上海實業城市開發集團有限公司
SHANGHAI INDUSTRIAL URBAN DEVELOPMENT GROUP LIMITED

(Incorporated in Bermuda with limited liability)
Stock Code: 563

ANNUAL REPORT 2015

Thinking Ahead
MEASURING
SUCCESS

SET OUR SIGHTS ON NEW HORIZON

Shanghai Industrial Urban Development Group Limited ("SIUD") currently has 19 real estate projects in 10 major cities in China, namely Shanghai, Kunshan, Wuxi, Beijing, Shenyang, Tianjin, Xi'an, Chongqing, Changsha and Shenzhen. Most of the projects are mid- to high-end residential projects which are under construction at full steam, presenting the Group with an approximately 4 million-square-meter saleable land bank and excellent foundation for long term development.

CONTENTS

CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Ji Gang *(Chairman and President)*
Zhou Jun
Yang Jianwei
Yang Biao
Ye Weiqi
Huang Fei

Independent Non-Executive Directors

Doo Wai-Hoi, William, *J.P.*
Fan Ren Da, Anthony
Li Ka Fai, David

AUTHORIZED REPRESENTATIVES

Ji Gang
Chan Kin Chu, Harry

BOARD COMMITTEES

Audit Committee

Li Ka Fai, David *(Committee Chairman)*
Doo Wai-Hoi, William, *J.P.*
Fan Ren Da, Anthony

Remuneration Committee

Doo Wai-Hoi, William, *J.P. (Committee Chairman)*
Fan Ren Da, Anthony
Ye Weiqi

Nomination Committee

Ji Gang *(Committee Chairman)*
Doo Wai-Hoi, William, *J.P.*
Fan Ren Da, Anthony

Investment Appraisal Committee

Fan Ren Da, Anthony *(Committee Chairman)*
Yang Jianwei *(appointed on 11 November 2015)*
Ye Weiqi

COMPANY SECRETARY

Chan Kin Chu, Harry

PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Codan Services Limited
Clarendon House,
2 Church Street,
Hamilton, HM11,
Bermuda.

HONG KONG BRANCH SHARE REGISTRAR AND TRANSFER OFFICE

Tricor Secretaries Limited
Level 22, Hopewell Centre,
183 Queen's Road East,
Hong Kong.

LEGAL ADVISERS

As to Hong Kong Law

Ashurst Hong Kong

As to Bermuda Law

Conyers Dill & Pearman

REGISTERED OFFICE

Clarendon House,
2 Church Street,
Hamilton, HM11,
Bermuda.

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

Suites 3003–3007,
30th Floor, Great Eagle Centre,
23 Harbour Road,
Wanchai, Hong Kong.
Telephone: (852) 2544 8000
Facsimile: (852) 2544 8004

WEBSITE

http://www.siud.com

PRINCIPAL BANKERS

The Hongkong and Shanghai Banking Corporation Limited
Agricultural Bank of China Limited
China Construction Bank Corporation
Industrial and Commercial Bank of China (Asia) Limited
Shanghai Pudong Development Bank Company Limited
Bank of China Limited

AUDITOR

Deloitte Touche Tohmatsu
35/F., One Pacific Place,
88 Queensway, Hong Kong.

LISTING INFORMATION

The Stock Exchange of Hong Kong Limited
Ordinary Shares
(Stock Code: 563)

FINANCIAL HIGHLIGHTS

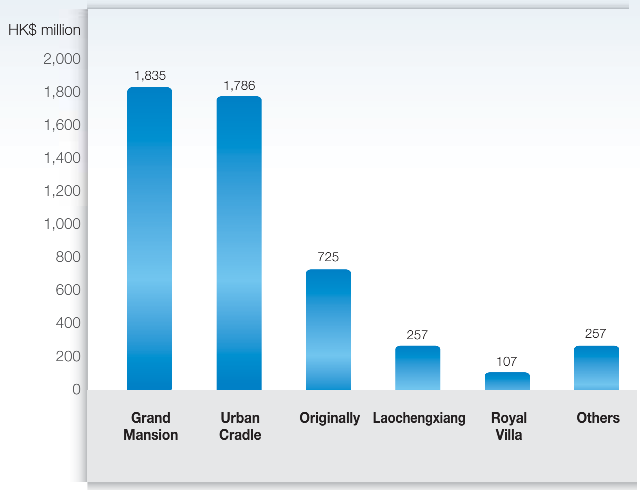
	For the year ended 31 December 2015	For the year ended 31 December 2014	Change
Financial Highlights (HK$'000)			
Revenue	**3,871,923**	7,773,636	(50.2%)
Gross profit margin	**32.3%**	38.0%	(5.7 p.p.)
Profit attributable to equity owners of the Company	**517,385**	161,181	221.0%
Financial Information per share (HK cents)			
Earnings			
– Basic	**10.75**	3.35	221.0%
– Diluted	**10.75**	3.35	221.0%
Dividends			
– Total	**2.8**	1.1	154.5%
– Final	**1.2**	1.1	9.1%
– Special	**1.6**	Nil	N.A.

	As at 31 December 2015	As at 31 December 2014
Pre-sale proceeds received on sales of properties (HK$'000)	**4,967,064**	2,400,586
Financial Ratios		
Net debt to total equity (%) (Note)	**54.9%**	65.6%
Current ratio	**2.0**	1.9

Note: Net debt = total borrowings (including bank and other borrowings) less cash and cash equivalents and pledged bank deposits.

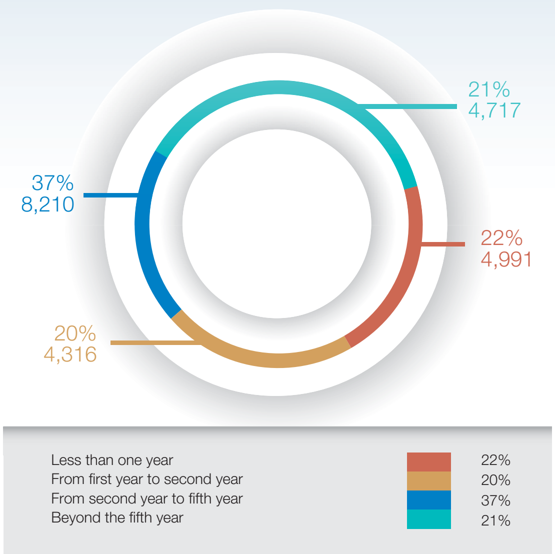
ANALYSIS ON PRE-SALE PROCEEDS RECEIVED ON SALES OF PROPERTIES

(As at 31 December 2015)



DEBT MATURITY PROFILE

(As at 31 December 2015)
HK$ million



WORKING TOGETHER WE ARE STRONGER

We are increasing our cooperation with governments, insurance groups and other leading enterprises to build on our competitive strengths.

CHAIRMAN'S STATEMENT

Destocking was the focus of the real estate industry in China in 2015. With gradual policy relaxations, the transaction volume in first-tier cities rose year-on-year. During the year, the Group achieved satisfactory results by posting contract sales of RMB5.8 billion, up 23.6% year-on-year. What's more, the Group unlocked the true value of its projects through asset revitalization and reaped generous profits. Despite the impact of Renminbi depreciation during the year, the profit attributable to owners of the Company still surged by more than 2.2 times to HK$517 million. As a token of appreciation for the long-standing trust and support of our shareholders, we also increased our dividend distribution to 2.8 HK cents per share during the year. The financial conditions of the Group further improved during the year. Apart from successfully completing the disposal of the Yanjiao project in Hebei and Qi'ao Island project in Zhuhai, the Group also issued corporate bonds amounting to RMB1.8 billion at a relatively low cost. Such proceeds will benefit the Group in accelerating its development in the Yangtze River Delta region and prosperous cities.

CHAIRMAN'S STATEMENT

In retrospect, 2015 has been a roller-coaster year for the macroeconomy of China. The considerable adjustments in economic structure, volatile financial market and Renminbi depreciation posed varying degrees of impact on all trades and professions. For the real estate industry, the overseas financing environment was getting more and more complicated, while domestic financing channels became relatively lenient. Hong Kong-listed Chinese property developers are generally laden with foreign debts. Weakening of Renminbi against the US dollar has added to the burden of such developers, to whom 2015 was also a challenging year for their financial capability and credit ratings.

However, the year-on-year growth of China's gross domestic product (GDP) slowed only to 6.9% last year, which was under expectation. To help property developers clear the glut, the government continued to loosen its home purchase policies and lowered the minimum down payment for second-home buyers, along with several reductions in interest rates and deposit reserve ratio. China's property market performed well during the year under review. According to the National Bureau of Statistics, the overall sales in China's property market picked up significantly as compared to the previous year. The sales area for commodity housing increased 6.5% year-on-year to 1,285 million sq.m., and the commodity

CHAIRMAN'S STATEMENT

housing sales amounted to RMB8,728.1 billion, posting a 14.4% growth. Marked deviation was witnessed among cities as the year-on-year average house price growth in first-tier cities far exceeded that in second- and third-tier cities while average house prices in third-tier cities are still sliding as compared to the previous year. All these demonstrated that the Group achieved satisfactory performance not by luck, but by the market insights of the management and its strategic positioning.

FURTHER IMPROVEMENT OF FINANCIAL CONDITIONS AND NEW CHAPTER OF DEVELOPMENT OF THE GROUP

In 2015, the Group made timely moves in revitalizing its projects and reaped generous profits and sufficient cash flows through the disposal of the Qi'ao Island project in Zhuhai and the Yanjiao project in Hebei. The proceeds from the disposals are expected to be used for investing in our existing projects under development, reducing our loans denominated in foreign currency and focusing on the new projects in the Yangtze River Delta region and prosperous cities so as to further optimize the asset and land bank portfolio of the Group.

The Group still enjoyed robust development in many aspects, albeit the fierce competition in the property market. In particular, government approval for construction or renovation has been obtained for several key projects. As for financing channels, a bond issue was carried out domestically in a timely manner and a two-way Renminbi fund pool has been established in the Shanghai Free Trade Zone. The Group also entered into a strategic cooperation agreement with each of Ping An Real Estate Co., Ltd. and the Government of Minhang District of Shanghai. All these have greatly boosted the Group's competitiveness. A number of high quality enterprises and entrepreneurs will be gradually introduced into our bundle of completed premium office and commercial properties in Minhang District and also TODTOWN, which is one of our key projects with construction in full swing. We are excited for our upcoming strategic and complementary cooperation with the other companies, which will lay a solid foundation for the development of our new projects in future.

Moreover, last year, the Group set up a company jointly with the Government of Minhang District, which is in charge of the primary and secondary joint development of part of the "urban village" in Meilong Town. With the goals of promoting new urbanization development and increasing the intensive use of land, this project is one of the first batch of 35 pilot projects in Shanghai ever since the incorporation of "urban village" renovation into the shanty town renovation scheme of the government. Over the past few years, land prices in Shanghai have been soaring due to open bidding. As a new attempt of the Group to acquire new land resources at reasonable prices, "urban village" is expected to become the blue ocean strategy of the Group, giving the Group cost advantages over new land acquisition.

Looking ahead to 2016, the management believes that Chinese economy will still be facing downward pressure due to the followings: 1) The reform has entered into a critical period with swift restructuring in industry structures and business models; 2) The urbanization process is progressing in an orderly manner, but the continuous surge of land premium in first-tier cities fails to drive up the land premium in third- and fourth-tier cities; 3) There are still numerous uncertainties with the beginning of U.S. interest rate lift-off and the ease and stability of capital will still need to be watched. In a nutshell, the real estate industry will still be confronted with lots of challenges. Developers who are not competent enough will find it difficult to get a foothold in the first-tier cities in China.

CHAIRMAN'S STATEMENT

TO ASPIRE WE NEED PERSISTENCE NOT BRILLIANCE; TO SUCCEED WE STAND FIRM NOT MOVE FAST

Into a new stage of development, the Group has devised a five-year development plan, under which resources will be deployed in a sensible manner, to further solidify the foundation laid over the years. Focusing on region-wide complexes and supplemented by community-wide commercial products in its product development, the Group has established a corporate platform for the management of commercial assets to achieve the one-stop-shop management of operation, asset management and capital operation. Amidst the elevating risks in the industry associated with the soaring land prices in first-tier cities over the years, the Group acknowledged the philosophy underlying the Chinese proverb "we will not get things done if we want them done fast" (欲速則不達): With aspirations, we still need to stay firm and steadfast in order to succeed. It was under this notion that the Group avoided seizing land parcels at high prices, which would otherwise erode our gross profit margin, add to our debt burden and be detrimental to the interests of our shareholders. The saying "To aspire we need persistence not brilliance; to succeed we stand firm not move fast" (立志欲堅不欲鋭，成功在久不在速) written by Zhang Xiaoxiang, a Chinese poet in Song Dynasty, is an exact description of the Group's approach to its development, which requires a determined mind and down-to-earth actions. Our achievement of sound performance for the year amidst the adversity of a difficult environment was precisely because of that.

Going forward, the Group will adhere to its strategy of development with a focus on Yangtze River Delta and prosperous cities in China, step up sales efforts in launching property projects in our core city Shanghai strategically, enhance its portfolio of land bank, and expedite asset turnover. Further, with the commencement of construction of Binjiang U Center in Shanghai, the good progress made in the construction of TODTOWN and the implementation of the adjustment scheme for ShanghaiMart, we believe that the Group will be in a position to steadily raise the proportion of rental income in its total revenue. Meanwhile, the Group will further intensify its cooperation with the government, insurance groups and other related leading enterprises to augment the competitive strengths of the Group. In addition, the Group will also review its debt structure, tax planning and the trend of exchange rate movement on an ongoing basis to make timely adjustment to relevant financial strategies for the protection of the interest of the Group.

The Group envisages that ample opportunities will remain albeit the complicated economic conditions. Whilst the business model of the traditional real estate sector is being challenged, profit is being eroded due to a number of factors. Under the "new economic norms", the Group will actively explore markets, fully leverage existing resources for uplifting the value of products, extend the scope of strategic cooperation and expedite the deployment of new projects. It will also consider expanding into upstream, downstream or peripheral businesses along the industry chain to participate in shaping new business models for the real estate sector.

Finally, I would like to express my appreciation to all employees for their dedication and contributions in the past year which translated into the sound performance of SIUD. Meanwhile, I would also like to express my gratitude to all of our business partners, customers and shareholders for their long-term support.

Ji Gang
Chairman

29 March 2016

INVESTOR FAQ

Q WHAT ARE THE REASONS FOR THE SUBSTANTIAL DROP IN REVENUE AND THE DECREASE IN GROSS PROFIT MARGIN IN 2015?

A Whilst the real estate industry is subject to cyclicality and regional variations, our decrease in revenue last year was primarily due to the decreased delivery of completed residential units as most of the Group's construction in progress was investment properties. Our gross profit margin was, as an industry characteristic, subject to volatility due to the variations in the average booked revenue across different projects, types of projects delivered and their geographical locations. However, the Group will take timely moves to consolidate its assets for unlocking their intrinsic market values, enhance the overall profitability and cashflow of the Group, and in turn improve the Group's results year after year.

In addition, with the increase in the Group's rental income over the past three years, the cyclicality of property development may be played down by the expected continual growth in rental income when more investment properties are completed in future, which will lead to the enlarged proportion of rental income in the total revenue of the Group.

Q WITH THE GROUP'S SUBSTANTIAL EXCHANGE LOSS LAST YEAR, WHAT DO YOU THINK OF THE EXCHANGE RATE OF THE RENMINBI IN THE YEAR AHEAD? HOW WOULD YOU RESPOND TO IT?

A Exchange loss arising from the Renminbi was a challenge to each and every property developer in China which had debts denominated in foreign currencies. Whilst it is expected that the exchange rate of the Renminbi in future will be relatively stable, the Group has taken a series of measures to mitigate the underlying risks, including the increase in onshore Renminbi-denominated debts to replace those denominated in foreign currencies for lowering interest rates and cushioning the impact of exchange loss; and substituting short-term debts with long-term debts to reduce liquidity

INVESTOR FAQ

risks. The Group repaid offshore debts in the amount of approximately US$428 million in the first quarter of 2016 with onshore debt financing and its internal resources. With the lowered interest rate and extended term of maturity of debts, the risk exposure against the Group is expected to be substantially alleviated in the year ahead.

Q FOLLOWING THE SUCCESSIVE DISPOSAL OF YANJIAO AND QI'AO ISLAND PROJECTS, WHICH REMARKABLY SCALED DOWN THE GROUP'S LAND BANK TO 4 MILLION SQUARE METRES, HOW WILL THE GROUP'S DEVELOPMENT BE IN FUTURE?

A For better efficiency in the use of resources for high-margin projects, the Group sought to consolidate its land bank by the disposal of projects which were located outside of the Yangtze River Delta, commanded smaller economy of scale and were subject to longer development cycle, with a view to steering resources towards the development of projects with better profitability and potentials for capital appreciation.

In future, the Group will carry on with both residential and commercial property development, with Shanghai as its development focus. The Group will acquire land resources via various means, including the plan for redevelopment of "urban villages" or the acquisition of new land parcels at reasonable prices with the support from its parent company, to sustain its gross profit margin which would otherwise be eroded in bidding for land parcels of superior quality in the open market.

Meanwhile, apart from the existing business model of property development, the Group will actively explore innovative approaches to integrate with other industries and financial investment to expand into derived businesses along the industry chain, in response to the challenging property market.

Q AMIDST THE FIERCE COMPETITION IN THE REAL ESTATE MARKET IN CHINA, HOW WILL SIUD DISTINGUISH ITSELF FROM ITS PEERS?

A Combining strengths with complementary third parties has become a trend in the industry. In the past year, the Group entered into strategic agreements respectively with the Government of Minhang District of Shanghai, Ping An Real Estate Co., Ltd., and some other leading enterprises. In future, the Group will seek cooperation with and support from regional governments, insurance groups, asset management firms and industry peers in the course of its pursuit of land resources, which will help expedite the Group's business expansion.

The investment properties of the Group have gradually taken shape and reported stable growth in rental income. In future, investment properties including TODTOWN and Binjiang U Center etc. will be completed as new landmarks in Shanghai, coupled with ShanghaiMart with the upcoming uplifting of its pace of adjustment and upgrading. These will underscore the Group's advantage with an enlarged coverage of its investment properties in Shanghai. It is expected that the Group's rental income will soar in future and account for a larger proportion in the total revenue of the Group.

As regards financial resources, at of the end of last year, the Group had cash on hand exceeding HK$10 billion and a net gearing ratio of merely 54.9%. It also continued to explore the market of onshore debt financing and set up a bilateral Renminbi fund pool in the Shanghai Free Trade Zone last year. These will contribute to the remarkable increase in flexibility of the Group's development and financing channels.

INVESTOR FAQ

Q HOW WOULD YOU FORECAST THE REAL ESTATE MARKET IN 2016? WHAT IS THE SALES TARGET OF THE GROUP? WHAT WILL BE THE KEY PROJECTS?

A First- and second-tier cities will experience rising demand while third- and fourth-tier cities will focus on destocking. However, the real estate and relevant sectors will still be important in securing stable economic growth of China. It is anticipated that the government will introduce more accommodative policies in 2016, which will provide indirect support to the overall economic growth. The Group will continue to focus on the sale of its flagship projects including Urban Cradle and Grand Mansion in Shanghai and Originally in Xi'an and on the initial launch of Shenyang • U Center. Annual sales amount from commodity housing is expected to be comparable to that of 2015.

Q WHAT DO YOU THINK ABOUT THE PROSPECTS OF THE COMMERCIAL AND OFFICE PROPERTIES SECTOR IN SHANGHAI? HOW WOULD THE GROUP PREPARE FOR THAT?

A As a first-tier city, Shanghai is among the most international cities in China. Commercial and office properties in Shanghai generally top the sales list of the country, with extremely low level of unsold stocks. With the establishment of the Free Trade Zone which represents a milestone in the economic development of Shanghai, and with Disneyland and Oriental DreamWorks landing their feet in the city in future, our management is confident of the economic development and in turn the prospects of commercial and office properties sector of Shanghai.

The Group's existing investment properties primarily comprise ShanghaiMart in Changning District and Urban Development International Tower in Xuhui District. Its construction in progress comprise Binjiang U Center in Xuhui District and TODTOWN and U Center in Minhang District. Situated in prime locations and transportation hubs at close proximity to or atop metro stations, these projects have vast potentials for future capital appreciation. Going forward, the Group will also take timely moves in securing top-grade commercial and office properties at prime locations in Shanghai, thereby increasing the proportion of rental income in our total revenue.

Q THE GROUP AND SHANGHAI INDUSTRIAL DEVELOPMENT CO., LTD ("SID", STOCK CODE: 600748 ON THE SHANGHAI STOCK EXCHANGE) ARE BOTH SUBSIDIARIES OF SIHL. HOW WOULD COMPETITION BE AVOIDED BETWEEN THEM? WHAT WILL THEIR RESPECTIVE DEVELOPMENT STRATEGIES AND MARKET POSITIONING BE IN THE FUTURE?

A The Group is listed on the Stock Exchange of Hong Kong and is the sole offshore property listed flagship of the parent company, SIHL. With our mission to connect to the international capital markets, the Group is an important part of the long-term strategic plan of SIIC Group. Along the years, the parent company has provided strong support for the long-term development of the Group, including quality asset injection into the Group at a discount price to net asset value to fuel its growth, designate talents to strengthen the management team as well as provide timely financial support. All of these demonstrated the recognition of the parent company to the Group's roadmap.

In the long run, we will concentrate the Group's development in the Yangtze River Delta region and prosperous cities, with focus on Shanghai. Since both the Group and SID are subsidiaries of SIHL, SIHL will take the interests of all parties into account in gradually defining clearer development goals and market positioning.

ACHIEVING OUR STRATEGY ACCELERATING ASSET TURNOVER

Through our strategy of focusing on the Yangtze River Delta and prosperous cities in China, we are launching property projects in the core of Shanghai, enhancing our land bank, and accelerating turnover in our portfolio.

DETAILS OF PROPERTIES

The Group has 19 projects in 10 cities, comprising mid- to high-end residential units, serviced apartments, hotels, commercial and office buildings. As at 31 December 2015, total G.F.A. of the saleable land bank of the Group was approximately 4 million sq.m. The Group has restructured its land bank and will adopt prudent strategies in future land acquisition.

As at 31 December 2015

Project	City	Site area (sq.m.)	Planned G.F.A. (sq.m.)	Saleable G.F.A. (sq.m.)	FY2015 G.F.A. pre-sold (sq.m.)	Accumulated G.F.A. sold (sq.m.)	Future saleable G.F.A. (sq.m.)	Saleable G.F.A under construction (sq.m.)	Saleable G.F.A for future development (sq.m.)	Expected completion date	Ownership (%)
Urban Cradle	Shanghai	908,950	1,136,468	822,724	40,212	700,711	122,013	68,088	–	2007–2016, in phases	53.1%
Binjiang U Center	Shanghai	77,371	404,600	324,600	–	–	324,600	–	324,600	2016–2021, in phases	35.4%
Shanghai Youth City	Shanghai	57,944	212,130	164,688	659	138,137	26,551	–	–	Completed	100.0%
U Center	Shanghai	65,727	388,125	242,010	–	–	242,010	203,651	–	2014–2016, in phases	59.0%
Shanghai Jing City	Shanghai	301,908	772,885	610,514	77,100	499,298	111,216	106,815	38,217	2012–2017, in phases	59.0%
Jingjie Yuan	Shanghai	49,764	125,143	95,594	–	95,594	–	–	–	Completed	59.0%
TODTOWN	Shanghai	117,825	605,000	385,300	–	–	385,300	272,300	113,000	2018–2022, in phases	20.7%
American Rock	Beijing	121,499	523,833	454,610	681	450,751	3,859	–	–	Completed	100.0%
Youngman Point	Beijing	112,700	348,664	295,114	445	247,438	47,676	13,693	–	2007–2016, in phases	100.0%
West Diaoyutai	Beijing	42,541	250,930	230,801	663	171,832	58,969	–	49,288	2007–2017, in phases	90.0%
Laochengxiang	Tianjin	244,252	752,883	613,357	13,016	559,492	53,865	29,560	29,795	2006–2017, in phases	100.0%
Yooou.net	Kunshan	34,223	129,498	112,812	–	55,344	57,468	–	–	Completed	30.7%
Royal Villa	Kunshan	205,017	267,701	222,666	27,400	164,066	58,600	55,965	–	2007–2017, in phases	53.1%
Urban Development International Center	Wuxi	24,041	193,368	143,862	7,507	18,037	125,825	–	–	Completed	59.0%
Originally	Xi'an	2,101,967	3,899,867	3,202,324	117,068	1,880,759	1,321,565	215,008	973,593	2008–2017, in phases	71.5%
Shenyang • U Center	Shenyang	22,651	228,768	181,373	–	–	181,373	181,373	–	2015–2017, in phases	80.0%
Top City	Chongqing	120,014	786,233	599,664	11,243	359,027	240,637	44,716	–	2008–2016, in phases	100.0%
Forest Sea	Changsha	679,620	907,194	872,185	4,088	240,386	631,799	75,534	488,947	2007–2017, in phases	67.0%
China Phoenix Tower	Shenzhen	11,038	106,190	79,391	–	78,343	1,048	–	–	Completed	91.0%
Total		**5,299,052**	**12,039,480**	**9,653,589**	**300,082**	**5,659,215**	**3,994,374**	**1,266,703**	**2,017,440**		

DETAILS OF PROPERTIES


Artist's Impression

MAJOR INVESTMENT PROPERTY

Project	City	Type	Lease Term	G.F.A. (sq.m.)
Laochengxiang	Tianjin	Residential/Commercial/Office	Medium term	1,805[1]
Shanghai Youth City	Shanghai	Commercial	Medium term	16,349[1]
Top City	Chongqing	Commercial/Car Park	Medium term	251,847[1]
China Phoenix Tower	Shenzhen	Office	Medium term	1,048[1]
Youngman Point	Beijing	Commercial	Medium term	19,768[1]
ShanghaiMart[2]	Shanghai	Exhibition/Trade Market/Office/Car Park	Medium term	284,651
Urban Development International Tower[3]	Shanghai	Office	Medium term	45,239
Huimin Commercial Tower[4]	Shanghai	Commercial	Medium term	13,839
Others	Shanghai	Commercial/Office	Medium term	9,249
Total				**643,795**

Notes:
1. Included on page 14 of this annual report
2. Address: No. 2299, West Yan'an Road, Changning District, Shanghai
3. Address: No. 355, Hongqiao Road, Xuhui District, Shanghai
4. Address: No. 123, Tianyaoqiao Road, Xuhui District, Shanghai

KEY PROJECT INTRODUCTION

KEY PROJECT INTRODUCTION

Urban Cradle

Feature:
The project is located in Gumei, Minhang District, Shanghai, west of Lianhua Road, east of Hechuan Road, north of Gudai Road and south of Pingnan Road, less than 700 meters from the middle ring line. The area is a major focal point for large scale residential development in the "10th Five-Year Plan" of Shanghai. The project spans a total site area of about 908,950 sq.m. with a total construction area of about 1.14 million sq.m., including about 770,000 sq.m. of residences, close to nearly 220,000 sq.m. of underground space and more than 100,000 sq.m. for accommodating amenities for the estimated over 20,000 residents. Urban Cradle is an all-engulfing showcase of architectural forms and brilliant products including international-grade apartments, standalone villas, garden houses, deluxe mansions, modern commercial premises and green landscapes, bringing comfortable and stylish living together with commerce, entertainment, culture, education, and business and leisure pursuits.

Address:
No. 588,
Gulong Road
Minhang District,
Shanghai

Category:
Residence/
Commerce

KEY PROJECT INTRODUCTION


Artist's Impression

Binjiang U Center

Feature:
Facing Huangpu River in Shanghai, Binjiang U Center is situated at the business hub of Binjiang, Xuhui District and is planned for composite commercial usage, which will be built as property partly for sales and held for rental respectively. The surrounding view of the project is glorious. Also, the transportation network is well established as the project is adjacent to Longyao Road Tunnel that leads to Pudong, coupled with the Yunjin Road Station of metro line 11 is now in use.

Address:
Xuhui Binjiang,
Shanghai

Category:
Office/
Commerce

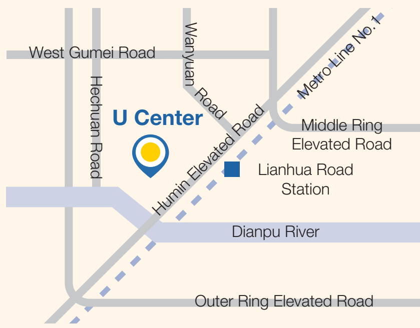

Artist's Impression

U Center

Feature:
U Center, primarily located at the intersection of Xuhui and Minhang District, enjoys location advantage, mature amenities and transportation network support with access to, the Lianhua Road Station on Shanghai Metro Line 1 and the Middle Ring Line, and also the Humin Super Highway. It is blessed with the consuming power of an about 600,000 strong permanent population within a three kilometer radius and there are the Xujiahui business district and Caohejing New Technology Development Zone within the eight kilometer radius. The project has a total construction area of about 388,125 sq.m., approximately 100,000 sq.m. of which will be A-grade offices with LEED-CS certification. It will also home a more than 36,000 sq.m. 5-star hotel, an over 110,000 sq.m. commercial complex and a 57,000 sq.m. urban park on the south side, all of vanguard designs taking care of every need of occupants.

Address:
Meilong Town,
Minhang District,
Shanghai

Category:
Office/Commerce/
Hotel



KEY PROJECT INTRODUCTION

Address:
Xinzhuang Town,
Minhang District,
Shanghai

Category:
Residence/
Commerce/Hotel/
Office/Apartment
office

TODTOWN

Feature:
Located at the southern and northern squares of the Xinzhuang station, the secondary city center of Shanghai, with Guangtong Road on its north, West Meilong Road on its east and Xinzhu Road and Dushi Road on its south, TODTOWN will be served by an overpass bridge conveniently linking Shuiqing Road at the northern square and Dushi Road at the southern square.

As one of the most advanced TOD (Transit-oriented Development) projects in Shanghai, TODTOWN covers a total site area of approximately 117,825 sq.m. with a total G.F.A. of 605,000 sq.m., of which 100,000 sq.m. is transport-related. Upon completion, TODTOWN will be connected to metro line 1, line 5 and line 17 (originally planned), Shanghai-Hangzhou High-speed Railway and numerous public bus routes, as well as the station to be established for the Jinshan sub-line. Different modes of transport operated by different departments, such as metro lines, public buses and commuter rail services, will be blended into the project to achieve seamless and convenient transition. TODTOWN will be a "city in the sky" encompassing residential, commercial and leisure functions. As a complex equipped with comprehensive systems and facilities, TODTOWN will offer 50,000 sq.m. of offices, 140,000 sq.m. of shopping mall, 20,000 sq.m. of hotel, 90,000 sq.m. of residential units, 85,000 sq.m. of serviced apartments and 20,000 sq.m. of ancillary public facilities.

Address:
2299 West
Yan'an Road,
Shanghai

Category:
Exhibition/
Commerce/Office

ShanghaiMart

Feature:
Located in the emerging Shanghai Hongqiao Economic and Technological Development Zone, ShanghaiMart is uniquely positioned with Gubei Road and Hongqiao Road on its west, Yan'an Road on its south as well as the Hongqiao consulate area on its north. Situated next to the Inner Ring Road and the exit of an elevated expressway, ShanghaiMart is only a 10-minute drive to the "Hongqiao Comprehensive Transportation Hub", which is a convenient transport network assembling numerous transportation routes, including inter-city high speed railway, maglev trains, metro lines, airport and city buses.

With a total G.F.A. of 284,651 sq.m., ShanghaiMart comprises three main buildings: the Mart, Expo and Tower. As a super trading market integrating the exhibition, trades, office and information functions, ShanghaiMart offers excellent world-class facilities and services to domestic and international merchants and professional buyers.

KEY PROJECT INTRODUCTION

Shanghai Jing City (including Grand Mansion)

Feature:
The project is an affordable housing project approved by Shanghai Bureau of Housing Security and Housing Administration. It is a large scale indemnificatory housing project on the list of among major construction projects of Shanghai in 2009. In Meilong Town, Minhang District, the project is on an about 301,908 sq.m. site with construction area totaling about 610,514 sq.m. It will consist of high-rise buildings of 18 to 33 floors and become a major all-encompassing affordable housing community with educational, medical and health care and other community service facilities. Grand Mansion is located at Section 5 of Shanghai Jing City and belongs to commodity housing project.

Address:
Lane 266,
Zhumei Road,
Shanghai

Category:
Residence/
Commerce

Shanghai Youth City

Feature:
The project is 20 kilometers from downtown Shanghai above Jiuting Station on metro line 9. The station is the first stop of the metro line in Songjiang District where major roads crisscross and business movers and shakers and crowds gather, a high traffic hub in southwest Shanghai. The project comprises eight petite LOFT apartment blocks, an office building, a deluxe boutique apartment building standing on top of an arcade of shops. The project has three phases. Phase I and II of the project had all been sold out and Phase III is in the stage of sale.

Address:
No. 1519,
Husong Road,
Jiuting Town,
Songjiang District,
Shanghai

Category:
Commerce/
Office

KEY PROJECT INTRODUCTION

Beijing

American Rock

Feature:
Right next to the central business district ("CBD"), the project has its first phase targeting white-collar customers, attracting them with a host of design novelties. It is an avant product with a strong sense of contemporary style. Offices are included in Phase II to provide work spaces for many fast growing businesses in the eastern part of the city. Except for a small number of parking spaces, the project is completely developed and sold out.

Address:
No. 16,
Baiziwan Road,
Chaoyang District,
Beijing

Category:
Residence/
Commerce

Youngman Point

Feature:
At the intersection of Qingnian Road and North Chaoyang Road in Chaoyang District, the project stands opposite Chaoyang Joy City – a major commercial complex in Chaoyang, and is only 3.8 kilometers away from the CBD. With green belts on the north and a stretch of quiet water on the south, the project presents unique scenic pleasures to its inhabitants. The project has three phases. Phase I and II had been completed and sold out and Phase III has begun development.

Address:
No. 2,
Middle Lane
Ganluyuan,
Qingnian Road,
Chaoyang District,
Beijing

Category:
Residence/
Commerce

KEY PROJECT INTRODUCTION

West Diaoyutai

Feature:
Located in the west third ring, on the east and north side of Kunyu River and west to the 137-hectare Yuyuantan Park, the project enjoys a 67-hectare expanse of magnificent aquatic scenes, the largest in Beijing where water is a scarce resource, giving it uniqueness and a touch of supremacy. The project has deluxe apartments with river views as its core products aiming to appeal to the affluent on the high-end. The project has three phases. Phase I and II had been completed and sold out and preparation work has begun for Phase III.

Address:
No. 1 and
No. 2 Section,
West Diaoyutai
Village,
Haidian District,
Beijing

Category:
Residence

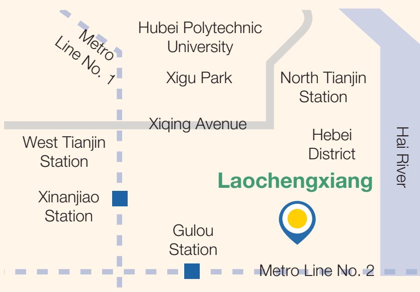
Tianjin

Laochengxiang

Feature:
In the traditional city center of Tianjin, the project is a major community with location advantage, comprising residences, commercial premises and offices. Its well-knitted cluster of buildings has become a landmark of the city.

Address:
Laochengxiang,
Nankai District,
Tianjin

Category:
Residence/
Commerce/
Office



KEY PROJECT INTRODUCTION

Artist's Impression

Shenyang

Shenyang • U Center

Feature:
The project is in the most prosperous business district downtown Shenyang – south of Taiyuan Street business district, with profound history and deep commercial roots. The integrated real estate complex offers appealing choices in shopping, food and beverage, leisure pleasure, entertainment, offices for work and luxurious apartments, making it an icon of the city. When completed, the project together with North Taiyuan Street and the existing Zhonghua Road business area will see the birth of the larger Taiyuan Street Commercial Area.

Address:
South
Taiyuan Street,
Heping District,
Shenyang

Category:
Commerce/Office/
Serviced Apartment

Kunshan

Yoooou.net

Feature:
Located in the centre of Huaqiao International Commercial City and adjoining the west gate of Shanghai, the project is less than 25 kilometers from downtown Shanghai and can be reached directly riding the Shanghai – Nanjing high-speed railway and Shanghai Metro Line No. 11. With four youthful components – commerce, SOHO Studio, Entrepreneur Incubator and Office, it stands out as a community where young and intellectual industries such as computer games, entertainment and e-commerce can thrive.

Address:
No. 258,
Lvdi Avenue,
Huaqiao Town,
Kunshan

Category:
Commerce/Office

KEY PROJECT INTRODUCTION

Royal Villa

Feature:
The project is located in Zhoushi Town of Kunshan City, Jiangsu, the core of the administration center in northern Kunshan. Neighboring the Kunshan Ecological and Sports Park, it comprises 18 high-rise apartment buildings and 92 standalone villas.

Address:
No. 859,
East Yingbin Road,
Kunshan (near
Changjiang Road)

Category:
Residence

Wuxi
Urban Development International Center

Feature:
The project is an icon at the heart of the Liyuan Economic Development Zone, the new axis of Wuxi. It is only 5 kilometers from the center of the city with Lihu Lake Scenic Spot, Lihu Central Park and Bogong Island in its vicinity to enjoy. The area is well developed, equipped with all essential facilities and convenient transportation choices. The integrated complex comprises an international five-star hotel, serviced apartments, a 5A-grade office building and a commercial center.

Address:
Intersection of
Yinxiu Road and
Taihu Avenue,
Binhu District,
Wuxi, Jiangsu

Category:
Commerce/Hotel/
Office/Serviced
Apartment

KEY PROJECT INTRODUCTION

Address:
East to
Chanhe River,
Chanba Avenue,
Chanba Ecotope,
Xi'an

Category:
Residence/
Commerce/Hotel

Xi'an

Originally

Feature:
In the heart of Xi'an Chanba Ecotope, the project lies where the Chan River and Ba River meet. The project with more than 2,000,000 square meters in terms of site area is the largest eco-district in northwestern China. The area has been well planned and is developing rapidly, enjoying convenient access to road networks and public transports including Metro Line 3 which will soon commence operation.

It is the home of the Euro-Asia Economic Forum as well as the Guangyuntan national wetland park and was where the 2011 International Horticultural Exposition took place, asserting its significance in the development of Xi'an. The project has 12 land parcels in the plan to cater to diverse functions including Kempinski Hotel where the Euro-Asia Economic Forum will permanently base and related necessary facilities completed or soon to be completed to meet community business requirements and educational, medical and shopping needs.

