



远洋地产

遠洋地產控股有限公司
Sino-Ocean Land Holdings Limited

(Incorporated in Hong Kong with limited liability under the Hong Kong Companies Ordinance)
(Stock Code: 03377)

New Ventures

Timely Changes

Annual Report 2015





ABOUT US

Sino-Ocean Land is one of the leading property developers with developments in key economic regions in the PRC and is actively accomplishing our national strategic plan with a coastal and riparian focus. We focus on developing mid-to high-end residential properties, high-end office premises and retail properties. We have over 60 development projects in various stages of development in 19 high growth cities across the country, including Beijing and Tianjin in the Beijing-Tianjin-Hebei Region; Dalian, Shenyang and Changchun in the Northeast Region; Shanghai, Hangzhou, Nanjing, Huangshan, Qingdao and Wuhan in the Central Region; Shenzhen, Guangzhou, Zhongshan, Hong Kong, Haikou, Sanya, Chongqing and Chengdu in the Southern Region.

On the back of our dedication to provide high-quality products and professional services, Sino-Ocean Land has built up a strong brand in Beijing-Tianjin-Hebei Region, the Northeast Region, the Central Region and the Southern Region. As at 31 December 2015, we had approximately 19,921,000 sq.m. of landbank, in which projects located in first and second-tier cities accounted for about 93% of our total landbank.

Currently, Sino-Ocean has been selected as a constituent of the Hang Seng Composite Index (“HSCI”), the Hang Seng Composite Industry Index — Properties and Construction, Hang Seng Mainland 100 Index, Hang Seng Composite Mid Cap Index, Hang Seng Global Composite Index and Hang Seng Mainland Property Index.





The background features a vertical bamboo plant on the left side, partially obscured by a semi-transparent blue overlay. The rest of the background is a deep blue gradient with several thick, wavy, concentric lines in shades of cyan and light blue, creating a sense of motion and depth.

Gathering momentum for New Ventures

Timely Changes to address inadequacies



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Financial & Operation Highlights

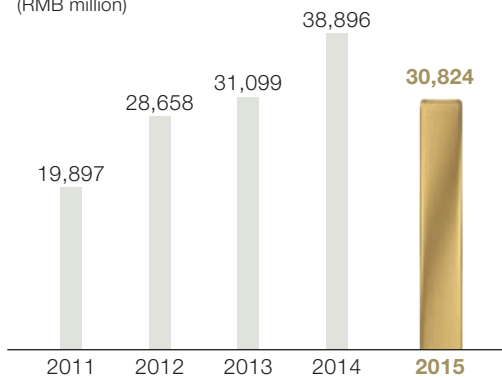
Financial Highlights (RMB million)	2015	2014	Change (%)
Contracted Sales	40,537	40,142	1%
Revenue	30,824	38,896	-21%
Gross profit	6,354	8,167	-22%
Profit for the year	2,251	4,606	-51%
Profit attributable to owners of the Company	2,384	4,597	-48%
Core profit	3,065	3,566	-14%
Total assets	148,185	132,212	12%
Equity attributable to owners of the Company	43,764	43,024	2%
Cash resources ¹	23,726	16,336	45%
Financial Information per share			
Earnings per share (RMB)			
— Basic	0.284	0.590	-52%
— Diluted	0.283	0.588	-52%
Dividend per share (HKD)	0.125	0.240	-48%
Financial Ratios			
Gross profit margin (%)	21%	21%	—
Core profit margin (%)	10%	9%	1 pt
Net profit margin (%)	7%	12%	-5 pts
Net gearing ratio (%) ²	59%	66%	-7 pts
Dividend payout ratio (%)	33%	31%	2 pts
Current ratio (times)	2.0	1.9	5%
Operational Highlights (thousand sq.m.)	2015	2014	Change (%)
Landbank	19,921	19,880	0.2%
Saleable GFA sold	3,197	2,923	9%
Saleable GFA delivered	2,058	2,978	-31%

Notes:

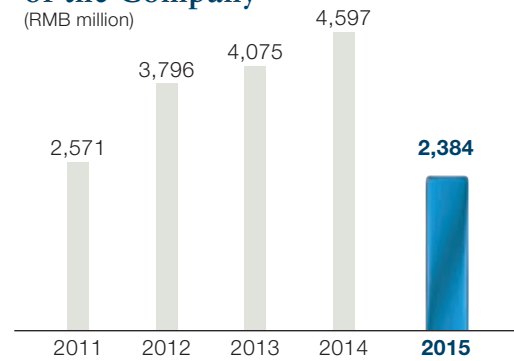
- 1 Including the restricted bank deposits
- 2 Total borrowings minus cash resources divided by total equity

Financial & Operation Highlights

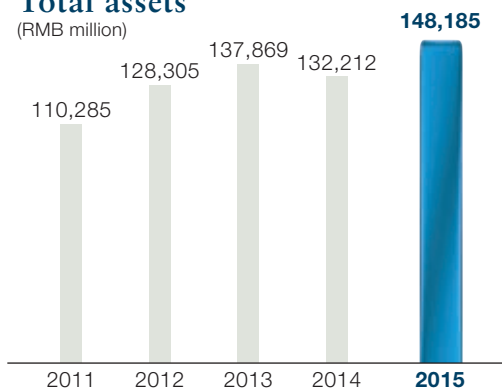
Revenue (RMB million)



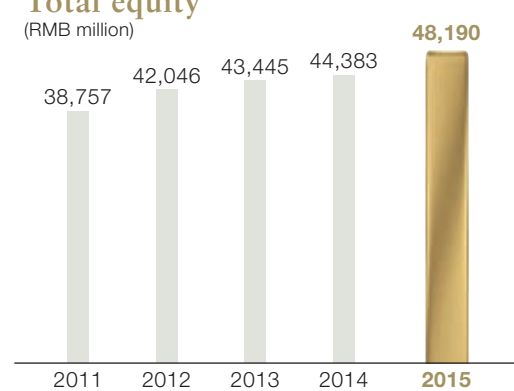
Profit attributable to owners of the Company (RMB million)



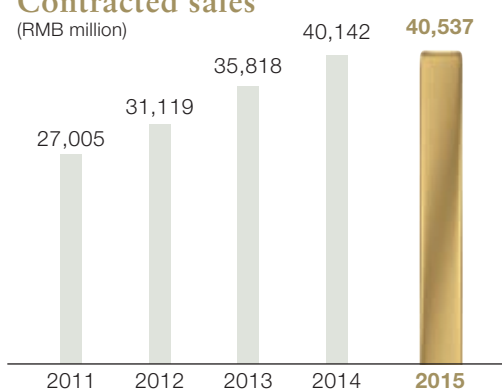
Total assets (RMB million)



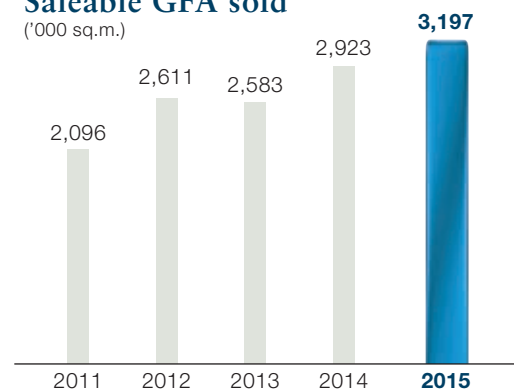
Total equity (RMB million)



Contracted sales (RMB million)



Saleable GFA sold ('000 sq.m.)





Sino-Ocean Land as a Nationwide Corporation, Our Project Coverage has been Extended to 19 Cities all Over The PRC.

BEIJING-TIANJIN-HEBEI REGION

Beijing, Tianjin

Total GFA: 12,057,000 sq.m.

Total landbank: 8,234,000 sq.m.

No. of projects: 28

NORTHEAST REGION

Dalian, Shenyang, Changchun

Total GFA: 8,256,000 sq.m.

Total landbank: 5,069,000 sq.m.

No. of projects: 9

CENTRAL REGION

Shanghai, Hangzhou, Nanjing, Huangshan, Qingdao, Wuhan

Total GFA: 3,756,000 sq.m.

Total landbank: 2,964,000 sq.m.

No. of projects: 15

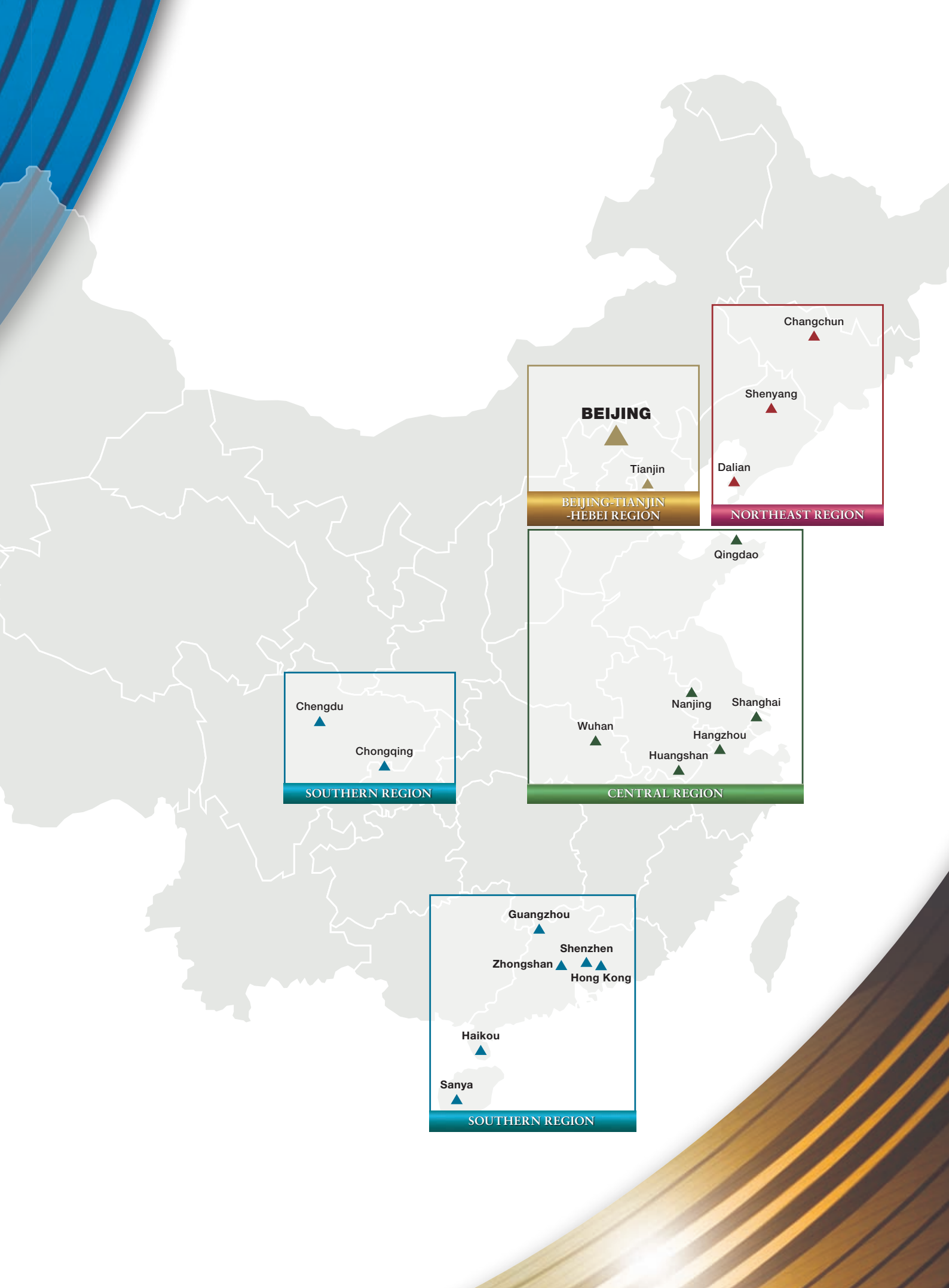
SOUTHERN REGION

Shenzhen, Guangzhou, Zhongshan, Hong Kong, Haikou, Sanya,
Chongqing, Chengdu

Total GFA: 6,786,000 sq.m.

Total landbank: 3,654,000 sq.m.

No. of projects: 16



BEIJING

Tianjin

BEIJING-TIANJIN
-HEBEI REGION

Changchun

Shenyang

Dalian

NORTHEAST REGION

Qingdao

Nanjing

Shanghai

Wuhan

Hangzhou

Huangshan

CENTRAL REGION

Chengdu

Chongqing

SOUTHERN REGION

Guangzhou

Shenzhen

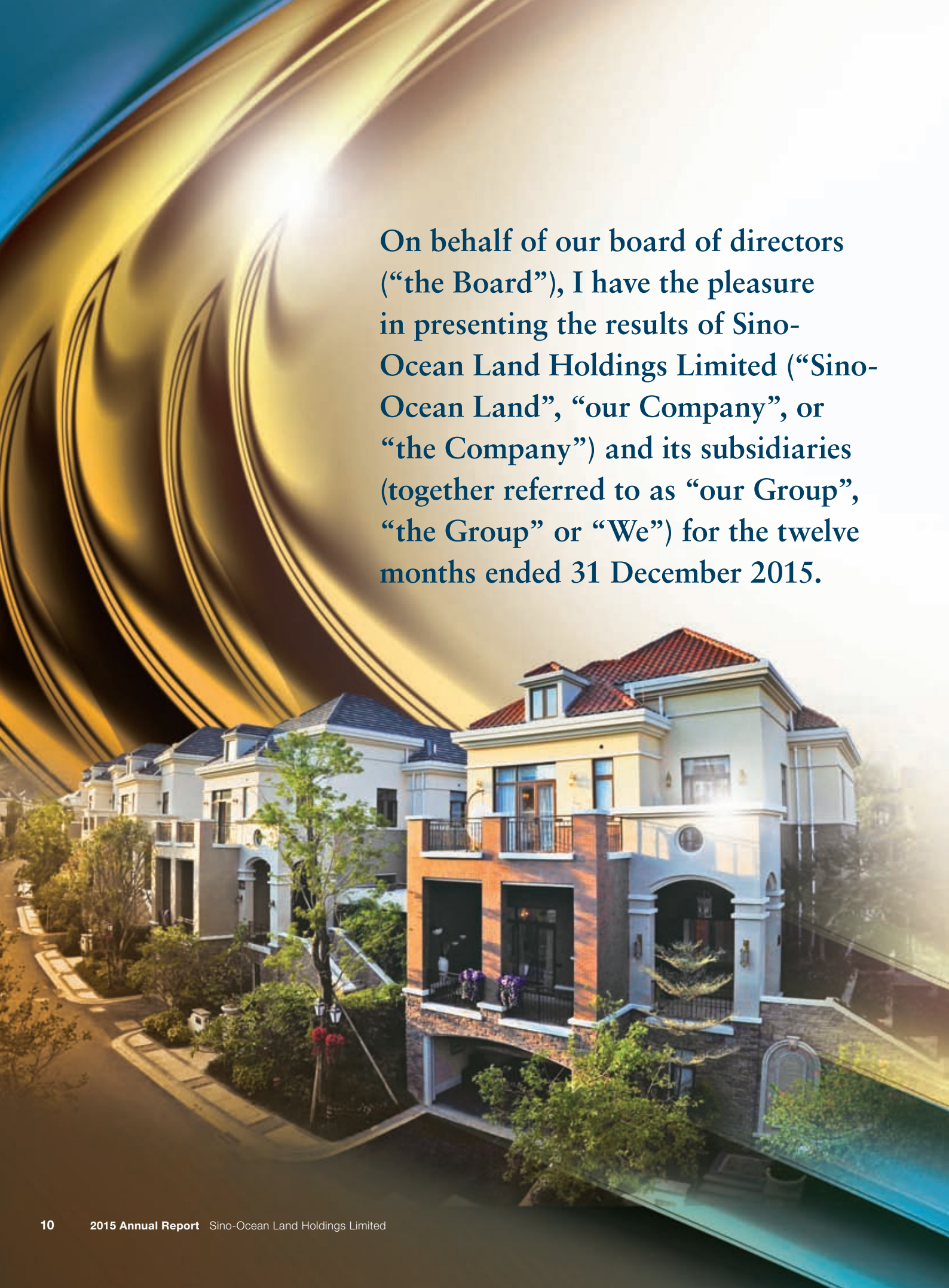
Zhongshan

Hong Kong

Haikou

Sanya

SOUTHERN REGION



On behalf of our board of directors (“the Board”), I have the pleasure in presenting the results of Sino-Ocean Land Holdings Limited (“Sino-Ocean Land”, “our Company”, or “the Company”) and its subsidiaries (together referred to as “our Group”, “the Group” or “We”) for the twelve months ended 31 December 2015.

Chairman's Statement



LI Ming
Chairman

RESULT OF 2015 AND FINAL DIVIDEND

For the twelve months ended 31 December 2015, our Group recorded RMB30,824 million in revenue, a decrease of 21% compared to the previous year. Gross profit margin for the year remained stable at 21%. Profit attributable to owners of the Company and core profit were RMB2,384 million and RMB3,065 million, dropping 48% and 14% respectively, and earnings per share were RMB0.284.

Based on the profit attributable to owners of the Company in 2015, the Board is pleased to propose a final dividend of HK\$0.05 per share for the year ended 31 December 2015. Together with the interim dividend of HK\$0.075 per share, total dividend per share for 2015 was HK\$0.125 (2014: HK\$0.24), representing a dividend payout ratio of 33% (2014: 31%). The payment of the 2015 final dividend would be subject to shareholders' approval at the Company's annual general meeting (the "AGM").

BUSINESS REVIEW

Strategy review

2015 was the first year in the Group's fourth phase of strategic development. In view of the new circumstances and changes in the industry, our Group observed the principles of 'prioritizing efficiency, making changes proactively, operating prudently, managing risks, making long-term decisions and seeking ultimate standards' while implementing our various tasks, making a solid move towards reaching our targets.

A diversified business with four focuses emerged as business structure was re-aligned

In accordance with the fourth phase of strategic development, our Group adopted a holistic approach to build a diversified business with focuses on residential development, investment property development, customer services business and real estate financing. In 2015, we increased our investments in investment properties, customer services and real estate financing. The ratio of property development in our new capital investment declined from 90% in the past to 60%.

Chairman's Statement

Residential development

Our Group's contracted sales in 2015 amounted to RMB40,537 million, same as 2014 on the whole but the quality of sale substantially improved since the launch of information management system. On the one hand, our Group's criteria for confirmed sales were more stringent. In addition, our core profit margin was stable.

Investment property development

After years of cultivation, the investment property development yielded results and opened up a vast space for future development. In 2015, our Group's investment properties in operation in first and second-tier cities including Beijing, Tianjin and Chengdu were over 700,000 sq.m. in GFA and 5-year Compound Annual Growth Rate (CAGR) was 40%. Together with our joint ventures and associates, total revenue in the year reached RMB1,488 million, 5-year CAGR was 37%. Currently, our Group's three grade A office premises which are located in Ocean Plaza, Ocean Office Park and Ocean International Center Block A are entering maturity, with EBITDA profit rate above 80%. Our self-owned-brand properties 'We-Life' for the retail sales gradually emerged from the cultivation period with noticeable increase in rental income. Joint projects with Swire Properties Limited, INDIGO and Sino-Ocean Taikoo Li Chengdu located in Beijing and Chengdu respectively, also became important land mark complexes.

Customer service business

To further improve management and efficiency, our Group consolidated its traditional property management services to form Ocean Homeplus Property Service Corporation Limited. Its listing application on the National Equities Exchange and Quotations System was submitted in December 2015 and official listing is expected in 2016. Ocean Homeplus Property Service Corporation Limited currently manages 88 projects of approximately 30 million sq.m. in GFA including residential units, high-end apartments, villas, top grade offices and shopping malls. Over 50% of the properties are mid to high-end in first and second-tier cities.

Our Group enjoyed a substantial growth in our senior living operation capabilities. In 2015, occupancy rate in our two operating projects in Beijing (Senior Living L'Amore Yizhuang and Senior Living L'Amore Shuangqiao) rose considerably. The third project, namely Senior Living L'Amore-Qingta will open in March 2016. Our Group also acquired two senior living projects in Shunyi and Tongzhou, both in Beijing, making a breakthrough in planning location of asset-centric products.

As regards the innovation aspects of customer services, the on-line community service O2O platform Yijiequ had attracted over 200,000 subscribers and nearly 100 suppliers since its launch in May 2015. In September 2015, our healthcare service was branded 'Health is Here' and the first community healthcare project has been on trial since January 2016. The trial of OK Space, a new joint-office business in Ocean International Center Block A in Beijing, produced satisfactory result.

Real estate financing

In accordance with the requirements of our strategy, our Group actively developed real estate financing business through real estate funds, equity investments and overseas investments in 2015 to realize our strategic dual driver "Business Operation and Capital Operation". The volume of new assets and managed assets in real estate funds grew significantly. For equity investment, our Group subscribed for the shares of China Huarong Asset Management Co. Ltd., the biggest asset management company in China, at a consideration of approximately US\$680 million in October 2015 and became the largest cornerstone investor in China Huarong's Initial Public Offering. In the future, both companies will work closely on the disposal of distressed assets and property development. As regards overseas investment, our Group's subsidiary, Gemini Investments (Holdings) Limited, invested in Rosemont, a real estate fund in the U.S.. New assets being managed amounted to US\$1.8 billion as at 31 December 2015. The Company continued to seek opportunities in the U.S. and Australia.

Re-aligned regional structure and optimized city locations

Our Group was determined to optimise location planning by targeting first and second-tier cities. Having made a strategic judgment, our Group has been withdrawing from third and fourth-tier cities since 2014 and disposed certain low-yield projects of 6 million sq.m. At the same time, our Group acquired more land plots in the market down cycle and replenished about 10 million sq.m. of landbank in 2014 and 2015 in first and second-tier core cities including Beijing, Shanghai, Tianjin and Wuhan to meet future development needs. In the first half 2015, our Group firstly entered Guangzhou, Hong Kong and Nanjing. As at the end of 2015, over 90% of our Group's landbank is in first and second-tier cities. Having built a reserve of top quality land resources, our Group has completed the re-alignment of regional structure.

Fine-tuned debt structure and expanded finance channels

In 2015, our Group restructured the maturity, type and cost structure of interest-bearing loans through various means. At the beginning of the year, our Group issued fixed-rate guaranteed notes totaling US\$1.2 billion with a weighted average cost of only 5.08%. In mid-year, the Group seized the opportunity provided by a relaxation in domestic finance channels to issue a total of RMB10 billion domestic corporate bonds with the lowest coupon rate at 3.78%. As at the end of 2015 our Group's average cost of capital dropped from 7.08% in 2014 to 6.25% and net gearing ratio also declined from 66% at the end of 2014 to 59%. In addition, we adjusted our debt maturity so that the ratio of maturity within a year dropped from 24% in 2014 to 16%. As a result, our Group optimized the capital structure and lowered the cost of funding, and is thus in a stronger position to withstand risks.

