,477 shares of Colour Life held by Splendid Fortune for the purpose of Part XV of the SFO.  
 (2) These represent share options granted by Colour Life subject to vesting schedules.

## C. Shenzhen Caizhiyun Network Technology Co., Ltd. (“Caizhiyun Network”)

Director	Nature of interest	Registered capital (RMB)	Approximate percentage of interest in the associated corporation as at 31 December 2015
Mr. Pan Jun	Beneficial owner	7,000,000 <sup>(1)</sup>	70%

## Note:

- (1) Caizhiyun Network is owned as to 70% by Mr. Pan Jun and 30% by Mr. Tang Xuebin. The financial results of Caizhiyun Network have been consolidated and accounted for as a subsidiary of Colour Life by virtue of certain structured contracts, details of which are disclosed in the section headed “History, Reorganization and the Group Structure” in Colour Life’s prospectus dated 17 June 2014.

Save as disclosed above, as at 31 December 2015, none of the Directors and chief executive of the Company had an interest or short position in the equity or debt securities and underlying shares of the Company or any associated corporations (within the meaning of the SFO) which (a) were required to be notified to the Company and the Stock Exchange pursuant to Part XV of the SFO (including the interests and short positions which the director is taken or deemed to have under such provisions of the SFO; or (b) were required, pursuant to section 352 of the SFO, to be entered in the register referred to therein; or (c) were required, pursuant to the Model Code to be notified to the Company and the Stock Exchange.

## SHARE OPTION SCHEME

The Company adopted a share option scheme (the “Scheme”) which became effective on 27 October 2009 for the purpose of rewarding eligible participants who have contributed to the Group and to encourage eligible participants to work towards enhancing the value of the Company. Eligible participants of the Scheme include Directors and employees of the Group and any advisors, consultants, distributors, contractors, suppliers, agents, customers, business partners, joint venture business partners, promoters or service providers of any member of the Group who the Board considers, in its sole discretion, have contributed or will contribute to the Group. Subject to earlier termination by the Company in general meeting or by the Board, the Scheme shall be valid and effective for a period of 10 years from the date of its adoption.

The total number of Shares in respect of which options may be granted under the Scheme is not permitted to exceed 10% in nominal amount of the aggregate of Shares in issue, unless with the prior approval from the Company’s shareholders. The maximum number of Shares in respect of which options may be granted under the Scheme to any individual in any 12-month period is not permitted to exceed 1% in nominal amount of the aggregate of Shares in issue, unless with the prior approval from the Company’s shareholders and with such participants and his associates abstaining from voting. Options granted to any Director, chief executive or substantial shareholder of the Company, or any of their respective associates, shall be subject to the prior approval of the independent non-executive Directors. Where any option granted to a substantial shareholder or an independent non-executive Director, or any of their respective associates, would result in the Shares issued or to be issued upon exercise of all options already granted and to be granted to such person in the 12 month period, (i) representing in aggregate over 0.1% of the Shares in issue on the date of such grant; and (ii) having an aggregate value, based on the closing price of the Shares, in excess of HK\$5 million, such grant of options shall be subject to prior approval by resolutions of the Shareholders (voting by way of poll). As at the date of this annual report, the total number of shares available for issue under the Share Option Scheme is 85,538,640, representing 1.5% of the total number of shares of the Company in issue.

## REPORT OF DIRECTORS

An offer of the grant of an option under the Scheme shall remain open for acceptance for 28 days from the date of grant. Upon acceptance of such grant, the grantee shall pay HK\$1 to the Company as consideration. Options may be exercised in accordance with the terms of the Scheme at any time from the date of grant until the expiry of 10 years from such date. The subscription price shall be determined by the Board in its absolute discretion, and in any event shall not be less than the higher of (i) the closing price of the Shares on the date of grant, (ii) the average closing price of the Shares for the five business days immediately preceding the date of grant, and (iii) the nominal value of a Share.

Name	Date of grant	Exercise price HK\$	Closing price of the Shares on the date of grant HK\$	Balance as at 1 January 2015	Number of share option			Balance as at 31 December 2015	Weighted average closing price immediately before exercise	Note
					Granted during the year	Exercisable/ exercised during the year	Cancelled/ lapsed during the year			
Mr. Pan Jun	29 August 2011	0.836	0.82	4,990,000	-	-	-	4,990,000	-	(2)
	16 October 2012	0.8	0.77	4,990,000	-	-	-	4,990,000	-	(3)
Ms. Zeng Jie, Baby	29 August 2011	0.836	0.82	4,990,000	-	-	-	4,990,000	-	(2)
	16 October 2012	0.8	0.77	4,990,000	-	-	-	4,990,000	-	(3)
Mr. Lam Kam Tong	16 October 2012	0.8	0.77	2,770,000	-	-	-	2,770,000	-	(3)
Mr. Wang Liang (resigned on 30 June 2015)	29 August 2011	0.836	0.82	2,310,000	-	(471,240)	(1,838,760)	-	1.34	(1), (4)
	29 August 2011	0.836	0.82	1,500,000	-	(1,500,000)	-	-	1.34	(2), (4)
	16 October 2012	0.8	0.77	2,770,000	-	(166,200)	(2,603,800)	-	1.34	(3), (4)
Mr. Ho Man	29 August 2011	0.836	0.82	800,000	-	-	-	800,000	-	(2)
	16 October 2012	0.8	0.77	800,000	-	-	-	800,000	-	(3)
Mr. Huang Ming	29 August 2011	0.836	0.82	800,000	-	-	-	800,000	-	(2)
	16 October 2012	0.8	0.77	800,000	-	-	-	800,000	-	(3)
Mr. Xu Quan (resigned on 17 February 2015)	29 August 2011	0.836	0.82	800,000	-	-	(800,000)	-	-	(2)
	16 October 2012	0.8	0.77	800,000	-	-	(800,000)	-	-	(3)
Other employees	29 August 2011	0.836	0.82	23,850,000	-	(273,360)	(3,875,000)	19,701,640	1.44	(1)
	29 August 2011	0.836	0.82	10,510,000	-	(1,025,000)	(105,000)	9,380,000	1.34	(2)
	16 October 2012	0.8	0.77	40,520,000	-	(285,600)	(9,302,400)	30,932,000	1.42	(3)
Total				108,990,000		(3,721,400)	(19,324,960)	85,943,640		

## Notes:

- (1) The share options are exercisable during the following periods:
- (a) up to 10% of the share options granted to each grantee at any time after the expiration of 12 months from 29 August 2011 to 28 August 2021 and after the grantee has satisfied the vesting conditions specified by the Board;
  - (b) up to 20% of the share options granted to each grantee at any time after the expiration of 24 months from 29 August 2011 to 28 August 2021 and after the Grantee has satisfied the vesting conditions specified by the Board; and
  - (c) up to 70% of the share options granted to each grantee at any time after the expiration of 36 months from 29 August 2011 to 28 August 2021 and after the Grantee has satisfied the vesting conditions specified by the Board.
- (2) The share options are exercisable during the following periods:
- (a) up to 10% of the share options granted to each grantee at any time after the expiration of 12 months from the 29 August 2011 to 28 August 2021;
  - (b) up to 20% of the share options granted to each grantee at any time after the expiration of 24 months from 29 August 2011 to 28 August 2021; and
  - (c) up to 70% of the share options granted to each grantee at any time after the expiration of 36 months from 29 August 2011 to 28 August 2021.
- (3) The share options are exercisable during the following periods:
- (a) up to 10% of the share options granted to each grantee at any time after the expiration of 12 months from the 16 October 2012 to 15 October 2022 and after the grantee has satisfied the vesting conditions specified by the Board;
  - (b) up to 20% of the share options granted to each grantee at any time after the expiration of 24 months from 16 October 2012 to 15 October 2022 and after the grantee has satisfied the vesting conditions specified by the Board; and
  - (c) up to 70% of the share options granted to each grantee at any time after the expiration of 36 months from 16 October 2012 to 15 October 2022 and after the Grantee has satisfied the vesting conditions specified by the Board.

Colour Life adopted a share option scheme (“Colour Life Share Option Scheme”) by the written resolutions of the Shareholders passed on 11 June 2014. The terms of the Colour Life Share Option Scheme are in accordance with the provisions of Chapter 17 of the Listing Rules. The Colour Life Share Option Scheme is a share incentive scheme and is established to recognize, acknowledge and reward eligible participants who have contributed to the Colour Life Group and to encourage eligible participants to work towards enhancing the value of Colour Life. Eligible participants of the Colour Life Share Option Scheme include directors of Colour Life and employees of the Colour Life Group and any advisors, consultants, distributors, contractors, suppliers, agents, customers, business partners, joint venture business partners, promoters or service providers of any member of the Colour Life Group who the board of directors of Colour Life (the “Colour Life Board”) considers, in its sole discretion, have contributed or will contribute to the Colour Life Group. Subject to earlier termination by Colour Life in general meeting or by the Colour Life Board, the Colour Life Share Option Scheme shall be valid and effective for a period of 10 years from the date of its adoption.

## REPORT OF DIRECTORS

The total number of shares of Colour Life in respect of which options may be granted under the Colour Life Share Option Scheme is not permitted to exceed 10% in nominal amount of the aggregate of shares of Colour Life in issue, unless with the prior approval from Colour Life's shareholders. The maximum number of shares of Colour Life in respect of which options may be granted under the Colour Life Share Option Scheme to any individual in any 12-month period is not permitted to exceed 1% in nominal amount of the aggregate of shares of Colour Life in issue, unless with the prior approval from Colour Life's shareholders and with such participants and his associates abstaining from voting. Options granted to any director, chief executive or substantial shareholder of Colour Life, or any of their respective associates, shall be subject to the prior approval of the independent non-executive directors of Colour Life. Where any option granted to a substantial shareholder or an independent non-executive director of Colour Life, or any of their respective associates, would result in the shares of Colour Life issued or to be issued upon exercise of all options already granted and to be granted to such person in the 12 month period, (i) representing in aggregate over 0.1% of the shares of Colour Life in issue on the date of such grant; and (ii) having an aggregate value, based on the closing price of the shares of Colour Life, in excess of HK\$5 million, such grant of options shall be subject to prior approval by resolutions of the shareholders of Colour Life (voting by way of poll). As at the date of this annual report, the total number of shares

available for issue under the Colour Life Share Option Scheme is 66,483,140, representing 6.6% of the total number of shares of Colour Life in issue.

An offer of the grant of an option under the Colour Life Share Option Scheme shall remain open for acceptance for 28 days from the date of grant. Upon acceptance of such grant, the grantee shall pay HK\$1 to Colour Life as consideration. Options may be exercised in accordance with the terms of the Colour Life Share Option Scheme at any time from the date of grant until the expiry of 10 years from such date. The subscription price shall be determined by the Colour Life Board in its absolute discretion, and in any event shall not be less than the higher of (i) the closing price of the shares of Colour Life on the date of grant, (ii) the average closing price of the shares of Colour Life for the five business days immediately preceding the date of grant, and (iii) the nominal value of a share of Colour Life. An option may be exercised in accordance with the terms of the Colour Life Share Option Scheme at any time after the date upon which the option is deemed to be granted and accepted and prior to the expiry of 10 years from that date. The period during which an option may be exercised will be determined by the Colour Life Board in its absolute discretion, save that no option may be exercised more than 10 years after it has been granted. No option may be granted more than 10 years after the date of approval of the



Colour Life Share Option Scheme. Subject to earlier termination by Colour Life in general meeting or by the Colour Life Board, the Colour Life Share Option Scheme shall be valid and effective for a period of 10 years from the date of its adoption.

The summary below sets out the details of movement of options granted as at 31 December 2015 pursuant to the Colour Life Share Option Scheme:

Name	Date of grant	Exercise price HK\$	Closing price of the Shares on the date of grant HK\$	Number of share option				Balance as at 31 December 2015	Weighted average closing price immediately before exercise	Note
				Balance as at 1 January 2015	Granted during the year	Exercisable/ exercised during the year	Cancelled/ lapsed during the year			
Mr. Tang Xuebin	29 September 2014	6.66	6.66	547,790	-	-	-	547,790	-	(1)
				347,650				347,650		(2)
	30 April 2015	11.00	10.88	-	103,500	-	-	103,500	-	(3)
Mr. Dong Dong	29 September 2014	6.66	6.66	455,150	-	-	-	455,150	-	(1)
				347,650				347,650		(2)
	30 April 2015	11.00	10.88	-	123,500	-	-	123,500	-	(3)
Mr. Zhou Qinwei	29 September 2014	6.66	6.66	128,800	-	-	-	128,800	-	(1)
				338,500				338,500		(2)
	30 April 2015	11.00	10.88	-	123,500	-	-	123,500	-	(3)
Mr. Pan Jun	29 September 2014	6.66	6.66	547,790	-	-	-	547,790	-	(1)
				347,650				347,650		(2)
	30 April 2015	11.00	10.88	-	180,000	-	-	180,000	-	(3)
Mr. Lam Kam Tong	29 September 2014	6.66	6.66	150,000	-	-	-	150,000	-	(2)
	30 April 2015	11.00	10.88	-	180,000	-	-	180,000	-	(3)
Mr. Zhou Hongyi	30 April 2015	11.00	10.88	-	180,000	-	-	180,000	-	(3)
Mr. Tam Chun Hung, Anthony	29 September 2014	6.66	6.66	150,000	-	-	-	150,000	-	(2)
	30 April 2015	11.00	10.88	-	180,000	-	-	180,000	-	(3)
Dr. Liao Jianwen	29 September 2014	6.66	6.66	150,000	-	-	-	150,000	-	(2)
	30 April 2015	11.00	10.88	-	180,000	-	-	180,000	-	(3)
Mr. Xu Xinmin	29 September 2014	6.66	6.66	150,000	-	-	-	150,000	-	(2)
	30 April 2015	11.00	10.88	-	180,000	-	-	180,000	-	(3)
Employees of the Colour Life Group, a resigned non-executive director of Colour Life and certain minority shareholders of the Colour Life's subsidiaries	29 September 2014	6.66	6.66	18,320,470	-	(119,000)	(773,460)	17,428,010	10.41	(1)
	30 April 2015	11.00	10.88	23,018,550	23,569,500	-	(117,200)	20,511,350	-	(2) & (4)
				-				23,452,300	-	(3)
Total				45,000,000	25,000,000	(119,000)	(3,397,860)	66,483,140		

## REPORT OF DIRECTORS

Notes:

- (1) Such share options shall be vested in three tranches in accordance with the following dates: (i) one third of which shall be vested on the date on which the share options were granted; (ii) one third of which shall be vested on the first anniversary of the date of grant, i.e. 29 September 2015; and (iii) the remaining one third of which shall be vested on the second anniversary of the date of grant, i.e. 29 September 2016. The exercise period of these share options will expire on 28 September 2024.
- (2) Such share options shall be vested in three tranches in accordance with the following dates: (i) one third of which shall be vested on the first anniversary of the date of grant, i.e. 29 September 2015; (ii) one third of which shall be vested on the second anniversary of the date of grant, i.e. 29 September 2016; and (iii) the remaining one third of which shall be vested on the third anniversary of the date of grant, i.e. 29 September 2017. The exercise period of these share options will expire on 28 September 2024.
- (3) Such share options shall be vested in three tranches in accordance with the following dates: (i) one third of which shall be vested on the first anniversary of the date of grant, i.e. 30 April 2016; (ii) one third of which shall be vested on the second anniversary of the date of grant, i.e. 30 April 2017; and (iii) the remaining one third of which shall be vested on the third anniversary of the date of grant, i.e. 30 April 2018. The exercise period of these share options will expire on 29 April 2025.
- (4) The exercise period of 150,000 share options granted to Mr. Zeng Liqing, who resigned as non-executive director of Colour Life on 21 April 2015, has been extended at the discretion of the board of Colour Life.

### 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.

### SENIOR NOTES

On 28 May 2015, the Company issued the senior notes due 2018 with principal amount of USD200,000,000 at a coupon rate of 11.50% per annum (the "USD200m Senior Notes") for the purposes of refinancing certain of its existing indebtedness. Further details relating to the issue of the USD200m Senior Notes are disclosed in the announcements of the Company dated 27 and 28 May 2015.

In August 2015, the Company completed the consent solicitation (the "Consent Solicitation") and obtained requisite consents from holders of each of its senior notes (i) due 2016 with principal amount of RMB1,000,000,000 at a coupon rate of 7.875% per annum (the "2016 Senior Notes"); (ii) due 2017 with principal amount of USD250,000,000 at a coupon rate of 13.75% per annum (the "2017 Senior Notes"); (iii) due 2018 with principal amount of USD200,000,000 at a coupon rate of 11.50% per annum (the "2018 Senior Notes"); (iv) due 2019 with principal amount of USD300,000,000 at a coupon rate of 10.625% per annum (the "2019 Senior Notes"); and (v) due 2020 with principal amount of USD250,000,000 at a coupon rate of 10.75% per annum (the "2020 Senior Notes") to certain amendments to the terms of the indentures governing the 2016 Senior Notes, 2017 Senior Notes, 2018 Senior Notes, 2019 Senior Notes and 2020 Senior Notes so as to bring the said terms in conformity with the terms of the indentures governing the 2016 Senior Notes, 2017 Senior Notes, 2018 Senior Notes, 2019 Senior Notes and 2020 Senior Notes which will in turn give the Company greater flexibility to pursue business opportunities. For details of the Consent Solicitation and the results thereof, please refer to the announcements of the Company dated 27 July and 18 August 2015.

### BORROWINGS

Details of the borrowings of the Group are set out in note 39 of the consolidated financial statements.

### DIRECTOR'S INTERESTS IN SIGNIFICANT CONTRACTS

Save as disclosed in note 52 to the consolidated financial statements, no significant contract, to which the Company, its holding company, its controlling shareholders, fellow subsidiaries or subsidiaries was a party and in which a Director had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

### MANAGEMENT CONTRACT

No management contracts in force during the year for the management and administration of the whole or any substantial part of the Group's business subsisted at the end of the year or at any time during the year.

## SUBSTANTIAL SHAREHOLDERS

As at 31 December 2015, so far as the Directors are aware, the following persons (other than the Directors and the chief executive of the Company) or institutions have interests or short positions of 5% or more in the shares or underlying shares of the Company as recorded in the register required to be kept under section 336 of the SFO:

Director	Nature of interest	Number of shares	Approximate percentage of interest in our Company as at 31 December 2015
Fantasy Pearl	Beneficial owner	3,313,090,500	57.51%
Ice Apex	Interest of controlled corporation	3,313,090,500 <sup>(1)</sup>	57.51%
T. C. L. Industries Holdings (H.K.) Limited	Beneficial owner	1,001,537,074 <sup>(2)</sup>	17.38%
TCL Corporation	Interest of controlled corporation	1,001,537,074 <sup>(2)</sup>	17.38%

### Notes:

- (1) Fantasy Pearl is owned as to 80% by Ice Apex and 20% by Graceful Star. Ice Apex is deemed to be interested in the shares of the Company held by Fantasy Pearl for the purpose of Part XV of the SFO.
- (2) As at 31 December 2015, T.C.L. Industries Holdings (H.K.) Limited held 1,001,537,074 shares of the Company representing 17.38% interest in the Company. T.C.L. Industries Holdings (H.K.) Limited is wholly owned by TCL Corporation. TCL Corporation is deemed to be interested in the shares held by T.C.L. Industries Holdings (H.K.) Limited for the purpose of Part XV of the SFO.

Save as disclosed above, as of 31 December 2015, no other shareholder, other than directors or chief executives, of the Company had any interests or short positions in the shares or underlying shares of the Company as recorded in the register required to be kept under section 336 of the SFO.

## INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received, from each of the independent non-executive Directors, an annual confirmation of his independence pursuant to Rule 3.13 of the Listing Rules. The Company considers all of the independent non-executive Directors meet the guidelines for assessing independence in accordance with Rule 3.13 of the Listing Rules.

## MAJOR CUSTOMERS AND SUPPLIERS

During the reporting period, the aggregate sales attributable to the five largest customers of the Group accounted for less than 30% of the Group's total sales in the year.

During the reporting period, the aggregate purchases attributable to the five largest suppliers of the Group accounted for less than 30% of the Group's total purchases.

None of the Directors, their associates or any shareholders (which to the knowledge of the Director owned more than 5% of the Company's issued share capital) has a beneficial interest in the Group's five largest customers or suppliers.



### CONNECTED TRANSACTION

On 9 December 2015, Home E&E, Fantasia Group (China) Company Limited\* (花樣年集團(中國)有限公司) (“Fantasia China”), Shenzhen Meilijia Investment Partnership (深圳市美利家投資合夥企業(有限合夥)) (“Meilijia Investment”), Shenzhen Qianhai Shengfeng Tongda Equity Investment Co., Limited\* (深圳市前海盛峰通達股權投資有限公司) (“Qianhai Shengfeng”) and seven independent subscribers (the “Subscribers”) entered into a subscription agreement (the “Subscription Agreement”) pursuant to which Home E&E has agreed to issue and Fantasia China, Qianhai Shengfeng and the Subscribers have agreed to subscribe for, a total of 5,150,752 shares in Home E&E (the “Subscription”), representing approximately 17.08% of the total number of issued shares of Home E&E immediately after the completion of the Subscription, at a total consideration of approximately RMB205.0 million by way of capital injection into Home E&E in cash.

As at the date of the Subscription Agreement, as (i) Mr. Pan Jun, an executive Director, is a general partner of Meilijia Investment; and (ii) Home E&E is owned as to 30% by Meilijia Investment, Home E&E is a connected subsidiary and hence a connected person of the Company under the Listing Rules. Accordingly, the entering into of the Subscription Agreement constitutes a connected transaction for the Company under Chapter 14A of the Listing Rules.

The Company has complied with the disclosure requirements prescribed in Chapter 14A of the Listing Rules with respect to the connected transaction entered into by the Group during the year ended 31 December 2015.

Details of the Subscription Agreement are set out in the announcement of the Company dated 9 December 2015.

### CONTINUING CONNECTED TRANSACTION

The Company has entered into the following continuing connected transaction during the year ended 31 December 2015:

Pursuant to the Catalogue of Industries for Guiding Foreign Investment (2011 version) (《外商投資產業指導目錄》(2011年修訂)), value-added telecommunications service is subject to foreign investment restriction in which a foreign investor shall hold no more than 50% equity interest in a value-added

telecommunications services provider in the PRC. Based on the above-mentioned restriction under the relevant laws and regulations of the PRC, the Colour Life Group is not entitled to acquire the equity interest in Shenzhen Caizhiyun Network Technology Co., Ltd. (“Shenzhen Caizhiyun Network”). To enable the Colour Life Group to continue to manage and operate the online business of Shenzhen Caizhiyun Network and be entitled to all the economic benefits generated from such online business of Shenzhen Caizhiyun Network, Shenzhen Colour Life Network Service Co., Ltd. (“Shenzhen Colour Life Network Service”), Shenzhen Caizhiyun Network, Mr. Pan and Mr. Tang entered into the exclusive management and operation agreement, the call option agreement, the shareholders’ rights entrustment agreement, the equity pledge agreement and the power of attorney (collectively the “Structured Contracts”) on 16 June 2014 such that the Colour Life Group are entitled to all the economic benefits generated from online community leasing, sales and other services business of Shenzhen Caizhiyun Network (the “Contractual Arrangement”). The Structured Contracts have an initial term of 10 years which is renewable for a successive term of 10 years. Colour Life is exploring various opportunities in building up our community leasing, sales and other services business operations overseas for the purposes of being qualified as early as possible, to acquire the entire equity interest of Shenzhen Caizhiyun Network if and when the restrictions under the relevant PRC law on foreign ownership in value-added telecommunication enterprises are lifted. For details of the Structured Contracts, please refer to the section headed “History, Reorganization and the Group Structure – The Structured Contracts” in Colour Life’s prospectus dated 17 June 2014.

Upon signing of the Structured Contracts, Shenzhen Caizhiyun Network was treated as a wholly-owned subsidiary of Colour Life and the accounts of which are consolidated with those of the Company. Given the registered capital of Shenzhen Caizhiyun Network is held as to 70% by Mr. Pan, being the chairman of the Company, an executive Director and a substantial shareholder of the Company, the chairman and a non-executive director of Colour Life, and as to 30% by Mr. Tang, being an executive director, the chief executive officer and a substantial shareholder of Colour Life, Mr. Pan and Mr. Tang are therefore connected persons of the Company for the purpose of the Listing Rules. Accordingly, the transactions contemplated under the Structured Contracts therefore constitute continuing connected transactions of the Company under Chapter 14A of the Listing Rules.

Save for the exclusive management and operation agreement which involves the payment of a service fee by Shenzhen Caizhiyun Network to Shenzhen Colour Life Network Service on an annual basis, each of the Structured Contracts does not involve payment of any consideration.

The Structured Contracts, taken as a whole, permit the results and financial operations of Shenzhen Caizhiyun Network to be consolidated in the Company, through the Colour Life Group, as if it was the Company's subsidiary resulting in all economic benefits of its business flowing to the Company. Through the appointment by Shenzhen Colour Life Network Service of all directors and senior management of Shenzhen Caizhiyun Network, the Directors believe that Shenzhen Colour Life Network Service is able to effectively supervise, manage and operate the business operations, expansion plans, financial policies and assets of Shenzhen Caizhiyun Network, and at the same time, ensure due implementation of the Structured Contracts. According to Hong Kong Financial Reporting Standards, a subsidiary is an entity that is controlled by another entity (known as the parent). An investor controls an investee when it is exposed, or has rights to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Although the Company does not directly or indirectly own Shenzhen Caizhiyun Network, the Structured Contracts enable the Company, through Colour Life, to exercise control over and receive economic benefits generated from the business operation of Shenzhen Caizhiyun Network and the validity and legality of the Structured Contracts have been confirmed by Colour Life's People's Republic of China (the "PRC") legal advisor. Colour Life Group derives economic benefits from the online community leasing, sales and other services provided by Shenzhen Caizhiyun Network through the website and mobile applications to the residents in the residential communities that Colour Life manages or provides consultancy services to. Under such circumstances, the Directors are of the view that it is fair and reasonable for Shenzhen Colour Life Network Service to be entitled to all the economic benefits generated from Shenzhen Caizhiyun Network. The Structured Contracts also permit Shenzhen Colour Life Network Service to exclusively acquire all or part of the equity interest in Shenzhen Caizhiyun Network, if and when permitted by PRC laws and regulations. Notwithstanding the Group's lack of equity ownership in Shenzhen Caizhiyun Network, the Group is able to control the business and financial position of Shenzhen Caizhiyun Network in substance through the Structured Contracts. As a result of the Structured Contracts, Shenzhen Caizhiyun Network is accounted for as the Company's subsidiary,

through Colour Life, and its financial position and operating results are consolidated in the Company's consolidated financial statements. The revenue and total asset value subject to the Contractual Arrangements amounted to approximately RMB13.0 million for the year ended 31 December 2015 and approximately RMB3.4 million as of 31 December 2015, respectively.

Pursuant to the Structured Contracts, any dispute arising from the interpretation and performance of the Structured Contracts between the parties thereto should first be resolved through negotiation, failing which any party may submit the said dispute to the South China International Economic and Trade Arbitration Commission with a view to resolving the dispute through arbitration in accordance with the arbitration rules thereof.

The Company had applied and the SEHK had granted a waiver that the Structured Contracts are exempt from the annual cap and independent shareholders' approval requirements under Rules 14A.36 and 14A.53 of the Listing Rules.

Mr. Pan and Mr. Tang may potentially have a conflict of interest with the Group. Both of Mr. Pan and Mr. Tang have undertaken to Shenzhen Colour Life Network Service that during the period when the Contractual Arrangement remains effective, (i) unless otherwise agreed to by Shenzhen Colour Life Network Service in writing, the relevant shareholder would not, directly or indirectly (either on his own account or through any natural person or legal entity) participate, or be interested, or engage in, acquire or hold (in each case whether as a shareholder, partner, agent, employee or otherwise) any business which is or may potentially be in competition with the businesses of Shenzhen Caizhiyun Network or any of its affiliates; and (ii) any of his actions or omissions would not lead to any conflict of interest between him and Shenzhen Colour Life Network Service (including but not limited to its shareholders). Furthermore, in the event of the occurrence of a conflict of interests (where Shenzhen Colour Life Network Service has the sole absolute discretion to determine whether such conflict arises), he agrees to take any appropriate actions as instructed by Shenzhen Colour Life Network Service.

Furthermore, the Group conducts its business operation in the PRC through Shenzhen Caizhiyun Network by way of Contractual Arrangements, but certain of the terms of the Contractual Arrangements may not be enforceable under the PRC laws. As advised by the Company's PRC legal advisers, the Contractual Arrangements were narrowly tailored to minimize the potential conflict with relevant PRC laws and regulations.

## REPORT OF DIRECTORS

To ensure proper implementation of the Structured Contracts, Colour Life also takes the following measures:

- (a) as part of the internal control measures, major issues arising from implementation and performance of the Structured Contracts was reviewed by the Colour Life Board on a regular basis which will be no less frequent than on a quarterly basis;
- (b) matters relating to compliance and regulatory enquiries from governmental authorities (if any) was discussed at such regular meetings which was no less frequent than on a quarterly basis;
- (c) the relevant business units and operation divisions of the Colour Life Group reported regularly, which was no less frequent than on a monthly basis, to the senior management of Colour Life on the compliance and performance conditions under the Structured Contracts and other related matters;



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- (d) the compliance department of Colour Life, headed by Mr. Zhou Qinwei (“Mr. Zhou”), monitored the proper implementation and Mr. Pan’s and Mr. Tang’s compliance with the Structured Contracts; and
- (e) also, pursuant to the exclusive management and operation agreement, the bank accounts of Shenzhen Caizhiyun Network were operated through its company

seal and the personal seal of a director nominated by Shenzhen Colour Life Network Service. The company seal is currently kept by Mr. Zhou, an executive director of Colour Life.

The Board confirmed that there is no material change in the Contractual Arrangements and/or the circumstances under which they were adopted, and its impact on the issuer group.



The board also confirmed that there is no unwinding of Structured Contracts or failure to unwind when the restrictions that led to the adopted of Structured Contracts are removed.

Pursuant to Rule 14A.55 of the Listing Rules, the independent non-executive Directors of the Company, namely Mr. Ho Man, Mr. Huang Ming, Dr. Liao Jianwen, Ms. Wong Pui Sze, Priscilla, JP and Mr. Guo Shaomu have reviewed the Structured Contracts and confirmed that the Structured Contracts have been entered into (a) in the ordinary and usual course of business of the Group; (b) either on normal commercial terms or, if there were not sufficient comparable transactions to judge whether they were on normal commercial terms, on terms no less favourable to the Group than terms available to or from (as appropriate) independent third parties; and (c) in accordance with the relevant agreements governing them on terms that are fair and reasonable and in the interests of the Company's shareholders as a whole.

For the purpose of Rule 14A.56 of the Listing Rules, Deloitte Touche Tohmatsu, the auditor of the Company, has provided a letter to the Board, confirming that nothing has come to their attention that causes them to believe that the continuing connected transaction abovementioned:

(i) has not been approved by the Board;

(ii) are not in accordance with the pricing policies of the Company if the transactions involve provision of goods and services by the Company;

(iii) have not been entered into in accordance with the relevant agreements governing the transactions; and

(iv) have exceeded the respective annual caps.

### RELATED PARTY TRANSACTIONS

During the year ended 31 December 2015, certain Directors and companies controlled by certain Directors entered into transactions with the Group which are disclosed in note 52 "Related Party Transactions" to the consolidated financial statements of the Group. Save as disclosed in the section headed "Continuing Connected Transaction", the Board confirmed that none of these related party transactions constitutes a discloseable connected transaction as defined under the Listing Rules.

### INTERESTS IN COMPETITORS

None of the Directors or chief executive of the Company or any of their respective associates have engaged in any business that competes or may compete with the business of the Group or have any other conflict of interests with the Group.



## EMOLUMENT POLICY

The Group's emolument policy is designed to attract, retain and motivate talented individuals to contribute to the success of the business. The emolument policy of the employees of the Group is formulated and reviewed by the Remuneration Committee on the basis of their merit, qualifications and competence.

The emoluments of the Directors are decided by the Remuneration Committee, having regards to the Group's operating results, individual performance and comparable market statistics.