To demonstrate the premium geographical location of the project, a new brand called "Originally" has been introduced into the project for sale as a new property project starting from the second half of 2014.

Address:
No. 1,
Aoti Road,
Yuanjiagang,
Jiulongpo District,
Chongqing

Category:
Residence/
Commerce/
Office

Chongqing

Top City

Feature:
The project is right in the center of Chongqing's main city zone, at the intersection of Jiulongpo District and Yuzhong District with the Chongqing Olympic Sports Center and the city rail line 2 as its neighbors. With prominent business presence, comprising offices and residences, it is currently one of the biggest integrated real estate projects in the main city zone of Chongqing. By the hands of a famed Canadian design company, it embraced diversity, openness and international concept championing the HOPSCA lifestyle of western origins. It is a rare and distinctive metropolis complex that stands out in Chongqing.

KEY PROJECT INTRODUCTION

Changsha

Forest Sea

Feature:
The project not only shares the same area as Wangcheng District, but is also in the Waterfront New Town, a major development focus of the government. Leifeng Avenue and Xiang River View Avenue (Xiaoxiang Avenue) are on its east and the ecological technology industrial park area borders with it on the south. The project, which will serve a strong population of community businesses, is only about 200 meters from the Wangcheng old town on the west and is just on the opposite of the road of the new Wangcheng District Government to its north. Positioned as a million square meter ecological new town, the project has adopted innovative design concept, possessing all required supporting facilities while keeping green landscapes at an overall ratio of more than 40%. Its constituents include high-rise apartment buildings with scenic views, elevator-served garden houses, townhouses and elegant mixed design houses, all in pure Mediterranean architectural styles. They come together to form a low-density residential community that promises high comfort.

Address:
Forest Sea Building 1,
West Gaoqiao Avenue,
Gaotangling Town,
Wangcheng District,
Changsha

Category:
Residence/
Commerce

Shenzhen

China Phoenix Tower

Feature:
The project is in the heart of Futian District served by Shennan Avenue, a major road in Shenzhen. It is a joint endeavor of the Group and another of its major shareholder Phoenix Television Holdings Co., Ltd. The project consists of an office building, a commercial/residential building and a shopping arcade, and has been completed and sold out.

Address:
No. 2008,
Shennan Road,
Futian District,
Shenzhen

Category:
Residence/
Commerce/
Office

MANAGEMENT DISCUSSION AND ANALYSIS

MANAGEMENT DISCUSSION AND ANALYSIS

REAL ESTATE POLICIES AND MARKET REVIEW

In 2015, the Chinese economy slowed down in growth while quickening its steps in economic restructuring. The financial market also experienced large fluctuations. Nevertheless, driven by the gradual relaxation of the macroeconomic policies towards the property sector, the industry generally recovered to a certain extent. Throughout 2015, thanks to the five interest rate cuts and five reductions in deposit reserves ratio announced by the People's Bank of China and further relaxation of various home purchase policies, such as the reduction of down payment to 40% for buyers of second homes in the first quarter and the subsequent adjustment to the policy of home purchase with provident funds as promulgated by local governments, property sales in China climbed year-on-year to a record high. However, the growth in real estate investment in third- and fourth-tier cities was still stagnant. Destocking has become the first priority in the property market.

According to China Index Academy, the average home prices for the top hundred cities posted month-on-month growth for eight months in a roll since May 2015, and the prices of new commodity residential housing in 70 large- and medium-sized cities rose 7.7% year-on-year as at the year end. The real estate market demonstrated remarkable trends of polarization among cities. The year-on-year growth of property prices in first-tier cities was, on average, higher than that in second- and third-tier cities, while certain third-tier cities were faced with acute overstocking problem. In 2015, Shanghai saw a substantial year-on-year increase in the transacted G.F.A. of new commodity residential housing, and ranked second in property price growth in China, just behind Shenzhen. Shanghai also performed better than many other cities in China in terms of inventory cycle, which proved that our land bank in Shanghai was indeed very precious and valuable.

BUSINESS REVIEW

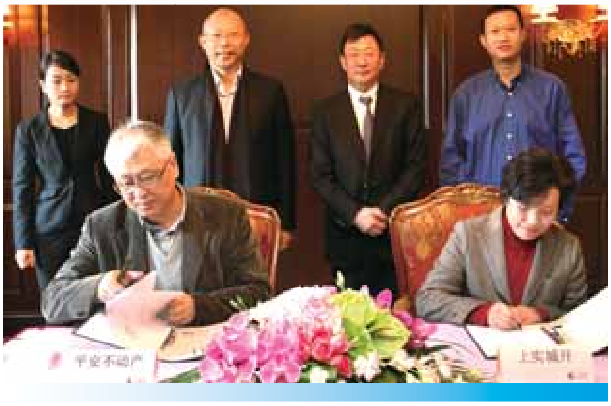
Overview

In 2015, the Group continued riding on its existing advantages and experience in the Yangtze River Delta region and coastal prosperous cities to strengthen its financial conditions and capture market opportunities in a timely manner. Hence, the Group achieved breakthroughs in a number of areas, such as contract sales, debt financing, project development, strategic cooperation and asset portfolio optimization.

During the year, the Group derived its profits mainly from the property sales in core cities, rental increase of its properties and consolidation of the original asset structure. The sale and delivery of various projects, such as Urban Cradle and Shanghai Jing City in Shanghai, and Originally (formerly CBE International Peninsula) in Xi'an, went on smoothly, whereas ShanghaiMart and Urban Development International Tower brought steady rental income to the Group. Meanwhile, the Group disposed of several non-core projects to further improve the structure of its assets, liabilities, earnings, capital and land bank portfolio, a move in line with its strategy of focusing resources on the business development in the Yangtze River Delta region and prosperous cities. The disposal of the Qi'ao Island project in Zhuhai and Yanjiao project in Hebei generated a large cash inflow for the Group.

In light of the changes in the macroeconomic environment, the Group contended that there would be changes ranging from the means of land acquisition, property development requirements, sale of property to the development model of property developers in the industry. Therefore, the Group took the initiative to enter into strategic cooperation framework agreements with the government and various companies in order to enhance its competitive strengths. In July last year, the Group entered into a strategic cooperation framework agreement with the Government of Minhang District of Shanghai to intensify cooperation with respect to our respective resource advantages. The agreement covered, among others, collaboration in real estate development, including the construction of municipal infrastructure and public ancillary facilities, taxation, investment and business promotion incentives,

MANAGEMENT DISCUSSION AND ANALYSIS



as well as cooperation with the state-owned assets and enterprises in Minhang District in market expansion, creating favourable conditions for the Group to participate in the "urban village" renovation scheme. In addition, the Group also signed a strategic cooperation agreement with Ping An Real Estate Co., Ltd., pursuant to which, both parties will collaborate with each other by bringing together their respective advantages and explore cooperation initiatives in the real estate sector in order to strengthen the expansion efforts and competitiveness of the new projects.

Property Development

The concept exhibition center of TODTOWN, that is, the Xinzhuang Metro Superstructure project in Minhang District, Shanghai, was opened during the year. SUD under the Group, Sun Hung Kai and the government each holds about one-third stakes of this key project. By adopting the transit-oriented development (TOD) model, the project is set to become a conceptual model for first-tier mainland cities. TODTOWN will be situated in Minhang District – Shanghai's secondary city center – which also serves as a key southwestern gateway of Shanghai. Up to the end of 2015, the trenching work of the southern square at Xinzhuang station was completed and the development was progressing satisfactorily. Besides, Binjiang U Center also entered into the trial piling stage as at the end of 2015. With a development scale of 404,600 sq.m. in G.F.A., not only will the Binjiang U Center project become an important landmark in Xuhui District, it will also form an integral part of the entire Shanghai complex development.

During the year ended 31 December 2015, the Group had a total G.F.A. of approximately 2,359,000 sq.m. under construction, which primarily included the Originally in Xi'an, Grand Mansion (i.e. Section 5 of Shanghai Jing City) and TODTOWN in Shanghai, of which 192,000 sq.m. were new projects. The Group completed construction with G.F.A. of 302,000 sq.m., and delivered a total G.F.A. of 206,000 sq.m., comprising approximately 184,000 sq.m. of commodity housing and 22,000 sq.m. of affordable housing.

Contract Sales

During the year ended 31 December 2015, the overall contract sales of the Group increased 23.6% year-on-year to RMB5,832,000,000 (2014: RMB4,717,000,000), exceeding the sales target of RMB4,500,000,000 by approximately 29.6%. Contract sales from commodity housing surged 43.3% from a year earlier to RMB5,328,000,000 (2014: RMB3,716,000,000). Due to the diminished number of affordable housing units, contract sales from affordable housing decreased by 49.7% year-on-year to RMB504,000,000 (2014: RMB1,001,000,000). The outstanding full-year contract sales were attributable to the stronger-than-expected performance of the Shanghai property market and the excellent sales performance of Urban Cradle and the newly launched Grand Mansion project, as well as the Originally project in Xi'an and the Laochengxiang project in Tianjin. During the year, the flagship projects Urban Cradle, Grand Mansion and Originally were the principal projects for sale, accounting for approximately 41.2%, 30.4% and 15.0% of commodity housing sales in the year respectively. In 2015, total G.F.A. sold under contract sales amounted to 300,000 sq.m., or an increase of 13.2% year-on-year, out of which 269,000 sq.m. (2014: 166,000 sq.m.) and 31,000 sq.m. (2014: 99,000 sq.m.) were accounted for by commodity housing and affordable housing, respectively.

MANAGEMENT DISCUSSION AND ANALYSIS

The average selling price of overall contract sales increased by 9.0% to approximately RMB19,400 per sq.m., compared with approximately RMB17,800 per sq.m. in 2014. The Group has been adopting a prudent and observant approach in selling its Shanghai projects. Although the selling price of Grand Mansion was at a premium over the comparable projects in the same district, it still received overwhelming response due to the high demand for quality housing in Minhang District. The project hit the RMB1 billion sales mark in just three hours after launch, and ranked top in Shanghai property sales market in August.

Investment Properties

The Group is committed in holding commercial properties at premium locations in important cities, and has a portfolio of investment properties in Shanghai, Beijing, Tianjin and Chongqing. During the year ended 31 December 2015, the G.F.A. of investment properties held by the Group was 643,795 sq.m. and the overall rental income rose 47.3% year-on-year to HK$696,086,000 (2014: HK$472,474,000). In view of the strategy and the G.F.A. under development of the Group, the G.F.A. of premium properties held by the Group in core cities will further increase in future. In the meantime, a revamp and upgrading programme has also been launched for ShanghaiMart. The Group expects to see a continuous enhancement of its sizeable premium investment property portfolio, which will contribute long-term and steady revenue to the Group and become its critical profit contributor.

Material Disposal

In February 2015, the Group entered into an agreement with Basic Urban Development Co. Limited, an independent third party, to dispose of the 100% interests in its indirectly held Yanjiao project in Hebei at a total consideration of RMB940,000,000. Moreover, on 28 December 2015, the Group also completed the disposal of the Qi'ao Island project in Zhuhai to De Rong Group Limited, an independent third party, at a consideration of RMB3,100,000,000. The former brought about a profit before taxation of approximately RMB356,000,000, while the latter recorded a gain before taxation of approximately RMB1,001,534,000. Together, the two disposals would generate a large cash inflow of approximately RMB4,040,000,000 for the Group, of which an aggregate amount of approximately RMB1,839,912,000 was received before 31 December 2015. The Group quickened it steps in optimizing its asset portfolio and revitalizing its inventory assets to further improve the earnings, cash flows and land bank portfolio of the Group with a view to focusing its resources in accelerating its development in the Yangtze River Delta region and prosperous cities. The disposals helped the Group to better equip itself to confront the future economic restructuring in China and the new changes in the property market and allowed the Group to be financially prepared for acquiring new projects in the new year and implementing its five-year plan during challenging times.

In addition, the interest of SUD, the Group's subsidiary, in Green Carbon Fund was redeemed for a total amount of RMB1,668,000,000 in February 2016. Indirectly owning 35% interest of the U Center in Minhang District, Shanghai, Green Carbon Fund is a limited liability partnership established in the PRC. The Group would record an unaudited estimated gain of approximately RMB933,000,000 before taxation from the redemption. For further information about the redemption, please refer to the circular of the Company dated 24 February 2016.

FINANCIAL REVIEW

Revenue

During the year ended 31 December 2015, the Group's revenue decreased by 50.2% year-on-year to HK$3,872,000,000 (2014: HK$7,774,000,000). Since most of the projects under construction of the Group are investment properties, revenue dropped together with the decreased delivery of completed residential properties. During the year, property sales remained as the Group's main source of revenue and amounted to HK$2,903,000,000 (2014: HK$7,107,000,000), accounting for 75.0% (2014: 91.4%) of the Group's total revenue. The revenue contribution from Urban Cradle, Originally and Shanghai Jing City accounted for 39.0%, 27.7% and 13.6% of property sales respectively. Revenue from leasing, property management and services, and hotel operations contributed 18.0%, 2.6% and 4.4% (2014: 6.1%, 1.3% and 1.2%) to the Group's total revenue respectively. The significant growth in the proportion of rental income was mainly attributable to the full year recognition of the rental income of ShanghaiMart, as compared to recording only the rental income in the fourth quarter in 2014.

Gross Profit and Gross Profit Margin

For the year ended 31 December 2015, the Group's gross profit was HK$1,252,000,000, down 57.6% compared with 2014, due to a drop of revenue. Gross profit margin was 32.3%, a decrease of approximately 5.7 percentage points from 38.0% last year, which was mainly due to different projects, product types and locations of delivered properties commanding different cost structure, thus leading to an adjustment of the gross profit margin.

Investment Property Revaluation

During the year under review, the Group recorded a net gain on revaluation of investment properties of approximately HK$38,934,000, which was mainly attributable to the ShanghaiMart project.

Distribution and Selling Expenses

For the year ended 31 December 2015, as a result of effective cost control and the decrease of saleable housing units, the Group's distribution and selling expenses fell by 16.2% year-on-year to HK$168,020,000 (2014: HK$200,580,000).

General and Administrative Expenses

During the year ended 31 December 2015, the general and administrative expenses maintained at a comparable level to the previous year of approximately HK$460,317,000 (2014: HK$460,265,000). Despite the first-time consolidation of the full-year general and administrative expenses of ShanghaiMart in the Group's financial statements, our efforts in implementing a series of stringent cost control measures, enhancing structural consolidation and improving the internal management efficiency reaped fruitful results.

MANAGEMENT DISCUSSION AND ANALYSIS

Other Expenses, Gains and Losses, net

During the year ended 31 December 2015, the net loss of other expenses, gains and losses was approximately HK$588,685,000 (2014: loss of HK$20,260,000), mainly due to a booked foreign exchange loss arising from the depreciation of Renminbi during the year, provision for settlement of a legal case and provision for agreed payments in relation to withdrawal from a legal case.

Profit

During the year ended 31 December 2015, the Group's profit for the year dropped 6.9% to approximately HK$539,986,000 (2014: HK$579,964,000) mainly owing to the decrease in revenue. Profit attributable to owners of the Company was approximately HK$517,385,000 (2014: HK$161,181,000), up 221.0% from last year, mainly due to the disposal of the Yanjiao project in Hebei and Qi'ao Island project in Zhuhai during the year. Both the basic and diluted earnings per share for the year were 10.75 HK cents (2014: 3.35 HK cents).

Liquidity and Capital Resources

As at 31 December 2015, bank balances and cash of the Group increased by 77.0% to HK$11,371,189,000 (31 December 2014: HK$6,424,058,000).

In November last year, SUD, a subsidiary of the Group, completed the issue of domestic corporate bonds in the PRC with a principal amount of RMB1,800,000,000 and a term of seven years at an annual coupon rate of 4.47%. The Group intends to use the net proceeds for repayment of bank loans and its general working capital. The net debt to total equity of the Group (as calculated in the section headed "Financial Highlights" in this annual report) dropped from 65.6% as at 31 December 2014 to 54.9% in 2015, principally due to an increase in cash flow which was attributable to the asset disposal and strong performance in contract sales. Current ratio stood at 2.0 (31 December 2014: 1.9).

The disposal of the Qi'ao Island project in Zhuhai and Yanjiao project in Hebei provided the Group with strong liquidity during the year. The management believes that the Group's financial resources and future revenue will be sufficient to support the current working capital requirements and future expansion of the Group.

Distribution of Dividends

In view of shareholders' unwavering support over the years, the Board resolved through discussion to propose a final dividend of 1.2 HK cents per share, together with a special dividend of 1.6 HK cents per share attributable to the gains derived from project disposals.

Foreign Exchange Risks

Most of the Group's revenues and operating costs were denominated in Renminbi. Except for the bank deposits denominated in foreign currencies, bank loans denominated in US dollar and Hong Kong dollar, the Group's operating cash flow or liquidity is not directly subject to any other material exchange rate fluctuations. The Group did not enter into any foreign exchange hedging arrangements to control its exposure to exchange rate fluctuations during the year ended 31 December 2015. However, the Group will adopt necessary measures at appropriate time to minimize the impact arising from currency fluctuations.

Details of exposure to currency risk are set out in note 39(b) to the consolidated financial statements.

Contingent Liabilities

Details of contingent liabilities are set out in note 44 to the consolidated financial statements.

CHARGE ON GROUP'S ASSETS

As at 31 December 2015, certain bank deposits of approximately HK$54,901,000 (31 December 2014: HK$72,105,000) were pledged to banks to secure mortgage loans granted by banks to the purchasers who received properties in advance. These pledged deposits may be released upon the transfer of the property title certificates to respective purchasers.

As at 31 December 2015, certain inventories, certain hotel properties and their land use right, certain investment properties and bank deposits of the Group located in the PRC, with total carrying amounts of approximately HK$6,749,448,000 (31 December 2014: HK$8,573,255,000), HK$1,427,558,000 (31 December 2014: HK$1,509,560,000), HK$10,755,933,000 (31 December 2014: HK$10,552,458,000) and HK$94,949,000 (31 December 2014: HK$429,083,000) respectively, were pledged as collateral for the Group's bank borrowings, details of which are set out in note 33 to the consolidated financial statements.

HUMAN RESOURCES AND REMUNERATION POLICIES

As at 31 December 2015, the Group employed 1,773 employees (including Hong Kong and PRC offices). The remuneration policies for the employees of the Group are determined according to the performance, qualification and experience, and competence of the employee. The emolument of the directors of the Company is determined by the remuneration committee of the Company, having regard to the operating results of the Group, individual performance and comparable market statistics. Staff benefits include discretionary bonus payments which are linked to the profitability of the Group and individual performances and contributions to the Mandatory Provident Fund Schemes.

The Group had adopted a share option scheme as an incentive to directors and eligible employees. During the year ended 31 December 2015, the Group provided training programs relating to work to employees. Activities aiming at building up team spirit were regularly organized for employees, so as to enhance the human capital of the Group and the sense of belonging of the staff.

MANAGEMENT DISCUSSION AND ANALYSIS

Artist's Impression

LAND BANK

As at 31 December 2015, the Group's future saleable land bank totaled approximately 4 million sq.m. in G.F.A., which are developed into 19 property projects located in 10 cities, covering residential housing, serviced apartments, premium offices, shopping centers and hotels.

OUTLOOK

The comeback of the real estate market in 2015 has positively changed the property industry. With the belief that the property industry will remain as an important pillar in the economic growth of China in 2016, we expect that the government will launch more easing policies, including tax incentives and reduction in down payment and interest rate targeting at unlocking rigid and housing improvement demands, which may improve the business environment of the property sector in 2016. However, in view of the high housing inventory level in most cities in China, further increase in land acquisition costs, and narrower room for monetary policy control as compared to the previous year with the launch of the interest rate upcycle by the United States, the prospect of the real estate industry in China is still challenging on the whole. The market will pick up its pace in weeding out the weak and, at last, only the fittest will survive.

The Group will maintain a solid and sound investment strategy. It is envisaged that future property investment will further concentrate in prosperous regions, such as first-tier cities and certain important second-tier cities, with joint investment and cooperation development as the prevailing trend. On the other hand, the market will become even more challenging for the operation of business assets, and the entire industry will be revolving around important topics such as reorganization, transformation and innovation. The Group will continue to take an active role in examining market opportunities with a focus on the Yangtze River Delta region and prosperous cities by fully leveraging on the synergies created with its strategic partners.

In the coming year, the Group will maintain a similar level of construction works as in 2015, with approximately 10 projects covering a total G.F.A. of not less than 2,000,000 sq.m. (2015: 2,359,000 sq.m.).

MANAGEMENT DISCUSSION AND ANALYSIS

The Group holds several premium investment properties in Shanghai, including Binjiang U Center in Xuhui District, and TODTOWN and U Center in Minhang District, which are expected to double the G.F.A. of the Group's investment properties in Shanghai and benefit from the stable economic growth in Shanghai upon completion. In the coming year, while Shanghai will remain as the Group's core sales area (mainly arising from the new phases of the hot-selling projects last year, namely Urban Cradle and Grand Mansion), new phases and new projects will be launched in Xi'an, Tianjin and Shenyang. The contract sales from commodity housing are expected to be comparable to those of the previous year.

In the coming year, the Group will, 1). strengthen cooperation by establishing a cooperation mechanism with more quality property developers and financial institutions to bolster its strengths; 2). continue to introduce strategic partners and seek help from professional companies or third-party agencies to revitalize its inventory assets with a view to enhancing or unlocking their true value; and 3). explore innovative business models, emphasize the development of financial properties, industry-specific real estates and financial real estate investment, and probe into the possibility of extending the industry chain, aside from continuing with the development of residential housing and operation of commercial assets.

Furthermore, Renminbi depreciation against the US dollar became a hot topic in the previous year, and attracts much speculation in the market over its outlook in the coming year. The Group will regulate its onshore and offshore debt ratio in a prudent manner and increase the use of domestic financing so as to minimize its risk of foreign exchange losses. Meanwhile, the Group will also closely monitor the interest rates in order to timely adjust its debt structure and review the taxation planning of each of the project companies in a bid to enhance the overall profitability of the Group.

Going forward, as large international players, such as Disneyland and Oriental DreamWorks, landed their feet in Shanghai, the Group is confident about the room for economic growth in first-tier cities like Shanghai. Capitalizing on its strong controlling shareholder background and decades of professional experience in Shanghai property development possessed by its management, the Group will keep on actively exploring high quality land resources in the region and generate solid returns for the shareholders.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

1. THE GROUP'S VISION

SIUD believes that performing social responsibility is a nationwide call for public companies, an inevitable choice for enterprises to realize sustainable development and an objective element for enterprises to engage in international economic communication and cooperation. Therefore, the Group has incorporated social responsibility as part of its sustainable development strategies and established a safety net for the fulfillment of social responsibility across the organization, systems and management decision for an efficient allocation of human resources, capital resources and materials. The Group is generally aware of its social responsibility and pays high regard on the performance of social responsibility. Our staff has become more and more willing and self-conscious in performing corporate social responsibility, thus forming a positive atmosphere of active participation in social responsibility among all our staff members. The Group keeps innovating new management ideas and work processes to give back to the society with concrete actions. It is committed in establishing harmonious relationship with different parties in the society and developing the corporate value and culture of fulfilling social responsibility.

In 2015, the Group continued to actively promote and engage in different types of corporate social responsibility activities, including the provision of a good working environment for its employees, establishment of a standardized system for the Group's product lines to ensure product quality, active participation in public welfare, promotion of the idea of energy-saving and environmental protection and setting a good example in energy-saving and consumption reduction. The brand value of SIUD increased from RMB4,860 million in 2014 to RMB5,611 million in 2015.

In 2016, the Group will continue to facilitate long-term and systematic brand building and enhance the uniqueness and humanitarian image of the brand. The Group will also effectively incorporate the concept of social responsibility into its corporate culture and branding and focus on unifying corporate efficiency and social responsibility with a view to maximizing the integrated value of the economy, society and environment, and promoting the harmonious and sustainable development of both the enterprise and the society.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE REPORT

2. QUALITY OF WORKING ENVIRONMENT

The development of an enterprise is highly dependent on a well-qualified workforce that can shoulder responsibilities. Upholding its "people-oriented" development concept, SIUD puts the development of human resources at its first priority and considers talents as the fundamental element and biggest asset for the development of the enterprise. It strives to create a fair competition environment, sufficient room for development and pleasant and comfortable working environment for employees. Meanwhile, the Group endeavors in the cultivation of corporate culture and team spirit by promoting passionate career ambition, practical working attitude, supportive working atmosphere, mutual sharing of risks and success and intense unification of responsibilities and rights. In 2015, the Group was awarded the title of "Three-star Credible Enterprise" (三星級誠信創建單位) in Shanghai.

Working Environment (Care for Employees):

To strengthen the rational management and standard operation of the enterprise and to promote the harmonious relationship between the enterprise and its employees, the Group strictly adhered to the requirements of the "Employees Manual" and entered into labour contracts with all the employees. The working hours, calculation of overtime pay and the administration measures for holidays were clearly specified to protect the interests of the employees. Employees were enrolled in the social insurance program, which included pension funds, medical insurance, work-related injury insurance, maternity insurance and unemployment insurance, and full contributions were made in a timely manner. The Group cared about the occupational health and safety of its employees. All of the employees received body check-up on an annual basis. A paid leave system was implemented for the employees to allow them to arrange their own work, relax themselves and achieve a work-life balance. More competitive remuneration packages were provided to gradually uplift the living standard of the employees. The Company established a remuneration system driven by the value of job positions and individuals. By persisting in the equality

in rights and obligations and allocation of income linked to performance and contribution, the Company set up a more harmonious remuneration allocation system. A long-term incentive system in response to both corporate development and employees' needs was refined, and the remuneration level of the Group's first-tier staff continued to increase.

Meanwhile, the Group took greater effort in organizing staff caring activities. During 2015, a total of 75 employees in difficulty were relieved and a token of solidarity amounting to RMB136,000 was distributed. The Group expressed its care to the frontline staff and retired employees during the hot weather in August. A total of 258 employees received the Group's care during the year, allowing the employees to actually feel the concern and care of the enterprise.

Health and Safety:
Safety protection is an important premise for an enterprise to engage in production operation activities and a major social responsibility. In 2015, the Group continued to perfect the safety production management and control system and refine each of the safety production management systems, strictly enforced the rules of safety production and stepped up its efforts in the onsite safety and quality inspection of construction in progress and operational properties. The Group and its subsidiaries achieved breakthroughs in the standardization of safety production and passed the second class safety production. Being particularly tactful and vigilant towards safety and quality management, the Group has revised the safety production and management system and arranged each intercity company and project company to sign the annual safety production responsibility contract for full coverage.

To further enhance the awareness of the staff in safety production, on the one hand, the Group strengthened the education and training on safety production and arranged trainings for 80 key persons-in-charge, project managers and management personnel of the Group and its subsidiaries to attend the safety production licensing examination, in which all of them achieved a pass. 150 rural migrant workers completed the safety training. On the other hand, the Group attached great importance to onsite safety inspection and irregular random checks. During the 17 safety inspections conducted on 15 units throughout the year, 14 safety rectification notices were issued and 118 safety threats were rectified. The Group has achieved full rectification. During 2015, the overall safety condition of the Group was stable and controllable without any material safety-related accidents.

The Group emphasizes on the occupational health and life safety of its employees. It provides its employees with a safe and comfortable working environment, safe hygienic conditions and necessary protective equipment which meet the national requirements. Besides, in line with the corporate culture of "Healthy Life, Happy Work", the Group organized several cultural and sports activities, such as the 7th Staff Sports Day of SIIC, the 5th Staff Cultural and Arts Festival, baking class, shooting and archery competition and dragon boat regatta.

Development and Training:
The Group pays high attention to the needs for personal growth and career development of its employees and actively facilitates the value adding of human resources. During 2015, the Group mainly focused on the training system, with a view to building a diversified echelon of workforce. Senior management personnel training and overseas training were organized targeting the senior management, while the middle level was engaged in management training, on-the-job training and talent reserve training. Nine internal training sessions on the "City Forum" and development activities on the "3rd Staff Activity Day" were organized for general staff. For the development of management trainees, job rotation, training plans and regular appraisal and interviews were conducted until their completion of job rotation. During the year, over 700 people attended the internal training organized by the Group and the satisfaction rate was 100%. Relevant training was also provided at each business line of the Group through different channels, such as regular meetings. These trainings, which were closely related to the daily operation of the enterprise, further cohered the staff and created a harmonious, healthy and progressive cultural atmosphere. The Group's investment in staff training reaped fruitful results.




Recruitment and Promotion:

The Group has more than a thousand employees in 10 cities in the Mainland China and in Hong Kong . It also recruits a great number of professional technical personnel and fresh graduates from universities. It provides a platform for career development and creates abundant promotion opportunities for employees while bringing about job opportunities for the society. SIUD establishes a rational and reasonable job grading system which makes reference to the types, responsibilities, levels of contributions and terms of reference of the post. The job gradings are as follows: Assistant/Officer – Vice Supervisor – Supervisor – Vice Manager – Manager – Senior Vice Manager – Senior Manager – Assistant to General Manager – Vice General Manager – General Manager – Assistant to President – Vice President – President. The post ranks of employees are determined according to their responsibilities, performance and capability. In 2015, the Group stepped up its efforts in training back-up cadres in order to establish a pool of back-up talents for the Group, and formulated an implementation plan for back-up cadre development.

In 2015, the Group put great effort in recruitment. On the one hand, it intensified the recruitment of experienced staff in areas covering financial, marketing, audit, business management and technology, which effectively supplemented and even strengthened the expertise of the Group. On the other hand, we continued to refine the management trainee system, and recruited well-qualified high school graduates with higher loyalty to the enterprise and greater influence on enterprise development as our talent pool.

3. ENVIRONMENTAL PROTECTION

The problems of relatively insufficient resources and deteriorating ecological environment have posed serious restriction on the economic development of China. While increasing efforts in energy-saving and environmental protection are inevitable for the harmonious development between human beings and the nature, they also form a critical part of the Group's social responsibilities. The Group applies the concept of environmental protection to real estate development, property operation planning, procurement, construction and property management.

In the course of development of construction projects, the Group encourages its employees to carry out technical modification, technical optimization, energy-saving measures, management innovation and recycling activities. Through proactive promotion and active participation of the employees, the idea of building energy-saving green projects and establishing an energy-saving enterprise has taken root in all the employees. On this basis, the Group seriously fulfills its responsibility of energy-saving and emission reduction to implement clean production by improving technological process and reducing pollutant discharge. It also increases its engagement in environmental protection and seeks to minimize the impact of production on the environment to pursue harmonious and sustainable development of the enterprise, the society and the environment.

The architectural design of the Group's projects is in compliance with the national energy-saving standards for public buildings and the local energy efficiency standards. Large-scale complexes, including Binjiang, Xuhui District, the integrated transportation hub in Xinzhuang and the Meilong Nanfang Business District Project in Shanghai, are designed based on the LEED Green Building Gold Certification, which imposes more stringent energy-saving requirements. The Southern Mall Project in the Meilong Nanfang Business District in Shanghai has even been pre-certified by the Gold Certification. All SIUD projects are designed with environmentally friendly features. Garage, boiler room, refuse storage chamber, washroom and kitchen are all designed with deodorization and air purification facilities with high emission of treated oily fumes so as not to affect the outdoor pedestrian area. Through reducing building energy consumption, emission of greenhouse gases during energy production is cut down. Projects that are designed in accordance with the national green building standards or the LEED Green Building Standard are equipped with efficient water-saving appliances and rainwater collection system for road cleaning and irrigation. The overall water-saving rate can be up to 30% to 40%.

With respect to property management, the Group improved its techniques and took effort in energy-saving and emission reduction, while focusing on environmental protection and creating a beautiful environment. In response to the national call for energy conservation and emission reduction, 城開商用物業管理, a subsidiary of the Group, replaced various types of lightings with LED energy-saving lightings in the public area and on floors not fully leased out in the Urban Development International Tower in 2015, which has effectively cut the cost of lighting in the building's public area and converted to a saving in electricity bills of approximately RMB90,000 a year. The building also actively responded to the call for "new energy" by installing a "new energy" motor vehicle charging device in the basement garage of the building for the convenience of the tenants using "new energy" motor vehicles. 申大物業, a subsidiary of the Group, introduced an energy-saving water pump renovation company to revamp the direct water supply of the complex by making use of the social market resources. Not only has this improved the quality of water supply to the residents of the complex, but also effectively addressed the water wastage problem caused by the leaking fire service water tank.

During its operation, the Group strives to create a comprehensive energy-saving environment by promoting saving even "one drop of water, one piece of paper and one watt of electricity". Employees are encouraged to turn off taps after washing, perform duplex printing, switch off lights after use and recycle scrap paper, print cartridges, waste battery and old computer hardware. The Group believes that even a small step can help save resources.

4. OPERATING PRACTICE

The Group promotes the concept of rational development to construct a sincere and harmonious enterprise by upholding the principle of building a harmonious enterprise, following the direction of creating long-term mutual benefits with the best quality and services and creating a win-win situation for upstream and downstream customers.

Management of Supply Chain:

The Group focuses on building a close partnership with its upstream and downstream customers to facilitate mutual growth of the Group and its customers. In 2015, the Group launched the final construction fees review system, which separates the project process control from the final settlement investment control, for the purpose of achieving mutual constraints, securing a reasonable cost and maximizing efficiency. The Measures for the Administration of Qualified Suppliers of Engineering Equipment and Materials (《工程設備材料合格供應商管理辦法》) was formulated to further regulate the Group's bidding and tendering activities and the contractual performance of the suppliers so as to improve the efficiency and quality in procurement under the agreements and control the procurement cost. Centralized bid and tender management was realized in respect of bid and tender management by synchronizing the tender systems and management and control requirements of SIUD and SUD. The Group strictly followed the relevant administration measures and systems and seriously carried out inspection by carefully reviewing the tender documents and examining and analyzing the bidding documents to avoid any unreasonable quotes. Meanwhile, the Group correspondingly reviewed and filed the procurement tenders of each intercity company, regulated the procedures for screened-in units, tender documents and approval of tender award, participated in reviewing the contracts and reviewed the internal tendering and bidding processes of the intercity companies so as to create an honest and fair business environment to achieve win-win cooperation.

Product Liability:

The Group believes that products are the core competitiveness of an enterprise. To enhance product quality and protect the interests of customers, the Group intensified its efforts in the core elements of competition among property developers, namely quality monitoring capability. The Group established the design inspection system to review the results of its project design in phases. With regard to the quality of construction, the Group strictly adhered to the national and local standards and the respective codes for construction inspection and acceptance. During the construction process, the Group would conduct inspection and acceptance on each part and each segment of the construction, while the participating units would conduct inspection and acceptance upon completion, which would be followed by the filing of records once it had passed the acceptance check. In 2015, the Group completed the post-assessment on the Urban Cradle Block F and Xi'an CBE A-4 projects, sorted out experiences which could be replicated and easily promoted and made timely rectification on the existing problems. The Group required that a summary and analysis of the entire project implementation process should be carried out on completed projects, including advance project positioning, marketing planning, project planning, project management, economic benefits of the project and qualified suppliers, etc.

Anti-corruption:

Anti-corruption work is necessary to control and prevent the risks of an enterprise and uphold equitableness and justice of the society. It is also the fundamental work for the enterprise to realize sustainable development. The Group strengthens the employees' education on anti-corruption in order to strengthen the self-discipline of employees in upholding honesty and adhering to the law. Apart from requiring the employees to comply with the professional ethics in the "Employees Manual", the Group also broadened the education coverage on anti-corruption by inviting experts to give talks and broadcasting educational films. All directors and over 100 senior management members were arranged to watch educational films on anti-corruption, including *A Corrupt Headmaster – The Story of Wu Xiangqian* (《染上貪婪瘟疫的校長－巫向前案件警示錄》) and *Why are Rapacious Officials So Wealthy?* (《碩鼠何以會肥潤》), so that they can take the lead in promoting an incorruptible atmosphere and improving work practices and set an example to their subordinates. The Group prevents corruption and encourages anti-corruption behaviour from its system and mechanism. Its partner suppliers are also required to join efforts in anti-corruption.

5. INVOLVEMENT IN COMMUNITY

SIUD has always considered promotion of justice and contribution to the society as the responsibilities and obligations of a corporate citizen. It plays an active role in supporting educational and charitable events and widely encourages the joint efforts of the army and the masses and community participation in proactively fulfilling their corporate social responsibilities. SIUD organized a visit to Anhui Liuan Hope Primary School, and brought along with them high quality educational resources and innovative and creative programmes. With the on-going joint efforts with the armed police, the harmonious relationship between the army and the civilians was enhanced. To show its concern for children's safety, SIUD also held a series of charitable activities under the programme called "Care for Children's Healthy Growth" (關愛兒童 健康橙長) and set up a dedicated orange charity fund, which demonstrated its commitment in the education, well-being and safety of teenagers and children.

In addition, SIUD took the initiative to arrange its staff to participate in charitable and voluntary activities, such as providing voluntary service for the Walk of Civilization (文明行路) and the "Charity plus Arts" art programme in Binjiang, Long Hua Sub-district (龍華街道 "益+藝" 濱江藝術) and blood donation. Throughout the year, nearly 100 staff members in total participated in various types of voluntary activities.

DIRECTORS' REPORT

The Board presents its annual report and the audited 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 and its associates are set out in notes 46 and 18 to the consolidated financial statements respectively.

BUSINESS REVIEW

The discussion and analysis of the business review of the Group can be found in the section headed "MANAGEMENT DISCUSSION AND ANALYSIS" as set out on pages 27 to 35 of this annual report.

RESULTS AND APPROPRIATIONS

The results of the Group for the year ended 31 December 2015 are set out in the consolidated statement of profit or loss and other comprehensive income on page 83.

The Board recommends the payment of a final dividend of 1.2 HK cents per share in cash and a special dividend of 1.6 HK cents per share in cash for the year ended 31 December 2015 (for the year ended 31 December 2014: final dividend of 1.1 HK cents per share in cash) to Shareholders whose names appear on the register of members of the Company on Thursday, 2 June 2016, subject to approval by the Shareholders at the 2016 AGM. It is expected that the final and special dividend warrants will be despatched to those entitled Shareholders on or around 30 June 2016.