Modified organization structure and revamped incentive mechanism

In line with our strategic planning, our Group established a management framework in the beginning of 2015 comprising the business units and functional centers based on the principles of "business-oriented, flat and flexible". A business unit is a profit center and its decision capacity was expanded to enhance decision quality and efficiency. A functional center is a management center whose role is to support decision-making, develop professional standards, share supervision and generate new ideas. We explored and set up a new incentive mechanism that is based on a project's full-cycle sales result, diminishing boundaries, and equating between targets and rewards to encourage full commitments from the entire sales force.

2015 MARKET REVIEW AND GROUP STRATEGY

Following the trend in 2014, profound changes in China's real estate industry continued in 2015. As China's economy went into a new norm and policies for the real estate industry still aimed at 'encouraging consumption and de-stocking', numerous beneficial policies were rolled out. To boost demand for commodity housing, the Central Government reduced interest rates, required reserve ratio and deposit for personal home mortgage several times. Transaction tax for second-hand properties was also reduced. Local authorities lowered the purchase threshold by adjusting the policies for provident funds and household registration and offered deed tax allowance and cash subsidy. On the supply side, both the Central Government and local authorities rolled out policies to optimize land supply, regenerate existing stock, allow conversion of finished commodity housing to settlement housing or public housing to speed up 'supply-side reforms'.

As more favorable policies were announced, the property market was in a relaxed status never seen before. As market confidence returned, sales volume of commodity housing in China recorded high last year. Data from the National Bureau of Statistics of China indicated that total sales of commodity housing in China in 2015 was RMB8,728.1 billion, not only exceeded that in 2014 (14.4% increase year-on-year) but also in 2013 (7.2% increase year-to-year), reaching the highest in history. Total GFA of commodity housing sold was 1.285 billion sq.m., a 6.5% increase year-on-year compared to that in 2014 but 1.6% lower than in 2013.

Despite a record high sales volume, the imbalance in supply and demand was still a serious problem for the industry as stock of commodity housing also reached a new height. Data from the National Bureau of Statistics of China showed that the GFA of commodity housing ready to be sold at the year end of 2015 was 718 million sq.m, 15.6% more than that in the end of the year before and at a record high. GFA ready to be sold increased faster than growth rate of GFA sold. Besides, total investment in property development in China grew 1% to RMB9,597.9 billion only in 2015 compared to the previous year, a record low growth rate but still high in amount. As a result of over-development in the past years, there was enormous pressure in shifting stock in the industry.

Chairman's Statement

Differentiation of the property market also intensified. The strong consumption capacities of first-tier cities and some prosperous second-tier cities contributed to the strong market demand, coupled with the easing policies of the government, housing prices stayed high for the year. Third and fourth-tier cities and some less prosperous second-tier cities, despite the increase in their trade volume, were still under considerable pressure from the high stock level, as a result, housing prices remained stable or slightly declined. Home prices in 100 major cities released by the China Index Academy showed that accumulated growth in home prices in the past year was 4.15%, among which, the growth in first-tier, second-tier and third-tier cities were 17.2%, 0.53% and -1.09% respectively. Disparity between different regions and tiers continued to widen with major property developers increasingly focusing on first-tier and major second-tier cities.

In view of new developments of the real estate industry, numerous property developers made attempts in new business sectors and upgrade. On the one hand, they actively cultivated the traditional business to extend both up and down-streams, as well as created new products and business models to raise profitability. On the other hand, they explored opportunities in related areas to seek profit growth and to go towards becoming a conglomerate.

2016 MARKET OUTLOOK

Under the new norm of stable growth in China's macro economy in 2016, the real estate industry is still challenged by continued stockpiling, sluggish investment and lower profitability. Differentiation of market will carry on while companies continue to focus on de-stocking and encouraging spending. Upgrading and transformation of companies, mergers and acquisitions, restructuring and elimination of weaker players will all be intensified.

In 2016, policies for the real estate industry will continue to relax. The Central Government clearly outline the objective of 'Removing the over-piling stock, facilitating the real estate industry development.' In the short-term, the monetary policy can be further flexible while reforms in the household registration system and land system will beef up urbanization and further encourage demand. Driven by de-stocking and supply-side reform, the property market will remain stable. Total sales in the year both in terms of GFA and amount will be similar to last year. When the pressure of stock is eased and supply is adjusted, price in general is expected to be

stable or even looking up. Differentiation among cities, however, remains. Economic outlook in first and major second-tier cities is comparatively stronger as they are able to attract mobility. These cities have the potential to drive up property price and thus are more favored by developers. Restrained by high stock level, third and fourth-tier cities will continue to encourage transactions with favorable prices to customers.

In the silver era, it is commonly acknowledged by the industry that changes and reforms are necessary. The golden era for property development being the principal business is in the past. Real estate based financing, customer services and 'Internet +' are all emerging. Companies are competing on different platforms and are all taking on new challenges of reinvention and new ventures. Industry competition will be more fierce and diverse in the coming future. To secure a better future, developers can only follow with the trend and reinvent themselves, develop new business models and ideas for profit growth, and embrace a diversified development.

OUR STRATEGY IN 2016

In view of the new circumstances and changes in the industry, our Group will adhere to the objectives and requirements set by the fourth phase of strategic development. We will work according to the principles of 'optimizing our location planning, offering new products, enhancing services and co-operating with shareholders' to ensure quality, sustainable and steady growth.

Optimizing investment planning, reinforcing development with four focuses

Our Group will persevere on a holistic approach for our investments. We will optimize investment on the four focuses comprising residential business development, investment property, customer services residential business and real estate financing. For the traditional business of property development, we will continue to concentrate on the more energetic first-tier and core second-tier cities. We will also seek other investment channels such as urban renewal, mergers and acquisitions and disposal of distressed assets, as well as raise the portion of high-yield products in our portfolio. In addition, our Group will increase investment in real estate financing and modern customer services with our own capital to cultivate these businesses into new growth sources.

Enhancing customer-centric services and reinforcing brand influence

With its base on real estate industry, our Group will seize the opportunities to invest in the real estate industry chain and make service income from customers our major source of revenue contribution. Focusing on customers' needs, we will raise service standards and efficiency with an innovative and vigorous approach. We will also commit more resources in joint-office, asset custodian, community O2O, senior living and healthcare to raise scale of business in these areas and achieve synergy with traditional business. By creating an integrated and professional customer service platform, our brand influence will be reinforced.

Strengthening product research for even higher quality and originality

One of our Group's missions is to create a high-quality environment for the residents in mid-to-high end cities and the clients from high-end businesses. As the enhancement of products becomes the mainstream demand in the market, environmentally-friendly products are gaining popularity among our customers. In 2015, our Group cooperated with Delos, a real estate developer in the U.S., International WELL Building Institute (IWBI) and Green Building Certification Institute to implement WELL building standards in our Group's first project in Guangzhou, Elite Palace, making the project a pioneer project in China to apply the WELL building standards. Looking forward, our Group will focus on the green aspect and enhance the environmentally-friendliness of our products so as to raise competitiveness of our products and improve customers' loyalty.

Our Group is building an integrated system to streamline across interior design, construction and costing functions. Through our commitment to professionalism, we raise our product positioning and design prowess, shorten the construction cycle and reduce costs without compromising on the product quality. Being customer-oriented, we align product functionality with customers' needs, thus boosting the competitiveness and earning power of our products as well as customer loyalty.

Keep enhancing the synergies with major shareholders

China Life Insurance Group is the largest shareholder of our Group and we are the only listed company of which China Life Insurance Group is a major shareholder to engage in property development, investment and related services professionally. Since 2009, China Life Insurance Group has given our Group great support in various aspects, namely capital, operations and business cooperation. In the future, both parties will continue to strengthen the co-operation in real estate financing, project co-investment, investment properties operation, senior living and property service for the enhancement of strategic synergies.

At the end of 2015, Anbang Insurance Group Co. Ltd became one of our major shareholders. Equipped with solid capital capability and extensive investment experience, Anbang has progressed rapidly in insurance, finance and real estate in the past few years. As the property investment platform for both substantial shareholders, our Group can further maintain and enhance its capital resources, as well as complement shareholders' advantages in various aspects in order to attain greater synergies in business. The future development of our Group holds great promise.

APPRECIATION

On behalf of the Board, I would like to extend my deepest gratitude to all shareholders, investors, local authorities, business partners and customers who have been most supportive; also to our directors, management and the entire staff for their dedicated hard work. We could not have performed so well and achieved our targets in the past year without their unflinching support!

LI Ming
Chairman

Hong Kong, 21 March 2016

Corporate Social Responsibility Report



In line with the 2015 annual theme of “The Ultimate; The Will to Change”, the fourth phase of strategic development strategy was launched in 2015 accordingly. Based on an all-encompassing perspective, we have built a new business portfolio dominated by four major businesses. Through a wide range of fruitful endeavours, we has achieved a number of positive outcomes. Meanwhile, we have also been engaged in reflections on how to fulfill our corporate social responsibility under the new scenario. Through analysis of our corporate development strategies, we have persisted in communication and cooperation with our seven major stakeholders, namely investors, government, employees, customers, environment, partners and community to undertake responsibilities in workplace environment, environmental protection and community involvement. In addition to the progress achieved by our social responsibility regime in a scientific and sustainable manner, our endeavours in corporate social responsibility have also provided a valuable reference for the Group’s business management principles and directions.

Scope of Report

This report is aimed at giving an account of our performance and deliverables of the strategies implemented in 2015 in connection with corporate social responsibility. This report covers many aspects of our operations, including our workplace environment, environmental protection, operation practices and community involvement, and discusses our protection of staff benefits, outcomes in green construction and deliverables in community involvement. In this report, our relentless effort in connection with workplace environment and community involvement is highlighted.



Active Participation by Stakeholders

Our seven major stakeholders include investors, government, employees, customers, environment, partners and community. We are committed to seeking co-developments with our stakeholders and benefiting the community with the achievements of such developments.

We published corporate social responsibility reports every year since making available our first edition in 2010. Through the publication of the corporate social responsibility report, we come to appreciate the necessity of understanding our stakeholders, fostering mutual trust and interacting with the stakeholders. As such, we have commenced numerous programmes to engage in active communication with stakeholders, in order to understand the latest developments of our stakeholders, share our development status and future plans in a timely manner, as well as giving serious response to their feedback. During the reporting period, we conducted a detailed research on the concerns of stakeholders through a WeChat questionnaire and engaged in communications with them via return phone calls and mails.

Environment protection: a consistent tradition

We are one of the pioneer property developers in China to introduce the green construction system in residential and commercial property development. Since 2010, we have been actively engaged in the environment-friendly conversion of old quadrangle compounds in Beijing under our “New Green Environment for Old Communities” initiative. From the “Zero-carbon Quadrangle Compound” and “Hydro-recycling Quadrangle Compound” to the “Optical Energy Quadrangle Compound”, “Sino-Ocean” branded projects has been closely scrutinised by various sectors in the community with positive acclaim for their strong influence as exemplary cases, especially in view of their relatively small scale. Elsewhere, the birth of Sino-Ocean Jingtang Primary School has been the product of profound reflections of all our employees upon their social responsibility in the wake of the shockingly calamitous Ya’an earthquake in Sichuan in 2013. It was the first turnkey project marked with the label of “Sino-Ocean”, which had provided funds, staff and technical support throughout the entire building process from site

Corporate Social Responsibility Report

prospecting and selection to design, construction and fitting. After 13,000 men-hours of professional, dedicated efforts by the volunteers, Sino-Ocean Jinggang Primary School was officially completed and delivered in April 2015. It signifies a further upgrade of the "Sino-Ocean" label, manifesting our compassion and commitment in disasters while also showcasing the energy-saving, environment-friendly and sustainable green construction standards persistently upheld by us.

The green standards have been visible across the spectrum of our Group's endeavours, from community aid to our owned buildings. In December 2015, Ocean Plaza (Beijing) was awarded a LEED-EB gold rating, being the 12th LEED title received by us.

Starting from 2013, Sino-Ocean Hotel Property Management Limited (中遠酒店物業管理有限公司), our subsidiary, has been organising and procuring our projects the establishment of a management regime comprising the regimes for quality standards, environmental protection standards and occupational safety standards. For example, at our headquarters in Ocean International Center Block A (Beijing), effective control over energy consumption has been implemented through measures such as balancing adjustments between peak-hour and off-hour consumption for the central air-conditioning and refrigerating system, lighting and black-out arrangements based on sunrise and sunset hours, researching on electricity consumption during public hours. In 2015, annual power savings amounted to more than 1.77 million kwh.

As a corporation that upholds on the principle of eco-friendliness, we are equally concerned about the management of a green office. We have been vigorously promoting the green office. Employees are encouraged to use the staircase instead of the elevator, be discreet about air-conditioning temperature and reduce the use of disposable paper cups. Tele-conferences and video-conferences have also been strongly advertised, as we aim to drive for less consumption and more recycling in earnest fulfillment of our duty to the environment.

During the reporting period, there was no material non-compliance with relevant standards, rules, laws and regulations, nor were there any reports of material environmental incidents.

Energy consumption at Ocean International Center Block A (Beijing), where our headquarters is located:

Energy	Consumption in 2015
Electricity	11,842,577 kW-hrs
Water	169,054 tonnes



A Compliant and Transparent Supply Chain

In adherence to the principles of “transparency and fairness, reasonable and competitive prices, confidentiality and avoidance”, our Group’s entire supply chain procurement process is conducted via an online setup known as “Seagull II Tender Platform”. Every step and section can be checked and verified online with readily accessible relevant information to ensure procurement tenders are awarded in a fair and impartial manner. Regional strategic procurement has been adopted based on the characteristics of different regions to take advantage of the benefits of local supplies. Through the stringent procedures of “Seagull II Tender Platform”, suppliers who are required under national regulations to possess environmental management certification must possess relevant certification for inspection, verification and filing. All our suppliers who are required to be certified under national regulations are duly certified as such.

Commitment to Quality Assurance

The protection of customers’ information and consumers’ privacy has always been of paramount importance to us, we have formulated the Code for the Administration of Customers’ Information to exercise rigorous control over access to and use of customers’ information. The Code for the Administration of Customers’ Information form an essential element in the induction training of new employees. All newcomers, especially those concerned with customers’ information, are required to attend training and strictly comply with the relevant code. Use of customers’ information by any employees in violation of the rules, once proved culpable, will result in severe punishment. For our customers’ information system, stringent limitations have been imposed in the information enquiry function. Sales staff and person-in-charge are only able to enquire about customers who they are responsible for. In this way, the improper acquisition of customers’ information is avoided, and the risk of divulging customers’ information is reduced.



Corporate Social Responsibility Report

Being an open and transparent listed corporation, we take every comment seriously. Each business unit has set up its own channel for communication with customers and a system for handling complaints with the aid of IT advances, so as to ensure that all customer complaints are handled in a timely manner. Customer complaints will be promptly referred to the responsible personnel and a final follow-up is furnished within 2 days after the subject matter has been resolved. In 2015, we received a total of 17,818 complaints from customers and resolved 17,468 of them, representing a complaint solution rate of 98%.

Safety as Priority with Clear Delegation of Responsibilities

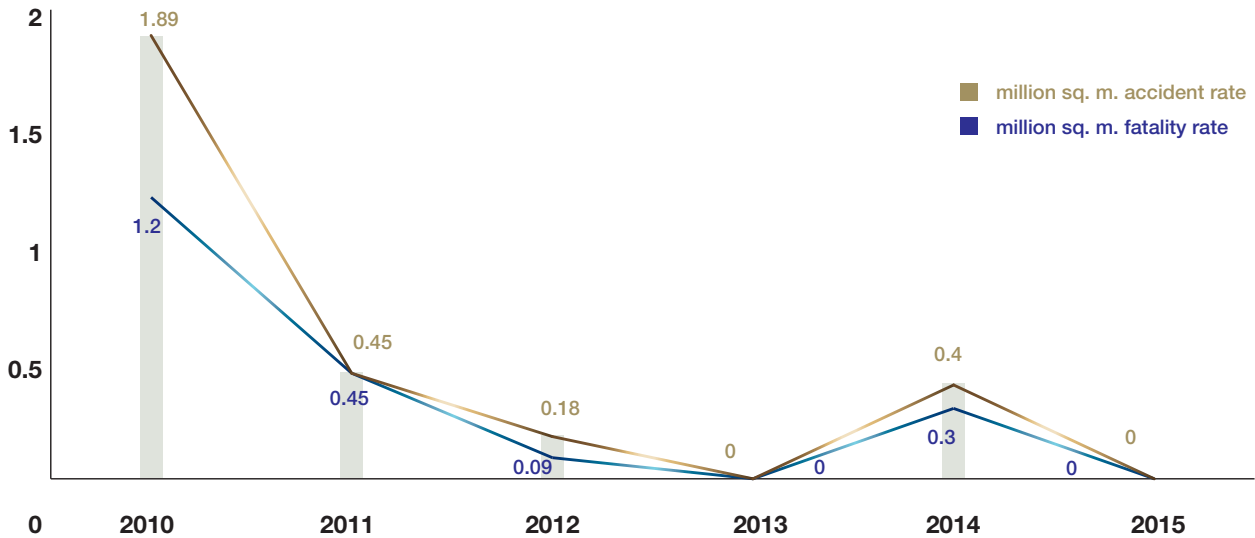
In persistent adherence to the directives of “safety as priority, emphasis on prevention and integrated management” and the principles of “clear delegation of responsibilities and effective supervision”, our Group has developed a comprehensive safety management system covering all business units, particularly the product construction segment. We have set up codes relating to safety management which provide strong support for the

supervision and management of safety matters in daily operations.

To effectively address unforeseen safety incidents, we have formulated the “Plan for Emergency Aid in Safety Incidents” and formed an emergency steering group for safety incidents. All subordinate units of our Group have also formulated emergency plans and formed emergency steering groups, ensuring a sound emergency management system for the Group as a whole. To enhance all our employees’ awareness of their responsibilities for safety matters and their management capabilities, the safety department has organised training on a regular basis. With the results of training and information shared within our Group, the expertise and management ability of safety-related staff have been effectively strengthened as a result.

In 2015, the Group reported zero incident in relation to liabilities arising from production safety and zero work injury or casualty.





Best Employer: a Worthy Reward

Our strong influence in six aspects, namely employer's image, organisational management, brand strategy, training development, remuneration and benefits and workplace environment, has been eloquently reflected in the honour of our reward among the top 100 best employers of China for two years in row. With reference to the different features of by our four major operations under the fourth phase of strategic development strategy, we have developed a diversified regime for basic remuneration based on the market levels of remuneration for the respective sectors, so as to ensure the competitiveness of our remuneration and enhance our ability to attract high-calibre talent in the market and retain a core team of personnel. In respect of our new business ventures, we have been developing a mechanism of venture partnership with a strong emphasis on the venture spirit. Meanwhile, staff contributions are mirrored through a remuneration system closely associated with performance

appraisal, in a bid to motivate employees to share rewards as well as risks with the Company. Staff rankings and grades are reviewed based on broad considerations, such as qualifications, performance, competence and the nature of duties, in order to provide employees with opportunities for promotion.

In addition to the benefits stipulated under relevant laws and regulations, we further provide employees with company benefits, such as the Mid-Autumn Festival gratuity which shows appreciation for the support of employees' families, as well as supplementary business insurance for employees' health protection. Such measures have reflected our bountiful care for our employees.

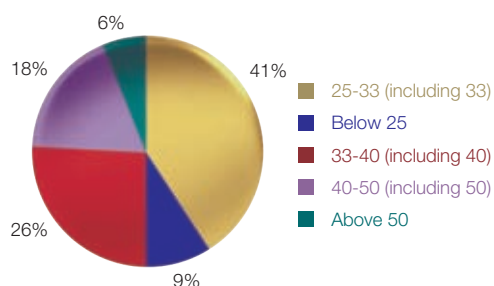
Corporate Social Responsibility Report

As at 31 December 2015, our Group had 7,143 employees. Details of our Group employees are as follows:

Staff turnover	2011	2012	2013	2014	2015
Resignation	1,283	1,115	1,452	1,405	1,348
Ratio	15.90%	17.80%	19.80%	16.15%	14.10%
Dismissal	490	629	396	790	905
Ratio	6.10%	10%	5.40%	9.08%	9.50%

Age	2011	2012	2013	2014	2015
Average age	33	33	33	34	34.5

Age



In June 2015, more than 400 employees and their families assembled at the Northern Zone of Olympic Forest Park in Beijing to take part in “Sino-Ocean Healthy Walk 2015”. This aero-fitness activity, hugely popular around the world for its eco-friendly, fashionable and healthy features, was a good opportunity for employees to embrace a healthy and fashionable lifestyle and a fine occasion for boosting staff morale and representing ourselves as a united force.

The Self-Discipline Pledge for Business Integrity

To ensure loyal, honest and ethical conduct of employees and safeguard the reputation of the Company, we have invited professional institutions to provide trainings on the updated Corporate Governance Code issued by The Stock Exchange of Hong Kong Limited (the “Stock Exchange”). In 2015, we organised 10 sessions of legal training with a total enrolment of more than 540 staff participants.

In early 2015, our Group procured the signing of the “Self-Disciplinary Undertaking of Intermediate and Senior Management of Sino-Ocean” by intermediate and senior management personnel. Starting from 2015, the responsibility auditing of qualifying in-service intermediate and senior management personnel was carried out, with special focus on the delivery of business results and business integrity in the performance of duties. In connection with anti-corruption, our Group has created a designated supervisory position in our Group’s risk management center. Clauses against business bribes are expressly set out in our employment contract. The scope of prohibited business bribes and business corruption is clearly stated in documents such as “Sino-Ocean Land Holdings Limited Code of Conduct for Employees” and “Sino-Ocean Land Holdings Limited Code of Conduct for Intermediate and Senior Management”. We were not aware of any corruption cases made against the Company or its employees in 2015.

Diverse and Enriching Staff Training Programmes

We have formed a learning regime based on its three major training camps, including the “Captain’s Training Camp”, “Set-sail Training Camp” and “Seafarers’ Training Camp”. With the integration of its previous learning systems and the joint operation of multiple learning platforms, learning has been made much more convenient, while a number of innovations and breakthroughs have been introduced in the formats and contents of learning. Apart from the step-by-step implementation of new requirements under our Group’s strategy in various key projects, endeavours have also been made to introduce new learning formats and models through different programmes and workshops.

Our self-learning system has come into full operation. The learning process has been upgraded to self-learning, as the administration of learning and resource sharing have been connected with the mobile learning platform through technology, such that learning has become a much more convenient process. A total of 370,143 training hours have been recorded for 2015, representing an average of 51.8 training hours per employee.