The Group operates a Mandatory Provident Fund Scheme ("MPF Scheme") under rules and regulations of MPF Schemes Ordinance for all its employees in Hong Kong. All the employees of the Group in Hong Kong are required to join the MPF Scheme. Contributions are made based on a percentage of the employees' salaries and are charged to consolidated income statement as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group's employer contributions vest fully with the employees when contributed into the MPF Scheme. No forfeited contribution is available to reduce the contribution payable in the future years as of 31 December 2015.

The Group's subsidiaries in the PRC, in compliance with the applicable regulations of the PRC, participated in a state-managed retirement benefits scheme operated by the local government. The subsidiaries are required to contribute a specific percentage of their payroll costs to the retirement benefits schemes. The only obligation of the Group with respect to the retirement benefits scheme is to make the specified contributions. During the reporting period, the total amounts contributed by the Group to the schemes and costs charged to the consolidated income statement represent contribution payable to the schemes by the Group at rates specified in the rules of the schemes.

## PRE-EMPTIVE RIGHTS

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

## CORPORATE GOVERNANCE

Principal corporate governance practices adopted by the Company are set out in the Corporate Governance Report contained in this annual report.

## COMPLIANCE WITH LAWS AND REGULATIONS

Compliance procedures are in place to ensure adherence to applicable laws, rules and regulations in particular, those have significant impact on the Group, such as the Listing Rules and the Revised Hong Kong Financial Reporting Standards. The audit committee of the Company is delegated by the Board to monitor the Group's policies and practices on compliance with legal and regulatory requirements and such policies are regularly reviewed. Any changes in the applicable laws, rules and regulations are brought to the attention of relevant employees and relevant operation units from time to time.

As far as the Company is aware, it has complied in material respects with the relevant laws and regulations that have a significant impact on the business and operation of the Company.

## 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 annual report, the Company has maintained a sufficient public float throughout the year ended 31 December 2015.

## 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.

## AUDITOR

A resolution will be submitted to the annual general meeting to re-appoint Messrs. Deloitte Touche Tohmatsu as the auditor of the Company.

On behalf of the Board  
**Pan Jun**  
*Chairman*

Hong Kong, 2 March 2016

The Company is committed to maintain high standards of corporate governance with a view to assuring the conduct of management of the Company as well as protecting the interests of all shareholders. The Company has always recognized the importance of the shareholders' transparency and accountability. It is the belief of the Board that shareholders can maximize their benefits from good corporate governance.

### 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 deviations:

- 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 conducive 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 (resigned on 30 June 2015), 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.

### 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.

### THE BOARD

#### Responsibilities

The Board is responsible for the leadership and control of the Company and overseeing the Group's businesses, strategic decisions and performances, and has full and timely access to all relevant information in relation to the Group's businesses and affairs, but the day-to-day management is delegated to the management of the Company. The independent non-executive Directors possess respectively professional qualifications and related management experience in the areas of financial accounting, law, global economy and real estate and have contributed to the Board with their professional opinions.

Further, the Board is in charge of the task of maximizing the financial performance of the Company, formulating strategies and management policies of the Group, approving strategic objectives and is responsible for providing the shareholders with a long-term return with stable and continuous growth.

The Board reserves for its decisions all major matters of the Company, including the approval and monitoring of all policy matters, overall strategies and budgets, internal control and risk management systems, material transactions (in particular those may involve conflict of interests), financial information, appointment of Directors and other significant financial and operational matters.

**Composition and qualification requirements**

The Board currently comprises of four executive Directors, being Mr. Pan Jun (Chairman), Ms. Zeng Jie, Baby, Mr. Lam Kam Tong and Mr. Zhou Jinqun, two non-executive Directors, being Mr. Li Dong Sheng and Mr. Yuan Hao Dong, and five independent non-executive Directors, being Mr. Ho Man, Mr. Huang Ming, Dr. Liao Jianwen, Ms. Wong Pui Sze, Priscilla, JP and Mr. Guo Shaomu. Biographical details of each Director are set out on pages 54 to 57.

Upon the resignation of Mr. Liao Martin Cheung Kong, JP as an independent non-executive Directors on 18 November 2014, the Board comprised a total of five executive Directors, two non-executive Directors and three independent non-executive Directors, which falls below the minimum number of independent non-executive directors required under Rule 3.10(1) of the Listing Rules and less than one-third of its members as independent non-executive directors as required under Rule 3.10A of the Listing Rules. Following the appointment of Dr. Liao Jianwen, Ms. Wong Pui Sze, Priscilla, JP and Mr. Guo Shaomu as independent non-executive Directors on 17 February 2015 and up to the date of this report, the Board comprises a total of four executive Directors, two non-executive Directors and five independent non-executive Directors, representing one-third of its members as independent non-executive Directors in compliance with Rule 3.10(1) and Rule 3.10A of the Listing Rules.

The Board members have no financial, business, family or other material/relevant relationships with each other. Such balanced board composition is formed to ensure strong independence exists across the Board.

Save as disclosed herein, throughout the year ended 31 December 2015 and up to the date of this report, the Board at all times met the requirements of the Listing Rules relating to the appointment of at least three independent non-executive directors with at least one independent non-executive director possessing appropriate professional qualifications, or accounting or related financial management expertise, and the independent non-executive directors represented over one-third of the Board.

The Company has received an annual confirmation of independence from each of the independent non-executive Directors. The Company is of the view that all the independent non-executive Directors meet the guidelines for assessing independence in accordance with Rule 3.13 of the Listing Rules.

**Board meetings and annual general meeting**

The Board meets on a regular basis and six Board meetings and one annual general meeting for the year ended 31 December 2015 were held during the year. The individual attendance record is as follows:

Directors	No. of Board meetings attended/ No. of Board meetings held	AGM
Executive		
Mr. Pan Jun	6/6	1/1
Ms. Zeng Jie, Baby	4/6	0/1
Mr. Lam Kam Tong	6/6	1/1
Mr. Zhou Jinqun	4/6	0/1
Mr. Wang Liang (resigned on 30 June 2015)	2/6	0/1
Non-executive Directors		
Mr. Li Dong Sheng	4/6	0/1
Mr. Yuan Hao Dong	4/6	0/1
Independent non-executive Directors		
Mr. Ho Man	4/6	0/1
Mr. Huang Ming	4/6	0/1
Mr. Xu Quan (resigned on 17 February 2015)	1/6	N/A
Dr. Liao Jianwen (appointed on 17 February 2015)	3/6	0/1
Ms. Wong Pui Sze, Priscilla, JP (appointed on 17 February 2015)	3/6	1/1
Mr. Guo Shaomu (appointed on 17 February 2015)	3/6	0/1

Directors have timely access to relevant information prior to each board meeting. Directors are given the opportunity to include matters in the agenda for regular board meetings while Directors are entitled to have access to board papers and related materials to allow them to make informed decisions on matters arising from board meetings.

Minutes of board meetings and meetings of other committees are kept by the Company Secretary and are open for inspection by Directors.



### **Appointment and re-election of Directors**

All executive Directors have entered into service contracts with the Company for a specific term of three years, all non-executive Directors have entered into letters of appointment with the Company for a specific term of three years, and all independent non-executive Directors have entered into letters of appointment with the Company for a specific term of three years. One-third of the Directors are subject to retirement from office by rotation and re-election at the annual general meeting once every three years in accordance with our Company's Articles of Association. The Directors to retire by rotation shall include any Director who wishes to retire and not to offer himself for re-election and those of the other Directors who have been longest in office since their election or re-election. A retiring Director is eligible for re-election.

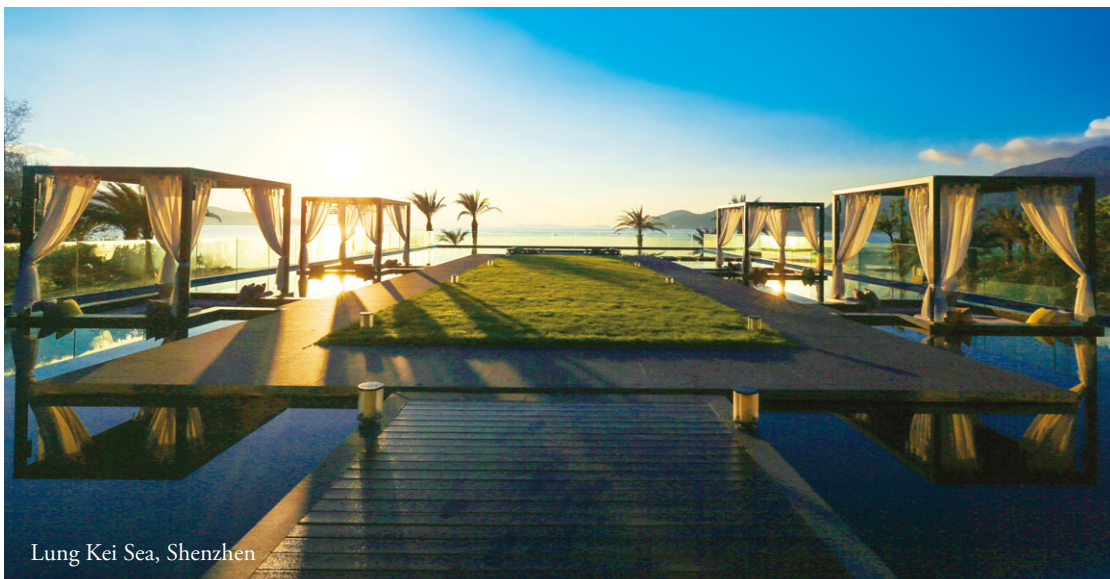
Any Director appointed by the Board to fill a casual vacancy shall hold office until the first general meeting of members after his appointment and be subject to re-election at such meeting and any Director appointed by the Board as an addition to the existing Board shall hold office until the next following annual general meeting and be eligible for re-election. Any Director appointed pursuant to the aforesaid Article shall not be taken into account in determining which particular Directors or the number of Directors who are to retire by rotation.

### **Internal control**

The Board is responsible for maintaining and reviewing the effectiveness of the internal control system of the Group. It has carried out reviews of the existing implemented system and procedures, including control measures of financial and operational compliance and risk management functions of the Group twice per annum.

### **Directors' Training and professional development**

All directors should keep abreast of the responsibilities as a director, and of the conduct and business activities of the Company. The Company is responsible for arranging and funding suitable induction programme and on-going training and professional development programme for the Directors. Accordingly, the Company will arrange an induction programme newly appointed director before his/her formal appointment, so as to ensure that he/she has appropriate understanding of the business and operations of the Group and that he/she is fully aware of his/her responsibilities and obligations under the Listing Rules and relevant regulatory requirements being a newly appointed director. The Company further arranges an on-going training and professional development seminar for Directors.



During the year of 2015, all Directors were provided with monthly newsletter on the Group's business, operations and financial matters as well as updates, if any, on applicable legal and regulatory and market changes to facilitate the discharge of their responsibilities. The Company had also regularly circulated reading materials on the amendments to or updates on the relevant laws, rules and regulations to all Directors as part of their training materials in the continuous professional development plan of the Company and the Company confirmed that all Directors read the training materials. Continuing briefings and professional development for directors will be arranged whenever necessary.

All Directors had provided the Company Secretary with their training records for the year of 2015.

#### Indemnification of Directors and officers

The Company has arranged appropriate insurance coverage on directors' and officers' liabilities in respect of legal actions against Directors and senior management arising out of corporate activities.

#### CHAIRMAN AND CHIEF EXECUTIVE OFFICER

The chairman and chief executive officer of our Company is Mr. Pan Jun. The reasons for the two roles are being performed by the same individual are set out on the section "Corporate Governance Code" of this report.

#### BOARD COMMITTEES

To enhance the effectiveness of the management of the Company, the Board has established three committees, namely the audit committee, the nomination committee and the remuneration committee to monitor corresponding aspects of the Company's affairs. The composition and the roles and functions of each committee are summarised as follows.

#### 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.

The Audit Committee currently comprises five independent non-executive Directors, including Mr. Ho Man, Mr. Huang Ming, Dr. Liao Jianwen, Ms. Wong Pui Sze, Priscilla, JP and Mr. Guo Shaomu, while Mr. Ho Man is the chairman of the Audit Committee. During the year of 2015, the Audit Committee held two meetings. The individual attendance record is as follows:

Directors	No. of meetings attended/ No. of meetings held
Mr. Ho Man (Committee chairman)	2/2
Mr. Huang Ming	2/2
Mr. Xu Quan (resigned on 17 February 2015)	0/2
Dr. Liao Jianwen (appointed on 17 February 2015)	1/2
Ms. Wong Pui Sze, Priscilla, JP (appointed on 17 February 2015)	1/2
Mr. Guo Shaomu (appointed on 17 February 2015)	1/2

The major roles and functions of the Audit Committee are to review and monitor the financial reporting, risk management and internal control systems of the Company, and assist the Board to fulfill its responsibility over the audit.

## CORPORATE GOVERNANCE REPORT

The Audit Committee also performs the Company's corporate governance functions including:

- (a) to develop and review the Company's policies and practices on corporate governance;
- (b) to review and monitor the training and continuous professional development of the Directors and senior management;
- (c) to review and monitor the Company's policies and practices in compliance with legal and regulatory requirements;
- (d) to develop, review and monitor the code of conduct and compliance manual (if any) applicable to employees and Directors; and
- (e) to review the Company's compliance with the Corporate Governance Code and disclosures in this corporate governance report.

During the reporting period, Audit Committee had been provided with the Group's financial statements, internal controls reports and other necessary financial information to consider, review and access significant issues arising from the financial statements, internal controls and work conducted. The Audit Committee also recommended the appointment of external auditors for the Company.

### 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.

The Remuneration Committee currently comprises an executive Director, Mr. Pan Jun, and five independent non-executive Directors, Mr. Huang Ming, Mr. Ho Man, Dr. Liao Jianwen, Ms. Wong Pui Sze, Priscilla, JP and Mr. Guo Shaomu, while Mr. Huang Ming is the chairman of the Remuneration Committee. During the year of 2015, the Remuneration Committee held one meeting. The individual attendance record is as follows:

Directors	No. of meetings attended/ No. of meetings held
Mr. Huang Ming (Committee chairman)	1/1
Mr. Ho Man	1/1
Mr. Xu Quan (resigned on 17 February 2015)	0/1
Dr. Liao Jianwen (appointed on 17 February 2015)	1/1
Ms. Wong Pui Sze, Priscilla, JP (appointed on 17 February 2015)	1/1
Mr. Guo Shaomu (appointed on 17 February 2015)	1/1

The Remuneration Committee is responsible for advising the Board on the remuneration policy and framework of the Directors and senior management member(s), as well as reviewing and determining the remuneration of all executive Directors and senior management member(s) with reference to the Company's objectives from time to time.

During the year ended 31 December 2015, the Remuneration Committee reviewed, and determined the remuneration package of the Directors and senior management. The remuneration policy of the Group and details of the remuneration of the Directors are set out in the section headed "Report of the Directors" and note 12 to the financial statements.

### 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.

The Nomination Committee currently comprises two executive Directors, Mr. Pan Jun and Ms. Zeng Jie, Baby and five independent non-executive Directors, Mr. Ho Man, Mr. Huang Ming, Dr. Liao Jianwen, Ms. Wong Pui Sze, Priscilla, JP and Mr. Guo Shaomu. During the year of 2015, the Nomination Committee held one meeting. The individual attendance record is as follows:

Directors	No. of meetings attended/ No. of meetings held
Mr. Pan Jun (Committee chairman)	1/1
Ms. Zeng Jie, Baby	1/1
Mr. Ho Man	1/1
Mr. Huang Ming	1/1
Mr. Xu Quan (resigned on 17 February 2015)	0/1
Dr. Liao Jianwen (appointed on 17 February 2015)	1/1
Ms. Wong Pui Sze, Priscilla, JP (appointed on 17 February 2015)	1/1
Mr. Guo Shaomu (appointed on 17 February 2015)	1/1

The Nomination Committee is primarily responsible for considering and nominating suitable candidates to become members of the Board. Criteria adopted by the Nomination Committee in considering the suitability of a candidate for directorship includes his/her qualifications, experience, expertise and knowledge with reference to the “Board Diversity Policy” adopted by the Board on 29 August 2013 and the requirements under the Listing Rules.

Based on the above criteria, members of the Nomination Committee have also reviewed the composition of the Board which is determined by directors’ skills and experience appropriate to the Company’s business, the Nomination Committee confirmed that the existing Board was appropriately structured and no change was required.

During the year ended 31 December 2015, the Nomination Committee accessed the independence of the independent non-executive Directors and the Directors to be re-elected at the 2015 annual general meeting of the Company before putting forth for discussion and approval by the Board, and also reviewed the composition of the Board.

### AUDITORS’ REMUNERATION

The statement of the external auditors of the Company about their reporting responsibilities on the Company’s financial statements for the year ended 31 December 2015 is set out in the section headed “Independent Auditors’ Report” in this annual report.

During the year, the total remuneration in respect of statutory audit services paid to the Company’s auditors, Messrs. Deloitte Touche Tohmatsu (“Deloitte”) amounted to approximately RMB5,966,000.

### INTERNAL CONTROLS

The Board has overall responsibility for the Group's system of internal control and for reviewing its effectiveness in order to safeguard the Group's assets and shareholders' interests. The Board will conduct regular review regarding internal control systems of the Group.

During the year ended 31 December 2015, the Audit Committee reviewed and discussed with the Group's internal audit team and the senior management on the adequacy and effectiveness of the Company's internal control systems including financial, operational and compliance controls and risk management. The Audit Committee further made recommendations to the Board to ensure reliability of financial reporting and compliance with applicable statutory accounting and reporting requirements, legal and regulatory requirements, internal rules and procedures approved by the Board, to identify and manage potential risks of the Group. Besides, the Audit Committee and the Board will also perform regular review on the Group's performance and internal control system in order to ensure effective measures are in place to protect material assets and identify business risks of the Group.

In respect of the year ended 31 December 2015, the Board considered the internal control and risk management system effective and adequate. No significant areas of concern that might affect shareholders were identified during the Relevant Period.

### DIRECTORS' RESPONSIBILITIES FOR FINANCIAL STATEMENTS

The Directors acknowledge their responsibilities for preparing the financial statements of the Group in accordance with statutory requirements and applicable accounting standards. The Directors also acknowledge their responsibilities to ensure that the financial statements of the Group are published in a timely manner.

The reporting responsibilities of our Company's external auditors on the financial statements of the Group are set out on page 86 of the "Independent Auditors' Report" in this annual report.

### COMPANY SECRETARY

In compliance with Rule 3.28 of the Listing Rules, the Company Secretary is a full time employee and has the day-to-day knowledge of the Company's affairs. He is responsible for advising the Board on corporate governance matters. For the year under review, the Company Secretary has confirmed that he has taken no less than 15 hours of relevant professional training.

### SHAREHOLDERS RIGHTS

#### **Procedures for Shareholders to convene an extraordinary general meeting and putting forward proposals at Shareholders' meetings**

Pursuant to the article 58 of the articles of association of the Company, any one or more Shareholders holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company shall at all times have the right, by written requisition to the Board or the Secretary of the Company, to require an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition; and such meeting shall be held within two months after the deposit of such requisition. If within 21 days of such deposit the Board fails to proceed to convene such meeting, the requisitionist(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company.

#### **Procedures by which enquiries may be put to the Board**

Shareholders are provided with contact details of the Company, such as website, telephone hotline, fax number, email address and postal address, in order to enable them to make any query that they may have with respect to the Company. They can also send their enquiries to the Board or the company secretary through the above means. If shareholders have any enquiries in respect of their shareholdings and entitlements to dividend, they may contact Computershare Hong Kong Investor Services Limited, our share registrar from time to time.

## INVESTOR RELATIONS

### **Constitutional Documents**

There has been no significant change in the Company's constitutional documents during the year ended 31 December 2015.

### **Effective Communication with Shareholders and Investors**

As a showpiece of the Company facing the capital market, the Board believes that a transparent and timely disclosure of the Group's latest information will enable the shareholders and investors to have better understanding on the Group's operations and strategies. The Company recognises the importance of maintaining effective investor relations with the existing and potential investors. To enhance the communication between the Company and the investors, as well as to maintain the transparency of the Company, the team of Investor Relations engages in providing effective ways for shareholders and investors to obtain latest company information. In addition to the issue of monthly and quarterly newsletters and interim and annual financial reports, the Company's website at "www.cnfantasia.com" also acts as a communication platform with shareholders and investors, where information and updates on the Group's business developments and operations, financial information, corporate governance practices and other information are available for public access. The Company will also actively correspond to any enquiries raised by the shareholders and investors through emails and phone calls. Meanwhile, the Company has also arranged company meetings, telephone conferences, investors meetings, luncheons and site visits, held a number of non-deal road shows and actively participated in a couple of global investors conferences and forums held by investment banks.

The Board also considers that general meetings of the Company provide a useful forum for shareholders to exchange views with the Board. The Chairman of the Board as well as the chairmen and/or other members of the Audit Committee, Remuneration Committee and Nomination Committee normally attend the annual general meetings and other shareholders' meetings of the Company to reply questions raised.

As one of the measures to safeguard shareholders' interests and rights, separate resolutions are proposed at shareholders' meetings on each substantial issue, including the election of individual directors, for shareholders' consideration and voting. All resolutions proposed at general meetings will be voted by poll pursuant to the Listing Rules and the poll voting results will be posted on the websites of the Stock Exchange ([www.hkexnews.hk](http://www.hkexnews.hk)) and the Company ([www.cnfantasia.com](http://www.cnfantasia.com)) immediately after the relevant general meetings.

# Deloitte.

## 德勤

TO THE MEMBERS OF FANTASIA HOLDINGS GROUP CO., LIMITED

花樣年控股集團有限公司

*(Incorporated in the Cayman Islands with limited liability)*

We have audited the consolidated financial statements of Fantasia Holdings Group Co., Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 87 to 212, which comprise the consolidated statement of financial position as at 31 December 2015, and the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

### Directors' Responsibility for the Consolidated Financial Statements

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

### Auditor's Responsibility

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

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

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

### Opinion

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

# CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2015

	Notes	2015 RMB'000	2014 RMB'000
Revenue	7	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	8	(108,360)	(13,301)
Change in fair value of investment properties	16	713,887	575,840
Recognition of change in fair value of completed properties for sale upon transfer to investment properties	29	175,922	95,665
Selling and distribution expenses		(318,594)	(269,719)
Administrative expenses		(741,241)	(585,730)
Finance costs	9	(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	46(a)	790,039	223,707
Profit before tax	10	2,721,358	2,529,719
Income tax expense	11	(1,318,542)	(1,157,408)
Profit for the year		1,402,816	1,372,311
<b>Other comprehensive income (expense)</b>			
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
Profit and 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
An owner of perpetual capital instrument		63,875	42,525
Other non-controlling interests		128,331	74,445
		1,402,816	1,372,311
Profit and total comprehensive income for the year attributable to:			
Owners of the Company		1,215,955	1,259,815
An 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)	14	0.21	0.22
Earnings per share – Diluted (RMB)	14	0.21	0.22



# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2015

	Notes	2015 RMB'000	2014 RMB'000
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment	15	1,766,869	1,541,882
Investment properties	16	6,884,931	6,642,075
Interests in associates	17	6,789	1,753
Interests in joint ventures	18	410,044	609,981
Available-for-sale investment	19	–	38,910
Goodwill	20	733,549	133,918
Intangible assets	21	204,474	26,850
Prepaid lease payments	22	868,698	884,550
Premium on prepaid lease payments	23	172,169	175,847
Land development expenditure	24	–	667,965
Other receivables		376,841	376,841
Deposits paid for acquisition of subsidiaries	25	231,329	262,550
Deposit paid for acquisition of a property project	26	140,946	136,648
Deposits paid for acquisition of land use rights	27	1,050,077	1,005,685
Deferred tax assets	28	462,161	498,714
		13,308,877	13,004,169
<b>CURRENT ASSETS</b>			
Properties for sale	29	21,801,648	19,442,516
Prepaid lease payments	22	34,274	34,274
Premium on prepaid lease payments	23	3,678	3,678
Trade and other receivables	30	4,604,047	3,873,362
Amounts due from customers for contract works	31	88,937	59,460
Tax recoverable		107,594	34,130
Amount due from a joint venture	32	180,258	149,855
Amounts due from related parties	33	184,782	–
Financial assets designated as at fair value through profit or loss (“FVTPL”)	34	19,200	–
Restricted/pledged bank deposits	35	1,336,482	914,596
Bank balances and cash	35	2,881,511	3,738,040
		31,242,411	28,249,911
<b>CURRENT LIABILITIES</b>			
Trade and other payables	36	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	31	17,141	8,195
Amount due to a non-controlling shareholder	37	390,199	419,960
Amounts due to joint ventures	38	1,033,916	996,467
Tax liabilities		3,626,109	3,016,193
Borrowings – due within one year	39	1,407,598	4,122,925
Obligations under finance leases	40	22,101	20,826
Senior notes and bonds	41	1,004,105	746,051
		19,683,977	18,233,648
<b>NET CURRENT ASSETS</b>		11,558,434	10,016,263
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		24,867,311	23,020,432

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2015

	Notes	2015 RMB'000	2014 RMB'000
<b>NON-CURRENT LIABILITIES</b>			
Amount due to a non-controlling shareholder	37	329,721	686,667
Deferred tax liabilities	28	1,071,358	1,096,155
Borrowings – due after one year	39	2,556,814	3,651,475
Obligations under finance leases	40	104,979	119,749
Derivative financial instruments	6	22,673	–
Senior notes and bonds	41	8,508,474	6,022,081
Provision	42	33,255	31,931
		12,627,274	11,608,058
		12,240,037	11,412,374
<b>CAPITAL AND RESERVES</b>			
Share capital	43	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	44	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

The consolidated financial statements on pages 87 to 212 were approved and authorised for issue by the Board of Directors on 2 March 2016 and are signed on its behalf by:

**PAN JUN**  
*EXECUTIVE DIRECTOR*

**LAM KAM TONG**  
*EXECUTIVE DIRECTOR*

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2015

	Attributable to owners of the Company									Attributable to non-controlling interests						
	Share capital RMB'000	Share premium RMB'000 (Note i)	Special reserve RMB'000 (Note ii)	Share options reserve RMB'000 (Note iii)	Contribution reserve RMB'000 (Note vii)	Statutory reserves RMB'000 (Note iv)	Discretionary reserves RMB'000	Property revaluation reserve RMB'000 (Note v)	Accumulated profits RMB'000	Sub-total RMB'000	Perpetual capital instrument RMB'000	Share option reserve of Colour Life RMB'000	Share option reserve of Morning Star RMB'000	Other non-controlling interests RMB'000	Non-controlling interests Sub-total RMB'000	Total RMB'000
At 1 January 2014	429,575	1,876,311	30,821	16,176	40,600	43,737	1,477	33,883	4,847,871	7,320,451	-	-	-	510,877	510,877	7,831,328
Profit for the year	-	-	-	-	-	-	-	-	1,255,341	1,255,341	42,525	-	-	74,445	116,970	1,372,311
Surplus on revaluation of properties	-	-	-	-	-	-	-	5,965	-	5,965	-	-	-	3,977	3,977	9,942
Deferred taxation liability arising from revaluation of properties	-	-	-	-	-	-	-	(1,491)	-	(1,491)	-	-	-	(994)	(994)	(2,485)
Other comprehensive income for the year	-	-	-	-	-	-	-	4,474	-	4,474	-	-	-	2,983	2,983	7,457
Profit and total comprehensive income for the year	-	-	-	-	-	-	-	4,474	1,255,341	1,259,815	42,525	-	-	77,428	119,953	1,379,768
Acquisition of subsidiaries (note 45(a) and (b))	-	-	-	-	-	-	-	-	-	-	-	-	-	45,983	45,983	45,983
Issue of share as consideration of acquisition of subsidiary	67,900	871,625	-	-	-	-	-	-	-	939,525	-	-	-	-	-	939,525
Issue of share upon exercise of share option	10	101	-	(30)	-	-	-	-	-	81	-	-	-	-	-	81
Dilution of interests in subsidiaries (note vi)	-	-	314,811	-	-	-	-	-	-	314,811	-	-	-	395,403	395,403	710,214
Contributions from non-controlling shareholders of subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	-	2,108	2,108	2,108
Dividend distributed to shareholders of the Company (note 13)	-	(306,054)	-	-	-	-	-	-	-	(306,054)	-	-	-	-	-	(306,054)
Recognition of equity-settled share-based payments (note 49)	-	-	-	3,353	-	-	-	-	-	3,353	-	29,780	-	-	29,780	33,133
Acquisition of additional interests in subsidiaries from non-controlling shareholders	-	-	(115,802)	-	-	-	-	-	-	(115,802)	-	-	-	(124,053)	(124,053)	(239,855)
Disposal of a subsidiary (note 46(a))	-	-	-	-	-	-	-	-	-	-	-	-	-	(57,904)	(57,904)	(57,904)
Disposal partial interest without loss of control (note 46(b))	-	-	36,879	-	-	-	-	-	-	36,879	-	-	-	362,361	362,361	399,240
Issue of perpetual capital instrument	-	-	-	-	-	-	-	-	-	-	700,000	-	-	-	700,000	700,000
Distribution to holders of perpetual capital instrument	-	-	-	-	-	-	-	-	-	-	(32,025)	-	-	-	(32,025)	(32,025)
Capitalisation of redeemable shares	-	-	-	-	-	-	-	-	-	-	-	-	-	6,832	6,832	6,832
Transfer	-	-	-	-	-	1,106	-	-	(1,106)	-	-	-	-	-	-	-
At 31 December 2014	497,485	2,441,983	266,709	19,499	40,600	44,843	1,477	38,357	6,102,106	9,453,059	710,500	29,780	-	1,219,035	1,959,315	11,412,374
Profit for the year	-	-	-	-	-	-	-	-	1,210,610	1,210,610	63,875	-	-	128,331	192,206	1,402,816
Surplus on revaluation of properties	-	-	-	-	-	-	-	7,126	-	7,126	-	-	-	4,750	4,750	11,876
Deferred taxation liability arising from revaluation of properties	-	-	-	-	-	-	-	(1,781)	-	(1,781)	-	-	-	(1,188)	(1,188)	(2,969)
Other comprehensive income for the year	-	-	-	-	-	-	-	5,345	-	5,345	-	-	-	3,562	3,562	8,907

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2015

	Attributable to owners of the Company									Attributable to non-controlling interests						
	Share capital RMB'000	Share premium RMB'000 (Note i)	Special reserve RMB'000 (Note ii)	Share options reserve RMB'000 (Note iii)	Contribution reserve RMB'000 (Note vii)	Statutory reserves RMB'000 (Note iv)	Discretionary reserves RMB'000	Property revaluation reserve RMB'000 (Note v)	Accumulated profits RMB'000	Sub-total RMB'000	Perpetual capital instrument RMB'000	Share option reserve of Colour Life RMB'000	Share option reserve of Morning Star RMB'000	Other non-controlling interests RMB'000	Non-controlling interests Sub-total RMB'000	Total RMB'000
Profit and total comprehensive income for the year	-	-	-	-	-	-	-	5,345	1,210,610	1,215,955	63,875	-	-	131,893	195,768	1,411,723
Acquisition of subsidiaries (note 45(b))	-	-	-	-	-	-	-	-	-	-	-	-	-	15,809	15,809	15,809
Issue of share upon exercise of share option	312	3,219	-	(938)	-	-	-	-	-	2,593	-	(97)	-	664	567	3,160
Contributions from non-controlling shareholders of a subsidiary	-	-	-	-	-	-	-	-	-	-	-	-	-	4,500	4,500	4,500
Dividend distributed to shareholders of the Company (note 13)	-	(245,012)	-	-	-	-	-	-	-	(245,012)	-	-	-	-	-	(245,012)
Recognition of equity-settled share-based payments (note 49)	-	-	-	2,464	-	-	-	-	-	2,464	-	88,431	28	-	88,459	90,923
Share option lapsed (note 49)	-	-	-	(3,092)	-	-	-	-	3,092	-	-	-	-	-	-	-
Acquisition of additional interests in subsidiaries from non-controlling shareholders	-	-	(41,709)	-	-	-	-	-	-	(41,709)	-	-	-	(369,411)	(369,411)	(411,120)
Disposal of subsidiaries (note 46(a))	-	-	-	-	-	-	-	(23,334)	23,334	-	-	-	-	(279,945)	(279,945)	(279,945)
Disposal of partial interest without loss of control (note 46(b))	-	-	21,141	-	-	-	-	-	-	21,141	-	-	-	280,359	280,359	301,500
Distribution to holders of perpetual capital instrument	-	-	-	-	-	-	-	-	-	-	(63,875)	-	-	-	(63,875)	(63,875)
Transfer	-	-	-	-	-	14,340	-	-	(14,340)	-	-	-	-	-	-	-
At 31 December 2015	497,797	2,200,190	246,141	17,933	40,600	59,183	1,477	20,368	7,324,802	10,408,491	710,500	118,114	28	1,002,904	1,831,546	12,240,037

Notes:

- (i) Pursuant to article 16 of the Company's Article of Association, the Company is permitted to pay out dividend from share premium account.
- (ii) Special reserve arising from the acquisition or disposal of equity interests in subsidiaries without loss of control. It represents the difference between the consideration paid or received and the adjustment to the non-controlling interests in subsidiaries.
- (iii) Share options reserve represents the share-based payment under the Company's share option scheme.
- (iv) The statutory reserves and discretionary reserves relate to subsidiaries in the People's Republic of China (the "PRC") and are non-distributable. Transfers to these reserves are determined by the board of directors or the shareholders' meeting of the PRC subsidiaries in accordance with the relevant laws and regulations of the PRC. These reserves can be used to offset accumulated losses, expand the scale of production and business and increase capital upon approval from the relevant authorities.
- (v) Property revaluation surplus arose from the transfer of owner-occupied property to investment properties at the date of change in use.
- (vi) Colour Life Service Group Co., Limited ("Colour Life") has listed its shares on the Main Board of The Stock Exchange of Hong Kong Limited with effect from 30 June 2014. On the same date, 250,000,000 ordinary shares with a par value of HK\$0.01 each of Colour Life were issued by way of public offering and placing ("Share Offer"), the net proceeds received by Colour Life, after deducting the expenses relating to the Share Offer, was RMB710,214,000. The Group's percentage of equity interest in Colour Life was then diluted from 67.19% to 50.39% upon completion of the Share Offer. The difference of RMB314,811,000 between the share of net assets of Colour Life amounted to RMB395,403,000 and the net proceeds were recognised in special reserve.
- (vii) Contribution reserve represents (a) the contribution/distribution to shareholders during the group reorganisation in 2009; (b) the difference between the consideration paid and the fair value of net assets acquired from related parties; (c) the difference between the consideration received and the carrying amount of net assets disposed of to related parties during the group reorganisation in 2009; and (d) the waiver of shareholder loans in 2009.

## CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2015

	2015 RMB'000	2014 RMB'000
<b>OPERATING ACTIVITIES</b>		
Profit before tax	2,721,358	2,529,719
Adjustments for:		
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)
Investment income on financial assets designated as at FVTPL	(442)	–
Fair value adjustment on option derivative	(6,917)	–
Release of prepaid lease payments	15,852	24,588
Release of premium on prepaid lease payments	3,678	22,910
Amortisation of intangible assets	13,004	3,505
Depreciation of property, plant and equipment	130,213	91,095
Gain on disposal of property, plant and equipment	(169)	(321)
Gains on disposal of subsidiaries	(790,039)	(223,707)
Allowance on bad and doubtful debts, net	44,504	39,653
Bank interest income	(30,127)	(23,351)
Finance costs	302,340	290,948
Net foreign exchange loss	233,559	50,514
Share of results of associates	(626)	(56)
Share of results of joint ventures	7,324	12,663
Share-based payment expenses	90,923	33,133
Operating cash flows before movements in working capital	1,844,626	2,179,788
Additions to prepaid lease payments	–	(275,995)
Decrease (increase) in land development expenditure	315,930	(1,834)
Increase in properties for sale	(705,348)	(2,422,000)
Increase in deposits paid for acquisition of land use rights	(44,392)	(260,544)
Increase in trade and other receivables	(267,137)	(145,613)
Increase in amounts due from customers for contract works	(29,477)	(18,401)
Increase in amount due from a related party	(1,124)	–
Increase (decrease) in amounts due to customers for contract works	8,946	(46,123)
Increase in trade and other payables	861,845	2,237,813
Increase (decrease) in deposits received for sale of properties	1,621,602	(1,198,314)
Cash generated from operations	3,605,471	48,777
Income tax paid	(521,660)	(766,398)
Interest paid	(1,120,405)	(1,025,521)
<b>NET CASH FROM (USD IN) OPERATING ACTIVITIES</b>	<b>1,963,406</b>	<b>(1,743,142)</b>

## CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2015

	Notes	2015 RMB'000	2014 RMB'000
<b>INVESTING ACTIVITIES</b>			
Deposit paid for acquisition of a property project		(4,298)	(4,302)
Increase in restricted/pledged bank deposits		(421,886)	(81,739)
Settlement of consideration payables on acquisition of assets and liabilities through acquisitions of subsidiaries and acquisition of businesses		(861,585)	(19,462)
Settlement of consideration receivables of disposal of subsidiaries		492,856	205,369
Purchases of property, plant and equipment		(423,925)	(569,531)
Additions to investment properties		(604,318)	(652,727)
Acquisitions of assets and liabilities through acquisitions of subsidiaries (net of cash and cash equivalents acquired)	45(a)	(46,019)	(189,846)
Acquisition of businesses (net of cash and cash equivalents acquired)	45(b)	(529,020)	(39,788)
Capital injection to an associate		(4,410)	(490)
Proceeds received upon derecognition of a joint venture		–	19,449
Bank interest received		30,127	23,351
Dividend received from an associate		–	359
Proceeds from disposal of property, plant and equipment		121,222	14,998
Disposal of subsidiaries	46(a)	1,432,479	54,453
Disposal of partial interests in subsidiaries resulting in loss of control	46(c)	–	(28,128)
Deposits paid for acquisition of subsidiaries		(37,164)	(212,550)
Proceeds from disposal of investment properties		10,673	12,214
Purchase of financial assets designated as at FVTPL		(74,558)	–
Redemption of financial assets designated as at FVTPL		109,958	–
Acquisition of investments in joint ventures		–	(361,731)
Advance to a related party		(183,658)	(10,665)
Advance to a joint venture		(30,403)	–
Repayment from a joint venture		–	10,020
<b>NET CASH USED IN INVESTING ACTIVITIES</b>		<b>(1,023,929)</b>	<b>(1,830,746)</b>

## CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2015

	Notes	2015 RMB'000	2014 RMB'000
<b>FINANCING ACTIVITIES</b>			
Net proceeds from the issuance of senior notes and bonds		3,211,284	1,801,274
Net proceeds from Share Offer of Colour Life		–	710,214
Net proceeds from issuance of perpetual capital instrument		–	700,000
Contribution from non-controlling shareholders		4,500	2,108
New borrowings raised		1,582,989	7,856,159
Repayment of borrowings		(5,768,914)	(6,856,676)
Repayment of senior notes		(795,926)	–
Distribution to an owner of perpetual capital instrument		(63,875)	(32,025)
Dividend paid to shareholders of the Company		(245,012)	(306,054)
Repayment to a related party		–	(506)
Acquisition of additional interest in subsidiaries	45(c)	(48,870)	(239,855)
Repayment of obligations under finance leases		(27,181)	(32,120)
Proceed from disposal of partial interests in subsidiaries without loss of control	46(b)	301,500	36,990
Issue of share upon exercise of share option		3,160	81
Advances from a joint venture		440,836	897,209
Repayment to a joint venture		(403,387)	–
<b>NET CASH (USED IN) FROM FINANCING ACTIVITIES</b>		<b>(1,808,896)</b>	<b>4,536,799</b>
<b>NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS</b>		<b>(869,419)</b>	<b>962,911</b>
<b>CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR</b>		<b>3,738,040</b>	<b>2,776,879</b>
Effect of foreign exchange rate changes		12,890	(1,750)
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR, represented by bank balances and cash</b>		<b>2,881,511</b>	<b>3,738,040</b>

# 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 Company acts as an investment holding company. Details of the principal activities of its subsidiaries are set out in note 54.

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

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2018

<sup>2</sup> Effective for first annual HKFRS financial statements beginning on or after 1 January 2016

<sup>3</sup> Effective for annual periods beginning on or after 1 January 2016

<sup>4</sup> Effective for annual periods beginning on or after a date to be determined



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2015

### 2. Application of New and Revised Hong Kong Financial Reporting Standards (“HKFRSs”) (continued)

#### 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 at 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.

For the year ended 31 December 2015

## 2. Application of New and Revised Hong Kong Financial Reporting Standards (“HKFRSs”) (continued)

### HKFRS 9 “Financial Instruments” (continued)

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.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2015

### 3. Significant Accounting Policies

The consolidated financial statements have been prepared in accordance with HKFRSs issued by the HKICPA. In addition, the consolidated financial statements include applicable disclosures required by the Rules Governing the Listing of Securities on the stock exchange (“Listing Rules”) and by the Hong Kong Companies Ordinance (“CO”).

The provisions of the new Hong Kong Companies Ordinance (Cap 622) regarding preparation of accounts and directors’ reports and audits became effective for the Company for the financial year ended 31 December 2015. Further, the disclosure requirements set out in the Listing Rules regarding annual accounts have been amended with reference to the new CO and to streamline with HKFRSs. Accordingly, the presentation and disclosure of information in the consolidated financial statements for the financial year ended 31 December 2015 have been changed to comply with these new requirements. Comparative information in respect of the financial year ended 31 December 2014 are presented or disclosed in the consolidated financial statements based on the new requirements. Information previously required to be disclosed under the predecessor CO or Listing Rules but not under the new CO or amended Listing Rules are not disclosed in these consolidated financial statements.

The consolidated financial statements have been prepared on the historical cost basis, except for certain properties and financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies set out below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods.

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

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

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

For the year ended 31 December 2015

### 3. Significant Accounting Policies (continued)

The significant accounting policies are set out below.

#### **Basis of consolidation**

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

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

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

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

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

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

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

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

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

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2015

### 3. Significant Accounting Policies (continued)

#### **Basis of consolidation** (continued)

##### *Changes in the Group's ownership interests in existing subsidiaries*

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

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to the subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary. The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under HKAS 39, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

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

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

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

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

For the year ended 31 December 2015

### 3. Significant Accounting Policies (continued)

#### **Business combinations**

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

When the consideration transferred by the Group in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination.

Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with the corresponding adjustments made against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the "measurement period" (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates in accordance with HKAS 39, or HKAS 37 "*Provisions, Contingent Liabilities and Contingent Assets*", as appropriate, with the corresponding gain or loss being recognised in profit or loss.

#### **Goodwill**

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

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

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

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

The Group's policy for the goodwill arising on the acquisition of an associate is described below.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2015

### 3. Significant Accounting Policies (continued)

#### **Investments in associates and joint ventures**

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

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

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

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

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

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

#### **Revenue recognition**

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances.

For the year ended 31 December 2015

### 3. Significant Accounting Policies (continued)

#### **Revenue recognition** (continued)

##### *Sales of properties*

Revenue from sale of properties in the ordinary course of business is recognised when the respective properties have been completed and delivered to the buyers. Deposits and instalments received from purchasers prior to meeting the above criteria for revenue recognition are included in the consolidated statement of financial position under current liabilities.

##### *Agency fee, service income, management fee, parking fee and consultation fee*

Agency fee, service income, management fee, parking fee and consultation fee are recognised when services are provided.

The Group's policy for recognition of revenue from construction services is described in the accounting policy for construct in contracts below.

##### *Hotel operation*

Revenue from hotel accommodation, hotel management and related services, food and beverage sales and other ancillary services is recognised when the services are rendered.

##### *Interest income*

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

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

#### **Property, plant and equipment**

Property, plant and equipment including buildings held for use in the production or supply of goods or services, or for administrative purposes (other than properties under construction as described below) are stated in the consolidated statement of financial position at cost, less subsequent accumulated depreciation and accumulated impairment losses, if any.

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

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

If an item of property, plant and equipment becomes an investment property because its use has changed as evidenced by end of owner-occupation, any difference between the carrying amount and the fair value of that item at the date of transfer is recognised in other comprehensive income and accumulated in property revaluation reserve. On the subsequent sale or retirement of the asset, the relevant revaluation reserve will be transferred directly to retained profits.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2015

### 3. Significant Accounting Policies (continued)

#### **Property, plant and equipment (continued)**

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

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets. However, when there is no reasonable certainty that ownership will be obtained by the end of the lease term, assets are depreciated over the shorter of the lease term and their useful lives.

#### **Investment properties**

Investment properties are properties held to earn rentals and/or for capital appreciation (including properties under construction for such purposes). Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at fair values. Gains or losses arising from changes in the fair value of investment property are included in profit or loss for the period in which they arise.

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

Property that is being constructed or developed for future use as investment property is classified as investment property. If the fair value cannot be reliably determined, the investment property under development will be measured at cost until such time as fair value can be determined or construction is completed.

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

#### **Land development expenditure**

Land development expenditure is stated at the lower of cost and net realisable value. The cost includes expenditure directly attributable to the development of relevant projects such as road construction, demolition, resettlement work and borrowing cost.

#### **Intangible assets acquired in a business combination**

Intangible assets acquired in a business combination are recognised separately from goodwill and are initially recognised at their fair value at the acquisition date (which is regarded as their cost).

Subsequent to initial recognition, intangible assets acquired in a business combination with finite useful lives are reported at costs less accumulated amortisation and any accumulated impairment losses.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains and losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

For the year ended 31 December 2015

### 3. Significant Accounting Policies (continued)

#### **Properties for sale**

Completed properties and properties under development for sale in the ordinary course of business are included in current assets and stated at the lower of cost and net realisable value. Cost includes the cost of land, development expenditure, borrowing costs capitalised in accordance with the Group's accounting policy, and other attributable expenses. Cost of each unit in each phase of development is determined using the weighted average method.

Net realisable value represents the estimated selling price for properties for sale less all estimated costs of completion and costs necessary to make the sale.

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

#### **Provisions**

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

#### **Financial instruments**

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

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

#### ***Financial assets***

Financial assets are classified into the following specified categories: loans and receivables, financial assets designated as at FVTPL and available-for-sale ("AFS") financial assets. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2015

### 3. Significant Accounting Policies (continued)

#### Financial instruments (continued)

##### *Financial assets* (continued)

##### *Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, loans and receivables (including deposits paid for acquisition of subsidiaries and a property project, other receivables (non-current), trade and other receivables, amounts due a from joint venture and related parties, financial assets designated as at FVTPL, restricted/pledged bank deposits and bank balances and cash) are measured at amortised cost using the effective interest method, less any impairment.

##### *Effective interest method*

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

Interest income is recognised by applying the effective interest rate, except for short-term receivables where the recognition of interest would be immaterial.

##### *Financial assets at FVTPL*

Financial assets are classified as at FVTPL when the financial asset is (i) contingent consideration that may be paid by an acquirer as part of a business combination to which HKFRS 3 applies, (ii) held for trading, or (iii) it is designated as at FVTPL.

A financial asset is classified as held for trading if:

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

A financial asset other than a financial asset held for trading or contingent consideration that may be paid by an acquirer as part of a business combination may be designated as at FVTPL upon initial recognition if:

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

For the year ended 31 December 2015

### 3. Significant Accounting Policies (continued)

#### **Financial instruments** (continued)

##### *Financial assets* (continued)

##### *Financial assets at FVTPL* (continued)

Financial assets at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss includes any dividend or interest earned on the financial assets and is included in the other income, gains and losses.

##### *Available-for-sale financial assets*

AFS financial assets are non-derivatives that are either designated as available-for-sale or are not classified as (a) loans and receivables, (b) held-to-maturity investments or (c) financial assets at FVTPL.

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

AFS equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured and derivatives that are linked to and must be settled by delivery of such unquoted equity investments are measured at cost less any identified impairment losses at the end of each reporting period (see the accounting policy in respect of impairment loss on financial assets below).

##### *Impairment of financial assets*

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

For AFS equity investments, a significant or prolonged decline in the fair value of the security below its cost is considered to be objective evidence of impairment.

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

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

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

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2015

### 3. Significant Accounting Policies (continued)

#### **Financial instruments (continued)**

##### *Financial assets (continued)*

##### *Impairment of financial assets (continued)*

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

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

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

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

In respect of AFS equity investments, impairment losses previously recognised in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognised in other comprehensive income and accumulated under the heading of investment revaluation reserve.

#### *Financial liabilities and equity instruments*

##### *Classification as debt or equity*

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

##### *Equity instruments*

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

Perpetual capital instruments with no contracted obligation to repay its principal or to pay any distribution are classified as part of equity.

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

For the year ended 31 December 2015

### 3. Significant Accounting Policies (continued)

#### **Financial instruments** (continued)

#### *Financial liabilities and equity instruments* (continued)

##### *Senior notes and bonds*

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

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

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

##### *Other financial liabilities*

Other financial liabilities (including trade and other payables, amount due to a non-controlling shareholder, amounts due to joint ventures, obligations under finance leases and borrowings) are subsequently measured at amortised cost, using the effective interest method.

##### *Effective interest method*

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

Interest expense is recognised on an effective interest basis.

##### *Derivative financial instruments*

Derivative financial instruments that do not qualify for hedge accounting are deemed as financial assets or liabilities held for trading and measured at fair value. Derivatives are initially recognised at fair value at the dates derivative contracts are entered into and are subsequently remeasured to their fair value at the end of the reporting period. The resulting gain or loss is recognised in profit or loss immediately.

##### *Financial liabilities arising from put options*

Put option granted to corporate holders, which will be settled other than by exchange of fixed amount of cash for a fixed number of shares is treated as derivative and recognised at fair value upon initial recognition. Any changes of fair value in subsequent reporting dates are recognised in profit or loss.

If the put option expires unexercised, the liability is derecognised and the resulting gain or loss is recognised in profit or loss immediately.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2015

### 3. Significant Accounting Policies (continued)

#### Financial instruments (continued)

##### *Financial guarantee contracts*

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument.

Financial guarantee contracts issued by the Group are initially measured at their fair values and, if not designated as at FVTPL, are subsequently measured at the higher of:

- (i) the amount of the obligation under the contract, as determined in accordance with HKAS 37 “*Provision, Contingent Liabilities and Contingent Assets*”; and
- (ii) the amount initially recognised less, where appropriate, cumulative amortisation recognised in accordance with the revenue recognition policies.

##### *Derecognition*

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

On derecognition of a financial asset in its entirety, the difference between the asset’s carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss.

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

##### **Impairment losses on tangible assets and intangible assets other than goodwill (see accounting policy in respect of goodwill above)**

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

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

If the recoverable amount of an asset (or a cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or a cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

For the year ended 31 December 2015

### 3. Significant Accounting Policies (continued)

#### **Impairment losses on tangible assets and intangible assets other than goodwill (see accounting policy in respect of goodwill above) (continued)**

Where an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or a cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

#### **Construction contracts**

Where the outcome of a construction contract can be estimated reliably, revenue and costs are recognised by reference to the stage of completion of the contract activity at the end of the reporting period, measured based on the proportion that contract costs incurred for work performed to date relative to the estimated total contract costs, except where this would not be representative of the stage of completion. Variations in contract work, claims and incentive payments are included to the extent that the amount can be measured reliably and its receipt is considered probable.

Where the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent of contract costs incurred that it is probable will be recoverable. Contract costs are recognised as expenses in the period in which they are incurred.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

Where contract costs incurred to date plus recognised profits less recognised losses exceed progress billings, the surplus is shown as amounts due from customers for contract work. For contracts where progress billings exceed contract costs incurred to date plus recognised profits less recognised losses, the surplus is shown as amounts due to customers for contract work. Amounts received before the related work is performed are included in the consolidated statement of financial position, as a liability, as advances received. Amounts billed for work performed but not yet paid by the customer are included in the consolidated statement of financial position under trade and other receivables.

#### **Government grants**

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

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognised as deferred revenue in the consolidated statement of financial position and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

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



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2015

### 3. Significant Accounting Policies (continued)

#### **Borrowing costs**

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

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

#### **Leasing**

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

#### *The Group as lessor*

Amounts due from lessees under finance leases are recognised as receivables at the amount of the Group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

Rental income from operating leases is recognised in profit or loss on a straight-line basis over the term of the relevant lease.

#### *The Group as lessee*

Assets held under finance leases are recognised as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the consolidated statement of financial position as a finance lease obligation.

Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognised immediately in profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Group's general policy on borrowing costs (see the accounting policy above). Contingent rentals are recognised as expenses in the periods in which they are incurred.

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

#### *Leasehold land and building*

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

For the year ended 31 December 2015

### 3. Significant Accounting Policies (continued)

#### **Leasing** (continued)

##### *Leasehold land and building* (continued)

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

##### *Prepaid lease payments*

The prepaid lease payments represent upfront payments for land use rights for the purpose of development of properties for sale or for use in the production or supply of goods or services, and are initially recognised at cost and released to profit or loss over the remaining lease term on a straight-line basis. The prepaid lease payments in respect of development of projects for sale whereby the construction work is expected to complete beyond normal operating cycle are classified under non-current assets.

##### *Premium on prepaid lease payments*

The premium on prepaid lease payments represent the excess of the consideration paid over the carrying amount of the prepaid lease payments in respect of leasehold lands in the PRC acquired through acquisition of subsidiaries and released to profit or loss over the remaining lease term on a straight-line basis. The premium on prepaid lease payments in respect of projects whereby the construction work is expected to complete beyond normal operating cycle are classified under non-current assets.

#### **Taxation**

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

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

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

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2015

### 3. Significant Accounting Policies (continued)

#### **Taxation** (continued)

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

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

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

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

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

#### **Retirement benefit costs**

Payments to state-managed retirement benefit scheme and the Mandatory Provident Fund Scheme are recognised as an expense when employees have rendered service entitling them to the contributions.

#### **Foreign currencies**

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of the entity (foreign currencies) are recognised at the rates of exchange prevailing at the dates of transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences on monetary items are recognised in profit or loss in the period in which they arise except for exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings.

For the year ended 31 December 2015

### 3. Significant Accounting Policies (continued)

#### Share-based payment transactions

##### *Equity-settled share-based payment transactions*

For grants of share options that are conditional upon satisfying specified vesting conditions, the fair value of services received is determined by reference to the fair value of share options granted at the date of grant and is expensed on a straight-line basis over the vesting period, with a corresponding increase in equity (share options reserve).

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

For share options that vest immediately at the date of grant, the fair value of the share options granted is expensed immediately to profit or loss. When share options are exercised, the amount previously recognised in share options reserve will be transferred to share premium. When the share options are forfeited after the vesting date or are still not exercised at the expiry date, the amount previously recognised in share options reserve will continue to be held in share options reserve.

### 4. Critical Accounting Judgements and Key Sources of Estimation Uncertainty

In the application of the Group's accounting policies, which are described in note 3, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

#### Critical judgements in applying accounting policies

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

##### *Deferred taxation on investment properties*

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

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2015

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

#### **Key sources of estimation uncertainty**

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

#### *Determination of net realisable value of properties under development for sale and completed properties for sale*

Properties under development for sale and completed properties for sale are stated at the lower of cost and net realisable value with an aggregate carrying amount of approximately RMB21,801,648,000 (2014: RMB19,442,516,000). Cost, including the cost of land, development expenditure, borrowing costs capitalised in accordance with the Group's accounting policy and other attributable expenses, are allocated to each unit in each phase based on saleable gross floor area, using the weighted average method. The net realisable value is the estimated selling price less estimated selling expenses and estimated cost of completion (if any), which are determined based on best available information. Where there is any decrease in the estimated selling price arising from any changes to the property market conditions in the PRC, there may be write-down on the properties under development for sale and completed properties for sale.

#### *Land appreciation tax ("LAT")*

The Group is subject to LAT in the PRC. However, the implementation and settlement of the tax varies amongst different tax jurisdictions in various cities of the PRC and certain projects of the Group have not finalised their land appreciation tax calculations and payments with any local tax authorities in the PRC. Accordingly, significant estimate is required in determining the amount of land appreciation and its related income tax provisions. The Group recognised the LAT based on management's best estimates. The final tax outcome could be different from the amounts that were initially recorded, and these differences will impact the income tax expense and the related income tax provisions in the periods in which such tax is finalised with local tax authorities.

As explained in above, the carrying amounts of investment properties are presumed to be recovered entirely through sale, as such deferred tax charge on the fair value change of investment properties has taken into account the LAT payable upon the disposal of these properties.

#### *Deferred tax assets*

Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit or taxable temporary difference will be available against which the losses can be utilised. Significant management estimation is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits or taxable temporary difference together with future tax planning strategies.

#### *Recognition and allocation of construction costs on properties under development*

Development costs of properties are recorded as properties under development during the construction stage and will be transferred to completed properties for sale and charged to the consolidated statement of profit or loss and other comprehensive income upon the recognition of the sales of the properties. Before the final settlement of the development costs and other costs relating to the sale of the properties, these costs are accrued by the Group based on management's best estimate. During the development stage, the Group typically divides the development projects into phases. Costs that are common to different phases are allocated to individual phases based on saleable area. Where the final settlement of costs and the related cost allocation is different from the initial estimates, any increase or decrease in the development costs and other costs would affect the profit or loss in future years.

For the year ended 31 December 2015

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

##### **Key sources of estimation uncertainty (continued)**

##### *Estimated impairment of trade receivables*

When there is objective evidence of impairment loss, the Group takes into consideration the estimation of future cash flows. The amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). Where the actual future cash flows are less than expected, a material impairment loss may arise. As at 31 December 2015, the carrying amount of trade receivable is RMB1,317,151,000 (2014: carrying amount of RMB1,034,555,000).

##### *Estimated impairment of goodwill*

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The value in use calculation requires the Group to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate the present value. Where the actual future cash flows are less than expected, a material impairment loss may arise. As at 31 December 2015, the carrying amount of goodwill net of accumulated impairment loss was approximately RMB733,549,000 (2014: carrying amount of RMB133,918,000).

##### *Estimated impairment of intangible assets*

Determining whether intangible assets are impaired requires an estimation of the value in use of the cash-generating units to which intangible assets have been allocated. The value in use calculation requires the Group to estimate the future cash flows expected to arise from the cash-generating unit and a suitable discount rate in order to calculate the present value. Where the actual future cash flows are less than expected, a material impairment loss may arise. As at 31 December 2015, the carrying amount of intangible assets net of accumulated impairment loss was RMB204,474,000 (2014: RMB26,850,000).

##### *Fair value measurements and valuation processes*

The investment properties of the Group are measured at fair value for financial reporting purposes. The board of directors of the Company has set up a valuation team, which is headed up by the Chief Financial Officer of the Company, to determine the appropriate valuation techniques and inputs for fair value measurements.

In estimating the fair value of an investment property, the Group uses market-observable data to the extent it is available. The Group engages third party qualified valuers to perform the valuation. The valuation team works closely with the qualified external valuers to establish the appropriate valuation techniques and inputs to the model. The Chief Financial Officer reports the valuation team's findings to the board of directors of the Company periodically to explain the cause of fluctuations in the fair value of the investment properties. The Group uses valuation techniques that include inputs that are not based on observable market data to estimate the fair value of certain types of investment properties. Note 16 provides detailed information about the valuation techniques, inputs and key assumptions used in the determination of the fair value of investment properties of the Group.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2015

### 5. Capital Risk Management

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from prior year. The capital structure of the Group consists of net debt, which includes amounts due to joint ventures as disclosed in note 38, amount due to a non-controlling shareholder as disclosed in note 37, borrowings as disclosed in note 39, obligations under finance leases disclosed in note 40, senior notes and bonds as disclosed in note 41, net of the cash and cash equivalents and equity attributable to owners of the Company, comprising share capital and reserves. In managing the Group's capital structure, the management will also monitor the utilisation of bank and other borrowings to ensure compliance with financial covenants.

The directors of the Company review the capital structure periodically. As a part of this review, the corporate finance department reviews the planned construction projects proposed by engineering department and prepares the annual budget taking into account of the provision of funding and considers the cost of capital and the risks associated with each class of capital, the Group does not have any target gearing ratio.

The directors of the Company then assess the annual budget and consider the cost of capital and the risks associated with each class of capital. The directors of the Company also balance its overall capital structure through the payment of dividends, new share issues as well as the issue of new debts or the redemption of existing debts.

### 6. Financial Instruments

#### (a) Categories of financial instruments

	2015 RMB'000	2014 RMB'000
<b>Financial assets</b>		
Loans and receivables (including cash and cash equivalents)	9,357,511	7,725,618
AFS investment	–	38,910
Financial assets designated as at FVTPL	19,200	–
<b>Financial liabilities</b>		
Financial liabilities measured at amortised cost	20,972,906	21,810,703
Derivative financial instruments	22,673	–

#### (b) Financial risk management objectives and policies

The Group's major financial instruments include deposits paid for acquisition of subsidiaries, a property project and land use rights, trade and other receivables, finance lease receivables, amounts due from related parties and a joint venture, financial assets designated as at FVTPL, restricted/pledged bank deposits, bank balances and cash, trade and other payables, amounts due to a non-controlling shareholder and joint ventures, borrowings, obligations under finance leases, senior notes and bonds and derivative financial instruments. Details of these financial instruments are disclosed in respective notes.

The management monitors and manages the financial risks relating to the operations of the Group through internal risk assessment which analyses exposures by degree and magnitude of risks. The risks included market risk (including foreign currency risk and interest rate risk), credit risk and liquidity risk. The policies on how to mitigate these risks are set out below. The management manages and monitors these exposures to ensure appropriate measures are implemented on a timely and effective manner.

For the year ended 31 December 2015

## 6. Financial Instruments (continued)

### (b) Financial risk management objectives and policies (continued)

#### (i) Currency risk

The Group has bank balances, borrowings, obligations under finance leases and senior notes which are denominated in foreign currencies of the relevant group entities, hence is exposed to exchange rate fluctuations.

The carrying amount of the Group's foreign currency denominated monetary assets and monetary liabilities at the respective reporting periods are as follow:

	2015 RMB'000	2014 RMB'000
<b>Assets</b>		
United States Dollars ("USD")	24,247	60,413
Hong Kong Dollars ("HKD")	84,189	318,722
Singapore Dollars ("SGD")	185,076	150,098
Japanese Yen ("JPY")	1,434	3,366
<b>Liabilities</b>		
USD	6,979,458	6,904,709
HKD	–	85,251
JPY	39,530	42,413

The Group currently does not enter into any derivative contracts to minimise the currency risk exposure. However, the management will consider hedging significant currency risk should the need arise.

#### *Sensitivity analysis*

The Group mainly exposes to the effects of fluctuation in USD, HKD, SGD and JPY against RMB.

The following table details the Group's sensitivity to a 10% (2014: 10%) increase and decrease in the RMB against the relevant foreign currencies. 10% (2014: 10%) is the sensitivity rate used in the current year when reporting foreign currency risk internally to management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes outstanding foreign currency denominated monetary items and adjusts their translation at the year end for a 10% (2014: 10%) change in foreign currency rates. The sensitivity analysis includes bank balances, borrowings, obligations under finance leases and senior notes. A positive number indicates an increase in profit for the year where the RMB strengthens 10% (2014: 10%) against the relevant currencies. For a 10% (2014: 10%) weakening of the RMB against the relevant currencies, there would be an equal and opposite impact on the profit, and the balances below would be negative.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2015

### 6. Financial Instruments (continued)

#### (b) Financial risk management objectives and policies (continued)

##### (i) *Currency risk* (continued) *Foreign currency sensitivity analysis*

	2015 RMB'000	2014 RMB'000
<b>USD</b>		
Increase in profit for the year	671,521	513,322
<b>HKD</b>		
Decrease in profit for the year	(8,419)	(17,510)
<b>SGD</b>		
Decrease in profit for the year	17,544	14,968
<b>JPY</b>		
Increase in profit for the year	3,810	2,929

In management's opinion, the sensitivity analysis is unrepresentative of the inherent foreign exchange risk as the year end exposure at the end of the reporting period does not reflect the exposure during the year.

##### (ii) *Interest rate risk*

The Group is exposed to cash flow interest rate risk due to the fluctuation of the prevailing market interest rate on bank balances and variable-rate borrowings.