CLOSURE OF REGISTER OF MEMBERS

Entitlement to attend and vote at the 2016 AGM

The 2016 AGM is scheduled to be held on Wednesday, 25 May 2016. For determining the entitlement to attend and vote at the 2016 AGM, the register of members of the Company will be closed from Friday, 20 May 2016 to Wednesday, 25 May 2016, both days inclusive, during which period no transfer of shares of the Company will be registered. In order to be eligible to attend and vote at the 2016 AGM, unregistered holders of shares of the Company should ensure that all duly completed transfer documents accompanied by the relevant share certificates must be lodged for registration with the Company's branch share registrar and transfer office in Hong Kong, Tricor Secretaries Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:30p.m. on Thursday, 19 May 2016.

Entitlement to receive the proposed final and special dividend

For determining the entitlement of the Shareholders to receive the proposed final and special dividend, the Company's register of members will be closed from Wednesday, 1 June 2016 to Thursday, 2 June 2016, both days inclusive, during which period no transfer of shares of the Company will be registered. In order to qualify for the proposed final and special dividend (subject to Shareholders' approval at the 2016 AGM), all duly completed transfer documents accompanied by the relevant share certificates must be lodged for registration with the Company's branch share registrar and transfer office in Hong Kong, Tricor Secretaries Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong not later than 4:30p.m. on Tuesday, 31 May 2016.

INVESTMENT PROPERTIES

Details of movements during the year ended 31 December 2015 in investment properties of the Group are set out in note 14 to the consolidated financial statements.

PROPERTY, PLANT AND EQUIPMENT

Details of movements during the year ended 31 December 2015 in other property, plant and equipment of the Group are set out in note 15 to the consolidated financial statements.

DIRECTORS' REPORT

FINANCIAL SUMMARY

A summary of the results and of the assets and liabilities of the Group for the past five financial years, is set out on page 174 of this annual report.

SHARE CAPITAL

Details of movements in the share capital of the Company during the year ended 31 December 2015 are set out in note 36 to the consolidated financial statements.

FACILITIES AGREEMENT WITH SPECIFIC PERFORMANCE COVENANT ON THE CONTROLLING SHAREHOLDER

As disclosed in the Company's announcement dated 10 July 2014, the Company (as the borrower) entered into a facilities agreement (the "**Facilities Agreement**") with certain banks (as the lenders) on 10 July 2014 for dual currency term loan facilities of HK$1,826,000,000 and US$65,000,000 (the "**Facilities**") for a term of 36 months to finance repayment of the 2014 due US$400,000,000 senior notes, payment of financing charges and general corporate purposes of the Company. Pursuant to the terms of the Facilities Agreement, if, among others, SIHL, a controlling shareholder of the Company, ceases to own at least 51% of the beneficial shareholding interest in the issued share capital of, and carrying 51% of the voting rights in, the Company or ceases to have management control over the Company, all loans together with accrued interest and any other amounts accrued under the Facilities may become immediately due and payable. As at the date of this annual report, SIHL is interested in approximately 70.99% of the voting share capital of the Company.

On 12 January 2016, all the principal loan amount of HK$1,826,000,000 and US$65,000,000 have been fully repaid by the Company and all liabilities under or in connection with the Facilities have been discharged.

Other than as disclosed above, there are no other events which are required to be disclosed by the Company under Rule 13.18 of the Listing Rules.

MATERIAL DISPOSALS AND ACQUISITIONS

Details of material disposals and acquisitions of the Company are set out in notes 34 and 41 to the consolidated financial statements.

RESERVES

Details of movements in the reserves of the Company and of the Group during the year ended 31 December 2015 are set out in the consolidated statement of changes in equity.

DISTRIBUTABLE RESERVES

Upon approval of the share premium reduction exercise in the annual general meeting of the Company in 2015 as well as the payment of final dividend for the year ended 31 December 2014, the Company still had HK$157,073,000 in its contributed surplus account available for distribution to the Shareholders as at 31 December 2015.

Under the Companies Act 1981 of Bermuda (as amended), the Company shall not declare or pay a dividend, or make a distribution out of the contributed surplus if:

(a) it is, or would after the payment be, unable to pay its liabilities as they become due; or

(b) the realizable value of its assets would thereby be less than the aggregate of its liabilities and its issued share capital and share premium accounts.

Under the Companies Act 1981 of Bermuda (as amended), the Company's share premium account of HK$10,115,153,000 as at 31 December 2015 (as at 31 December 2014: HK$10,325,453,000) may be distributed in the form of fully paid bonus shares.

DIRECTORS' REPORT

DIRECTORS

The directors of the Company during the year ended 31 December 2015 and up to the date of this annual report have been:

Executive Directors

Ni Jianda	*(Chairman)*	*(resigned on 2 February 2015)*
Ji Gang	*(President)*	*(re-designated as Chairman and President on 2 February 2015)*
Zhou Jun		
Yang Jianwei		
Yang Biao		
Ye Weiqi		
Huang Fei		

Independent Non-executive Directors

Doo Wai-Hoi, William, *J.P.*	
Wong Ying Ho, Kennedy, *BBS, J.P.*	*(resigned on 3 August 2015)*
Fan Ren Da, Anthony	
Li Ka Fai, David	

In accordance with Bye-law 87 of the Company's Bye-laws, Mr. Yang Biao, Mr. Ye Weiqi and Mr. Doo Wai-Hoi, William will retire by rotation at the forthcoming annual general meeting of the Company and, being eligible, have offered themselves for re-election. Separate ordinary resolutions will be proposed at the 2016 AGM to re-elect Mr. Yang Biao and Mr. Ye Weiqi as executive Directors and Mr. Doo Wai-Hoi, William as independent non-executive Director.

DIRECTORS' SERVICE CONTRACTS

None of the Directors proposed for re-election at the forthcoming annual general meeting has entered into any service contract which is not determinable by the Group within one year without payment of compensation (other than statutory compensation).

All Directors have entered into service contracts with the Company, all with a term of three years.

DIRECTORS' INTERESTS IN CONTRACTS OF SIGNIFICANCE

Save as disclosed in note 45 to the consolidated financial statements, no contract of significance, to which the Company, its holding company or any of its subsidiaries was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at 31 December 2015 or at any time during the year ended 31 December 2015.

MANAGEMENT CONTRACT

During the year ended 31 December 2015, no contract concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or existed.

DIRECTORS' REPORT

CONTRACT OF SIGNIFICANCE

Save as disclosed under the section headed "CONNECTED AND CONTINUING CONNECTED TRANSACTIONS" in this Directors' Report:

(i) No contracts of significance in relation to the business of the Group, to which the Company or any of its subsidiaries of was a party and in which a controlling shareholder of the Company or any of its subsidiaries had a material interest, whether directly or indirectly, subsisted at the year ended 31 December 2015 or at any time during the year ended 31 December 2015; and

(ii) No contracts of significance for the provision of services to the Company or any of its subsidiaries by a controlling shareholder of the Company or any of its subsidiaries subsisted at the year ended 31 December 2015 or at any time during the year ended 31 December 2015.

DIRECTORS' INTERESTS IN COMPETING BUSINESSES

None of the Directors or any of their respective associates has any interests in any businesses which compete or are likely to compete, either directly or indirectly, with the businesses of the Group that are required to be disclosed pursuant to Rule 8.10 of the Listing Rules.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Biographical details of directors and senior management of the Group are set out on pages 58 to 65 of this annual report.

DIRECTORS' AND SENIOR MANAGEMENT'S REMUNERATION

A summary of the Company's directors' and senior management's remuneration is set out in notes 10 and 45(a) to the consolidated financial statements respectively.

DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS IN SHARES AND UNDERLYING SHARES

As at 31 December 2015, the interests of the directors and chief executives of the Company in the shares and underlying shares of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were 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 they are taken or deemed to have under such provisions of the SFO) and required to be entered in the register required to be kept by the Company pursuant to Section 352 of the SFO or which were required, pursuant to the Model Code, to be notified to the Company and the Stock Exchange, were as follows:

(1) Long positions in the shares and underlying shares of the Company

Name of Directors	Capacity	Number of issued ordinary shares held	Number of underlying shares subject to options granted[1]	Approximate % of the issued share capital of the Company
Ji Gang	Beneficial owner	150,000	–	0.00%
Zhou Jun	Beneficial owner	–	7,000,000	0.15%
Yang Biao	Beneficial owner	–	7,000,000	0.15%
Ye Weiqi	Beneficial owner	–	6,000,000	0.12%
Huang Fei	Beneficial owner	–	6,000,000	0.12%
Doo Wai-Hoi, William	Beneficial owner	–	1,000,000	0.02%
Fan Ren Da, Anthony	Beneficial owner	–	1,000,000	0.02%
Li Ka Fai, David	Beneficial owner	–	1,000,000	0.02%

Note:

1. These interests represent the interests in the underlying shares of the Company in respect of share options granted by the Company to these Directors as beneficial owners, details of which are set out in the section headed "SHARE OPTION SCHEME" of this annual report.

(2) Long positions in shares and underlying shares of the associated corporations of the Company

SIHL

Name of Directors	Capacity	Number of issued ordinary shares held	Number of underlying shares subject to options granted[1]	Approximate % of interest in the corporation
Ji Gang	Beneficial owner	–	350,000	0.03%
Zhou Jun	Beneficial owner	195,000	600,000	0.07%
Yang Jianwei	Beneficial owner	–	280,000	0.03%

Note:

1. These interests represent the interests in the underlying shares of SIHL in respect of the share options (which are unlisted and physically settled equity derivatives) granted by SIHL under its share option scheme. Particulars of such share options and their movements during the year ended 31 December 2015 were as follows:

Name of Directors	Date of grant	Exercise price per share HK$	Outstanding as at 1.1.2015	Granted during the year	Exercised during the year	Cancelled/ Lapsed during the year	Outstanding as at 31.12.2015
Ji Gang	2 November 2010	36.60	550,000	–	–	550,000	0
	20 September 2011	22.71	350,000	–	–	–	350,000
Zhou Jun	2 November 2010	36.60	750,000	–	–	750,000	0
	20 September 2011	22.71	600,000	–	–	–	600,000
Yang Jianwei	2 November 2010	36.60	450,000	–	–	450,000	0
	20 September 2011	22.71	280,000	–	–	–	280,000

Share options granted in November 2010 under SIHL's share option scheme are exercisable during the period from 3 November 2010 to 2 November 2015 in three batches, being:

– 3 November 2010 to 2 November 2011 (up to 40% of the share options granted are exercisable)
– 3 November 2011 to 2 November 2012 (up to 70% of the share options granted are exercisable)
– 3 November 2012 to 2 November 2015 (all share options granted are exercisable)

Share options granted in September 2011 under SIHL's share option scheme are exercisable during the period from 21 September 2011 to 20 September 2016 in three batches, being:

– 21 September 2011 to 20 September 2012 (up to 40% of the share options granted are exercisable)
– 21 September 2012 to 20 September 2013 (up to 70% of the share options granted are exercisable)
– 21 September 2013 to 20 September 2016 (all share options granted are exercisable)

DIRECTORS' REPORT

Shanghai Pharmaceuticals Holding Co., Ltd.

Name of Director	Capacity	Number of issued ordinary shares held	Number of underlying shares subject to options granted	Approximate % of interest in the corporation
Ji Gang	Beneficial owner	50,000	–	0.01%

Save as disclosed herein, as at 31 December 2015, none of the Directors or the chief executive of the Company had any interests or short positions in any shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) as recorded in the register required to be kept under section 352 of the SFO, or as otherwise notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO or pursuant to the Model Code.

SHARE OPTION SCHEME

Pursuant to ordinary resolutions passed by Shareholders at its special general meeting held on 12 December 2002, the Company adopted the Share Option Scheme.

As at 31 December 2015, the Company granted 42,750,000 shares options to subscribe for up to a total of 42,750,000 ordinary shares of nominal value of HK$0.04 each in the capital of the Company under the Share Option Scheme, representing approximately 0.89% of the issued share capital of the Company as at 31 December 2015. The Share Option Scheme expired on 11 December 2012.

The particulars and movements of the share options to subscribe for the Company's shares under the Share Option Scheme during the year ended 31 December 2015 were as follows:

Name of categories	Date of grant	Exercise price per share (HK$)	Exercise period[1]	Outstanding as at 1.1.2015	Granted during the year	Exercised during the year	Cancelled/ lapsed during the year	Outstanding as at 31.12.2015
Directors								
Ni Jianda[2]	24 September 2010	2.98	24 September 2010 to 23 September 2020	8,000,000	–	–	8,000,000	0
Zhou Jun	24 September 2010	2.98	24 September 2010 to 23 September 2020	7,000,000	–	–	–	7,000,000
Yang Biao	24 September 2010	2.98	24 September 2010 to 23 September 2020	7,000,000	–	–	–	7,000,000
Ye Weiqi	24 September 2010	2.98	24 September 2010 to 23 September 2020	6,000,000	–	–	–	6,000,000
Huang Fei	24 September 2010	2.98	24 September 2010 to 23 September 2020	6,000,000	–	–	–	6,000,000
Doo Wai-Hoi, William	24 September 2010	2.98	24 September 2010 to 23 September 2020	1,000,000	–	–	–	1,000,000
Wong Ying Ho, Kennedy[3]	24 September 2010	2.98	24 September 2010 to 23 September 2020	1,000,000[4]	–	–	–	1,000,000[4]
Fan Ren Da, Anthony	24 September 2010	2.98	24 September 2010 to 23 September 2020	1,000,000	–	–	–	1,000,000
Li Ka Fai, David	24 September 2010	2.98	24 September 2010 to 23 September 2020	1,000,000	–	–	–	1,000,000
Senior management and employees	24 September 2010	2.98	24 September 2010 to 23 September 2020	19,750,000	–	–	7,000,000	12,750,000
Total				**57,750,000**	**–**	**–**	**15,000,000**	**42,750,000**

Notes:

1. Share options granted in September 2010 under the Share Option Scheme are exercisable during the period from 24 September 2010 to 23 September 2020 in three batches, being:
   - 24 September 2010 to 23 September 2011 (up to 40% of the share options granted are exercisable)
   - 24 September 2011 to 23 September 2012 (up to 70% of the share options granted are exercisable)
   - 24 September 2012 to 23 September 2020 (all share options granted are exercisable)

2. Mr. Ni Jianda resigned as the Chairman of the Board, an executive Director and a member of the Nomination Committee with effect from 2 February 2015.

3. Dr. Wong Ying Ho, Kennedy resigned as an independent non-executive Director, a member of the Audit Committee and the Chairman of the Nomination Committee with effect from 3 August 2015.

4. Share options granted to Dr. Wong Ying Ho, Kennedy in September 2010 under the Share Option Scheme were lapsed in February 2016 pursuant to the Share Option Scheme.

DIRECTORS' REPORT

Pursuant to ordinary resolutions passed by the Shareholders at its annual general meeting held on 16 May 2013, the Company adopted the New Share Option Scheme.

Reference was made to the circular of the Company dated 16 April 2013 in relation to the adoption of the New Share Option Scheme. Unless the context requires otherwise, terms defined in the Circular shall have the same meanings when used in this annual report. As disclosed in the Circular, the New Share Option Scheme will be valid for ten years since the Adoption Date. The purpose of the New Share Option Scheme is to enable the Company to grant options to the Eligible Participants, as incentives and/or rewards for their contributions to the Group. The Board considers that the New Share Option Scheme will provide the Eligible Participants with the opportunity to acquire shares of the Company and to encourage the Eligible Participants to work towards enhancing the value of the Company and for the benefit of the Company and its shareholders as a whole. The provisions of the New Share Option Scheme comply with the requirements of Chapter 17 of the Listing Rules. Further details of the New Share Option Scheme can be found in the Circular.

The Company had not granted any share options under the New Share Option Scheme since its Adoption Date up to 31 December 2015.

Save as disclosed herein, the Company had not granted any share options to any persons as required to be disclosed under Rule 17.07 of the Listing Rules during the year ended 31 December 2015.

ARRANGEMENTS FOR DIRECTORS TO PURCHASE SHARES OR DEBENTURES

Other than the Share Option Scheme detailed in note 37 to the consolidated financial statements, at no time during the year ended 31 December 2015 was the Company, its holding company or any of its subsidiaries, a party to any arrangements to enable the Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

CORPORATE GOVERNANCE

Details of the Company's corporate governance practices are set out in the section headed "CORPORATE GOVERNANCE REPORT" in this annual report.

AUDIT COMMITTEE

The Audit Committee currently consists of three independent non-executive Directors, namely Mr. Li Ka Fai, David (Committee Chairman), Mr. Doo Wai-Hoi, William. and Mr. Fan Ren Da, Anthony.

During the year ended 31 December 2015, the Audit Committee has reviewed the independence and objectivity of the external auditor, the scope of audit services and related audit fees payable to the external auditor for the Board's approval. The Audit Committee has also reviewed the unaudited interim financial statements of the Group for the six months ended 30 June 2015, the audited final financial statements of the Group for the year ended 31 December 2015 and discussed with the management and the auditor of the Company on the accounting principles and practices adopted by the Group; risk management and internal controls; and financial reporting matters.

CONNECTED AND CONTINUING CONNECTED TRANSACTIONS

Certain related party transactions as set out in notes 44(a) and 45 to the consolidated financial statements are continuing connected transactions and/or connected transactions under the Listing Rules. Details of the continuing connected transaction of the Company, which is also related party transaction as disclosed in note 44(a) to the consolidated financial statements, required to be disclosed under Chapter 14A of the Listing Rules are set out below.

CONTINUING CONNECTED TRANSACTIONS

Cross Guarantee

As disclosed in the circular of SIHL dated 28 December 2009, SUD and State-owned Management Company entered into a cross guarantee agreement on 26 December 2002, whereby SUD and State-owned Management Company have agreed to guarantee each other's obligation in respect of the loans and credit facilities which they may respectively obtain from financial institutions from time to time to the extent of not more than RMB700,000,000. On 15 December 2009, SUD and State-owned Management Company entered into the First Supplemental Agreement to amend the terms of the Cross Guarantee Agreement whereby the parties agreed to increase the guarantee limit from RMB700,000,000 to RMB1,200,000,000. The Cross Guarantee Agreement as amended by the First Supplemental Agreement is for a term of three years from 1 January 2010 to 31 December 2012 (both dates inclusive).

On 6 December 2012, SUD and State-owned Management Company entered into the Second Supplemental Agreement to amend the terms of the Cross Guarantee Agreement whereby the parties have agreed to (i) extend the term of the Cross Guarantee Agreement for further three years so that it ends on 31 December 2015; and (ii) reduce the guarantee limit from RMB1,200,000,000 to RMB400,000,000.

On 9 February 2015, SUD and State-owned Management Company entered into the Third Supplemental Agreement amending the terms of the Cross Guarantee Agreement. Pursuant to the Third Supplemental Agreement, the parties have agreed to (i) extend the term of the Cross Guarantee Agreement for further two years so that it ends on 31 December 2017; and (ii) to reduce the guarantee limit from RMB400,000,000 to RMB332,000,000. For the avoidance of doubt, the guarantee limit in the amount of RMB400,000,000 remains unchanged and be applicable to the year ending 31 December 2015.

As at 31 December 2015, (i) the total amount of loans and credit facilities obtained by SUD in respect of which guarantees were provided by State-owned Management Company was approximately RMB332,000,000 (equivalent to approximately HK$396,000,000) (2014: RMB332,000,000 (equivalent to approximately HK$415,000,000)); and (ii) the total amount of loans and credit facilities obtained by State-owned Management Company in respect of which guarantees were provided by SUD was approximately RMB166,000,000 (equivalent to approximately HK$198,000,000) (2014: RMB216,000,000 (equivalent to approximately HK$270,000,000)).

No security over the assets of SUD or the Company is or will be granted in respect of guarantees provided by State-owned Management Company pursuant to the Cross Guarantee Agreement as amended by the First Supplemental Agreement, Second Supplemental Agreement and Third Supplemental Agreement. The Directors (including all the independent non-executive Directors) are of the view that the guarantees provided by State-owned Management Company are on normal commercial terms.

The aggregate amount of loans and credit facilities obtained by State-owned Management Company in respect of which SUD would provide guarantees pursuant to the Second Supplemental Agreement for the year ending 31 December 2015 and pursuant to the Third Supplemental Agreement for each of the two years ending 31 December 2017 is subject to an annual cap of RMB400,000,000 and RMB332,000,000 respectively.

DIRECTORS' REPORT

The independent non-executive Directors have reviewed the above continuing connected transaction and confirmed that the continuing connected transaction has been entered into:

(a) in the ordinary and usual course of business of the Group;

(b) on normal commercial terms or on terms no less favorable to the Group than terms available to or from 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 Shareholders as a whole.

The auditor of the Company has performed procedures in respect of the continuing connected transaction in accordance with Hong Kong Standard on Assurance Engagements 3000 "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information" and reference to Practice Note 740 "Auditor's Letter on continuing connected transaction under the Hong Kong Listing Rules" issued by the Hong Kong Institute of Certified Public Accountants and has confirmed that the continuing connected transactions (a) was approved by the Board; (b) was, on a sample basis, in accordance with the relevant agreements governing the transactions; and (c) did not exceed the cap as disclosed in the relevant announcements of the Company.

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS IN SHARES AND UNDERLYING SHARES

As at 31 December 2015, substantial shareholders and other persons (other than the directors and chief executives of the Company) who had interests or short positions in the shares and underlying shares of the Company which were notified to the Company and the Stock Exchange pursuant to the provisions of Divisions 2 and 3 of Part XV of the SFO and entered in the register required to be kept by the Company pursuant to Section 336 of the SFO, or otherwise notified to the Company were as follows:

Ordinary shares of HK$0.04 each of the Company

Name of substantial shareholders	Capacity	Number of shares of the Company held	Approximate % of the issued share capital of the Company
SIHL	Held by controlled corporation	3,415,883,000(L)[2,3]	70.99%
SIIC	Held by controlled corporation	3,427,983,000(L)[2,3,4]	71.25%

Notes:

1. L denotes long positions.

2. 3,365,883,000 shares of the Company were beneficially held by Smart Charmer Limited. 50,000,000 shares of the Company are deemed to be held by Novel Good Limited under the pledge described in note 3 below. Smart Charmer Limited and Novel Good Limited are both wholly-owned subsidiaries of SIHL.

3. These interests include 50,000,000 shares of the Company (short positions) held by Invest Gain Limited (a company beneficially and wholly owned by Mr. Li Song Xiao who ceased to be a substantial shareholder of the Company during the year ended 31 December 2011) which was pledged to Novel Good Limited. Therefore, SIHL and SIIC are deemed or taken to be interested in these 50,000,000 shares.

4. SIIC through its subsidiaries, namely Shanghai Investment Holdings Limited, SIIC Capital (B.V.I.) Limited, SIIC Treasury (B.V.I.) Limited, Shanghai Industrial Financial (Holdings) Company Limited, South Pacific International Trading Limited, SIIC Trading Company Limited, The Tien Chu Ve Tsin (Hong Kong) Company Limited, SIIC CM Development Funds Limited, Billion More Investments Limited, SIIC CM Development Limited and South Pacific Hotel (Hong Kong) Limited held approximately 57.95% of the shares of SIHL. Therefore, SIIC is deemed or taken to be interested in the 3,415,883,000 shares held by SIHL for the purpose of the SFO. Separately, 12,100,000 shares of the Company were held by SIIC Trading Company Limited, a subsidiary of SIIC.

Save as disclosed herein, as at 31 December 2015, the Company had not been notified by any persons (other than the Directors and chief executives of the Company) who had interests or short positions in the shares or underlying shares of the Company which fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register required to be kept by the Company under Section 336 of SFO.

MAJOR CUSTOMERS AND SUPPLIERS

The aggregate sales attributable to the Group's five largest customers comprised approximately 2.77% of the Group's total revenue for the year ended 31 December 2015 and the sales attributable to the Group's largest customer were approximately 0.56% of the Group's total revenue for the year ended 31 December 2015.

The aggregate purchases attributable to the Group's five largest suppliers comprised approximately 22.78% of the Group's total purchases and the purchases of the year ended 31 December 2015 attributable to the Group's largest supplier were approximately 5.54% of the Group's total purchases for the year ended 31 December 2015.

None of the directors, their associates or any shareholders of the Company which, to the knowledge of the Directors, owned more than 5% of the Company's issued share capital, had any interest in the share capital of any of the five largest customers and suppliers of the Group.

PRE-EMPTIVE RIGHTS

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

SUFFICIENCY OF PUBLIC FLOAT

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

DIRECTORS' REPORT

PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S LISTED SECURITIES

Repurchase of Shares

During the year ended 31 December 2015, the Company repurchased a total of 250,000 ordinary shares of the Company of HK$0.04 each on the Stock Exchange at an aggregate purchase price of HK$308,500. Details of the repurchases of such ordinary shares were as follows:

Date of repurchases	Number of ordinary shares repurchased	Price per ordinary share		Aggregate purchase price
		Highest HK$	Lowest HK$	HK$
26 August 2015	200,000	1.22	1.22	244,000.00
28 August 2015	50,000	1.29	1.29	64,500.00
Total	250,000			308,500.00
		Total expenses on shares repurchased		805.64
			Total	309,305.64

All of the above-mentioned repurchased ordinary shares were cancelled on 17 September 2015. The issued share capital of the Company was accordingly reduced by the par value of the repurchased ordinary shares so cancelled. The above repurchases were effected by the Directors pursuant to the repurchase mandate granted at the annual general meeting of the Company held on 27 May 2015.

Save as disclosed above, there was no purchase, sale or redemption by the Company, or any of its subsidiaries, of any listed securities of the Company during the year ended 31 December 2015.

NON-ADJUSTING EVENT AFTER THE REPORTING PERIOD

Details of non-adjusting event after the reporting period are set out in note 51 of this annual report.

AUDITOR

The financial statements for the year ended 31 December 2015 of the Group have been audited by Deloitte Touche Tohmatsu who will retire and being eligible, offering itself for re-appointment. A resolution for the re-appointment of Deloitte Touche Tohmatsu as the auditor of the Company will be proposed at the 2016 AGM.

NON-COMPETE UNDERTAKING

In order to address any future competition between the respective development businesses of SIIC, SIHL and the Group, SIIC and SIHL have entered into a deed of non-competition (the "**Non-compete Undertaking**") dated 28 October 2011 in favor of the Company for itself and on behalf of the subsidiaries, pursuant to which each of SIIC and SIHL has undertaken to the Company that, conditional upon completion of the Transactions and during the Non-Compete Period (as defined in the Circular of the Company dated 31 October 2011 (the "**Circular**"), other than the SIHL Excluded Business and the SIIC Excluded Business (both as defined in the Circular), each of them will not carry on, engage, invest, participate or otherwise be interested in any business of property development in the PRC which is in competition, directly or indirectly, with the restricted business of the Group. The details and particulars of the Non-compete Undertaking are set out in the Circular.

DIRECTORS' REPORT

The Group has received from both SIIC and SIHL annual declarations that both of them have complied with the undertakings under the Non-compete Undertaking. The Company's independent non-executive Directors have reviewed each of SIIC and SIHL's compliance as aforesaid.

CHANGES IN INFORMATION OF DIRECTORS

Pursuant to Rule 13.51B(1) of the Listing Rules, changes in information of Directors are set out as follows:

Mr. Li Ka Fai, David, an independent non-executive Director, was appointed as members of the nomination committee and the remuneration committee of China-Hongkong Photo Products Holdings Limited, a company listed on the Stock Exchange with stock code of 1123, with effect from 21 August 2015.

Save as disclosed above, there is no other information required to be disclosed pursuant to Rule 13.51B(1) of the Listing Rules.

DONATIONS

During the year ended 31 December 2015, the Group made charitable donations of RMB2,770,000 and HK$100,000 (equivalent to approximately HK$3,517,000).

APPRECIATION

I would like to express my sincere gratitude to the Board, our management and all our staff for their dedicated efforts during this year as well as to our customers, suppliers, business partners and shareholders for their continued enthusiastic support to our Group.

By order of the Board of
Shanghai Industrial Urban Development Group Limited

Ji Gang
Chairman

Hong Kong, 29 March 2016

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Mr. Ji Gang
Chairman, President, Executive Director and Chairman of the Nomination Committee

Mr. Zhou Jun
Executive Director

Mr. Yang Jianwei
Executive Director and Member of the Investment Appraisal Committee

Mr. Yang Biao
Executive Director

Mr. Ye Weiqi
Executive Director, Vice President, Members of the Remuneration Committee and the Investment Appraisal Committee

Ms. Huang Fei
Executive Director and Vice President

Mr. Doo Wai-Hoi, William, *J.P.*
Independent Non-executive Director, Chairman of the Remuneration Committee, Members of the Audit Committee and the Nomination Committee

Mr. Fan Ren Da, Anthony
Independent Non-executive Director, Chairman of the Investment Appraisal Committee, Members of the Audit Committee, Remuneration Committee and Nomination Committee

Mr. Li Ka Fai, David
Independent Non-executive Director and Chairman of the Audit Committee

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

EXECUTIVE DIRECTORS

Mr. Ji Gang, Chairman, President, Executive Director and Chairman of the Nomination Committee

Mr. Ji, aged 58, has been re-designated as the Chairman of the Nomination Committee with effect from 3 August 2015. Mr. Ji remains as the Chairman of the Board, the President and an executive Director.

Mr. Ji is an independent non-executive director, the chairman of the remuneration committee and a member of the audit committee of Shanghai Jin Jiang International Hotels (Group) Company Limited (the H shares of which are listed on the main board of the Stock Exchange with stock code of 02006). He was the vice chairman and president of Shanghai Industrial Development Co., Ltd., a subsidiary of SIHL and the shares of which are listed on A Shares Market of the Shanghai Stock Exchange with stock code of 600748. He is also a director of SIIC, the controlling shareholder of SIHL. Mr. Ji graduated from Fudan University with a master's degree in economics and is designated a senior economist. Mr. Ji was the general manager of Zhongya Hotel, the chairman and general manager of Shanghai Everbright City Services Co., Ltd., an officer of the Commercial Committee and Economic Committee of the People's Government of Zhabei District, Shanghai, a vice president of Shanghai Industrial Dongtan Investment Development (Holdings) Co., Ltd., the president of Shanghai SIIC Urban Development Investment Co., Ltd., an executive director and the president of Shanghai Industrial Investment Co., Ltd.. He has over 35 years' experience in corporate management.

Mr. Zhou Jun, Executive Director

Mr. Zhou, aged 47, was appointed as an executive Director on 5 July 2010. He resigned as a member of the Investment Appraisal Committee with effect from 11 November 2015. Mr. Zhou is an executive director and a deputy chief executive officer of SIHL. He has been a director of SUD since 9 July 2007.

He is also an executive director and vice president of SIIC and the chairman of S.I. Infrastructure Holdings Ltd., Shanghai Galaxy Investment Co., Ltd., Shanghai Hu-Ning Expressway (Shanghai Section) Co., Ltd., Shanghai Luqiao Development Co., Ltd., Shanghai Industrial Management (Shanghai) Limited and Shanghai Shen-Yu Development Co., Ltd., the chairman and an executive director of SIIC Environment Holdings Ltd. (a company listed on the Singapore Stock Exchange with stock code of 5GB). He also acts as the chairman of Shanghai Shengtai Investment and Management Limited under Shanghai Charity Foundation on a voluntary basis. He is an independent non-executive director of Zhejiang Expressway Co., Ltd. (stock code: 0576). He graduated from Nanjing University with a bachelor's degree in 1991 and from Fudan University with a master's degree in economics (international finance) in 1994. He worked for Guotai Securities Co., Ltd. (now Guotai Junan Securities Co.) before joining SIIC in April 1996. He held the positions of a deputy general manager of SIIC Real Estate Holdings (Shanghai) Co., Ltd., deputy general manager of Shanghai United Industrial Co., Ltd. (now Shanghai Pharmaceutical Co., Ltd.) and general manager of the strategic department of SIIC. Mr. Zhou has 21 years of professional experience in securities, finance, real estate and project planning. He is also currently a Standing Committee Member of the Shanghai Committee of the Chinese People's Political Consultative Conference.

Mr. Yang Jianwei, Executive Director and Member of the Investment Appraisal Committee

Mr. Yang, aged 44, was appointed as an executive Director on 22 March 2013 and was appointed as a member of the Investment Appraisal Committee on 11 November 2015. He was appointed as a deputy general manager of SIIC Management (Shanghai) Limited in June 2013. He was appointed as a director of Shanghai Industrial Development Co., Ltd. on 16 November 2012. He graduated from Huazhong University of Science and Technology and Shanghai Jiaotong University with a bachelor's degree of engineering, master's degree of management engineering and doctor's degree in management. He worked for China National Nonferrous Materials Co., Ltd. and Hong Yuan Securities Co., Ltd.. Mr. Yang joined SIIC in June 2004 and was assistant general manager of Shanghai Galaxy Investment Co., Ltd., assistant general manager of the board of directors' office and secretary to chairman of SIIC and assistant CEO of SIHL. He has more than 11 years' experience of financial investment, securities research, investment banking and project planning.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Mr. Yang Biao, Executive Director

Mr. Yang, aged 52, was appointed as an executive Director on 5 July 2010. He is based in the Group's office in Shanghai. Mr. Yang is responsible for overseeing various property development projects of the Group. He takes part in the management's project selection process, project positioning and planning and setting sales and marketing strategies for individual projects. Furthermore, Mr. Yang oversees the execution of the Group's projects and ensures that the development progress of the projects is carried out in accordance with the approved plans. He is also responsible for public relations (including maintaining relationship with various government authorities) in his day-to-day management of the Group. He is the legal representative of 重慶中華企業房地產發展有限公司 (Chongqing Chinese Enterprises Real Estate Development Co., Ltd.) and a director of 湖南淺水灣湘雅溫泉花園有限公司 (Hunan Qianshuiwan Xiangya Garden Co., Ltd.). Mr. Yang has been a director of SUD since 18 July 2007. He is also the vice chairman of SUD. Since he joined SUD, he has participated in the development of various projects such as Urban Cradle, Ivy Aroma Town and Toscana. He was also a director of SUD Chongqing Depu and Changsha Chengpu in 2008. Mr. Yang was appointed as the general manager of SUD in March 2015. Mr. Yang taught at Shanghai Normal University from July 1986 to March 2000. He was a deputy director of the Audit Bureau of Xuhui District in Shanghai from March 2000 to September 2005 and a director of the Xuhui District State-owned Assets Administrative Committee with primary responsibilities in the decision making and operation of its property investment from September 2005 to June 2010. He also participated in the decision making and operation of other property development project companies under the Xuhui District State-owned Assets Administrative Committee including 上海匯城集團 (Shanghai Huicheng Group) and 上海徐房(集團)有限公司 (Shanghai Xufang (Group) Co., Ltd.) in 2006. He was the deputy municipal secretary of the Xinjiang Aksu from July 2002 to July 2005. He has over six years of experience in real estate and he also has extensive experience in general management, finance and accounting. He is a qualified auditor.

Mr. Ye Weiqi, Executive Director, Vice President, Members of the Remuneration Committee and the Investment Appraisal Committee

Mr. Ye, aged 52, was appointed as an executive Director on 22 March 2013. He is also the vice president, members of the Remuneration Committee and the Investment Appraisal Committee. Mr. Ye has a master's degree in business administration from EIPOS Europäisches Institut für postgraduate Bildung an der Technischen Universität Dresden in 2002. He was the finance manager of finance department of Shanghai Far East Aviation Technology Import and Export Company, the manager of budget finance department of Shanghai Great World Plaza Company Limited, the deputy manager of budget finance department of Shanghai Great World (Group) Company prior to his employment with the Group. He was also the director of the auditing office, manager of investment and development department and assistant to the general manager of SUD. He is currently the vice president of SUD and the chairman of Shanghai Huanyu Investment Co., Ltd. He is a director of Ningbo Fubang Precision Industry Group Stock Co., Ltd. (a company listed on the Shanghai Stock Exchange with stock code of 600768).