Well-Defined Labour Rules

Our well-defined human resources policy is the cornerstone to our business operations. The work of our human resources department has the full support from other functional centers and business units. Regulations relating to work hours, holidays, dismissal and other matters are implemented in strict accordance with relevant national laws and regulations. Moreover, we also comply stringently with relevant laws of other relevant jurisdictions relating to equal employment opportunity, child labour and forced labour.

During the reporting period, our Group was not aware of any material non-compliance with relevant standards, rules, laws or regulations relating to business activities and labour practices (including but not limited to compensation and remuneration, recruitment, work hours, equal opportunity, health and safety, child labour and forced labour).



Corporate Social Responsibility Report

Community welfare as a priority in social responsibility

Corporate social responsibility is performed and completed mostly through “Sino-Ocean Charity Foundation”, which serves as the hub for a network of charitable resources with special emphasis on education support. Its specialised platform has effectively integrated our resources and provided the most professional and compliant channel for the charitable donations and joint ventures between us and our partners. It has also mobilised an increasing number of subsidiaries and partners to fulfill the social responsibility in more proactive and specialised manner. With approximately 10 years of development, we have built an effective and comprehensive regime for social responsibility. Under our three regular projects, namely the “Little Partner Education Sponsorship Scheme”, “Gardener Award” and “Students-in-action Award”, are implemented to fulfill the objectives of the foundation.

In 2015, the “Little Partner Education Sponsorship Scheme” provided further benefits to those in need as it granted education subsidies and scholarships with aggregate amounts of RMB72,000 and RMB56,200, respectively, to 354 recipients ranging from primary-school to university students. Meanwhile, the construction of the ethnic minority cultural heritage education base was well underway, as the Northern Sichuan Jiang Ethnic Group Education Base and the Hunan Jiangyong Nüshu (Ladies’ Written Language) Education Base were successively completed during the year.

As the prime national social exposure project for students, the “Sino-Ocean National Seafaring” Students-in-action Incentive Scheme was further enriched with new programmes, such as “Love for Singing” and “Services for Pensioners”, in its seventh edition in 2015, while continuing to focus on education assistance. In 2015, it received 447 applications from 59 tertiary schools in 34 cities. Students from 193 regions across the nation received assistance and the footprints of their services not only covered 33 provincial-level administrative areas, including Hong Kong, Macau and Taiwan, but also extended beyond China to overseas destinations such as the United States, the United Kingdom, Japan and Sri Lanka, leaving an enormous influence over the regions they had served.

In continuation of our pursuit of spiritual quality, we firstly launched the “Love for Singing” in 2014. “Love for Singing” represents an ongoing stance and initiative seeking to connect children in remote areas with the world through the media of music with a strong focus on correcting imbalances in the development of foundational education, as well as a fine showcase of the outstanding achievements of our corporate social responsibility’s profound efforts. In 2015, 10 schools had joined the “Love for Singing” alliance through successive campaigns, such as the “Sino-Ocean Voice”, “Rural Summer Music Camp”, “Charity Music Flash Mob”, “Beijing Music Journey” and “Thanksgiving Concert”. The nationwide community specialised in the provision of educational aid to the underprivileged has grown stronger as a result, as its members continue to work in concerted effort for a better future for children in impoverished areas.

The provision of quality education resources has been an integral element of our development strategy and corporate social responsibility ever since our establishment, as the Company sees the fulfilment of the dreams of customers as its very own duty. Through cooperation with a number of reputable schools, including Beijing Jingshan School, Beijing Fangcaidi International School, Beijing No. 11 School, Tianjin Tanggu No. 1 Middle School, Jilin Province No. 2 Experimental School, elite schools have been established in our communities to solve schooling problems for many families. The pool of quality education resources available to us is growing, helping thousands of families to fulfill their dreams.

Corporate Social Responsibility Report

The recognition of social responsibility requires communication and interaction, while community welfare activities can only be carried out through the combination of strengths in different areas. In April 2015, our survey exercise under the “Responsibility-sharing — Walk Through China” charity walkathon campaign was rolled out in Sichuan. The survey team formed by corporate and media representatives conducted a social responsibility research by visiting the Northern Sichuan Ethnic Middle School (the Sino-Ocean base for education in the traditional culture of Jiang Ethnic Group) and the remnants of the earthquake in Northern Sichuan to investigate. Issues such as “How to facilitate more sustainable development of CSR”.

Community donations (RMB)	2015	2014
Donations	3.65 million	0.08 million
Financial assistance	5.46 million	9.57 million

Volunteers' participation (hours)	2015	2014
Number of hours of voluntary service	17,844 hours	10,990 hours

Scope of influence of project	2015	2014
Number of people benefitted	49,000	–

Management Discussion & Analysis

Total GFA: **436,000 sq.m.**
Attributable interest to our Group: **49%**
Usage: **Residential and villa**

Ocean Palace (Beijing)

Financial Review

During 2015, Sino-Ocean Land fully implemented its nationwide strategy to maintain as one of the leading property developers in Beijing and secure a leading position in major first and second-tier cities including Tianjin, Dalian, Shanghai, Hangzhou, Shenzhen and Zhongshan. We entered into Guangzhou, Nanjing and Hong Kong for the first time in 2015. Our Group will continue to stay focus on quality projects in first and second-tier cities.

Our Group's contracted sales amount for the year 2015 (including our joint ventures and associates) was

RMB40,537 million (2014: RMB40,142 million) with total saleable GFA sold of approximately 3,197,000 sq.m. (2014: 2,923,000 sq.m.). We recorded a decrease in revenue of RMB8,072 million, or 21%, to RMB30,824 million (2014: RMB38,896 million). The decrease was due to the enhancement of nationwide strategic planning to exit third and fourth-tier cities. Our profit attributable to owners of the Company amounted to RMB2,384 million (2014: RMB4,597 million), a decrease of 48% as compared to 2014. Basic earnings per share was RMB0.284 (2014: RMB0.590).

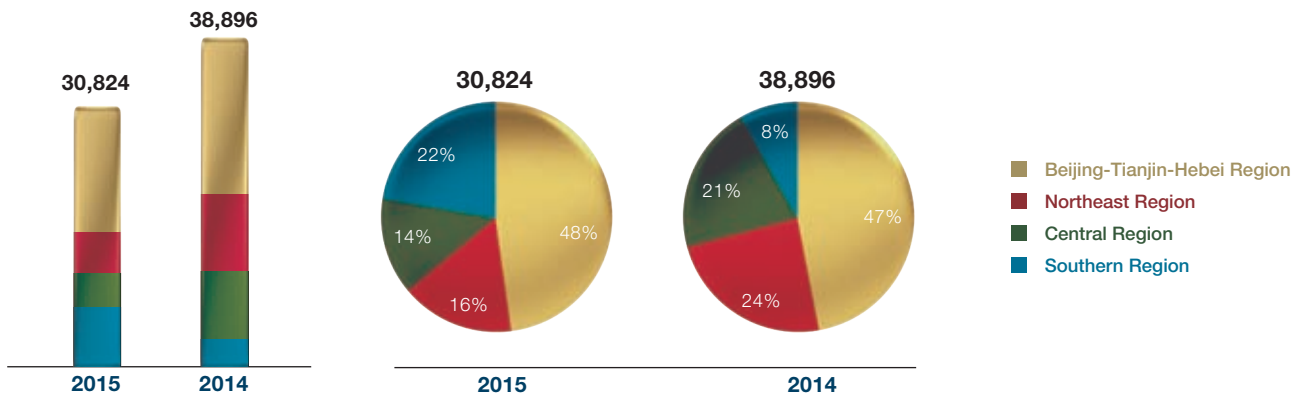
Management Discussion & Analysis

The components of the revenue are analyzed as follows:

(RMB million)	2015	2014	Change (%)
Property development	27,095	35,243	-23%
Property investment	767	679	13%
Property management	819	729	12%
Other real estate related businesses	2,143	2,245	-5%
Total	30,824	38,896	-21%

Revenue contributions by geographical locations are analyzed below:

(RMB million)



Revenue

Our Group's revenue in 2015 dropped by 21% to RMB30,824 million, from RMB38,896 million in 2014. The property development segment remains the largest contributor which accounted for about 88% of total revenue. Beijing as our home base accounted for approximately 39% of our Group's total revenue in 2015 (2014: 28%) and amounted to RMB11,884 million (2014: RMB11,057 million).

There were strong contributions from the other major cities including Dalian, Tianjin, Hangzhou, Shenzhen and Zhongshan, with an aggregate total revenue of RMB16,204 million in 2015, accounting for approximately 53% of the total revenue. We will persistently maintain a balanced project portfolio for mitigating the risk from single market fluctuations and enabling more effective usage of resources, allowing our Group to stay focused on our future development plan.

Management Discussion & Analysis

Cost of sales

The cost of property development, mainly comprising of land cost and construction cost, accounted for approximately 90% of our Group's total cost of sales during 2015 (2014: 89%).

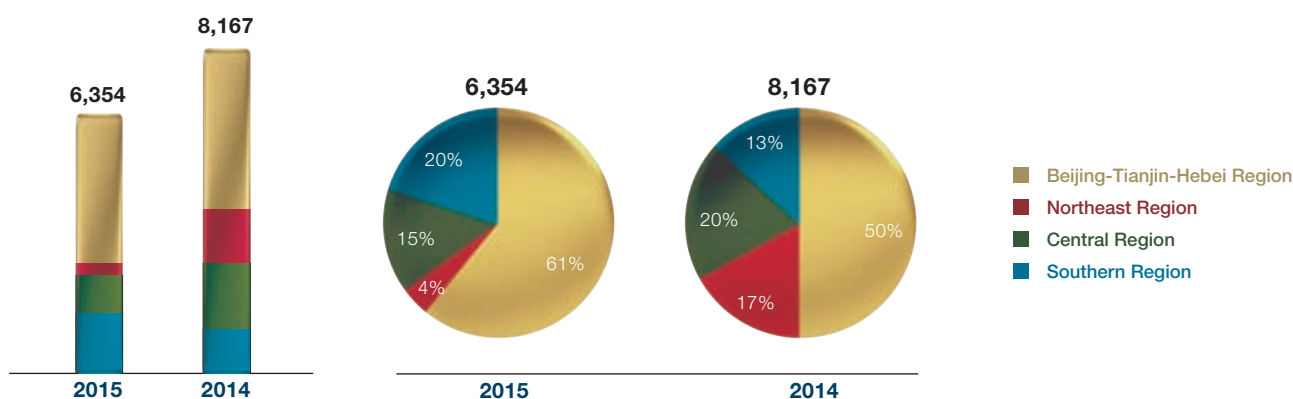
Excluding car parks, average land cost per sq.m. of the property development business in 2015 increased slightly to

approximately RMB3,800 compared to RMB3,600 in 2014 which was due to more properties delivered from the newly acquired projects in first and second-tier cities during the year. Average construction cost per sq.m. (excluding car parks) for property development business increased to approximately RMB6,400 per sq.m. for the year, compared to RMB4,900 per sq.m. in 2014.

Gross profit

Gross profit by geographical locations is analyzed below:

(RMB million)



Gross profit for the year was RMB6,354 million, representing a decrease of 22% compared to 2014. Gross profit margin remained stable at 21% (2014: 21%).

Interest and other income and gains, net

Interest and other income increased by 199% to RMB1,153 million in 2015, compared to RMB386 million in 2014. Such increase was mainly due to the increase in the overall interest income during the year.

Our Group recorded other losses (net) of RMB735 million (2014: other gains (net) of RMB103 million). Other losses (net) were mainly comprised of exchange losses recognized during the year.

Revaluation of investment properties

Our Group recognized an increase in fair value on its investment properties (before tax and non-controlling interests) of RMB703 million for 2015 (2014: RMB591 million).

Operating expenses

Selling and marketing expenses for 2015 dropped to RMB550 million (2014: RMB846 million). These costs accounted for only approximately 1.4% of the total contracted sales amount for 2015 (2014: 2.1%).

Administrative expenses incurred for 2015 decreased to RMB851 million (2014: RMB1,012 million), representing 2.8% of total revenue for 2015 (2014: 2.6%). We will continue to adopt strict cost control measures to maintain these costs at a relatively stable and lower level.

Management Discussion & Analysis

Finance costs

Majority of our funding was efficiently applied to our projects. As a result, we were able to capitalize most of the interest expenses, leaving RMB701 million to be charged through consolidated income statement during the current year, compared to RMB469 million in 2014. Due to our cost control in borrowing costs, our weighted average interest rate decreased significantly to 6.25% in 2015 (2014: 7.08%), while total interest expenses paid or accrued amounted to RMB3,551 million (2014: RMB3,164 million).

Taxation

The aggregate of enterprise income tax and deferred tax decreased by 6% to RMB1,983 million in 2015 (2014: RMB2,119 million), with an effective tax rate of 47% (2014: 32%). The increase in effective tax rate was due to one-off items and other tax non-deductible expenses during the year. In addition, land appreciation tax in 2015 decreased to RMB421 million (2014: RMB630 million), accounting for 7% of the gross profit in 2015 (2014: 8%).

Profit attributable to owners of the Company

Profit attributable to owners of the Company decreased by 48% to RMB2,384 million in 2015, compared to RMB4,597 million in 2014. Core profit, excluding one-off items and fair value gains on investment properties, amounted to RMB3,065 million, a decrease of 14% compared to RMB3,566 million in 2014. Core profit margin increased 1 percentage point to 10% (2014:9%). Return on average equity (excluding capital securities) stated at approximately 6% in 2015 (2014: 12%). Our management will continue to focus on the improvement of our shareholders' return as their on-going task.

Financial resources and liquidity

During 2015, we continued to refine our funding structure, liquidity and credit policies to minimize our risk exposure under the everchanging financial market and global economic environment. With overwhelming support from investors, we issued USD700 million and USD500 million guaranteed notes due on 2020 and 2027 respectively in January. Our Group also successfully issued 2 phases of corporate bonds with a total size of RMB10 billion in August and October respectively. We recorded an increase in total borrowings from RMB45,604 million to RMB51,926 million as at the year end of 2015, of which 54% of our Group's borrowings were denominated in Renminbi. The remaining borrowings were denominated in other currencies, such as HKD and USD. Approximately 62% of the Group's borrowings were made at fixed interest rate.

As at 31 December 2015, our Group had total cash resources (including cash and cash equivalents and restricted bank deposits) of RMB23,726 million, representing an increase of 45% compared to the corresponding period in last year, of which over 80% (2014: over 70%) of our Group's cash resources were denominated in Renminbi with the remaining balances denominated in other currencies, and a current ratio of 2 times. Together with unutilized credit facilities of about RMB89,256 million, our Group is financially sound. We have ample financial resources and an adaptable financial management policy to meet our business expansion in the coming years.

Our Group's net gearing ratio (i.e. total borrowings less total cash resources divided by total equity) decreased 7 percentage points to approximately 59% (2014: approximately 66%). Given that our Group still has cash resources of RMB23,726 million, we are satisfied with our current gearing position. Nevertheless, we expect the net gearing ratio to remain relatively stable in 2016 and will be controlled at below 80% as laid down by our Board, in order to maintain our Group's overall financial healthiness.

Management Discussion & Analysis

The maturities of our Group's total borrowings are set out as follows:

(RMB million)	As at 31 December 2015	As at 31 December 2014	Change (%)
Within 1 year	8,566	11,167	-23%
1 to 2 years	9,623	9,117	6%
2 to 5 years	17,496	20,585	-15%
Over 5 years	16,241	4,735	243%
Total	51,926	45,604	14%

Financial guarantees and charge on assets

As at 31 December 2015, the value of the guarantees provided by our Group to banks for mortgages extended to property buyers before completion of their mortgage registration was RMB2,299 million (2014: RMB4,229 million).

In 2015, our Group had pledged some of the properties under development, completed properties held for sale, investment properties, trade and other receivables, etc. to secure short-term bank loans (including the current portion of long-term borrowings) of RMB2,111 million (2014: RMB3,858 million) and long-term bank loans of RMB5,373 million (2014: RMB7,853 million). As at 31 December 2015, total pledged assets accounted for approximately 18% of the total assets of our Group (2014: 22%).

Capital commitments

Our Group entered into certain agreements in respect of land acquisition and property development. As at 31 December 2015, our Group had a total capital commitment of RMB7,305 million (2014: RMB8,581 million).

Contingent liabilities

In line with the prevailing commercial practice in the Mainland China, our Group provides guarantees for mortgages extended to property buyers before completion of their mortgage registration. As at 31 December 2015, the total amount of the aforesaid guarantees provided by our Group was RMB2,299 million (2014: RMB4,229 million). In the past, our Group had not incurred any material loss from providing such guarantees, as the guarantees were given as a transitional arrangement that would be terminated upon the completion of the mortgage registration and were secured by the buyers' properties.

Management Discussion & Analysis

Property Development

1) Recognized sales

Revenue from property development business dropped by 23% in 2015, amounting to RMB27,095 million (2014: RMB35,243 million). The decrease was due to the enhancement of nationwide strategic planning to exit third and fourth-tier cities. Saleable

GFA delivered decreased by 31% from approximately 2,978,000 sq.m. in 2014 to approximately 2,058,000 sq.m. in 2015. Excluding car parks sales, the average selling price recognized in 2015 was about RMB14,600 per sq.m. (2014: RMB12,400 per sq.m.).

Revenue and saleable GFA delivered from each project during 2015 are set out below:

Region	Cities	Projects	Revenue (RMB million)	Saleable GFA delivered (sq.m.)	Average selling price recognized (RMB/sq.m.)	Interest attributable to our Group (%)
Beijing-Tianjin-Hebei Region	Beijing	Ocean Crown	3,563	59,594	59,800	100%
		Ocean LA VIE	2,218	31,373	70,700	85.72%
		Ocean Landscape Eastern Area	2	178	11,200	100%
		Ocean Manor	591	46,914	12,600	100%
		Ocean Palace	1,831	54,549	33,600	100%
		POETRY OF RIVER	70	5,758	12,200	100%
			11,099	488,931	22,700	
Northeast Region	Dalian	Ocean Diamond Bay	1,539	125,895	12,200	100%
		Ocean MIDTOWN	750	76,080	9,900	100%
		Ocean Prospect	11	2,160	5,100	100%
		Ocean Seasons	33	3,090	10,700	100%
		Ocean Worldview	974	114,304	8,500	100%
		The Place of Glory	144	11,152	12,900	100%
	Shenyang	Ocean Paradise	4	611	6,500	100%
		Ocean Residence	86	12,423	6,900	100%
	Changchun	Ocean Cannes Town	918	96,573	9,500	100%
			4,459	442,288	10,100	

Management Discussion & Analysis

Region	Cities	Projects	Revenue (RMB million)	Saleable GFA delivered (sq.m.)	Average selling price recognized (RMB/sq.m.)	Interest attributable to our Group (%)
Central Region	Shanghai	Ocean Mansion No. 7	16	1,556	10,300	100%
	Hangzhou	Ocean In Your Heart	100	6,947	14,400	100%
		Ocean Mansion	2,742	82,844	33,100	100%
	Nanjing	Ocean International Center	678	23,647	28,700	100%
	Huangshan	An Island Paradise	143	15,120	9,500	100%
	Qingdao	Ocean Prospect	19	1,459	13,000	100%
		Ocean Seasons	44	2,753	16,000	100%
	Wuhan	Ocean World	400	66,480	6,000	55%
			4,142	200,806	20,600	
Southern Region	Zhongshan	Ocean City	3,622	398,509	9,100	100%
		Ocean New Era	998	156,311	6,400	100%
	Shenzhen	Ocean Express	1,291	69,464	18,600	84.70%
	Haikou	Ocean Zen House	111	9,377	11,800	70%
			6,022	633,661	9,500	
Subtotal			25,722	1,765,686	14,600	
Car parks (various projects)			1,373	291,923	4,700	
Total			27,095	2,057,609	13,200	

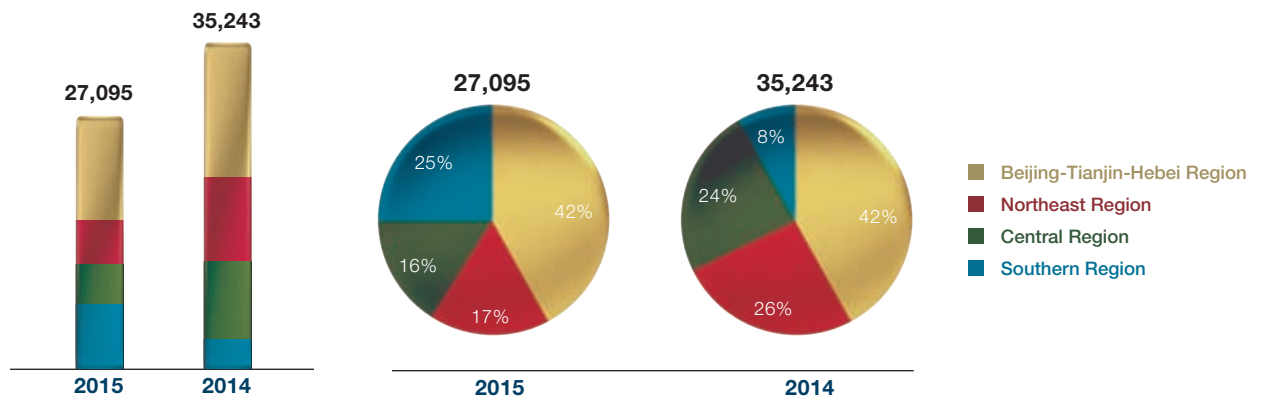
Management Discussion & Analysis

During 2015, Beijing remained the largest contributor which accounted for 32% of total revenue from property development (2014: 22%). Meanwhile, contributions from cities including Dalian, Tianjin,

Hangzhou, Shenzhen and Zhongshan, accounted for 59% of revenue from property development during the year.