The Group is also exposed to fair value interest rate risk which relates primarily to its fixed-rate borrowings, obligations under finance leases, senior notes and bonds. The Group currently does not use any derivative contracts to hedge its loans to interest rate risk. However, the management will consider hedging significant interest rate exposure should the need arise.

The Group's exposures to interest rates on financial liabilities are detailed in the liquidity risk management section of this note. The Group's cash flow interest rate risk is mainly concentrated on the fluctuation of the London Interbank Offer Rate ("LIBOR") arising from the Group's USD borrowings, the Hong Kong Interbank Offer Rate ("HIBOR") arising from the Group's HKD borrowings and Benchmark Borrowing Rate of The People's Bank of China ("Benchmark Rate") from the Group's RMB borrowings.

For the year ended 31 December 2015

## 6. Financial Instruments (continued)

### (b) Financial risk management objectives and policies (continued)

#### (ii) *Interest rate risk* (continued)

##### *Interest rate risk sensitivity analysis*

Bank balances and restricted/pledged bank deposits

The sensitivity analysis below has been determined based on the exposure to interest rates for the bank balances and restricted/pledged bank deposits at the end of the reporting period. A 25 basis points (2014: 25 basis points) increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 25 basis points (2014: 25 basis points) higher/lower and all other variables were held constant, the Group's profit for the year ended 31 December 2015 would increase/decrease by RMB9,212,000 (2014: increase/decrease of RMB8,724,000).

Variable-rate borrowings

The sensitivity analysis below has been determined based on the exposure to interest rates for the variable-rate borrowings at the end of the reporting period. A 50 basis points (2014: 50 basis points) increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 50 basis points (2014: 50 basis points) higher/lower and all other variables were held constant, the Group's profit for the year ended 31 December 2015 would decrease/increase by RMB11,605,000 (2014: decrease/increase of RMB20,421,000), net of interest that would be capitalised in accordance with the Group's accounting policy.

#### (iii) *Credit risk*

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

- the carrying amount of the respective recognised financial assets as stated in the consolidated statement of financial position; and
- the amount of contingent liabilities in relation to financial guarantee issued by the Group as disclosed in note 51(i).

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2015

### 6. Financial Instruments (continued)

#### (b) Financial risk management objectives and policies (continued)

##### (iii) Credit risk (continued)

In order to minimise the credit risk, the Group has policies in place for determination of credit limits, credit approvals and other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews the recoverable amount of each individual trade debt at the end of the reporting period to ensure that adequate impairment losses are made for irrecoverable amounts. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

The Group has no significant concentration of credit risk on trade receivables, with exposure spread over a number of counterparties and customers.

As at 31 December 2015, the Group has concentration of credit risk on the deposits paid for acquisition of subsidiaries, a property project and land use rights and amounts due from related parties and a joint venture. These balances are paid to counterparties which are all engaged in PRC property development business and property operation service, and are either state-owned entities or companies with high credit rating, the directors of the Company consider that the credit risk is limited.

The Group's credit risk on liquid funds is limited because the counterparties are banks with high credit ratings and good reputation established in the PRC and Hong Kong.

For properties under development which are subject to pre-sales agreements, the Group generally typically provides guarantees to banks in connection with the customers' borrowing of mortgage loans to finance their purchase of the properties for an amount up to 70% of the total purchase price of the property. If a purchaser defaults on the payment of its mortgage during the term of guarantee, the bank holding the mortgage may demand the Group to repay the outstanding amount of the loan and any accrued interest thereon. Under such circumstances, the Group is able to forfeit the customer's purchase deposit and sell the property to recover any amounts paid by the Group to the bank. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

##### (iv) Liquidity risk

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

The Group relies on amounts due to joint ventures, borrowings, obligations under finance leases, senior notes and bonds as a significant source of liquidity.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2015

### 6. Financial Instruments (continued)

#### (b) Financial risk management objectives and policies (continued)

##### (iv) Liquidity risk (continued)

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

The table includes both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate at the end of the reporting period.

##### Liquidity table

	Weighted average effective interest rate %	On demand or less than 1 month RMB'000	1-3 months RMB'000	3 months to 1 year RMB'000	1-5 years RMB'000	Over 5 years RMB'000	Total undiscounted cash flows RMB'000	Carrying amount RMB'000
<b>At 31 December 2015</b>								
Trade and other payables	-	1,553,323	1,414,284	1,251,617	1,395,775	-	5,614,999	5,614,999
Amount due to a non-controlling shareholder	10.58	390,199	-	-	360,438	-	750,637	719,920
Amounts due to joint ventures	-	1,033,916	-	-	-	-	1,033,916	1,033,916
Borrowings								
- fixed rate	9.94	36,783	549	2,469	803,155	40,462	883,418	869,702
- variable rate	6.76	1,126,593	50,153	225,690	1,677,556	60,345	3,140,337	3,094,710
Obligations under finance leases	4.16	775	5,525	20,881	97,473	16,920	141,574	127,080
Senior notes and bonds	10.40	190,797	1,225,707	516,129	10,627,125	-	12,559,758	9,512,579
Financial guarantee contracts	-	6,441,957	-	-	-	-	6,441,957	-
		10,774,343	2,696,218	2,016,786	14,961,522	117,727	30,566,596	20,972,906
<b>At 31 December 2014</b>								
Trade and other payables	-	1,537,773	1,208,257	981,732	1,296,740	-	5,024,502	5,024,502
Amount due to a non-controlling shareholder	10.58	419,960	-	-	750,638	-	1,170,598	1,106,627
Amounts due to joint ventures	-	996,467	-	-	-	-	996,467	996,467
Borrowings								
- fixed rate	9.50	704,450	907,858	290,483	295,944	339,174	2,537,909	2,328,927
- variable rate	7.48	763,320	227,754	1,709,395	3,203,810	330,574	6,234,853	5,445,473
Obligations under finance leases	4.16	730	5,423	20,082	96,284	37,771	160,290	140,575
Senior notes	12.05	82,224	105,170	2,082,441	7,603,460	82,224	9,955,519	6,768,132
Financial guarantee contracts	-	4,778,135	-	-	-	-	4,778,135	-
		9,283,059	2,454,462	5,084,133	13,246,876	789,743	30,858,273	21,810,703

Bank borrowings with a repayment on demand clause are included in the "on demand or less than 1 month" time band in the above maturity analysis. However, as at 31 December 2015 and 2014, there is no such kind of bank borrowings.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2015

### 6. Financial Instruments (continued)

#### (b) Financial risk management objectives and policies (continued)

##### (iv) Liquidity risk (continued)

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

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

#### (c) Fair value measurements of financial instruments

The fair values of financial assets and financial liabilities are determined as follows:

- The fair values of financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis.
- The fair value of financial guarantee contracts at initial recognition is determined to be insignificant, using option pricing models where the main assumptions are the probability of default by the specified counterparty extrapolated from market-based credit information and the amount of loss, given the default; and
- The fair value of derivative instruments is calculated using quoted prices. Where such prices are not available, fair value determined based on the discounted cash flow analysis using the applicable yield curve for the duration of the instruments for non-optional derivatives.

Except for the following financial liabilities, the directors consider that the carrying amounts of financial assets and financial liabilities recorded at amortised costs in the consolidated financial statements approximate their fair values.

	Fair value hierarchy	2015 Carrying amount RMB'000	2015 Fair value RMB'000	2014 Carrying amount RMB'000	2014 Fair value RMB'000
Senior notes and bonds	Level 1	9,512,579	9,738,192	6,768,132	6,333,896
Derivative financial instrument	Level 3	22,673	22,673	–	–

For the year ended 31 December 2015

## 7. Revenue and Segment Information

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

	2015 RMB'000	2014 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 described in note 3. 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 makers 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 makers also review 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 and related parties, financial assets designed as at FVTPL, restricted/pledged bank deposits, bank balances and cash and other corporate assets.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2015

### 7. Revenue and Segment Information (continued)

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.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2015

### 7. Revenue and Segment Information (continued)

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.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2015

### 7. Revenue and Segment Information (continued)

#### Reconciliation:

	2015 RMB'000	2014 RMB'000
<b>Revenue:</b>		
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
<b>Total segment results</b>		
Elimination of inter-segment result	(20,720)	(68,860)
Unallocated amounts:		
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 RMB'000	2014 RMB'000
<b>Assets:</b>		
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 2015 and 2014, there was no revenue from transactions with a single external customer amounted to 10% or more of the Group's total revenue.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2015

### 7. Revenue and Segment Information (continued)

	2015 RMB'000	2014 RMB'000
<i>Additions to non-current assets</i>		
Reportable segment totals	2,438,765	2,847,499
Unallocated amount	6,747	8,864
<b>Group's total</b>	<b>2,445,512</b>	<b>2,856,363</b>
<b>Other material items:</b>		
<i>Release of prepaid lease payments</i>		
Reportable segment totals	15,852	24,245
Unallocated amount	–	343
	15,852	24,588
<i>Release of premium on prepaid lease payments</i>		
Reportable segment and Group's totals	3,678	22,910
<i>Depreciation of property, plant and equipment</i>		
Reportable segment totals	125,750	90,656
Unallocated amount	4,463	439
<b>Group's total</b>	<b>130,213</b>	<b>91,095</b>
<i>Gain on disposal of property, plant and equipment</i>		
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
Amortisation of intangible assets		
Reportable Segment and Group's totals	13,004	3,505

### 8. Other Income, Gains and Losses

	2015 RMB'000	2014 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
	<b>(108,360)</b>	<b>(13,301)</b>

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.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2015

### 9. Finance Costs

	2015 RMB'000	2014 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.

### 10. Profit Before Tax

	2015 RMB'000	2014 RMB'000
Profit before tax has been arrived at after charging (crediting):		
Directors' emoluments (note 12)	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	30,548
Total staff costs	628,565	456,783
Less: Amount capitalised in properties under development for sale	(206,042)	(167,094)
	422,523	289,689
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)

For the year ended 31 December 2015

## 11. 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.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2015

### 11. Income Tax Expense (continued)

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

	Notes	2015 RMB'000	2014 RMB'000
Profit before tax		2,721,358	2,529,719
Tax at PRC EIT rate of 25% (2014: 25%)	(a)	680,340	632,430
Tax effect of share of results of associates		(157)	(14)
Tax effect of share of results of joint ventures		1,831	3,166
Tax effect of income not taxable for tax purpose		(7,765)	(143)
Tax effect of expenses not deductible for tax purpose	(b)	161,399	90,602
Tax effect of tax losses not recognised		346,774	144,938
Utilisation of tax losses previously not recognised		(5,451)	(17,672)
LAT		342,468	382,487
Tax effect of LAT		(85,617)	(95,622)
Tax effect of different tax rates of subsidiaries operating in other jurisdictions		(110,382)	(3,789)
Tax effect of tax rate differential of a PRC subsidiary	(c)	(6,494)	–
Others	(d)	1,596	21,025
Income tax expense for the year		1,318,542	1,157,408

Notes:

- (a) Majority of the assessable profits of the Group were derived from subsidiaries situated in the PRC and the applicable enterprise income tax rate of those subsidiaries is 25%.
- (b) The amounts for the years ended 31 December 2015 and 2014 mainly relate to the tax effect of expenses incurred by offshore companies, including the interest on senior notes, share option expense, exchange loss and professional fees.
- (c) Under the law of Enterprise Income Tax and Implementation Rules of the People's Republic of China and approved by tax bureau, a PRC subsidiary is subject to statutory enterprise income tax based on its respective deemed taxable income, which is at 10% of revenue in accordance with the applicable PRC tax regulations.
- (d) The amounts for the years ended 31 December 2015 and 2014 mainly represent the tax effect of LAT on change in fair value of the Group's investment properties in the PRC upon sales of those investment properties.

For the year ended 31 December 2015

## 12. Directors', Chief Executive's and Employees' Remunerations

The emoluments paid or payable to the directors and the chief executive disclosed pursuant to the applicable Listing Rules and CO were as follows:

	Fees RMB'000	Salaries and other benefits RMB'000	Discretionary bonus RMB'000	Retirement benefit scheme contributions RMB'000	Share-based payments RMB'000	Total RMB'000
<b>For the year ended 31 December 2015</b>						
<i>Executive directors:</i>						
Pan Jun (潘軍) (note i)	–	3,940	220	54	188	4,402
Zeng Jie (曾寶寶)	–	3,940	220	54	188	4,402
Lam Kam Tong (林錦堂)	–	2,312	403	–	104	2,819
Zhou Jinquan (周錦泉)	–	1,586	384	60	–	2,030
Wang Liang (王亮) (note ii)	–	1,662	252	42	52	2,008
<i>Non-executive directors:</i>						
Li Dongsheng (李東生) (note iii)	240	–	–	–	–	240
Yuan Haodong (袁浩東) (note iii)	240	–	–	–	–	240
<i>Independent non-executive directors:</i>						
He Min (何敏)	240	–	–	–	30	270
Huang Ming (黃明)	240	–	–	–	30	270
Xu Quan (許權) (note v)	32	–	–	–	4	36
Liao Jianwen (廖建文) (note vi)	209	–	–	–	–	209
Wong Pui Sze (王沛詩) (note vi)	209	–	–	–	–	209
Guo Shaomu (郭少牧) (note vi)	209	–	–	–	–	209
	1,619	13,440	1,479	210	596	17,344
<b>For the year ended 31 December 2014</b>						
<i>Executive directors:</i>						
Pan Jun (潘軍) (note i)	–	2,442	–	54	746	3,242
Zeng Jie (曾寶寶)	–	2,506	–	53	746	3,305
Lam Kam Tong (林錦堂)	–	1,733	2,060	–	229	4,022
Zhou Jinquan (周錦泉)	–	1,644	2,028	54	–	3,726
Wang Liang (王亮) (note ii)	–	1,718	1,936	54	384	4,092
<i>Non-executive directors:</i>						
Li Dongsheng (李東生) (note iii)	240	–	–	–	–	240
Yuan Haodong (袁浩東) (note iii)	240	–	–	–	–	240
<i>Independent non-executive directors:</i>						
He Min (何敏)	240	–	–	–	120	360
Huang Ming (黃明)	240	–	–	–	120	360
Liao Changjiang (廖長江) (note iv)	211	–	–	–	120	331
Xu Quan (許權)	240	–	–	–	120	360
	1,411	10,043	6,024	215	2,585	20,278

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2015

### 12. Directors', Chief Executive's and Employees' Remunerations (continued)

Notes:

- (i) Mr. Pan Jun is also the Chief Executive of the Company and his emoluments disclosed above include those for services rendered by him as the Chief Executive.
- (ii) Appointed on 6 January 2014 and resigned on 30 June 2015.
- (iii) Appointed on 6 January 2014.
- (iv) Resigned on 18 November 2014.
- (v) Resigned on 17 February 2015.
- (vi) Appointed on 17 February 2015.

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

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

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

The discretionary bonus is determined by the Board of Directors based on the Group's performance for each financial year.

There was no arrangement under which a director or the chief executive waived or agreed to waive any remuneration during the year.

#### Five highest paid employees

The five individuals with the highest emoluments in the Group included 3 (2014: 5) directors for the year ended 31 December 2015. Details of their emoluments are set out above. The emoluments of the remaining 2 (2014: nil) of the five highest paid individuals are as follows:

	2015 RMB'000	2014 RMB'000
Salaries and allowances	5,530	–
Discretionary bonus	549	–
Retirement benefit scheme contributions	72	–
Share-based payments	104	–
	6,255	–

For the year ended 31 December 2015

12. Directors', Chief Executive's and Employees' Remunerations (continued)

Five highest paid employees (continued)

Their emoluments were within the following band:

	2015	2014
	No. of employees	No. of employees
HKD3,000,001 to HKD3,500,000	1	–
HKD4,000,001 to HKD4,500,000	1	–

During the years ended 31 December 2015 and 2014, no remuneration was paid by the Group to any of the directors and Chief Executive or the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office. None of the directors and Chief Executive waived any remuneration for the years ended 31 December 2015 and 2014.

13. Dividends

	2015	2014
	RMB'000	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.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2015

### 14. Earnings Per Share

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

	2015 RMB'000	2014 RMB'000
<b>Earnings</b>		
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
<b>Number of shares</b>		
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

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2015

## 15. Property, Plant and Equipment

	Hotel buildings RMB'000	Buildings RMB'000	Renovations and leasehold improvements RMB'000	Furniture, fixtures and equipment RMB'000	Transportation equipment RMB'000	Construction in progress RMB'000	Total RMB'000
<b>COST</b>							
At 1 January 2014	418,925	135,114	35,950	113,682	262,615	92,348	1,058,634
Transfer from properties for sale	91,509	-	-	-	-	-	91,509
Transfer from investment properties (note 16)	-	33,130	-	-	-	-	33,130
Additions	237,000	10,010	52,464	27,054	12,086	270,443	609,057
Acquisition of subsidiaries (note 45(a) and (b))	-	3,314	4,266	5,223	2,249	-	15,052
Disposal of subsidiaries (note 46(a) and (b))	-	-	-	(937)	(444)	-	(1,381)
Transfer to investment properties (Note)	(5,009)	(155)	-	-	-	-	(5,164)
Disposals	-	-	(6,050)	(21,767)	(1,723)	-	(29,540)
At 31 December 2014	742,425	181,413	86,630	123,255	274,783	362,791	1,771,297
Transfer from properties for sale	54,565	-	-	-	-	-	54,565
Transfer from investment properties (note 16)	-	4,343	-	-	-	-	4,343
Transfer upon completion	449,091	-	-	45,658	-	(494,749)	-
Additions	-	-	78,366	47,635	16,497	303,733	446,231
Acquisition of subsidiaries (note 45(a) and (b))	-	87,671	2,956	8,089	1,956	-	100,672
Transfer to investment properties (Note)	(14,404)	(33,649)	-	-	-	-	(48,053)
Disposal of subsidiaries (note 46(a))	(113,889)	-	-	-	-	-	(113,889)
Disposals	(115,202)	(2,614)	(315)	(10,186)	(2,018)	-	(130,335)
At 31 December 2015	1,002,586	237,164	167,637	214,451	291,218	171,775	2,084,831
<b>DEPRECIATION</b>							
At 1 January 2014	42,425	22,520	21,765	49,483	17,200	-	153,393
Provided for the year	22,956	21,489	8,133	2,759	35,758	-	91,095
Eliminated on disposal of subsidiaries (note 46(a))	-	-	-	(88)	(40)	-	(128)
Eliminated on disposals	-	(656)	(740)	(11,607)	(1,860)	-	(14,863)
Transfer to investment properties (Note)	(82)	-	-	-	-	-	(82)
At 31 December 2014	65,299	43,353	29,158	40,547	51,058	-	229,415
Provided for the year	26,279	36,998	15,201	31,224	20,511	-	130,213
Transfer to investment properties (Note)	(2,366)	-	-	-	-	-	(2,366)
Eliminated on disposal of subsidiaries (note 46(a))	(30,018)	-	-	-	-	-	(30,018)
Eliminated on disposals	(2,503)	(48)	(315)	(4,702)	(1,714)	-	(9,282)
At 31 December 2015	56,691	80,303	44,044	67,069	69,855	-	317,962
<b>CARRYING AMOUNTS</b>							
At 31 December 2015	945,895	156,861	123,593	147,382	221,363	171,775	1,766,869
At 31 December 2014	677,126	138,060	57,472	82,708	223,725	362,791	1,541,882

Note: During the year ended 31 December 2015, buildings with carrying amount of RMB45,687,000 (2014: RMB5,082,000) were transferred to investment properties upon change in use as evidenced by commencement of operating leases. The excess of the fair value of these properties at the date of change in use over the carrying amounts, amounting to RMB11,876,000 (2014: RMB9,942,000) were recognised in other comprehensive income and accumulated in the property revaluation reserve and non-controlling interests in equity.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2015

### 15. Property, Plant and Equipment (continued)

The following useful lives are used in the calculation of depreciation:

Hotel buildings	Over the shorter of the term of lease or 20 years
Buildings	Over the shorter of the term of lease or 50 years
Renovations and leasehold improvements	5 to 10 years
Furniture, fixtures and equipment	5 years
Transportation equipment	5 to 15 years

As at 31 December 2015, certain of the Group's buildings and hotel buildings with carrying amounts of RMB741,470,000 (2014: RMB521,182,000) were pledged to banks to secure certain banking facilities granted to the Group.

As at 31 December 2015, transportation equipment amounting to RMB204,255,000 (2014: RMB205,903,000) are held under finance lease.

### 16. Investment Properties

	Completed investment properties RMB'000	Investment properties under construction RMB'000	Total RMB'000
At 1 January 2014	3,294,907	717,921	4,012,828
Additions	44,596	612,254	656,850
Transfer from prepaid lease payments (note 22)	–	504,266	504,266
Transfer from premium on prepaid lease payments (note 23)	–	154,569	154,569
Transfer from completed properties for sale (note 29)	602,110	–	602,110
Transfer from property, plant and equipment (note 15)	15,024	–	15,024
Net change in fair value recognised in profit or loss	25,094	550,746	575,840
Acquisition of subsidiaries (note 45(a))	165,932	–	165,932
Transfer upon completion of construction work	531,161	(531,161)	–
Disposals	(12,214)	–	(12,214)
Transfer to property, plant and equipment (note 15)	(33,130)	–	(33,130)
At 31 December 2014	4,633,480	2,008,595	6,642,075
Additions	3,011	787,462	790,473
Transfer from completed properties for sale (note 29)	345,729	–	345,729
Transfer from property, plant and equipment (note 15)	57,563	–	57,563
Acquisition of subsidiaries (note 45(a) and (b))	139,694	–	139,694
Net change in fair value recognised in profit or loss	254,767	459,120	713,887
Transfer upon completion of construction work	364,475	(364,475)	–
Transfer to property, plant and equipment (note 15)	(4,343)	–	(4,343)
Disposal of subsidiaries (note 46(a))	(1,060,654)	(728,820)	(1,789,474)
Disposals	(10,673)	–	(10,673)
At 31 December 2015	4,723,049	2,161,882	6,884,931

For the year ended 31 December 2015

## 16. Investment Properties (continued)

As at 31 December 2015, the fair value of the Group's completed investment properties of RMB4,723,049,000 (2014: RMB4,633,480,000) and investment properties under development of RMB2,161,882,000 (2014: RMB2,008,595,000) were arrived at on the basis of a valuation carried out by Jones Lang LaSalle Sallmanns Limited, an independent qualified professional valuers not connected with the Group, which has appropriate qualifications and recent experiences in the valuation of similar properties in the relevant locations.

The valuations of completed investment properties are determined by both income capitalisation approach and comparison approach which is arrived at by reference to net rental income allowing for reversionary income potential and market evidence of transaction prices for similar properties in the same locations and conditions, where appropriate. The valuations of investment properties under construction are arrived at by residual method, which is based on market observable transactions of similar properties and taken into account the construction costs that will be expended to complete the development. Direct comparison approach is arrived at by reference to comparable market transactions and presuppose that evidence of relevant transactions in the market place can be extrapolated to similar properties, subject to allowance for variable factors.

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

As at 31 December 2015, investment properties with fair value of RMB582,498,000 (2014: RMB710,559,000) represent completed car parks which can be legally transferred, leased and mortgaged but the title certificates cannot be currently applied according to the relevant laws and regulations in the PRC.

As at 31 December 2015, certain of the Group's investment properties with an aggregate fair value of RMB736,349,000 (2014: RMB3,644,819,000) were pledged to banks to secure the banking facilities granted to the Group.

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

The following table gives information about how the fair values of these investment properties as at 31 December 2015 and 2014 are determined (in particular, the valuation techniques and inputs used), as well as the fair value hierarchy into which the fair value measurements are categorised (Levels 1 to 3) based on the degree to which the inputs to the fair value measurements is observable.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2015

## 16. Investment Properties (continued)

Investment properties held by the Group	Fair value as at 31 December 2015 RMB'000	Location	Fair value hierarchy	Valuation techniques and key inputs	Significant unobservable inputs (relationship of unobservable inputs to fair value)	Range
Completed investment properties	4,100,912	Shenzhen, Tianjin, Chengdu, Nanjing	Level 3	Income capitalisation of the net income and made provisions for reversionary income potential.	1. Term yield (the higher of the term yield, the lower of the fair value) 2. Reversionary yield (the higher of the reversionary yield, the lower of the fair value) 3. Vacancy ratio (the higher of vacancy, the lower of the fair value)	2.0% – 6.0% 2.3% – 6.5% 0.0% – 20%
Completed investment properties	622,137	Guilin, Shenzhen	Level 2	Direct comparison method – based on market observable transactions of similar properties and adjusted to reflect the conditions of the subject property.	N/A	N/A
Investment properties under construction	2,074,050	Nanjing, Tianjin, Suzhou	Level 3	Residual method – based on market observable transactions of similar properties and taken into account the construction costs that will be expended to complete the development.	1. Contingency (the higher of the contingency, the lower of the fair value) 2. Developer's profit (the higher of the developer's profit, the lower of the fair value) 3. Marketing costs (the higher of the marketing costs, the lower of the fair value) 4. Future construction costs for completion (the higher of the future construction costs, the lower of the fair value) 5. Gross development value (RMB64/M) (the higher of the gross development value, the higher of the fair value)	5% 20% 3% N/A RMB5,700 – RMB14,240
Investment properties under construction	87,832	Chengdu	Level 2	Direct comparison method – based on market observable transactions of similar lands and adjusted to reflect the conditions of the subject lands.	Market unit sales rate (RMB/sqm) (the higher of the market unit sales rate, the higher of the fair value)	RMB1,400
	6,884,931					

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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### 16. Investment Properties (continued)

Investment properties held by the Group	Fair value as at 31 December 2014 RMB'000	Location	Fair value hierarchy	Valuation techniques and key inputs	Significant unobservable inputs (relationship of unobservable inputs to fair value)	Range
Completed investment properties	4,579,312	Shenzhen, Tianjin, Chengdu, Nanjing	Level 3	Income capitalisation of the net income and made provisions for reversionary income potential.	1. Term yield (the higher of the term yield, the lower of the fair value)  2. Reversionary yield (the higher of the reversionary yield, the lower of the fair value)  3. Vacancy ratio (the higher of vacancy, the lower of the fair value)	2.0% – 5.0%  2.3% – 6.0%  0.0% – 8.0%
Completed investment properties	54,168	Guilin, Shenzhen	Level 2	Direct comparison method – based on market observable transactions of similar properties and adjusted to reflect the conditions of the subject property.	N/A	N/A
Investment properties under construction	1,390,599	Tianjin, Suzhou	Level 3	Residual method – based on market observable transactions of similar properties and taken into account the construction costs that will be expended to complete the development.	1. Contingency (the higher of the contingency, the lower of the fair value)  2. Developer's profit (the higher of the developer's profit, the lower of the fair value)  3. Marketing costs (the higher of the marketing costs, the lower of the fair value)  4. Future construction costs for completion (the higher of the future construction costs, the lower of the fair value)  5. Gross development value (RMB64/M) (the higher of the gross development value, the higher of the fair value)	5%  10%  2%  N/A  RMB5,000 – RMB9,200
Investment properties under construction	617,996	Chengdu	Level 2	Direct comparison method – based on market observable transactions of similar lands and adjusted to reflect the conditions of the subject lands.	Market unit sales rate (RMB/sqm) (the higher of the market unit sales rate, the higher of the fair value)	RMB5,600 – RMB13,000
	6,642,075					

During the year ended 31 December 2015, there were investment properties amounting to RMB415,560,000 (2014: RMB107,335,000) transferred out of Level 3 to Level 2 upon completion of construction work. There were no transfers into Level 3 during the years ended 31 December 2015 and 31 December 2014.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2015

### 17. Interests in Associates

	2015 RMB'000	2014 RMB'000
Cost of investments, unlisted	5,400	990
Share of post-acquisition results and other comprehensive income, net of dividends received	1,389	763
	6,789	1,753

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

Name of associates	Registered capital/ share capital	Equity interest attributable to the Group	Principal activities
Shenzhen Yuezhong Property Management Co., Ltd. 深圳市越眾物業管理有限公司	RMB1,000,000	50%	Property management
Shenzhen Qianhai House Keeper Network Service Co., Ltd. 深圳市前海房管家服務有限公司	RMB10,000,000 (2014: RMB1,000,000)	49%	Property management
Capitalrise Investment Pte. Ltd. 新加坡置富投資有限公司	SGD100	29%	Inactive

In the opinion of the directors of the Company, no associate is individually material to the Group.

### 18. Interests in Joint Ventures

	2015 RMB'000	2014 RMB'000
Cost of investments, unlisted	429,816	628,132
Share of post-acquisition results and other comprehensive income, net of dividends received	(19,772)	(18,151)
	410,044	609,981

For the year ended 31 December 2015

## 18. Interests in Joint Ventures (continued)

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

Name of joint ventures	Total capital amount injected by investors	Group's capital contribution over total capital injected by investors		Principal activities
		2015	2014	
南京中儲房地產開發有限公司 Nanjing Zhongchu Property Development Co., Ltd. ("Zhongchu") (note a)	RMB240,000,000	60.0%	60.0%	Property development in PRC
Fantasia (Novena) Pte. Ltd. ("Novena") (note a)	SGD1,000,000	90.0%	90.0%	Property development in Singapore
TCL伊托邦(武漢)城市建設投資有限公司 TCL Yituobang (Wuhan) City Construction in PRC Investment Co., Ltd. ("Yituobang") (note a)	RMB20,000,000	50.0%	50.0%	Property development
寧波世紀華豐房產有限公司 Ningbo Century Huafeng Property Co., Ltd. ("Huafeng")	RMB427,500,000	(note b)	49.0%	Property development in PRC

Notes:

- (a) According to the Articles of Association of Zhongchu, Novena and Yituobang, all operating and financing decisions of these joint ventures require unanimous consent and approval from the shareholders including the Group and the other joint venture party.
- (b) On 31 March 2015, the Group further acquired 51% equity interest in Huafeng due to cancellation of the disposal transaction in 2014, and details of related acquisition are disclosed in note 45(a). Huafeng became a wholly-owned subsidiary of the Company since the acquisition date.

The principal activities of the above joint ventures are strategic to the Group to continue with the expansion of the Group's property development operation.

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

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



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2015

### 18. Interests in Joint Ventures (continued)

#### Zhongchu

	2015 RMB'000	2014 RMB'000
Current assets	3,029,584	2,752,641
Non-current assets	339	383

The above amounts of assets include the followings:

Property, plant and equipment	339	383
Properties under development for sale	1,805,756	1,127,542
Trade and other receivables	161,235	645,245
Amounts due from certain subsidiaries of the Company	1,023,916	962,387
Bank balances and cash	38,677	17,467
Current liabilities	2,437,031	2,152,909

The above amounts of liabilities include the following:

Trade and other payables	2,437,031	2,152,909
Loss and total comprehensive expense for the year	7,223	2,880

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

	2015 RMB'000	2014 RMB'000
Net assets of the joint venture	592,892	600,115
Proportion of the Group's ownership interest in Zhongchu	60.0%	60.0%
Carrying amount of the Group's interest in Zhongchu	355,735	360,069

For the year ended 31 December 2015

18. Interests in Joint Ventures (continued)

Novena

	2015 RMB'000	2014 RMB'000
Current assets	867,849	809,158
The above amounts of assets mainly include the followings:		
Properties under development for sale	867,261	807,421
Bank balances and cash	1,115	1,737
Prepayment	8,473	–
Current liabilities	305,525	238,861
Non-current liabilities	513,098	518,925
The above amounts of liabilities mainly include the followings:		
Trade and other payables	46,087	66,573
Deposits received for sale of properties	79,180	22,433
Amounts due to the certain subsidiaries of the Company	180,258	149,855
Borrowings	513,098	518,925
Loss and total comprehensive expense for the year	2,146	6,001
Reconciliation of the above summarised financial information to the carrying amount of the interest in the joint venture recognised in the consolidated financial statements:		
Net assets of the joint venture	49,226	51,372
Proportion of the Group's ownership interest in Novena	90.0%	90.0%
Carrying amount of the Group's interest in Novena	44,303	46,235

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2015

### 19. Available-For-Sale Investment

The investment represented 10% equity investment in unlisted equity security issued by a private entity incorporated in the PRC. Its principal activity is property development in PRC. It is measured at cost less impairment at the end of the reporting period because the range of reasonable fair value estimates is so significant that the directors of the Company are of the opinion that their fair values cannot be measured reliably. On 8 January 2015, the Group disposed of its AFS investment through the disposal of the entire equity interests of its holding companies to an independent third party with detail disclosed in note 46(a)(i).