Ms. Huang Fei, Executive Director and Vice President

Ms. Huang, aged 51, was appointed as an executive Director on 22 March 2013. She is also the vice president of the Company. She was awarded a master's degree in business administration and European integration by Technische Universität Dresden in 2003. She was the league secretary of the Third Tramway Company of the Public Transport Corporation in Shanghai, the chairman of the labour union of Xuhui Urban Construction Corporation, the manager of sales division of SUD, the general manager of Shanghai Urban Development (Group) Real Property Agent Company prior to her employment with the Group. She is currently a vice president of SUD and (routine) deputy general manager of Shanghai Wan Yuan.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Doo Wai-Hoi, William, *J.P.*, Independent Non-executive Director, Chairman of the Remuneration Committee, Members of the Audit Committee and the Nomination Committee

Mr. Doo, aged 71, was appointed as an independent non-executive Director on 5 July 2010. He is the Chairman of the Remuneration Committee and a member of the Audit Committee. He was appointed as a member of the Nomination Committee on 3 August 2015. Mr. Doo is the chairman and director of Fung Seng Enterprises Holdings Limited. In addition, he was appointed as a National Committee Member of the 12th Chinese People's Political Consultative Conference in February 2013. Mr. Doo is also the Honorary Consul General of the Kingdom of Morocco in Hong Kong and Macau. Since 1995 he has been serving as a Governor of the Canadian Chamber of Commerce in Hong Kong. In 2008, he was awarded the Chevalier de la Légion d'Honneur by the French Government. Mr. Doo was the vice chairman and non-executive director of New World China Land Limited (stock code: 917) and the deputy chairman and non-executive director of NWS Holdings Limited (stock code: 659) until 1 July 2013. He is a director of the following listed companies:

Listed Company	Role
Hong Kong listed companies	
• Lifestyle International Holdings Limited (stock code: 1212)	Non-executive director
• The Bank of East Asia, Limited (stock code: 23)	Independent non-executive director and a member of the audit committee
• New World Development Company Limited (stock code: 17)	Vice chairman and non-executive director

Mr. Fan Ren Da, Anthony, Independent Non-executive Director, Chairman of the Investment Appraisal Committee, Members of the Audit Committee, Remuneration Committee and Nomination Committee

Mr. Fan, aged 55, was appointed as an independent non-executive Director on 5 July 2010. He is also the Chairman of the Investment Appraisal Committee, the members of the Audit Committee, Remuneration Committee and Nomination Committee. He has over four years of experience in the property industry. Mr. Fan holds a Master's Degree in Business Administration from the United States of America. He is the chairman and managing director of AsiaLink Capital Limited. Mr. Fan was an independent non-executive director of Chinney Alliance Group Limited (stock code: 385) and an independent director of 深圳世聯地產顧問股份有限公司 (a company listed on the Shenzhen Stock Exchange with stock code of 002285). He is a director of the following listed companies:

Listed Company	Role
Hong Kong listed companies	
• Technovator International Limited (stock code: 1206)	Independent non-executive director, chairman of the remuneration committee, the members of the audit committee and the nomination committee
• Raymond Industrial Limited (stock code: 229)	Independent non-executive director, members of the remuneration committee, the audit committee and the nomination committee
• Uni-President China Holdings Ltd. (stock code: 220)	Independent non-executive director, chairmen of the nomination committee and the audit committee

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Listed Company	Role
Hong Kong listed companies	
• Renhe Commercial Holdings Company Limited (stock code: 1387)	Independent non-executive director and chairman of the audit committee
• Tenfu (Cayman) Holdings Company Limited (stock code: 6868)	Independent non-executive director, chairman of the remuneration committee, members of the audit committee and the nomination committee
• CITIC Resources Holdings Limited (stock code: 1205)	Independent non-executive director, chairman of the audit committee, members of the remuneration committee and the nomination committee
• Guodian Technology & Environment Group Corporation Limited (stock code: 1296)	Independent non-executive director and chairman of the audit committee
• Hong Kong Resources Holdings Company Limited (stock code: 2882)	Independent non-executive director, chairman of the remuneration committee, members of the audit committee, the nomination committee and the special committee

Listed Company	Role
Hong Kong listed companies	
• China Development Bank International Investment Limited (stock code:1062)	Independent non-executive director, members of the audit committee, the nomination committee and the remuneration committee
• LT Commercial Real Estate Limited (stock code:112)	Independent non-executive director, chairmen of the remuneration committee and the nomination committee and member of the audit committee
• Neo-Neon Holdings Limited (stock code:1868)	Independent non-executive director, chairman of the regulatory compliance committee, members of the audit committee, the remuneration committee and the nomination committee
• CGN New Energy Holdings Co., Ltd. (stock code:1811)	Independent non-executive director, members of the audit committee, the remuneration committee and the nomination committee

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Mr. Li Ka Fai, David, Independent Non-executive Director and Chairman of the Audit Committee

Mr. Li, aged 61, was appointed as an independent non-executive Director on 5 July 2010. He is the Chairman of the Audit Committee. He is currently the deputy managing partner of Li, Tang, Chen & Co. CPA (Practising). He is also a fellow of the Hong Kong Institute of Certified Public Accountants, a fellow of The Association of Chartered Certified Accountants, United Kingdom, a fellow of The Institute of Chartered Secretaries and Administrators, United Kingdom as well as a fellow of The Institute of Chartered Accountants in England and Wales. Mr. Li has over nine years of experience in the property industry. He is a director of the following listed companies:

Listed Company	Role
Hong Kong listed companies	
• Goldlion Holdings Limited (stock code: 533)	Independent non-executive director, chairman of the audit committee, members of the nomination committee and the remuneration committee
• China-Hongkong Photo Products Holdings Limited (stock code: 1123)	Independent non-executive director and chairman of the audit committee, members of the nomination committee and the remuneration committee
• Cosmopolitan International Holdings Limited (stock code: 120)	Independent non-executive director, chairman of the audit committee, members of the nomination committee and the remuneration committee
• AVIC International Holding (HK) Limited (stock code: 232)	Independent non-executive director, members of the audit committee and the remuneration committee
• China Merchants Holdings (International) Company Limited (stock code: 144)	Independent non-executive director, chairman of the remuneration committee, members of audit committee and the nomination committee
• Wai Yuen Tong Medicine Holdings Limited (stock code: 897)	Independent non-executive director and chairman of the audit committee

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

SENIOR MANAGEMENT

Mr. Zhong Tao
Vice President

Mr. Zhong, aged 43, is the vice president of the Company. Mr. Zhong obtained a master's degree in business management from Shanghai Fudan University in 1998. He was a project manager of Shanghai Industrial Real Property Group (Shanghai) Company Limited, an assistant to the general manager of Shanghai Xinghe Digital Investment Company Limited, and the chief planning officer of Shanghai Industrial Management (Shanghai) Company Limited prior to his employment with the Group. He is also currently the vice president of SUD.

Ms. Zhou Yan
Vice President

Ms. Zhou, aged 48, is a vice president of the Company. She was an executive director of Shanghai Zendai Property Limited (stock code: 755). She received a bachelor's degree in arts from the School of Literature of Shanghai University (a branch of the Fudan University) and a master's degree in business studies from Massey University of New Zealand in 2000. Ms. Zhou has more than 21 years of experience in the real estate industry in the PRC.

Mr. Li Bin
Vice President

Mr. Li, aged 42, is a vice president of the Company. He was the chief and independent director of company secretary and information office in Shanghai Xujiahui Commercial Company Limited and the chief of secretary department in Shanghai Xuhui District Committee Office and the supervisor of SUD. Mr. Li received a master's degree in Economics from Shanghai University of Finance and Economics in 2002. He is also an economist and a member of the Chartered Institute of Building (CIOB).

Mr. Chan Kin Chu, Harry
Company Secretary

Mr. Chan, aged 46, has been the Company Secretary since 1 June 2011. He was appointed as Board Secretary and Deputy General Counsel in February 2013. Mr. Chan graduated from The University of Hong Kong with a bachelor of laws degree. He also obtained a master of laws degree from The University of London, U.K. and a bachelor of laws degree from Tsinghua University, the PRC. He was admitted to the High Court of Hong Kong Special Administrative Region as a solicitor. Mr. Chan has over seventeen years of working experience in legal, compliance and corporate governance matters. Before joining the Group, Mr. Chan worked for a sizable property developer as an in-house counsel.

CORPORATE GOVERNANCE REPORT

CORPORATE GOVERNANCE PRINCIPLES AND PRACTICES

The Board strives to attain and maintain high standards of corporate governance to enhance Shareholders' value and safeguard Shareholders' interests.

The Company recognizes the importance of high standards of corporate governance to sustain healthy growth and has taken a proactive approach in strengthening corporate governance practices in accordance with the needs of its business.

During the year ended 31 December 2015, the Company has complied with the code provisions as set out in the Corporate Governance Code contained in Appendix 14 to the Listing Rules except for the deviation from code provision A.2.1 of the Code as described below.

The Company will continue to enhance its corporate governance practices appropriate to the conduct and growth of its business and to review its corporate governance practices from time to time to ensure they comply with the Code and align with the latest developments.

BOARD OF DIRECTORS

The Board is collectively responsible for formulating of the Group's overall strategy, reviewing and monitoring the business operations and performance of the Group, preparing and approving financial statements, considering and approving material contracts and transactions as well as other significant policies and financial matters. The Board takes responsibility to oversee internal controls and risk management systems and review of the effectiveness of such systems, monitoring of the performance of the senior management and determining the policy for corporate governance. The Board also gives clear directions as to the powers delegated to the senior management for the day-to-day operation, business strategies and administrative functions of the Group.

All Directors have full and timely access to all relevant information as well as the advice and services of the Company Secretary, with a view to ensuring the Board procedures and all applicable rules and regulations are followed.

Upon making request to the Board, each Director is able to seek independent professional advice at the Company's expenses, when necessary.

As at 31 December 2015, the Board comprised nine members, including six executive Directors and three independent non-executive Directors. At least one of the independent non-executive Directors has relevant financial management expertise required by the Listing Rules. The biographical details of each Director are set out in the section headed "BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT" on pages 58 to 65 of this annual report. The Board reviews regularly its composition to ensure a balance of skills and experience appropriate for the requirements of the business of the Company.

INDEPENDENCE CONFIRMATION

The Company has received from each independent non-executive Director an annual confirmation of his/her independence pursuant to Rule 3.13 of the Listing Rules and the Board considers them to be independent.

APPOINTMENT AND RE-ELECTION

In accordance with the Bye-laws of the Company, the Board is empowered to appoint any person as a Director either to fill a casual vacancy on the Board or, subject to authorization by the members at the general meeting, as an additional member of the Board. Any Director so appointed by the Board shall hold office only until the first general meeting of the Company after his/her appointment and shall then be eligible for re-election at that general meeting.

Moreover, at each annual general meeting one-third of the Directors for the time being (or, if the number is not three or a multiple of three, then the number nearest to but not less than one-third) shall retire from office by rotation, provided that every Director (including those appointed for a specific term but excluding those holding office as the chairman of the Board or the managing director or the chief executive of the Company) shall be subject to rotation at least once every three years. Every Director holding the office of chairman or managing director shall be subject to re-election at least once every three years. All Directors were appointed for a specific term of three years but subject to retirement by rotation as aforesaid.

DIRECTORS' AND OFFICERS' LIABILITIES INSURANCE

The Company has arranged appropriate insurance coverage for directors' and officers' liabilities in respect of legal actions against its directors and officers arising out of corporate activities of the Group.

THE CHAIRMAN AND THE PRESIDENT

Following the re-designation of Mr. Ji Gang as the Chairman of the Board with effect from 2 February 2015, there is a deviation from code provision A.2.1 of the Code (which stipulates that the roles of chairman and chief executive should be separate and should not be performed by the same individual) as Mr. Ji also performs the role of chief executive of the Group. The Board is aware of the said deviation but considers that this arrangement is appropriate and in the best interests of the Group as it helps to maintain the continuity of the Group's policies and strategies and the stability of the operations of the Group. The Board also considers that such arrangement would not impair the balance of power and authority between the Board and the management of the Company as the Board does meet regularly on a quarterly basis to review the operations of the Group and to consider other major matters affecting the business development and operations of the Group. Going forward, the Board will periodically review the effectiveness of this arrangement.

MEETING BETWEEN THE CHAIRMAN AND INDEPENDENT NON-EXECUTIVE DIRECTORS

Under code provision A.2.7 of the Code, the chairman should at least annually hold meetings with the non-executive directors (including independent non-executive directors) without the executive directors present. There was one meeting held between the chairman of the Company and the independent non-executive Directors, without the presence of the executive Directors for the year ended 31 December 2015.

BOARD DIVERSITY

The Board had adopted the board diversity policy and revised the terms of reference for the Nomination Committee accordingly. In order to achieve a diversity of perspectives amongst the structure, size and composition of the Board, when making the recommendation to the Company for appointment or re-appointment of directors and succession planning of directors, the Nomination Committee will take into account a number of factors including but without limitation, gender, age, cultural and educational background, professional experience, skills and knowledge, and length of service.

RESPONSIBILITIES OF DIRECTORS

Each Director shall from time to time have knowledge of his/her responsibilities as Director, as well as the operations, business activities and development of the Company and shall ensure that sufficient time and effort will be put to deal with the Company's affairs. The Company offers induction materials to each Director on the first occasion of his/her appointment as well as necessary information and training during his/her term of appointment to ensure that he/she has appropriate knowledge of the Company's operations and business as well as the responsibility of director under applicable laws.

CORPORATE GOVERNANCE REPORT

TRAINING AND SUPPORT FOR DIRECTORS

(A) Training

Pursuant to the Code, all Directors shall participate in the continuous professional development programme to develop and update their knowledge and skills so that they can contribute to the Board. During the year ended 31 December 2015, the Company offered several appropriate training sessions for Directors. The training sessions were related to the internal controls, anti-fraud policies and site visiting. The Company has received from each of the Directors the individual training record of Directors pursuant to A.6.5 of the Code and time involved in public companies or organizations and description of other significant commitments pursuant to A.6.6 of the Code.

During the year ended 31 December 2015, the Directors participated in the following trainings:

	Attending[1]
Executive Directors	
Ni Jianda[2]	✓
Ji Gang	✓
Zhou Jun	✓
Yang Jianwei	✓
Yang Biao	✓
Ye Weiqi	✓
Huang Fei	✓
Independent Non-Executive Directors	
Doo Wai-Hoi, William	✓
Wong Ying Ho, Kennedy[3]	✓
Fan Ren Da, Anthony	✓
Li Ka Fai, David	✓

Notes:

1. Trainings may include

   (a) seminar(s)/programme(s)/conference(s)/forums relevant to the business or directors' duties; and/or

   (b) reading newspaper, journals and updates relating to the economy, general business or directors' duties etc.; and/or

   (c) Company's site visiting.

2. Mr. Ni Jianda resigned as the Chairman of the Board, an executive Director and a member of the Nomination Committee with effect from 2 February 2015.

3. Dr. Wong Ying Ho, Kennedy resigned as an independent non-executive Director, a member of the Audit Committee and the Chairman of the Nomination Committee with effect from 3 August 2015.

All the Directors also understand the importance of continuous professional development and are committed to participate in any suitable training to develop and refresh their knowledge and skills.

(B) Support

The Company continuously updates Directors on the latest developments regarding the Listing Rules and other applicable regulatory requirements, to ensure compliance and enhance their awareness of good corporate governance practices. Circulars or guidance notes, such as sending the latest version of "A Guide on Directors' Duties" published by the Hong Kong Companies Registry and guidelines published by The Hong Kong Institute of Directors, are issued to directors and senior management of the Company where appropriate, to ensure awareness of best corporate governance practices.

PRACTICES AND CONDUCT OF MEETINGS

Annual meeting schedules and agenda of each meeting are made available to the Directors in advance.

Notices of regular Company's board meetings are served to all Directors at least fourteen days before the meetings and reasonable notice is generally given for other board meetings of the Company. For committee meetings, notice is served in accordance with the required notice period stated in the relevant terms of reference.

Board papers together with all appropriate, complete and reliable information are sent to all directors/committee members of the Company at least three days before each board meeting or committee meeting to keep the Directors apprised of the latest developments and financial position of the Company and to enable them to make informed decisions. The Board and each Director also have separate and independent access to the senior management whenever necessary.

The senior management, the chief financial officer/financial controller and the Company Secretary will attend regular Company's board meetings and when necessary, other board and committee meetings to advise on business developments, financial and accounting matters, statutory compliance, corporate governance and other major aspects of the Company.

The Company Secretary/secretary of the committees is responsible to take and keep minutes of all board meetings and committee meetings. Draft minutes are circulated to Directors for comments within a reasonable period of time after each meeting and the executed copies are open for inspection by Directors.

The Company's Bye-laws contain provisions requiring directors to abstain from voting and not to be counted in the quorum at meetings for approving transactions in which such directors or any of their associates have a material interest. According to current Company's board practice, any material transaction, which involves a conflict of interest for a substantial shareholder or a director, will be considered and dealt with by the Board at a duly convened board meeting of the Company.

THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted its own code of conduct regarding dealings in the securities of the Company by the directors and the relevant employees (who are likely to be in possession of inside information relating to the Company or its securities) (the "**Guidelines for Securities Transactions by Relevant Employees**") on terms no less exacting than the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules. All directors of the Company have confirmed, following specific enquiry by the Company, that they have complied with the required standards set out in the Model Code and its code of conduct regarding directors' securities transactions for the year ended 31 December 2015.

In addition, no incident of non-compliance of the Guidelines for Securities Transactions by Relevant Employees by the relevant employees of the Group was noted by the Company throughout the year ended 31 December 2015.

CORPORATE GOVERNANCE REPORT

DIRECTORS' ATTENDANCE RECORD

The Directors give sufficient time and attention of the Group's affairs. The Directors play an active role in participating in the Company's meetings through contribution of their professional opinions and active participation in discussion. The attendance record of each of Director at the meetings of the Board, Audit Committee, Remuneration Committee, Nomination Committee, Investment Appraisal Committee and general meetings of the Company held during the year ended 31 December 2015 are set out as follows:

	Number of meetings attended/Number of meetings held					
Name of Directors	Board meeting	Audit Committee meeting	Remuneration Committee meeting	Nomination Committee meeting	Investment Appraisal Committee meeting	2015 AGM[1]
Executive Directors						
Ni Jianda[2]	N/A			N/A		N/A
Ji Gang[3]	4/4			1/1		1/1
Zhou Jun[4]	4/4				3/3	1/1
Yang Jianwei[5]	4/4					1/1
Yang Biao	4/4					1/1
Ye Weiqi	4/4		1/1		3/3	1/1
Huang Fei	4/4					0/1
Independent Non-Executive Directors						
Doo Wai-Hoi, William[6]	3/4	1/3	1/1	N/A		1/1
Wong Ying Ho, Kennedy[7]	2/2	1/1		1/1		0/1
Fan Ren Da, Anthony	4/4	3/3	1/1	1/1	3/3	1/1
Li Ka Fai, David	4/4	3/3				1/1

Notes:

1. The 2015 annual general meeting of the Company was held on Wednesday, 27 May 2015.

2. Mr. Ni Jianda resigned as the Chairman of the Board, an executive Director and a member of the Nomination Committee with effect from 2 February 2015.

3. Mr. Ji Gang was re-designated as the Chairman of the Nomination Committee with effect from 3 August 2015.

4. Mr. Zhou Jun resigned as a member of the Investment Appraisal Committee with effect from 11 November 2015.

5. Mr. Yang Jianwei was appointed as a member of the Investment Appraisal Committee on 11 November 2015.

6. Mr. Doo Wai-Hoi, William was appointed as a member of the Nomination Committee on 3 August 2015.

7. Dr. Wong Ying Ho, Kennedy resigned as an independent non-executive Director, a member of the Audit Committee and the Chairman of the Nomination Committee with effect from 3 August 2015.

BOARD COMMITTEES

The Board has established four Board committees, namely the Audit Committee, the Remuneration Committee, the Nomination Committee and the Investment Appraisal Committee, for overseeing particular aspects of the Company's affairs. All the Board committees should report to the Board on their decisions or recommendations made. The terms of reference of the Audit Committee, the Remuneration Committee, the Nomination Committee and corporate governance functions have been published on the Company's website and the website of the Stock Exchange pursuant to the Code, which were approved during the Board meeting.

A. Audit Committee

The Audit Committee currently consists of three independent non-executive Directors, namely Mr. Li Ka Fai, David (Committee Chairman), Mr. Doo Wai – Hoi, William and Mr. Fan Ren Da, Anthony.

The main responsibilities of the Audit Committee are:

1. to review the accounting principles and practices adopted by the Group;

2. to review the financial reporting process, risk management and internal controls system of the Group; and

3. to review the independence and objectivity of the external auditor, the scope of audit services and related audit fees payable to the external auditor.

There were three Audit Committee meetings held for the year ended 31 December 2015. The Chairman of the Audit Committee, Mr. Li Ka Fai, David, possesses relevant financial management expertise and this meets the requirements of Rule 3.21 of the Listing Rules.

During the year ended 31 December 2015, the Audit Committee reviewed the independence and objectivity of the external auditor, the scope of audit services and related audit fees payable to the external auditor for the Board's approval. The Audit Committee has reviewed the audited financial statements of the Company and discussed with the management and the auditor of the Company on the accounting principles and practices adopted by the Group, risk management, internal controls matter of the Group, interim results and financial statements and the terms of reference for Audit Committee.

B. Remuneration Committee

The Remuneration Committee currently consists of two independent non-executive Directors, namely Mr. Doo Wai-Hoi, William (Committee Chairman), Mr. Fan Ren Da, Anthony and one executive Director, namely Mr. Ye Weiqi.

The major responsibilities of the Remuneration Committee are:

1. to make recommendations to the Board on the Company's policy and structure for the remuneration of Directors and the senior management;

2. to have the delegated responsibility to determine the specific remuneration packages of all executive directors and senior management for submission to the Board for approval;

3. to review and approve above performance-based remuneration by reference to the corporate goals and objectives resolved by the Board from time to time;

4. to review and approve the compensation payable to executive directors and senior management in connection with any loss or termination of their office;

5. to review and approve compensation arrangements relating to dismissal or removal of directors; and

6. to ensure that no director or any of his associates is involved in deciding his own remuneration.

During the year ended 31 December 2015, one Remuneration Committee meeting was held to review the remuneration packages of all directors and senior management of the Company, directors' services contracts and the terms of reference for Remuneration Committee.

C. Nomination Committee

The Nomination Committee currently consists of one executive Director, namely Mr. Ji Gang (Committee Chairman) and two independent non-executive Directors, namely Mr. Doo Wai-Hoi, William and Mr. Fan Ren Da, Anthony. The primary function of the Nomination Committee is to make recommendations to the Board on potential candidates to fill vacancies or additional appointment on the Board and senior management. All appointments of Directors were nominated by the Nomination Committee based on the considerations including vacancy available, competence and experience, possession of requisite skills and qualifications, independence and integrity.

The Board adopted a Board's diversity policy setting out the approach to diversity of members of the Board. The Company recognizes and embraces the benefits of diversity of its Board members. It endeavors to ensure that the Board has a balance of skills, knowledge, experience and diversity of perspectives appropriate to the requirements of the Company's business. All Board appointments will continue to be made on a merit basis with due regard for the benefits of diversity of the board members. Selection of candidates will be based on a range of diversity perspectives, including but not limited to gender, age, cultural and educational background, professional experience, skills and knowledge and length of service. The ultimate decision will be made upon the merits and contribution that the selected candidates will bring to the Board.

During the year ended 31 December 2015, one Nomination Committee meeting was held and the following works, inter alia, were performed by the Nomination Committee:

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

2. recommended to the Board on the re-designation of Mr. Ji Gang as the Chairman of the Board and the President;

3. addressed the independence of the independent non-executive Directors, having regard to the requirements under the Listing Rules;

4. made recommendations to the Board on procedures for election of Directors and by Shareholders; and

5. reviewed the terms of reference for Nomination Committee and the Board's diversity policy from time to time.

D. Investment Appraisal Committee

The Investment Appraisal Committee currently consists of one independent non-executive Director, namely Mr. Fan Ren Da, Anthony (Committee Chairman) and two executive Directors, namely Mr. Yang Jianwei and Mr. Ye Weiqi.

The main responsibilities of the Investment Appraisal Committee are:

1. to research and advise on the long-term development strategy of the Company;

2. to research and advise on material investment projects of the Company;

3. to research and advise on material capital operation and asset operation projects of the Company;

4. to research and advise on material events which affect the development of the Company;

5. to make subsequent assessment on investment projects; and

6. to review on the above matters.

During the year ended 31 December 2015, three Investment Appraisal Committee meetings were held to discuss and consider the following matters:

1. proposed transactions;

2. a major transaction in regard to the disposal of Zhuhai Qi'ao Island Project. (Details can be found in the announcement of the Company dated 28 December 2015 and the circular of the Company dated 24 February 2016.); and

3. a major transaction in regard to the disposal of interest in Green Carbon Fund. (Details can be found in the announcement of the Company dated 8 January 2016 and the circular of the Company dated 24 February 2016.)

E. Corporate Governance Functions

No corporate governance committee has been established and the Board is responsible for performing the corporate governance functions such as developing and reviewing the Company's policies, practices on corporate governance, training and continuous professional development of directors and senior management, the Company's policies and practices on compliance with legal and regulatory requirements, etc. The primary duties are set out in the "CORPORATE GOVERNANCE FUNCTIONS: TERMS OF REFERENCE OF THE BOARD" in the relevant section of "CORPORATE GOVERNANCE" in the Company's website.

The main responsibilities of the corporate governance functions are:

1. to consider and review the Company's corporate governance principles, practices and processes and make recommendations;

2. to propose changes when necessary;

3. to review the Company's disclosure of its corporate governance program and compliance with each annual general meeting of the Company;

4. to review and monitor the Company's policies and practices;

5. to review internal corporate policies annually;

6. to review and monitor the training and continuous professional development of directors and senior management;

7. to develop, review and monitor the code of conduct and compliance manual; and

8. to review the Company's compliance with the Code and disclosure.

COMPANY SECRETARY

The Company Secretary is a full time employee of the Group and has day-to-day knowledge of the Company's affairs. During the financial year ended 31 December 2015, the Company Secretary has duly complied with the relevant professional training requirement under Rule 3.29 of the Listing Rules. According to the Rule 3.29 of the Listing Rules, the Company Secretary has taken no less than 15 hours of relevant professional training. The biographical details of the Company Secretary are set out in the section of "BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT" in this annual report.

ACCOUNTABILITY

The Directors are responsible for overseeing the preparation of accounts of each financial period, which give a true and fair view of the state of affairs of the Company and the Group and of the Group's results and cash flow for the period. In preparing the financial statements for the year ended 31 December 2015, appropriate Hong Kong Financial Reporting Standards and Hong Kong Accounting Standards issued by the Hong Kong Institute of Certified Public Accountants which are pertinent to its operations and relevant to the financial statements on the going concern basis were adopted. The Company has received acknowledgements from all Directors of their responsibilities for preparing the financial statements. It is the responsibility of the auditors to form an independent opinion, based on their audit, of these financial statements and to report their opinion to the members of the Company, as a body, and for no other purpose. The auditors do not assume responsibilities toward or accept liability to any other person for the contents of their report.

In accordance with the Code, the management has provided monthly updates including the performance, financial position and prospects of the Company to the members of the Board on the fifth day of each month, enabling them to perform their duties under the Listing Rules. After seeking the opinion of Audit Committee, the Company provides the Directors with relevant reports each month.

INTERNAL CONTROLS

The Board is responsible for maintaining sound and effective internal controls system in order to safeguard the Group's assets and Shareholders' interests and reviewing and monitoring the effectiveness of the Company's internal controls and risk management systems on a regular basis so as to ensure that internal controls and risk management systems in place are adequate.

The Board has reviewed the effectiveness of the internal controls system and risk management of the Group on a regular basis to ensure that the systems in place are adequate. The Company is always committed to maintaining a high standard of corporate governance and to continue strengthening the control systems of the Group in the interests of Shareholders. To monitor the effectiveness of the internal controls systems, in addition to the internal audit function of the Group, if necessary, the Board will appoint an independent professional firm to conduct internal controls reviews of selected areas of the Group.

Anti-fraud policies and procedures

The Company adopted its internal policy for anti-fraud system and its specific contents, the areas of which include, but without limitation, the definition of fraud, the internal institution to be responsible for monitoring the system, the reporting, investigation and handling of complaints and actions to be taken for substantiated cases.

RISK MANAGEMENT

The Group has established and maintained sufficient risk management procedures to identify and control various types of risk within the organisation and the external environment with active management participation and effective internal controls procedures in the best interest of the Group and the Shareholders.

The Group's internal auditor provides annual review and confirmation on the effectiveness of the risk management and internal controls system to the Board. Besides, The Audit Committee is responsible for reviewing the Company's risk management and internal controls systems and to report to the Board if necessary.

EXTERNAL AUDITOR AND AUDITOR'S REMUNERATION

The statement of the external auditor of the Company about their reporting responsibilities on the financial statements is set out in the "INDEPENDENT AUDITOR'S REPORT" on pages 81 and 82.

During the year ended 31 December 2015, the remuneration paid and accrued to the Company's auditor, Deloitte Touche Tohmatsu, is set out below:

	HK$'000
For audit services	
– audit fee paid for the year ended 31 December 2015	4,719
– other audit-related services	1,929
Total:	6,648

CORPORATE GOVERNANCE REPORT

SHAREHOLDERS' RIGHTS

To safeguard the Shareholders' interests and rights, separate resolutions are proposed at shareholders' meetings on each substantial issue, including the election of individual Directors. For more details of election of individual Directors, Shareholders can refer to the details of "PROCEDURES FOR ELECTION OF DIRECTORS BY SHAREHOLDERS" in the relevant section of "CORPORATE GOVERNANCE" in the Company's website.

The rights of shareholders and the procedures for demanding a poll on resolutions at shareholders' meetings at which voting is taken on a poll are contained in the Company's Bye-laws. Shareholders may request for convening a special general meeting and putting forward proposals at a general meeting pursuant to the Company's Bye-laws.

Shareholders may send their enquiries and concerns to the Board by addressing them to the Company's principal place of business in Hong Kong.

CONSTITUTIONAL DOCUMENTS

During the year ended 31 December 2015, there is no significant change in the Company's constitutional documents.

INVESTOR RELATIONS REPORT

SIUD is all along perfectly aware of the importance of maintaining good communication with shareholders, including individual and institutional investors, and strives to bolster the Company's transparency so that shareholders are informed of the operational conditions and financial performance of the Company in due course. The Company has formulated the "Shareholders Communication Policy", whereby the corporate communications department acts as the Company's communication link with shareholders and potential shareholders, to achieve mutual understanding through multiple channels and demonstrate the value expected of the Company, in an effort to enable every shareholder to make informed investment decisions.

The Company values the support and trust bestowed by shareholders, and therefore has three basic self-requirements:

1. Create value for shareholders;

2. Devise development strategies and operate the Company's business on the basis of meeting the values and expectation of shareholders; and

3. Review business decisions in a manner responsible to shareholders, maintain close and effective communication with shareholders with openness and sincerity, and disclose and explain relevant decisions in a timely manner.

In 2015, the Company disseminated information to the market through multiple channels such as the annual report, interim report, press releases and announcements. All these information is available on the Company's website. The corporate communications department also shared the announcements and press releases with investors via email in due course, and proactively responded to relevant inquiries and provided guidance. In addition, dedicated management members were assigned to closely communicate with financial market participants such as investors and analysts to keep them abreast of the Company's development strategies and latest developments and share our views on the outlook of the mainland property industry and Hong Kong capital markets through means such as regular meetings, conference calls and seminars, to ensure that the Company stays on top of the market pulse and respond to the ever-changing financial market in the nick of time.

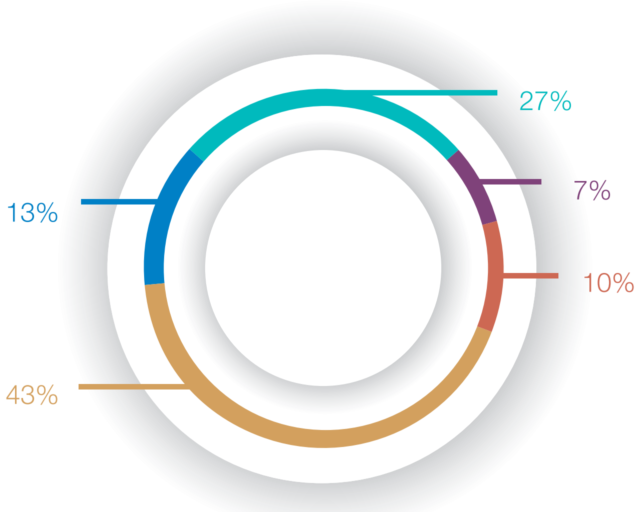
INVESTOR RELATIONS REPORT

Last year, the Company continued to participate in the investment summits and non-deal roadshows organized by investment banks. In addition to Hong Kong, the Group also reached out to overseas shareholders and potential investors through trips to Beijing, Shanghai, Shenzhen, Taipei and Singapore. Moreover, the Company also arranged investors and media to conduct site visits to the premium projects of the Group, including Urban Cradle, Binjiang U Center, ShanghaiMart and TODTOWN in Shanghai, during which investors and reporters dined and had conversation with the management. The chairman of the Company also conducted a Q&A session for investors and reporters to reinforce mutual understanding. The event received positive and extensive coverage in the mainstream newspapers in Hong Kong, such as the South China Morning Post, Oriental Daily and Apple Daily.

During the year, the Group attended 2 major investment conferences staged by investment banks, 7 non-deal roadshows and 10 conference calls, arranged site visits for 44 guests, hosted more than 227 investors and capital market participants and organized 3 media interviews, through which the Company's transparency was enhanced and the potential investment value of the Company was better known.

As a channel to promote effective communication, the Company maintains a website at www.siud.com, where up-to-date information including updates on the Company's business development, operations, finance, corporate governance and other information are available for public access. Shareholders and investors may write directly to the Company at its principal place of business in Hong Kong or via facsimile at (852) 2544 8004 for any inquiries.

COMMUNICATION CHANNELS WITH INVESTORS



Meetings, conference calls and business luncheons		10%
Non-deal roadshows and investor summits		43%
Reverse roadshows		13%
One-on-one investor conferences		27%
Site visits		7%

MAJOR INVESTOR RELATIONS EVENTS IN 2015

Time	Event	Organizer	Location
April	Non-deal roadshow	CCB International	Shanghai
May	Non-deal roadshow	Jefferies	Hong Kong, Shanghai, Beijing and Taipei
May	Non-deal roadshow	HSBC	Singapore
May	Non-deal roadshow	Jefferies	Hong Kong
May	Reverse roadshow	SIUD	Shanghai
June	Non-deal roadshow	BOC International	Hong Kong
August	Non-deal roadshow	Guotai Junan	Hong Kong
September	Non-deal roadshow	Jefferies	Shenzhen
October	Jefferies 5th Annual Greater China Summit	Jefferies	Hong Kong
November	2015 China Conference	Bank of America Merrill Lynch	Beijing

FINANCIAL STATEMENTS

INDEPENDENT AUDITOR'S REPORT

Deloitte.
德勤

TO THE MEMBERS OF
SHANGHAI INDUSTRIAL URBAN DEVELOPMENT GROUP LIMITED
上海實業城市開發集團有限公司
(incorporated in Bermuda with limited liability)

We have audited the consolidated financial statements of Shanghai Industrial Urban Development Group Limited (the "Company") and its subsidiaries (collectively referred to as the "Group") set out on pages 83 to 173, 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 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 applicable disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit and to report our opinion solely to you, as a body, in accordance with section 90 of the Bermuda Companies Act, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report. We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

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

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

INDEPENDENT AUDITOR'S REPORT

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 applicable disclosure requirements of the Hong Kong Companies Ordinance.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong

29 March 2016

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the year ended 31 December 2015

	NOTES	2015 HK$'000	2014 HK$'000
Revenue	5	**3,871,923**	7,773,636
Cost of sales		**(2,619,927)**	(4,823,485)
Gross profit		**1,251,996**	2,950,151
Other income	6(a)	**132,610**	193,594
Other expenses, gains and losses, net	6(b)	**(588,685)**	(20,260)
Fair value changes on investment properties	14	**38,934**	(43,573)
Impairment loss in respect of inventories		**(31,911)**	(66,204)
Distribution and selling expenses		**(168,020)**	(200,580)
General and administrative expenses		**(460,317)**	(460,265)
Gain on disposal of subsidiaries	34	**1,640,999**	–
Gain on disposal of associates	18	**1,140**	136,125
Finance costs	7	**(810,988)**	(757,327)
Share of gains (losses) of associates	18	**3,516**	(617)
Profit before tax		**1,009,274**	1,731,044
Income tax	9	**(469,288)**	(1,151,080)
Profit for the year	8	**539,986**	579,964
Other comprehensive income for the year			
Item that will not be reclassified to profit or loss:			
Exchange differences arising on translation into presentation currency		**(884,410)**	(441,181)
Item that may be reclassified subsequently to profit or loss:			
Net gain on fair value changes of available-for-sale investment, net of tax		**129,917**	–
Other comprehensive expense for the year		**(754,493)**	(441,181)
Total comprehensive (expense) income for the year		**(214,507)**	138,783
Profit for the year attributable to:			
Owners of the Company		**517,385**	161,181
Non-controlling interests		**22,601**	418,783
		539,986	579,964
Total comprehensive (expense) income attributable to:			
Owners of the Company		**104,354**	(86,864)
Non-controlling interests		**(318,861)**	225,647
		(214,507)	138,783
Earnings per share			
Basic (HK cents)	13	**10.75**	3.35
Diluted (HK cents)	13	**10.75**	3.35

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 December 2015

	NOTES	2015 HK$'000	2014 HK$'000
Non-current assets			
Investment properties	14	**11,811,202**	12,320,845
Property, plant and equipment	15	**1,961,549**	2,197,490
Prepaid lease payments	16	**234,523**	252,445
Intangible assets	17	**60,903**	63,734
Interests in associates	18	**1,215,340**	1,291,941
Interest in a joint venture	19	**65,718**	65,718
Other receivables	24	**194,872**	–
Available-for-sale investments	21	**295,441**	128,288
Pledged bank deposits	22	**43,665**	58,904
Deferred tax assets	32	**344,564**	289,580
		16,227,777	16,668,945
Current assets			
Inventories	23	**32,548,428**	32,150,353
Trade and other receivables	24	**3,346,931**	940,271
Amounts due from related companies	29	**–**	98,089
Prepaid lease payments	16	**5,254**	5,381
Prepaid income tax and land appreciation tax		**170,154**	187,462
Financial assets at fair value through profit or loss	25	**4,532**	3,294
Pledged bank deposits	22	**106,185**	442,284
Bank balances and cash	26	**11,371,189**	6,424,058
		47,552,673	40,251,192
Assets classified as held-for-sale	27	**–**	646,566
		47,552,673	40,897,758
Current liabilities			
Trade and other payables	28	**7,137,933**	5,897,521
Amounts due to related companies	29	**2,035,987**	2,083,942
Amounts due to associates	20	**58,007**	71,978
Consideration payables for acquisition of subsidiaries	30	**127,915**	763,940
Pre-sale proceeds received on sales of properties	31	**4,967,064**	2,400,586
Bank and other borrowings	33	**4,990,628**	7,838,393
Deposits received for identifying investment projects	35	**1,991,880**	–
Income tax and land appreciation tax payables		**1,888,785**	2,109,169
Dividend payable		**6,976**	6,423
Dividend payable to non-controlling shareholders		**125,340**	193,676
		23,330,515	21,365,628
Liabilities classified as held-for-sale	27	**–**	28
		23,330,515	21,365,656
Net current assets		**24,222,158**	19,532,102
Total assets less current liabilities		**40,449,935**	36,201,047

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	NOTES	2015 HK$'000	2014 HK$'000
Non-current liabilities			
Amount due to a related company	29	**68,784**	–
Bank and other borrowings	33	**17,243,011**	12,289,532
Deferred tax liabilities	32	**3,624,389**	3,796,683
		20,936,184	16,086,215
		19,513,751	20,114,832
Capital and reserves			
Share capital	36	**192,451**	192,461
Reserves		**12,343,455**	12,292,328
Equity contributable to owners of the Company		**12,535,906**	12,484,789
Non-controlling interests		**6,977,845**	7,630,043
		19,513,751	20,114,832

The consolidated financial statements on pages 83 to 173 were approved and authorised for issue by the Board of Directors on 29 March 2016 and are signed on its behalf by:

JI GANG	**YE WEIQI**
DIRECTOR	*DIRECTOR*

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2015

	Attributable to owners of the Company													
	Share capital HK$'000	Share premium HK$'000	Contributed surplus HK$'000 (note (iv))	Share options reserve HK$'000	Other revaluation reserve HK$'000 (note (i))	Investment revaluation reserve HK$'000	Statutory reserve HK$'000	Shareholder's contribution/ merger reserve HK$'000 (note (ii))	Other reserve HK$'000 (note (iii))	Exchange reserve HK$'000	Accumulated losses HK$'000	Total HK$'000	Non-controlling interests HK$'000	Total equity HK$'000
At 1 January 2014	192,461	10,325,453	–	66,842	52,526	–	161,128	2,214,569	–	1,671,653	(2,065,662)	12,618,970	7,164,307	19,783,277
Profit for the year	–	–	–	–	–	–	–	–	–	–	161,181	161,181	418,783	579,964
Exchange differences arising on translation into presentation currency	–	–	–	–	–	–	–	–	–	(248,045)	–	(248,045)	(193,136)	(441,181)
Total comprehensive income for the year	–	–	–	–	–	–	–	–	–	(248,045)	161,181	(86,864)	225,647	138,783
Addition upon the acquisition of subsidiaries (Note 41)	–	–	–	–	–	–	–	–	–	–	–	–	44,481	44,481
Contribution from non-controlling interests upon establishment of subsidiaries	–	–	–	–	–	–	–	–	–	–	–	–	240,565	240,565
Transfer	–	–	–	–	–	–	3,558	–	–	–	(3,558)	–	–	–
Acquisition of additional interest in a subsidiary (Note 41)	–	–	–	–	–	–	–	–	(47,317)	–	–	(47,317)	(44,957)	(92,274)
At 31 December 2014	192,461	10,325,453	–	66,842	52,526	–	164,686	2,214,569	(47,317)	1,423,608	(1,908,039)	12,484,789	7,630,043	20,114,832

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Attributable to owners of the Company													
	Share capital HK$'000	Share premium HK$'000	Contributed surplus HK$'000 (note (iv))	Share options reserve HK$'000	Other revaluation reserve HK$'000 (note (i))	Investment revaluation reserve HK$'000	Statutory reserve HK$'000	Shareholder's contribution/ merger reserve HK$'000 (note (ii))	Other reserve HK$'000 (note (iii))	Exchange reserve HK$'000	Accumulated losses HK$'000	Total HK$'000	Non-controlling interests HK$'000	Total equity HK$'000
Profit for the year	–	–	–	–	–	–	–	–	–	–	517,385	517,385	22,601	539,986
Exchange differences arising on translation into presentation currency	–	–	–	–	–	–	–	–	–	(542,948)	–	(542,948)	(341,462)	(884,410)
Net gain on fair value changes of available-for-sale investment, net of tax	–	–	–	–	–	129,917	–	–	–	–	–	129,917	–	129,917
Total comprehensive income for the year	–	–	–	–	–	129,917	–	–	–	(542,948)	517,385	104,354	(318,861)	(214,507)
Transfer upon disposal of subsidiaries	–	–	–	–	–	–	–	–	–	(321,591)	321,591	–	–	–
Transfer to distributable reserve	–	(210,000)	210,000	–	–	–	–	–	–	–	–	–	–	–
Dividends declared (Note 50)	–	–	(52,927)	–	–	–	–	–	–	–	–	(52,927)	–	(52,927)
Dividends declared to non-controlling interests	–	–	–	–	–	–	–	–	–	–	–	–	(63,669)	(63,669)
Repayment of capital upon deregistration of subsidiary	–	–	–	–	–	–	–	–	–	–	–	–	(104,705)	(104,705)
Acquisition of additional interest in a subsidiary (note (vi))	–	–	–	–	–	–	–	–	–	–	–	–	(214,951)	(214,951)
Forfeiture of share options	–	–	–	(17,475)	–	–	–	–	–	–	17,475	–	–	–
Repurchase of ordinary shares (note (v))	(10)	(300)	–	–	–	–	–	–	–	–	–	(310)	–	(310)
Contribution from a non-controlling interest upon establishment of a subsidiary	–	–	–	–	–	–	–	–	–	–	–	–	49,988	49,988
Transfer	–	–	–	–	–	–	9,040	–	–	–	(9,040)	–	–	–
At 31 December 2015	192,451	10,115,153	157,073	49,367	52,526	129,917	173,726	2,214,569	(47,317)	559,069	(1,060,628)	12,535,906	6,977,845	19,513,751

Notes:

(i) The other revaluation reserve comprises the difference between the fair value, net of deferred tax, and the carrying amount of additional interest in associates being acquired and become subsidiaries of the Company. This reserve will be recognised in the profit or loss upon the earlier of the disposal of the subsidiaries or the disposal by the subsidiaries of the assets to which it relates.