Revenue from property development by geographical locations are analyzed below:

(RMB million)

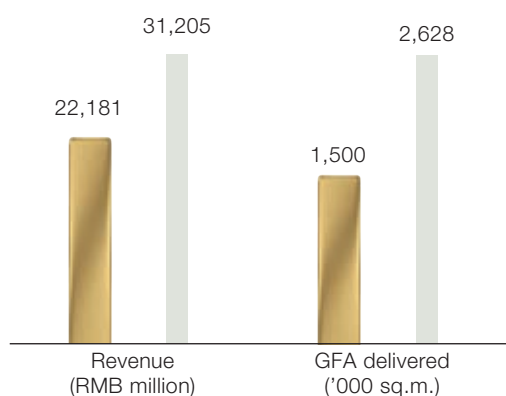


Management Discussion & Analysis

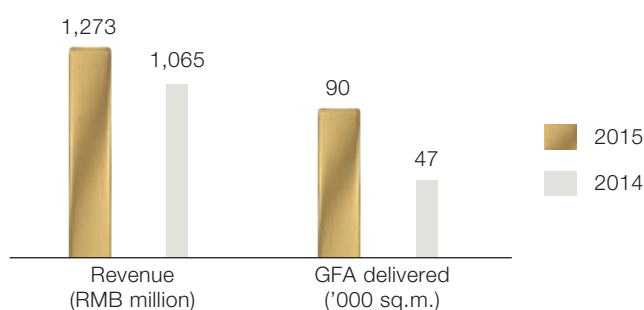
In terms of property types, residential properties (including villa) continued to contribute the largest portion of property development revenue, accounting for 82% in 2015 (2014: 89%). The average selling price recognized for the revenue from residential properties (including villa) in 2015 was approximately RMB14,800 per sq.m. (2014: RMB11,900 per sq.m.) while corresponding total saleable GFA delivered decreased by 43% from approximately 2,628,000 sq.m. in 2014 to approximately 1,500,000 sq.m. in 2015.

Revenue from property development in terms of property types are analyzed below:

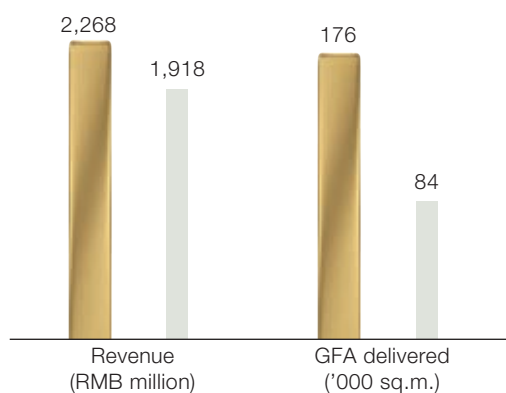
Residential and villa



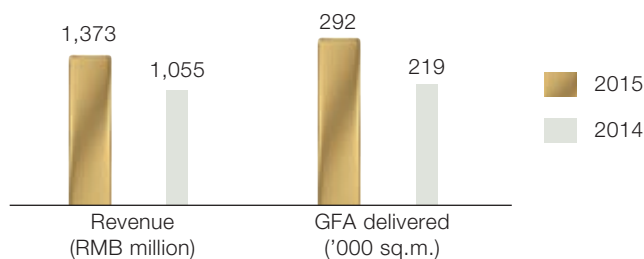
Office premises



Retail space



Car parks



Management Discussion & Analysis

2) Contracted sales

Our contracted sales (including our joint ventures and associates) in 2015 amounted to RMB40,537 million, representing a steady 1% increase compared to RMB40,142 million in 2014. The average selling price

(excluding carparks) decreased by 5% to RMB13,900 per sq.m. (2014: RMB14,600 per sq.m.). The average selling price (including carparks) dropped by 7% to RMB12,700 per sq.m. (2014: RMB13,700 per sq.m.).

The contracted sales amounts and saleable GFA sold by projects in 2015 are set out below:

Region	Cities	Projects	Contracted sales amount (RMB million)	Saleable GFA sold (sq.m.)	Average selling price (RMB/sq.m.)	Interest attributable to our Group (%)
Beijing-Tianjin-Hebei Region	Beijing	Ocean Crown	1,280	19,100	67,000	100%
		Ocean Epoch	1,282	18,500	69,300	67.50%
		Ocean LA VIE	2,307	30,800	74,900	85.72%
		Ocean Manor	33	1,500	22,000	100%
		Ocean Palace	2,017	62,100	32,500	49%
		Ocean Spring	209	19,500	10,700	100%
		Ocean Melody	21	400	52,500	100%
		Ocean Metropolis	644	20,800	31,000	75%
		Happy Garden	1,591	99,000	16,100	30%
		POETRY OF RIVER	53	3,100	17,100	100%
Tianjin	Tianjin	Ocean City	3,072	373,600	8,200	100%
		Ocean Express	27	3,400	7,900	100%
		Ocean Great Harmony	311	23,900	13,000	100%
		Ocean In Your Heart	451	36,200	12,500	60%
		Ocean International Center	69	4,300	16,000	100%
		Ocean Prospect	58	4,600	12,600	100%
		Ocean Chanson	1,004	119,200	8,400	100%
		Royal River	257	35,700	7,200	100%
		Yixingbu Project, Beichen District	489	34,400	14,200	51%
			15,175	910,100	16,700	

Management Discussion & Analysis

Region	Cities	Projects	Contracted sales amount (RMB million)	Saleable GFA sold (sq.m.)	Average selling price (RMB/sq.m.)	Interest attributable to our Group (%)
Northeast Region	Dalian	Ocean Diamond Bay	1,429	140,200	10,200	100%
		Ocean MIDTOWN	750	76,000	9,900	100%
		Ocean Worldview	956	103,100	9,300	100%
		The Place of Glory	1,603	143,100	11,200	100%
	Shenyang	Ocean Paradise	4	1,800	2,200	100%
		Ocean Residence	20	2,600	7,700	100%
	Changchun	Ocean Cannes Town	749	82,600	9,100	100%
			5,511	549,400	10,000	
Central Region	Shanghai	Ocean Fortune Center	24	600	40,000	100%
		Ocean Melody	602	26,800	22,500	40%
	Hangzhou	Canal Business Center Project	1,628	77,800	20,900	100%
		Ocean Chanson	149	11,800	12,600	51%
		Ocean In Your Heart	9	300	30,000	100%
		Ocean Mansion	766	22,200	34,500	100%
		Ocean Melody	223	11,300	19,700	100%
	Nanjing	Ocean International Center	1,051	38,500	27,300	100%
		Sino-Ocean Land Greenland Premier Court	535	35,600	15,000	50%

Management Discussion & Analysis

Region	Cities	Projects	Contracted sales amount (RMB million)	Saleable GFA sold (sq.m.)	Average selling price (RMB/sq.m.)	Interest attributable to our Group (%)
	Huangshan	An Island Paradise	105	11,100	9,500	100%
	Qingdao	Ocean Melody	171	20,500	8,300	100%
	Wuhan	Hejiadun Project	1,865	164,700	11,300	38%
		Ocean World	444	80,400	5,500	55%
			7,572	501,600	15,100	
Southern Region	Shenzhen	Shuiwan Project	3,513	73,200	48,000	80%
	Zhongshan	Ocean Aromas	365	80,500	4,500	51%
		Ocean Bloom	379	91,900	4,100	51%
		Ocean City	207	17,900	11,600	100%
		Ocean Emerald	293	65,500	4,500	61%
		Ocean Magic City	500	89,800	5,600	51%
		Ocean New Era	14	1,300	10,800	100%
	Haikou	Ocean Zen House	296	11,200	26,400	70%
	Chongqing	Sino-Ocean International GOLF Resort	195	23,500	8,300	87.25%
		Gaomiao Plot, Jiulongpo District	225	37,700	6,000	37.71%
	Chengdu	Sino-Ocean Taikoo Li Chengdu	91	4,600	19,800	50%
			6,078	497,100	12,200	
Subtotal			34,336	2,458,200	14,000	
Other joint venture projects			3,746	279,800	13,400	
Subtotal (excluding car parks)			38,082	2,738,000	13,900	
Car parks (various projects)			2,455	458,600	5,400	
Total			40,537	3,196,600	12,700	

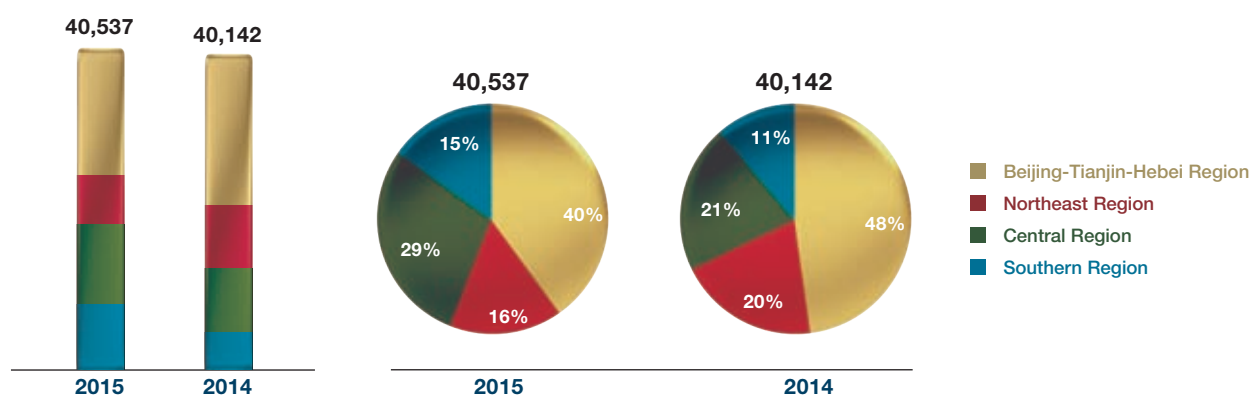
Management Discussion & Analysis

In terms of geographical distribution, there were over 50 projects available for sale during 2015 (2014: over 40 projects). Contracted sales from first and second-tier cities accounted for over 90% (2014: over 85%). As at 31 December 2015, our Group's unbooked

contracted sales to be recognized amounted to RMB39,200 million, providing a strong and solid foundation for our Group's future revenue growth.

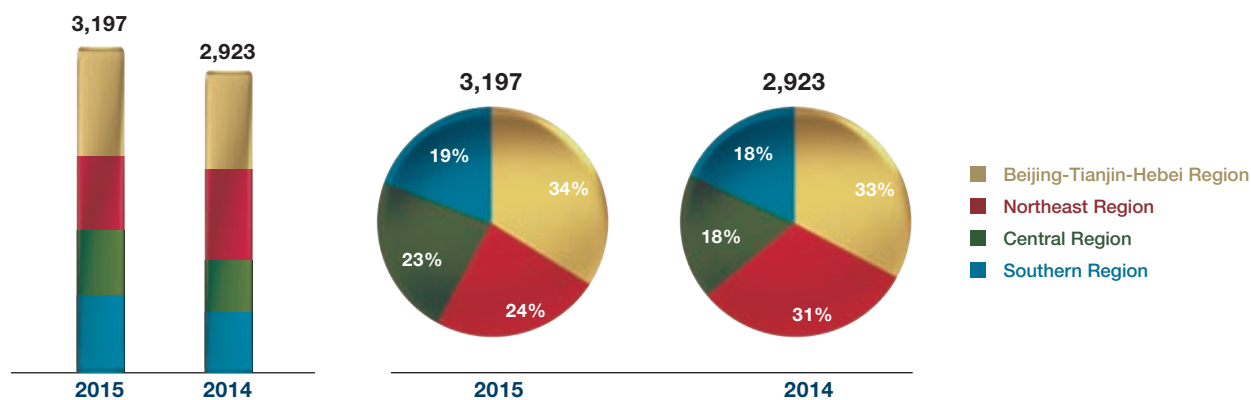
Contracted sales amounts by geographical locations are analyzed below:

(RMB million)



Saleable GFA sold by geographical locations are analyzed below:

(000 sq.m.)



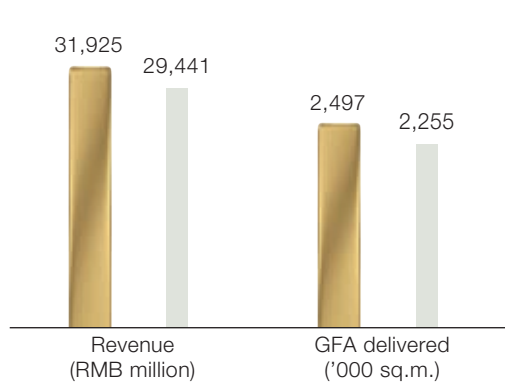
Management Discussion & Analysis

In terms of property types, residential properties (including villa) continued to contribute the largest portion of contracted sales amount and accounted for 79% in 2015 (2014: 73%). The average selling price for residential properties (including villa) in 2015 was

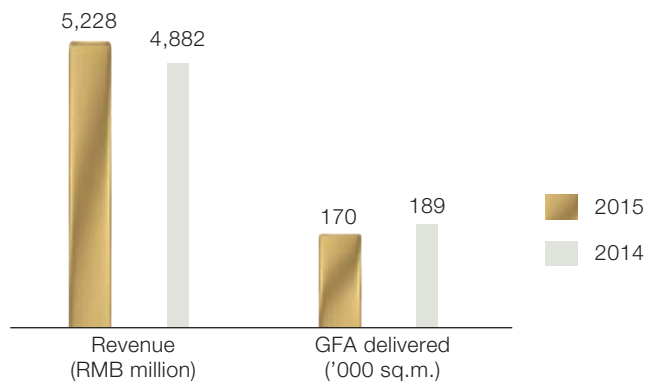
approximately RMB12,800 per sq.m. (2014: about RMB13,100 per sq.m.) while the total GFA sold for residential use increased by 11% from approximately 2,255,000 sq.m. in 2014 to approximately 2,497,000 sq.m. in 2015.

Contracted sales amount in terms of property types are analyzed below:

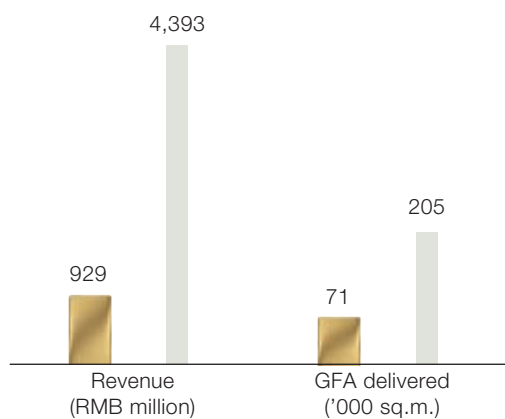
Residential and villa



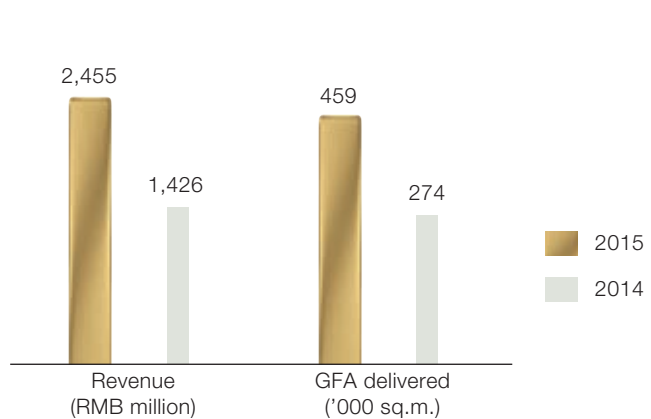
Office premises



Retail space



Car parks



Management Discussion & Analysis

3) Construction Progress and Developing Projects

Total GFA and total saleable GFA completed in 2015 were approximately 2,648,800 sq.m. and 1,924,800sq.m., decreasing by 17% and 21% respectively compared to that in 2014. While, total GFA and total saleable GFA completed in 2015 with attributable interest decreased by 15% and 22% to

2,391,800 sq.m. and 1,769,100 sq.m. respectively as compared to that in 2014. We will maintain our construction scale in order to have enough GFA available for sale and for delivery to support our growth in 2016.

The details of construction progress and development progress are set out below:

Region	Cities	Projects	GFA completed in 2015 (sq.m.)	Targeted GFA to be completed in 2016 (sq.m.)
Beijing-Tianjin-Hebei Region	Beijing	Ocean LA VIE	106,200	72,900
		Ocean Manor	–	48,200
		Ocean Melody	–	54,900
		Ocean Metropolis	–	57,000
		Ocean Palace	–	189,700
		Happy Garden	–	194,500
Tianjin	Tianjin	Ocean City	74,200	331,800
		Ocean Great Harmony	125,900	–
		Ocean Prospect	13,700	–
		Royal River	113,400	–
		Yixingbu Project, Beichen District	218,900	–
				652,300
Northeast Region	Dalian	Ocean Diamond Bay	166,100	145,400
		Ocean MIDTOWN	91,000	–
		Ocean Worldview	1,700	225,900
		The Place of Glory	–	403,100
Changchun	Ocean Cannes Town	96,000	74,400	
			354,800	848,800

Management Discussion & Analysis

Region	Cities	Projects	GFA completed in 2015 (sq.m.)	Targeted GFA to be completed in 2016 (sq.m.)
Central Region	Shanghai	Ocean Fortune Center	–	59,300
		Ocean Melody	–	114,700
	Hangzhou	Canal Business Center Project	–	295,900
		Ocean Mansion	98,400	–
	Nanjing	Ocean International Center	146,100	–
	Wuhan	Ocean World	92,200	59,200
			336,700	529,100
Southern Region	Shenzhen	Ocean Express	102,400	–
		Shuiwan Project	261,000	–
	Zhongshan	Ocean Aromas	–	141,300
		Ocean Bloom	–	169,400
		Ocean City	606,200	–
		Ocean Emerald	–	30,300
		Ocean Magic City	–	168,200
		Ocean New Era	235,800	–
	Haikou	Ocean Zen House	–	58,100
	Chongqing	Sino-Ocean International GOLF Resort	66,100	–
	Chengdu	Sino-Ocean Taikoo Li Chengdu	33,500	–
			1,305,000	567,300
Total			2,648,800	2,894,200

Management Discussion & Analysis

4) Landbank

Our Group's landbank remained stable at approximately 19,921,000 sq.m. in 2015 (2014: 19,880,000 sq.m.); while landbank with attributable interest decreased by 7% to 14,545,000 sq.m. (2014: 15,620,000 sq.m.). In 2015, we acquired 13 plots of

land with total GFA of 2,308,000 sq.m. and attributable interest GFA of approximately 1,145,000 sq.m., with average acquisition cost per sq.m. of RMB6,100. The average land cost per sq.m. for our landbank as at 31 December 2015 was approximately RMB3,400 (2014: RMB3,300).

Details of the newly acquired land plot during 2015 are as follows:

Cities	Project Name	Total GFA acquired ('000 sq.m.)	GFA attributable to our Group ('000 sq.m.)	Interest attributable to our Group (%)
Beijing	Jialihua Project, Shunyi District	79	79	100%
Beijing	Xiji Plot C, Tongzhou District	221	66	30%
Beijing	Plot 6002, Mentougou New Town	125	26	21%
Beijing	Nanfaxin Project, Shunyi District	277	64	23%
Tianjin	Ocean In Your Heart	183	110	60%
Hangzhou	Ocean Chanson	98	50	51%
Hangzhou	Ocean Melody	58	58	100%
Nanjing	Sino-Ocean Land Greenland Premier Court	71	36	50%
Nanjing	Ocean International Center	147	147	100%
Shenzhen	Shuiwan Project	317	254	80%
Guangzhou	Elite Palace	310	93	30%
Hong Kong	LOHAS Park Package 6, Tseung Kwan O	137	55	40%
Chongqing	Gaomiao Project Phase II, Jiulongpo District	285	107	37.71%
Total		2,308	1,145	

The landbank by stages of development as at 31 December 2015 are set out below:

	Approximate total GFA ('000 sq.m.)	Approximate total saleable GFA ('000 sq.m.)	Remaining landbank ('000 sq.m.)
Completed properties held for sales	15,619	13,224	4,685
Properties under development	6,973	5,769	6,973
Properties held for future development	8,263	6,444	8,263
Total	30,855	25,437	19,921

Management Discussion & Analysis

Our Group's landbank as at 31 December 2015 is set out below:

Region	Cities	Projects	Approximate total GFA ('000 sq.m.)	Approximate total saleable GFA ('000 sq.m.)	Remaining landbank ('000 sq.m.)	Interest attributable to our Group (%)
Beijing-Tianjin-Hebei Region	Beijing	CBD Plot Z6	241	185	241	100%
		CBD Plot Z13	162	126	162	10%
		Changping Sci-tech Park F2 Project	256	193	251	50%
		Core Center Plot, Tongzhou District	479	334	479	50%
		Happy Garden	195	163	195	30%
		Jialihua Project, Shunyi District	79	79	79	100%
		Mizhiyun Project	80	71	42	90%
		Nanfaxin Project, Shunyi District	277	206	277	23%
		Ocean Crown	209	182	36	100%
		Ocean Epoch	264	198	264	67.50%
		Ocean LA VIE	318	281	165	85.72%
		Ocean Manor	194	177	10	100%
		Ocean Melody	55	50	55	100%
		Ocean Metropolis	330	276	330	75%
		Ocean Palace	436	383	272	49%
		Ocean Spring	109	91	109	100%
		Plot 6002, Mentougou, New Town	125	97	125	21%
		POETRY OF RIVER	793	705	5	100%
		Xiji Plot C, Tongzhou District	221	170	221	30%
		Tianjin	Tianjin	Ocean Chanson	204	199
Ocean City	2,137			1,683	902	100%
Ocean Express	335			288	18	100%
Ocean Great Harmony	350			290	50	100%
Ocean International Center	321			200	190	100%
Ocean In Your Heart	183			176	183	60%
Ocean Prospect	321			309	62	100%
Royal River	349			333	280	100%
Yixingbu Project, Beichen District	3,034			2,615	3,027	51%
			12,057	10,060	8,234	

Management Discussion & Analysis

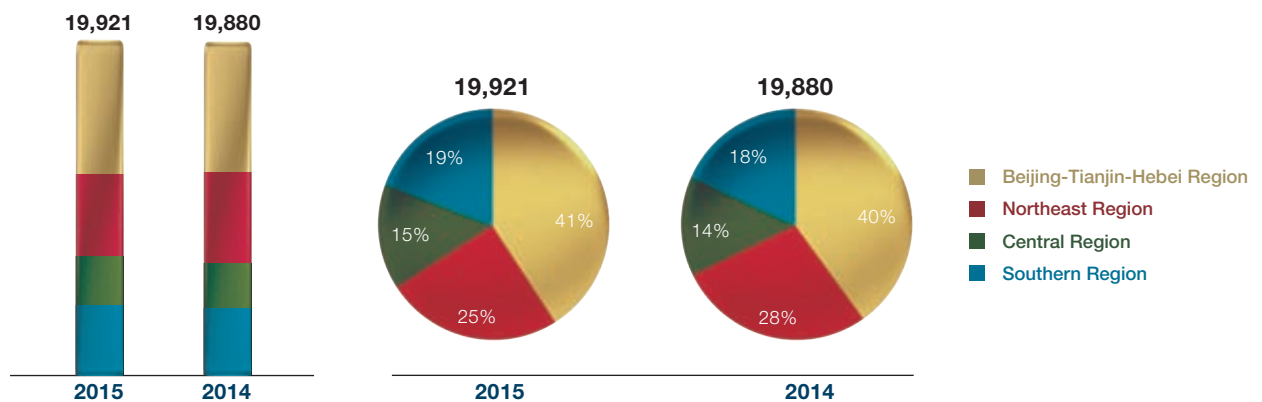
Region	Cities	Projects	Approximate total GFA ('000 sq.m.)	Approximate total saleable GFA ('000 sq.m.)	Remaining landbank ('000 sq.m.)	Interest attributable to our Group (%)	
Northeast Region	Dalian	The Place of Glory	925	875	912	100%	
		Ocean Diamond Bay	2,046	1,746	1,539	100%	
		Ocean Worldview	1,902	1,645	555	100%	
		Sino-Ocean Technopole	922	540	922	100%	
		Xiaoyao Bay Project	219	175	219	100%	
		Zhonghua Road Plot #2	111	52	111	100%	
	Shenyang	Ocean Paradise	713	695	21	100%	
		Ocean Residence	181	171	8	100%	
	Changchun	Ocean Cannes Town	1,237	898	782	100%	
				8,256	6,797	5,069	
	Central Region	Shanghai	Ocean Fortune Center	59	45	59	100%
Ocean Mansion No. 7			117	110	26	100%	
Ocean Melody			312	279	312	40%	
Hangzhou		Canal Business Center Project	609	153	609	100%	
		Ocean Chanson	98	72	98	51%	
		Ocean In Your Heart	171	109	5	100%	
		Ocean Mansion	287	218	4	100%	
		Ocean Melody	58	39	58	100%	
Nanjing		Sino-Ocean Land Greenland Premier Court	71	67	71	50%	
		Ocean International Center	147	116	147	100%	
Huangshan		An Island Paradise	155	154	95	100%	
Qingdao		Ocean Seasons	146	132	19	100%	
		Ocean Melody	109	107	109	100%	
Wuhan		Hejiadun Project	1,019	972	1,019	38%	
		Ocean World	398	369	333	55%	
			3,756	2,942	2,964		

Management Discussion & Analysis

Region	Cities	Projects	Approximate total GFA ('000 sq.m.)	Approximate total saleable GFA ('000 sq.m.)	Remaining landbank ('000 sq.m.)	Interest attributable to our Group (%)
Southern Region	Shenzhen	Ocean Express	556	437	366	84.70%
		Ocean Metropolis	390	292	390	85%
		Shuiwan Project	317	313	317	80%
	Zhongshan	Ocean Aromas	141	125	141	51%
		Ocean Bloom	200	189	200	51%
		Ocean City	2,082	1,736	210	100%
		Ocean Emerald	437	412	437	61%
		Ocean Magic City	170	160	170	51%
		Ocean New Era	509	487	5	100%
	Haikou	Ocean Zen House	117	106	91	70%
	Chongqing	Sino-Ocean International GOLF Resort	592	480	267	87.25%
		Gaomiao Plot, Jiulongpo District	126	125	126	37.71%
		Gaomiao Project, Phase II, Jiulongpo District	285	213	285	37.71%
	Chengdu	Sino-Ocean Taikoo Li Chengdu	417	148	202	50%
	Guangzhou	Elite Palace	310	279	310	30%
	Hong Kong	LOHAS Park Package 6, Tseung Kwan O	137	136	137	40%
			6,786	5,638	3,654	
Total			30,855	25,437	19,921	

The landbank by geographical locations as at 31 December 2015 and 2014 are analyzed below:

(000 sq.m.)