### 20. Goodwill

	RMB'000
<hr/>	
COST	
At 1 January 2014	110,783
Arising on acquisition of businesses (note 45(b))	54,651
<hr/>	
At 31 December 2014	165,434
Arising on acquisition of businesses (note 45(b))	599,631
<hr/>	
At 31 December 2015	765,065
<hr/>	
IMPAIRMENT	
At 1 January 2014, 31 December 2014 and 2015	31,516
<hr/>	
CARRYING AMOUNTS	
At 31 December 2015	733,549
<hr/>	
At 31 December 2014	133,918
<hr/>	

During the years ended 31 December 2015, the Group acquired a number of subsidiaries from independent third parties at total cash consideration of RMB910,327,000. The principal activities of the acquirees are mainly provision of travel agency services and property operation services. Details of related acquisitions are disclosed in note 45(b).

Goodwill acquired in business combinations is allocated, at acquisition, to the cash generating units ("CGUs") that are expected to benefit from those business combinations.

During the year ended 31 December 2015 and 2014, management of the Group determined that there is no impairment of its CGU containing goodwill for the acquisition of businesses.

For the year ended 31 December 2015

**21. Intangible Assets**

	Property management contracts and customer relationship RMB'000	Trademark RMB'000	Total RMB'000
<b>COST</b>			
At 1 January 2014	1,813	–	1,813
Arising on acquisition of subsidiaries (note 45(b))	29,448	–	29,448
At 31 December 2014	31,261	–	31,261
Arising on acquisition of subsidiaries (note 45(b))	138,187	52,441	190,628
At 31 December 2015	169,448	52,441	221,889
<b>AMORTISATION</b>			
At 1 January 2014	906	–	906
Charge for the year	3,505	–	3,505
At 31 December 2014	4,411	–	4,411
Charge for the year	13,004	–	13,004
At 31 December 2015	17,415	–	17,415
<b>CARRYING AMOUNT</b>			
At 31 December 2015	152,033	52,441	204,474
At 31 December 2014	26,850	–	26,850

The property management contracts, customer relationship and trade mark were acquired from independent third parties through the acquisition of subsidiaries during the years ended 31 December 2015 and 2014.

The above intangible assets have finite useful lives and are amortised on a straight line basis over the remaining contract term ranging from 54 months to 180 months.

**22. Prepaid Lease Payments**

	2015 RMB'000	2014 RMB'000
Non-current assets	868,698	884,550
Current assets	34,274	34,274
	902,972	918,824

As at 31 December 2015, certain of the Group's prepaid lease payments with a carrying amount of RMB435,475,000 (2014: RMB718,467,000) were pledged to banks to secure the banking facilities granted to the Group.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2015

### 23. Premium on Prepaid Lease Payments

Premium on prepaid lease payments of the Group represent the excess of the fair value over the carrying amount of the prepaid lease payments and amounting to RMB175,847,000 (2014: RMB179,525,000) in respect of leasehold lands in the PRC under long-term lease acquired through acquisition of subsidiaries during the year and are amortised over the period of the remaining lease term on a straight-line basis.

	RMB'000
<b>COST</b>	
At 1 January 2014	429,141
Transfer to properties under development for sale	(45,412)
Transfer to investment properties under construction (note 16)	(179,353)
At 31 December 2014 and 2015	204,376
<b>AMORTISATION</b>	
At 1 January 2014	28,256
Amortised for the year	22,910
Eliminated on transfer to properties under development for sale	(1,531)
Eliminated on transfer to investment properties under construction (note 16)	(24,784)
At 31 December 2014	24,851
Amortised for the year	3,678
At 31 December 2015	28,529
<b>CARRYING AMOUNTS</b>	
At 31 December 2015	175,847
At 31 December 2014	179,525

Analysed for reporting purposes as:

	2015 RMB'000	2014 RMB'000
Non-current assets	172,169	175,847
Current assets	3,678	3,678
	175,847	179,525

For the year ended 31 December 2015

## 24. Land Development Expenditure

In March 2011, the Group entered into an agreement (“Agreement 1”) with Chengdu Government relating to the development of the Wu Gui Qiao Town located in Jinjiang area, Chengdu, Sichuan Province (“Land Development Project”). Under the Agreement 1, the Group is required to jointly construct the ancillary facilities on these parcels of land pursuant to the guidelines set by the Chengdu Government while the Chengdu Government is required to complete the demolition and resettlement work, arrange public auction and pay certain percentage of sale proceeds received in public auction to the Group by reference to the formula set out in the Agreement 1.

In March 2015, the Group entered into an agreement (“Agreement 2”) with Chengdu Government by the government relating to the cancellation of the Agreement 1 and revision of the terms of the Land Development Project. Under the Agreement 2, the Chengdu Government is required to return the cost incurred for constructing the ancillary facilities and pay the project management fee at 5% per annum based on the accumulated costs incurred by the Group by instalments as stipulated in the Agreement 2. During the year ended 31 December 2015, RMB315,930,000 has been settled by Chengdu Government.

The outstanding balance of RMB419,274,000 which represented the accumulated costs amounting to RMB352,035,000 incurred on the Land Development Project after deduction of the refund received from Chengdu Government and project management income amounting to RMB67,239,000 was reclassified to other receivables during the year ended 31 December 2015. Pursuant to the Agreement 2, Chengdu Government will settle the aforesaid receivables in 2016.

The movements of land development expenditure during the year are as follows:

	RMB'000
At 1 January 2015	667,965
Investment income from Chengdu Government	67,239
Repayment from Chengdu Government	(315,930)
Transfer to other receivables (note 30)	(419,274)
At 31 December 2015	–

## 25. Deposits Paid for Acquisition of Subsidiaries

As at 31 December 2015, the Group had made deposits of RMB124,593,000 (2014: RMB119,889,000) in relation to the acquisition of parcels of land through acquisition of Yunnan Zhongfucheng Property Development Co., Limited 雲南眾福成房地產開發有限公司 (“Yunnan Zhongfucheng”) from an independent third party. The aforesaid company is principally engaged in property development in the PRC.

As at 31 December 2015, the Group had made deposits of RMB106,736,000 (2014: RMB142,661,000) in relation to the acquisition of a number of companies which are principally engaged in property operation in the PRC from independent third parties. According to the sale and purchase agreements, in case of incompleteness of the acquisitions, the deposits paid will be fully refunded to the Group.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2015

### 26. Deposit Paid for Acquisition of a Property Project

As at 31 December 2015, the Group had made deposit of RMB140,946,000 (2014: RMB136,648,000) in relation to the acquisition of a property project from an independent property developer.

The aforesaid deposit relates to acquisition of a building for hotel operations and is therefore classified as non-current assets.

At the date these consolidated financial statements were authorised for issue, the acquisition of the property project has not been completed.

### 27. Deposits Paid for Acquisition of Land Use Rights

As at 31 December 2015, the Group had made deposits of RMB1,050,077,000 in relation to acquisition of land use rights from third parties (2014: RMB1,005,685,000). In the opinion of the directors of the Company, the aforesaid transactions are expected to be completed within twelve months from the end of the reporting period.

### 28. Deferred Taxation

The following are the major deferred tax liabilities (assets) recognised and movements thereon during the current and prior years:

	Fair value change of investment properties RMB'000	Revaluation of investment properties and other properties RMB'000	Temporary difference on accruals RMB'000	Tax losses RMB'000	Intangible assets RMB'000	Others RMB'000 (note)	Total RMB'000
At 1 January 2014	813,471	20,474	(30,708)	(118,786)	226	(358,215)	326,462
Charge to other comprehensive income	-	2,485	-	-	-	-	2,485
Acquisition of subsidiaries (note 45(a) and (b))	19,294	-	(4,029)	(7,444)	7,362	2,508	17,691
Charge (credit) to profit or loss	324,462	-	(12,737)	(60,456)	(876)	(14,137)	236,256
Disposal of subsidiaries (note 46(a) and (c))	-	-	4,105	12,785	-	(2,343)	14,547
At 31 December 2014	1,157,227	22,959	(43,369)	(173,901)	6,712	(372,187)	597,441
Charge to other comprehensive income	-	2,969	-	-	-	-	2,969
Acquisition of subsidiaries (note 45(a) and (b))	14,065	12,139	(2,099)	(1,151)	43,199	(5,902)	60,251
Charge (credit) to profit or loss	265,841	-	(3,429)	6,467	(3,251)	(21,872)	243,756
Disposal of subsidiaries (note 46(a))	(287,202)	(8,093)	-	75	-	-	(295,220)
At 31 December 2015	1,149,931	29,974	(48,897)	(168,510)	46,660	(399,961)	609,197

Note: Others mainly represent the deductible temporary difference arising from LAT provision.

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## 28. Deferred Taxation (continued)

For the purpose of presentation in the consolidated statement of financial position, certain deferred tax assets and liabilities have been offset. The following is the analysis of the deferred tax balances for financial reporting purposes:

	2015 RMB'000	2014 RMB'000
Deferred tax assets	(462,161)	(498,714)
Deferred tax liabilities	1,071,358	1,096,155
	609,197	597,441

As at 31 December 2015, the Group had unutilised tax losses of RMB3,065,202,000 (2014: RMB2,118,150,000). A deferred tax asset has been recognised in respect of RMB674,040,000 (2014: RMB695,604,000) of such tax losses. No deferred tax asset has been recognised in respect of the remaining tax losses of RMB2,391,162,000 (2014: RMB1,422,546,000) due to the unpredictability of future profits streams.

As at 31 December 2015, the aggregate amount of temporary differences associated with undistributed earnings of subsidiaries, for which deferred tax liabilities have not been recognised, was RMB7,582,886,000 (2014: RMB7,324,895,000). No deferred tax liability has been recognised in respect of these temporary differences because the Group is in a position to control the timing of the reversal of the temporary difference and it is probable that such differences will not reverse in the foreseeable future.

## 29. Properties for Sale

	2015 RMB'000	2014 RMB'000
Completed properties for sale	5,393,480	6,266,564
Properties under development for sale	16,408,168	13,175,952
	21,801,648	19,442,516

As at 31 December 2015, certain of the Group's properties for sale with a carrying amount of RMB1,960,608,000 (2014: RMB5,832,326,000) were pledged to secure certain banking facilities granted to the Group.

During the year ended 31 December 2015, completed properties for sale with an aggregate carrying amount of RMB169,807,000 (2014: RMB506,445,000) were transferred to investment properties upon change in use as evidenced by signing of relevant tenancy agreements. The excess of the fair value of these properties at the date of transfer over their carrying amounts, amounting to RMB175,922,000 (2014: RMB95,665,000) were recognised in the consolidated statement of profit or loss and other comprehensive income.

Included in the amount are properties under development for sale of RMB8,608,294,000 (2014: RMB7,389,330,000) in relation to property development projects that are expected to complete after one year from the end of the reporting period.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2015

### 30. Trade and Other Receivables

	2015 RMB'000	2014 RMB'000
Trade receivables	1,317,151	1,034,555
Other receivables (note a)	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 (note 46(a))	761,000	286,446
Amount due from Pixian Government (note b)	135,989	135,989
Amount due from Chengdu Government (note 24)	419,274	–
Other tax prepayments (note c)	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:

- (a) The balance mainly includes the payment on behalf of residents for the utilities and sundry charges of property operation segment.
- (b) In September 2009, the Group entered into an agreement (“Agreement 1”) with Pixian Government relating to the joint development of the Wangcong Ancient Sichuan Culture Park located in Pixian County, Chengdu, Sichuan Province (“Land Development Project 2”). Under the Agreement 1, the Group is responsible for preparing overall plans and detailed designs of the culture park as well as the construction of road nearby while the Pixian Government is required to complete the demolition and resettlement work, arrange public auction and pay certain percentage of sale proceeds received in public auction and pay certain percentage of sale proceeds received in public auction to the Group by reference to the formula set out in the Agreement 1.

During the year ended 31 December 2013, the Group entered into an agreement (“Agreement 2”) with Pixian Government relating to the cancellation of the Agreement 1 and revision of the terms of the Land Development Project 2. Under the Agreement 2, the Group is responsible for provision of funds to Pixian Government and management of the Land Development Project 2 to Pixian Government while the Pixian Government is required to repay finance cost at Benchmark Rate, investment income at 12% per annum and project management fee at 3% per annum based on the accumulated cost incurred by the Group as stipulated in the formula set out in the Agreement 2, before the execution of Agreement 2.

As at 31 December 2015, the balance of investment income amounting to RMB135,989,000 is required to be settled on or before 31 December 2016. The principal amounting to RMB376,841,000 is required to be settled upon the land are disposed by Pixian Government which is classified as non-current assets.

- (c) 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, RMB218,691,000 (2014: RMB168,946,000) has been prepaid and included in other tax prepayments.

For the year ended 31 December 2015

### 30. Trade and Other Receivables (continued)

Trade receivables are mainly arisen from sales of properties, rental income derived from investment properties, agency fee income in respect of property rentals, services 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 sale 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 services 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 services has a designated credit limit.

Hotel operation and travel agency service income are in the form of cash sales.

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 RMB'000	2014 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

The trade receivables as at 31 December 2015 included the receivables from the property sales of RMB469,365,000 (2014: RMB343,772,000) whereby the banks have agreed to provide mortgage facilities to the property purchasers and the banks are in the process of releasing the funds to the Group.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2015

### 30. Trade and Other Receivables (continued)

For property investment and property operation services, before accepting any new customer, the Group would assess the potential customer's credit quality and defined credit rating limits of each customer. Limits attributed to customers are reviewed once a year.

In determining the recoverability of a trade receivable, the Group considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the reporting date and no impairment is necessary for those balances which are not past due.

As at 31 December 2015, included in the Group's trade receivable balance are debtors with aggregate carrying amount of RMB359,036,000 (2014: RMB315,071,000) which are past due for which the Group has not provided impairment loss as there has not been a significant change in credit quality and amounts are still considered recoverable based on historical experience. The Group does not hold any collateral over these balances.

#### Aging of trade receivables which are past due but not impaired

	2015 RMB'000	2014 RMB'000
91 to 180 days	118,624	72,856
181 to 365 days	105,263	141,341
Over 1 year	100,757	100,874
	324,644	315,071

#### Movement in the allowance for doubtful debts in respect of trade and other receivables

	2015 RMB'000	2014 RMB'000
Balance at the beginning of the year	48,755	9,102
Impairment losses recognised	48,874	44,697
Impairment losses reversed	(4,370)	(5,044)
Balance at the end of the year	93,259	48,755

For the year ended 31 December 2015

### 31. Amounts Due from Customers for Contract Works

	2015 RMB'000	2014 RMB'000
Contract costs incurred plus recognised profits less recognised losses	368,733	363,489
Less: progress billings	(296,937)	(312,224)
	71,796	51,265
Analysed for reporting purposes as:		
Amounts due from customers for contract works	88,937	59,460
Amounts due to customers for contract works	(17,141)	(8,195)
	71,796	51,265

Retentions held by customers for contract works for installation contracts was included in trade receivables as at 31 December 2015 and 2014. No significant advance was received from customers prior to commencement of contract works as at 31 December 2015 and 2014.

### 32. Amount Due from a Joint Venture

As at 31 December 2015, the balance of amount due from a joint venture, Novena, amounting to RMB180,258,000 (2014: RMB149,855,000), represents receivables from the joint venture and is non-trade in nature, unsecured, interest-free and repayable on demand.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2015

### 33. Amounts Due from Related Parties

Amounts due from:	Notes	2015 RMB'000	2014 RMB'000
Shenzhen Cube Architecture Designing Consultants Company Limited "Cube Architecture"	(a)	1,124	–
Shenzhen Caifubao Network Technology Company Limited "Shenzhen Caifubao"	(b)	183,658	–
		184,782	–

Notes:

- (a) One of the shareholder of Cube Architecture is a company controlled by Ms. Zeng Jie, Baby who is the controlling shareholder and director of the Company. Cube Architecture provided design service for certain property projects of the Group. The amount is trade in nature, unsecured, interest-free and payable according to the credit term. The aging of the balance is within 90 days.
- (b) Pan Jun, a director and the chief executive officer of the Company, is the controlling shareholder of Shenzhen Caifubao. The cash advance by the Group to Shenzhen Caifubao is non-trade in nature, unsecured, interest-free and repayable one demand.

### 34. Financial Assets Designated as at FVTPL

During the year ended 31 December 2015, the Group invested in money market funds issued by a reputable securities corporation through acquisition of Shenzhen Kaiyuan International Property Management Co., Ltd. ("Shenzhen Kaiyuan"). The return and principal were not guaranteed by the securities corporation and the value of the funds varies by reference to the performance of the underlying investments comprising mainly debt investments in PRC including government debentures, treasury notes, corporate bonds and short-term fixed deposits. The investments in money market funds have been designated as at FVTPL at initial recognition as the investments are managed and the performance is evaluated on fair value basis. As at 31 December 2015, the principal of the investments in the money market funds are RMB19,200,000 (2014: nil). In the opinion of directors, the fair value of investment at 31 December 2015 approximated to their principal amounts.

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### 35. Restricted/Pledged Bank Deposits/Bank Balances and Cash

#### Restricted/pledged bank deposits

The deposits carry interest rates ranging from 0.3% to 0.4% (2014: 0.4% to 0.5%) per annum. The restricted/pledged bank deposits amounting to RMB510,832,000 (2014: RMB272,741,000) will be released upon the buyers obtaining the individual property ownership certificate, while a total amount of RMB137,209,000 (2014: RMB145,211,000) are proceeded from presale of properties with the restriction of use for settlement of construction costs for relevant property projects. The term deposits amounting to RMB688,441,000 (2014: RMB496,644,000) were pledged to banks to secure the short term banking facilities granted to the Group.

#### Bank balances and cash

The bank balances carry variable interest rates ranging from 0.3% to 2.8% (2014: 0.4% to 2.3%) per annum.

As at 31 December 2015, bank balances of the relevant group entities denominated in foreign currencies as below:

	2015 RMB'000	2014 RMB'000
USD	24,247	60,413
HKD	84,189	318,722
SGD	4,818	243
JPY	1,434	3,366

### 36. Trade and Other Payables

	Notes	2015 RMB'000	2014 RMB'000
Trade payables		4,530,755	3,706,547
Deposit received	(a)	587,197	183,996
Other payables	(b)	901,313	891,659
Other tax payables		188,376	137,307
Accrued staff costs		215,566	105,508
Retention payables	(c)	7,234	6,870
Consideration payables (note 45(b))		138,127	426,297
Accruals		58,360	57,959
		6,626,928	5,516,143

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

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2015

### 36. Trade and Other Payables (continued)

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 RMB'000	2014 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
	<hr/> 4,537,989	<hr/> 3,713,417

Notes:

- (a) The balance of deposits received amounting to RMB517,197,000 (2014: RMB183,996,000) mainly represent the earnest money received from potential property buyers. The deposit received at 31 December 2015 also included the cash receipt from certain independent potential investors of a subsidiary of the Company amounting to RMB70,000,000.
- (b) The balance of other payables mainly includes 1) receipt on behalf of residents amounting to RMB157,581,000 (2014: RMB105,648,000), 2) advances for settlement of property management service fees amounting to RMB78,837,000 (2014: RMB14,273,000).
- (c) As at December 2015, the balance of RMB7,234,000 (2014: RMB6,870,000) represents the retention money of approximately 5% to 10% of the construction contract price.

For the year ended 31 December 2015

### 37. Amount Due to a Non-Controlling Shareholder

During the year ended 31 December 2014, the Group acquired Huizhou TCL Property Development Company Limited 惠州TCL房地產開發有限公司 (“Huizhou TCL”) from TCL Corporation and two other independent third parties at a consideration of RMB1,905,053,000. The consideration of RMB939,525,000 has been settled by the issuance of 863,600,074 ordinary shares of the Company to TCL Corporation, and the remaining consideration of RMB965,528,000 will be payable within 3 years. At 31 December 2015, TCL Corporation owns 15% shareholding in the Company.

According to the sales and purchase agreements, the remaining consideration due to TCL Corporation is interest bearing at 10.58% per annum and to be settled by three instalments and the last instalment to be settled before 6 January 2017, the unpaid consideration payables as at 31 December 2015 are as follows:

	RMB'000
Consideration payables at date of acquisition	965,528
Interest expense	141,099
At 1 January 2015	1,106,627
Interest expenses	48,581
Repayment	(435,288)
At 31 December 2015	719,920
Repayable within one year	390,199
Repayable after one year	329,721
	719,920

### 38. Amounts Due to Joint Ventures

As at 31 December 2015, the amounts due to Zhongchu amounting to RMB1,023,916,000 (2014: RMB962,387,000), Yituobang amounting to RMB10,000,000 (2014: RMB10,000,000) and Huafeng amounting to nil (2014: RMB24,080,000) represent advances from these joint ventures and are unsecured, interest-free and repayable on demand.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2015

### 39. Borrowings

	Notes	2015 RMB'000	2014 RMB'000
Bank loans		3,164,412	6,174,400
Other loans	(a)	800,000	1,600,000
		3,964,412	7,774,400
Secured	(b)	3,914,412	7,636,242
Unsecured		50,000	138,158
		3,964,412	7,774,400
Carrying amount repayable:	(c)		
Within one year		1,407,598	4,122,925
More than one year, but not exceeding two years		1,225,488	1,867,361
More than two years, but not exceeding five years		1,242,871	927,821
More than five years		88,455	856,293
Total borrowings		3,964,412	7,774,400
Less: Amounts due within one year shown under current liabilities		(1,407,598)	(4,122,925)
Borrowings due after one year		2,556,814	3,651,475

Notes:

- (a) Other loans amounting to RMB800,000,000 (2014: RMB1,600,000,000) represent loans provided by certain trust companies, which are secured by property, plant and equipment, investment properties and properties for sale, carry interest at the fixed rate of 12.0% (2014: 9.5%) per annum. The loan balance as at 31 December 2015 will be fully repaid within 2018.
- (b) As at 31 December 2015, certain directors of the Company provided joint guarantees to the banks and trust companies to secure the Group's bank and other borrowings amounting to RMB247,000,000 (2014: RMB59,640,000) in aggregate.
- (c) The amounts due are based on scheduled repayment dates set out in the loan agreements.

As at 31 December 2015, all borrowings are denominated in RMB except that secured borrowings amounting to RMB332,708,000 (2014: RMB136,577,000) and RMB39,530,000 (2014: RMB42,413,000) are denominated in USD and JPY respectively, the functional currencies of relevant group entities.

For the year ended 31 December 2015

39. Borrowings (continued)

The analysis of the Group's fixed-rate borrowings based on their contractual maturity dates (or reset dates) is as follows:

	2015 RMB'000	2014 RMB'000
Fixed-rate borrowings:		
Within one year	30,099	1,854,542
More than one year, but not exceeding two years	–	244,791
More than two years, but not exceeding five years	801,148	2,221
More than five years	38,455	227,373
	869,702	2,328,927

In addition, the Group has variable-rate borrowings which carry interest linked to LIBOR, HIBOR and Benchmark Rate. Interest is reset every six months. The analysis of the Group's variable-rate borrowings based on their contractual maturity dates are as follows:

	2015 RMB'000	2014 RMB'000
Variable-rate borrowings:		
Within one year	1,377,499	2,268,383
More than one year, but not exceeding two years	1,225,488	1,622,570
More than two years, but not exceeding five years	441,723	925,600
More than five years	50,000	628,920
	3,094,710	5,445,473

The ranges of effective interest rates (which are the contracted interest rates) on the Group's borrowings are as follows:

	2015	2014
Effective interest rate:		
Fixed-rate borrowings	7.4% to 12.0% per annum	9.5% per annum
Variable-rate borrowings		
LIBOR	+2.0% per annum	+2.0% per annum
Benchmark Rate	–0.1% to +3.6% per annum	–0.1% to +3.3% per annum
Benchmark Deposit Rate of the People's Bank of China	+1.8% per annum	–

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2015

### 40. Obligations Under Finance Leases

It is the Group's policy to lease certain of its transportation equipment under finance leases. The average lease term is 6 years (2014: 7 years). Interest rates underlying all obligations under finance leases are fixed at respective contract dates ranging 4.2% (2014: 4.2%) per annum.

	Minimum lease payments		Present value of minimum lease payments	
	2015 RMB'000	2014 RMB'000	2015 RMB'000	2014 RMB'000
<b>Amounts payable under finance leases</b>				
Within one year	26,922	26,235	22,101	20,826
More than one year but not more than two years	26,004	25,369	21,691	20,426
More than two years but not more than five years	72,502	70,915	66,713	62,878
More than five years	16,920	37,771	16,575	36,445
	142,348	160,290	127,080	140,575
Less: future finance charge	(15,268)	(19,715)	–	–
Present value of lease obligations	127,080	140,575	127,080	140,575
Less: Amount due for settlement within twelve months shown under current liabilities			(22,101)	(20,826)
Amount due for settlement after twelve months			104,979	119,749

Finance lease obligations are denominated in USD, which is the foreign currency of the relevant group entity and secured by the leased asset.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2015

### 41. Senior Notes and Bonds

	Notes	2015 RMB'000	2014 RMB'000
2010 senior notes due 2015	(a)	–	746,051
2012 senior notes due 2017	(b)	1,634,145	1,557,925
2013 – January senior notes due 2020	(c)	1,644,646	1,572,291
2013 – May senior notes due 2016	(d)	1,004,105	996,332
2014 senior notes due 2019	(e)	1,982,577	1,895,533
2015 – May senior notes due 2018	(f)	1,258,302	–
2015 – domestic corporate bonds due 2021	(g)	1,988,804	–
		9,512,579	6,768,132
Less: amounts due within one year included in current liabilities		(1,004,105)	(746,051)
Amounts due after one year included in non-current liabilities		8,508,474	6,022,081

Notes:

- (a) 2010 senior notes  
During the year ended 31 December 2015, the Company repaid guaranteed senior notes in an aggregate principal amount together with all accrued interest of RMB795,926,000.
- (b) 2012 senior notes  
On 27 September 2012, the Company issued senior notes in an aggregate principal amount of US\$250,000,000. The senior notes are guaranteed by certain subsidiaries of the Company. The issue price is 99.5% of the principal amount of the senior notes. The senior notes are listed on the SGX. The senior notes carry interest of 13.8% per annum and interest is payable semi-annually on 27 March and 27 September in arrears. The notes will mature on 27 September 2017, unless redeemed earlier.

The senior notes may be redeemed in the following circumstances:

At any time, the Company may at its option redeem the senior notes, in whole but not in part, at a redemption price equal to 100% of the principal amount of the senior notes plus applicable premium as defined in the offering memorandum of the Company dated 20 September 2012 ("Applicable Premium 2") as of, and accrued and unpaid interest, if any to (but not including) the redemption date.

Applicable Premium 2 is the greater of 1% of the principal amount of such senior notes or the excess of the amount equivalent to the principal amount and related interest up to 27 September 2017 discounted at a rate equal to comparable treasury price in United States plus 100 basis points over the principal amount.

At any time and from time to time prior to 27 September 2015, the Company may redeem up to 35% of the aggregate principal amount of the senior notes with the net cash proceeds of one or more sales of ordinary shares of the Company in an equity offering at a redemption price of 113.8% of the principal amount of the senior notes, plus accrued and unpaid interest, if any, to (but not including) the redemption date.

The senior notes contain a liability component and the above early redemption options:

- (i) Liability component represents the present value of the contractually determined stream of future cash flows discounted at the prevailing market interest rate at that time applicable to instruments of comparable credit status and providing substantially the same cash flows, on the same terms, but without the embedded derivatives.

The interest charged for the year is calculated by applying an effective interest rate of approximately 14.9% per annum to the liability component since the senior notes were issued.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2015

## 41. Senior Notes and Bonds (continued)

Notes: (continued)

- (b) 2012 senior notes (continued)
- (ii) Early redemption options are regarded as embedded derivatives not closely related to the host contract. The directors consider that the fair value of the above early redemption options is insignificant on initial recognition, 31 December 2014 and 2015.
- (c) 2013 – January senior notes
- On 22 January 2013, the Company issued guaranteed senior notes in an aggregate principal amount of US\$250,000,000. The senior notes are guaranteed by certain subsidiaries of the Company. The issue price is 100% of the principal amount. The senior notes are listed on the SGX and carry interest of 10.75% per annum and interest is payable semi-annually on 22 January and 22 July in arrears. The senior notes will mature on 22 January 2020, unless redeemed earlier.

The senior notes may be redeemed in the following circumstances:

At any time, the Company may at its option redeem the senior notes, in whole but not in part, at a redemption price equal to 100% of the principal amount of the senior notes plus applicable premium as defined in the offering memorandum of the Company dated 22 January 2013 ("Applicable Premium 3") as of, and accrued and unpaid interest, if any to (but not including) the redemption date.

Applicable Premium 3 is the greater of 1% of the principal amount of such senior notes or the excess of the amount equivalent to the principal amount and related interest up to 22 January 2020 discounted at a rate equal to comparable treasury price in United States plus 100 basis points over the principal amount.

At any time and from time to time on or after 22 January 2017, the Company may at its option redeem the senior notes, in whole or in part, at a redemption price equal to 100% percentage of principal amount set forth below plus accrued and unpaid interest, if any, to (but not including) the redemption date.

At any time and from time to time prior to 22 January 2017, the Company may redeem up to 35% of the aggregate principal amount of the senior notes with the net cash proceeds of one or more sales of ordinary shares of the Company in an equity offering at a redemption price of 110.75% of the principal amount of the senior notes, plus accrued and unpaid interest, if any, to (but not including) the redemption date.

Period	Redemption price
22 January 2017–21 January 2018	105.3750%
22 January 2018–21 January 2019	102.6875%
22 January 2019 and thereafter	100.0000%

For the year ended 31 December 2015

#### 41. Senior Notes and Bonds (continued)

Notes: (continued)

(c) 2013 – January senior notes (continued)

The senior notes contain a liability component and the above early redemption options:

- (a) Liability component represents the present value of the contractually determined stream of future cash flows discounted at the prevailing market interest rate at that time applicable to instruments of comparable credit status and providing substantially the same cash flows, on the same terms, but without the embedded derivatives.

The interest charged for the year is calculated by applying an effective interest rate of approximately 14.6% per annum to the liability component since the senior notes were issued.

- (b) Early redemption options are regarded as embedded derivatives not closely related to the host contract. The directors consider that the fair value of the above early redemption options is insignificant on initial recognition, 31 December 2014 and 2015.

(d) 2013 – May senior notes

On 27 May 2013, the Company issued guaranteed senior notes in an aggregate principal amount of RMB1,000,000,000. The senior notes are guaranteed by certain subsidiaries of the Company. The issue price is 100% of the principal amount. The senior notes are listed on the SGX and carry interest of 7.875% per annum and interest is payable semi-annually on 27 November and 27 May in arrears. The senior notes will mature on 27 May 2016, unless redeemed earlier.

The senior notes may be redeemed in the following circumstances:

At any time, the Company may at its option redeem the senior notes, in whole but not in part, at a redemption price equal to 100% of the principal amount of the senior notes plus applicable premium as defined in the offering memorandum of the Company dated 27 May 2013 ("Applicable Premium 4") as of, and accrued and unpaid interest, if any to (but not including) the redemption date.

Applicable Premium 4 is the greater of 1% of the principal amount of such senior notes or the excess of the amount equivalent to the principal amount and related interest up to 27 May 2016 discounted at a rate equal to comparable treasury price in United States plus 100 basis points over the principal amount.

At any time and from time to time prior to 27 May 2016, the Company may redeem up to 35% of the aggregate principal amount of the senior notes with the net cash proceeds of one or more sales of ordinary shares of the Company in an equity offering at a redemption price of 107.875% of the principal amount of the senior notes, plus accrued and unpaid interest, if any, to (but not including) the redemption date.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2015

### 41. Senior Notes and Bonds (continued)

Notes: (continued)

(d) 2013 – May senior notes (continued)

The senior notes contain a liability component and the above early redemption options:

- (i) Liability component represents the present value of the contractually determined stream of future cash flows discounted at the prevailing market interest rate at that time applicable to instruments of comparable credit status and providing substantially the same cash flows, on the same terms, but without the embedded derivatives.

The interest charged for the year is calculated by applying an effective interest rate of approximately 11.3% per annum to the liability component since the senior notes were issued.