(ii) Merger reserve represents the difference in the fair value of the consideration paid to the parent company, Shanghai Industrial Holdings Limited ("SIHL"), for the acquisition of subsidiaries controlled by SIHL and the acquired carrying amount of the subsidiaries at the date of the Group and the subsidiaries acquired became under common control. Shareholder's contribution represents capital contribution from SIHL and State-Owned Assets Supervision and Administration Commission of Shanghai Xuhui District ("Xuhui SASAC"), being non-controlling interest, (based on their respective percentage of equity interest) to a subsidiary of the Group, Shanghai Urban Development (Holdings) Co., Ltd. ("SUD"), as paid-in capital in April 2011. Xuhui SASAC holds 41% interests in SUD.

(iii) Other reserve represents a premium contributed by the owners of the Company on acquiring the remaining 1.0% interests of 上海世界貿易商城有限公司 ("Shanghai World Trade") from a non-controlling shareholder subsequent to the acquisition of Continental Land Group (as defined in note 29(v)). This acquisition, without changing the Group's control over Shanghai World Trade, was accounted for as an equity transaction. The difference between the fair value of cash consideration of HK$92,274,000 and 1.0% share of net assets held by the non-controlling shareholder of HK$44,957,000 amounting to HK$47,317,000 was recognised directly in equity as other reserve and attributable to owners of the Company.

(iv) Pursuant to the special resolution passed on 27 May 2015, the Company transferred an amount of HK$210,000,000 from share premium account to contributed surplus account, which increased the distributable reserves of the Company thereby giving the Company a greater flexibility in its dividend policy and making distributions to the shareholders.

(v) In August 2015, the Company repurchased on the Stock Exchange 250,000 ordinary shares of the Company of HK$0.04 each (the "Share Repurchase") with the average price being HK$1.24 per share. The aggregate consideration for the Share Repurchase is approximately HK$310,000 which is funded from the contributed surplus available for dividend distribution of the Company.

(vi) On 28 December 2015, the Company acquired the remaining 20% interests of a subsidiary of the Company from a non-controlling shareholder at a consideration of HK$214,951,000. The acquisition, without changing the Group's control over the subsidiary, was accounted for as an equity transaction. As the subsidiary was established in 10 September 2014 and remains inactive since the establishment, the fair value of cash consideration approximates the 20% share of net assets held by the non-controlling shareholder.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2015

	2015 HK$'000	2014 HK$'000
OPERATING ACTIVITIES		
Profit before tax	**1,009,274**	1,731,044
Adjustments for:		
Fair value changes on investment properties	**(38,934)**	43,573
Depreciation on property, plant and equipment	**114,292**	84,277
Amortisation of prepaid lease payments	**6,814**	4,632
Gain on disposal of property, plant and equipment	**(39,945)**	(156)
Finance costs	**810,988**	757,327
Interest income	**(95,605)**	(123,766)
Dividend income from available-for-sale investments	**(323)**	(6,343)
Changes in fair values of financial assets at fair value through profit or loss	**(1,429)**	(1,279)
Impairment loss in respect of inventories	**31,911**	66,204
Impairment loss recognised on other receivables	**16,464**	–
Waiver of trade payables as compensation for late delivery of properties	**–**	(134,658)
Gain on disposal of subsidiaries	**(1,640,999)**	–
Gain on disposal of associates	**(1,140)**	(136,125)
Share of (gains) losses of associates	**(3,516)**	617
Unrealised foreign exchange loss	**474,727**	71,388
Operating cash flows before movements in working capital	**642,579**	2,356,735
Increase in inventories	**(4,158,846)**	(135,574)
(Increase) decrease in trade and other receivables	**(4,312)**	277,161
Increase (decrease) in trade and other payables	**1,574,511**	(597,592)
Decrease in amount due to an associate	**(11,130)**	(20,165)
Increase (decrease) in pre-sale proceeds received on sales of properties	**2,761,498**	(3,967,470)
Cash from (used in) operations	**804,300**	(2,086,905)
The People's Republic of China (the "PRC") income tax paid	**(698,708)**	(1,014,216)
Net cash from (used in) operating activities	**105,592**	(3,101,121)

CONSOLIDATED STATEMENT OF CASH FLOWS

	NOTES	2015 HK$'000	2014 HK$'000
INVESTING ACTIVITIES			
Net proceeds from disposal of subsidiaries	34	**2,147,943**	172,535
Net proceeds from disposal of assets through disposal of subsidiaries		**–**	1,006,902
Net proceeds from disposal of associates	18	**12,013**	462,528
Net payments for acquisition of subsidiaries	41	**–**	(3,945,628)
Repayment from a former subsidiary		**–**	184,566
Repayment of consideration payables for acquisition of subsidiaries	30	**(471,555)**	–
Purchases of property, plant and equipment		**(49,373)**	(12,328)
Proceeds from disposal of investment properties		**–**	159,762
Deposits received from third parties for identifying investment projects	35	**1,633,628**	–
Deposits received from a non-controlling shareholder for identifying investment projects	35	**358,252**	–
Proceeds from disposal of property, plant and equipment		**136,229**	2,247
(Decrease) increase in pledged bank deposits		**339,954**	(26,482)
Dividend received from available-for-sale investments		**323**	6,343
Dividend received from an associate	18	**12,090**	–
Interest received		**95,605**	123,766
Repayment from related companies		**96,831**	89,359
Advance to related companies		**–**	(16,599)
Advance to an independent third party	24(ii)	**(194,872)**	–
Repayment from associates		**–**	18,940
Repayment from former associate	24(i)	**85,068**	–
Purchase of available-for-sale investments		**(13,872)**	(28,316)
Deposit received for disposal of the Disposal Group	27	**–**	99,975
Net cash from (used in) investing activities		**4,188,264**	(1,702,430)
FINANCING ACTIVITIES			
Proceeds from new bank and other borrowings		**8,671,880**	12,395,812
Repayments of bank and other borrowings		**(6,045,796)**	(4,214,211)
Repayment to related companies		**(734,845)**	(1,718,782)
Advance from related companies		**756,363**	3,289,049
Payment for redemption of senior notes		**–**	(3,120,000)
Payment for acquisition of additional interest in a subsidiary		**(214,951)**	(92,274)
Repayment of capital upon deregistration of a subsidiary		**(104,705)**	–
Capital injection from non-controlling shareholders upon establishment of subsidiaries		**49,988**	240,565
Payments on repurchase of shares		**(310)**	–
Transaction costs attributable to issue of advanced bonds		**(22,952)**	–
Dividend paid to non-controlling interests		**(125,376)**	(62,950)
Dividend paid		**(52,374)**	–
Interest paid		**(1,229,362)**	(1,276,863)
Net cash from financing activities		**947,560**	5,440,346
Net increase in cash and cash equivalents		**5,241,416**	636,795
Cash and cash equivalents at the beginning of the year		**6,424,164**	5,827,825
Effect of foreign exchange rate changes		**(294,391)**	(40,456)
Cash and cash equivalents represented by bank balances and cash at the end of the year		**11,371,189**	6,424,164
Analysis of cash and cash equivalents represented by bank balances and cash held by			
– the Group		**11,371,189**	6,424,058
– the Disposal Group (as defined in Note 27)		**–**	106
		11,371,189	6,424,164

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the year ended 31 December 2015

1. GENERAL

The Company is incorporated in Bermuda as an exempted company with limited liability and its shares are listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). Its parent is Shanghai Industrial Holdings Limited ("SIHL") (incorporated in Hong Kong and listed on the Stock Exchange) and its ultimate holding company is Shanghai Industrial Investment (Holdings) Company Limited ("SIIC") (a private limited company also incorporated in Hong Kong). The addresses of the registered office and principal place of business of the Company are disclosed in the section of "Corporate Information" in the annual report.

The principal activities of the Group are residential and commercial properties development, property investment and hotel operation in the PRC.

The consolidated financial statements are presented in Hong Kong dollars ("HK$") as the Company is listed on the Stock Exchange, where most of its investors are located in Hong Kong. The functional currency of the Company is Renminbi ("RMB").

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

The Group has applied the following amendments to HKFRSs issued by the Hong Kong Institute of Certified Public Accountants ("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 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.

New and revised HKFRSs issued but not yet effective

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[2]
HKFRS 15	Revenue from contracts with customers[2]
Amendments to HKFRSs	Annual improvements to HKFRSs 2012–2014 cycle[1]
Amendments to HKAS 1	Disclosure initiative[1]
Amendments to HKFRS 10 and HKAS 28	Sale or contribution of assets between an investor and its associate or joint venture[3]
Amendments to HKFRS 10, HKFRS 12 and HKAS 28	Investment entities: Applying the consolidation exception[1]
Amendments to HKFRS 11	Accounting for acquisitions of interests in joint operations[1]
Amendments to HKAS 16 and HKAS 38	Clarification of acceptable methods of depreciation and amortisation[1]
Amendments to HKAS 16 and HKAS 41	Agriculture: Bearer plants[1]
Amendments to HKAS 27	Equity method in separate financial statements[1]

1 Effective for annual periods beginning on or after 1 January 2016.
2 Effective for annual periods beginning on or after 1 January 2018.
3 Effective for annual periods beginning on or after a date to be determined.

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

New and revised HKFRSs issued but not yet effective (continued)

HKFRS 9 Financial instruments

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

- all recognised financial assets that are within the scope of HKAS 39 "Financial instruments: Recognition and measurement" are subsequently measured at amortised cost or fair value. Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. 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 of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured at FVTOCI. All other debt investments and equity investments are measured at their fair values at the end of subsequent reporting 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.

- 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.

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

New and revised HKFRSs issued but not yet effective (continued)

HKFRS 9 Financial instruments (continued)

The directors of the Company anticipate that the adoption of HKFRS 9 in the future may have impacts on the Group's financial assets. However, in the opinion of the directors of the Company, it is not practicable to provide a reasonable estimate of that effect until a detailed review has been completed.

HKFRS 15 Revenue from contracts with customers

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 those goods or services. Specifically, the standard introduces a 5-step approach to revenue recognition:

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

Under 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 anticipate that the adoption of HKFRS 15 in the future may have impacts on the amounts reported and disclosures made in the Group's consolidated financial statements. However, in the opinion of the directors of the Company, it is not practicable to provide a reasonable estimate of the effect for the application of HKFRS 15 until a detailed review has been completed.

The directors of the Company anticipate that the application of the other new and revised HKFRSs will have no material impact on the consolidated financial statements.

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 disclosure requirements set out in the Listing Rules regarding annual accounts have been amended with reference to the provisions of the new Hong Kong Companies Ordinance (Cap. 622) regarding preparation of accounts and directors' reports and audits and to streamline with HKFRSs and became effective for the Company for the financial year ended 31 December 2015. 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 investment properties and certain financial instruments that are measured at fair values as explained in the accounting policies set out below. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of 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 for the purposes of measuring inventories in HKAS 2 or value in use for the purposes of impairment assessment 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.

The principal accounting policies are set out below.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 when the Company:

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

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

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

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

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

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

Changes in the Group's ownership interests in existing subsidiaries

Changes in the Group's ownership interests in existing subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the carrying 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 that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable HKFRSs). 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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Merger Accounting for business combination involving entities under common control

Business combination involving entities under common control includes acquisition of subsidiaries/business controlled by SIHL.

The consolidated financial statements incorporate the financial statements items of the combining entities or businesses in which the common control combination occurs as if they had been combined from the date when the combining entities or businesses first came under the control of the controlling party.

The net assets of the combining entities or businesses are consolidated using the existing book values from the controlling parties' perspective. No amount is recognised in respect of goodwill or excess of acquirer's interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over cost at the time of common control combination, to the extent of the continuation of the controlling party's interest.

The consolidated statement of profit or loss and other comprehensive income includes the results of each of the combining entities or businesses from the earliest date presented or since the date when the combining entities or businesses first came under the common control, where this is a shorter period, regardless of the date of the common control combination.

The comparative amounts in the consolidated financial statements are presented as if the entities or businesses had been combined at the end of previous reporting period or when they first came under common control, whichever is shorter.

Business combinations

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

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

- deferred tax assets or liabilities, and 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 arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with 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 re-assessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Business combinations (continued)

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, with the corresponding gain or loss being recognised in profit or loss.

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

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

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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Goodwill (continued)

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

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

Investments in associates and joint ventures

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

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

The results and assets and liabilities of associates and joint ventures are incorporated in these consolidated financial statements using the equity method of accounting. The financial statements of associates and joint ventures used for equity accounting purposes are prepared using uniform accounting policies as those of the Group for like transactions and events in similar circumstances. Under the equity method, an investment in an associate or a joint venture is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group’s share of the profit or loss and other comprehensive income of the associate or joint venture. When the Group’s share of losses of an associate or 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investments in associates and joint ventures (continued)

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

Non-current assets held-for-sale

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

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

Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation.

Investment properties are initially measured at cost, including transactions costs. Subsequent to initial recognition, investment properties are measured at fair value. All of the Group's property interests held under operating leases to earn rentals or for capital appreciation purposes are accounted for as investment properties and are measured using the fair value model. Gains or losses arising from changes in the fair value of investment properties are included in profit or loss for the period for which they arise.

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 disposal. 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 property is derecognised.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property, plant and equipment

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

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

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.

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.

Buildings under development for future owner-occupied purpose

When buildings are in the course of development for production or for administrative purposes, the amortisation of prepaid lease payments provided during the construction period is included as part of costs of buildings under construction. Buildings under construction are carried at cost, less any identified impairment losses. Depreciation of buildings commences when they are available for use (i.e. when they are in the location and condition necessary for them to be capable of operating in the manner intended by management).

Intangible assets acquired in a business combination

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

Subsequent to initial recognition, intangible assets with indefinite useful lives are carried at cost less any subsequent accumulated impairment losses (see the accounting policy in respect of impairment losses on tangible and intangible assets below).

Impairment of tangible and intangible assets other than goodwill

At the end of the reporting period, the Group reviews the carrying amounts of its tangible 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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Impairment of tangible and intangible assets other than goodwill (continued)

Intangible assets with indefinite useful lives are tested for impairment at least annually, and whenever there is an indication that they may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset 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.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or 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.

Inventories

Properties held-for-sale and properties under development for sale

Properties held-for-sale and properties under development for sale are stated at the lower of cost and net realisable value on an individual basis. Costs comprise the acquisition costs and other direct costs attributable to such properties. Cost is calculated using the weighted average method.

Others

Inventories are stated at the lower of cost and net realisable value. Cost is calculated using the weighted average method.

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

Transfer from inventories to investment properties carried at fair value

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.

Leasing

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

The Group as lessor

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leasing (continued)

The Group as lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term.

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.

Financial instruments

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

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 or financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss ("FVTPL") are recognised immediately in profit or loss.

Financial assets

The Group's financial assets are classified into the following specified categories: financial assets at FVTPL, loans and receivables 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.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument 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 debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Interest income is recognised on an effective interest basis for debt instruments.

Financial assets at FVTPL

Financial assets at FVTPL include financial assets held-for-trading.

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.

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 directly in profit or loss in the period in which they arise. The net gain or loss of financial assets at FVTPL recognised in profit or loss excludes any dividend or interest earned on the financial assets and is included in the 'other expenses, gains and losses, net' line item. Fair value is determined in the manner described in note 39.

Loans and receivables

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

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

AFS financial assets

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

Equity securities held by the Group that are classified as AFS financial assets and are traded in an active market are measured at fair value at the end of each reporting period. Changes in the carrying amount of AFS equity instruments are recognised in other comprehensive income and accumulated under the heading of investments revaluation reserve. When the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss (see the accounting policy in respect of impairment loss on financial assets below).

Dividends on 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 instruments are measured at cost less any identified impairment losses at the end of the reporting period (see accounting policy on impairment of financial assets below).

Impairment of financial assets

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

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

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets (continued)

For the loans and receivables, objective evidence of impairment could include:

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

For certain categories of financial assets, such as trade receivables, assets are assessed for impairment on a collective basis even if they were assessed not to be impairment individually. 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.

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

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

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

When an AFS financial asset carried at fair value is considered to be impaired, cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss in the period.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment losses 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 carried at fair value, 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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial instruments (continued)

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 the Group after deducting all of its liabilities. Equity instruments issued by the Group are recognised at the proceeds received, net of direct issue costs.

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.

Financial liabilities

Financial liabilities including trade and other payables, amounts due to related companies and associates, dividend payable, dividend payable to non-controlling shareholders, consideration payables for acquisition of subsidiaries, bank and other borrowings and deposits received for identifying investment projects 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 and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Interest expense is recognised on an effective interest basis.

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.

Retirement benefit costs

Payments to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Share-based payment transactions

Equity-settled share-based payment transactions

Share options granted to employees

For grants of share options to employees 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 grant date and is expensed on a straight-line basis over the vesting period, based on the Group's estimate of share options that will eventually vest, 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 eventually 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 be transferred to accumulated losses.

Taxation

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

Current 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 current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax

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 the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, and interest in a joint venture, 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 each 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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Taxation (continued)

Deferred tax (continued)

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.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

For the purposes of measuring deferred tax liabilities or deferred tax assets for investment properties that are measured using the fair value model, the carrying amounts of such properties are presumed to be recovered entirely through sale, unless the presumption is rebutted. The presumption is rebutted when the investment property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale. If the presumption is rebutted, deferred tax liabilities and deferred tax assets for such investment properties are measured in accordance with the above general principles set out in HKAS 12 "Income taxes" (i.e. based on the expected manner as to how the properties will be recovered).

Current and deferred tax for the year

Current and deferred tax is 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 is also recognised in other comprehensive income or directly in equity respectively. Where current tax on deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

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.

Revenue from the sale of goods is recognised when the goods are delivered and titles have passed, at which time all the following conditions are satisfied:

- the Group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the Group; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Specifically, 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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenue recognition (continued)

Rental income from operating leases is recognised in profit or loss on straight-line basis over the term of relevant lease. Lease incentives granted are recognised in profit or loss as an integral part of the aggregate net lease payments receivable.

Property management service income is recognised when services are provided.

Revenue from hotel operations which includes room rental, food and beverage sales and other ancillary services is recognised when the services are rendered.

Interest income 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 the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Dividend income from investments is recognised when the shareholders' rights to receive payment have been established (provided that it is probable that the economic benefits will flow to the Group and the amount of revenue can be measured reliably).

Government grants

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

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate.

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

Borrowing costs

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

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

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

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded at the rates of exchanges prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that 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.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Foreign currencies (continued)

Exchange differences arising on the settlement and retranslation of monetary items and on the retranslation of non-monetary items carried at fair value are recognised in profit or loss in the period in which they arise.

For the purposes of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Group (i.e. HK$) using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the year. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity under the heading of exchange reserve (attributable to the non-controlling interests as appropriate).

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 (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

4. CRITICAL ACCOUNTING JUDGMENT AND KEY SOURCES OF ESTIMATES

In the application of the Group's accounting policies, which are described in note 3, the directors of the Company are required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated 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 ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgment in applying accounting policies

The following is the critical judgment that the directors of the Company have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the consolidated financial statements.

Deferred taxation on investment properties

For the purposes of measuring deferred taxation arising from investment properties that are measured using the fair value model, the directors of the Company have reviewed the Group's investment property portfolios and concluded that certain of the Group's investment properties are held under a business model whose objective is to consume substantially all of the economic benefits embodied in the investment properties over the time rather than through sale. Therefore, in measuring the Group's deferred taxation on investment properties, the directors of the Company have determined that the presumption that the carrying amounts of investment properties measured using the fair value model are recovered entirely through sale is rebutted for such properties. As at 31 December 2015, the carrying amount of these properties is HK$7,201,697,000 (2014: HK$7,423,320,000). For the investment properties on which the 'sale' presumption is not rebutted, the Group has further recognised deferred taxes on changes in fair value of investment properties in relation to the PRC's land appreciation tax, which is the additional tax to be charged if a property in the PRC is recovered through sale. As at 31 December 2015, the carrying amount of these properties is HK$4,609,505,000 (2014: HK$4,897,525,000).

4. KEY SOURCES OF ESTIMATES (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 the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Valuation of properties under development for sale and properties held-for-sale

The Group's properties under development for sale and properties held-for-sale are stated at the lower of cost and net realisable value. Based on the Group's recent experience and the nature of the subject properties, the Group makes estimates of the selling prices, the costs of completion in case for properties under development for sale, and the costs to be incurred in selling the properties based on prevailing market conditions.

If there is an increase in costs to completion or a decrease in net realisable value, this may result in write-down of properties under development for sale and properties held-for-sale. Such write-down requires the use of judgment and estimates. Where the expectation is different from the original estimate, the carrying amount and write-down of properties in the periods in which such estimate is changed will be adjusted accordingly.

In addition, given the volatility of the PRC property market and the unique nature of individual properties, the actual outcomes in terms of costs and revenue may be higher or lower than estimated at the end of the reporting period. Any increase or decrease in the write-down of properties would affect profit or loss in future years. As at 31 December 2015, the carrying amount of properties under development for sale and properties held-for-sale are HK$25,942,626,000 (2014: HK$25,764,515,000) and HK$6,600,716,000 (2014: HK$6,296,949,000) respectively. During the year ended 31 December 2015, an impairment loss in respect of inventories of HK$31,911,000 (2014: HK$66,204,000) was recognised in profit or loss.

Estimation of fair value of investment properties

The valuations of investment properties were arrived at by reference to comparable sales transactions available in the relevant market and where appropriate, investment approach by capitalising the net rental income derived from the existing tenancies with due allowance for the reversionary potential of the properties.

For investment properties whereby fair value is assessed by reference to comparable sales transactions, the fair value is determined based on the current prices in an active market for similar properties. If the current prices in an active market for similar properties are not available for the purpose of estimation of fair value of investment properties, the Group considers information from a variety of sources, including:

(a) Current prices in an active market for properties of a different nature, condition or location, adjusted to reflect those differences; and

(b) Recent transaction prices of similar properties in less active markets, with adjustments to reflect any changes in economic conditions since the date of the transactions that occurred at those prices.

For investment properties whereby the fair value is assessed by adopting investment approach, which are mainly those investment properties that are held for earning rental income from its existing lease contracts, the fair value is determined based on reliable estimates of future cash flows supported by the terms of any existing lease and, when possible, by external evidence such as current market rates for similar properties in the same location and condition, and using reversionary rates that reflect current market assessments of the uncertainty in the amount and timing of the cash flows.

The carrying amount of investment properties as at 31 December 2015 was approximately HK$11,811,202,000 (2014: HK$12,320,845,000). Notwithstanding that the management employs independent professionally qualified valuers not connected with the Group to perform fair value assessments based on these assumptions, the fair value of these investment properties may be higher or lower depending on the future market conditions.

5. REVENUE AND SEGMENT INFORMATION

Revenue represents the net amounts received and receivable for goods sold by the Group in the normal course of business to outside customers, net of discounts and sales related taxes for the year. The Group is engaged in the residential and commercial properties development, property investment and hotel operation.

Information reported to the executive directors of the Company, being the chief operating decision maker, for the purposes of resource allocation and assessment of performance focuses only on revenue analysis. As no other discrete financial information is available for assessment of different business activities, no segment information is presented other than entity-wide disclosures.

Entity-wide disclosures

Revenue from major business services

The following is an analysis of the Group's revenue from its major business activities:

	2015 HK$'000	2014 HK$'000
Revenue from sales of properties	2,902,873	7,107,449
Rental income from leasing of properties	696,086	472,474
Property management service income	100,779	95,762
Revenue from hotel operations	172,185	97,951
	3,871,923	7,773,636

Geographical information

The Group's operations are located in the PRC. All revenue and non-current assets, excluding certain financial instruments, of the Group are generated from and located in the PRC. No revenue from a single customer or a group of customers under common control contributed 10% or more of the Group's revenue for the years ended 31 December 2015 and 2014.

6a. OTHER INCOME

	2015 HK$'000	2014 HK$'000
Interest income on bank deposits	88,533	104,958
Other interest income	7,072	18,808
Rental income from property, plant and equipment	4,506	6,917
Dividend income from available-for-sale investments	323	6,343
Income from marketing and exhibition activities	5,327	17,222
Others	26,849	39,346
	132,610	193,594

6b. OTHER EXPENSES, GAINS AND LOSSES, NET

	2015 HK$'000	2014 HK$'000
Exchange loss on senior notes	–	(76,383)
Other net exchange loss (note (i))	(404,356)	(76,312)
Change in fair value of financial assets at FVTPL	1,429	1,279
Impairment loss recognised on other receivables	(16,464)	–
Reversal of compensation to customers in respect of late delivery of properties, net	–	24,685
Waiver of trade payables as compensation for late delivery of properties	–	134,658
Gain on disposal of property, plant and equipment	39,945	156
Provision for settlement of a legal case (note (ii))	(127,708)	–
Provision for an agreed payment in relation to withdrawal from a legal case (note (iii))	(78,954)	–
Others	(2,577)	(28,343)
	(588,685)	(20,260)

Notes:

(i) Other net exchange loss for the years ended 31 December 2015 and 2014 mainly comprised of unrealised exchange loss arising on remeasurement of foreign currency denominated intra-group current accounts and foreign currency denominated bank and other borrowings.

(ii) In prior years, the Group was in a legal proceeding with a purchaser of its subsidiary regarding the fulfilment of terms and actual performance of the disposal transaction that happened in year 2009. Pursuant to the commitment letter issued by a subsidiary of the Group (the "Seller") to the purchaser, after receiving consideration from the purchaser, the Seller assumed certain liabilities of the subsidiary being disposed of and agreed to settle these liabilities, which would in turn discharge the purchaser's obligation to pay these liabilities. However, the Seller did not settle the liabilities in full in previous years. A court in Beijing of the PRC has made a judgment and ruled that the Seller was required to settle the liabilities of approximately RMB90,333,000 (equivalent to approximately HK$111,439,000) and pay damages of approximately RMB13,188,000 (equivalent to approximately HK$16,269,000) to the purchaser. As at 31 December 2015, these amounts were not yet settled but were fully provided for and included in "trade and other payables" line item in the consolidated statement of financial position.

(iii) Details of the provision for an agreed payment in relation to withdrawal from a legal case are set out in note 44(c). As at 31 December 2015, the amount was not yet settled but was fully provided for and included in "trade and other payables" line item in the consolidated statement of financial position.

7. FINANCE COSTS

	2015 HK$'000	2014 HK$'000
Interests on:		
Bank and other borrowings	1,306,898	966,442
Senior notes	–	196,126
Total borrowing costs	1,306,898	1,162,568
Less: Amount capitalised into properties under development for sale	(495,910)	(405,241)
	810,988	757,327

Borrowing costs capitalised during the year arising on the general borrowing pool are calculated by applying a capitalisation rate of 5.05% (2014: 8.18%) per annum to expenditure on qualifying assets.

8. PROFIT FOR THE YEAR

	2015 HK$'000	2014 HK$'000
Profit for the year has been arrived at after charging (crediting):		
Depreciation for property, plant and equipment	116,480	86,481
Less: depreciation capitalised into properties under development for sale	(2,188)	(2,204)
	114,292	84,277
Amortisation of prepaid lease payments	6,814	4,632
Auditors' remuneration	6,648	5,863
Gross rental income from investment properties	(696,086)	(472,474)
Less: direct operating expenses incurred for investment properties that generated rental income during the year	149,195	86,684
	(546,891)	(385,790)
Directors' remuneration (Note 10)	11,798	13,780
Other staff costs		
Salaries, wages and other benefits	227,795	215,385
Retirement benefit scheme contributions	37,252	34,353
Total staff costs	276,845	263,518
Less: staff costs capitalised into properties under development for sale	(43,624)	(63,270)
	233,221	200,248
Cost of properties held-for-sale recognised as an expense	2,182,993	4,052,870
Cost of inventories for hotel operations recognised as an expense	23,065	23,805
Share of tax of associates (included in share of results of associates)	469	607

9. INCOME TAX

Taxation in the consolidated statement of profit or loss and other comprehensive income represents:

	2015 HK$'000	2014 HK$'000
Current tax:		
PRC enterprise income tax ("EIT")	**225,003**	534,632
PRC land appreciation tax ("LAT")	**260,388**	881,579
Capital gains tax on disposal of PRC entities by non-resident companies (note (i))	**84,146**	–
	569,537	1,416,211
Under(over)provision in prior years:		
PRC EIT	**23,053**	30,026
PRC LAT (note (ii))	**(15,481)**	(48,076)
	7,572	(18,050)
Deferred tax (Note 32)	**(107,821)**	(247,081)
Income tax for the year	**469,288**	1,151,080

Notes:

(i) During the year ended 31 December 2015, capital gains tax of approximately HK$39,647,000 and HK$44,499,000 has been provided for the gains on disposal of shares in Zhuhai Movie Town (as defined in note 34(a)) and Zhong Ou Cheng Kai (as defined in note 27) by non-resident companies respectively. The capital gains tax provided for the gains on disposal of shares in Zhuhai Movie Town and Zhong Ou Cheng Kai is calculated at 10% on the difference between the consideration for acquisition of shares and the contributed capital of the relevant subsidiaries incorporated in the PRC. Details of the disposal of Zhuhai Movie Town and Zhong Ou Cheng Kai are set out in notes 34(a) and (b) respectively.

(ii) The Group recognised a write-back for overprovision of the PRC LAT during the years ended 31 December 2015 and 2014 upon completion of tax clearance procedures by certain PRC subsidiaries with their respective tax authorities.

Under the Law of the PRC on Enterprise Income Tax (the "EIT Law") and Implementation Regulation of the EIT Law, the tax rate of the PRC subsidiaries is 25% from 1 January 2008 onwards.

Pursuant to Circular 698 issued by China's State Administration of Taxation, the tax rate of EIT applicable to the capital gains on disposal of PRC entities through transfer of shares in non-resident companies is 10%.

9. INCOME TAX (CONTINUED)

Under the Provisional Regulations of LAT (《中華人民共和國土地增值稅暫行條例》) effective on 1 January 1994, and the Detailed Implementation Rules on the Provisional Regulations of the PRC on LAT (《中華人民共和國土地增值稅暫行條例實施細則》) effective from 27 January 1995, all income from the sale or transfer of state-owned land use rights, buildings and their attached facilities in the PRC is subject to LAT at progressive rates ranging from 30% to 60% of the appreciation value, being the proceeds of sales of properties less deductible expenditures including borrowing costs and property development expenditures in relation to the gains arising from sales of properties in the PRC effective from 1 January 2004, with an exemption provided for property sales of ordinary residential properties (普通標準住宅) if their appreciation values do not exceed 20% of the sum of the total deductible items.

No provision for Hong Kong Profits Tax has been made as the Group's income neither arises in, nor is derived from, Hong Kong.

Pursuant to the rules and regulations of Bermuda and the British Virgin Islands, the Group is not subject to any income tax in Bermuda and the British Virgin Islands in respect of both years.

The income tax 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:

	2015 HK$'000	2014 HK$'000
Profit before tax	**1,009,274**	1,731,044
Tax at PRC EIT rate of 25% (2014: 25%)	**252,319**	432,761
Tax effect of share of (gains) losses of associates	**(879)**	154
Tax effect of expenses not deductible for tax purposes	**200,746**	133,344
Tax effect of income not taxable for tax purposes	**(207,585)**	(68,150)
Tax effect of tax losses not recognised	**128,151**	74,704
Utilisation of tax losses previously not recognised	**(24,013)**	(62,087)
Provision for LAT for the year	**260,388**	881,579
Overprovision of LAT in prior years	**(15,481)**	(48,076)
Tax effect of LAT deductible for PRC EIT	**(61,227)**	(208,376)
Underprovision of EIT in prior years	**23,053**	30,026
Effect of different tax rates on gains on disposal of subsidiaries (note)	**(126,219)**	–
Effect of different tax rates of subsidiaries operating in Hong Kong	**51,344**	32,432
Deferred tax on LAT in respect of investment properties	**(13,229)**	(43,154)
Others	**1,920**	(4,077)
Income tax for the year	**469,288**	1,151,080

Note: EIT on capital gains on disposals of the PRC entities is calculated at 10% of the difference between considerations and the contributed capital of the relevant subsidiaries incorporated in the PRC.

10. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS

The emoluments paid or payable to each of the eleven (2014: eleven) directors, including the chief executive, were as follows:

For the year ended 31 December 2015

	Fees HK$'000	Other emoluments Salaries and other benefits HK$'000	Performance related incentive payments HK$'000 (note ii)	Retirement benefit scheme contributions HK$'000	Equity-settled share-based payments HK$'000 (note i)	Total emoluments HK$'000
Executive directors:						
Mr. Ji Gang	–	2,614	–	53	–	2,667
Mr. Zhou Jun (note v)	–	–	–	–	–	–
Mr. Yang Jianwei (note v)	–	–	–	–	–	–
Mr. Yang Biao	–	2,500	–	–	–	2,500
Ms. Huang Fei	–	2,000	–	–	–	2,000
Mr. Ye Weiqi	–	2,000	–	–	–	2,000
Mr. Ni Jianda (note iii)	–	1,258	–	10	–	1,268
Independent non-executive directors:						
Mr. Doo Wai Hoi, William	380	–	–	–	–	380
Dr. Wong Ying Ho, Kennedy (note iv)	223	–	–	–	–	223
Mr. Fan Ren Da, Anthony	380	–	–	–	–	380
Mr. Li Kai Fai, David	380	–	–	–	–	380
Total	1,363	10,372	–	63	–	11,798

10. DIRECTORS' AND CHIEF EXECUTIVE'S EMOLUMENTS (CONTINUED)

For the year ended 31 December 2014

		Other emoluments				
	Fees HK$'000	Salaries and other benefits HK$'000	Performance related incentive payments HK$'000 (note ii)	Retirement benefit scheme contributions HK$'000	Equity-settled share-based payments HK$'000 (note i)	Total emoluments HK$'000
Executive directors:						
Mr. Ji Gang	–	2,615	–	52	–	2,667
Mr. Zhou Jun (note v)	–	–	–	–	–	–
Mr. Yang Jianwei (note v)	–	–	–	–	–	–
Mr. Yang Biao	–	2,500	–	–	–	2,500
Ms. Huang Fei	–	2,000	29	–	–	2,029
Mr. Ye Weiqi	–	2,000	29	–	–	2,029
Mr. Ni Jianda (note iii)	–	2,943	35	57	–	3,035
Independent non-executive directors:						
Mr. Doo Wai Hoi, William	380	–	–	–	–	380
Dr. Wong Ying Ho, Kennedy (note iv)	380	–	–	–	–	380
Mr. Fan Ren Da, Anthony	380	–	–	–	–	380
Mr. Li Kai Fai, David	380	–	–	–	–	380
Total	1,520	12,058	93	109	–	13,780

Notes:

i. Equity-settled share-based payments represent the fair value of share options granted to directors of the Company under a share option scheme adopted by the Company in year 2011. The value of these share options is measured according to the Group's accounting policies for share-based payment transactions.