Management Discussion & Analysis

Property Investment

Investment properties provide a steady and reliable income and cash flow to our Group in addition to the possible capital gains from appreciation in value. They also help us to diversify our risk from market turbulence in the property development business. In 2015, revenue from property investment increased by 13% to RMB767 million (2014: RMB679 million). As at 31 December 2015, our Group held

8 operating investment properties, several community retail streets and carparks for rental. Our investment properties are mainly A-grade office premises, shopping malls and commercial complex with a total leasable area of approximately 756,000 sq.m.

A list of our operating investment properties as at 31 December 2015 is set out below:

	Approximate leasable area (sq.m.)	Office premises (sq.m.)	Retail space (sq.m.)	Others (sq.m.)	Occupancy rate as at 31 December 2015 (%)	Interest attributable to our Group (%)
Ocean Plaza (Beijing)	30,000	26,000	–	4,000	100%	72%
Ocean International Center Block A (Beijing)	101,000	75,000	9,000	17,000	92%	100%
Ocean Office Park (Beijing)	127,000	81,000	22,000	24,000	89%	100%
Ocean We-life Plaza (Beijing)	31,000	–	31,000	–	97%	100%
Ocean We-life Plaza (Tianjin)	41,000	–	41,000	–	93%	100%
Other projects	74,000	–	59,000	15,000	94%	100%
Sub-total	404,000	182,000	162,000	60,000		
Other						
INDIGO (Beijing)	176,000	49,000	71,000	56,000	97%	50%
Ocean International Center, Phase II (Beijing)	77,000	47,000	19,000	11,000	83%	35%
Sino-Ocean Taikoo Li Chengdu (Chengdu)	99,000	–	82,000	17,000	Over 86%	50%
Total	756,000	278,000	334,000	144,000		

Commercial Properties In Progress

Our Group has built a sound foundation for office complex operation and management since the development of commercial properties in 2010. We have cultivated strengths in commercial project positioning, planning and design, development and construction, investment attraction and project operation. Currently, we have more than 20 commercial property projects in progress across China, including grade A offices, high-class shopping centers, five-star hotels and high-quality serviced apartments.

As of 31 December 2015, revenue from property investment amounted to RMB767 million. Our Group currently has eight operating investment properties. During 2015, our cooperation project with Swire Properties Limited, Sino-Ocean Taikoo Li Chengdu, was officially opened in Chengdu. We had 2 additional community retail projects commencing operations, which are located in Beijing and Dalian respectively.

We now have approximately 756,000 sq.m. commercial real estate resources in operation, with office developments and commercial complexes accounting for about 40% and 60% respectively. In addition, we have approximately 4,000,000 sq.m. commercial property resources pending for development and operation by stages between 2017 and 2020. These include offices in Beijing CBD, shopping centers in Beijing Tongzhou district and other high-class commercial complexes. Going forward, the Sino-Ocean Land commercial property brand will boast a strong portfolio of cross-regional and diversified products. They will provide a sound foundation for favourable investment yield and profitability level in the future.

Property Management

For the year ended 2015, our Group's revenue from the provision of property management services amounted to RMB819 million, representing an increase of 12% compared to RMB729 million in 2014. A total GFA of 16,158,000 sq.m. (2014: 13,599,000 sq.m.) was subject to our Group's property management fee, with an increase of 2,559,000 sq.m.

Other Information

Risk of Exposure to Exchange Rate Fluctuations and Related Hedging

In 2015, 46% of our Group's total borrowings were denominated in USD and HKD. As a result, our Group had a net currency exposure to fluctuation in foreign exchange rates. As Renminbi has been facing the trend of depreciation, our Group is adjusting our proportion of borrowings in foreign currencies and has entered into certain forward contracts so as to reduce the exchange loss in future year. Our Group has never engaged in the dealing of any financial derivative instruments for speculative purpose.

In view of the potential Renminbi exchange rate fluctuations, our Group will further consider arranging for monetary and interest rate hedge at appropriate times to avoid the corresponding risks.

Details of the Group's foreign exchange risk is set out in note 4.1(a)(i) to the consolidated financial statements of this annual report.

Employees and Human Resources

As at 31 December 2015, our Group had 7,143 employees (31 December 2014: 7,266 employees). Continuing our efforts in 2014 to maintain a streamlined organization structure, the size of our workforce was largely unchanged. Both manpower effectiveness and our Group's control capability have been strengthened.

During 2015, taking into account the amortization of share options, the level of our overall staff cost was approximately RMB1,257 million (2014: RMB1,356 million). We believe the share option scheme implemented in previous years will provide long-term incentive and rewards to our staff.

We will continuously review our salary and compensation schemes to make them competitive to retain our talented staff and also provide various training and development programs so that these talented staff can ultimately bring in higher return to our shareholders and investors.

Major Awards and Recognitions

Domestic awards received in 2015

Date of award: August 2015
Issuing organisation: New Media of guandian.cn
Award received: **China Real Estate Fashion Awards—Most Innovative Real Estate Companies of China 2015**



Date of award: May 2015
Issuing organisation: China Real Estate Research Association, China Real Estate Association, China Real Estate Appraisal
Award received: **2015 Best 10 China Real Estate Listed Companies with Strongest Comprehensive Strengths**



Date of award: May 2015
Issuing organisation: China Real Estate Research Association, China Real Estate Association, China Real Estate Appraisal
Award received: **2015 Best 10 China H-shares Real Estate Listed Companies**



Date of award: September 2015
Issuing organisation: China Real Estate Research Association, China Real Estate Association, China Real Estate Appraisal
Award received: **2015 Best 15 of China Real Estate Developers Brand Value**



Date of award: December 2015
Issuing organisation: the Research Center for Corporate Social Responsibility, Chinese Academy of Social Sciences
Award received: **Corporate Social Responsibility Report Ranking 2014 (4 stars grading)**



Major Awards and Recognitions

Overseas awards received in 2015

Date of award:	November 2015	
Issuing organisation:	<i>Capital Weekly</i> , which is a famous Hong Kong economic magazine launched 10 years ago, focuses mainly on global economy, financial markets, investment and wealth management strategies.	
Award received:	<p>The Listed Enterprise Excellence Awards 2015 – Excellent Performance</p> <p>The Listed Enterprise Excellence Awards 2015 aims to give commendation on listed enterprises who endeavored to promote corporate activities and showed successful strategies, as well as to recognize the efforts put by these enterprises in fulfilling corporate social responsibility and the contributions made for the economic prosperity and social harmony of Hong Kong. Evaluation criteria: results and gross asset value (2014 interim report, 2014 annual report and 2015 interim report), outstanding marketing strategies, outstanding business concepts, outstanding growth on results.</p>	

Date of award:	December 2015	
Issuing organisation:	Asia Property Awards – China Property Awards, which is Asia's most established, respected and professional real estate awards event with a history of 10 years. Started in Thailand in 2005, the Awards has since extended to eight countries and aims to reward and celebrate the best developers and developments in China and the region.	
Award received:	<p>Best Developer (China)</p> <p>Eligibility criteria: Must have completed at least 5 developments in China, Hong Kong, Macau and Taiwan since January 2010.</p>	
		
		<p>Sino-Ocean Taikoo Li, Chengdu was awarded the Best Commercial Development (China)</p> <p>Eligibility criteria: Commercial development completed after January 2014 or before December 2017.</p>
		
		<p>Ocean Palace, Beijing was awarded the Best Residential Development (Beijing)</p> <p>Eligibility criteria: Residential development in Beijing open for sale in that year.</p>

Investor Relations

Total leasable area: **99,000 sq.m.**
Attributable interest to our Group: **50%**
Usage: **Offices, hotels & retail space**



Sino-Ocean Taikoo Li Chengdu (Chengdu)

Our Group adheres to the best practice in information disclosure in terms of accuracy, transparency and consistency. We are committed to maintaining the most effective communication with the financial community and other stakeholders in a sincere and honest manner. Our goals are to raise investors' deeper understanding and approval of the Company's strategies, increase our internal management proficiency, and maximize our Company's value.

Proactively seeking changes boosted market confidence

In 2015, the property market witnessed a stable and upward turn as more supportive policies were announced. As the new environment and development model brought new opportunities and challenges, the real estate industry continued to move forward with adjustments along the way.

We took on the challenges posed by the macro environment and the industry movement. We drew attention to the

background and planning of the Group's fourth phase of strategic development, our advantage in geographical exposure and the potential driven by our "diversified business with four focuses". By communicating effectively we won investors' approval and faith even further.

In 2015, the Group hosted the 2014 annual results and 2015 interim results briefings, attracting some 230 individuals from the financial community to attend. Subsequently representatives from the management and the IR team hosted road shows in Hong Kong, Singapore, the US, Japan, Beijing, Shanghai and Shenzhen, meeting over 110 funds and other interested parties. The road shows received positive feedback all round and reinforced understanding and trust between the Group's management and the capital market.

The Company also actively generated other opportunities to meet investors. On the one hand we attended investors' conferences in Beijing, Shanghai, Shenzhen, Hong Kong, Singapore and Japan organized by 12 securities firms. We also had in-depth discussions with over 300 institutional and retail investors. On the other hand, in view of the Shanghai-Hong Kong Stock Connect, we met with some 50 funds and securities firms in China. We also entertained more than 250 interested individuals at 90 project site visits.

Through these events and discussions, fund managers, institutional and individual investors, analysts and interested parties were able to have a deeper understanding and appreciation of the Group's progress, business policies and strategic development. At the same time our management also gained better knowledge of the expectations and demands the capital market had on the Group. We will seriously consider and put into practice all positive suggestions.

Kept up with being open and transparent

We maintained our high standards in information disclosure in 2015 to ensure the timely dissemination of relevant corporate information via our official website and other channels. In addition we published our monthly unaudited operating statistics announcement on the Stock Exchange's website and maintained regular communication with investors through various channels to boost transparency and to ensure proper and fair access to relevant data by all parties in the capital market.

In June 2015, we hosted the annual sell-side analysts' reverse road shows in Shenzhen and Chengdu, attracting some 20 securities firms to attend. In October 2015, we hosted our first buy-side analysts' reverse road shows in Beijing and Tianjin, attracting 14 domestic and overseas buy-side analysts to attend. Both events showcased the Company's latest progress in its business, such as property development, investment properties and senior living, etc. The management's discussion in details with investors about the Company's development strategy, management and operation received very positive feedback.

During 2015, one more securities firm initiated coverage on us, bringing our number of sell-side analyst coverage up to 30 firms. All of them, including Citi, Deutsche Bank, Bank of China, China International Capital Corporation, UBS, Macquarie, Mizuho and Barclays rated Sino-Ocean Land as "out-performed the market", "buy" or "hold".

We listened carefully to our shareholders' concerns and addressed them. Beginning with the 2008 Annual General Meeting, management representatives would always allow time after the meeting to speak with retail shareholders and answer their questions, ensuring both individual and institutional shareholders can discuss operations and market trend directly with our representatives.

In May 2015 over 270 shareholders and relevant parties attended our Annual General Meeting and all present were given the opportunity to talk directly with our representatives.

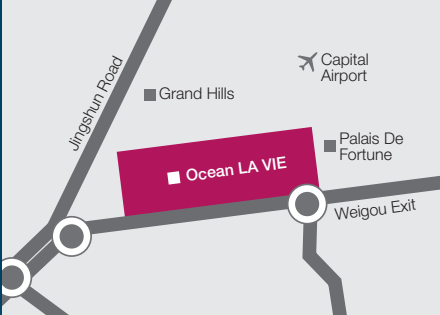
We will continue with our efforts to gain more coverage and recommendations by securities firms; to encourage investors' approval, confidence and loyalty and to protect their interest. We are grateful to all stakeholders for their remarkable support. If you have questions or comments about our work, please contact us at ir@sinoceanland.com. We promise to provide answers to the extent permitted by applicable laws, regulations and the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "Listing Rules").

Projects Overview — Residential Property

BEIJING

Ocean LA VIE

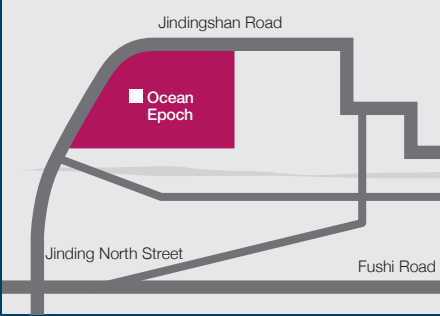
Total GFA: **318,000 sq.m.**
Total saleable GFA: **281,000 sq.m.**
Attributable interest to our Group: **85.72%**
Usage: **Residential and villa**



BEIJING

Ocean Epoch

Total GFA: **264,000 sq.m.**
Total saleable GFA: **198,000 sq.m.**
Attributable interest to our Group: **67.50%**
Usage: **Residential and villa**





BEIJING

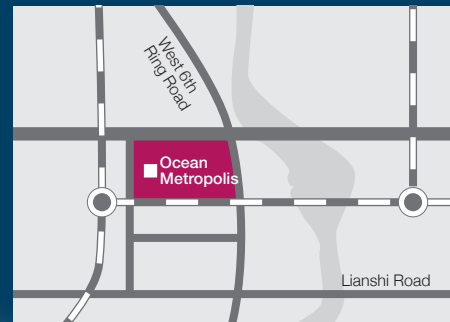
Ocean Metropolis

Total GFA: **330,000 sq.m.**

Total saleable GFA: **276,000 sq.m.**

Attributable interest to our Group: **75%**

Usage: **Residential and retail space**



SHANGHAI

Ocean Melody

Total GFA: **312,000 sq.m.**

Total saleable GFA: **279,000 sq.m.**

Attributable interest to our Group: **40%**

Usage: **Residential**



Projects Overview — Residential Property

TIANJIN

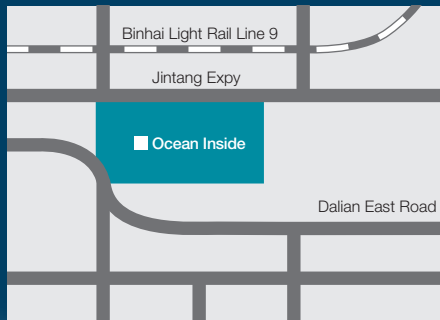
Ocean Inside

Total GFA: **183,000 sq.m.**

Total saleable GFA: **176,000 sq.m.**

Attributable interest to our Group: **60%**

Usage: **Residential**



TIANJIN

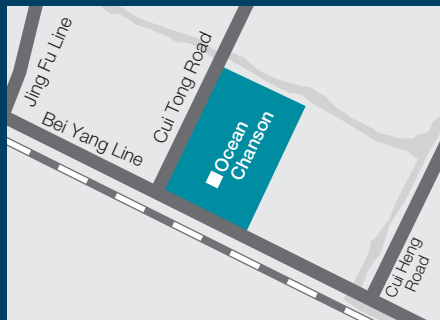
Ocean Chanson

Total GFA: **204,000 sq.m.**

Total saleable GFA: **199,000 sq.m.**

Attributable interest to our Group: **100%**

Usage: **Residential**



Projects Overview — Residential Property

GUANGZHOU

Elite Palace

Total GFA: **310,000 sq.m.**

Total saleable GFA: **279,000 sq.m.**

Attributable interest to our Group: **30%**

Usage: **Residential and retail space**



DALIAN

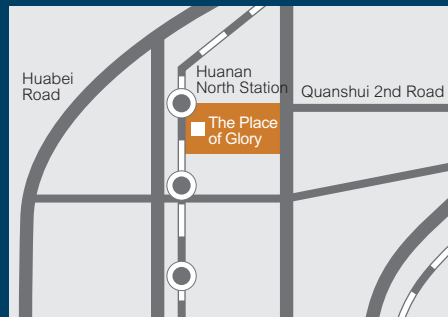
The Place of Glory

Total GFA: **925,000 sq.m.**

Total saleable GFA: **875,000 sq.m.**

Attributable interest to our Group: **100%**

Usage: **Residential**



HANGZHOU

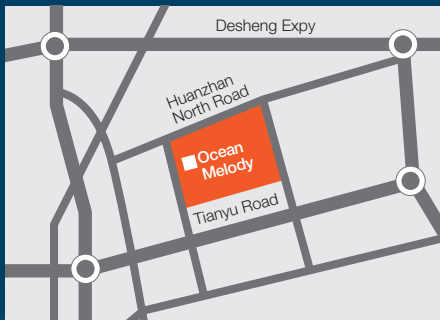
Ocean Melody

Total GFA: **58,000 sq.m.**

Total saleable GFA: **39,000 sq.m.**

Attributable interest to our Group: **100%**

Usage: **Residential**



NANJING

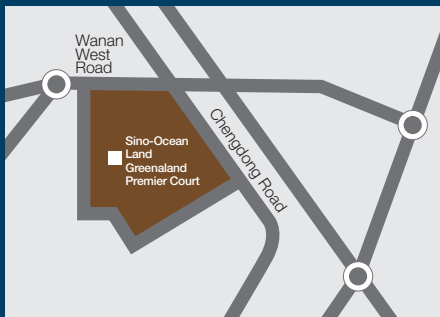
Sino-Ocean Land Greenland Premier Court

Total GFA: **71,000 sq.m.**

Total saleable GFA: **67,000 sq.m.**

Attributable interest to our Group: **50%**

Usage: **Residential and retail space**





ZHONGSHAN

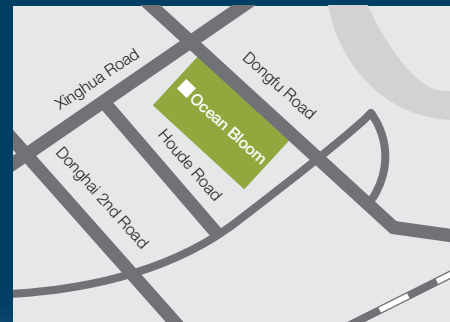
Ocean Bloom

Total GFA: **200,000 sq.m.**

Total saleable GFA: **189,000 sq.m.**

Attributable interest to our Group: **51%**

Usage: **Residential**



ZHONGSHAN

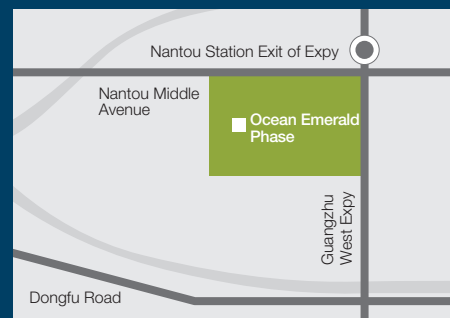
Ocean Emerald Phase

Total GFA: **437,000 sq.m.**

Total saleable GFA: **412,000 sq.m.**

Attributable interest to our Group: **61%**

Usage: **Residential**

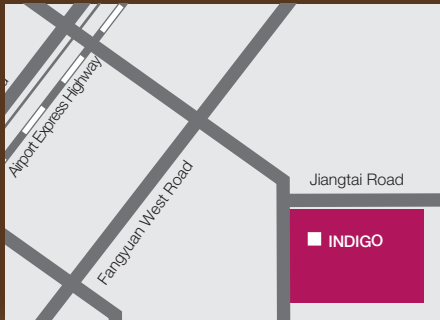


Projects Overview — Commercial Property

BEIJING

INDIGO

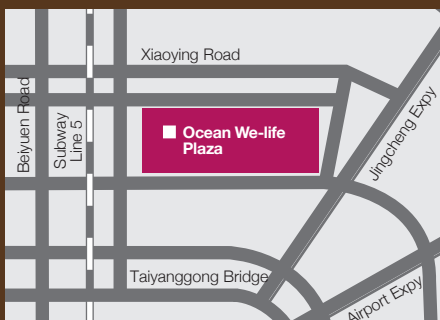
Total leasable area: **176,000 sq.m.**
Attributable interest to our Group: **50%**
Usage: **Offices, hotels and retail space**