- (ii) Early redemption options are regarded as embedded derivatives not closely related to the host contract. The directors consider that the fair value of the above early redemption options is insignificant on initial recognition, 31 December 2014 and 2015.

(e) 2014 senior notes

On 23 January 2014, the Company issued guaranteed senior notes in an aggregate principal amount of USD300,000,000. The senior notes are guaranteed by certain subsidiaries of the Company. The issue price is 100% of the principal amount. The senior notes are listed on the SGX and carry interest of 10.625% per annum and interest is payable semi-annually on 23 January and 23 July in arrears. The senior notes will mature on 23 January 2019, unless redeemed earlier.

The senior notes may be redeemed in the following circumstances:

At any time prior to 23 January 2017, the Company may at its option redeem the senior notes, in whole but not in part, at a redemption price equal to 100% of the principal amount of the senior notes plus applicable premium as defined in the offering memorandum of the Company dated 23 January 2014 (“Applicable Premium 5”) as of, and accrued and unpaid interest, if any to (but not including) the redemption date.

Applicable Premium 5 is the greater of 1% of the principal amount of such senior notes or the excess of the amount equivalent to the of principal amount and related interest up to 23 January 2017 discounted at a rate equal to comparable treasury price in United States plus 100 basis points over the principal amount.

At any time and from time to time on or after 23 January 2017, the Company may at its option redeem the senior notes, in whole or in part, at a redemption price equal to the percentage of principal amount set forth below plus accrued and unpaid interest, if any, to (but not including) the redemption date if redeemed during the 12-month period beginning on 23 January of the years indicated below.

For the year ended 31 December 2015

41. Senior Notes and Bonds (continued)

Notes: (continued)

(e) 2014 – May senior notes (continued)

At any time and from time to time prior to 23 January 2017, the Company may redeem up to 35% of the aggregate principal amount of the senior notes with the net cash proceeds of the issuance of ordinary shares of the Company in an equity offering at a redemption price of 110.75% of the principal amount of the senior notes, plus accrued and unpaid interest, if any, to (but not including) the redemption date, provided that at least 65% of the aggregate principal amount of the senior notes issued on the original issue date remains outstanding after each such redemption and any such redemption takes place within 60 days after the closing of the related equity offering.

Period	Redemption price
23 January 2017–22 January 2018	105.31250%
23 January 2018 and thereafter	102.65625%

The senior notes contain a liability component and the above early redemption options:

- (i) Liability component represents the present value of the contractually determined stream of future cash flows discounted at the prevailing market interest rate at that time applicable to instruments of comparable credit status and providing substantially the same cash flows, on the same terms, but without the embedded derivatives.

The interest charged for the year is calculated by applying an effective interest rate of approximately 11.1% per annum to the liability component since the senior notes were issued.

- (ii) Early redemption options are regarded as embedded derivatives not closely related to the host contract. The directors consider that the fair value of the above early redemption options is insignificant on initial recognition, 31 December 2014 and 2015.

(f) 2015 – May senior notes

On 27 May 2015, the Company issued guaranteed senior notes in an aggregate principal amount of USD200,000,000. The senior notes are guaranteed by certain subsidiaries of the Company. The issue price is 99.26% of the principal amount. The senior notes are listed on the SGX and carry interest of 11.50% per annum and interest is payable semi-annually on 1 June and 1 December in arrears. The senior notes will mature on 1 June 2018, unless redeemed earlier.

The senior notes may be redeemed in the following circumstances:

At any time prior to 1 June 2018, the Company may at its option redeem the senior notes, in whole but not in part, at a redemption price equal to 100% of the principal amount of the senior notes plus applicable premium as defined in the offering memorandum of the Company dated 27 May 2015 (“Applicable Premium 6”) as of, and accrued and unpaid interest, if any to (but not including) the redemption date.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2015

## 41. Senior Notes and Bonds (continued)

Notes: (continued)

(f) 2015 – May senior notes (continued)

Applicable Premium 6 is the greater of 1% of the principal amount of such senior notes or the excess of the amount equivalent to the of principal amount and related interest up to 1 June 2018 discounted at a rate equal to comparable treasury price in United States plus 100 basis points over the principal amount.

At any time and from time to time prior to 1 June 2018, the Company may redeem up to 35% of the aggregate principal amount of the senior notes with the net cash proceeds of the issuance of ordinary shares of the Company in an equity offering at a redemption price of 111.50% of the principal amount of the senior notes, plus accrued and unpaid interest, if any, to (but not including) the redemption date, provided that at least 65% of the aggregate principal amount of the senior notes issued on the original issue date remains outstanding after each such redemption and any such redemption takes place within 60 days after the closing of the related equity offering.

The senior notes contain a liability component and the above early redemption options:

- (i) Liability component represents the present value of the contractually determined stream of future cash flows discounted at the prevailing market interest rate at that time applicable to instruments of comparable credit status and providing substantially the same cash flows, on the same terms, but without the embedded derivatives.

The interest charged for the year is calculated by applying an effective interest rate of approximately 12.6% per annum to the liability component since the senior notes were issued.

- (ii) Early redemption options are regarded as embedded derivatives not closely related to the host contract. The directors consider that the fair value of the above early redemption options is insignificant on initial recognition and 31 December 2015.

(g) 2015 Domestic Corporate Bonds

On 18 September 2015, a wholly-owned subsidiary of the Company, Fantasia Group (China) Co., Ltd. 花樣年集團(中國)有限公司 (“Fantasia Group China”) issued domestic corporate bonds of RMB2,000,000,000 (“2015 Domestic Corporate Bonds”), which listed on the Shanghai Stock Exchange (“SSE”). 2015 Domestic Corporate Bonds are unsecured, carry interest at rate of 6.95% per annum and interest is payable annually, commencing on 18 September 2015. 2015 Domestic Corporate Bonds will mature on 16 September 2020 unless the holders sell back the bonds to Fantasia Group China earlier.

At the end of the third year subsequent to the inception date, Fantasia Group China as the issuer is entitled to adjust interest rate and the holders of 2015 Domestic Corporate Bonds may at their options (“put options”) to sell back the bonds to Fantasia Group China in whole or in part at face value of their principal amount.

For the year ended 31 December 2015

#### 41. Senior Notes and Bonds (continued)

Notes: (continued)

(g) 2015 Domestic Corporate Bonds (continued)

The above bonds contain a liability component and the above put options:

- (i) Liability component represents the present value of the contractually determined stream of future cash flows discounted at the prevailing market interest rate at that time applicable to instruments of comparable credit status and providing substantially the same cash flows, on the same terms, but without the embedded derivatives.

The interest charged for the year is calculated by applying an effective interest rate of approximately 7.3% per annum to the liability component since the domestic bond were issued.

- (ii) As at initial recognition date and 31 December 2015, the fair value of put options of RMB29,590,000 and RMB22,673,000 have been recognised in the consolidated statements of financial position, of which, fair value gain of RMB6,917,000 was recognised for the year ended 31 December 2015.

The fair value of the put options at initial recognition date and 31 December 2015 has been determined by using the Binomial Option Pricing Model. The variables and assumptions used in computing the fair value of the put options are based on the best estimate by the management of the Group. The value of an option varies with different variables of certain subjective assumptions. The inputs into the model are as follows:

	18 September 2015	31 December 2015
Risk-free rate	3.1160%	2.8620%
Time to expiration	5 years	4.7 years
Yield	6.95%	6.95%

The movements of the liability component in the senior notes during the year are set out below:

	2015 RMB'000	2014 RMB'000
At 1 January	6,768,132	4,843,390
Net proceeds on the date of issuance of senior notes and bonds	3,211,284	1,801,274
Exchange loss	233,950	8,479
Interest expenses	887,481	768,529
Initial recognition of derivative financial instruments relating to put option of 2015 Domestic Corporate Bonds	(29,590)	–
Payment of interest and related financial costs	(762,752)	(653,540)
Repayment of 2010 senior notes	(795,926)	–
At 31 December	9,512,579	6,768,132

The carrying amounts and fair values of senior notes and bonds (based on the ask price in SGX and SSE) at the end of the reporting period are disclosed below:

	Fair value hierarchy	2015 Carrying amount RMB'000	2015 Fair value RMB'000	2014 Carrying amount RMB'000	2014 Fair value RMB'000
Senior notes	Level 1	7,523,775	7,735,192	6,768,132	6,333,896
2015 Domestic Corporate Bonds	Level 1	1,988,804	2,003,000	–	–

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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### 42. Provision

During the year ended 31 December 2013, the Group acquired Shenzhen Tengxing Hongda Investment Development Co., Ltd 深圳騰星宏達投資發展有限公司 (“Shenzhen Tengxing”) from an independent third party.

Pursuant to the sales and purchase agreement, the Group agreed with the former equity holder of Shenzhen Tengxing that after the property project construction completed by the Group, the Group is required to transfer 5% of the completed property of this property project to the former equity holder of Shenzhen Tengxing.

The potential amount of the costs (including development expenditure and other attributable expenses of the construction of properties) to be incurred to complete for this 5% completed property to be delivered to the former equity holder of Shenzhen Tengxing is accounted for as a provision of RMB33,255,000 as at 31 December 2015 (2014: RMB31,931,000).

### 43. Share Capital

	Number of shares	Amount HK\$	Equivalent to RMB'000
<b>Ordinary shares of HK\$0.1 each</b>			
Authorised:			
At 1 January 2014, 31 December 2014, and 2015	8,000,000,000	800,000,000	704,008
Issued and fully paid:			
At 1 January 2014	4,893,733,750	489,373,375	429,575
Issue of shares as consideration for the acquisition of Huizhou TCL (note 45(a)(i))	863,600,074	86,360,007	67,900
Issue of shares upon exercise of share option	124,200	12,420	10
At 31 December 2014	5,757,458,024	575,745,802	497,485
Issue of shares upon exercise of share option	3,721,400	372,140	312
At 31 December 2015	5,761,179,424	576,117,942	497,797

None of the Company's subsidiaries sold or redeemed any of the Company's listed securities during the years ended 31 December 2015 and 2014.

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#### 44. Perpetual Capital Instrument

In April 2014, a wholly owned subsidiary (the “Subsidiary”) of the Company issued a perpetual capital instrument (the “Perpetual Capital Instrument”) with the aggregate principal amount of RMB700,000,000 by entering into a Perpetual Capital Instrument Agreement (the “Agreement”) with an independent third party. The Perpetual Capital Instrument was issued for development of the existing property development project in PRC.

Pursuant to the Agreement, the Perpetual Capital Instrument has no fixed maturity date and redeemable at the Subsidiary’s option at its principal amount together with accrued, unpaid or deferred distribution payments. The distribution rate for the instrument is 9% per annum for the first and second year, then increase to 24% per annum for the third year and years after. If no distribution is paid in that year, the distribution rate will be adjusted by a 100% premium in the next year and so on. The distribution rate is capped at 24% per annum. The Perpetual Capital Instrument is jointly guaranteed by two subsidiaries of the Company, Pan Jun and Zeng Jie, Baby, the directors of the Company, and secured by pledges of the shares of a subsidiary of the Company and a land use right owned by a wholly owned subsidiary of the Company.

The payments of distribution can be deferred at the discretion of the Subsidiary. While any distributions are unpaid or deferred, the Company and the Subsidiary cannot declare or pay dividends to the shareholders of the Company. Therefore, the Perpetual Capital Instrument is classified as equity instrument and presented as a part of equity in the consolidated statement of financial position.

#### 45. Acquisitions of Subsidiaries

##### (a) Acquisitions of assets and liabilities through acquisitions of subsidiaries

###### *For the year ended December 2015*

- (i) On 31 March 2014, the Group disposed 51% equity interests in Huafeng, an indirectly wholly owned subsidiary of the Company, to an independent third party at a cash consideration of RMB206,410,000, which should be settled before 31 March 2015, resulting in loss of control upon completion of the transaction. Due to the financial difficulty of the buyer, the consideration cannot be settled and on 31 March 2015, the Group and the buyer entered into a cancellation agreement pursuant to which the transaction for the disposal of 51% equity interest in Huafeng was cancelled and the consideration receivable of RMB206,410,000 due from the buyer is waived. The Group obtained the control of Huafeng subsequent to the cancellation of the agreement. Huafeng is principally engaged in property development which holds properties under development in the PRC.
- (ii) On 11 December 2015, the Group acquired a completed investment property situated in Shanghai, the PRC through the acquisition of 100% equity interest in Haiyat Investment Co., Ltd. 海逸投資有限公司 (“Haiyat”) at a cash consideration of RMB87,500,000.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2015

### 45. Acquisitions of Subsidiaries (continued)

(a) **Acquisitions of assets and liabilities through acquisitions of subsidiaries (continued)**

*For the year ended 31 December 2015* (continued)

The above transactions are accounted for as purchase of assets and liabilities. Details of the net assets acquired in respect of the above transaction are summarised below:

	RMB'000
Net assets acquired	
Property, plant and equipment	1,531
Investment property	124,327
Properties for sale	1,138,188
Trade and other receivables	42,546
Amounts due from certain subsidiaries of the Company	106,191
Tax recoverable	27,354
Bank balances and cash	41,481
Trade and other payables	(13,154)
Deposits received for sale of properties	(547,390)
Deferred tax liabilities	(13,456)
Borrowings – due after one year	(421,095)
	486,523
Total consideration satisfied by:	
Cash consideration for acquisition of Haiyat	87,500
Consideration receivable related to disposal of Huafeng to be waived upon termination	206,410
49% equity interest in Hua Feng previously classified as interest in a joint venture	192,613
	486,523
Net cash outflow arising on acquisition	
Cash consideration paid during the year	87,500
Bank balances and cash acquired	(41,481)
	46,019

For the year ended 31 December 2015

#### 45. Acquisitions of Subsidiaries (continued)

##### (a) Acquisitions of assets and liabilities through acquisitions of subsidiaries (continued)

###### *For the year ended 31 December 2014*

- (i) On 6 January 2014, the Group acquired several property development projects through the acquisition of the entire equity interest and indebtedness due to former shareholder in Huizhou TCL from TCL Corporation and two other independent third parties at a consideration of RMB1,905,053,000.

The consideration of RMB939,525,000 has been settled by the issuance of 863,600,074 ordinary shares of HK\$0.1 each of the Company at a price of HK\$1.37 (equivalent to RMB1.09) in the Company to TCL Corporation, and the remaining consideration of RMB965,528,000 will be payable within 3 years.

- (ii) On 30 June 2014, the Group acquired a property development project through the acquisition of the 81% equity interest in Shenzhen Jindiying from an independent third party at a total cash consideration of RMB250,000,000 included deposit amounting to RMB100,000,000 for such acquisition has been paid in 2013.
- (iii) On 31 August 2014, the Group acquired a property development project through the acquisition of the 81% equity interest in Shenzhen Yonglihongying Investment Co., Ltd. (深圳市永利鴻盈投資有限公司) from an independent third party at a cash consideration of RMB646,195,000. As at 31 December 2014, the consideration of RMB260,490,000 has been settled and the remaining consideration of RMB385,705,000 will be payable within one year.
- (iv) On 30 June 2014, the Group disposed 51% equity interest in Chengdu Wangcong Property Development Co., Ltd. (成都望叢房地產開發有限公司) (“Wangcong”), an indirectly wholly owned subsidiary of the Company, to an independent third party at a cash consideration of RMB182,580,000, which will be settled before 31 December 2014, resulting in loss of control upon completion of the transaction. Due to the financial difficulty of the independent third party, the consideration receivable cannot be settled and on 31 August 2014, the Group and the independent third party entered into a termination agreement pursuant to which the transaction for the disposal of 51% equity interest in Wangcong was terminated at a consideration of RMB182,580,000 and the deposit received had been returned to the independent third party. The Group regained the control of Wangcong. Wangcong is principally engaged in property development which holds properties under development in the PRC.
- (v) On 30 November 2014, the Group acquired a property development project through the acquisition of the 64% equity interest in Shenzhen Guozhengxiangqian Investment Development Co., Ltd. (深圳市國正向前投資發展有限公司) (“GuoZheng”) from an independent third party at a cash consideration of RMB21,120,000 which will be payable within one year.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2015

### 45. Acquisitions of Subsidiaries (continued)

(a) **Acquisitions of assets and liabilities through acquisitions of subsidiaries (continued)**

*For the year ended 31 December 2014* (continued)

The above transactions were accounted for as purchase of assets and liabilities. Details of the net assets acquired in respect of the above transactions were summarised below:

	RMB'000
Net assets acquired	
Property, plant and equipment	14,186
Investment properties	165,932
Interest in a joint venture	10,007
Prepaid lease payments	621,159
Deposits paid for acquisition of land use rights	309,718
Deferred tax assets	9,282
Properties for sale	4,324,725
Trade and other receivables	217,430
Amounts due from certain subsidiaries of the Company to Wangcong	330,687
Tax recoverables	17,355
Bank balances and cash	220,644
Trade and other payables	(689,122)
Deposits received for sale of properties	(702,998)
Amounts due to certain subsidiaries of the Company	(427,507)
Amount due to a joint venture	(10,000)
Tax payables	(88,419)
Deferred tax liabilities	(19,611)
Borrowings	(1,084,084)
	3,219,384
Identifiable net assets attributable to:	
Interest in a joint venture	(174,465)
Non-controlling interests	(39,971)
	3,004,948

For the year ended 31 December 2015

45. Acquisitions of Subsidiaries (continued)

(a) Acquisitions of assets and liabilities through acquisitions of subsidiaries (continued)

*For the year ended 31 December 2014* (continued)

The above transactions were accounted for as purchase of assets and liabilities. Details of the net assets acquired in respect of the above transactions were summarised below: (continued)

	RMB'000
Total consideration satisfied by:	
Cash	410,490
Issue of shares as consideration of acquisition of subsidiaries	939,525
Deposit for acquisition of a subsidiary paid in 2013	100,000
Consideration receivables related to disposal of Wangcong to be waived upon termination (note 46(b))	182,580
Consideration payable to a non-controlling shareholder (note)	965,528
Consideration payable to independent third parties (note 46)	406,825
	3,004,948
Net cash outflow arising on acquisitions	
Cash consideration paid during the year	410,490
Bank balances and cash acquired	(220,644)
	189,846

Note: According to the sales and purchase agreements, the remaining unpaid consideration due to TCL Corporation is interest bearing at 10.58% per annum and to be settled by three instalments and the last instalment to be settled before 6 January 2017, the unpaid consideration payables are as follows:

	RMB'000
Consideration payables at date of acquisition	965,528
Interest expense for the year ended 31 December 2014	141,099
Classified as amount due to a non-controlling shareholder	1,106,627
Interest expense for the year ended 31 December 2015	48,581
Repayment	(435,288)
Classified as amount due to a non-controlling shareholder	719,920
Analysis for reporting purpose:	
Repayable within one year	390,199
Repayable after one year	329,721
	719,920



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2015

### 45. Acquisitions of Subsidiaries (continued)

#### (b) Acquisition of businesses

*For the year ended 31 December 2015*

The Group acquired following at a total consideration of RMB910,327,000. The below subsidiaries were acquired so as to continue the expansion of the Group's property operation.

Name of subsidiaries acquired	Consideration RMB'000	Acquisition in	Acquisition interest acquired	Principal activities
蘇州悅華置合物業服務有限公司 Suzhou Yuihua Zhihe Property Service Co., Ltd.	30,890	January	85%	Provision of property operation services
蘇州易亞物業管理有限公司 Suzhou Yiya Property Management operation services Co., Ltd.	19,470	January	90%	Provision of property operation services
徐州市濱湖花園物業管理有限公司 Xuzhou Binhu Huayuan Property operation services Management Co., Ltd.	7,880	January	90%	Provision of property operation services
廣西南寧瀚新物業服務有限公司 Guangxi Nanning Hanxin Property Service Co., Ltd.	3,280	January	80%	Provision of property operation services
撫州鴻德物業有限公司 Fuzhou Hongde Property Co., Ltd.	2,880	January	90%	Provision of property operation services
長沙高盛物業管理有限公司 Changsha Gaosheng Property Management Co., Ltd.	2,280	January	80%	Provision of property operation services
鐵嶺世紀中天物業管理有限公司 Tieling Shiji Zhongtian Property Management Co., Ltd.	1,590	January	100%	Provision of property operation services
瀋陽天盛河畔物業管理有限公司 Shenyang Tiansheng Hepan Property Management Co., Ltd.	1,500	January	95%	Provision of property operation services
南昌名泰物業管理有限公司 Nanchang Mingtai Property Management Co., Ltd.	1,000	January	90%	Provision of property operation services

For the year ended 31 December 2015

#### 45. Acquisitions of Subsidiaries (continued)

##### (b) Acquisition of businesses (continued)

*For the year ended 31 December 2015* (continued)

The Group acquired following at a total consideration of RMB910,327,000. The below subsidiaries were acquired so as to continue the expansion of the Group's property operation. (continued)

Name of subsidiaries acquired	Consideration RMB'000	Acquisition in	Acquisition interest acquired	Principal activities
清遠市大管家物業管理有限公司 Qingyuan Daguanjia Property Management Co., Ltd.	900	January	80%	Provision of property operation services
陝西彩逸飛物業管理有限公司 Shanxi Caiyifei Property Management Co., Ltd.	500	January	100%	Provision of property operation services
陝西鑫昌物業管理有限公司 Shanxi Xinchang Property Management Co., Ltd.	– (note)	January	90%	Provision of property operation services
寧夏天雨子越物業服務有限公司 Ningxia Tianyuzi Property Service Co., Ltd.	– (note)	January	80%	Provision of property operation services
世紀物業管理有限公司 Shiji Property Management Co., Ltd.	1,187	February	85%	Provision of property operation services
鞍山市大德物業有限公司 Anshan Dade Property Management Co., Ltd.	1,580	March	80%	Provision of property operation services
深圳市開元國際物業管理有限公司 Shenzhen Kaiyuan International Property Management Co., Ltd.	330,000	June	100%	Provision of property operation services
常州江南中鑫物業服務有限公司 Changzhou Jiangnan Zhongxin Property Service Co., Ltd.	57,060	June	80%	Provision of property operation services
蘇州萬寶物業管理有限公司 Suzhou Wanbao Property Management Co., Ltd.	37,330	June	70%	Provision of property operation services
揚州市恒久物業服務發展有限公司 Yangzhou Hengjiu Property Service Development Co., Ltd.	10,660	June	80%	Provision of property operation services

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2015

### 45. Acquisitions of Subsidiaries (continued)

#### (b) Acquisition of businesses (continued)

*For the year ended 31 December 2015* (continued)

The Group acquired following at a total consideration of RMB910,327,000. The below subsidiaries were acquired so as to continue the expansion of the Group's property operation. (continued)

Name of subsidiaries acquired	Consideration RMB'000	Acquisition in	Acquisition interest acquired	Principal activities
廈門市創優物業管理有限公司 Xiamen Chuangyou Property Management Co., Ltd.	10,040	June	70%	Provision of property operation services
河南瑞祥物業管理有限公司 Henan Ruixiang Property Management Co., Ltd.	6,160	June	80%	Provision of property operation services
贛州錦通物業管理有限公司 Ganzhou Jintong Property Management Co., Ltd.	6,260	June	100%	Provision of property operation services
桂林市仁和物業服務有限公司 Guilin Renhe Property Service Co., Ltd.	4,190	June	70%	Provision of property operation services
四川蜀峰物業服務有限公司 Sichuan Shufeng Property Service Co., Ltd.	– (note)	July	80%	Provision of property operation services
葫蘆島市萬廈物業管理有限公司 Huludao Wanxia Property Management Co., Ltd.	3,680	July	80%	Provision of property operation services
杭州利軒物業管理有限公司 Hangzhou Lixuan Property Management Co., Ltd.	11,325	July	80%	Provision of property operation services
揚州市興達物業服務有限公司 Yangzhou Xingda Property Service Co., Ltd.	2,450	July	90%	Provision of property operation services
長沙祥旺物業管理有限公司 Changsha Xiangwang Property Management Co., Ltd.	500	July	100%	Provision of property operation services
廣西福來物業服務有限責任公司 Guangxi Fulai Property Service Co., Ltd. ("Guangxi Fulai")	47,800	July	80%	Provision of property operation services

For the year ended 31 December 2015

45. Acquisitions of Subsidiaries (continued)

(b) Acquisition of businesses (continued)

For the year ended 31 December 2015 (continued)

The Group acquired following at a total consideration of RMB910,327,000. The below subsidiaries were acquired so as to continue the expansion of the Group's property operation. (continued)

Name of subsidiaries acquired	Consideration RMB'000	Acquisition in	Acquisition interest acquired	Principal activities
西安榮鑫物業管理有限公司 Xi'an Rongxin Property Management Co., Ltd.	18,889	July	60%	Provision of property operation services
襄陽江山新苑物業服務有限責任公司 Xiangyang Jiangshan Xinyuan Property Service Co., Ltd.	1,661	July	80%	Provision of property operation services
清遠金力物業管理有限公司 Qingyuan Jinli Property Management Co., Ltd.	1,000	July	80%	Provision of property operation services
榆林市榮鑫物業管理有限公司 Yulin Rongxin Property Management Co., Ltd.	1,990	July	75%	Provision of property operation services
武漢凱樂豐垠物業管理有限公司 Wuhan Kaile Fengyin Property Management Co., Ltd.	3,080	July	70%	Provision of property operation services
荊州市楚陽物業管理有限公司 Jingzhou Chuyang Property Management Co., Ltd.	3,080	September	80%	Provision of property operation services
成都合力物業服務有限公司 Chengdu Heli Property Service Co., Ltd. ("Chengdu Heli")	56,500	September	80%	Provision of property operation services
成都忠信英聯華物業管理顧問有限公司 Chengdu Zhongxin Yinglianhua Property Management Consultant Co., Ltd.	380	September	80%	Provision of property operation services
上海新貴盛物業管理有限公司 Shanghai Xinguisheng Property Management Co., Ltd.	11,880	September	90%	Provision of property operation services
河南聯盛物業服務有限公司 Henan Liansheng Property Service Co., Ltd.	9,280	December	80%	Provision of property operation services

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2015

### 45. Acquisitions of Subsidiaries (continued)

#### (b) Acquisition of businesses (continued)

*For the year ended 31 December 2015* (continued)

The Group acquired following at a total consideration of RMB910,327,000. The below subsidiaries were acquired so as to continue the expansion of the Group's property operation. (continued)

Name of subsidiaries acquired	Consideration RMB'000	Acquisition in	Acquisition interest acquired	Principal activities
無錫市盛泰物業管理有限公司 Wuxi Shengtai Property Management Co., Ltd.	5,580	December	80%	Provision of property operation services
上海通翼物業有限公司 Shanghai Tongyi Property Co., Ltd.	2,880	December	51%	Provision of property operation services
南昌幸福物業管理有限公司 Nanchang Xingfu Property Management Co., Ltd.	8,180	December	70%	Provision of property operation services
江西省君安物業管理有限公司 Jiangxi Junan Property Management Co., Ltd.	1,995	November	100%	Provision of property operation services
Morning Star Group Limited ("Morning Star")	181,560	December	100%	Provision of travel agency services

Note: Consideration incurred less than RMB1,000.

*Total consideration transferred*

	RMB'000
Cash	703,815
Deposits paid for acquisition of subsidiaries in 2014	68,385
Consideration payables due within one year included in trade and other payables (note 36)	138,127
	910,327

Acquisition-related costs were insignificant and have been recognised as an expense in the current year and included in the "administrative expenses" line item in the condensed consolidated statement of profit or loss and other comprehensive income.

For the year ended 31 December 2015

45. Acquisitions of Subsidiaries (continued)

(b) Acquisition of businesses (continued)

*For the year ended 31 December 2015* (continued)

*Total consideration transferred*

Assets acquired and liabilities recognised at the dates of acquisitions are as follows:

	RMB'000
Property, plant and equipment	99,141
Investment properties	15,367
Intangible assets	190,628
Deferred tax assets	13,791
Trade and other receivables	170,877
Amounts due from non-controlling shareholders	66,209
Amounts due from subsidiaries of the Company	21,216
Financial assets designated as at FVTPL	54,158
Bank balances and cash	174,795
Trade and other payables	(358,592)
Amounts due to non-controlling shareholders	(465)
Amounts due to subsidiaries of the Company	(49,055)
Tax liabilities	(10,680)
Deferred tax liabilities	(60,586)
Borrowings	(299)
	326,505

The trade and other receivables acquired with a fair value of RMB170,877,000 approximate its gross contractual amount.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2015

### 45. Acquisitions of Subsidiaries (continued)

#### (b) Acquisition of businesses (continued)

*For the year ended 31 December 2015* (continued)

##### *Non-controlling interests*

The non-controlling interests arising from the acquisitions of non-wholly owned subsidiaries were measured by reference to the proportionate share of the fair value of the acquiree's net identifiable assets at the acquisition date and amounted to RMB15,809,000.

##### *Goodwill arising on acquisitions*

	RMB'000
Consideration transferred	910,327
Non-controlling interests	15,809
Less: fair value of net assets acquired	(326,505)
Goodwill arising on acquisitions (note 20)	599,631

At the dates of acquisitions in 2015, goodwill of RMB599,631,000 has been determined provisionally based on the acquirees' provisional fair value of net identifiable assets acquired. Goodwill arose on the acquisition of subsidiaries because these acquisitions included the benefit of expected synergies and the future profitability as at acquisition date.

Intangible assets of RMB190,628,000 in relation to the acquisition of subsidiaries under property management and other segments have been recognised by the Group.

##### *Net cash outflow arising on acquisitions*

	RMB'000
Cash consideration paid	(703,815)
Less: bank balances and cash acquired	174,795
	(529,020)

For the year ended 31 December 2015

## 45. Acquisitions of Subsidiaries (continued)

 (b) Acquisition of businesses (continued)  
 For the year ended 31 December 2014

Name of subsidiaries acquired	Consideration RMB'000	Acquisition date	Equity interest acquired	Principal activities
佛山市南海鉅隆物業管理有限公司 Foshan Nanhai Julong Property Management Co., Ltd. ("Foshan Julong")	3,800	December	100%	Provision of property operation services
上海銀順物業管理有限公司 Shanghai Yinshun Property Management Co., Ltd. ("Shanghai Yinshun")	3,480	July	80%	Provision of property operation services
江蘇城置物業服務有限公司 Jiangsu Chengzhi Property Service Co., Ltd. ("Jiangsu Chengzhi")	– (note)	July	51%	Provision of property operation services
銀川都市佳物業服務有限公司 Yinchuan Dushijia Property Services Co., Ltd. ("Yinchuan Dushijia")	400	July	68%	Provision of property operation services
湖北楓林物業服務有限公司 Hubei Fenglin Property Services Co., Ltd. ("Hubei Fenglin")	20,000	July	70%	Provision of property operation services
杭州高盛物業管理有限公司 Hangzhou Gaosheng Property Management Co., Ltd. ("Hangzhou Gaosheng")	16,880	August	70%	Provision of property operation services
河南華環物業服務有限公司 Henan Huajing Property Services Co., Ltd. ("Henan Huajing")	1,880	July	80%	Provision of property operation services
宜昌坤達物業有限公司 Yichang Kunda Property Co., Ltd. ("Yichang Kunda")	2,000	September	70%	Provision of property operation services
江西居安物業管理有限公司 Jiangxi Juan Property Management Co., Ltd. ("Jiangxi Juan")	800	August	100%	Provision of property operation services
南京安居物業有限公司 Nanjing Anju Property Co., Ltd. ("Nanjing Anju")	15,000	August	87%	Provision of property operation services
哈爾濱盛恒基物業管理有限公司 Harbin Shenghengji Property Management Co., Ltd. ("Harbin Shenghengji")	500	June	100%	Provision of property operation services
九江天宏物業服務有限公司 Jiujiang Tianhong Property Service Co., Ltd. ("Jiujiang Tianhong")	2,000	September	70%	Provision of property operation services
Steadlink Asset Management PTE Ltd ("Steadlink")	5,865	June	68%	Provision of property operation services

Note: Consideration incurred less than RMB1,000.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2015

### 45. Acquisitions of Subsidiaries (continued)

- (b) **Acquisition of businesses** (continued)  
*For the year ended 31 December 2014* (continued)  
*Total consideration transferred*

	RMB'000
Cash	53,133
Consideration payable due within one year included in trade and other payables (note 36)	19,472
	72,605

Acquisition-related costs were insignificant and have been recognised as an expense in the current year and included in the “administrative expenses” line item in the consolidated statement of profit or loss and other comprehensive income.