   Details of share options granted to directors of the Company and other employees, including the principal terms and number of options granted, are set out in note 37.

ii The performance related incentive payments are determined by reference to the individual performance of the directors and the chief executive.

iii. Mr. Ni Jianda resigned on 2 February 2015.

iv. Dr. Wong Ying Ho, Kennedy resigned on 3 August 2015.

v. The emoluments for Mr. Zhou Jun and Mr. Yang, Jianwei for the years ended 31 December 2015 and 2014 were borne by SIHL.

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

Mr. Ji Gang was also the chief executive of the Company. His emoluments disclosed above include those for services rendered by him as the chief executive.

During the years ended 31 December 2015 and 2014, no emoluments have been paid by the Group to the directors as an inducement to join or upon joining the Group or as compensation for loss of office. None of the directors has waived any emoluments during the year.

11. EMPLOYEES' EMOLUMENTS

For the year ended 31 December 2015, of the five individuals with the highest emoluments in the Group, four (2014: four) were directors of the Company whose emoluments are included in the disclosures in note 10. The emoluments of the remaining one (2014: one) individual are as follows:

	2015 **HK$'000**	2014 HK$'000
Salaries and other benefits	**2,040**	2,529

The emoluments of that individual were within the following bands:

	2015 **HK$'000**	2014 HK$'000
HK$2,000,001 to HK$2,500,000	**1**	–
HK$2,500,001 to HK$3,000,000	**–**	1

During the years ended 31 December 2015 and 2014, no emoluments have been paid by the Group to the five employees with the highest emoluments as an inducement to join or upon joining the Group or as compensation for loss of office.

12. EMPLOYEE RETIREMENT BENEFITS

The Group operates a Mandatory Provident Fund Scheme (the "MPF Scheme") for those employees who are eligible to participate in the MPF Scheme in Hong Kong. The assets of the MPF Scheme are held separately from those of the Group, in funds under the control of trustees. The Group contributes 5% of the employee's relevant income to the MPF Scheme subject to a cap to monthly relevant income of HK$30,000 since 1 June 2014, which contribution is matched by employees.

Pursuant to the relevant labour rules and regulations in the PRC, the Group participates in state-managed retirement schemes (the "Schemes") operated by the relevant local government authorities whereby the Group is required to make contributions to the Schemes at rates ranging from 18% to 22% of the eligible employees' salaries. The local government authorities are responsible for the entire pension obligations payable to retired employees while the Group's only obligation is to make the specified contributions.

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

13. 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 **HK$'000**	2014 HK$'000
Earnings		
Earnings for the purposes of calculating basic and diluted earnings per share:		
Profit for the year attributable to owners of the Company	**517,385**	161,181

Number of shares

	2015 **'000**	2014 '000
Weighted average number of ordinary shares for the purposes of calculating basic and diluted earnings per share	**4,811,451**	4,811,523

The computation of diluted earnings per share in both years does not assume the exercise of the Company's share options because the exercise price of the share options was higher than the average market price for both years.

14. INVESTMENT PROPERTIES

	2015 **HK$'000**	2014 HK$'000
FAIR VALUE		
At 1 January	**12,320,845**	5,736,299
Acquired from acquisition of subsidiaries (Note 41)	**–**	6,583,206
Transfer from inventories (Note 23)	**–**	384,333
Fair value gains (losses) on investment properties, net	**38,934**	(43,573)
Disposals	**–**	(120,309)
Exchange realignment	**(548,577)**	(219,111)
At 31 December	**11,811,202**	12,320,845
Unrealised gains (losses) on revaluation of investment properties included in profit or loss for the year	**38,934**	(97,391)

14. INVESTMENT PROPERTIES (CONTINUED)

The carrying value of investment properties shown above comprises completed properties which are situated on land in the PRC.

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

During the year ended 31 December 2014, inventories with carrying amount of approximately HK$384,333,000 were transferred to investment properties as the management had changed the use of the properties upon entering into various operating leases with tenants.

The fair values of the Group's investment properties as at 31 December 2015 and 2014 and the date of acquisition of subsidiaries (see note 41) have been arrived at on the basis of a valuation carried out on the respective dates by DTZ Debenham Tie Leung Limited ("DTZ"), an independent qualified professional valuer not connected with the Group. DTZ has appropriate qualifications and recent experiences in the valuation of similar properties in the relevant locations. The Group's investment properties were valued individually, on market value basis, which conforms to Hong Kong Institute of Surveyors Valuation Standards. The fair value was arrived at by reference to comparable sales transactions available in the relevant market and where appropriate, investment approach by capitalising the net rental income derived from the existing tenancies with due allowance for the reversionary potential of the properties.

In estimating the fair value of the investment properties, the directors of the Company has considered that the highest and best use of the properties is their current use upon the application of HKFRS 13 "fair value measurement". There has been no change of the valuation technique during the year.

All of the Group's investment properties are located in the PRC and classified as level 3 in the fair value hierarchy for both years.

There were no transfers into or out of Level 3 during the year.

At the end of the reporting period, the management of the Group works closely with DTZ to establish and determine the appropriate valuation techniques and inputs for Level 3 fair value measurements. Where there is a material change in the fair value of the assets, the causes of the fluctuations will be reported to the directors of the Company.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

14. INVESTMENT PROPERTIES (CONTINUED)

Information about fair value measurements using key unobservable inputs (Level 3)

The following table shows the valuation techniques used in the determination of fair values for investment properties and the key unobservable inputs used in the valuation models.

Description	Fair value as at 31 December 2015 HK$'000	Fair value as at 31 December 2014 HK$'000	Valuation techniques	Unobservable inputs	Range of unobservable inputs	Relationship of unobservable inputs to fair value
Offices in various locations	**3,630,232**	3,755,568	Investment approach	Reversionary rate derived from existing contracts rent and market rent	2015: 6.0% – 7.0% 2014: 6.0% – 7.0%	(i) The higher the reversionary rate, the lower the fair value (ii) The higher the market rent, the higher the fair value
Car parks	**150,161**	154,879	Investment approach	Reversionary rate derived from market rent	2015: 5.5% 2014: 5.5%	(i) The higher the reversionary rate, the lower the fair value (ii) The higher the market rent, the higher the fair value
Commercial – shopping malls, stores and mart in various locations	**7,731,072**	8,096,726	Investment approach	Reversionary rate derived from existing contracts rent and market rent	2015: 4.0% – 4.5% 2014: 4.5% – 5.5%	(i) The higher the reversionary rate, the lower the fair value (ii) The higher the market rent, the higher the fair value
Commercial – exhibition hall in Shanghai	**277,048**	289,928	Investment approach	Reversionary rate derived from existing contracts rent	2015: 5.5% 2014: 5.5%	The higher the reversionary rate, the lower the fair value
Residential – service apartments	**22,689**	23,744	Comparison approach	Discounts made to comparable transaction price to reflect difference in direction and height	2015: 14.29% 2014: 14.21%	The higher the adjusted transaction price, the higher the fair value
	11,811,202	12,320,845				

15. PROPERTY, PLANT AND EQUIPMENT

	Hotel buildings and improvements HK$'000	Hotel furniture and equipment HK$'000	Leasehold land and other buildings HK$'000	Plant and machinery HK$'000	Leasehold improvements HK$'000	Other furniture and equipment HK$'000	Motor vehicles HK$'000	Construction in progress HK$'000	Total HK$'000
COST									
At 1 January 2014	881,967	117,730	571,294	7,963	47,936	68,767	84,934	118,704	1,899,295
Additions	553	427	19	–	13	5,026	6,290	–	12,328
Acquired from the acquisition of subsidiaries (Note 41)	–	–	–	–	–	2,536	848	–	3,384
Disposals	(103)	(242)	–	–	–	(4,412)	(6,688)	–	(11,445)
Reclassified as held-for-sale	–	–	–	–	–	(169)	–	–	(169)
Transfer from inventories	665,312	–	139,037	–	–	–	–	–	804,349
Exchange realignment	(30,086)	(2,827)	(13,512)	(445)	(1,946)	(1,246)	(2,759)	(1,785)	(54,606)
At 31 December 2014	1,517,643	115,088	696,838	7,518	46,003	70,502	82,625	116,919	2,653,136
Additions	22,310	166	88	–	8,516	6,257	11,677	359	49,373
Disposals	(170)	(383)	(99,368)	–	–	(14,151)	(16,322)	–	(130,394)
Disposal of subsidiaries (Note 34(a))	–	–	(55)	–	–	(174)	(695)	–	(924)
Transfer from inventories	–	–	13,894	–	–	–	–	–	13,894
Exchange realignment	(67,052)	(5,101)	(26,587)	(329)	(1,638)	(2,928)	(3,533)	(3,251)	(110,419)
At 31 December 2015	1,472,731	109,770	584,810	7,189	52,881	59,506	73,752	114,027	2,474,666
DEPRECIATION									
At 1 January 2014	171,406	38,501	16,620	3,697	44,732	50,294	63,038	–	388,288
Provided for the year	50,975	11,036	7,927	250	1,035	9,444	5,814	–	86,481
Eliminated on disposals	(72)	(175)	–	–	–	(3,690)	(5,417)	–	(9,354)
Reclassified as held-for-sale	–	–	–	–	–	(38)	–	–	(38)
Exchange realignment	(4,979)	(743)	(410)	(77)	(756)	(1,271)	(1,495)	–	(9,731)
At 31 December 2014	217,330	48,619	24,137	3,870	45,011	54,739	61,940	–	455,646
Provided for the year	75,156	11,038	12,764	245	968	10,706	5,603	–	116,480
Eliminated on disposals	(103)	(279)	(5,425)	–	–	(13,002)	(15,301)	–	(34,110)
Disposal of subsidiaries (Note 34(a))	–	–	(13)	–	–	(119)	(666)	–	(798)
Exchange realignment	(13,877)	(2,698)	(1,396)	(152)	(1,377)	(2,193)	(2,408)	–	(24,101)
At 31 December 2015	278,506	56,680	30,067	3,963	44,602	50,131	49,168	–	513,117
CARRYING VALUES									
At 31 December 2015	1,194,225	53,090	554,743	3,226	8,279	9,375	24,584	114,027	1,961,549
At 31 December 2014	1,300,313	66,469	672,701	3,648	992	15,763	20,685	116,919	2,197,490

15. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

The above property, plant and equipment, other than construction in progress, are depreciated on a straight-line basis at the following rates per annum:

Hotel buildings and improvements	25 years
Hotel furniture and equipment	5–15 years
Leasehold land and other buildings	Over the lease term
Plant and machinery	5–20 years
Leasehold improvements	5 years
Other furniture and equipment	3–5 years
Motor vehicles	5–8 years

During the year ended 31 December 2015, an amount of approximately HK$13,894,000 (2014: HK$139,037,000) was transferred from inventories to leasehold land and other buildings as management of the Group changed the intention of holding car parks of property projects for sale to occupying them for the Group's own use. Details of the transfer are set out in note 23.

During the year ended 31 December 2014, an amount of approximately HK$665,312,000 was transferred from inventories to hotel buildings and improvements. Details of the transfer are set out in note 23.

As at 31 December 2015, the Group has pledged the interest in hotel buildings and improvements with carrying amounts of HK$1,194,225,000 (2014: HK$1,254,235,000) to secure general banking facilities granted to the Group.

16. PREPAID LEASE PAYMENTS

	2015 **HK$'000**	2014 HK$'000
Leasehold land in the PRC analysed for reporting purposes as:		
Current asset	**5,254**	5,381
Non-current asset	**234,523**	252,445
	239,777	257,826

During the year ended 31 December 2014, an amount of approximately HK$170,732,000 was transferred from inventories to prepaid lease payments. Details of the transfer are set out in note 23.

As at 31 December 2015, the Group has pledged the interest in land use rights for operating the hotel buildings with carrying amount of HK$233,333,000 (2014: HK$255,325,000) to secure general banking facilities granted to the Group.

17. INTANGIBLE ASSETS

	Trademark HK$'000
COST	
At 1 January 2014	65,301
Exchange realignment	(1,567)
At 31 December 2014	63,734
Exchange realignment	(2,831)
At 31 December 2015	60,903

Intangible assets of the Group represent trademarks acquired, which have legal life of 10 years from September 2001 to September 2011 but are renewable upon expiry. During the year ended 31 December 2011, the trademarks were renewed for 10 years to September 2021. The directors of the Company are of the opinion that the Group would renew the trademark continuously and has the ability to do so at minimal cost. Various studies including product life cycle studies, market, competitive and environment trends, and brand extension opportunities have been performed by management of the Group, which supports that the trademarks have no foreseeable limit to the period over which the trademarked products are expected to generate net cash flows for the Group. As a result, the trademarks are considered by the management of the Group as having an indefinite useful life because they are expected to contribute to net cash inflows indefinitely. The trademarks will not be amortised until their useful lives are determined to be finite. Instead they will be tested for impairment annually and whenever there is an indication that it may be impaired.

For the purpose of impairment testing, trademarks with indefinite useful life set out above has been allocated to the individual cash-generating unit ("CGU"). During the year ended 31 December 2015, management of the Group determines that there is no impairment (2014: nil) of the CGU containing trademarks by reference to the recoverable amount of CGU, which has been determined based on a value in use calculation.

18. INTERESTS IN ASSOCIATES

	2015 HK$'000	2014 HK$'000
Unlisted shares, at cost less impairment loss recognised	**1,208,741**	1,277,431
Share of post-acquisition profits and other comprehensive income, net of dividends received	**6,599**	14,510
	1,215,340	1,291,941

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

Name of associate	Form of entity	Place of incorporation/ registration and operation	Issued and fully paid share capital/ registration capital	Proportion of ownership interest Group's effective interest 2015	Proportion of ownership interest Group's effective interest 2014	Held by subsidiary 2015	Held by subsidiary 2014	Principal activity
上海城開房地產經紀有限公司	Sino-foreign joint venture	The PRC	RMB20,000,000	**28.9%**	28.9%	**49%**	49%	Provision of property agency services
上海莘天置業有限公司 ("Shanghai Shentian")	Sino-foreign joint venture	The PRC	RMB2,850,000,000	**20.7%**	20.7%	**35%**	35%	Property development
上海東方低碳系統集成有限公司 ("Shanghai Assembly") (note)	Limited company	The PRC	RMB40,000,000	**–**	14.8%	**–**	25%	Trading of energy-saving products

Note: During the year ended 31 December 2015, the Group disposed of the entire interest in Shanghai Assembly.

18. INTERESTS IN ASSOCIATES (CONTINUED)

Summarised financial information of material associate

Summarised financial information in respect of the Group's material associate is set out below. The summarised financial information below represents amounts shown in the associate's financial statements prepared in accordance with the PRC's generally accepted accounting principles, which comply with HKFRSs for the purpose of preparation of these consolidated financial statements.

All of the Group's associates are accounted for using the equity method in these consolidated financial statements:

	2015 HK$'000	2014 HK$'000
Shanghai Shentian		
Current assets (note)	4,370,919	3,859,140
Non-current assets	1,830	3,443
Current liabilities	(437,950)	(51,035)
Non-current liabilities	(531,407)	(249,938)
Net assets	3,403,392	3,561,610
Revenue	–	–
Profit and total comprehensive expense for the year	–	–

Note: The balance mainly comprises land cost relating to properties held-for-sale which are under development. The development plan was approved by the respective government departments in the PRC and the construction commenced during the year end 31 December 2014 and the construction is expected to complete by phases from year 2017 onwards.

18. INTERESTS IN ASSOCIATES (CONTINUED)

Summarised financial information of material associate (continued)

Reconciliation of the above summarised financial information to the carrying amount of the interests in the associates recognised in the consolidated financial statements:

	2015 HK$'000	2014 HK$'000
Net assets of Shanghai Shentian	3,403,392	3,561,610
Proportion of the Group's ownership interest in Shanghai Shentian	35%	35%
Carrying amount of the Group's interest in Shanghai Shentian reflected in the Group's consolidated statement of financial position	1,191,187	1,246,564

	2015 HK$'000	2014 HK$'000
Aggregate information of associates that are not individually material		
The Group's share of gains (losses) (note)	3,516	(617)
Dividends received from an associate during the year	12,090	–
Aggregate carrying amount of the Group's interests in these associates	24,153	45,377

Note: For the year ended 31 December 2014, the amount included the Group's share of loss of 天津市億嘉合置業有限公司 ("Tianjin Yijiahe") of approximately HK$3,705,000 before it was disposed of in that year.

18. INTERESTS IN ASSOCIATES (CONTINUED)

Gain on disposal of associates

Tianjin Yijiahe

During the year ended 31 December 2014, the Group disposed of its entire interest in an associate, Tianjin Yijiahe, in which the Group held 40% interest, through disposal of its wholly owned subsidiaries, Well Kingdom Investment Ltd and Shanghai Yage Lixing Zhuangshi Co., Ltd., 上海雅閣麗星裝飾有限公司 to an independent third party at a consideration of RMB366,000,000 (equivalent to HK$462,553,000). This transaction resulted in gain on disposal of HK$136,125,000 which was recognised in profit or loss. The disposal was completed on 12 December 2014.

The net assets of subsidiaries and assets at the date of disposal were as follows:

	HK$'000
Consideration:	
Cash received in 2014	462,553
Analysis of assets and liabilities disposed of:	
Other receivables	861
Bank balances and cash	25
Interest in an associate	325,542
	326,428
Gain on disposal	136,125
Net cash inflow arising on disposal:	
Cash received in 2014	462,553
Less: Bank balances and cash disposal of	(25)
	462,528

The subsidiaries disposed of during the year ended 31 December 2014 did not have any significant contribution to the results and cash flows of the Group during the period prior to the disposal.

Shanghai Assembly

During the year ended 31 December 2015, the Group disposed of its entire interest in Shanghai Assembly at a cash consideration of RMB10,060,000 (equivalent to approximately to HK$12,013,000). This transaction resulted in gain on disposal of approximately HK$1,140,000 recognised in profit or loss.

19. INTEREST IN A JOINT VENTURE

	2015 HK$'000	2014 HK$'000
Unlisted shares, at cost	**65,718**	65,718
Share of post-acquisition loss and other comprehensive expense	**–**	–
	65,718	65,718

Details of the Group's joint venture at the end of the reporting period are as follows:

Name of joint venture	Form of entity	Place of incorporation/ registration and operation	Issued and fully paid share capital/ registration capital	Proportion of ownership interest: Group's effective interest 2015	Group's effective interest 2014	Held by subsidiary 2015	Held by subsidiary 2014	Principal activities
Initial Point Investment Limited ("Initial Point") (note)	Limited company	Hong Kong	HK$10,000	**51%**	51%	**51%**	51%	Investment holding of a joint venture engaged in property development

Note: Initial Point was established during the year ended 31 December 2013. The Group has the power to appoint two out of five directors in the board of Initial Point. The remaining three directors are appointed by another two investors. According to the shareholders agreement of Initial Point, all board resolutions require approval from over two-thirds of the board members. Therefore, Initial Point is classified as a joint venture of the Group.

Financial information of the joint venture

The financial information below represents amounts shown in the joint venture's financial statements prepared in accordance with HKFRSs.

The Group's joint venture is accounted for using the equity method in these financial statements.

19. INTEREST IN A JOINT VENTURE (CONTINUED)

Initial Point

	2015 HK$'000	2014 HK$'000
Current assets	**113**	115
Non-current assets (note)	**128,866**	128,866
Current liabilities	**(140)**	(146)
Net assets	**128,839**	128,835

Note: The balance mainly comprises interest in a joint venture whose principal activity is engaged in property development in Fuzhou of the PRC. This joint venture is in the preliminary stage of operation with insignificant expenses incurred during both years. Therefore, no sharing of result is made by Initial Point accordingly.

	2015 HK$'000	2014 HK$'000
The above amounts of assets and liabilities include the following:		
Cash and cash equivalents	**113**	115

	2015 HK$'000	2014 HK$'000
Revenue	**–**	–
Loss and other comprehensive expense for the year	**(4)**	(4)

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

	2015 HK$'000	2014 HK$'000
Net assets of Initial Point	**128,839**	128,835
Proportion of the Group's ownership interest in Initial Point	**51%**	51%
	65,708	65,706
Add: Accumulated unadjusted share of total comprehensive expense of the joint venture	**10**	12
Carrying amount of the Group's interest in the joint venture	**65,718**	65,718

20. AMOUNTS DUE TO ASSOCIATES

The amounts due to associates were trade in nature, unsecured, interest-free and have an average credit period of 30 days.

21. AVAILABLE-FOR-SALE INVESTMENTS

	2015 **HK$'000**	2014 HK$'000
Equity securities:		
– Listed in the PRC, at fair value (note (i))	**189,277**	–
– Unlisted, at cost (note (ii))	**106,164**	128,288
	295,441	128,288

Notes:

(i) As at 31 December 2014, the balance of unlisted equity securities included an amount of RMB25,000,000 representing. 5,246,640 shares held by the Group in an investee. On 20 March 2015, that investee became a listed entity on the Shanghai Stock Exchange. The shares held by the Group are restricted for disposal within twelve months from the date of listing. As at 31 December 2015, the fair value of these listed equity securities was approximately RMB158,501,000 (equivalent to approximately HK$189,277,000) and the fair value change of RMB133,501,000 (equivalent to approximately HK$159,423,000), after netting the tax of RMB23,918,000 (equivalent to approximately HK$29,506,000), was recognised in other comprehensive income.

The fair value measurements of the listed shares as at 31 December 2015 (level 1 fair value measurement) are derived from quoted bid prices (unadjusted) in an active market for identical assets.

(ii) The above unlisted equity investments represent investments in unlisted equity securities issued by private entities established in the PRC. The principal activities of these private entities include property development and investment management and interior design for properties. They are measured at cost less impairment at the end of the reporting period because the range of reasonable fair value estimates is so significant that the directors of the Company are of the opinion that their fair values cannot be measured reliably. During the year ended 31 December 2014, the Group acquired additional interest in one of these private entities with a cash consideration of RMB22,500,000 (equivalent to approximately HK$28,316,000). During the year ended 31 December 2015, one of the unlisted equity investments became listed and details are set out in note (i) above. In addition, the Group acquired equity interests in two other private entities, which are engaged in property development and investment management during the current year with a total cash consideration of RMB11,245,000 (equivalent to approximately HK$13,872,000). The Group has neither control nor significant influence on any of these private entities.

22. PLEDGED BANK DEPOSITS

The Group has entered into agreements with certain banks with respect to mortgage loans provided to buyers of the Group's property units and has made deposits as security to and given guarantees on mortgage loans provided to the buyers by these banks under the agreements. Pursuant to the terms of agreements, upon default in payments of mortgage instalments by these buyers, the Group is responsible to repay the remaining outstanding mortgage principals together with accrued interest and penalty owed by the defaulted buyers, after netting off the pledged bank deposits, to the banks and the Group is entitled to take over the legal title and possession of the related properties. These pledged bank deposits, amounting to HK$54,901,000 (2014: HK$72,105,000), and guarantees, will be released when the property title deeds of the buyers are pledged to banks as security for respective mortgage loans. As at 31 December 2015, deposits which are expected by the directors of the Company to be released within twelve months, amounting to HK$36,696,000 (2014: HK$37,202,000), are classified as current assets. The remaining balances which are expected to be released more than one year after the property title deeds are passed to the buyers, amounting to HK$18,205,000 (2014: HK$34,903,000), are classified as non-current assets. These pledged bank deposits carry variable interest rate of 0.4% (2014: 0.4%) per annum as at 31 December 2015. Details of the mortgage guarantees are set out in note 44(a).

Pledged bank deposits also include deposits pledged to banks to secure general banking facilities granted to the Group. Deposits with maturity of less than twelve months, amounting to HK$69,489,000 (2014: HK$405,082,000), are classified as current assets. As at 31 December 2015, deposits with maturity of more than one year, amounting to HK$25,460,000 (2014: HK$24,001,000), are classified as non-current assets. These pledged bank deposits carry interest at fixed interest rates ranging from 2.9% to 3.1% (2014: 2.0% to 2.6%) per annum as at 31 December 2015. The pledged bank deposits will be released upon the settlement of relevant bank borrowings.

23. INVENTORIES

Inventories in the consolidated statement of financial position comprise:

	2015 **HK$'000**	2014 HK$'000
Property development		
Properties under development for sale	**25,942,626**	25,847,691
Properties held-for-sale	**6,600,716**	6,296,949
	32,543,342	32,144,640
Hotel operations		
Food and beverage and others	**5,086**	5,713
	32,548,428	32,150,353

All of the properties under development for sale and properties held-for-sale are located in the PRC.

During the year ended 31 December 2014, the management changed the intention from selling the service apartments and the shopping malls situated with the private housings included in the inventories to carrying out the hotel operation as well as leasing the shopping malls for rentals by the Group itself. Accordingly, inventories with carrying amount of approximately HK$665,312,000, HK$170,732,000 and HK$384,333,000 were transferred to hotel buildings and improvements included in property, plant and equipment, prepaid lease payments and investment properties respectively. The hotel and the shopping malls commenced operation in June and July 2014 respectively.

23. INVENTORIES (CONTINUED)

During the year ended 31 December 2015, car parks with carrying amount of approximately HK$13,894,000 (2014: HK$139,037,000) included in inventories were transferred to leasehold land and other buildings for the Group's own use.

As at 31 December 2015, properties under development for sale of approximately HK$855,254,000 (2014: HK$2,809,186,000) and properties held-for-sale of approximately HK$283,773,000 (2014: HK$289,903,000) were carried at net realisable value. During the year ended 31 December 2015, properties under development for sale carried at net realisable value of approximately HK$2,664,399,000 was disposed of. Details of the disposal are set out in note 34(a).

As at 31 December 2015, properties under development for sale of approximately HK$18,529,763,000 (2014: HK$23,369,198,000) are not expected to be realised within one year.

24. TRADE AND OTHER RECEIVABLES

Trade and other receivables recognised as current assets

	2015 HK$'000	2014 HK$'000
Trade receivables	17,279	16,121
Less: Allowance for doubtful debts	(777)	(808)
	16,502	15,313
Other receivables (note (i))	555,680	632,922
Advance payments to contractors	31,726	17,136
Amounts due from former subsidiaries	–	2,083
Amounts due from former associate (note (ii))	–	85,068
Receivable in respect of the disposal of investment properties	–	26,756
Prepaid other taxes	97,530	130,835
Deposits and prepayments	18,209	30,158
Consideration receivables in respect of disposal of subsidiaries (Note 34(a))	2,627,284	–
	3,346,931	940,271
Other receivables recognised as non-current assets		
Other receivables (note (iii))	194,872	–

Notes:

(i) As at 31 December 2015, other receivables mainly comprised of various warranty deposits placed with the relevant government bodies in respect of properties being sold, rental accruals in respect of rent-free periods granted to lessee of the Group's investment properties and receivables in respect of advances made to contractors for collection of land. In addition to the above items, the balance as at 31 December 2014 also included construction receivables in relation to a property project which had been settled in full in year 2015.

(ii) The balance represented an interest-free and unsecured loan made by the Group to Tianjin Yijiahe before year 2013. Upon the disposal of Tianjin Yijiahe during the year ended 31 December 2014, the outstanding balance was reclassified from "amount due from an associate" included in non-current assets to "trade and other receivables" included in current assets of the consolidated financial statements. The balance was fully settled during the year ended 31 December 2015.

24. TRADE AND OTHER RECEIVABLES (CONTINUED)

Notes: (continued)

(iii) The other receivables recognised as non-current assets of approximately HK$194,872,000 (2014: nil) represents loans advanced to a subsidiary of a tenant of one of the Group's investment properties (the "Borrower") through an entrusted loan agreement (the "EL Agreement") administrated by a trust company.

Pursuant to the EL Agreement, the Borrower was granted a loan facility of RMB182,600,000 which could be drawn in any amounts and at any time after the date of the EL Agreement on 23 December 2014. The maturity date of each loan is five years from the date of drawn down. The Borrower has the right to repay the loans and accrued interests in full or by instalments in twelve months before the maturity date to the Group. The loans carry fixed interest at 10% per annum for the first and second year, 15% per annum for the third and fourth year and 18% per annum for the fifth year. The interests are payable in arrear semi-annually on 20 June and 20 December each year. The loans are secured by the registered share capital of the immediate and intermediate holding companies of the Borrower and these holding companies are principally engaged in commercial properties management.

During the year ended 31 December 2015, a total facility of approximately RMB163,186,000 (equivalent to approximately HK$194,872,000) was drawn down by the Borrower with details set out below:

Date of drawndown	Date of maturity	Amount RMB'000	Nominal Interest rate per annum	Effective interest rate per annum
05.01.2015	05.01.2020	65,686	10%	13%
20.03.2015	20.03.2020	59,500	10%	13%
29.10.2015	29.10.2020	31,000	10%	13%
17.12.2015	17.12.2020	7,000	10%	13%
		163,186		

The Group allows an average credit period of 90 days to its corporate hotel customers and generally grants no credit period to property buyers and tenants unless it is specially approved. The following is an ageing analysis of trade receivables, net of allowance for doubtful debts, presented based on the date of billing at the end of the reporting period.

Included in trade and other receivables is an amount of HK$2,883,000 (2014: HK$1,577,000) denominated in HK$ which is the foreign currency of respective companies of the Group.

	2015 HK$'000	2014 HK$'000
Within 90 days	11,766	14,447
Within 91-180 days	20	277
Over 180 days	4,716	589
	16,502	15,313

Majority of the trade receivables that are neither past due nor impaired has no default payment history.

24. TRADE AND OTHER RECEIVABLES (CONTINUED)

Ageing of trade receivables which are past due but not impaired

	2015 HK$'000	2014 HK$'000
Within 91-180 days	20	222
Over 180 days	4,716	530
	4,736	752

Trade receivables that were past due but not provided for impairment loss relate to a number of independent customers. Based on past experience, management believes that no impairment allowance is necessary in respect of these balances as there has not been a significant change in credit quality and the balances are still considered fully recoverable.

Movement in the allowance of doubtful debts

	2015 HK$'000	2014 HK$'000
At 1 January	808	854
Exchange realignment	(31)	(46)
At 31 December	777	808

As at 31 December 2015, the Group has pledged certain trade receivables with carrying amount of approximately HK$4,664,000 (2014: HK$6,045,000) derived from operations of investment properties of the Group located in the PRC to secure general banking facilities granted to the Group.

25. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2015 HK$'000	2014 HK$'000
Held-for-trading investment		
– Equity securities listed in the PRC	4,532	3,294

The fair value measurement of the held-for-trading investments (level 1 for value measurement) are derived from quoted bid prices (unadjusted) in an active market for identical assets.

26. BANK BALANCES AND CASH

Bank balances which include saving deposits and fixed deposits with maturity less than three months carry interest at market rates which range from 0.35% to 4.0% (2014: 0.01% to 3.3%) per annum.

Included in bank balances and cash is an amount of approximately HK$104,969,000 (2014: HK$409,000) which are received from pre-sale of properties and, in accordance with the applicable government regulations, are placed in restricted bank accounts and these amounts can only be applied in the designated property development projects.

Included in the bank balances are amounts of HK$498,992,000 (2014: HK$566,867,000) and HK$1,736,239,000 (2014: HK$104,460,000) that are denominated in US$ and HK$ which are foreign currency of respective companies of the Group.

27. ASSETS/LIABILITIES CLASSIFIED AS HELD-FOR-SALE

On 26 August 2014, the directors of the Company resolved to dispose of the entire interest in Bold Eagle Investment Limited ("Bold Eagle"), a wholly owned subsidiary of the Group, and its wholly owned subsidiaries including All Win Investment Limited and Zhong Ou Cheng Kai Co., Ltd. 中歐城開有限公司 ("Zhong Ou Cheng Kai") (collectively referred to as the "Disposal Group"). On 10 February 2015, the Group entered into a share transfer agreement with an independent third party. Pursuant to the share transfer agreement, the Group agreed to dispose of its entire interest in Bold Eagle for a consideration of RMB940,000,000 (equivalent to approximately HK$1,174,706,000), of which RMB280,000,000, RMB460,000,000 and RMB200,000,000 would be settled on or before 27 March 2015, 10 June 2015 and 10 October 2015 respectively. During the year ended 31 December 2014, a deposit of HK$99,975,000 regarding the disposal was received by the Group. The disposal was completed on 10 June 2015 and the consideration was fully settled during the year. Details of the gain on disposal are set out in note 34(b).

The major classes of assets and liabilities of the Disposal Group classified as held-for-sale as at 31 December 2014 were as follows:

	2014 HK$'000
Bank balances and cash	106
Property and equipment	131
Inventories – properties under development for sale	646,329
Total assets classified as held-for-sale	646,566
Other tax payables	(28)
Total liabilities classified as held-for-sale	(28)

28. TRADE AND OTHER PAYABLES

	2015 HK$'000	2014 HK$'000
Trade payables	**826,573**	350,645
Accrued expenditure on properties under development for sale	**4,607,146**	3,872,050
Amounts due to former shareholders of the Company's former subsidiaries (note (i))	**167,589**	174,363
Compensation payables to customers in respect of late delivery of properties	**1,075**	69,737
Deposit received for the disposal of the Disposal Group (as defined in Note 27)	**–**	99,975
Receipts from customers for payment of expenses on their behalf	**49,093**	69,455
Rental deposits and receipt in advance from tenants	**201,800**	212,496
Interest payable	**77,356**	77,361
Payables to the Shanghai government department (note (ii))	**370,280**	318,537
Provision for compensation expense in relation to settlement of a legal case (Note 6b)	**123,621**	–
Provision for an agreed payment in relation to withdrawal from a legal case (Note 44(c))	**76,427**	–
Accrued charges and other payables	**591,755**	605,568
Other taxes payables (note (iii))	**45,218**	47,334
	7,137,933	5,897,521

Notes:

(i) The amounts are non-trade in nature, interest-free and repayable on demand.

(ii) The amount represents the receipts of HK$1,551,534,000 (2014: HK$1,250,399,000) from the purchasers of affordable housings which were collected on behalf of the Shanghai government department and not yet paid to it, net of receivables of HK$1,181,254,000 (2014: HK$931,862,000) for the construction and other related costs and the agreed profit margin for the affordable housings. The amount is repayable on demand. A net balance of HK$47,991,000 was repaid to Shanghai government department during the year ended 31 December 2014 and none was repaid to Shanghai government department during the year ended 31 December 2015.

(iii) Other taxes payables comprise urban real estate tax payable, city maintenance and construction tax payable and business tax payable.

28. TRADE AND OTHER PAYABLES (CONTINUED)

The following is an ageing analysis of the Group's trade payables presented based on the invoice date at the end of the reporting period.

	2015 HK$'000	2014 HK$'000
Within 30 days	**198,534**	82,419
Within 31–180 days	**495,561**	20,601
Within 181–365 days	**30,594**	97,737
Over 365 days	**101,884**	149,888
	826,573	350,645

Included in trade and other payables are amounts of HK$265,000 (2014: HK$2,015,000) and HK$12,958,000 (2014: HK$12,535,000) denominated in US$ and HK$ respectively which are the foreign currency of respective companies of the Group.

29. AMOUNTS DUE FROM (TO) RELATED COMPANIES

The Group had the following balances with related parties:

	NOTES	2015 HK$'000	2014 HK$'000
Amounts due from related companies recognised in current liabilities:			
– Non-controlling shareholders	note (ii)	**–**	98,089
		–	98,089
Amounts due to related companies recognised in current liabilities:			
– Xuhui SASAC and entities controlled by Xuhui SASAC	note (iii)	**462,133**	386,268
– An entity controlled by a former controlling shareholder	note (i)	**2,466**	2,466
– Non-controlling shareholders	note (ii)	**190,741**	481,608
– Nan Fung Group	note (v)	**1,352,351**	1,183,988
– SIHL	note (iv)	**28,296**	29,612
		2,035,987	2,083,942
Amounts due to related companies recognised in non-current liabilities:			
– A non-controlling shareholder	note (ii)	**68,784**	–

29. AMOUNTS DUE FROM (TO) RELATED COMPANIES (CONTINUED)

Notes:

(i) The entity is controlled by Mr. Li Song Xiao, the former controlling shareholder of the Company. The amount is unsecured, interest-free and repayable on demand.

(ii) The amounts are due from (to) non-controlling shareholders of the Group's subsidiaries.

The amounts due from non-controlling shareholders as at 31 December 2014 were non-trade in nature, unsecured, interest-free and repayable on demand and the amounts were settled in full during the year ended 31 December 2015.

The entire amounts due to non-controlling shareholders are non-trade in nature and unsecured. Included in the amounts due to non-controlling shareholders as at 31 December 2015 is an amount of approximately HK$15,262,000 (2014: HK$15,971,000) which represents loans advanced from a non-controlling shareholder through an entrusted loan agreement administrated by a bank carrying variable interest at 105% (2014: 105%) of People's Bank of China benchmark lending rate (the "PBOC" rate) per annum and repayable within one year (2014: within one year and extend in year 2015 for another one year). Included in the amounts due to non-controlling shareholders as at 31 December 2015 is an amount of approximately HK$97,444,000 (2014: nil) which represents a loan advanced from a non-controlling shareholder carrying variable interest at 120% of PBOC rate per annum and of which an amount of approximately HK$28,660,000 is repayable within one year and an amount of approximately HK$68,784,000 is repayable in various dates in year 2017. The remaining balance is interest-free and repayable on demand.

(iii) The entire amounts due to Xuhui SASAC and entities controlled by Xuhui SASAC are non-trade in nature and unsecured. Included in the amounts due to Xuhui SASAC and entities controlled by Xuhui SASAC as at 31 December 2015 is an amount of approximately HK$78,815,000 (2014: HK$82,479,000) which represents a loan advanced from an entity controlled by Xuhui SASAC through an entrusted loan agreement administrated by a bank, which carries fixed interest at 12.5% (2014: 12.5%) per annum and is repayable within one year (2014: within one year and extend in year 2015 for another one year).

Included in the amounts due to Xuhui SASAC is an amount of approximately HK$121,355,000 (2014: nil) which represents payables to Xuhui SASAC arising from the disposal of listed equity securities held on its behalf by the Group during the year ended 31 December 2015. The securities were disposed of at its fair value of approximately HK$466,196,000 which was required to be returned to Xuhui SASAC, of which an amount of approximately HK$344,841,000 has already been paid during the current year.

The remaining balance is interest-free and repayable on demand.

(iv) The amount is unsecured, interest-free and repayable on demand.