BEIJING

Ocean We-life Plaza

Total leasable area: **31,000 sq.m.**
Attributable interest to our Group: **100%**
Usage: **Retail space**





BEIJING

Ocean International Center, Phase II

Total leasable area: **77,000 sq.m.**

Attributable interest to our Group: **35%**

Usage: **Offices and retail space**



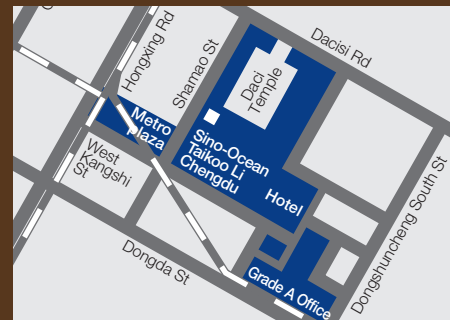
CHENGDU

Sino-Ocean Taikoo Li Chengdu

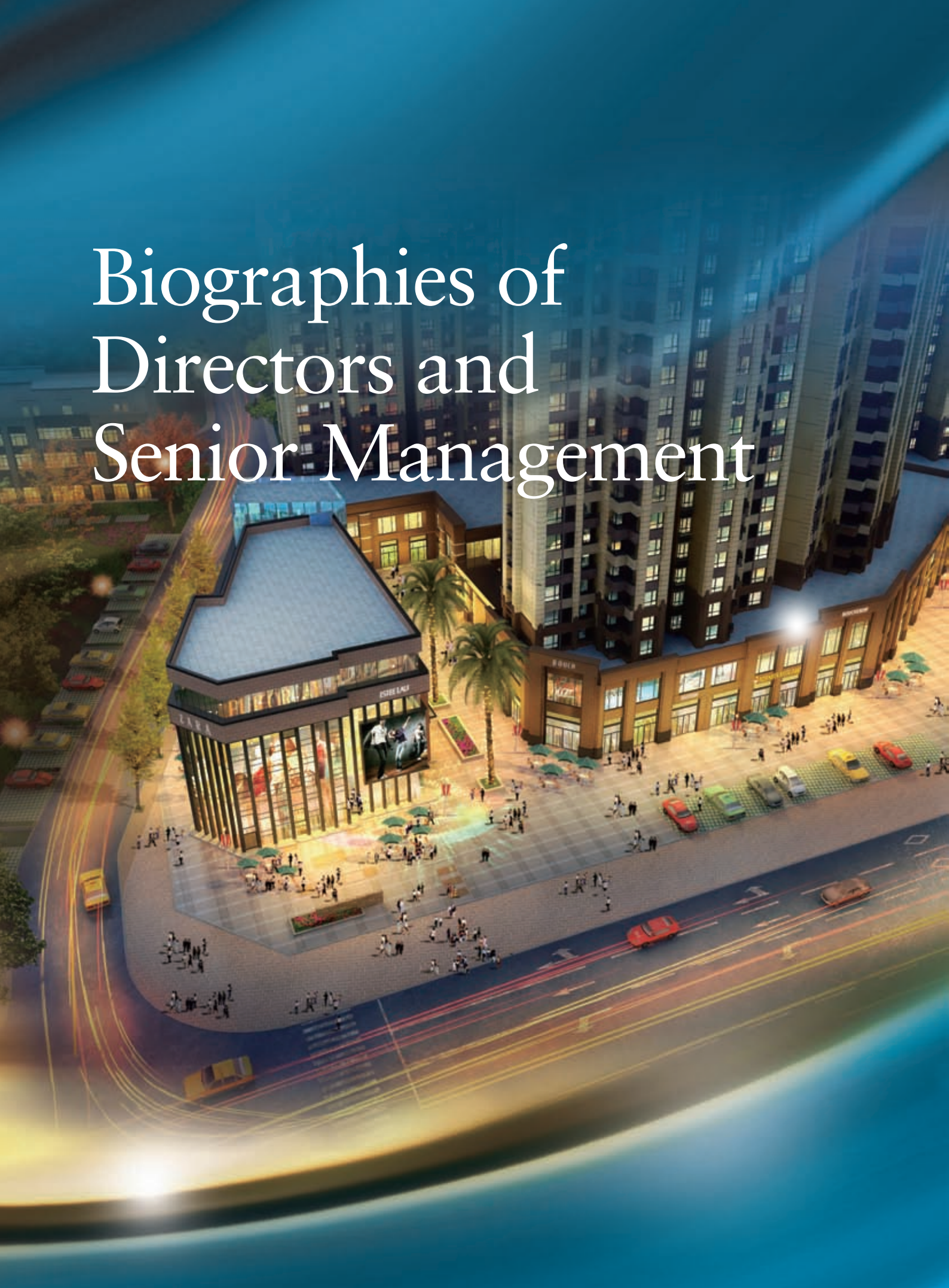
Total leasable area: **99,000 sq.m.**

Attributable interest to our Group: **50%**

Usage: **Offices, hotels and retail space**



Biographies of Directors and Senior Management



Biographies of Directors and Senior Management



Executive Director

Mr. LI Ming (李明)

Mr. LI Ming, aged 52, is the Chairman, Chief Executive Officer (“CEO”), Chairman of the Nomination Committee and Chairman of the Investment Committee of the Company. Mr. Li joined the Group as a general manager in July 1997 and became the Chief Executive Officer in August 2006. Mr. Li also serves as chairman, legal representative, director or general manager of a number of our subsidiaries and project companies. With extensive experience in corporate governance, property development and property investment, Mr. Li is primarily engaged in our Company’s overall operation management and the implementation of development strategies. Mr. Li has been appointed a non-executive director, honorary chairman of the board and chairman of the nomination committee of Gemini Investments (Holdings) Limited (“Gemini”), an indirect subsidiary of the Company listed on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”) on 9 August 2013. Mr. Li obtained a Bachelor’s Degree in Motor Vehicle Transportation from Jilin Industrial University in July 1985 and a Master’s Degree in Business Administration from the China Europe International Business School in May 1998. He is also a qualified senior engineer. Mr. Li is currently a member of the People’s Congress of the Chaoyang District of the Beijing Municipality, the vice-president of the China Real Estate Association (“CREA”) and director of the Commercial and Tourism Real Estate Professional Committee of CREA.



Executive Director

Ms. LIU Hui (劉暉)

Ms. LIU Hui, aged 46, is the Vice President and a member of the Investment Committee of the Company. Ms. Liu joined the Group in March 2010. Ms. Liu has over 20 years of experience in investment management and the banking industry. She has been the vice-president of China Life Investment Holding Company Limited since 2014. She held various positions including general manager of investment management department of China Life Insurance Company Limited (“China Life”), departmental general manager and deputy general manager of China Life Insurance Asset Management Company Limited and division head of the headquarters of China Construction Bank. Ms. Liu is also a non-executive director of COFCO Futures Co., Ltd. since August 2013. Ms. Liu graduated from Renmin University of China with a bachelor’s degree in Economics in July 1992, and obtained a master’s degree in Business Administration from Tsinghua University in June 2000. She is a senior economist. Ms. Liu is nominated by China Life, a substantial shareholder of the Company.

Biographies of Directors and Senior Management



Executive Director

Mr. KWOK Kin Ho (郭健豪)

Mr. KWOK Kin Ho, aged 51, is a member of the Investment Committee of the Company. Mr. Kwok is the Chief Executive of China Property of Nan Fung group of companies (the "Nan Fung Group"). Mr. Kwok joined Nan Fung Group in July 2015 and is responsible for Nan Fung Group's overall property development, property investment and asset management businesses in the PRC. He has over 25 years of real estate development, investment and as well as asset management experience in the PRC. Before joining Nan Fung Group, he worked at the group of Hongkong Land Holdings Limited for about 19 years and was the President, Residential Property, the PRC prior to his departure. Mr. Kwok obtained a master of science degree in Real Estate from the University of Hong Kong in 2004. He completed the Global CEO Program for China organised jointly by the CEIBS-Harvard Business School-IESE Business School in 2006. Mr. Kwok was nominated by Nan Fung International Holdings Limited ("Nan Fung International").



Executive Director

Mr. SUM Pui Ying (沈培英)

Mr. SUM Pui Ying, aged 53, joined the Group in May 2007 and is the Chief Financial Officer of the Company. Mr. Sum has been appointed as an executive director of the Company on 18 December 2015. Mr. Sum was also the Company Secretary of the Company from May 2007 to March 2014. Mr. Sum had been appointed as a non-executive director and chairman of the Board of Gemini in March 2011 and was subsequently re-designated as an executive director, chief executive officer, the chairman of the investment committee and a member of the nomination committee of Gemini in August 2013. Mr. Sum is primarily engaged in the strategic development of the Company and is responsible for the overall coordination of the Group's overseas business, operation and management of the Group's Hong Kong and overseas business, and in charge of daily operation of Gemini. Mr. Sum obtained a Professional Diploma in Accounting from the Hong Kong Polytechnic University in 1988, a Master's Degree in Business Administration from the University of Wales in 1991 and a Diploma in Legal Studies from the University of Hong Kong in 1996. Mr. Sum is a fellow member of the Hong Kong Institute of Certified Public Accountants and a member of the Institute of Chartered Accountants in England & Wales. Mr. Sum has extensive experience in governing companies listed on the Stock Exchange. He is currently a director and Honorary Treasurer of Executive Committee of China Real Estate Chamber of Commerce Hong Kong Chapter Limited.

Biographies of Directors and Senior Management



Executive Director

Mr. WEN Haicheng (温海成)

Mr. WEN Haicheng, aged 47, is the Vice President of the Company. Mr. Wen joined the Group in January 2009. Mr. Wen obtained a Bachelor's Degree in Engineering from Chongqing Institute of Architecture and Engineering in July 1992, a Master's Degree in Engineering from Chongqing Jianzhu University and a doctorate degree in Management from Chongqing University in June 1999 and December 2007, respectively. Mr. Wen is a Chartered Builder of The Chartered Institute of Building, U.K. and a senior engineer at professor level. He has been the general manager of the Construction Business Division of China State Construction Engineering Corporation Limited. With extensive experience in engineering construction and project management, Mr. Wen is primarily engaged in the overall operation and management of the Company. He is also responsible for the management of the Group's various specialized subsidiaries and assist the Chief Executive Officer in the Group's risk management and the operation of the Group's development business.



Non-Executive Director

Mr. YANG Zheng (杨征)

Mr. YANG Zheng, aged 46, is a member of the Audit Committee of the Company. Mr. Yang joined the Group in March 2011. Mr. Yang joined China Life as assistant to the general manager of the finance department in July 2005, the deputy general manager of the same department, the general manager of the finance department and CFO. Mr. Yang has been promoted to the vice-president of China Life since August 2014. Prior to joining China Life, Mr. Yang worked as a senior financial analyst at Molex Inc. in the USA from July 2000 to June 2005. Mr. Yang graduated from Beijing University of Technology in 1993. He then obtained a Master's Degree in Business Administration from Northeastern University in the USA in 2000. Mr. Yang is a member of American Institute of Certified Public Accountants, a member of the Association of Chartered Certified Accountants. He is currently a Director of the eighth session of the Board of the Accounting Society of China, a member of the National Technical Committee on Accounting Information of Standardization Administration of China, a member of the third session of China Insurance Solvency Regulatory Standard Committee and a member of the Accounting Standards and Strategies Committee of the Finance Department. Mr. Yang is nominated by China Life, a substantial shareholder of the Company.

Biographies of Directors and Senior Management



Non-Executive Director

Mr. FANG Jun (方軍)

Mr. FANG Jun, aged 48, a member of the Nomination Committee of the Company, joined us in May 2014. He possesses a doctorate degree and he is a senior economist. He joined China Life Insurance (Group) Company in May 2002 and served as a general manager assistant of the Equity Management Department and a general manager assistant and a deputy general manager of the Asset Management Department, until he was promoted to general manager of the Investment Management Department in February 2011. He is also a director of China Life Investment Holding Company Limited, a non-executive director of CITIC Securities Co., Ltd. (a company listed on the Stock Exchange and the Shenzhen Stock Exchange), a director of Shanghai Lujiazui Finance & Trade Zone United Development Co. Limited, a director of Hui Xian Holdings Limited and a director of Bohai Industrial Investment Fund Management Co., Ltd. He was granted a bachelor's degree in laws from Renmin University of China in 1991 and a master's degree in laws and a doctorate degree in management from the graduate school of Chinese Academy of Social Sciences in 1996 and 1999, respectively. Mr. Fang is nominated by China Life, a substantial shareholder of the Company.

Non-Executive Director

Mr. YANG Leyu (楊樂宇)

Mr. YANG Leyu, aged 41, is a member of the Audit Committee of the Company. Mr. Yang is the Vice President of China Property of Nan Fung Group. Mr. Yang has extensive experience in property investment, financing, merger and acquisition and has accumulated 15 years of experience in the real estate industry. Mr. Yang has joined Nan Fung Group since 2007 and is currently responsible for the property investment, development as well as asset management in the PRC market. During his service with Nan Fung Group, Mr. Yang initiated, managed or executed many of Nan Fung Group's major China investments with diversified investment strategies. Mr. Yang graduated from Shandong Jianzhu University with a bachelor's degree in mechanical engineering in 1997 and obtained a master's degree in business administration from the University of Hong Kong in 2004. Mr. Yang was nominated by Nan Fung International.

Biographies of Directors and Senior Management



Independent Non-Executive Director

Mr. TSANG Hing Lun (曾慶麟)

Mr. TSANG Hing Lun, aged 66, is the chairman of the Audit Committee and a member of the Investment Committee of the Company. Mr. Tsang joined the Group in June 2007. Mr. Tsang is a fellow member of the Hong Kong Institute of Directors, the Association of Chartered Certified Accountants and the Hong Kong Institute of Certified Public Accountants. Mr. Tsang graduated from the Chinese University of Hong Kong with a Bachelor's Degree in Business Administration (1st Class Honors) in 1973. Mr. Tsang has served in a senior management capacity in several publicly listed companies operating in Hong Kong and Singapore. Mr. Tsang joined Hang Seng Bank in 1973 and served for 17 years. He acted as an assistant general manager of the planning and development division. He joined the UOB Group in Singapore in 1990 as its head of International Branches Division and its first vice president. Mr. Tsang also acted as an executive director of China Champ Group in 1994, as an alternate chief executive and a deputy general manager of the China Construction Bank, Hong Kong Branch from 1995 to 1998. Mr. Tsang currently acts as an independent non-executive

director, the chairman of the audit committee and a member of remuneration committee of Sinotrans Shipping Limited, a company listed on the Stock Exchange. Mr. Tsang is also an independent non-executive director of China GrenTech Corporation Limited, a company previously listed on the NASDAQ of USA which was privatized at the end of April 2012. With effect from 15 May 2013, Mr. Tsang retired as independent non-executive director of Beijing Youth Media Corporation, a company listed on the Stock Exchange. With effect from April 2014, Mr. Tsang retired as an independent non-executive director of China Rongsheng Heavy Industries Group Holdings Limited, a company listed on the Stock Exchange. With effective from 15 June 2013, Mr. Tsang was appointed as an independent non-executive director by Nexteer Automotive Group Limited whose shares are listed on the Main Board of Stock Exchange and also nominated as chairman of the remuneration and nomination committee and member of the audit and compliance committee of that company.

Biographies of Directors and Senior Management



Independent Non-Executive Director **Mr. HAN Xiaojing (韓小京)**

Mr. HAN Xiaojing, aged 61, is the chairman of the Remuneration Committee and a member of the Nomination Committee of the Company. He joined the Group in June 2007. Mr. Han is the founding partner of the Commerce & Finance Law Offices. He has over 25 years' experience in the practice of corporate and securities laws in China especially in the restructuring of large-scale state owned enterprises and private companies and offshore listing of Chinese companies. Mr. Han obtained a Master's Degree in Law from China University of Political Science and Law in 1985. He is currently an independent non-executive director of Far East Horizon Limited and Sinotrans Limited, companies listed on the Stock Exchange. He has been serving as an independent director of Ping An Bank Co., Ltd and Beijing Sanju Environmental Protection and New Material Co., Ltd, companies listed on the Shenzhen Stock Exchange since 27 February 2014 and 15 April 2014, respectively. Mr. Han was a supervisor of Beijing Capital International Airport Company Limited, a company listed on the Stock Exchange and an independent director of Shenzhen Overseas Chinese Town Holding Company, a company listed on the Shenzhen Stock Exchange.



Independent Non-Executive Director **Mr. Wang Zhifeng (王志峰)**

Mr. Wang Zhifeng, aged 60, is a member of the Nomination Committee and Remuneration Committee of the Company. He is currently the retired cadre of the head office of Agricultural Bank of China Limited (the "Agricultural Bank" and together with its subsidiaries, the "Agricultural Bank Group"). Mr. Wang joined the Agricultural Bank Group in August 1978 and has over 37 years' experience in finance and management. Mr. Wang also served as the head and the secretary of the Communist Party Committee of Dalian Branch of the Agricultural Bank, and a supervisor of Agricultural Bank of China Financial Leasing Co., Ltd. He graduated from Shenyang Agricultural College with master's degree in economic management, and is currently a senior economist. Mr. Wang has also acted as an independent non-executive director of Dalian Port (PDA) Company Limited (a company listed on the Stock Exchange) since 30 October 2014.

Biographies of Directors and Senior Management



Independent Non-Executive Director

Mr. SUEN Man Tak (孫文德)

Mr. SUEN Man Tak, aged 57, is a member of the Audit Committee, Nomination Committee and Remuneration Committee of the Company. Mr. Suen received his master's degree in Accountancy from the Charles Sturt University, Australia in September 1996. He further obtained a degree of Juris Doctor in July 2010 and a Postgraduate Certificate in Laws in July 2011, both from the City University of Hong Kong. He was called to the Hong Kong Bar in February 2013. He has been a member of the Hong Kong Institute of Certified Public Accountants since July 1998 and a member of the Hong Kong Securities and Investment Institute since April 1999.

Mr. Suen has extensive experience in the enforcement of securities and futures related legislation as well as commercial crime investigations. Mr. Suen had served with the Securities and Futures Commission of Hong Kong (the

"SFC") for more than 17 years. He is now a practicing barrister-at-law specializing in litigation and advisory work on the SFO, the Takeovers Code, the Listing Rules, the Code of Conduct for Persons Licensed by or Registered with the SFC, market misconduct, white collar crimes and money laundering activities.

Mr. Suen had acted as an independent non-executive director of Neo-Neon Holdings Limited (a company listed on the Main Board of the Stock Exchange) from August 2013 to September 2014. He also acted as an executive director of Upbest Group Limited (a company listed on the Main Board of the Stock Exchange) from April 2007 to June 2012, and a non-executive director of that company from June 2012 to December 2015. Mr. Suen is also a member of the panel of the board of review under the Inland Revenue Ordinance (Chapter 112 of the Laws of Hong Kong) since 1 July 2014.

Biographies of Directors and Senior Management

Senior Management

Mr. CHEN Runfu (陳潤福), aged 51, is the Vice President of the Company. Mr. Chen joined the Group in 1995. Mr. Chen also serves as a director or general manager of a number of our subsidiaries and project companies. With extensive experience in property development and property investment, Mr. Chen is primarily responsible for the Group's strategy management, investment management, equity management and brand management. Mr. Chen obtained a Bachelor's Degree in Harbor and Channel Engineering from Dalian Institute of Technology (now known as Dalian University of Technology) in July 1986 and a Master's Degree in Business Administration from the China Europe International Business School in September 2005.

Mr. XU Li (徐立), aged 54, is the Vice President of the Company. Mr. Xu joined the Group in October 1997. With extensive experience in property development and property investment, Mr. Xu is primarily engaged in the overall management of the Company's operations, in charge of the business and overall coordination in Beijing-Tianjin-Hebei and Hainan regions as well as responsible for development department I and its affiliates. He assists the CEO in the operation and management of the Group's development business. Mr. Xu obtained a Bachelor's Degree in Industrial and Residential Construction from the Liaoning Radio and Television University in December 1992 and obtained a Master's Degree in Business Administration from Cheung Kong Graduate School of Business in September 2010.

Mr. WANG Fushun (王福順), aged 54, is the Vice President of the Company. Mr. Wang joined the Group in 2002. Mr. Wang also serves as director or general manager of a number of our subsidiaries and project companies. With extensive experience in development and operation of residential and commercial properties, Mr. Wang is primarily responsible for the overall operation and management of the Company, responsible for the business and overall coordination in Northeast China, Eastern China, Central China and Shandong, responsible for the Group's business in commercial real estate, in charge of the comprehensive work of development department II and III, as well as responsible for operation management centre, commercial real estate department and its affiliates. He assists the CEO in the operation and management of the Group's commercial properties. Mr. Wang obtained a Bachelor's degree and a Master's Degree in Engineering Mechanical Design and Manufacturing from Northeast Forestry University in July 1982 and in March 1987, respectively.

Mr. CHEN Zuyuan (譚祖元), aged 54, is the Vice President of the Company. Mr. Chen joined the Group in February 2003. With extensive experience in property development and planning and design, Mr. Chen is primarily engaged in the overall management of the Company's operations, in charge of the business and overall coordination in Southern China and Southwest China as well as responsible for development department IV and its affiliates. He assists the CEO in the operation and management of the Group's development business. Mr. Chen obtained a Bachelor's Degree in Industrial and Civil Construction from the Hunan University in July 1983 and a Master's Degree in Business Administration from the China Europe International Business School in September 2006.

Mr. LI Jianbo (李建波), aged 53, is the Vice President of the Company. Mr. Li joined the Group in September 2009. With extensive experience in human resources and operation management in multi-national companies, Mr. Li is the joint secretary of the Board of the Company, primarily engaged in the overall management of the Company's operations, responsible for the Group's property management, customer service and senior living real estate business, responsible for the Group's human resources management, strategic process management, the Board's activities, as well as in charge of the strategic process centre, human resources centre, customer service department and its affiliates. Mr. Li obtained a Bachelor's Degree in Computer Engineering from Tsinghua University in July 1985 and obtained a Master's Degree in Business Administration from the State University of New Jersey in the USA in August 2000. For the period from 22 October 2010 to 17 March 2011, Mr. Li was the chairman and an executive director of Gemini.