Assets acquired and liabilities recognised at the dates of acquisition are as follows:

	RMB'000
Intangible assets	29,448
Property, plant and equipment	866
Trade and other receivables	26,104
Bank balances and cash	13,345
Trade and other payables	(37,213)
Amounts due to certain subsidiaries of the Company	(1,069)
Tax payables	(153)
Deferred tax liabilities	(7,362)
	23,966

The trade and other receivables acquired with a fair value of approximately RMB26,104,000 approximate its gross contractual amount.

For the year ended 31 December 2015

45. Acquisitions of Subsidiaries (continued)

(b) Acquisition of businesses (continued)

*For the year ended 31 December 2014* (continued)

*Non-controlling interests*

The non-controlling interests arising from the acquisition of non-wholly owned subsidiaries were measured by reference to the proportionate share of the fair value of the acquiree's net identifiable assets at the acquisition date and amounted to RMB6,012,000.

*Goodwill arising on acquisition*

	RMB'000
Consideration transferred	72,605
Non-controlling interests	6,012
Less: fair value of net assets acquired	(23,966)
Goodwill arising on acquisition (note 20)	54,651

At the dates of acquisitions in 2014, goodwill of RMB54,651,000 had been determined provisionally based on the acquirees' provisional fair value of net identifiable assets acquired. Goodwill arose on the acquisition of subsidiaries because these acquisitions included the benefit of expected synergies and the future profitability as at acquisition date.

None of the goodwill arising on this acquisition was expected to be deductible for tax purposes.

Intangible assets of RMB214,438,000 in relation to the acquisition of subsidiaries under property management segment have been recognised by the Group.

*Net cash outflow arising on acquisitions*

	RMB'000
Cash consideration paid	53,133
Less: bank balances and cash acquired	(13,345)
	39,788

For the year ended 31 December 2015

45. Acquisitions of Subsidiaries (continued)

(c) Acquisitions of additional interests in subsidiaries

*For the year ended 31 December 2015*

- (i) During the year ended 31 December 2015, the Group further acquired additional 36% equity interest in Guozheng from a non-controlling shareholder, and the Group's shareholding of Guozheng increased from 64% to 100%. The difference between the consideration of RMB11,880,000 and proportionate share of the Guozheng's net assets of RMB9,831,000 attributable to the Group was charged to the special reserve of RMB2,049,000.
- (ii) During the year ended 31 December 2014, the Group disposed of its 49% and 40% equity interests in Guilin Wanhao Property Development Co., Ltd. 桂林萬豪房地產開發有限公司 ("Wanhao") and Chengdu Zhifu Property Development Co., Ltd. 成都置富房地產開發有限公司 ("Zhifu") respectively, indirectly wholly owned subsidiaries of the Company, to an independent third party at a total cash consideration of RMB399,240,000, which should be settled before 31 March 2015. Due to the financial difficulty of the buyer, the consideration cannot be settled on 31 March 2015, the Group and the buyer entered into termination agreements pursuant to which the transaction for the disposal of 49% and 40% equity interest in Wanhao and Zhifu was terminated and the consideration receivable of RMB399,240,000 due from the buyer was waived.

Accordingly, the Group acquired back 49% and 40% equity interests of Wanhao and Zhifu respectively from non-controlling shareholders. The difference between the consideration of RMB399,240,000 and proportionate share of the subsidiaries' net assets of RMB359,580,000 attributable to the Group was charged to the special reserve of RMB39,660,000. Wanhao and Zhifu were engaged in property development which holds properties under development in the PRC. Upon termination of the aforesaid transactions, the cash consideration of RMB36,990,000 received in 2014 was refunded to the buyer, the partial consideration of RMB200,000,000 to be settled in exchange for construction work was cancelled and was recognised in trade payable and the consideration receivable of RMB162,250,000 was waived.

For the year ended 31 December 2015

#### 46. Disposal of Subsidiaries

(a) Disposal of subsidiaries

*For the year ended 31 December 2015*

- (i) On 8 January 2015, the Group disposed of its AFS investment through the disposal of the entire equity interests of its holding company, Charmfull Limited, to an independent third party for a consideration of RMB40,382,000.
- (ii) Subsequent to the disposed of 45% equity interest in TCL King electronics (Shenzhen) Co., Ltd. TCL 王牌電子(深圳)有限公司 (“TCL King”), as mentioned in note 46(b), on 24 September 2015, the group further disposed the remaining 55% equity interest in TCL King through disposal of entire equity interest in Talent Bright International Limited, its holding company to the same independent third party, for cash considerations of RMB429,000,000. TCL King was engaged in property development.
- (iii) On 30 September 2015, the Group disposed of its entire equity interest in Chengdu Kaizhen Co., Ltd. 成都凱鎮有限公司 (“Chengdu Kaizhen”) to an independent third party for a consideration of RMB355,000,000. Chengdu Kaizhen was engaged in provision of hotel services.
- (iv) On 15 December 2015, the Group disposed of its entire equity interest in Shenzhen Fantasia Hotel Management Co., Ltd. 深圳花樣年酒店管理有限公司 (“Shenzhen Fantasia hotel management”) to an independent third party for a consideration of RMB290,000,000. Shenzhen Fantasia was engaged in hotel management.
- (v) On 27 December 2015, the Group disposed of its entire equity interest in Fantasia Commercial Management (HK) Co.,Ltd (“Fantasia Commercial”) to an independent third party for a consideration of RMB1,100,000,000. Fantasia Commercial was engaged in hotel management. As at 31 December 2015, RMB500,000,000 has been received and the remaining consideration of RMB600,000,000 will be settled within 30 days from the date of the agreement entered by the Group and the independent third party.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2015

### 46. Disposal of Subsidiaries (continued)

(a) Disposal of subsidiaries (continued)

*For the year ended 31 December 2015* (continued)

The above transactions are accounted for as disposal of subsidiaries. Details of the net assets disposed of in respect of these transactions are summarised below:

	RMB'000
<hr/>	
Consideration satisfied by:	
Cash	1,433,920
Consideration receivable due within one year (note 30)	761,000
Consideration payable related to acquisition of the holding company of AFS investment to be offset upon the disposal	19,462
	<hr/> 2,214,382 <hr/>
Analysis of assets and liabilities over which control was lost:	
Property, plant and equipment	83,871
Investment properties	1,789,474
AFS investment	38,910
Trade and other receivables	32,987
Bank balances and cash	1,441
Amounts due from subsidiaries of the Company	53,145
Trade and other payables	(320)
Deferred tax liabilities	(295,220)
Net assets disposed of	<hr/> 1,704,288 <hr/>
Gain on disposal of subsidiaries:	
Cash consideration	1,433,920
Consideration receivable	761,000
Consideration payable related to acquisition of the holding company of AFS investment to be offset upon the disposal	19,462
Net assets disposed of	(1,704,288)
Non-controlling interest	279,945
Gain on disposal	<hr/> 790,039 <hr/>
Net cash inflow arising on disposal:	
Cash consideration	1,433,920
Bank balances and cash disposed of	(1,441)
	<hr/> 1,432,479 <hr/>

For the year ended 31 December 2015

#### 46. Disposal of Subsidiaries (continued)

##### (a) Disposal of subsidiaries (continued)

*For the year ended 31 December 2014*

- (i) On 29 December 2014, the Group disposed of its 61% equity interest in Topsearch Printed Circuits (Shenzhen) Ltd 至卓飛高線路板(深圳)有限公司 (“Topsearch Printed Circuits”) to an independent third party for a cash consideration of approximately RMB347,670,000. Topsearch Printed Circuits was engaged in property development which holds properties for sale in the PRC.
- (ii) On 8 December 2014, the Group disposed of its 54% equity interest in Shenzhen Tongzhinian Equity Investment Fund Co., Ltd. 深圳市同之年股權投資基金有限公司 (“Tongzhinian Fund”) to an independent third party for a cash consideration of approximately RMB7,775,000. Tongzhinian Fund was engaged in equity investment in the PRC.

The above transactions were accounted for as disposal of subsidiaries. Details of the net assets disposed in respect of the above transactions were summarised below:

	RMB'000
<hr/>	
Consideration satisfied by:	
Cash	68,999
Consideration receivable due within one year (note 30)	286,446
	<hr/>
	355,445
<hr/>	
Analysis of assets and liabilities over which control was lost:	
Property, plant and equipment	6
Deferred tax assets	512
Properties for sale	341,047
Trade and other receivables	21,791
Bank balances and cash	14,546
Trade and other payables	(31,380)
Borrowings	(156,880)
	<hr/>
Net assets disposed of	189,642
<hr/>	
Gain on disposal of subsidiaries:	
Cash consideration	68,999
Consideration receivable (note 30)	286,446
Net assets disposed of	(189,642)
Non-controlling interests	57,904
	<hr/>
Gain on disposal	223,707
<hr/>	
Net cash inflow arising on disposal:	
Cash consideration	68,999
Bank balances and cash disposed of	(14,546)
	<hr/>
	54,453
<hr/>	

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2015

### 46. Disposal of Subsidiaries (continued)

#### (b) Disposal of partial interests in subsidiaries without loss of control

##### *For the year ended 31 December 2015*

- (i) During the year ended 31 December 2015, the Group disposed of its 30% equity interest in 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”), which was held by the Group through a wholly owned subsidiary of the Company, to an independent third party, for a cash consideration of RMB1,500,000. Home E&E was engaged in provision of property management service.

The difference of RMB8,670,000 between the consideration received of RMB1,500,000 and the proportionate share of the subsidiary’s net assets by the non-controlling shareholder amounting to RMB10,170,000 is credited to the special reserve of the Group.

- (ii) On 30 June 2015, the Group disposed of its 45% equity interest in TCL King which was held by the Company, to an independent third party, for a cash consideration of RMB300,000,000.

The difference of RMB29,811,000 between the consideration of RMB300,000,000 and the proportionate share of TCL King’s net assets held by the non-controlling shareholder amounting to RMB270,189,000 was credited to the special reserve of the Group.

##### *For the year ended 31 December 2014*

- (i) During the year ended 31 December 2014, the Group disposed of its 49% equity interest in Wanhao, which was held by the Group through a wholly owned subsidiary of the Company, to an independent third party, for a cash consideration of RMB198,900,000. Wanhao was engaged in provision of property development.

The difference of RMB28,623,000 between the consideration received of RMB198,900,000 and the proportionate share of the subsidiary’s net assets by the non-controlling shareholder amounting to RMB170,277,000 is credited to the special reserve of the Group.

- (ii) During the year ended 31 December 2014, the Group disposed of its 40% equity interest in Zhifu, which was held by the Group through a wholly owned subsidiary of the Company, to an independent third party, for a cash consideration of RMB200,340,000. Zhifu was engaged in provision of property development.

The difference of RMB8,256,000 between the consideration received of RMB200,340,000 and the proportionate share of the subsidiary’s net assets by the non-controlling shareholder amounting to RMB192,084,000 was credited to the special reserve of the Group.

For the year ended 31 December 2015

**46. Disposal of Subsidiaries** (continued)

(b) **Disposal of partial interests in subsidiaries without loss of control** (continued)  
*For the year ended 31 December 2014*

	RMB'000
Satisfied by:	
Cash consideration received	36,990
Settlement in exchange for construction work (note 53(iv))	200,000
Consideration receivables (note 30)	162,250
	399,240
Net cash inflow arising on deemed disposal:	
Cash consideration	36,990

(c) **Disposal of partial interests in subsidiaries resulting in loss of control**  
*For the year ended 31 December 2014*

On 30 June 2014, the Group disposed of 51% equity interests in both Wangcong (as detailed in note 45(a)(iv)) and Huafeng, previous indirect wholly owned subsidiaries of the Company, to an independent third party resulting in lost control upon completion of the transactions. The remaining equity interests in Wangcong and Yinzhuang are classified as interests in joint ventures. The joint ventures are principally engaged in property development which hold properties under development in the PRC.

These transactions were accounted for as disposal of partial interests in subsidiaries resulting in loss of control. Details are summarised below:



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2015

### 46. Disposal of Subsidiaries (continued)

(c) Disposal of partial interests in subsidiaries resulting in loss of control (continued)

*For the year ended 31 December 2014* (continued)

Assets and liabilities derecognised at dates of loss of control of the disposed subsidiaries are as follows:

	RMB'000
Property, plant and equipment	1,247
Deferred tax assets	14,035
Properties under development for sale	2,270,964
Trade and other receivables	43,013
Amounts due from certain subsidiaries of the Company to Wangcong (note)	419,945
Tax recoverable	17,633
Restricted bank deposits	22,707
Bank balances and cash	28,128
Trade and other payables	(98,906)
Amounts due to certain subsidiaries of the Company	(10,020)
Deposits received for sale of properties	(796,020)
Borrowings	(1,150,000)
	762,726
	RMB'000
Less: retained equity interest held by the Group – classified as interests in joint ventures	(373,736)
	388,990
Satisfied by:	
Consideration receivables due within one year (note 30)	206,410
Consideration receivables upon termination of disposal transaction (note 46(a)(iv))	182,580
	388,990
Net cash outflow arising on disposal:	
Bank balances and cash disposed of	(28,128)

Note: Amount due from certain subsidiaries of the Company, which is shown as amounts due to joint ventures on the consolidated statement of financial position of the Group, is unsecured, interest-free and repayable on demand.

For the year ended 31 December 2015

#### 47. Operating Lease Commitments

##### The Group as lessee

At the end of the reporting period, the Group had commitments for future minimum lease payments under non-cancellable operating leases which fall due as follows:

	2015 RMB'000	2014 RMB'000
Within one year	12,684	7,997
In the second to the fifth year inclusive	–	6,280
	12,684	14,277

Operating lease payments represent rentals payable by the Group for certain offices premises. Leases are negotiated for an average term of 1 to 5 years with fixed rentals.

##### The Group as lessor

At the end of the reporting period, the Group had contracted with tenants for the following future minimum lease payments:

	2015 RMB'000	2014 RMB'000
Within one year	145,236	123,237
In the second to the fifth year inclusive	347,825	328,331
After the fifth year	86,184	77,661
	579,245	529,229

Property rental income represents rentals receivable by the Group. Leases are negotiated for an average term of 1 to 18 years with fixed rentals.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2015

### 48. Capital and Other Commitments

	2015 RMB'000	2014 RMB'000
Construction commitments in respect of properties for sale contracted for but not provided in the consolidated financial statements	3,736,077	4,307,410
Construction commitments in respect of investment properties contracted for but not provided in the consolidated financial statements	130,719	138,089
Consideration committed in respect of capital expenditure in respect of the acquisition of property, plant and equipment authorised but not yet contracted	39,575	134,532
Consideration committed in respect of acquisition of subsidiaries contracted for but not provided in the consolidated financial statements	84,556	21,335
Consideration committed in respect of acquisition of subsidiaries authorised but not yet contracted	–	241,936

### 49. Share Option Schemes

#### (a) The Company

The Company's share option scheme (the "Scheme") was adopted pursuant to a resolution passed on 27 October 2009 for the primary purposes of providing incentives to certain directors and employees of the Company and its subsidiaries ("Eligible Employees"). Under the Scheme, the Board of Directors of the Company is authorised to grant options at a consideration of HK\$1 per option to the Eligible Employees to subscribe for shares in the Company ("Shares").

The maximum number of Shares which may be issued upon exercise of all options to be granted under the Scheme ("Options") and any other share option schemes of the Company shall not, in the absence of shareholders' approval, in aggregate exceed 10% of the shares of the Company in issue at any point in time. Options granted to a substantial shareholder or an independent non-executive director in excess of 0.1% of the Company's share capital or with a value in excess of HK\$5 million must be approved in advance by the Company's shareholders.

The exercisable period of an option is determined by the directors at their discretion. The expiry date of the option may be determined by the Board of Directors of the Company which shall not be later than the expiry day of the Scheme.

The exercise price is determined by the directors of the Company, and will not be less than the greater of: (i) the closing price of the Company on the offer date; (ii) the average of the closing price of the Company's shares for the five trading days immediately preceding the offer of the options and (iii) the nominal value per share of the Company.

During the year ended 31 December 2015, 19,325,000 share options were lapsed.

As at 31 December 2015, the total number of shares to be issued upon the exercise of all options granted under the Scheme is 85,944,000 (2014: 108,990,000) of HK\$0.1 each, representing approximately 1.5% (2014: 1.9%) of the issued share capital of the Company.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2015

## 49. Share Option Schemes (continued)

### (a) The Company (continued)

Details of the share options granted under the Scheme is as follows:

Category of Grantees	Date of grant	Exercise price per share HK\$	Vesting period	Exercisable period
Directors	29 August 2011	0.836	29/8/2011–28/8/2012	29/8/2012–28/8/2021
			29/8/2011–28/8/2013	29/8/2013–28/8/2021
			29/8/2011–28/8/2014	29/8/2014–28/8/2021
	16 October 2012	0.8	16/10/2012–15/10/2013	16/10/2013–15/10/2022
			16/10/2012–15/10/2014	16/10/2014–15/10/2022
			16/10/2012–15/10/2015	16/10/2015–15/10/2022
Employees	29 August 2011	0.836	29/8/2011–28/8/2012	29/8/2012–28/8/2021
			29/8/2011–28/8/2013	29/8/2013–28/8/2021
			29/8/2011–28/8/2014	29/8/2014–28/8/2021
	16 October 2012	0.8	16/10/2012–15/10/2013	16/10/2013–15/10/2022
			16/10/2012–15/10/2014	16/10/2014–15/10/2022
			16/10/2012–15/10/2015	16/10/2015–15/10/2022

The following table discloses movements of the Company's share options held by employees and directors during the years ended 31 December 2015 and 2014:

Category of Grantees	Date of grant	Vesting period	Outstanding at 1 January 2014	Granted during the year	Transfer during the year (note)	Cancelled/lapsed during the year	Exercised during the year	Outstanding at 31 December 2014	Granted during the year	Transfer during the year	Cancelled/lapsed during the year	Exercised during the year	Outstanding at 31 December 2015
Directors	29 August 2011	29.8.2011–28.8.2012	1,318,000	-	381,000	(80,000)	-	1,619,000	-	-	(264,000)	(197,000)	1,158,000
		29.8.2011–28.8.2014	2,636,000	-	1,143,000	(240,000)	-	3,539,000	-	-	(528,000)	(394,000)	2,617,000
		29.8.2011–28.8.2015	9,226,000	-	2,286,000	(480,000)	-	11,032,000	-	-	(1,847,000)	(1,380,000)	7,805,000
	16 October 2012	16.10.2014–15.10.2014	1,595,000	-	277,000	(80,000)	-	1,792,000	-	-	(340,000)	(17,000)	1,435,000
		16.10.2014–15.10.2015	3,190,000	-	831,000	(240,000)	-	3,781,000	-	-	(681,000)	(33,000)	3,067,000
		16.10.2014–15.10.2015	11,165,000	-	1,662,000	(480,000)	-	12,347,000	-	-	(2,383,000)	(116,000)	9,848,000
			29,130,000	-	6,580,000	(1,600,000)	-	34,110,000	-	-	(6,043,000)	(2,137,000)	25,930,000
Employees	29 August 2011	29.8.2011–28.8.2012	4,093,000	-	(381,000)	(267,000)	(9,000)	3,436,000	-	-	(398,000)	(130,000)	2,908,000
		29.8.2011–28.8.2014	8,186,000	-	(1,143,000)	(454,000)	(18,000)	6,571,000	-	-	(796,000)	(260,000)	5,515,000
		29.8.2011–28.8.2015	28,651,000	-	(2,286,000)	(1,949,000)	(63,000)	24,353,000	-	-	(2,786,000)	(909,000)	20,658,000
	16 October 2012	16.10.2014–15.10.2014	4,617,000	-	(277,000)	(285,000)	(3,000)	4,052,000	-	-	(931,000)	(28,000)	3,093,000
		16.10.2014–15.10.2015	9,234,000	-	(831,000)	(489,000)	(7,000)	7,907,000	-	-	(1,860,000)	(57,000)	5,990,000
		16.10.2014–15.10.2015	32,319,000	-	(1,662,000)	(2,072,000)	(24,000)	28,561,000	-	-	(6,511,000)	(200,000)	21,850,000
			87,100,000	-	(6,580,000)	(5,516,000)	(124,000)	74,880,000	-	-	(13,282,000)	(1,584,000)	60,014,000
Total			116,230,000	-	-	(7,116,000)	(124,000)	108,990,000	-	-	(19,325,000)	(3,721,000)	85,944,000
Exercisable at the end of the year								68,082,000					85,944,000

Note: Wang Liang (王亮) was appointed as an executive director of the Company on 6 January 2014 (disclosed in note 12) so that the share options granted to Wang Liang in prior years are classified into category of directors in 2014.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2015

### 49. Share Option Schemes (continued)

(a) **The Company** (continued)

The closing of the shares on the date of grant was HK\$0.77 at 16 October 2012. Binomial Option Pricing Model had been used to estimate the fair value of the options. The variables and assumptions used in computing the fair value of the share options are based on the Company's best estimate. The value of an option varies with different variables of certain subjective assumptions. The inputs into the model are as follows:

	16 October 2012
Market price	HK\$0.77
Exercise price	HK\$0.80
Expected volatility	44.87%
Risk-free rate	0.66%
Expected dividend yield	5.12%

The Group recognised the total expense of RMB2,464,000 for the year ended 31 December 2015 (2014: RMB3,353,000) in relation to share options granted by the Company.

For the year ended 31 December 2015

#### 49. Share Option Schemes (continued)

(b) **Colour Life**

A subsidiary of the Company, Colour Life, operates a share option scheme (the “Colour Life’s Scheme”). The Colour Life’s Scheme was adopted pursuant to a resolution passed on 11 June 2014 for the primary purposes of providing incentives to certain directors and employees of the Colour Life and its subsidiaries (“Eligible Employees”). Under the Colour Life’s Scheme, the Board of Directors of Colour Life is authorised to grant options at a consideration of HK\$1 per option respectively to the Eligible Employees to subscribe for shares of Colour Life (“Colour Life’s Shares”).

The maximum number of Colour Life’s Shares which may be issued upon exercise of all options to be granted under the Colour Life’s Scheme (“Colour Life’s Options”) and any other share option schemes of Colour Life shall not, in the absence of shareholders’ approval, in aggregate exceed 10% of the shares of Colour Life in issue at any point in time. Colour Life’s Options granted to a substantial shareholder or an independent non-executive director in excess of 0.1% of Colour Life’s share capital or with a value in excess of HK\$5 million must be approved in advance by Colour Life’s shareholders.

The exercisable period of an option is determined by the directors of Colour Life at their discretion. The expiry date of Colour Life’s Options may be determined by the Board of Directors of the Colour Life which shall not be later than the expiry day of Colour Life’s Scheme.

The exercise price is determined by the directors of Colour Life, and will not be less than the greater of: (i) the closing price of Colour Life on the offer date; (ii) the average of the closing price of Colour Life’s shares for the five trading days immediately preceding the offer of Colour Life’s options and (iii) the nominal value per share of Colour Life.

As at 31 December 2015, the total number of Colour Life’s shares to be issued upon the exercise of all options granted under the Colour Life’s Scheme is 66,427,000 (2014: 45,000,000) of HK\$0.1 each, representing approximately 6.6% (2014: 4.5%) of the issued share capital of Colour Life.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2015

## 49. Share Option Schemes (continued)

### (b) Colour Life (continued)

Details of the share options granted under Colour Life's Scheme is as follows:

Category of Grantees	Date of grant	Exercise price per share HK\$	Vesting period	Exercisable period
Directors	29 September 2014	6.66	N/A	29/9/2014–28/9/2024
			29/9/2014–28/9/2015	29/9/2015–28/9/2024
			29/9/2014–28/9/2016	29/9/2016–28/9/2024
			29/9/2014–28/9/2017	29/9/2017–28/9/2024
	30 April 2015	11.00	30/4/2015–29/4/2016	30/4/2016–29/4/2025
			30/4/2015–29/4/2017	30/4/2017–29/4/2025
30/4/2015–29/4/2018			30/4/2018–29/4/2025	
Employees and non-controlling shareholders of certain subsidiaries	29 September 2015	6.66	N/A	29/9/2014–28/9/2024
			29/9/2014–28/9/2015	29/9/2015–28/9/2024
			29/9/2014–28/9/2016	29/9/2016–28/9/2024
			29/9/2014–28/9/2017	29/9/2017–28/9/2024
	30 April 2015	11.00	30/4/2015–29/4/2016	30/4/2016–29/4/2025
			30/4/2015–29/4/2017	30/4/2017–29/4/2025
30/4/2015–29/4/2018			30/4/2018–29/4/2025	

The following table of the company discloses movements of Colour Life's share options held by employees and directors during the year ended 31 December 2015 and 2014:

Category of Grantees	Date of grant	Vesting period	Outstanding at 1 January 2014	Granted during the year	Transfer during the year	Cancelled/lapsed during the year	Exercised during the year	Outstanding at 31 December 2014	Granted during the year	Transfer during the year	Cancelled/lapsed during the year	Exercised during the year	Outstanding at 31 December 2015	
Directors	29 September 2014	N/A	-	560,000	-	-	-	560,000	-	-	-	-	560,000	
		29/9/2014–28/9/2015	-	1,270,000	-	-	-	1,270,000	-	-	-	-	1,270,000	
		29/9/2014–28/9/2016	-	1,270,000	-	-	-	1,270,000	-	-	-	-	1,270,000	
		29/9/2014–28/9/2017	-	711,000	-	-	-	711,000	-	-	-	-	711,000	
	30 April 2015	30/4/2015–29/4/2016	-	-	-	-	-	-	477,000	-	-	-	-	477,000
		30/4/2015–29/4/2017	-	-	-	-	-	-	477,000	-	-	-	-	477,000
		30/4/2015–29/4/2018	-	-	-	-	-	-	476,000	-	-	-	-	476,000
				-	3,811,000	-	-	-	3,811,000	1,430,000	-	-	-	5,241,000
	Employees and non-controlling shareholders of certain subsidiaries	29 September 2014	N/A	-	6,107,000	-	-	-	6,107,000	-	-	(308,000)	(119,000)	5,680,000
			29/9/2014–28/9/2015	-	13,730,000	-	-	-	13,730,000	-	-	(1,070,000)	-	12,660,000
29/9/2014–28/9/2016			-	13,730,000	-	-	-	13,730,000	-	-	(1,070,000)	-	12,660,000	
29/9/2014–28/9/2017			-	7,622,000	-	-	-	7,622,000	-	-	(763,000)	-	6,859,000	
30 April 2015		30/4/2015–29/4/2016	-	-	-	-	-	-	7,857,000	-	-	(81,000)	-	7,776,000
		30/4/2015–29/4/2017	-	-	-	-	-	-	7,857,000	-	-	(81,000)	-	7,776,000
		30/4/2015–29/4/2018	-	-	-	-	-	-	7,856,000	-	-	(81,000)	-	7,775,000
					-	41,189,000	-	-	-	41,189,000	23,570,000	-	(3,454,000)	(119,000)
Total			-	45,000,000	-	-	-	45,000,000	25,000,000	-	(3,454,000)	(119,000)	66,427,000	
Exercisable at the end of the year								6,667,000					20,170,000	

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#### 49. Share Option Schemes (continued)

##### (b) Colour Life (continued)

The closing price of Colour Life's shares on the date of grant was HK\$6.66 at 29 September 2014 and HK\$10.88 on 30 April 2015, respectively. Binomial Option Pricing Model had been used to estimate the fair value of Colour Life's options. The variables and assumptions used in computing the fair value of the share options are based on Colour Life's best estimate. The value of Colour Life's option varies with different variables of certain subjective assumptions. The inputs into the model are as follows:

	30 April 2015	29 September 2014
Market price	HK\$10.88	HK\$6.66
Exercise price	HK\$11.00	HK\$6.66
Expected volatility	46.26%	48.82%
Risk-free rate	1.63%	2.01%
Expected dividend yield	0.83%	0.0%

During the year ended 31 December 2015, the estimated fair value of Colour Life's options at the date of grant was RMB104,714,000 (2014: RMB114,802,000). Colour Life recognised the total expense of RMB88,431,000 (2014: RMB29,780,000) as share option reserve included in other non-controlling interests for the year ended 31 December 2015 in relation to share options granted by Colour Life.

##### (c) Morning Star

A wholly owned subsidiary of the Company acquired during the year, Morning Star, operates a share option scheme (the "Morning Star's Scheme"). The Morning Star's Scheme was adopted pursuant to a resolution passed on 24 December 2015 for the primary purposes of providing incentives to certain directors and employees of the Morning Star and its subsidiaries ("Eligible Employees"), and will expire on 30 April 2019. According to the Morning Star's Scheme, the Board of Directors of Morning Star is authorised to grant options at a consideration of HK\$1 per option respectively to the Eligible Employees to subscribe for shares of Morning Star ("Morning Star's Shares").

The exercisable period of an option is determined by the directors of Morning Star at their discretion. The expiry date of Morning Star's Options may be determined by the Board of Directors of the Morning Star which shall not be later than the expiry day of Morning Star's Scheme.

As at 31 December 2015, the total number of Morning Star's shares to be issued upon the exercise of all options granted under the Morning Star's Scheme is 7,000,000 of HK\$1 each, representing approximately 7% of the issued share capital of Morning Star.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2015

### 49. Share Option Schemes (continued)

(c) **Morning Star** (continued)

Details of the share options granted under Morning Star's Scheme is as follows:

Category of Grantees	Date of grant	Granted during the year	Vesting period	Exercisable period	Vesting condition
Eligible Employees	24 December 2015	2,000,000	25/12/2015–30/3/2017	1/4/2017–30/4/2017	the net profit of Morning Star for year ending 31 December 2016 meets RMB10,000,000
		3,000,000	25/12/2015–30/3/2018	1/4/2018–30/4/2018	the net profit of Morning Star for year ending 31 December 2017 meets RMB20,000,000
		2,000,000	25/12/2015–30/3/2019	1/4/2019–30/4/2019	the net profit of Morning Star for year ending 31 December 2018 meets RMB40,000,000

Binomial Option Pricing Model had been used to estimate the fair value of these share – based payment transactions with cash alternative arrangements. The estimated fair value of the share options of Morning Star is RMB5,743,000 which represented the goods or services received from the Employees. The variables and assumptions used in computing the fair value of the share options are based on the management of the Company's best estimate. The value of an option varies with different variables of certain subjective assumptions. The inputs into the model are as follows:

	24 December 2015
Share price	HK\$1.85
Exercise price	HK\$1.00
Expected volatility	45.5%-54.6%
Risk-free rate	0.25%-0.84%
Expected dividend yield	0.0%

Morning Star recognised the total expense of RMB28,000 as share option reserve included in other non-controlling interests for the year ended 31 December 2015 in relation to share options granted by Morning Star.

For the year ended 31 December 2015

## 50. Retirement Benefits Plans

The Group operates a Mandatory Provident Fund Scheme for all qualifying employees in Hong Kong. The Group contributes certain percentage of relevant payroll costs to the Mandatory Provident Fund Scheme, which contribution is matched by employees.

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

The Group made contributions to the retirement benefits schemes of RMB77,208,000 (2014: RMB62,218,000).

## 51. Contingent Liabilities

	2015 RMB'000	2014 RMB'000
(a) Guarantees given to banks for mortgage facilities granted to purchasers of the Group's properties	6,441,957	4,778,135

The Group had provided guarantees 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 mortgage loans and ends after the buyer obtained the individual property ownership certificate.

In the opinion of the directors, the fair value of guarantee contracts is insignificant at initial recognition. Also, no provision for the guarantee contracts at the end of the reporting period is recognised as the default risk is low.