(v) The entire amounts due to Nan Fung Group (as defined in note 41) are denominated in US$, unsecured, interest-free and repayable on demand. Included in the amounts due to Nan Fung Group is an amount of approximately US$151,793,000 (equivalent to approximately HK$1,183,988,000) (2014: US$151,793,000 (equivalent to approximately HK$1,183,988,000)) which represents an unsettled loan advanced from Nan Fung Group to finance initial payment for the acquisition of the entire issued capital of Continental Land Development Limited ("Continental Land") and its 99% interest in a PRC subsidiary, namely Shanghai World Trade (collectively referred to as "Continental Land Group"), during the year ended 31 December 2014. The acquisition was undertaken by Advantage World Investment Limited ("AWI"), a partially owned subsidiary of the Group, which, on the date of completion of the acquisition, allotted and issued subscription shares, representing 49% of the enlarged issue share capital of AWI, to a subsidiary of Nan Fung Group. The remaining balance of approximately US$21,585,000 (equivalent to approximately HK$168,363,000) (2014: nil) represents loans advanced from Nan Fung Group to finance the partial repayment of the consideration payable for such acquisition during the year ended 31 December 2015. Details of the acquisition and the consideration payable are set out in notes 41 and 30 respectively.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

30. CONSIDERATION PAYABLES FOR ACQUISITION OF SUBSIDIARIES

In November 2007, the Group entered into sale and purchase agreements with independent third parties to acquire 100% equity interest in Zhuhai City Qi Zhou Island Movie Town Company Limited 珠海市淇州島影視城有限公司 ("Zhuhai Movie Town"), a company established in the PRC to carry out a property development project in Zhuhai, the PRC, for a total consideration of HK$3,076,232,000. As at 31 December 2014, a consideration payable of RMB128,097,000 (equivalent to approximately HK$160,081,000) was not settled yet and the seller took a legal action against the Group for the non-payment of the consideration. During year ended 31 December 2015, the Group disposed of its entire interest in NCRE (as defined in note 34(a)) in which the consideration payable was recognised. In addition, the legal action was withdrawn by the seller subsequent to the end of the reporting period. Details of the disposal of NCRE and the withdrawal of the legal case are set out in notes 34(a) and 44(c) respectively.

In December 2007, the Group entered into sale and purchase agreements with independent third parties to acquire 90% equity interest in Zhong Ou Cheng Kai, a company established in the PRC to carry out a property development project in Hebei Province, the PRC, for a total year consideration of HK$547,260,000. Zhong Ou Cheng Kai became a wholly-owned subsidiary of the Group in 2009. As at 31 December 2014, a consideration payable of RMB66,000,000 (equivalent to approximately HK$82,479,000) was not settled yet. During the year ended 31 December 2015, the Group disposed of its entire interest in Bold Eagle (as defined in note 27) which hold the interest in Zhong On Cheng Kai indirectly and the Group settled this consideration payable of approximately HK$81,421,000 in full when it received the consideration from such disposal. Details of the disposal of Bold Eagle are set out in notes 27 and 34(b).

On 30 June 2008, the Group acquired 12% equity interest in 北京君合百年房地產開發有限公司 ("Jun He Bai Nian"), a company established in the PRC and engaged in property development in Beijing of the PRC, for a total consideration of RMB82,090,000 (equivalent to HK$93,369,000). Prior to the acquisition, the Group held 43.95% interest in Jun He Bai Nian and this was accounted for as interest in an associate. Jun He Bai Nian then became a 55.95% owned subsidiary of the Group subsequent to the acquisition. The Group disposed of Jun He Bai Nian in year 2009. As at 31 December 2015, a consideration payable of HK$71,651,000 (2014: HK$74,982,000) was not settled yet as the amount of consideration as interpreted by the sale and purchase agreement was still in dispute. Legal proceeding was carried out in previous year regarding the consideration payable. The previous court decision was in favour of the seller and the Group accrued the full amount of the consideration payable in previous year which represented the maximum amount that the Group would be obliged to pay. The Group is taking legal action appealing against previous court decision and is awaiting for the court's decision.

During the year ended 31 December 2014, the Group acquired entire equity interest in Continental Land and withheld a portion of the consideration amounting to US$57,933,000 (equivalent to approximately HK$446,398,000) for the purpose of settling, by the Group on the seller's behalf, the tax and other obligations arising from the disposal of Continental Land. This consideration payable was required to be settled within a year from the date of acquisition unless the Group serves a notice to the seller before the due date. Details of this arrangement are set out in note 41. During the year ended 31 December 2015, the Group settled this consideration payable of approximately US$50,720,000 (equivalent to approximately HK$390,134,000). As at 31 December 2015, the outstanding consideration payable was approximately US$7,213,000 (equivalent to approximately HK$56,264,000) (2014: US$57,933,000 (equivalent to approximately HK$446,398,000)) and the amount would be settled at the earlier of reaching a mutual consensus between the Group and the seller on the settlement of claims imposed by other parties to the Group or 10 working days after the completion of arbitration. The claims imposed by other parties to the Group would be borne by Continental Land Group. In the opinion of directors of the Company, the negotiation with the seller was in progress and they expect to reach a mutual consensus and settle the entire outstanding balance of approximately US$7,213,000 within one year from 31 December 2015. On 29 March 2016, the Group and the seller entered into a settlement agreement. Pursuant to the settlement agreement, the Group and the seller agreed to settle certain amount of such outstanding balance within six days from the date of the settlement agreement. Up to the date of these financial statements are authorised for issue the outstanding balance has not yet been settled.

31. PRE-SALE PROCEEDS RECEIVED ON SALES OF PROPERTIES

Pre-sale proceeds received on sales of properties represent proceeds received on sales of property units that have not been recognised as revenue in accordance with the Group's revenue recognition policy. An amount of approximately HK$14,505,000 (2014: HK$56,963,000) is expected to be recognised as revenue after one year.

32. DEFERRED TAXATION

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

	Fair value adjustment on inventories HK$'000	Revaluation of investment properties HK$'000	Fair value adjustment on hotel properties HK$'000	Accrued expenses HK$'000	LAT deferred tax HK$'000	Undistributed earnings of the PRC entities HK$'000	Others HK$'000	Total HK$'000
At 1 January 2014	(1,002,707)	(1,767,606)	(21,358)	217,379	(155,607)	(70,223)	(438)	(2,800,560)
Acquired from acquisition of subsidiaries (Note 41)	–	(1,030,851)	–	–	–	–	–	(1,030,851)
Credit (charge) to profit or loss for the year	54,028	80,608	227	77,962	34,576	–	(320)	247,081
Exchange realignment	26,639	54,049	509	(5,761)	3,492	(1,716)	15	77,227
At 31 December 2014	(922,040)	(2,663,800)	(20,622)	289,580	(117,539)	(71,939)	(743)	(3,507,103)
Credit to profit or loss for the year	26,420	2,566	222	70,091	8,522	–	–	107,821
Charge to other comprehensive income upon fair value changes of available-for-sale investment	–	–	–	–	–	–	(29,506)	(29,506)
Exchange realignment	38,964	116,017	909	(15,107)	4,949	3,196	35	148,963
At 31 December 2015	(856,656)	(2,545,217)	(19,491)	344,564	(104,068)	(68,743)	(30,214)	(3,279,825)

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 HK$'000	2014 HK$'000
Deferred tax assets	**344,564**	289,580
Deferred tax liabilities	**(3,624,389)**	(3,796,683)
	(3,279,825)	(3,507,103)

At the end of the reporting period, the Group has unused tax losses of HK$3,889,622,000 (As at 31 December 2014: HK$3,473,070,000) available for offset against future profits, which are subject to the confirmation from Hong Kong Inland Revenue Department and the respective PRC tax authorities. No deferred tax asset has been recognised in respect of such losses due to the unpredictability of future profit streams. Included in unrecognised tax losses are losses of HK$3,796,845,000 (2014: HK$3,380,293,000) that will expire in various dates in the next five years. Other losses may be carried forward indefinitely.

32. DEFERRED TAXATION (CONTINUED)

Under the EIT law of the PRC, withholding tax is imposed on dividends declared in respect of profits earned by PRC subsidiaries from 1 January 2008 onwards. No deferred taxation has been provided for in the consolidated financial statements in respect of temporary differences of approximately HK$4,467,158,000 (2014: HK$4,403,463,000) which arises from the undistributed profits of certain PRC subsidiaries as the Company controls the dividend policy of these subsidiaries and it is probable that the profits will not be distributed in the foreseeable future.

33. BANK AND OTHER BORROWINGS

	2015 HK$'000	2014 HK$'000
Bank borrowings	14,213,256	13,674,275
Other borrowings (note (ii))	8,020,383	6,453,650
	22,233,639	20,127,925
Analysed as:		
Secured bank borrowings (note (i))	12,103,551	10,725,483
Unsecured bank and other borrowings	10,130,088	9,402,442
	22,233,639	20,127,925
Carrying amount repayable:		
Within one year	4,990,628	7,838,393
More than one year, but not exceeding two years	4,316,039	619,861
More than two years, but not exceeding five years	8,209,660	9,043,978
Over five years	4,717,312	2,625,693
	22,233,639	20,127,925
Less: Amount due within one year shown under current liabilities	(4,990,628)	(7,838,393)
Amount due after one year (note (iii))	17,243,011	12,289,532

	2015 HK$'000	2014 HK$'000
Floating rate		
– expiring within one year	4,271,735	4,601,123
– expiring beyond one year	13,085,663	12,289,532
Fixed rate		
– expiring within one year	718,893	3,237,270
– expiring beyond one year	4,157,348	–
	22,233,639	20,127,925

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

33. BANK AND OTHER BORROWINGS (CONTINUED)

Notes:

(i) Assets that have been pledged as collateral to secure bank borrowings are as follows:

	2015 HK$'000	2014 HK$'000
Properties under developments for sale	**5,208,228**	8,443,487
Properties held-for-sale	**1,541,220**	129,768
Hotel buildings and improvements	**1,194,225**	1,254,235
Land use right	**233,333**	255,325
Investment properties	**10,755,933**	10,552,458
Pledged bank deposits	**94,949**	429,083
Trade receivables	**4,664**	6,045
	19,032,552	21,070,401

(ii) The Group's other borrowings are analysed as follows:

	2015 HK$'000	2014 HK$'000
Borrowings from SIHL Finance Limited (note (a))	**3,337,600**	3,337,600
Borrowings from SIIC (note (b))	**477,669**	1,249,688
Advanced bonds – 2012 (note (c))	**1,791,259**	1,866,362
Advanced bonds – 2015 (note (d))	**2,127,253**	–
Others (note (e))	**286,602**	–
	8,020,383	6,453,650

33. BANK AND OTHER BORROWINGS (CONTINUED)

Notes: (continued)

(ii) (continued)

(a) In June 2014, the Company and SIHL Finance Limited, a wholly-owned subsidiary of SIHL, entered into a renewed loan agreement. Pursuant to the renewed loan agreement, SIHL Finance Limited agreed to extend the repayment date of the loan of HK$1,000,000,000. The balance was unsecured and bearing variable interest at three-months Hong Kong Interbank Offered Rate ("HIBOR") plus 4.48% per annum and repayable on 30 June 2015. In June 2015, the repayment of the loan was further extended to 30 June 2016 with all other terms remain unchanged.

In July 2014, the Company entered into a dual currency loan agreement with SIHL Finance Limited. Pursuant to the dual currency loan agreement, SIHL Financial Limited made an US$ denominated loan of approximately HK$1,965,600,000, which carries variable interest at three-months London Interbank Offered Rate ("LIBOR") plus 4.77% per annum and a HK$ denominated loan of approximately HK$372,000,000, which carries variable interest at three-months HIBOR plus 4.77% per annum. The balances were unsecured and repayable on 15 July 2017 in the original currency the Group borrowed.

(b) The balance represents unsecured loans of approximately HK$477,669,000 in aggregate (2014: HK$1,249,688,000) which were advanced from SIIC through entrusted loan agreements administered by banks. Such loans carried fixed interest at 6.52% (2014: 6.52%) per annum and was repayable within one year.

(c) The advanced bonds – 2012 represent bonds issued during the year ended 31 December 2012 by SUD, the subsidiary of the Company, which are listed on the Shanghai Stock Exchange. The bonds are unsecured and have maturity of six years falling due on 20 August 2018. The bonds carry fixed interest at 6.50% per annum for the first three years and 6.50% per annum plus 0 to 100 basis point for the next three years. The bondholders have the rights to request SUD to redeem the bonds at the third anniversary (i.e. on 21 August 2015) at the principal amount of RMB1,500,000,000. On 21 July 2015, SUD announced that the interest rate for the remaining three years would be fixed at 6.50% per annum. As no bondholders exercised their rights to request SUD to redeem the bonds on 21 August 2015, the bonds will remain outstanding until 20 August 2018. Transaction costs of approximately RMB22,000,000 (equivalent to approximately HK$33,194,000) were directly deducted from the carrying amount of the advanced bonds – 2012 which carried effective interest at 7.19% (2014: 7.19%) per annum.

(d) The advanced bonds – 2015 represent bonds issued during the year ended 31 December 2015 by SUD, the subsidiary of the Company, which are listed on the Shanghai Stock Exchange. The bonds are unsecured and have maturity of seven years falling due on 6 November 2022. The bonds carry fixed interest at 4.47% per annum for the first five years and 4.47% per annum plus a premium determined by SUD for the last two years. The bondholders have the rights to request SUD to redeem the bonds at the fifth anniversary (i.e. 7 November 2020) at the principal amount of RMB1,800,000,000. Transaction costs of approximately RMB19,220,000 (equivalent to approximately HK$22,952,000) were directly deducted from the carrying amount of the advanced bonds – 2015 which carried effective interest at 4.71% per annum.

(e) In January 2015, the Group entered into a loan agreement with an independent third party. Pursuant to the loan agreement, the independent third party made a RMB denominated loan of approximately HK$143,301,000, which carries fixed interest at 9% per annum. The balance is unsecured and repayable on 18 January 2018.

In August 2015, the Group entered into a loan agreement with another independent third party. Pursuant to the loan agreement, the independent third party made an RMB denominated loan of approximately HK$143,301,000, which carries fixed interest at 6% per annum. The balance is unsecured and repayable on 14 October 2016.

33. BANK AND OTHER BORROWINGS (CONTINUED)

Notes: (continued)

(iii) As at 31 December 2015, included in the Group's other borrowings balance are amounts of approximately HK$6,399,413,000 (2014: HK$2,337,600,000) due after one year.

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

	2015	2014
Effective interest rate:		
Fixed-rate borrowings	4.47% – 9.00%	5.85% – 7.02%
Variable-rate borrowings	2.23% – 7.38%	2.68% – 7.87%

The Group's bank and other borrowings denominated in foreign currency are analysed as follows:

	2015 HK$'000	2014 HK$'000
Bank borrowings		
– US$	3,055,662	3,110,359
– HK$	1,826,000	2,034,654
	4,881,662	5,145,013
Other borrowings		
– US$	1,965,600	1,965,600
– HK$	1,372,000	1,372,000
	3,337,600	3,337,600

34. DISPOSAL OF SUBSIDIARIES

(a) Disposal of Zhuhai Qi'ao Island Project (as defined below)

On 28 December 2015, Neo-China Land Group (China) Ltd ("NCL"), a wholly-owned subsidiary of the Company, and De Rong Group Limited ("DRG"), an independent third party not connected to the Group entered into a sale and purchase agreement (the "S&P Agreement"). Pursuant to the S&P Agreement, NCL agreed to dispose of its entire interest in Neo-China Real Estate (Shanghai) Limited ("NCRE"), a wholly-owned subsidiary of the Company, and to assign NCRE's shareholder loan of approximately RMB2,677,800,000 (equivalent to approximately HK$3,197,755,000) to DRG for a total consideration of RMB3,100,000,000 (equivalent to approximately HK$3,701,935,000 (collectively referred to as the "Disposal"). The Disposal was completed at the date of signing the S&P Agreement which was on 28 December 2015 (the "Disposal Date"). RMB100,000,000 (equivalent to approximately HK$119,417,000) of the total consideration was received as deposit upon signing the letter of intent on 29 September 2015, RMB799,912,634 (equivalent to approximately HK$955,234,000) of the total consideration was received on the Disposal Date and the remaining RMB2,200,087,366 (equivalent to approximately HK$2,627,284,000) of the total consideration (i.e. consideration receivable) would be received within 180 days from the Disposal Date in accordance with the terms of the S&P Agreement and is included in "trade and other receivables" line item of the consolidated statement of financial position (see note 24).

34. DISPOSAL OF SUBSIDIARIES (CONTINUED)

(a) Disposal of Zhuhai Qi'ao Island Project (as defined below) (continued)

According to the S&P Agreement, the purchaser is required to pay a daily interest on the consideration receivable from the Disposal Date until the consideration receivable is settled in full. The daily interest rate is calculated on the basis of (i) for the first 90 days after the Disposal Date, the PBOC rate as of the Disposal Date and divided by 365; and (ii) thereafter, a daily interest rate of 0.05%.

	HK$'000
Consideration:	
Cash received	1,074,651
Consideration receivables (Note 24)	2,627,284
Total consideration	3,701,935
Analysis of assets and liabilities over which control was lost:	
Property and equipment	126
Inventories – properties under development for sale	2,664,399
Other receivables	140
Bank balances and cash	1,336
Consideration payables for acquisition of subsidiaries (Note 30)	(160,070)
Net assets disposed of	2,505,931
Gain on disposal:	
Total cash consideration	3,701,935
Net assets disposed of	2,505,931
Gain on disposal	1,196,004
Net cash inflow arising on disposal:	
Cash received	1,074,651
Less: bank balances and cash disposed of	(1,336)
	1,073,315

The consideration receivables would be settled in cash by instalments, where an amount of approximately RMB899,913,000 (equivalent to approximately HK$1,074,651,000) would be settled on the Disposal Date and the balance would be settled in full on or before 27 June 2016. As security for the payment of consideration receivables, the purchaser entered into a share charge dated 28 December 2015 in favour of NCL in respect of the entire issued share capital of NCRE. The parties agreed that the issued share capital of NCRE would be increased after the Disposal Date by the purchaser subscribing for new shares in NCRE, and then NCL would release the share charge in respect of 29% of the enlarged issued share capital of NCRE. The share charge would be released in full following the full payment by the purchaser of the consideration receivables. In the event that the purchaser fails to pay the consideration receivables within 180 days from the Disposal Date, NCL is entitled to terminate the S&P Agreement. Up to the date of these consolidated financial statements are authorised for issue, consideration receivables of HK$1,150,000,000 have been received.

34. DISPOSAL OF SUBSIDIARIES (CONTINUED)

(a) Disposal of Zhuhai Qi'ao Island Project (as defined below) (continued)

The subsidiaries disposed of was principally engaged in property development on a piece of land located at Qi'ao Island, Zhuhai City (珠海市淇澳島) in the PRC with a gross site area of approximately 2,215,516 square metres, which is held indirectly by NCRE through Zhuhai City Qi Zhou Island Movie Town Company Limited ("Zhuhai Movie Town") and was intended to be developed into a mixed use complex comprising commercial property and residential villas (the "Zhuhai Qi'ao Island Project"). The main assets of the subsidiaries were properties under development for sale including the leasehold land in Zhuhai.

The subsidiaries disposed of during the year ended 31 December 2015 did not have any significant contribution to the results and cash flows of the Group during the period prior to the disposal.

(b) Disposal of the Disposal Group

As disclosed in note 27, the disposal of the Disposal Group was completed on 10 June 2015.

	HK$'000
Consideration:	
Cash received	1,074,731
Deposit received during year ended 31 December 2014 (Note 28)	99,975
Total consideration	1,174,706
Analysis of assets and liabilities over which control was lost:	
Property and equipment	131
Inventories – properties under development for sale	729,505
Bank balances and cash	103
Other payables	(28)
Net assets disposed of	729,711
Gain on disposal:	
Total cash consideration	1,174,706
Net assets disposed of	(729,711)
Gain on disposal	444,995
Net cash inflow arising on disposal:	
Cash received	1,074,731
Less: bank balances and cash disposed of	(103)
	1,074,628

The Disposal Group was principally engaged in property development in Hebei Province of the PRC. The main assets of the subsidiaries were properties under development for sale including the leasehold land in Hebei Province.

The subsidiaries disposed of during the year ended 31 December 2015 did not have any significant contribution to the results and cash flows of the Group during the period prior to the disposal.

35. DEPOSITS RECEIVED FOR IDENTIFYING INVESTMENT PROJECTS

Deposits received from partners of Green Carbon Funds

On 6 May 2015, SUD (as defined in note 46), a subsidiary of the Company, Green Carbon Fund (as defined in note 46), a limited liability partnership established in the PRC in which SUD was a limited partner, and three other parties entered into an investment agreement (the "Investment Agreement"). The three other parties include an existing general partner (the "Departing GP") and the two new partners of Green Carbon Fund (the "New Partners"). The Departing GP and the New Partners are independent parties not connected to Group. Pursuant to the Investment Agreement, the New Partners committed to invest RMB1,668,000,000 (equivalent to approximately HK$1,991,880,000) in aggregate into Green Carbon Fund for exploring investment opportunities on new projects and the New Partners would not be entitled to any benefits in relation to an existing project that Green Carbon Fund is currently investing.

During the year ended 31 December 2015, the New Partners invested RMB1,368,000,000 (equivalent to approximately HK$1,633,628,000) in aggregate into Green Carbon Fund and the same amount was advanced by Green Carbon Fund to SUD for the purpose of identifying investment opportunities on new projects.

As at 31 December 2015, in view of the fact that no potential new projects has been identified by SUD, SUD negotiated with the New Partners in respect of disposal of its interest in the existing project to the New Partners through disposal of its partnership interest in Green Carbon Fund. The negotiation was completed subsequent to the end of the reporting period and details are set out in note 51.

Deposits received from a non-controlling shareholder

Included in the deposits received for identifying investment projects is an amount of RMB300,000,000 (equivalent to approximately HK$358,252,000) (2014: nil) which is a refundable deposit received by the Group from a non-controlling shareholder of a subsidiary of the Group in relation to potential disposal of the Group's interest in a subsidiary to the non-controlling shareholder. The potential disposal is still under negotiation at the date that these consolidated financial statements are authorised for issue.

36. SHARE CAPITAL

	Number of shares '000	Amount HK$'000
Ordinary shares of HK$0.04 each		
Authorised:		
At 1 January 2014, 31 December 2014, 1 January 2015 and 31 December 2015	10,000,000	400,000
Issued and fully paid:		
At 1 January 2014, 31 December 2014 and 1 January 2015	4,811,523	192,461
Shares repurchased and cancelled	(250)	(10)
At 31 December 2015	4,811,273	192,451

During the year, the Company repurchased its own ordinary shares through the Stock Exchange as follows:

Date of repurchase	Number of ordinary shares '000	Price per share Highest HK$	Price per share Lowest HK$	Aggregate consideration paid (including transaction costs) HK$'000
26 August 2015	200	1.22	1.22	245
28 August 2015	50	1.29	1.29	65
				310

The above ordinary shares were cancelled on 17 September 2015.

None of the Company's subsidiaries purchased, sold or redeemed any of the Company's listed securities during the year.

37. SHARE OPTIONS

Pursuant to a special general meeting of the Company held on 12 December 2002, the Company adopted a share option scheme (the "Scheme"). Pursuant to the Scheme, the total number of shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Scheme and options granted and yet to be exercised under any other schemes shall not exceed 30% of the issued share capital of the Company from time to time. The maximum number of shares issued and to be issued upon exercise of the options granted to each participant in any 12-month period must not exceed 1% of the issued share capital of the Company at any time. The offer of a grant of options may be accepted within 21 days from the date of the offer with signed acceptance letter comprising consideration of HK$1.00 received by the Company. The exercise period of the share options granted is determinable by the directors, but no later than 10 years from the date of the offer. The subscription price for the shares in respect of which options are granted is determinable by the directors of the Company, but in any case must be the highest of (i) the closing price of the Company's shares as stated in the Stock Exchange's daily quotations sheet on the date of the grant; (ii) the average closing price of the Company's shares as stated in the Stock Exchange's daily quotations sheets for the five business days immediately preceding the date of grant; and (iii) the nominal value of the Company's shares.

As at 31 December 2015, the number of shares of the Company in respect of which options had been granted and remained outstanding under the Scheme of the Company was 42,750,000 (2014: 57,750,000), representing 0.9% (2014: 1.2%) of the shares of the Company in issue at that date.

The following tables disclose movements of the Company's share options during the year.

Grantees	Date of grant	Outstanding at 1.1.2015	Forfeited during year	Outstanding at 31.12.2015	Exercisable period	Exercised price per share (subject to anti-dilutive adjustment)
Directors	24 September 2010	38,000,000	(8,000,000)	30,000,000	24 September 2010 – 23 September 2020	2.98
Employees	24 September 2010	12,750,000	–	12,750,000	24 September 2010 – 23 September 2020	2.98
Others	24 September 2010	7,000,000	(7,000,000)	–	24 September 2010 – 23 September 2020	2.98
Exercisable at the end of the year				42,750,000		
Weighted average exercise price		2.98	–	2.98		

37. SHARE OPTIONS (CONTINUED)

Grantees	Date of grant	Outstanding at 1.1.2014	Forfeited during year	Outstanding at 31.12.2014	Exercisable period	Exercised price per share (subject to anti-dilutive adjustment)
Directors	24 September 2010	38,000,000	–	38,000,000	24 September 2010 – 23 September 2020	2.98
Employees	24 September 2010	12,750,000	–	12,750,000	24 September 2010 – 23 September 2020	2.98
Others	24 September 2010	7,000,000	–	7,000,000	24 September 2010 – 23 September 2020	2.98
Exercisable at the end of the year				57,750,000		
Weighted average exercise price		2.98	–	2.98		

No share option was granted since year 2010. Share options granted in year 2010 are vested in three tranches over two years, with 40% of the options granted were vested on the date of grant, 30% vested on the first anniversary of the date of grant and the remaining 30% vested on two years from the date of grant.

All the share options under the Scheme were vested and the related expenses were recognised in profit or loss in previous years.

38. CAPITAL RISK MANAGEMENT

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

The capital structure of the Group consists of net debt, which includes the bank and other borrowings, cash and cash equivalents and equity attributable to owners of the Company, comprising issued share capital and reserves.

The directors of the Company actively and regularly review the capital structure. As part of this review, the directors of the Company consider the cost of capital and the risks associated with each class of capital. The Group has a target gearing ratio of not more than 100% determined as the proportion net debt, which includes bank and other borrowings less bank balances and cash and pledged bank deposits to equity. As at 31 December 2015, the gearing ratio of the Group was 54.9% (2014: 65.6%). Based on recommendations of the directors of the Company, the Group will balance its overall capital structure through new shares issue, and share buy-backs as well as the issue of new debt or the redemption of existing debts.

39. FINANCIAL INSTRUMENTS

a. Categories of financial instruments

	2015 HK$'000	2014 HK$'000
Financial assets		
Available-for-sale investments	**295,441**	128,288
Financial assets at FVTPL	**4,532**	3,294
Loans and receivables (including cash and cash equivalents)	**14,915,377**	7,785,477
Financial liabilities		
Amortised cost	**28,340,542**	24,307,982

b. Financial risk management objectives and policies

The Group's major financial instruments include available-for-sale investments, financial assets at FVTPL, pledged bank deposits, bank balances and cash, trade and other receivables, trade and other payables, amounts due from related companies, amounts due to associates and related companies, consideration payables for acquisition of subsidiaries, dividend payable, dividend payable to non-controlling shareholders, bank and other borrowings and deposits received for identifying investment projects. Details of the financial instruments are disclosed in respective notes. The risks associated with these financial instruments include market risk (currency risk, interest rate risk and other price 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.

The Group actively and regularly reviews and manages its capital structure to strictly control the debt level. The Group maintains a strategy on acquiring land only if the project development can commence within a short period of time so as to minimise the time period between acquisition and development of the acquired land, thus the Group's capital can be efficiently deployed.

Market risk

(i) Currency risk

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

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities, excluding intercompany balances, at the reporting date are as follows:

	Assets		Liabilities	
	2015 HK$'000	2014 HK$'000	2015 HK$'000	2014 HK$'000
United States dollar ("US$")	**498,992**	566,867	**6,430,143**	6,708,360
HK$	**1,739,122**	106,037	**3,210,958**	3,419,189

In addition, as at 31 December 2015, the Group's exposure to foreign currency risk also arose from US$ denominated and HK$ denominated intercompany balances with carrying amounts of approximately HK$31,714,000 (2014: HK$36,957,000) and approximately HK$1,328,927,000 (2014: HK$1,738,753,000) respectively, which were not denominated in the functional currency of the respective group entities as the borrowers. These intercompany balances do not form part of the Group's net investment in foreign operations.

39. FINANCIAL INSTRUMENTS (CONTINUED)

b. Financial risk management objectives and policies (continued)

Market risk (continued)

(i) Currency risk (continued)

Sensitivity analysis

The Group is mainly exposed to the currency of US$ and HK$ against RMB, the functional currency of relevant group entities.

The following table details the Group's sensitivity to a 5% (2014: 5%) increase and decrease in RMB against the relevant foreign currencies. 5% (2014: 5%) is the sensitivity rate used when reporting foreign currency risk internally and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items, including intercompany balances. A positive/negative number below indicates an increase/decrease in post-tax profit (2014: increase/decrease in post-tax profit) where RMB strengthen 5% (2014: 5%) against US$ and HK$ respectively. For a 5% (2014: 5%) weakening of RMB against US$ and HK$ respectively, there would be an equal and opposite impact on the result.

	US$ (i)		HK$ (ii)	
	2015	2014	**2015**	2014
	HK$'000	HK$'000	**HK$'000**	HK$'000
Increase in post-tax profit for the year	**294,972**	305,227	**7,145**	78,720

(i) This is mainly attributable to the exposure to outstanding bank borrowings, other borrowings due to SIHL Finance Limited, amounts due to Nan Fung Group, consideration payable for acquisition of subsidiaries and intercompany balances denominated in US$ at the year end.

(ii) This is mainly attributable to the exposure to outstanding other borrowings due to SIHL Finance Limited, bank balances, amounts due to a non-controlling shareholder and intercompany balances denominated in HK$ at the year end.

(ii) Interest rate risk

The Group is exposed to cash flow interest rate risk in relation to variable-rate bank and other borrowings (see note 33 for details), amounts due to non-controlling shareholders (see note 29(ii) for details) and pledged bank deposits and bank balances in both years. It is the Group's policy to keep its bank borrowings at floating rate of interests so as to minimise the fair value interest rate risks.

The Group is also exposed to fair value interest rate risk in relation to fixed-rate other borrowings, amounts due to entities controlled by Xuhui SASAC and pledged bank deposits. Group currently does not enter into any hedging instrument for fair value interest rate risks.

The Group's exposures to interest rates on financial liabilities are detailed in the liquidity risk management section of this note. The Group cash flow interest rate risk is mainly concentrated on the fluctuations of the PBOC rate, HIBOR and LIBOR arising from the Group's RMB, HK$ and US$ denominated borrowings respectively.

39. FINANCIAL INSTRUMENTS (CONTINUED)

b. Financial risk management objectives and policies (continued)

Market risk (continued)

(ii) Interest rate risk (continued)

Sensitivity analysis

The Group does not anticipate there is any significant impact on its interest-bearing assets resulting from the changes in interest rates as the interest rate of bank deposits are not expected to change significantly.

The sensitivity analyses below have been determined based on the exposure to interest rates for bank and other borrowings at the end of the reporting period. The analysis is prepared assuming the financial instruments outstanding at the end of the reporting period were outstanding for the whole year. A 100 basis point (2014: 100 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 100 basis points (2014: 100 basis points) higher/lower and all other variables were held constant, the Group's post-tax profit for the year ended 31 December 2015 would decrease/increase by approximately HK$111,165,000 (2014: post-tax profit decrease/increase by HK$100,803,000) assuming interest of approximately HK$37,124,000 (2014: HK$32,495,000) are capitalised into qualifying assets.

The Group's sensitivity to interest rates has increased during the current year mainly due to the decrease in variable rate debt instruments are utilised for development of qualifying assets.

(iii) Other price risk

The Group is exposed to equity price risk arising from changes in the fair value of its financial assets at FVTPL and available-for-sale investment carried at fair value.

No sensitivity analysis on other price risk is presented for the financial assets at FVTPL as the directors of the Company consider a reasonable possible change to the fair value of the financial assets at FVTPL will not have a significant effect to the Group's profit or loss.

The sensitivity analysis below has been determined assuming that the change in prices had occurred at the end of the reporting period and had been applied to the exposure to price risk for the Group's available-for-sale investment carried at fair value at that date.

A 10% (2014: nil) change in equity prices represents the management's assessment of the reasonably possible changes in prices. 10% is used in current year as a result of the volatile financial market.

As at 31 December 2015, if the price of the respective instrument had been 10% higher/lower and all other variables were held constant, the Group's investment revaluation reserve, net of tax, would increase/decrease by HK$14,196,000 as a result of the changes in fair value of available-for-sale investments carried at fair value.

39. FINANCIAL INSTRUMENTS (CONTINUED)

b. Financial risk management objectives and policies (continued)

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 44(a).

The Group's credit risk is primarily attributable to its trade and other receivables (both current and non-current) (2014: trade and other receivables and amounts due from related companies). An allowance for impairment is made where there is an identified loss event which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows.

With respect to the credit risk of the Group's treasury operations, management has established internal procedures to monitor the Group's bank balances and cash and securities investments to be placed and entered into with financial institution of good reputation. These internal procedures also impose limitation on the amount outstanding and to manage the credit ratings on equity investments to be held, so as to minimise the Group's credit risk exposure.

The credit risk on bank balances and pledged bank deposits is limited because the counterparties are banks with good reputation.

The Group's concentration of credit risk by geographical locations is mainly in the PRC, which accounted for 100% (2014: 100%) of the total trade and other receivables (excluding consideration receivables in respect of disposal of subsidiaries (see note 24)) as at 31 December 2015.

39. FINANCIAL INSTRUMENTS (CONTINUED)

b. Financial risk management objectives and policies (continued)

Credit risk (continued)

In relation to the Group providing guarantees to secure obligations of the buyers of the property units for the repayment of their mortgage loans, if there is a default in repayment by these purchasers, the Group is responsible for repaying the outstanding mortgage loans together with any accrued interests and penalties owed by the defaulted purchasers to banks. Under such circumstances, the Group is able to retain the customer's deposits, take over the ownership of the relevant properties and sell the properties to recover any amounts paid by the Group to banks. In this regard, the directors of the Company consider that the Group's credit risk on such guarantees is significantly reduced. Detailed disclosure of these guarantees has been made in note 44(a).

The Group has concentration of credit risk on consideration receivables in respect of disposal of subsidiaries as at 31 December 2015. In the opinion of the directors of the Company, since the consideration receivables are pledged with share capital of the subsidiary being disposed of (see note 34(a)) and the purchaser has a strong financial background, the credit risk is limited.

The Group has concentration of credit risk on other receivables recognised as non-current assets as at 31 December 2015. The directors of the Company performed a credit review on the counterparty and its guarantors, including assessing their financial positions as at 31 December 2015 and reviewing the quality of their assets. As the assets of its guarantors exceeded their liabilities, the directors of the Company considered a risk of the counterparty and its guarantors defaulting in repayment to be low. In this regard, the directors of the Company considered that the Group's credit risk in respect of this other receivables was acceptable.

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer rather than the industry or country in which the customers operate and therefore significant concentrations of credit risk primarily arise when the Group has significant exposure to individual customers. At the end of the reporting period, the Group had no significant concentrations of credit risk within the property development business segment and hotel operations segment.

The Group's credit risk position on other receivables and amounts due from related companies are closely monitored by management.

39. FINANCIAL INSTRUMENTS (CONTINUED)

b. Financial risk management objectives and policies (continued)

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 bank borrowings and ensures compliance with loan covenants.

The Group relies on bank borrowings as a significant source of liquidity. As at 31 December 2015, the Group has available unutilised overdraft and short-term bank loan facilities of HK$1,107,940,000 (2014: HK$1,258,666,000).

The following table details the Group's remaining contractual maturity for its non-derivative financial liabilities based on the agreed repayment terms. 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. 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.

	Weighted average interest rate %	Less than 1 year HK$'000	1–2 years HK$'000	2–5 years HK$'000	More than 5 years HK$'000	Total undiscounted cash flows HK$'000	Carrying amount at 2015 HK$'000
2015							
Non-derivative financial liabilities							
Trade and other payables	N/A	1,692,014	–	–	–	1,692,014	1,692,014
Deposits received for identifying investment projects	N/A	1,991,880	–	–	–	1,991,880	1,991,880
Amount due to related companies	0.2	2,045,780	73,482	–	–	2,119,262	2,104,771
Amounts due to associates	N/A	58,007	–	–	–	58,007	58,007
Consideration payables for acquisition of subsidiaries	N/A	127,915	–	–	–	127,915	127,915
Dividend payable	N/A	6,976	–	–	–	6,976	6,976
Dividend payable to non-controlling shareholders	N/A	125,340	–	–	–	125,340	125,340
Bank and other borrowings	2.4 - 7.3	5,957,308	5,247,825	9,247,861	5,092,278	25,545,272	22,233,639
Financial guarantee contracts issued							
Maximum amount guaranteed (Note 44(a))	N/A	2,670,548	–	–	–	2,670,548	–
		14,675,768	5,321,307	9,247,861	5,092,278	34,337,214	28,340,542

39. FINANCIAL INSTRUMENTS (CONTINUED)

b. Financial risk management objectives and policies (continued)

Liquidity risk (continued)

	Weighted average interest rate %	Less than 1 year HK$'000	1–2 years HK$'000	2–5 years HK$'000	More than 5 years HK$'000	Total undiscounted cash flows HK$'000	Carrying amount at 2014 HK$'000
2014							
Non-derivative financial liabilities							
Trade and other payables	N/A	1,060,098	–	–	–	1,060,098	1,060,098
Amount due to related companies	0.8	2,093,807	–	–	–	2,093,807	2,083,942
Amounts due to associates	N/A	71,978	–	–	–	71,978	71,978
Consideration payables for acquisition of subsidiaries	N/A	763,940	–	–	–	763,940	763,940
Dividend payable	N/A	6,423	–	–	–	6,423	6,423
Dividend payable to non-controlling shareholders	N/A	193,676	–	–	–	193,676	193,676
Bank and other borrowings	2.8 - 7.2	8,832,854	1,408,861	8,200,827	2,764,424	21,206,966	20,127,925
Financial guarantee contracts issued							
Maximum amount guaranteed (Note 44(a))	N/A	2,532,937	–	–	–	2,532,937	–
		15,555,713	1,408,861	8,200,827	2,764,424	27,929,825	24,307,982

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 are subject to change if changes in variable interest rates differ to those estimates of interest rates determined at the end of the reporting period.