Biographies of Directors and Senior Management

Company Secretary

Mr. CHUNG Kai Cheong (鍾啟昌), aged 37, is the Company Secretary of the Company. Mr. Chung joined the Group in August 2015. With extensive experience in corporate finance and accounting, Mr. Chung is mainly responsible for corporate governance of the Company and the financial management, corporate financing, market research and analysis, and assists investor's relationship of the Group's Hong Kong business. Mr. Chung obtained a bachelor's degree majoring in accountancy from The City University of Hong Kong in September 2000. He is currently a fellow of the Hong Kong Institute of Certified Public Accountants. Mr. Chung has over 15 years of experience in accounting, financial management, corporate finance and auditing. Mr. Chung has extensive knowledge in accounting and the Listing Rules and regulations in Hong Kong. He has rich experience in listed companies in Hong Kong.

Directors' Report

The Board is pleased to present its report and the audited financial statements of the Company and of the Group for the year ended 31 December 2015.

Principal Operations and Geographical Analysis of Operations

The Company is an investment holding company. Its subsidiaries are mainly engaged in the real estate development, construction, reparation and decoration, property investment, property management, hotel operation and real estate finance businesses. The Group is one of the leading property developers with developments in key economic regions in the PRC.

The analysis of the Group's revenue and operating results in its major operation activities is set out in note 6 to the consolidated financial statements.

Results and Appropriations

Results of the Group for the year ended 31 December 2015 are set out in the consolidated income statement and the consolidated statement of comprehensive income on page 97 and 98 respectively.

During the year under review, an interim dividend in respect of the six months ended 30 June 2015 of HKD0.075 per ordinary share and a final dividend in respect of the financial year ended 31 December 2014 of HKD0.165 per ordinary share were paid respectively.

The Board proposed to recommend at the forthcoming AGM to be held on Thursday, 12 May 2016 the payment of a final dividend of HKD0.05 per ordinary share for the year ended 31 December 2015. The final dividend will be paid in cash. The final dividend is subject to the approval of the shareholders at the forthcoming AGM. The final dividend will be paid to the shareholders whose name is standing in the register of members of ordinary shares of the Company on Tuesday, 17 May 2016. In order to qualify for the proposed final dividend, all properly completed transfer forms accompanied by the relevant share certificates must be lodged with the Company's share registrar, Computershare Hong Kong Investor Services Limited (the "Share Registrar") at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong no later than 4:30 p.m. on Tuesday, 17 May 2016.

The register of members of ordinary shares of the Company will be closed from Monday, 9 May 2016 to Thursday, 12 May 2016 (both dates inclusive), during which period no transfer of ordinary shares will be registered. In order to qualify for attending the forthcoming AGM, all properly completed transfer forms accompanied by the relevant share certificates must be lodged with the Share Registrar no later than 4:30 p.m. on Friday, 6 May 2016.

Reserves

Movements in the reserves of the Group and the Company during the year under review are set out in note 28 to the consolidated financial statements of this annual report.

Distributable Reserves

The Company's total distributable reserves as at 31 December 2015 amounted to RMB818 million.

Share Capital

Movements in the share capital of the Company during the year under review and as at 31 December 2015 are set out in note 26 to the consolidated financial statements of this annual report.

Fixed Assets

Movements in the Group's fixed assets are set out in note 7 to the consolidated financial statements.

Borrowings and Capitalization of Interests

Details of borrowings are set out in note 32 to the consolidated financial statements of this annual report. Details of the Group's capitalized interest expenses and other borrowing costs during the year under review are set out in note 40 to the consolidated financial statements of this annual report.

Donations

For the year ended 31 December 2015, the Group's donations to charity and other purposes were approximately RMB3.65 million (2014: RMB0.08 million).

Business Review

A review of the business of the Group during the year and a discussion on the Group's future business development are set out in the sections heading "Business Review" and "Our strategy in 2016" under the Chairman's Statement of this annual report respectively. The description of possible risks and uncertainties that the Group may be facing are set out in the sections heading "2016 Market Outlook" under the Chairman's Statement, note 4 to the consolidated financial statements and "Other Information" under the Management Discussion & Analysis of this annual report. An analysis of the Group's performance during the year using financial key performance indicators is set out in the Group's Financial & Operation Highlights on page 6 of this annual report.

Sustainable Development

We have always emphasised the importance of environmental protection in our production, operation and social initiatives. While striving to create green buildings, we are also extending the scope of our green vision to the wider society by using our "Old Community, New Green" environmental protection programme as a platform to sponsor efforts to improve the environment. The programme encourages local communities, employees and social groups such as university students to engage in building green neighbourhoods, as well as to adopt green practices in daily operations to help reduce their carbon footprint.

We have always kept environment safety and its impacts on the image of our products and services as the priorities on our agenda. We insist on carrying out the integrated certification work of the three management systems, namely the Quality Management System (QMS), Environmental Management System (EMS) and Occupational Health and Safety Advisory Services (OHSAS).

Further details of our performance in environmental aspect are set out in the section heading "environment protection: a consistent tradition" in the Corporate Social Responsibility Report of this annual report.

Compliance with laws and regulations

The real estate industry in China is the core industry which PRC laws, regulations and policies pay much attention to. There are laws and regulations of different level restricting various aspects of the real estate industry, such as the transfer of land use rights, the establishment of property development enterprises, the development and construction of real estate projects, environmental protection and foreign exchange control. The Company recognises the importance of the compliance with the laws and regulations in commercial activities, and the failure to comply with the above could result in serious risk and consequences. The Company has reasonably allocated financial and human resources, in particular, the setting up of the compliance and risk management team, to ensure ongoing compliance with respective requirements of the laws and regulations and the policies. Meanwhile, the Company maintains good relationships with different department heads through effective communication. During the review year, to the best of our knowledge, the Company has complied with the following salient PRC laws and regulations, namely the Law on Sino-Foreign Equity Joint Ventures, the Foreign-Funded Enterprise Law, the Company Law, the Property Law, the Land Administration Law, the Law of the Administration of Urban Real Estate, the Regulations on Administration of Urban Real Estate Development, the Construction Law, the Environmental Protection Law, Control of Foreign Exchange Regulations and other relevant laws and regulations.

Relationships with key stakeholders

Our achievement depends the support from key stakeholders which comprise employees, business partners and customers. Detailed discussions on the relationships with key stakeholders are set out on pages 16 to 25 in the Corporate Social Responsibility Report.

Directors' Report

Remuneration Policy and Retirement Benefits of the Group

The Group's remuneration system has been determined by reference to the corporate business performance, the efficiency and accomplishments of the staff, and the remuneration level of the same industry in the market. The Company offers share options and introduces restricted share award scheme to competitive staff so as to provide staff remuneration package with market competitiveness and to ensure availability of human resources for the sustained development of the Company.

Details of the Group's the retirement benefit plans are set out in note 39 to the consolidated financial statements of this annual report.

Basis of Determining Remuneration to Directors

The same remuneration philosophy is applicable to the directors of the Company (the "Directors"). Apart from benchmarking against the market, the Company looks at individual experience, qualification and responsibilities

Details of the repurchases of such ordinary shares are as follows:

Month of the repurchases	Number of ordinary shares repurchased	Highest price paid by share (HKD)	Lowest price paid by share (HKD)	Aggregate consideration (HKD Million)
September 2015	17,644,500	4.24	4.00	73.23

Save as disclosed above and in the section headed "Restricted Share Award Scheme" below, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the listed securities of the Company during the year under review.

Guaranteed Notes

During the year under review, the USD700 million 4.45% guaranteed notes due 2020 and USD500 million 5.95% guaranteed notes due 2027 (the "Guaranteed Notes") were issued by a wholly-owned subsidiary of the Company in an aggregate principal amount of USD1,200 million on 28 January 2015, which have been fully subscribed by investors. The net proceeds from the issue of the

involved in the Company in determining the exact level of remuneration for each Director. Appropriate benefits schemes are in place for the Directors, including the share option scheme and the restricted share award scheme, similar to those offered to other employees of the Group.

Five-Year Financial Summary

A five-year financial summary of the Group is set out on page 197 of this annual report.

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

During the year under review, 17,644,500 ordinary shares of the Company being repurchased on the Stock Exchange were cancelled and the number of issued shares of the Company was reduced accordingly. The above repurchases were effected by the Directors pursuant to the mandate granted by shareholders in the Company's annual general meeting held on 12 May 2015, with a view to benefitting shareholders as a whole in enhancing the net assets and the earnings per share of the Company.

Guaranteed Notes were amounted to approximately USD1,182 million (approximately RMB7.4 billion). The net proceeds from issue of the Guaranteed Note were fully applied to repayment of debt amounted to approximately RMB1.9 billion and business operation amounted to approximately RMB5.5 billion, of which approximately RMB3.7 billion was for settlement of land cost.

The reasons for issue of the Guaranteed Note are to expand our finance channels, fine-tune our debt structure and lower our cost of funding. Details of the Guaranteed Note are set out in notes 32 to the consolidated financial statements of this annual report.

Restricted Share Award Scheme

The Restricted Share Award Scheme (the "Award Scheme") was adopted by the Board on 22 March 2010 (the "Adoption Date") as an incentive to retain and encourage employees for the continual operation and development of our Group. Unless early terminated by the Board, the Award Scheme shall continue in full force and effect from the Adoption Date for a term of 10 years.

According to the Award Scheme, the maximum number of shares to be awarded under the Award Scheme is 169,104,822 shares, representing 3% of the issued share capital of the Company as at the Adoption Date. The restricted shares will be purchased by the trustee from the market out of cash contributed by our Group and be held in trust for the relevant selected employees until such shares are vested with the relevant selected employees in accordance with the provisions of the Award Scheme. The

shares awarded to the directors and employees of the Group at no consideration will be vested in three years in which 40% of awarded shares will be vested after one year from the date of award and 7.5% of awarded shares will be vested quarterly thereafter.

During the year under review, the trustee of the Award Scheme, pursuant to the terms of the rules and trust deed of the Award Scheme, acquired 17,600,444 shares of the Company by way of market acquisition at an aggregate consideration of approximately RMB64,322,000 (including transaction cost). Up to 31 December 2015, 59,286,555 shares of the Company had been acquired from the market, and from receiving scrip shares in lieu of cash dividend by the trustee, at an aggregate consideration of approximately RMB218,622,000 (including transaction costs), representing 1.05% of the issued share capital of the Company as at the Adoption Date.

Details of the number of shares awarded under Award Scheme and the shares vested during the year under review are set out below:

Date of award	Balance as at 1 January 2015	Shares awarded during the year	Awarded Shares		Balance as at 31 December 2015
			No. of shares vested during the year	No. of shares lapsed during the year (note)	
18 March 2013	7,638,375	–	(5,577,300)	(686,475)	1,374,600
18 March 2014	25,012,000	–	(14,803,750)	(1,539,750)	8,668,500
13 May 2014	512,000	–	(281,600)	–	230,400
18 March 2015	–	20,147,300	–	(180,000)	19,967,300
Total	33,162,375	20,147,300	(20,662,650)	(2,406,225)	30,240,800

Note: Pursuant to the Award Scheme, 2,406,225 awarded shares were lapsed upon the resignation of awardees during the year under review.

Directors' Report

Share Option Scheme

A share option scheme of the Company (the "Share Option Scheme"), which was approved by the shareholders' written resolutions, is valid and effective for a period of 10 years until 27 September 2017, unless it is terminated early in accordance with the provisions of the Share Option Scheme. Under the Share Option Scheme, the Board may grant share options to eligible employees and directors of the Group. The purpose of the Share Option Scheme is to provide an incentive for employees of the Group to work with commitment towards enhancing the value of the Company and its shares for the benefit of our shareholders, and to compensate employees of the Group for their contribution based on their individual performance and that of the Company.

The total number of shares in respect of which share options may be granted under the Share Option Scheme is not permitted to exceed 424,286,000 shares, representing

5.65% of the total number of shares of the Company as at the date of this report. Without prior approval from the Company's shareholders, the number of shares in respect of which share options were granted and may be granted to any individual in any one year is not permitted to exceed 1% of the shares of the Company in issue at any point in time.

The share options granted under the Share Option Scheme are exercisable within five years period in which 40% of share options become exercisable after one year from the offer date, 70% of share options become exercisable after two years from the offer date, and all share options become exercisable after three years from the offer date. A consideration of HKD1.00 is payable by each grantee accepting on the grant of share options. Options are exercisable at a price that is determined by the Board of the Company, which will not be less than the higher of the closing price of the Company's shares on the offer date, and the average closing prices of the shares for the five business days immediately preceding the offer date.

During the year under review, movements of share options granted to the Directors, chief executives, and employees of the Group under the Share Option Scheme are as follows:

	Date of share option granted	Exercise price per share (HKD)	No. of share options outstanding as at 1 January 2015	No. of share options granted during the year	No. of share options exercised during the year (note i)	No. of share options lapsed during the year	No. of share options outstanding as at 31 December 2015
Directors							
Mr. LI Ming	12 Jan 2012	3.57	6,280,000	–	–	–	6,280,000
	27 Aug 2015	4.04	–	1,800,000	–	–	1,800,000
Ms. LIU Hui	12 Jan 2012	3.57	400,000	–	–	–	400,000
	27 Aug 2015	4.04	–	350,000	–	–	350,000
Mr. CHEUNG Vincent Sai Sing (Resigned on 22 Aug 2015)	12 Jan 2012	3.57	400,000	–	(400,000)	–	–
Mr. KWOK Kin Ho (Appointed on 22 Aug 2015)	27 Aug 2015	4.04	–	350,000	–	–	350,000
Mr. CHEN Runfu (Resigned on 18 Dec 2015)	12 Jan 2012	3.57	2,610,000	–	–	–	2,610,000
	27 Aug 2015	4.04	–	800,000	–	–	800,000
Mr. SUM Pui Ying (Appointed on 18 Dec 2015)	12 Jan 2012	3.57	2,330,000	–	–	–	2,330,000
	27 Aug 2015	4.04	–	800,000	–	–	800,000
Mr. WEN Haicheng	12 Jan 2012	3.57	730,000	–	(370,000)	–	360,000
	27 Aug 2015	4.04	–	800,000	–	–	800,000
Mr. YANG Zheng	12 Jan 2012	3.57	400,000	–	–	–	400,000
	27 Aug 2015	4.04	–	350,000	–	–	350,000

	Date of share option granted	Exercise price per share (HKD)	No. of share options outstanding as at 1 January 2015	No. of share options granted during the year	No. of share options exercised during the year (note i)	No. of share options lapsed during the year	No. of share options outstanding as at 31 December 2015
Mr. FANG Jun	27 Aug 2015	4.04	–	350,000	–	–	350,000
Mr. YANG Leyu (Appointed on 22 Aug 2015)	27 Aug 2015	4.04	–	350,000	–	–	350,000
Mr. TSANG Hing Lun	12 Jan 2012	3.57	600,000	–	(600,000)	–	–
	27 Aug 2015	4.04	–	350,000	–	–	350,000
Mr. GU Yunchang	12 Jan 2012	3.57	600,000	–	–	–	600,000
	27 Aug 2015	4.04	–	350,000	–	–	350,000
Mr. HAN Xiaojing	12 Jan 2012	3.57	600,000	–	–	–	600,000
	27 Aug 2015	4.04	–	350,000	–	–	350,000
Mr. ZHAO Kang (Resigned on 18 Dec 2015)	12 Jan 2012	3.57	600,000	–	–	–	600,000
	27 Aug 2015	4.04	–	350,000	–	–	350,000
Subtotal			15,550,000	7,350,000	(1,370,000)	–	21,530,000
Employees	12 Jan 2012	3.57	73,443,500	–	(49,216,828)	(163,500)	24,063,172
	27 Aug 2015	4.04	–	72,316,000	–	(350,000)	71,966,000
Subtotal			73,443,500	72,316,000	(49,216,828)	(513,500)	96,029,172
Total			88,993,500	79,666,000	(50,586,828)	(513,500)	117,559,172

Notes:

- (i) During the year ended 31 December 2015, 50,586,828 share options were exercised and weighted average closing price of shares of the Company immediately before the dated of exercise was HKD5.22 per share.

The average fair value of 79,666,000 share options granted on 27 August 2015 is HKD1.036829 per option. In determining the fair value of share options, the Binomial Lattice Model has been used and the following variables have been applied to the model:

Measurement date	27 August 2015
Variables	
– the expected volatility	41.10%
– the annual risk-free interest rate	1.184%
– the expected dividend yield	4.06%
– the expected life from the measurement date	5 years

Notes:

- (i) The closing price per share immediately before 27 August 2015, the date of granting the options was HKD3.77.
- (ii) The expected volatility was determined based on the historical volatility of the underlying security.
- (iii) Risk-free rate was reference to the yield rate of the generic Hong Kong government bonds with duration similar to the expected life of the options.
- (iv) The expected dividend yield is with reference to the historical dividend.

Directors' Report

Directors

The table below sets out certain information on the members of the Board during the year under review and up to the date of this report:

Name	Position
Mr. LI Ming	Executive Director and Chairman
Ms. LIU Hui	Executive Director
Mr. CHEUNG Vincent Sai Sing	Executive Director (resigned on 22 August 2015)
Mr. KWOK Kin Ho	Executive Director (appointed on 22 August 2015)
Mr. CHEN Runfu	Executive Director (resigned on 18 December 2015)
Mr. SUM Pui Ying	Executive Director (appointed on 18 December 2015)
Mr. WEN Haicheng	Executive Director
Mr. YANG Zheng	Non-executive Director
Mr. FANG Jun	Non-executive Director
Mr. CHUNG Chun Kwong, Eric	Non-executive Director (resigned on 22 August 2015)
Mr. YANG Leyu	Non-executive Director (appointed on 22 August 2015)
Mr. TSANG Hing Lun	Independent non-executive Director
Mr. HAN Xiaojing	Independent non-executive Director
Mr. GU Yunchang	Independent non-executive Director (resigned on 20 March 2016)
Mr. WANG Zhifeng	Independent non-executive Director (appointed on 20 March 2016)
Mr. ZHAO Kang	Independent non-executive Director (resigned on 18 December 2015)
Mr. SUEN Man Tak	Independent non-executive Director (appointed on 18 December 2015)

In accordance with Article 101 of the Articles of Association of the Company (the "Articles"), Mr. LI Ming and Mr. WEN Haicheng shall retire by rotation and, being eligible, offer themselves for re-election pursuant to Article 103 of the Articles, at the forthcoming AGM.

Pursuant to code provision A.4.3 of the Corporate Governance Code set out in Appendix 14 of the Listing Rules, any re-appointment of an independent non-executive director of a company who has served more than 9 years shall be subject to a separate resolution to be approved by its shareholders. Mr. TSANG Hing Lun and Mr. HAN Xiaojing, have served as independent non-executive directors since June 2007 and their re-election at the forthcoming AGM will be subject to a separate resolution to be approved by the shareholders.

In accordance with Article 106 of the Articles, Mr. KWOK Kin Ho, Mr. SUM Pui Ying, Mr. YANG Leyu, Mr. WANG Zhifeng and Mr. SUEN Man Tak, being appointed by the Board to fill casual vacancies, shall also retire and, being eligible, offer himself for re-election at the forthcoming annual general meeting.

Brief biographical details of the Directors and senior management are set out on pages 61 to 69 of this annual report.

Directors' Service Contracts

None of the Directors who are proposed for re-election at the forthcoming AGM has a service contract with any member of the Group which is not determinable by the Group within one year without the payment of compensation other than statutory compensation.

Permitted Indemnity

The Articles provides that each Director or other officer of the Company shall be entitled to be indemnified out of the assets of the Company against all losses or liabilities which he or she may sustain or incur in or about the execution of the duties of his or her office or otherwise in relation thereto. In addition, the Company has maintained appropriate directors and officers liability insurance in respect of relevant legal actions against the Directors.

Directors' Interests in Contracts of Significance

No contract of significance in relation to the Group's business to which the Company, any of its subsidiaries, fellow subsidiaries or its parent company was a party and in which any Director had a material interest, whether directly or indirectly, subsisted at the end of the financial year or at any time during the financial year under review.

Directors' Rights to Purchase Shares or Debentures

Save for the share options granted pursuant to the Share Option Scheme and the restricted shares awarded pursuant to the Award Scheme as set out above, at no time during the year under review, was the Company or any of its subsidiaries a party to any arrangement that would enable the Directors to acquire benefits by means of acquisition of shares in, or debentures of, the Company or any other body corporate, and none of the Directors or any of their spouses

or children under the age of 18, were granted any right to subscribe for the equity or debt securities of the Company or any other body corporate or had exercised any such right.

Interests of Directors and Chief Executives in Shares and Underlying Shares and Debentures

As at 31 December 2015, the interests and short positions of each Director and chief executives of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance ("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 the Model Code for Securities Transactions by Directors of Listed Companies (the "Model Code") were as follows:

Long position in the shares and the underlying shares of equity derivatives of the Company

Name of Directors	Nature of interest	No. of ordinary shares held (long position)	No. of underlying shares comprised in share options (note i)	Restricted shares (note ii)	Total	Percentage in the Company's issued share capital
Mr. LI Ming	Founder of discretionary trust	127,951,178 (note iii)	–	–	127,951,178	1.703%
	Beneficiary of trust	6,715,925 (note iv)	–	–	6,715,925	0.089%
	Beneficial owner	3,127,000	8,080,000	4,047,075	15,254,075	0.203%
Ms. LIU Hui	Beneficial owner	318,977	750,000	741,300	1,810,277	0.024%
Mr. KWOK Kin Ho	Beneficial owner	–	350,000	–	350,000	0.005%
Mr. WEN Haicheng	Beneficial owner	522,817	1,160,000	1,425,375	3,108,192	0.041%
Mr. SUM Pui Ying	Beneficial owner	793,625	3,130,000	1,425,375	5,349,000	0.071%
Mr. YANG Zheng	Beneficial owner	93,000	750,000	87,000	930,000	0.012%
Mr. FANG Jun	Beneficial owner	37,500	350,000	60,500	448,000	0.006%
Mr. YANG Leyu	Beneficial owner	–	350,000	–	350,000	0.005%
Mr. TSANG Hing Lun	Beneficial owner	63,000	350,000	87,000	500,000	0.007%
Mr. GU Yunchang	Beneficial owner	253,000	950,000	87,000	1,290,000	0.017%
Mr. HAN Xiaojing	Beneficial owner	253,000	950,000	87,000	1,290,000	0.017%
Mr. SUEN Man Tak	Beneficial owner	–	–	–	–	0.000%

Directors' Report

Notes:

- (i) The share options were granted pursuant to the Share Option Scheme, the details of which are set out as above in the paragraph headed "Share Option Scheme".
- (ii) The restricted shares were granted pursuant to the Award Scheme, the details of which are set out as above in the paragraph headed "Restricted Share Award Scheme".
- (iii) The 127,951,178 shares are held by a discretionary trust of which Mr. LI Ming is the founder.
- (iv) The 6,715,925 shares are held by a discretionary trust of which Mr. LI Ming, his spouse and his son are the beneficiaries.