	2015 RMB'000	2014 RMB'000
(b) Financial guarantees given to a bank for the banking facilities granted to a joint venture, Novena	513,098	518,925

The Group had provided guarantees in respect of banking facilities granted by a bank to Novena. In the opinion of the directors, the fair value of guarantee contract is insignificant at initial recognition. Also, no provision for the guarantee contracts at the end of the reporting period is recognised as the default risk is low.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2015

### 52. Related Party Disclosures

During the year, in addition to those disclosed in elsewhere at the consolidated financial statements, the Group had following significant transactions with related parties:

#### (a) Related party transactions

Related parties	Relationship	Transactions	2015 RMB'000	2014 RMB'000
Cube Architecture	An associate of Shenzhen Tiankuo Investment Development Co., Ltd. (深圳市天闊投資發展有限公司), a related company controlled by Ms. Zeng Jie, Baby, the controlling shareholder and director of the Company	Design service fee incurred	1,044	1,740

#### (b) Compensation of key management personnel

The remuneration of directors and other members of key management during the year is as follows:

	2015 RMB'000	2014 RMB'000
Short-term benefits	89,449	67,875
Post-employment benefits	13,998	9,214
Share-based payments	2,575	2,536
	106,022	79,625

#### (c) Others

- (i) As at 31 December 2015, certain directors of the Company provided joint guarantees to the banks and trust company to secure the Group's bank and other borrowings amounting to RMB275,320,000 (2014: RMB59,640,000) in aggregate.
- (ii) During the year ended 31 December 2015, the Group had sold certain properties to its key management personnel (not including the directors of the Company) of the Group, at a cash consideration of RMB16,840,000 (2014: RMB3,005,000).

For the year ended 31 December 2015

### 53. Major Non-Cash Transactions

#### For the year ended 31 December 2015

- (a) During the year ended 31 December 2015, the Group entered into sale and purchase agreements with several contractors for the sale of properties amounting to RMB116,516,000 in exchange for the construction work provided by the contractor equivalent to RMB116,516,000.
- (b) During the year ended 31 December 2015, the group entered into termination agreements with acquirer of equity interests in Wanhao and Zhifu. Corresponding settlement agreement regarding to consideration to consideration receivables of RMB200,000,000 in exchange for the construction work provided by the contractor equivalent to RMB200,000,000 was cancelled.

#### For the year ended 31 December 2014

- (c) During the year ended 31 December 2014, the Group entered into a sale and purchase agreement with a contractor for the sale of properties amounting to RMB282,949,000 in exchange for the construction work provided by the contractor equivalent to RMB282,949,000.
- (d) During the year ended 31 December 2014, the Group acquired Huizhou TCL from TCL Corporation (as detailed in note 45(a)). The consideration of RMB939,525,000 has been settled by the issuance of 863,600,074 ordinary shares in the Company to TCL Corporation.
- (e) During the year ended 31 December 2014, the Group entered into a settlement agreement with acquirer of equity interests in Wanhao and Zhifu and a contractor for the settlement of consideration receivables of RMB200,000,000 in exchange for the construction work provided by the contractor equivalent to RMB200,000,000.

### 54. Particulars of Principal Subsidiaries of the Company

#### (a) Material subsidiaries of the Company

Particulars of principal subsidiaries indirectly held, unless otherwise stated, by the Company as at 31 December 2015 and 2014 are as follows:

Name of subsidiary	Place and date of incorporation/ establishment	Issued and fully paid share/ registered capital	Proportion ownership interest held by the Group		Principal activities	Legal form
			2015	2014		
Colour Life Services Group Co., Ltd ("Colour Life") <sup>a</sup>	The Cayman Islands 16 March 2011	HK\$100,000,000	50%	50%	Investment holding	Limited liability company
花樣年集團(中國)有限公司 Fantasia Group (China) Company Limited*	The PRC 20 January 2006	RMB1,624,843,500	100%	100%	Investment holding and property development	Limited liability company
深圳市花樣年地產集團有限公司 Shenzhen Fantasia Real Estate Group Limited ("Shenzhen Fantasia")	The PRC 28 September 1996	RMB150,000,000	100%	100%	Investment holding, property development and investment	Limited liability company

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2015

## 54. Particulars of Principal Subsidiaries of the Company (continued)

### (a) Material subsidiaries of the Company (continued)

Name of subsidiary	Place and date of incorporation/ establishment	Issued and fully paid share/ registered capital	Proportion ownership interest held by the Group		Principal activities	Legal form
			2015	2014		
成都市花樣年房地產開發有限公司 Chengdu Fantasia Real Estate Company Limited <sup>†</sup>	The PRC 18 October 2001	RMB75,610,000	100%	100%	Property development	Limited liability company and investment
深圳市花千里房地產開發有限公司 Shenzhen Huaqianli Real Estate Investment Development Company Limited <sup>†</sup>	The PRC 28 August 2006	RMB660,339,487	100%	100%	Investment holding	Limited liability company
深圳市彩生活物業管理有限公司 Shenzhen Colour Life Property Management Company Limited ("Shenzhen Colour Life")	The PRC 11 December 2000	RMB35,000,000	49.61%	49.61%	Provision of property operation services	Limited liability company
深圳置富房地產開發有限公司 Shenzhen Zhifu Real Estate Investment Development Company Limited <sup>*</sup>	The PRC 1 July 1994	RMB946,843,500	100%	100%	Property development and investment	Limited liability company
深圳市彩生活網絡服務有限公司 Shenzhen Colour Life Network Services Company Limited <sup>**</sup>	The PRC 12 June 2007	RMB10,000,000	100%	100%	Provision of property operation services	Limited liability company
深圳市開元同濟樓宇科技有限公司 Shenzhen Kaiyuan Tongji Building Science & Technology Company Limited <sup>**</sup>	The PRC 15 November 2001	RMB5,000,000	100%	100%	Provision of security system design, installation and maintenance services	Limited liability company
花樣年(成都)生態旅遊開發有限公司 Fantasia (Chengdu) Ecological Tourism Development Company Limited <sup>*</sup>	The PRC 7 September 2006	RMB1,344,970,000	100%	100%	Property development	Limited liability company

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2015

### 54. Particulars of Principal Subsidiaries of the Company (continued)

#### (a) Material subsidiaries of the Company (continued)

Name of subsidiary	Place and date of incorporation/ establishment	Issued and fully paid share/ registered capital	Proportion ownership interest held by the Group		Principal activities	Legal form
			2015	2014		
成都花萬里置業有限公司 Chengdu Huawanli Real Estate Company Limited*	The PRC 25 October 2005	RMB100,000,000	100%	100%	Property development and investment	Limited liability company
成都花千里置業有限公司 Chengdu Huaqianli Real Estate Company Limited*	The PRC 6 November 2006	RMB704,680,000	100%	100%	Property development	Limited liability company
成都花百里置業有限公司 Chengdu Huabaili Real Estate Company Limited*	The PRC 22 May 2003	RMB270,000,000	100%	100%	Property development	Limited liability company
深圳市康年科技有限公司 Shenzhen Kangnian Technology Company Limited*	The PRC 9 February 2007	RMB100,000,000	100%	100%	Property development and investment	Limited liability company
四川西美投資有限公司 Sichuan Ximei Investment Company Limited*	The PRC 7 June 2004	RMB670,000,000	100%	100%	Property development	Limited liability company
成都花樣年望叢文化發展有限公司 Chengdu Fantasia Wangcong Culture Development Company Limited*	The PRC 6 August 2008	RMB300,000,000	100%	100%	Property development	Limited liability company
成都九蓉房地產開發有限公司 Chengdu Jiurong Real Estate Development Limited*	The PRC 22 August 2007	RMB320,000,000	100%	100%	Property development	Limited liability company
深圳市花樣年房地產開發有限公司 Shenzhen Fantasia Real Estate Company Limited*	The PRC 20 April 2006	RMB150,000,000	100%	100%	Property development	Limited liability company

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2015

## 54. Particulars of Principal Subsidiaries of the Company (continued)

### (a) Material subsidiaries of the Company (continued)

Name of subsidiary	Place and date of incorporation/ establishment	Issued and fully paid share/ registered capital	Proportion ownership interest held by the Group		Principal activities	Legal form
			2015	2014		
惠州市惠陽區花千里實業有限公司 Huizhou Huiyang Huaqianli Industry Company Limited.*	The PRC 14 August 2012	RMB100,000,000	100%	100%	Property development	Limited liability company
蘇州花萬裡房地產開發有限公司 Suzhou Huawanli Real Estate Company Limited*	The PRC 9 September 2009	RMB180,000,000	100%	100%	Property development	Limited liability company
東莞花千里房地產開發有限公司 Dongguan Huaqianli Property Development Company Limited*	The PRC 30 April 2012	RMB30,000,000	100%	100%	Property development	Limited liability company
成都市諾亞舟實業有限公司 Chengdu Nuoyazhou Development Company Limited*	The PRC 17 June 2008	RMB300,000,000	100%	100%	Property development	Limited liability company
桂林萬豪房地產開發有限公司 Guilin Wanhao Property Development Limited*	The PRC 14 November 2007	RMB250,000,000	100%	51%	Property development	Limited liability company
桂林聚豪房地產開發有限公司 Guilin Juhao Property Development Limited*	The PRC 14 November 2007	RMB250,000,000	100%	100%	Property development	Limited liability company
花萬裡投資(北京)有限公司 Huawanli Investment (Beijing) Company Limited*	The PRC 13 September 2012	RMB779,150,000	100%	100%	Property development	Limited liability company
成都望叢房地產開發有限公司 Chengdu Wangcong Property Development Company Limited*	The PRC 28 June 2014	RMB394,400,000	60%	60%	Property development	Limited liability company

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## 54. Particulars of Principal Subsidiaries of the Company (continued)

## (a) Material subsidiaries of the Company (continued)

Name of subsidiary	Place and date of incorporation/ establishment	Issued and fully paid share/ registered capital	Proportion ownership interest held by the Group		Principal activities	Legal form
			2015	2014		
蘇州銀莊置地有限公司 Suzhou Yin Zhuang Real Estate Company Limited*	The PRC 25 January 2006	RMB500,000,000	100%	100%	Property development	Limited liability company
惠州TCL房地產開發有限公司 Huizhou TCL Property Development Company Limited*	The PRC 29 December 2004	RMB100,000,000	100%	100%	Property development	Limited liability company
成都花樣年置富房地產開發有限公司 Chengdu Fantasia Zhifu Property Development Company Limited*	The PRC 13 March 2014	RMB500,000,000	100%	60%	Property development	Limited liability company
寧波世紀華豐房產有限公司 Ningbo Century Huafeng Property Company Limited*	The PRC 25 March 2010	RMB427,500,000	100%	49%	Property development	Limited liability company
深圳市開元國際物業管理有限公司 Shenzhen Kaiyuan International Property Management Company Limited**^	The PRC	RMB330,000,000	100%	–	Provision of property operation services	Limited liability company
Morning Star Group Limited ("Morning Star")^	Hong Kong	RMB181,560,000	100%	–	Provision of travel agency service	Limited liability company

\* The English name is for identification purpose only.

# These subsidiaries were held by a non-wholly owned subsidiary of the Company namely Colour Life as at 31 December 2015 and 2014.

^ These subsidiaries were acquired during the year ended 31 December 2015. Details are set out in note 45.

Δ Except for these subsidiaries were directly held by the Company, all other subsidiaries are indirectly owned by the Company.

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



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2015

### 54. Particulars of Principal Subsidiaries of the Company (continued)

(b) **Composition of the Group**

Information about the subsidiaries of the Company that are not material to the Group at the end of each reporting period is as follow:

Principal activities	Principal place of business	Number of subsidiaries	
		2015	2014
Investment holding	BVI	20	20
	Hong Kong	20	14
	PRC	18	18
	USA	1	1
	Singapore	1	1
Property development	PRC	65	48
Property investment	PRC	1	1
	Japan	1	1
Property agency services	PRC	1	1
Property operation services	PRC	89	59
Hotel operations	PRC	5	5
	USA	1	1
Other	Hong Kong	4	–
		227	170

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## 54. Particulars of Principal Subsidiaries of the Company (continued)

## (c) Details of non-wholly owned subsidiaries that have material non-controlling interests

The table below shows details of non-wholly owned subsidiaries of the Company as at 31 December 2015 and 2014 that have material non-controlling interests.

Name of subsidiary	Place of incorporation and principal place of business	Ownership interests and rights held by		Profit (loss) attributable to		Accumulated	
		non-controlling interests		non-controlling interest		non-controlling interests	
		2015	2014	2015	2014	2015	2014
				RMB'000	RMB'000	RMB'000	RMB'000
深圳市彩生活物業管理有限公司 Shenzhen Colour Life Property Management Company Limited ("Shenzhen Colour Life")	The PRC	49.61%	49.61%	31,983	54,788	147,227	115,244
天津松江花樣年置業有限公司 Tianjin Songjiang Fantasia Real Estate Company Limited ("Tianjin Songjiang")	The PRC	40%	40%	(7,115)	(10,498)	69,020	72,572
深圳安博電子有限公司 Shenzhen Anbo Electronic Company Limited	The PRC	39%	39%	(43)	(56)	32,755	33,187
深圳市飛高至卓實業有限公司 Shenzhen Feigao Zhizhuo Company Limited	The PRC	39%	39%	(80)	–	81,820	40,897
				24,745	44,234	330,822	261,900
Individually immaterial subsidiaries with non-controlling interests				103,586	30,211	672,082	957,135
				128,331	74,445	1,002,904	1,219,035

Summarised financial information in respect of Company's subsidiaries that have material non-controlling interests is set out below. The summarised financial information below represents amounts before intra group eliminations.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2015

### 54. Particulars of Principal Subsidiaries of the Company (continued)

#### (c) Details of non-wholly owned subsidiaries that have material non-controlling interests (continued)

	Tianjin Songjiang		Shenzhen Colour Life	
	2015 RMB'000	2014 RMB'000	2015 RMB'000	2014 RMB'000
Current assets	118,545	102,918	806,648	178,342
Non-current assets	225,278	227,506	29,830	156,611
Current liabilities	171,273	146,508	429,708	102,653
Non-current liabilities	–	2,485	110,000	–
Equity attributable to owners of the Company	103,530	108,859	149,543	117,056
Non-controlling interests	69,020	72,572	147,227	115,244
Revenue	10,847	2,210	158,888	179,634
Cost of sales	(11,724)	(26,917)	(55,068)	(23,516)
Expenses	(16,912)	(1,538)	(39,351)	(39,324)
(Loss)/profit for the year	(17,789)	(26,245)	64,469	116,794
(Loss)/profit attributable to the owners of the Group	(10,674)	(15,747)	32,486	62,006
(Loss)/profit attributable to the non-controlling interests	(7,115)	(10,498)	31,983	54,788
Surplus on Revaluation for the year	–	–	–	–
Surplus on Revaluation attributable to the owners of the Group	5,344	–	–	–
Surplus on Revaluation attributable to the non-controlling interests	3,563	–	–	–
Net cash (outflow) inflow from operating activities	(22,432)	(15,727)	61,871	131,066
Net cash (outflow) inflow from investing activities	(41)	26,088	(3,265)	(5,961)
Net cash inflow (outflow) from financing activities	20,873	(12,092)	(79,470)	(110,495)
Net cash (outflow) inflow	(1,600)	(1,731)	(20,864)	14,610

	Feigao Zhizhuo		Shenzhen Anbo	
	2015 RMB'000	2014 RMB'000	2015 RMB'000	2014 RMB'000
Current assets	223,153	104,782	464,920	33
Non-current assets	18	172	35	185,562
Current liabilities	13,375	90	380,969	101,214
Equity attributable to owners of the Company	127,976	63,967	51,231	51,194
Non-controlling interests	81,820	40,897	32,755	33,187
Expenses and loss for the year	(204)	–	(111)	(143)
Loss attributable to the owners of the Group	(124)	–	(68)	(87)
Loss attributable to the non-controlling interests	(80)	–	(43)	(56)
Net cash (outflow) inflow from operating activities	(3,217)	–	(20,982)	(15,862)
Net cash (outflow) inflow from investing activities	(19)	–	(16)	–
Net cash inflow from financing activities	6,691	–	20,767	15,953
Net cash inflow (outflow)	3,455	–	(231)	91

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2015

### 55. Information About the Statement of Financial Position of the Company

Information about the statement of financial position of the Company at the end of the reporting period includes:

	2015 RMB'000	2014 RMB'000
<b>NON-CURRENT ASSETS</b>		
Investments in subsidiaries	2,536,908	2,021,256
Amounts due from subsidiaries	7,066,355	7,403,832
	9,603,263	9,425,088
<b>CURRENT ASSETS</b>		
Other receivables	451	6
Banks balances and cash	1,543	2,757
	1,994	2,763
<b>CURRENT LIABILITIES</b>		
Other payables	15,537	5,787
Amounts due to subsidiaries	4,400	84,204
Bank borrowing	201,495	–
Senior notes	1,004,105	746,051
	1,225,537	836,042
<b>NET CURRENT LIABILITIES</b>	<b>(1,223,543)</b>	<b>(833,279)</b>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>	<b>8,379,720</b>	<b>8,591,809</b>
<b>NON-CURRENT LIABILITIES</b>		
Senior notes	6,636,915	6,022,081
<b>TOTAL ASSETS LESS TOTAL LIABILITIES</b>	<b>1,742,805</b>	<b>2,569,728</b>
<b>CAPITAL AND RESERVES</b>		
Share capital	497,797	497,485
Reserves	1,245,008	2,072,243
	1,742,805	2,569,728

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2015

### 55. Information About the Statement of Financial Position of the Company (continued)

	Share capital RMB'000	Share premium RMB'000	Retained profits (accumulated losses) RMB'000	Share options reserve RMB'000	Total RMB'000
At 1 January 2014	429,575	1,876,311	51,974	16,176	2,374,036
Loss and total comprehensive expense for the year	–	–	(441,213)	–	(441,213)
Recognition of equity-settled share-based payments (note 49)	–	–	–	3,353	3,353
Issue of share as consideration of subsidiaries	67,900	871,625	–	–	939,525
Issue of share upon exercise of share option	10	101	–	(30)	81
Dividend distributed to shareholders of the Company (note 14)	–	(306,054)	–	–	(306,054)
At 31 December 2014	497,485	2,441,983	(389,239)	19,499	2,569,728
Loss and total comprehensive expense for the year	–	–	(586,968)	–	(586,968)
Recognition of equity-settled share-based payments (note 49)	–	–	–	2,464	2,464
Issue of share upon exercise of share Option	312	3,219	–	(938)	2,593
Share option lapsed	–	–	3,092	(3,092)	–
Dividend distributed to shareholders of the Company (note 13)	–	(245,012)	–	–	(245,012)
At 31 December 2015	497,797	2,200,190	(973,115)	17,933	1,742,805

### 56. Event After the Reporting Period

On 4 January 2016, Fantasia Group China further issued domestic corporate bonds of RMB1,100,000,000 with a term of five years (“2016 Domestic Corporate Bonds”), carrying interest at rate of 7.29% per annum. At the end of the third year, Fantasia Group China shall be entitled to increase the interest rate and the holders of 2016 Domestic Corporate Bonds may at their options to sell back to Fantasia Group China. The proceeds are to be used for refinancing certain of the Group’s existing indebtedness and for the general working capital purposes.

## RESULTS

	For the year ended 31 December					
	2010 RMB'000 (restated)	2011 RMB'000 (restated)	2012 RMB'000	2013 RMB'000	2014 RMB'000	2015 RMB'000
Revenue	4,471,234	5,592,350	6,230,050	7,279,828	7,305,950	8,164,297
Profit before taxation	1,789,678	2,151,840	2,386,858	2,404,303	2,529,719	2,721,358
Income tax expense	(828,708)	(1,038,344)	(1,261,209)	(1,174,112)	(1,157,408)	(1,318,542)
Profit For the year	960,970	1,113,496	1,125,649	1,230,191	1,372,311	1,402,816
Attributable to						
Owners of the company	373,469	1,057,479	1,139,241	1,215,038	1,255,341	1,210,610
Non-controlling interests	(4,024)	56,017	(13,592)	15,153	116,970	192,206
	369,445	1,113,496	1,125,649	1,230,191	1,372,311	1,402,816

## ASSETS AND LIABILITIES

	At 31 December					
	2010 RMB'000 (restated)	2011 RMB'000 (restated)	2012 RMB'000	2013 RMB'000	2014 RMB'000	2015 RMB'000
Total assets	15,382,388	18,122,636	24,526,597	30,563,466	41,254,080	44,551,288
Total liabilities	10,534,896	12,340,380	17,605,431	22,732,138	29,841,706	32,311,251
	4,847,492	5,782,256	6,921,166	7,831,328	11,412,374	12,240,037
Equity attributable to owners of the company	4,431,651	5,601,599	6,601,130	7,320,451	9,453,059	10,408,491
Non-controlling interests	415,841	180,657	320,036	510,877	1,959,315	1,831,546
	4,847,492	5,782,256	6,921,166	7,831,328	11,412,374	12,240,037

## MAJOR INVESTMENT PROPERTIES HELD BY THE GROUP

### 1. COMPLETED PROPERTIES HELD FOR INVESTMENT

No.	Property	Type	lease term	Gross floor	Interest attributable to the Group
1	Units 218, 219, 221 to 225, 227 and 228 of Fairy Land located at Renmin North Road Luohu District Shenzhen City Guangdong Province The PRC	Commercial	Long	385.45m <sup>2</sup>	100%
2	Units 101 and 148 and 200 car parking spaces of My Place located at Xiasha Village South Binhe Road Futian District Shenzhen City Guangdong Province The PRC	Commercial/ park	Long/-	Commercial: 11,100.07m <sup>2</sup>	100%
3	Unit 16B of Jinfeng Mansion located at Shangbu South Road Futian District Shenzhen City Guangdong Province The PRC	Commercial	Medium	450.21m <sup>2</sup>	100%
4	Unit 110 and 191 car parking spaces of Pair Life located at Wenjindu Luohu District Shenzhen City Guangdong Province The PRC	Commercial/ Carpark	Long/-	Commercial: 1,234.93m <sup>2</sup>	100%
5	100 car parking spaces of Self Life located at the junction of Fuhua Road and Binhe Road Futian District Shenzhen City Guangdong Province The PRC	Carpark	-	-	100%
6	Units 105 to 108 and 200 car parking spaces of Hailrun Complex, No. 6021 Shennan Boulevard Futian District Shenzhen City Guangdong Province The PRC	Commercial/ Carpark	Medium/-	Commercial: 42.91m <sup>2</sup>	100%
7	177 car parking spaces of Endless Blue located at the northern side of North Ring, Xiameilin Futian District Shenzhen City Guangdong Province The PRC	Carpark	-	-	100%

## MAJOR INVESTMENT PROPERTIES HELD BY THE GROUP

No.	Property	Type	lease term	Gross floor	Interest attributable to the Group
8	Units 201 to 204 of Block C and 319 car parking spaces of Future Plaza located at the north of Qiaoxiang Road and the west of Zhonghang Shahe Industrial Zone Nanshan District Shenzhen City Guangdong Province The PRC	Office/ Carpark	Medium/–	Office: 1,511.51 m <sup>2</sup>	100%
9	Units 101 and 102 and 145 car parking spaces of Flower Harbor located at the junction of Mingzhu Avenue and Yong'an North Road Yantian District Shenzhen City Guangdong Province The PRC	Commercial/ Carpark	Medium/–	Commercial: 87.45m <sup>2</sup>	100%
10	Various retail units and 527 car parking spaces of Huajun Garden of Love Forever located at the junction of Bao'an Avenue and Yulv Road Bao'an District Shenzhen City Guangdong Province The PRC	Commercial/ Carpark	Long/–	Commercial: 3,944.01m <sup>2</sup>	100%
11	Various retail units and 507 car parking spaces of Huaxiang Garden of Love Forever located at the junction of Baoan Avenue and Yulv Road Bao'an District Shenzhen City Guangdong Province The PRC	Commercial/ Carpark	Long/–	Commercial: 4,393.60m <sup>2</sup>	100%
12	Units 401 to 404 of Xiangyun Tiandu Century Mansion located at the junction of Fuqiang Road and Xinzhou San Street Futian District Shenzhen City Guangdong Province The PRC	Office	Long	509.09m <sup>2</sup>	100%
13	The northern portion of Block B and 200 car parking spaces of Funian Plaza located at the junction of Shihua Road and Hongmian Avenue Futian District Shenzhen City Guangdong Province The PRC	Office/ Carpark	Medium/–	Office: 20,398.49m <sup>2</sup>	100%



## MAJOR INVESTMENT PROPERTIES HELD BY THE GROUP

No.	Property	Type	lease term	Gross floor	Interest attributable to the Group
14	Longnian Building Longgang Town Longgang District Shenzhen City Guangdong Province The PRC	Commercial	Long	1,618m <sup>2</sup>	100%
15	153 car parking spaces of Human Art Wisdom No. 33 Ximianqiao Street Wuhou District Chengdu City Sichuan Province The PRC	Carpark	Long	5,977.24m <sup>2</sup>	100%
16	The commercial portion of a community club and 15 car parking spaces of Fantasia Special Town No. 333 Huanglong Avenue 2nd Section Gongxing Town Shuangliu County Sichuan Province The PRC	Club/ Carpark	Long	Carpark: 275.8 m <sup>2</sup> Club: 2,489.26 m <sup>2</sup>	100%
17	566 mechanical car parking spaces of Love Forever No. 99 Shuangqing Road Chenghua District Chengdu City Sichuan Province The PRC	Carpark	–	–	100%
18	Building No. 7 and portion of Levels 1 to 3 of Building No. 20 of Fantasia Town No. 399 Wenquan Avenue 3rd Passage Jinma Town Wenjiang District Chengdu City Sichuan Province The PRC	Commercial	Long	20,644.45m <sup>2</sup>	100%
19	1,142 mechanical car parking spaces of Future Plaza No. 88 Jitai Fifth Road Hi-tech Industrial Development Zone Chengdu City Sichuan Province The PRC	Carpark	Short	–	100%

## MAJOR INVESTMENT PROPERTIES HELD BY THE GROUP

No.	Property	Type	lease term	Gross floor	Interest attributable to the Group
20	Fantasia Longnian International Center located at the 3 She of Wangcong Village and 6 She of Jusong Village Pitong Town Pi Country Chengdu City Sichuan Province The PRC	Commercial	Long	30,987.04m <sup>2</sup>	100%
21	152 car parking spaces of Haoge Project No. 1 Xiangshan Road Taihu National Tourism Vacation Zone Wuzhong District Suzhou City Jiangsu Province The PRC	Carpark	–	–	100%
22	Portions of Levels 1 to 9 and 77 car parking spaces of Zhongding Mansion No. 4 Canluan Road Hi-tech Development Zone Guilin City Guangxi Province The PRC	Office/ Carpark	Medium/–	Office: 8,924.52m <sup>2</sup>	100%
23	Building No. 1 (exclusive of Level 2) and Level 3 of Building No. 5 of Guilin Fantasia Town located at the junction of Wanfu Road and Xicheng Avenue Lingui New District Guilin City Guangxi Province The PRC	Commercial	Long	61,982.66m <sup>2</sup>	100%
24	Level 2, Building No. 1 of Guilin Fantasia Town located at the junction of Wanfu Road and Xicheng Avenue Lingui New District Guilin City Guangxi Province The PRC	Commercial	–	15,510.88m <sup>2</sup>	100%
25	Phase II Lakeside Eden Yangtang Industrial Park Lingui Town Guilin City Guangxi Province The PRC	Commercial	Long	14,982m <sup>2</sup>	100%
26	5 car parking spaces of Tianjin Future Plaza located at the junction of Dongjiang Road and Neijiang Road Hexi District Tianjin The PRC	Carpark	–	–	100%

## MAJOR INVESTMENT PROPERTIES HELD BY THE GROUP

No.	Property	Type	lease term	Gross floor	Interest attributable to the Group
27	Units 1-101, 1-102, 109 and 201 of Block 5, Unit 103 of Block 1 and Units 101, 202 of Block 4 and 599 car parking spaces of Hailrun Plaza located at the junction of Jiefang South Road and Wushui Road Jinnan District Tianjin The PRC	Office/ Carpark	Medium/–	Office: 4,990.41m <sup>2</sup>	100%
28	179 car parking spaces of Huajun Garden located at the junction of Tianhe Road and Nongyu Road Wuqing District Tianjin The PRC	Carpark	–	–	100%
29	Level 2 of Room 40 and various retail units, Building No. 5 of Fantasia Life Square located at the southern side of Lvzhou East Road Yuhuatai District Nanjing City Jiangsu Province The PRC	Commercial	Long	20,655.26m <sup>2</sup>	100%
30	The clubhouse, kindergarten and 664 car parking spaces of Palm Park No. 3 Hechang 5th Road West Zhongkai High-tech Industrial Development Zone Huizhou City Guangdong Province The PRC	Kindergarten/ Clubhouse/ Carpark	Long/ Long/–	Kindergarten: 3,500m <sup>2</sup> Clubhouse: 1,890m <sup>2</sup>	100%
31	The kindergarten and 94 car parking spaces of Jiayuan Estate No. 25 Maidi South Road Huicheng District Huizhou City Guangdong Province The PRC	Kindergarten/ Carpark	Medium/–	Kindergarten: 2,121.68m <sup>2</sup>	100%
32	The clubhouse and 262 car parking spaces of Xiangxie Garden No. 63 Yanda Avenue Huicheng District Huizhou City Guangdong Province The PRC	Clubhouse/ Carpark	–	Clubhouse: 371.25m <sup>2</sup>	100%
33	167 car parking spaces of Cuiyuan Garden No. 35 Maidi South Road Huicheng District Huizhou City Guangdong Province The PRC	Carpark	–	–	100%

## MAJOR INVESTMENT PROPERTIES HELD BY THE GROUP

No.	Property	Type	lease term	Gross floor	Interest attributable to the Group
34	169 car parking spaces of Yayuan Garden No. 1 Huayuan Road Huicheng District Huizhou City Guangdong Province The PRC	Carpark	–	–	100%
35	Units 104 to 106 and 108 of Building No. 26 Phase II and Phase III of Bie Yang Cheng Estate located at Danshui Street Huiyang District Huizhou City Guangdong Province The PRC	Commercial	Long	4,513.81m <sup>2</sup>	100%
36	Wuhan Fantasia Town and 1,023 car parking spaces located at the western side of Huanhu Middle Road and the northern side of Baihuan'er Road Jinyinhu Street Dongxihu District Wuhan City Hubei Province The PRC	Commercial/ Carpark	Long	Commercial: 10,365.73m <sup>2</sup>	100%
37	Levels 1 to 4 and 390 car parking spaces of Jiangshan Garden Jiangshan Hui located at Gongchang Road Huangjiang Town Dongguan City Guangdong Province The PRC	Commercial	Long	14,209.25m <sup>2</sup>	100%
38	Phase I of Huajun Garden South of Taihu Avenue North of Jincheng Road East of Chunyang Road Xin District Wuxi City Jiangsu Province The PRC	Commercial	Long	10,594m <sup>2</sup>	100%
39	49-banchi-11, Aza Yanagihara Oaza Myobaru, Nishi-ku, Fukuoka-shi Fukuoka Prefecture Japan	Residential/ Carpark	Long	Residential: 1,290.98m <sup>2</sup>	100%
40	702 Matsubara 2-chome Naka-ku, Nagoya-shi Aichi Prefecture Japan	Residential/ Carpark	Long	Residential: 1,751.04m <sup>2</sup>	100%
41	1214-1, 1214-2, Imaike 3-chome Chigusaku Nagoyashi Aichi Prefecture Japan	Residential/ Carpark	Long	Residential: 970.00m <sup>2</sup>	100%

## MAJOR INVESTMENT PROPERTIES HELD BY THE GROUP

### 2. INVESTMENT PROPERTIES UNDER CONSTRUCTION

No.	Property	Type	lease term	Stage of Completion	Interest held by the Group (%)	Anticipated completion date
1	The retail portion of Hailrun Plaza located at the southeast junction of Shishan Road and Binhe Road Shishan Street, National New & Hi-tech Industrial Development Zone Suzhou City Jiangsu Province The PRC	Commercial	Long	In progress	100%	2016
2	Phase III of Fantasia Longnian International Center under construction located at Jusong Village Pitong Town Pi Country Chengdu City Sichuan Province The PRC	Commercial	Long	In progress	100%	2018
3	Various retail units and 799 car parking spaces of Meinian Plaza under construction located at the Chen Tang Technology Business Service Center No. 308-13 Dong Ting Avenue No. 20 Hexi District Tianjin City The PRC	Commercial	Long	In progress	100%	2016
4	Levels 1 to 3 of Fantasia Town under construction located at the southern side of Shuanggao Road and the western side of Taoyuan South Road Gaochun Development Zone Nanjing City Jiangsu Province The PRC	Commercial	Long	In progress	100%	2016

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