40. FAIR VALUE MEASUREMENTS OF FINANCIAL INSTRUMENTS

This note provides information about how the Group determines fair values of various financial assets.

(i) Fair value of the Group's financial assets that are measured at fair value on a recurring basis

The Group's financial assets at FVTPL are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets are determined.

Financial assets	Fair value 2015	Fair value 2014	Fair value hierarchy	Valuation techniques and inputs	Significant unobservable inputs
Held-for-trading investment	**Listed equity securities in the PRC – HK$4,532,000**	Listed equity securities in the PRC – HK$3,294,000	Level 1	Quoted bid prices in active market	N/A
Available-for-sale investments	**Listed equity securities in the PRC with restriction period – HK$189,277,000**	–	Level 1	Quoted bid prices in active market	N/A

There were no transfer between instruments in Level 1 and 2 in both years.

(ii) Fair value of financial assets and financial liabilities that are not measured at fair value on a recurring basis

The fair value of other financial assets and financial liabilities is determined in accordance with generally accepted pricing models based on discounted cashflow analysis.

The directors of the Company consider that the carrying amounts of other financial assets and financial liabilities carried at amortised cost approximate their respective fair values.

41. ACQUISITION OF SUBSIDIARIES

On 25 September 2014, AWI, a wholly owned subsidiary of the Group, acquired the entire issue share capital of Continental Land and the shareholder's loans (the "Shareholders' Loans") from independent third parties not connected to the Group at a total cash consideration of US$579,328,000 (equivalent to HK$4,518,760,000) (the "Acquisition"). Continental Land and its 99% interest in a PRC subsidiary, Shanghai World Trade, are engaged in the development and operation of an international trade mart in the PRC. Continental Land Group was acquired so as to continue the expansion of the Group's property investment portfolio.

41. ACQUISITION OF SUBSIDIARIES (CONTINUED)

After completion of the Acquisition, a share subscription agreement (the "Subscription Agreement") was signed on the same date by AWI and Prestige Land Investments Limited ("Prestige Land"), a subsidiary of Nan Fung Group, which is independent to the Group. Pursuant to the Subscription Agreement, Prestige Land agreed to subscribe for, and AWI agreed to allot and issue the subscription shares, representing 49% of the enlarged issue share capital of AWI at the aggregated subscription price of US$49 (equivalent to approximately to HK$380) ("Share Subscription"). The Share Subscription was completed on 25 September 2014.

In connection with the Acquisition, Nan Fung Group provided a loan of approximately US$361,396,000 (equivalent to HK$2,818,888,000) to the Company to finance the initial payment for the Acquisition. After the Share Subscription, Nan Fung Group agreed with the Company for the latter to novate its obligations under the loan of approximately US$255,483,000 (equivalent to HK$1,992,767,000) to AWI to become a shareholder loan owed directly by AWI to Nan Fung Group. The amount was unsecured, interest-free and repayable on demand. As at 31 December 2014, an amount of US$103,690,000 (equivalent to HK$808,779,000) of the non-controlling shareholder loan owed by AWI was repaid by the Group and the outstanding balance is US$151,793,000 (equivalent to HK$1,183,988,000) which is included in "amount due to related companies" of the consolidated financial statements (see note 29). For the remaining loan owed by the Company of approximately US$105,913,000 (equivalent to HK$826,121,000), it was secured by a pledged deposit of RMB660,000,000, interest bearing at LIBOR plus 3.72% per annum and fully repaid on 7 November 2014.

This acquisition was accounted for using the acquisition method.

Consideration transferred:

	HK$'000
Cash paid	2,623,886
Deferred cash consideration (note)	451,876
Consideration for acquisition of Continental Land	3,075,762
Cash paid for assignment of the Shareholders' Loans	1,442,998
Total consideration	4,518,760

Note: Included in cash consideration of US$579,328,000 (equivalent to HK$4,518,760,000), an amount of US$57,933,000 (equivalent to HK$451,876,000) was withheld by the Group for (i) the payment of other obligations and any tax obligations of the sellers owed to the PRC tax authorities arising from their disposal of the Continental Land and (ii) the payment of any potential claims by the Group against the sellers within one year from the date of the sale and purchase agreement. Details of the outstanding balance as at 31 December 2015 are set out in note 30.

Acquisition-related costs amounting to HK$34,275,000 was been excluded from the consideration transferred and recognised as an expense in the consolidated statement of profit or loss and other comprehensive income.

41. ACQUISITION OF SUBSIDIARIES (CONTINUED)

Assets acquired and liabilities recognised at the date of acquisition are as follows:

	HK$'000
Equipment	3,384
Investment properties	6,583,206
Amounts due from related company	89,359
Trade and other receivables	12,648
Bank balances and cash	121,256
Trade and other payables	(174,702)
Bank borrowings – due within one year	(99,515)
Income tax payables	(10,043)
Amount due to related companies	(1,442,998)
Bank borrowings – due with after year	(931,501)
Deferred tax liabilities	(1,030,851)
	3,120,243
Less: Non-controlling interest acquired	(44,481)
Total consideration	3,075,762

Net cash outflow arising on the acquisition:

	HK$'000
Total cash paid	4,066,884
Less: Bank balances and cash acquired	(121,256)
	3,945,628

The receivables (which principally comprised trade receivables) and amounts due from related company in this transaction had gross contractual amounts of HK$12,648,000 and HK$89,359,000 respectively which were same as their fair values.

The Group subsequently acquired the remaining 1.0% interests of Shanghai World Trade from a non-controlling shareholder for a cash consideration of approximately RMB72,419,000 (equivalent to HK$92,274,000). The acquisition was completed on 18 November 2014. The acquisition, without changing the Group's control over Shanghai World Trade was accounted for as an equity transaction. The difference between the fair value of cash consideration of HK$92,274,000 and 1.0% share of net assets held by the non-controlling shareholder of HK$44,957,000 amounting to HK$47,317,000 was recognised directly in equity as other reserve and attributable to owners of the Company.

42. CAPITAL COMMITMENTS

Capital expenditure in respect of properties under development for sale:

	The Group	
	2015	2014
	HK$'000	HK$'000
Contracted for but not provided for in the consolidated financial statements – additions in properties under development for sale	**3,602,746**	5,869,739

43. OPERATING LEASES

The Group as lessee

Minimum lease payments paid under operating leases during the year in respect of office premises are HK$57,259,000 (2014: HK$36,735,000).

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	2014
	HK$'000	HK$'000
Within one year	**38,610**	42,394
In the second to fifth years inclusive	**27,004**	40,823
After five years	**3,273**	3,019
	68,887	86,236

Operating lease payments represent rentals payable by the Group for certain of its office properties. Leases are negotiated for a term ranging from three months to three years.

The Group as lessor

Property rental income earned during the year was HK$696,086,000 (2014: HK$472,474,000). Certain of the Group's investment properties have committed tenants for the next 2 to 20 years with an option to renew the lease after that date at which time all terms are renegotiated.

At the end of the reporting period, the Group had contracted with tenants for the following future minimum lease payments:

	2015	2014
	HK$'000	HK$'000
Within one year	**572,810**	358,117
In the second to fifth year inclusive	**1,325,273**	1,424,993
After five years	**711,185**	923,523
	2,609,268	2,706,633

44. CONTINGENT LIABILITIES

(a) Corporate guarantees

	2015 HK$'000	2014 HK$'000
Guarantee given to banks in respect of banking facilities utilised by:		
– property buyers (Note 22)	**2,208,403**	2,100,545
– an entity controlled by Xuhui SASAC	**198,233**	269,933
– an entity jointly held by a joint venture entity of the Group	**263,912**	162,459
	2,670,548	2,532,937

As at 31 December 2015, the total amount of loans and credit facilities obtained by the Group in respect of which guarantees were provided by Xuhui SASAC was approximately HK$396,465,000 (2014: HK$414,896,000).

In the opinion of the directors of the Company, the fair values of the financial guarantee contracts of the Group are insignificant at initial recognition, and the directors of the Company consider that the possibility of default by the relevant buyers is remote and, in case of default in payments, the net realisable value of the related properties can recover the repayment of the outstanding mortgage principals together with the accrued interest and penalty. Accordingly, no provision has been made in the consolidated financial statements for these guarantees.

The Company entered into agreements with banks to provide corporate guarantees with respect to bank loans granted to an entity controlled by Xuhui SASAC. As at 31 December 2015, the maximum liability of the Company under such guarantees is the outstanding amount of the bank loans to the entity controlled by Xuhui SASAC of approximately HK$198,233,000 (2014: HK$269,933,000).

The Company entered into agreements with a bank to provide corporate guarantees with respect to bank loans granted to an entity jointly held by a joint venture entity of the Group. As at 31 December 2015, the maximum liability of the Company under such guarantees is the outstanding amount of the bank loans to an entity jointly held by a joint venture entity of the Group of approximately HK$263,912,000 (2014: HK$162,459,000).

In determining whether financial liabilities should be recognised in respect of the Group's financial guarantee contracts, the directors of the Company exercise judgement in evaluation of the probability of resources outflow that will be required and the assessment of whether a reliable estimate can be made of the amount of the obligation. In the opinion of the directors of the Company, the possibility of default by these parties is remote given their financial background and the quality of assets. Accordingly, no provision has been made in the consolidated financial statements for these guarantees.

(b) Warranty against defects of properties

Properties purchased by buyers are provided with various warranties with terms ranging from one to two years against certain specified defects as stipulated in either the sale and purchase agreements of properties or the PRC laws and regulations.

44. CONTINGENT LIABILITIES (CONTINUED)

(c) Legal proceedings initiated by a third party against the Company

The Company and NCRE are defendants to a claim by a third party regarding non-payment of RMB128,097,000 which was part of the purchase price payable for the acquisition of Zhuhai Movie Town, a wholly-owned subsidiary of NCRE (the "Qi'ao Proceedings"). The third party claim also includes liquidated damage which amounted to approximately HK$275,000,000 up to 25 July 2012 and which is to be accumulated at a daily rate of approximately HK$162,000 thereafter until settlement. In prior year, the Group after taking legal advice, was of opinion that it had a good ground for withholding the payment of the outstanding consideration and that it was at pre-mature stage to estimate the outcome of the third party claim, Accordingly, no provision for the liquidated damage was made as at 31 December 2014.

As disclosed in note 34(a), NCL as the seller and DRG as the purchaser entered into the S&P Agreement on 28 December 2015. Pursuant to the S&P Agreement, the purchaser undertakes to procure the settlement or withdrawal of the Qi'ao Proceedings mentioned above. Subject to the settlement or withdrawal of the Qi'ao Proceedings, the seller agrees to bear and pay to NCRE RMB64,000,000 (equivalent to approximately HK$ 76,427,000) in relation thereto (the "Amount"). If the plaintiff sues the Group again on the same matter after the withdrawal of the Qi'ao Proceedings, the purchaser agrees to bear the entire legal risk and responsibility in relation thereto. On the basis of the above, as at 31 December 2015, the directors of the Company were of the view that the Group would not be obliged to pay any additional sum in excess of the Amount as a result of the Qi'ao Proceedings. Therefore, no provision was made for any amount in excess of the Amount by the Group as at 31 December 2015.

On 2 February 2016, a consent summons was filed with the High Court of Hong Kong to dismiss the claims and counterclaims and to discontinue the Qi'ao Proceedings. Pursuant to the consent summons, the plaintiff would be prohibited from taking out fresh proceedings against the defendants for the same, or substantially the same, cause of action or on the same, or substantially the same, subject matters. On 29 February 2016, an order was granted by the High Court of Hong Kong to confirm the dismissal and discontinuance of the Qi'ao Proceedings.

45. RELATED PARTY TRANSACTIONS

(a) Transactions with key management personnel

Remuneration for key management personnel of the Group, including amounts paid to the directors of the Company as disclosed in note 10, is as follows:

	2015 **HK$'000**	2014 HK$'000
Short-term employee benefits	**11,735**	13,671
Post-employment benefits	**63**	109
	11,798	13,780

Total remuneration is included in "staff costs" (Note 8).

(b) Balances with related parties

Details of the balances with related parties as at 31 December 2015 and 2014 are set out in the notes 20, 29 and 33.

45. RELATED PARTY TRANSACTIONS (CONTINUED)

(c) Transactions with related parties

The Group entered into the following significant transactions with related parties during the year:

Name of related company	Nature of transactions	2015 HK$'000	2014 HK$'000
Entities controlled by SIHL	Interest expenses	**168,622**	108,860
	Rental expenses	**63**	81
Ultimate holding company	Interest expenses	**24,398**	58,190
Entity controlled by an independent non-executive director of SIHL	Rental expense, rate and management fee	**6,311**	6,275
Associates	Property agency fees	**22,401**	55,062
	Rental income	**(357)**	(1,436)
	Interest income	**–**	(2,888)
	Royalty fee	**(3,701)**	–
Entities controlled by Xuhui SASAC	Interest expenses	**14,633**	3,194
Non-controlling shareholder of a subsidiary	Interest expenses	**664**	1,013
	Management fee	**342**	–

Except for the above transactions, the Group has following guarantees and loans arrangement during the year:

(i) The Group entered into the loan agreements with SIIC and a subsidiary of SIHL. Details of which are set out in note 33.

(ii) The Group also granted financial guarantees to an entity controlled by Xuhui SASAC. Details of which are set out in note 44(a).

(d) Government-related entities

The Group itself is part of a larger group of companies under SIIC (SIIC and its subsidiaries are referred to as the "SIIC Group") which is controlled by the PRC government. The directors of the Company consider that the Company is ultimately controlled by the PRC government and the Group operates in an economic environment currently predenominated by entities controlled, jointly controlled or significantly influenced by the PRC government ("PRC government-related entities"). Apart from the transactions with the SIIC Group and Xuhui SASAC which have been disclosed above and in other notes to the financial information, the Group also conducts businesses with other PRC government-related entities in the ordinary course of business. The Group's deposits placements, borrowings and other general banking facilities are entered into with certain banks which are PRC-government related entities in its ordinary course of business. In view of the nature of those banking transactions, the directors of the Company are of the opinion that separate disclosures would not be meaningful.

45. RELATED PARTY TRANSACTIONS (CONTINUED)

(d) Government-related entities (continued)

In addition, the Group has entered into various transactions, including sales, purchases and other operating expenses with other PRC government-related entities. In the opinion of the directors of the Company, these transactions are considered as individually and collectively insignificant to the operation of the Group during the years ended 31 December 2015 and 2014.

46. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY

Name of subsidiary	Place of incorporation/ registration and operation	Particulars of issued and paid-up share capital/ registered capital	Percentage of issued share capital/and paid-up registered capital held				Principal activities
			2015		2014		
			Directly	Indirectly	Directly	Indirectly	
Shenzhen Phoenix Real Estates Company Limited 深圳鳳凰置業有限公司 (note (i))	The PRC	US$10,000,000	–	82%	–	82%	Property investment
中置(北京)企業管理有限公司 (note (ii))	The PRC	HK$200,000,000	–	100%	–	100%	Investment holding
北京金馬文華園房地產開發有限公司 (note (i))	The PRC	US$12,000,000	–	100%	–	100%	Property development
北京新松房地產開發有限公司 (note (i))	The PRC	RMB190,000,000	–	100%	–	100%	Property development
北京市御水苑房地產開發有限責任公司 (note (iii))	The PRC	RMB20,000,000	–	90%	–	90%	Property development
北京新松置地投資顧問有限公司 (note (iii))	The PRC	RMB30,000,000	–	100%	–	100%	Investment holding
西安滻灞建設開發有限公司 (note (i))	The PRC	US$86,880,000	–	71.5%	–	71.5%	Property development
西安中新滻灞歐亞酒店發展有限公司 (note (iii))	The PRC	RMB50,000,000	–	71.5%	–	71.5%	Hotel operations
西安中新永榮房地產開發有限公司 (note (iii))	The PRC	RMB10,000,000	–	71.5%	–	71.5%	Property development
西安中新佳園房地產開發有限公司 (note (iii))	The PRC	RMB10,000,000	–	71.5%	–	71.5%	Property development
西安中新永佳房地產開發有限公司 (note (iii))	The PRC	RMB10,000,000	–	71.5%	–	71.5%	Property development

46. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY (CONTINUED)

Name of subsidiary	Place of incorporation/ registration and operation	Particulars of issued and paid-up share capital/ registered capital	Percentage of issued share capital/and paid-up registered capital held 2015 Directly	2015 Indirectly	2014 Directly	2014 Indirectly	Principal activities
西安中新沁園房地產開發有限公司 (note (iii))	The PRC	RMB10,000,000	–	71.5%	–	71.5%	Property development
西安中新柳域房地產開發有限公司 (note (iii))	The PRC	RMB10,000,000	–	71.5%	–	71.5%	Property development
西安中新華勝房地產開發有限公司 (note (iii))	The PRC	RMB10,000,000	–	71.5%	–	71.5%	Property development
西安中新榮景房地產開發有限公司 (note (iii))	The PRC	RMB10,000,000	–	71.5%	–	71.5%	Property development
西安中新濱河房地產開發有限公司 (note (iii))	The PRC	RMB10,000,000	–	71.5%	–	71.5%	Property development
西安中新永景房地產開發有限公司 (note (iii))	The PRC	RMB10,000,000	–	71.5%	–	71.5%	Property development
湖南淺水灣湘雅溫泉花園有限公司 (note (iii))	The PRC	RMB30,000,000	–	67%	–	67%	Property development
重慶中華企業房地產發展有限公司 (note (iii))	The PRC	RMB200,000,000	–	100%	–	100%	Property development
天津中新濱海房地產開發有限公司 (note (ii))	The PRC	HK$100,000,000	–	100%	–	100%	Property development
天津中新華安房地產開發有限公司 (note (ii))	The PRC	RMB240,000,000	–	100%	–	100%	Property development
天津中新華城房地產開發有限公司 (note (ii))	The PRC	RMB80,000,000	–	100%	–	100%	Property investment
天津中新嘉業房地產開發有限公司 (note (ii))	The PRC	RMB120,000,000	–	100%	–	100%	Property development
天津中新信捷房地產開發有限公司 (note (ii))	The PRC	RMB240,000,000	–	100%	–	100%	Property development
天津凱津房地產開發有限公司 (note (iii))	The PRC	RMB210,000,000	–	100%	–	100%	Property development

46. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY (CONTINUED)

Name of subsidiary	Place of incorporation/ registration and operation	Particulars of issued and paid-up share capital/ registered capital	Percentage of issued share capital/and paid-up registered capital held 2015 Directly	2015 Indirectly	2014 Directly	2014 Indirectly	Principal activities
上海九久廣場投資開發有限公司 (note (iii))	The PRC	RMB226,160,000	–	100%	–	100%	Property development
瀋陽向明長益置業有限公司 (note (i))	The PRC	US$63,750,000	–	80%	–	80%	Property development
Zhuhai Movie Town (as defined in note 30) 珠海市淇洲島影視城有限公司 (notes (i) and (vii))	The PRC	RMB90,000,000	–	–	–	100%	Property development
Zhong Ou Cheng Kai Co., Ltd. 中歐城開有限公司 (notes (iii) and (v))	The PRC	RMB100,000,000	–	–	–	100%	Property development
北京盈通房地產開發有限公司 (note (i))	The PRC	US$6,000,000	–	67.5%	–	67.5%	Primary land development
Shanghai Urban Development (Holdings) Co. Ltd. ("SUD") 上海城開(集團)有限公司 (note (i))	The PRC	RMB3,200,000,000	–	59%	–	59%	Investment holding and property development
上海城開商用物業發展有限公司 (note (iii))	The PRC	RMB5,000,000	–	59%	–	59%	Property management
上海申大物業有限公司 (note (iii))	The PRC	RMB5,000,000	–	59%	–	59%	Property management
上海萬源房地產開發有限公司 (note (iii))	The PRC	RMB300,000,000	–	53%	–	53%	Property development and sales
上海石龍工業區聯合發展有限公司 (note (iii))	The PRC	RMB20,000,000	–	59%	–	59%	Property development and sales
上海城開集團晶杰置業有限公司 (note (iii))	The PRC	RMB1,000,000	–	59%	–	59%	Property development and sales and hotel operation
上海城開(集團)無錫置業有限公司 (note (iii))	The PRC	RMB500,000,000	–	59%	–	59%	Property development and sales
上海城開集團晶實置業有限公司 (note (iii))	The PRC	RMB300,000,000	–	59%	–	59%	Property development and sales

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46. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY (CONTINUED)

Name of subsidiary	Place of incorporation/ registration and operation	Particulars of issued and paid-up share capital/ registered capital	Percentage of issued share capital/and paid-up registered capital held 2015 Directly	2015 Indirectly	2014 Directly	2014 Indirectly	Principal activities
上海城開集團龍城置業有限公司 ("上海龍城") (note (i))	The PRC	RMB2,100,000,000	–	69%	–	69%	Property development and sales
昆山城開房地產開發有限公司 (note (iii))	The PRC	RMB167,000,000	–	53%	–	53%	Property development and sales
Urban Development Green Carbon (Tianjin) Equity Investment Fund (Limited Partnership) 城開綠碳(天津)股權投資基金合夥企業 ("Green Carbon Fund") (note (vi))	The PRC	RMB735,000,000	–	59%	–	59%	Investment holding
上海世界貿易商城有限公司 (notes (iii) and (iv))	The PRC	US$100,000,000	–	51%	–	51%	Property investment

Notes:

(i) These companies were established in the PRC in the form of sino-foreign equity joint ventures.

(ii) These companies were established in the PRC in the form of wholly-owned foreign enterprises.

(iii) These companies were established in the PRC in the form of limited liability company.

(iv) This company was newly acquired during the year end 31 December 2014. Details of the acquisition are set out in note 41.

(v) The disposal of this company was completed on 10 June 2015. Details of the disposal are set out in notes 27 and 34(b).

(vi) Green Carbon Fund was established in the PRC in the form of limited liability partnership. 64.7% of the paid-in capital of Green Carbon Fund was contributed by the Group at the date of establishment. The Group acquired all the interests from other partners in previous years.

The disposal of this company was completed on 8 January 2016. Details of the disposal are set out in note 51.

(vii) The disposal of this company was completed on 28 December 2015. Details of the disposal are set out in note 34(a).

46. PARTICULARS OF PRINCIPAL SUBSIDIARIES OF THE COMPANY (CONTINUED)

The above table only includes those subsidiaries which, in the opinion of the directors of the Company, principally affected the results of the Group for the year or formed a substantial portion of the net assets of the Group. To give details of all subsidiaries would, in the opinion of the directors of the Company, result in particulars of excessive length.

None of the subsidiaries had issued any debt securities at the end of the year except SUD which issued RMB1,500,000,000 of advanced bonds – 2012 during the year ended 31 December 2012 and RMB1,800,000,000 of advanced bonds – 2015 during the year ended 31 December 2015, in which the Group has no interest. Details of advanced bonds – 2012 and advanced bonds – 2015 are set out in note 33(ii).

47. DETAILS OF NON-WHOLLY OWNED SUBSIDIARIES THAT HAVE MATERIAL NON-CONTROLLING INTERESTS

The table below shows details of non-wholly owned subsidiaries of the Group that have material non-controlling interests:

Name of subsidiary	Place of incorporation and principal place of business	Proportion of ownership interests and voting rights held by non-controlling interests		Profit (loss) allocated to non-controlling interests		Accumulated non-controlling interests	
		2015	2014	2015 HK$'000	2014 HK$'000	2015 HK$'000	2014 HK$'000
SUD and its subsidiaries	PRC – Shanghai	41%	41%	32,973	402,656	6,697,155	7,122,110
Individually immaterial subsidiaries with non-controlling interests				(10,372)	16,127	280,690	507,933
				22,601	418,783	6,977,845	7,630,043

Summarised financial information in respect of each of the Group's subsidiaries that has material non-controlling interests is set out below. The summarised financial information below represents amounts shown in SUD's consolidated financial statements prepared in accordance with HKFRSs and before intragroup eliminations.

47. DETAILS OF NON-WHOLLY OWNED SUBSIDIARIES THAT HAVE MATERIAL NON-CONTROLLING INTERESTS (CONTINUED)

SUD and its subsidiaries

	2015 HK$'000	2014 HK$'000
Current assets	31,154,167	26,794,435
Non-current assets	6,238,267	5,087,114
Current liabilities	(13,371,799)	(10,656,773)
Non-current liabilities	(10,326,693)	(6,884,378)
Equity attributable to owners of the Company	6,996,787	7,218,288
Non-controlling interests	6,697,155	7,122,110
Revenue	2,185,457	5,582,387
Expenses	(1,828,157)	(4,755,165)
Profit before tax	357,300	827,222
Profit for the year	43,230	827,222
Profit attributable to owners of the Company	10,257	424,566
Profit attributable to the non-controlling interests	32,973	402,656
Profit for the year	43,230	827,222
Other comprehensive expense attributable to owners of the Company	(315,757)	(213,873)
Other comprehensive expense attributable to the non-controlling interests	(219,424)	(148,623)
Other comprehensive expense for the year	(535,181)	(362,496)
Total comprehensive (expense) income attributable to owners of the Company	(305,500)	210,693
Total comprehensive expense attributable to the non-controlling interests	(186,451)	254,033
Total comprehensive (expense) income for the year	(491,951)	464,726
Dividends paid to non-controlling interests	–	–
Net cash inflow (outflow) from operating activities	2,410,235	(1,020,117)
Net cash inflow from investing activities	23,368	319,680
Net cash inflow from financing activities	1,013,500	413,868
Net cash inflow (outflow)	3,447,103	(286,569)

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48. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

	2015 HK$'000	2014 HK$'000
Non-current assets		
Property, plant and equipment	2,495	334
Investments in subsidiaries	2,405,964	2,516,990
Amounts due from subsidiaries	6,652,071	8,997,377
	9,060,530	11,514,701
Current assets		
Amounts due from subsidiaries	9,503,752	8,049,095
Deposit and prepayment	2,883	7,667
Dividend receivables	469,589	469,589
Bank balances and cash	242,685	45,437
	10,218,909	8,571,788
Current liabilities		
Other payables and accruals	556,687	565,603
Amount due to immediate holding company	103,185	103,185
Amounts due to subsidiaries	1,888,286	2,150,003
Amount due to a related company	2,466	2,466
Dividend payable	6,976	6,423
Bank and other borrowings	3,333,000	1,000,000
	5,890,600	3,827,680
Net current assets	4,328,309	4,744,108
Total assets less current liabilities	13,388,839	16,258,809
Non-current liability		
Bank and other borrowings	2,337,600	4,627,807
Total assets less total liabilities	11,051,239	11,631,002
Capital and reserves		
Share capital	192,451	192,461
Reserves	10,858,788	11,438,541
	11,051,239	11,631,002

49. STATEMENT OF CHANGES IN EQUITY OF THE COMPANY

	Share capital HK$'000	Share premium HK$'000	Contributed surplus HK$'000	Share options reserve HK$'000	Exchange reserve HK$'000	Shareholders' contribution HK$'000	Accumulated losses HK$'000	Total HK$'000
As at 1 January 2014	192,461	10,325,453	–	66,842	1,909,456	2,475,111	(2,867,581)	12,101,742
Loss for the year	–	–	–	–	–	–	(181,944)	(181,944)
Exchange difference	–	–	–	–	(288,796)	–	–	(288,796)
Total comprehensive expense	–	–	–	–	(288,796)	–	(181,944)	(470,740)
As at 31 December 2014	192,461	10,325,453	–	66,842	1,620,660	2,475,111	(3,049,525)	11,631,002
Profit for the year	–	–	–	–	–	–	33,500	33,500
Exchange difference arising on translation into presentation currency	–	–	–	–	(560,026)	–	–	(560,026)
Total comprehensive expense for the year	–	–	–	–	(560,026)	–	33,500	(526,526)
Transfer to distributable reserve	–	(210,000)	210,000	–	–	–	–	–
Dividend declared	–	–	(52,927)	–	–	–	–	(52,927)
Forfeiture of share options	–	–	–	(17,475)	–	–	17,475	–
Repurchase of ordinary shares	(10)	(300)	–	–	–	–	–	(310)
As at 31 December 2015	192,451	10,115,153	157,073	49,367	1,060,634	2,475,111	(2,998,550)	11,051,239

50. DIVIDENDS

Dividends recognised as distribution during the year:

	Year ended 31 December	
	2015	2014
	HK$'000	HK$'000
2014 final dividend declared – HK1.1 cents (2014: nil for year 2013)	**52,927**	–

2014 final dividend of approximately HK$52,927,000 was declared and approximately HK$52,374,000 was paid during the year ended 31 December 2015 (2014: nil).

Subsequent to the end of the reporting period, a final dividend and a special dividend in respect of the year ended 31 December 2015 of HK1.2 cents (2014: HK1.1 cents) per ordinary share and HK1.6 cents (2014: nil) per ordinary share respectively have been proposed by the directors of the Company and are subject to approval by the shareholders in the forthcoming annual general meeting.

51. EVENT AFTER THE REPORTING PERIOD

On 8 January 2016, SUD, Green Carbon Fund, the Departing GP and the New Partners entered into a redemption agreement (the "Redemption Agreement"). Pursuant to the Redemption Agreement, Green Carbon Fund agreed to redeem the entire partnership interest held by SUD (the "Redemption") for a total consideration of RMB1,668,000,000 (equivalent to approximately HK$1,991,880,000) (the "Redemption Consideration"). The Redemption was completed at the date of signing of the Redemption Agreement which was on 8 January 2016 (the "Redemption Date"). According to the terms set out in the Redemption Agreement, RMB1,098,000,000 (equivalent to approximately HK$1,311,201,000) of the total consideration would be settled within five business days after the Redemption Date, RMB300,000,000 (equivalent to approximately HK$358,252,000) of the total consideration would be settled on or before 31 March 2016 and the remaining RMB270,000,000 (equivalent to approximately HK$322,427,000) of the total consideration would be received on or before 30 June 2016. As stated in the Redemption Agreement, any amounts SUD received previously from Green Carbon Fund and which remains to be owed to Green Carbon Fund could be used to offset the Redemption Consideration accordingly, an amount of RMB1,368,000,000 (equivalent to approximately HK$1,633,628,000) advanced by Green Carbon Fund to SUD before 31 December 2015, (see note 35) was offset against the Redemption Consideration which resulted in a remaining balance of RMB300,000,000 (equivalent to approximately HK$358,252,000) being owed by Green Carbon Fund to SUD. The remaining balance of the Redemption Consideration would be settled as follows: RMB30,000,000 (equivalent to approximately of HK$35,825,000) would be settled on or before 31 March 2016 and RMB270,000,000 (equivalent to approximately HK$322,427,000) would be settled on or before 30 June 2016.

Up to the date of this these consolidated financial statements are authorised for issue, the remaining balance of the Redemption Consideration has not yet been received.

FINANCIAL SUMMARY

	Year ended 31 December				
	2011 HK$'000	2012 HK$'000	2013 HK$'000	2014 HK$'000	**2015** **HK$'000**
Revenue	4,433,476	8,782,561	9,773,547	7,773,636	**3,871,923**
Profit before tax	166,442	421,612	782,094	1,731,044	**1,009,274**
Income tax charge	(731,953)	(388,301)	(476,377)	(1,151,080)	**(469,288)**
Profit (loss) for the year	(565,511)	33,311	305,717	579,964	**539,986**
Attributable to:					
Owners of the Company	(601,668)	(190,166)	143,471	161,181	**517,385**
Non-controlling interests	36,157	223,477	162,246	418,783	**22,601**
	(565,511)	33,311	305,717	579,964	**539,986**

	As at 31 December				
	2011 HK$'000	2012 HK$'000	2013 HK$'000	2014 HK$'000	**2015** **HK$'000**
Assets and liabilities					
Total assets	54,051,725	53,613,512	53,436,959	57,566,703	**63,780,450**
Total liabilities	(35,080,033)	(34,521,916)	(33,653,682)	(37,451,871)	**(44,266,699)**
	18,971,692	19,091,596	19,783,277	20,114,832	**19,513,751**
Equity contributable to:					
Owners of the Company	12,275,488	12,162,193	12,618,970	12,484,789	**12,535,906**
Non-controlling interests	6,696,204	6,929,403	7,164,307	7,630,043	**6,977,845**
	18,971,692	19,091,596	19,783,277	20,114,832	**19,513,751**

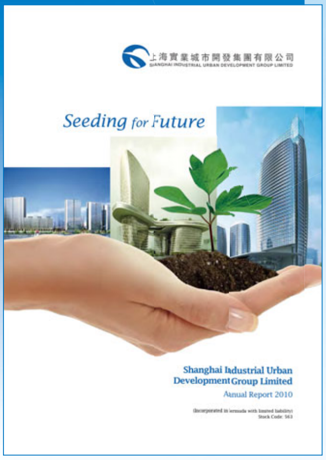
GLOSSARY OF TERMS

Term used	Brief description
"2016 AGM"	forthcoming annual general meeting of the Company is scheduled to be held on Wednesday, 25 May 2016
"Adoption Date"	16 May 2013, adoption date of the New Share Option Scheme
"Audit Committee"	audit committee of the Company
"Board"	board of Directors
"Circular"	reference was made to the circular of the Company dated 16 April 2013 in relation to the adoption of the New Share Option Scheme
"Code"	code provisions as set out in the Corporate Governance Code contained in Appendix 14 to the Listing Rules
"Company" or "SIUD"	Shanghai Industrial Urban Development Group Limited, a company incorporated in Bermuda with limited liability, the shares of which are listed on the main board of the Stock Exchange
"Company Secretary"	company secretary of the Company
"Cross Guarantee Agreement"	the cross guarantee agreement dated 26 December 2002 and entered into between SUD and State-owned Management Company
"Director(s)"	director(s) of the Company
"First Supplemental Agreement"	the first supplemental agreement to the Cross Guarantee Agreement dated 15 December 2009 and entered into between SUD and State-owned Management Company
"Group"	the Company and its subsidiaries
"Investment Appraisal Committee"	investment appraisal committee of the Company
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"Model Code"	Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules of the Stock Exchange
"N.A."	not applicable
"New Share Option Scheme"	pursuant to ordinary resolutions passed by Shareholders at its annual general meeting held on 16 May 2013, the Company adopted a new share option scheme
"Nomination Committee"	nomination committee of the Company

GLOSSARY OF TERMS

Term used	Brief description
"Remuneration Committee"	remuneration committee of the Company
"RMB"	Renminbi
"p.p."	percentage point
"Second Supplemental Agreement"	the second supplemental agreement to the Cross Guarantee Agreement dated 6 December 2012 and entered into between SUD and State-owned Management Company
"SFO"	Securities and Futures Ordinance (Chapter 571) of the laws of Hong Kong
"Shareholder(s)"	holder(s) of share(s) of the Company
"Share Option Scheme"	pursuant to ordinary resolutions passed by Shareholders at its special general meeting held on 12 December 2002, the Company adopted a share option scheme
"SIHL"	Shanghai Industrial Holdings Limited, a company listed on the Stock Exchange (stock code: 363)
"SIIC"	Shanghai Industrial Investment (Holdings) Company Limited
"State-owned Management Company"	上海徐滙國有資產投資經營有限公司 (Shanghai Xuhui State-owned Assets Management Co., Ltd.), a state-owned enterprise established under the laws of the PRC with Xuhui SASAC as the authorized representative exercising state-owned Shareholder's right over it
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"SUD"	上海城開(集團)有限公司 (Shanghai Urban Development (Holdings) Co., Ltd.), a company incorporated in the PRC with limited liability and is indirectly owned by the Company as to 59% and by Xuhui SASAC as to 41%
"Third Supplemental Agreement"	the third supplemental agreement to the Cross Guarantee Agreement dated 9 February 2015 and entered into between SUD and State-owned Management Company
"Xuhui SASAC"	上海市徐匯區國有資產監督管理委員會 (State-owned Assets Supervision and Administration Commission of Shanghai Xuhui District), a government authority authorised by and established directly under Shanghai Xuhui District People's Government for supervising and managing state-owned assets in the possession of Xuhui District, including but not limited to, exercising state-owned shareholders' right over SUD and a shareholder holding 41% of the equity interest in SUD

2010 ANNUAL REPORT



2011 25th ARC AWARDS

HONORS

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2011 ANNUAL REPORT

2012 / 2013 26th MERCURY EXCELLENCE AWARDS

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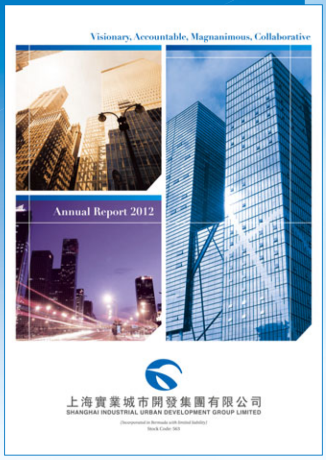
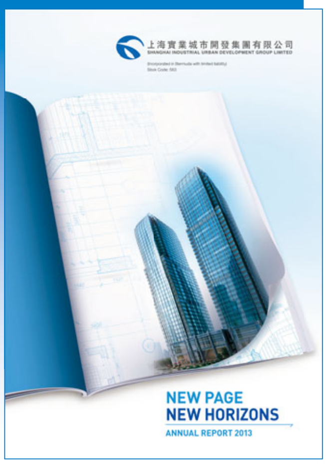


2013 ANNUAL REPORT



2014 / 2015 28th MERCURY EXCELLENCE AWARDS

BRONZE

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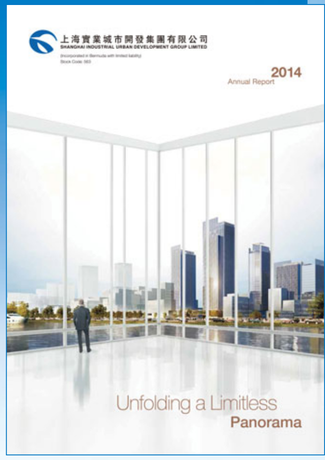
2014 ANNUAL REPORT



2015 29th INTERNATIONAL ARC AWARDS

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2015 LACP SPOTLIGHT AWARDS GLOBAL COMMUNICATIONS COMPETITION

GOLD AWARD / INDUSTRY AWARD (REAL ESTATE/REIT)

38 for “Top 100 Communications Materials of 2015”

2014-15 LACP VISION AWARDS

PLATINUM AWARD / INDUSTRY AWARD (REAL ESTATE/REIT)

26 for Top 50 Annual Report Worldwide

Best Report Financial Worldwide - Silver

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