Long position in the shares and the underlying shares of equity derivatives of the associated corporation(s)

Name of Directors	Name of associated corporation	Nature of interest	Date of share option granted	Exercise period	Exercise price per share (HKD)	No. of underlying shares of associated corporation comprised in share options	No. of ordinary shares of associated corporation held (long position)	Percentage of total issued share capital of associated corporation
Mr. LI Ming	Gemini Investments (Holdings) Limited	Beneficial owner	9 August 2013	9 August 2013–22 June 2021	0.96	4,000,000	–	0.887%
Mr. WEN Haicheng	Gemini Investments (Holdings) Limited	Beneficial owner	–	–	–	–	70,000	0.016%
Mr. SUM Pui Ying	Gemini Investments (Holdings) Limited	Beneficial owner	26 August 2011	26 August 2011–22 June 2021	1.40	2,000,000	–	0.443%
			9 August 2013	9 August 2013–22 June 2021	0.96	16,000,000		3.548%

Save as disclosed above, as at 31 December 2015, none of the Directors nor the chief executives of the Company or their associates had any interest or short positions in any of

the shares, underlying shares or debentures of the Company or any of its associated corporations as defined in the SFO.

Disclosure pursuant to Rule 13.22 of the Listing Rules

As at 31 December 2015, the aggregate amount of financial assistance to affiliated companies by the Group in aggregate exceeded 8% of the assets ratios as defined in Rule 14.07(1) of the Listing Rules.

In accordance with the requirements under Rule 13.22 of the Listing Rules, a proforma combined statement of financial position of the affiliated companies as at 31 December 2015 is presented as follows:

	RMB million
Non-current assets	14,108
Current assets	38,981
Current liabilities	(20,116)
Non-current liabilities	(18,434)
Net assets	14,539

The Group's attributable interest in the affiliated companies as at 31 December 2015 amounted to RMB5,199 million.

The proforma combined statement of financial position of the affiliated companies has been prepared by combining their statement of financial position, after making adjustments to conform with the Group's significant accounting policies as at 31 December 2015.

Substantial Shareholders and Other Persons' Interests and Short Positions in Shares and Underlying Shares

The register of substantial shareholders required to be kept by the Company under section 336 of Part XV of the SFO shows that as at 31 December 2015, the Company had been notified of the following substantial shareholders' interests and short positions in the shares of the Company, being interests of 5% or more, in addition to those disclosed above in respect of the Directors and chief executives of the Company.

Name of shareholders	Capacity	Long/short position	No. of ordinary shares held	Percentage in the Company's issued share capital
China Life Insurance (Group) Company (note i)	Interest of controlled corporation	Long	2,253,964,846	29.9985%
Anbang Insurance Group Co., Ltd. (note ii)	Interest of controlled corporation	Long	2,252,646,115	29.9810%
Anbang Asset Management (Hong Kong) Co. Limited (note iii)	Investment Manager	Long	2,252,646,115	29.9810%

Directors' Report

Notes:

- (i) The 2,253,964,846 shares were registered in the name of, and beneficially owned by, China Life Insurance Company Limited. China Life Insurance (Group) Company was interested in 68.37% of China Life Insurance Company Limited. China Life Insurance (Group) Company was deemed to be interested in these shares by virtue of the SFO.
- (ii) The 1,352,197,115 shares and 900,449,000 shares were registered in the name of, and beneficially owned by, Anbang Insurance Group Co., Ltd. and Anbang Property & Casualty Insurance Co. Ltd. respectively. Anbang Property & Casualty Insurance Co. Ltd. was owned as to 48.92% and 48.65% by Anbang Insurance Group Co., Ltd. and Anbang Life Insurance Co., Ltd. (安邦人壽保險股份有限公司) respectively. Anbang Insurance Group Co., Ltd. was interested in 99.98% of Anbang Life Insurance Co., Ltd. Anbang Insurance Group Co., Ltd. was deemed to be interested in these shares by virtue of the SFO.
- (iii) The 2,252,646,115 shares were managed by Anbang Asset Management (Hong Kong) Co. Limited. Anbang Asset Management (Hong Kong) Co. Limited was wholly-owned by Anbang Property & Casualty Insurance Co. Ltd. which was an indirect subsidiary of Anbang Insurance Group Co., Ltd. as detailed in note (ii) above. Anbang Asset Management (Hong Kong) Co. Limited was deemed to be interested in these shares by virtue of the SFO.

Save as disclosed above, as at 31 December 2015, no person or corporation had any interest in the shares and underlying shares of the Company as recorded in the register required to be kept by the Company under section 336 of the SFO as having an interest in 5% or more of, or any short position in, the issued share capital of the Company.

Pre-Emptive Rights

There is no provision for pre-emptive rights under the Articles and there is no restriction against such rights which would oblige the Company to offer new shares on a pro-rata basis to existing shareholders.

Competing Interests

None of the Directors has interest in any business which competes or is likely to compete, either directly or indirectly, with the businesses of the Group.

Management Contracts

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

Major Suppliers and Customers

The Group's principal operation is property development. During the year under review, purchases from the Group's five largest suppliers (excluding land supply) accounted for less than 30% of the total purchases for the year.

The Group's major products are principally commodity housings, and its major customers bases are general individual home buyers, involving a relatively large number of customers. During the year under review, sales to the Group's five largest customers accounted for less than 30% of the turnover for the year.

As far as the Directors are aware, neither the Directors, their associates, nor the substantial shareholders had any interest in the five largest customers and suppliers of the Group.

Connected Transactions and Related Party Transactions

Pursuant to Chapter 14A of the Listing Rules, the following connected transactions are required to be disclosed in the annual report of the Company. Details of the related party transactions of the Group are set out in note 49 to the consolidated financial statements of this annual report. Save as disclosed herein, there were no related party transactions of the Group which also constitute connected transactions under Chapter 14A of the Listing Rules, and the Company has complied with the disclosure requirement in accordance with Chapter 14A of the Listing Rules in respect of such transactions.

Shareholders Deed with subsidiaries of NF Group

On 25 March 2015, the Company as the guarantor, Prosper Lead Holdings Limited ("Prosper Lead", an indirect wholly-owned subsidiary of the Company) as the subscriber, Complete Honour Investments Limited ("Complete Honour", an indirect wholly-owned subsidiary of NF Group, as defined below) and Expedient Group Limited ("Expedient", a wholly-owned subsidiary of Complete Honour before completion of the subscription) as the issuer, entered into a shareholders deed (the "Shareholders Deed"), pursuant to which (i) Expedient agreed to issue, and Prosper Lead agreed to subscribe 4 ordinary shares of Expedient (the "Subscription Shares") at the consideration of US\$4, being the par value of the Subscription Shares and (ii) Expedient agreed to issue and Complete Honour agreed to subscribe 5 ordinary shares, in addition to 1 ordinary share in Expedient held by Complete Honour (the "Subscription"). The Subscription Shares represent 40% of the issued share capital of Expedient as enlarged share capital of Expedient.

NF Group means a privately owned group of companies and business interests under the control of the estate of Mr. Chen Din Hwa (deceased) carrying on business under the trade name of "Nan Fung" and is principally engaged in the business of property development, property investment, construction, property management, investment and financing.

Pursuant to the Shareholders Deed, Prosper Lead agreed to provide: (i) the reimbursement and the associated financing costs in a total sum of approximately HK\$1,342 million; and (ii) the undertaking fee approximately HK\$1 million.

As at 25 March 2015, NF Group held 1,526,769,821 Shares, representing approximately 20.4% of the issued share capital of the Company and is a substantial shareholder of the Company. Being a member of NF Group, each of Complete Honour and Expedient is also a connected person of the Company for the purpose of Chapter 14A of the Listing Rules and therefore, the entering into of the transactions contemplated under the Shareholders Deed constitutes a connected transaction under Chapter 14A of the Listing Rules.

The relevant announcement of above transaction has been published on 25 March 2015.

Acquisition of the Entire Issued Share Capital of Zhao De Land Limited

On 3 December 2015, Newrich Holdings Limited ("Newrich"), an indirect wholly-owned subsidiary of NF Group, Good Estate Group Limited ("Good Estate"), Cheery Link Developments Limited ("Cheery Link"), a wholly-owned subsidiary of the Company and Sino-Ocean Land (Hong Kong) Limited ("SOL HK"), a wholly-owned subsidiary of the Company, entered into the agreements (the "Agreements"), pursuant to which, among other things, Newrich and Good Estate have conditionally agreed to sell and Cheery Link has conditionally agreed to purchase 86.33% issued share capital of Zhao De Land Limited ("Zhao De") held by Newrich and 13.67% issued share capital of Zhao De held by Good Estate subject to the conditions and in accordance with the respective terms of the Agreements in the consideration of HKD770,578,548.2 and HKD112,823,806.5 respectively.

As at 3 December 2015, Ms. Chen Wai Wai Vivien ("Ms. Chen") held a long position in 1,601,327,956 shares of the Company (representing approximately 21.3% of the total issued share capital of the Company), comprising: (a) 1,526,769,821 shares held under the estate of Mr. Chen Din Hwa of which Ms. Chen is one of the executors; and (b) 74,558,135 shares of the Company owned by Gentfull Investment Limited which was indirect wholly-owned by Ms. Chen. The executors under the estate of Mr. Chen Din Hwa held a long position in 1,526,769,821 shares of the Company (representing approximately 20.3% of the issued share capital of the Company) through various members of the NF Group, and are substantial shareholders of the Company. Being a member of NF Group, each of Newrich and Zhao De is also a connected person of the Company for the purpose of Chapter 14A of the Listing Rules and therefore, the entering into of the transactions contemplated under the Agreements constitutes a connected transaction under Chapter 14A of the Listing Rules.

The relevant announcement of above transaction has been published on 3 December 2015.

Directors' Report

Disclosure pursuant to Rule 13.21 of the Listing Rules

As at 31 December 2015, the Company had entered into two facility agreements (the "Facility Agreements"), namely, a 5-year term loan facilities in a principal of USD410 million or its equivalent in other currencies dated 31 July 2013 and a 3-year term loan facilities in a principal of USD800 million or its equivalent in other currencies dated 24 June 2014. Under the Facility Agreements, it would constitute an event of default if (i) China Life Insurance Company Limited and Nan Fung International Holdings Limited are together no longer the largest shareholder of the Company or no longer maintain (directly or indirectly) beneficially not less than 30% of the issued share capital of the Company; or (ii) neither China Life Insurance Company Limited nor Nan Fung International Holdings Limited is the single largest shareholder of the Company. On and at any time after the occurrence of an event of default, the lenders may (i) cancel the facility available under the Facility Agreements with immediate effect; (ii) declare that all or part of the loan outstanding together with accrued interest and all other amounts accrued or outstanding be immediately due and payable; (iii) declare that all or part of the loans be payable on demand; and/or (iv) instruct the security agent to enforce all or any of the security documents and/or to preserve the security constituted by any security document and/or to exercise any right, power and remedy available to the security agent under any security document.

Sufficient Public Float

Based on the information that is publicly available to the Company and within the knowledge of the Directors, as at the date of this report, the Company has maintained a sufficient public float of more than 25% of the Company's issued shares as required under the Listing Rules.

Corporate Governance

The Company is committed to maintaining a high standard of corporate governance practices. Corporate governance practices adopted by the Company are set out in the Corporate Governance Report on pages 83 to 91 of this annual report.

Auditors

The consolidated financial statements for the year ended 31 December 2015 have been audited by PricewaterhouseCoopers, Certified Public Accountants, who will retire and, being eligible, offer themselves for reappointment, at the forthcoming AGM.

Proposed Change of Company Name

The Board proposed to change the Company's English name from "Sino-Ocean Land Holdings Limited" to "Sino-Ocean Group Holding Limited" and the Company's Chinese name from "遠洋地產控股有限公司" to "遠洋集團控股有限公司" (the "Proposed Change of Company Name"). The Proposed Change of Company Name is subject to (i) the passing of a special resolution by the Shareholders approving the Proposed Change of Company Name at the AGM; and (ii) the Registrar of Companies of Hong Kong approving the new name in both English and Chinese and issuing a certificate of change of name.

A circular containing, among other matters, details of the Proposed Change of Company Name, together with a notice of the AGM and the related proxy form, will be sent to the Shareholders on or around 12 April 2016.

By order of the Board

LI Ming
Chairman

Hong Kong, 21 March 2016

Corporate Governance Report

The Board is pleased to present the Corporate Governance Report of the Company for the year ended 31 December 2015.

Commitment to Corporate Governance

The Board and the management of the Group are committed to achieving and maintaining high standards of corporate governance, which they consider to be critical in safeguarding the integrity of the Company's operations and maintaining investors' trust in the Company. The management of the Group also actively observes the latest corporate governance developments in Hong Kong and overseas.

Corporate governance practices

In the opinion of the Board, the Company had complied with the code provisions of the Corporate Governance Code (the "CG Code") as set out in Appendix 14 to the Listing Rules throughout the year under review, except for the deviation as disclosed in the section headed "Board Composition — (i) Chairman and Chief Executive Officer" in this report.

Directors' securities transactions

The Company has adopted a code of conduct regarding securities transactions by the Directors (the "Code of Conduct") on terms no less exacting than the required standards set out in the Model Code in Appendix 10 to the Listing Rules. The Company has made specific enquiries with each Director and each of them confirmed that he or she had complied with all required standards under the Code of Conduct during the year under review.

The Board

Responsibilities

The Board, led by the Chairman, is responsible for achieving the corporate goals, formulating the development strategy, regularly reviewing the organizational structure, and monitoring the business activities and the performance of management so as to protect and maximize the interests of the Company and its shareholders. Matters relating to the daily operations of the Group are delegated to the management. The delegated functions, power and work tasks are periodically reviewed to ensure that they remain appropriate. The Board will give clear directions to the management team as to their powers of management, and circumstances where the management team should report back. Approval has to be obtained from the Board prior to any decision being made or any commitments being entered

into on behalf of the Company that are outside the scope of the operational authority delegated by the Board. Matters reserved for the Board are the overall strategy of the Group, major acquisitions and disposals, major capital investments, dividend policy, significant changes in accounting policies, material contracts, appointment and retirement of Directors, remuneration policy and other major operational and financial matters. During the year under review, the Board, among others, considered and approved the annual budget, management results and performance update against annual budget, together with business reports from the management, reviewed and approved the interim results for the six months ended 30 June 2015 and the final results for the year ended 31 December 2015, approved the Group's major acquisitions and other critical business operations, assessed the internal control and the financial matters of the Group.

The Board is collectively responsible for performing corporate governance duties including:

- (a) to develop, review and implement the Company's policy and practices on corporate governance;
- (b) to review and monitor the training and continuous professional development of Directors and senior management;
- (c) to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;
- (d) to develop, review and monitor the Code of Conduct applicable to employees and Directors; and
- (e) to review the Company's compliance with the CG Code which is amended from time to time, and its disclosure in the corporate governance report.

Board composition

As at 31 December 2015, the Board comprised twelve Directors, including five executive Directors, Mr. LI Ming (Chairman), Ms. LIU Hui, Mr. KWOK Kin Ho, Mr. SUM Pui Ying and Mr. WEN Haicheng; three non-executive Directors, Mr. YANG Zheng, Mr. FANG Jun and Mr. YANG Leyu; and four independent non-executive Directors ("INEDs"), Mr. TSANG Hing Lun, Mr. GU Yunchang, Mr. HAN Xiaojing and Mr. SUEN Man Tak.

Corporate Governance Report

The members of the Board represent a wide background and rich industry experience with appropriate professional qualifications. Please refer to the section headed “Biographies of Directors and Senior Management” for the profiles of the Directors of this annual report.

Save as disclosed in the section headed “Biographies of Directors and Senior Management”, the Directors have no other financial, business, family or other material/relevant relationships with one another.

(i) Chairman and Chief Executive Officer

The roles of the chairman (the “Chairman”) and the CEO of the Company are served by Mr. LI Ming and have not been segregated as required under code provision A.2.1 of the CG Code. However, the Company considers that the combination of the roles of the Chairman and the CEO will involve a realignment of power and authority under the existing corporate structure and facilitate the ordinary business activities of the Company. Although the responsibilities of the Chairman and the CEO are vested in one person, all major decisions are made in consultation with the Board and the senior management of the Company. There are four INEDs and three non-executive Directors on the Board. The Board considers that there is sufficient balance of power and that the current arrangement maintains a strong management position and also facilitates the ordinary business activities of the Company. The Board will review the current structure from time to time and make any necessary arrangements as appropriate.

(ii) Non-executive Directors and Independent Non-executive Directors

During the year under review, the Board had four INEDs, being one-third of the Board and at all times met the requirements of the Listing Rules relating to the appointment of at least three INEDs with one of them possessing appropriate professional qualifications or accounting or related financial management expertise.

The Company has received annual confirmations from each of the four INEDs in respect of their independence pursuant to Rule 3.13 of the Listing Rules. The Company considers that all the INEDs are independent parties in accordance with the independence guidelines set out in the Listing Rules and free of any relationship that could materially interfere with the exercise of their independent judgements.

Mr. YANG Zheng and Mr. FANG Jun, both are non-executive Directors, have agreed not to receive the Director’s fees of HK\$350,000 each during the year under review.

Appointment, re-election and removal of Directors

Pursuant to the letters of appointment, all non-executive Directors and INEDs are appointed for a term of around one year ending on around 12 May 2016 subject to retirement by rotation and re-election at the annual general meeting of the Company in accordance with the Articles.

Pursuant to the Articles, any Director appointed by the Board to fill a casual vacancy or as an addition to the existing Board shall hold office only until the next following general meeting of the Company, and shall be eligible for re-election. Every Director, including non-executive Directors, is subject to retirement by rotation at least once every three years. One-third of the Directors must retire from office at each annual general meeting and their re-election is subject to the approval of shareholders.

Pursuant to code provision A.4.3 of the CG Code, any re-appointment of an independent non-executive director of a company who has served more than 9 years shall be subject to a separate resolution to be approved by its shareholders. Mr. TSANG Hing Lun and Mr. HAN Xiaojing, have served as INEDs since June 2007 and their re-election at the forthcoming AGM will be subject to a separate resolution to be approved by the shareholders.

Corporate Governance Report

Meetings

The Board conducts meeting on a regular basis and on an ad hoc basis, as required by business needs. During the year under review, the Board convened five meetings to

approve interim and final results announcement, financial reports and connected party transactions, to recommend or declare dividends and to discuss the overall strategy and monitor financial and operation performance of the Company.

The attendance of each individual Director at the board meetings and annual general meeting during the year under review is set out in the following table:

Directors	Number of meeting attended/held	
	Board Meeting	Annual General Meeting
Mr. LI Ming	5/5	1/1
Ms. LIU Hui	5/5	0/1
Mr. CHEUNG Vincent Sai Sing (resigned on 22 August 2015)	3/3	0/1
Mr. KWOK Kin Ho (appointed on 22 August 2015)	2/2	0/0
Mr. CHEN Runfu (resigned on 18 December 2015)	5/5	0/1
Mr. SUM Pui Ying (appointed on 18 December 2015)	0/0	0/0
Mr. WEN Haicheng	5/5	0/1
Mr. YANG Zheng	5/5	0/1
Mr. FANG Jun	5/5	0/0
Mr. CHUNG Chun Kwong, Eric (resigned on 22 August 2015)	3/3	0/1
Mr. YANG Leyu (appointed on 22 August 2015)	2/2	0/0
Mr. TSANG Hing Lun	5/5	1/1
Mr. HAN Xiaojing	5/5	0/1
Mr. GU Yunchang (resigned on 20 March 2016)	5/5	0/1
Mr. WANG Zhifeng (appointed on 20 March 2016)	0/0	0/0
Mr. ZHAO Kang (resigned on 18 December 2015)	5/5	0/1
Mr. SUEN Man Tak (appointed on 18 December 2015)	0/0	0/0

Notices of regular Board meetings were given to all Directors at least 14 days before the meetings. For board committee meetings, reasonable notice is generally given.

The agenda of Board meetings are set after consultation with the Chairman. All Directors are given an opportunity to include matters in the agenda. The agenda accompanying board papers are given to all Directors in a timely manner. All Directors are properly briefed on issues arising at any Board meetings by the Chairman.

Minutes of Board meetings and meetings of board committee with details of the matters considered and decisions reached are kept by the company secretary of the Company (the "Company Secretary") and are open for inspection at a reasonable time on reasonable notice by Directors.

All Directors have full and timely access to all relevant information as well as advice and services of the Company Secretary. Upon making request to the Board, all Directors may obtain independent professional advice at the Company's expense for carrying out their functions.

Corporate Governance Report

Where a Director has a conflict of interest in a matter to be considered by the Board which the Board has determined to be material, the matter would only be dealt with by a Board meeting and only independent Directors who, and whose associates, have no material interest in the transaction would be present at such Board meeting.

Training for Directors

For any newly appointed Director, he/she will be provided with an induction course so as to ensure that he/she has appropriate understanding of the business and operations of the Company and that he/she is fully aware of his/her responsibilities and obligations as a director under the Listing Rules and the relevant regulatory requirements.

There are also arrangements in place for providing continuing briefing and professional development to Directors, whenever necessary, in order to ensure that they have a proper understanding of the Company's operations and business. To assist their continuous professional development, the Company Secretary recommends relevant seminars and courses for the Directors to attend.

All Directors also understand the importance of continuous professional development. They are committed to participating in suitable training to develop and refresh their knowledge and skills. A record of the training received by the respective Directors are kept and updated by the Company Secretary.

During the year under review, the Directors participated in the following trainings:

Directors	Type of trainings
Mr. LI Ming	A/C
Ms. LIU Hui	A/B/C
Mr. CHEUNG Vincent Sai Sing (resigned on 22 August 2015)	A/C
Mr. KWOK Kin Ho (appointed on 22 August 2015)	C
Mr. CHEN Runfu (resigned on 18 December 2015)	A/C
Mr. SUM Pui Ying (appointed on 18 December 2015)	A/C
Mr. WEN Haicheng	A/C
Mr. YANG Zheng	A/C
Mr. FANG Jun	A/B/C
Mr. CHUNG Chun Kwong, Eric (resigned on 22 August 2015)	A/C
Mr. YANG Leyu (appointed on 22 August 2015)	C
Mr. TSANG Hing Lun	A/C
Mr. GU Yunchang	C
Mr. HAN Xiaojing	C
Mr. ZHAO Kang (resigned on 18 December 2015)	C
Mr. SUEN Man Tak (appointed on 18 December 2015)	A/B/C

A: attending seminars, conferences and/or forums

B: giving talk at seminar(s) or forum(s)

C: reading professional journals and updates relating to the economy, general business, real estate or director's duties and responsibilities etc.

Directors' and officers' liability insurance and indemnity

The Company has arranged appropriate liability insurance to indemnify its Directors and officers for their liabilities arising out of corporate activities. During the year under review, no

claim had been made against the Directors and the officers of the Company.

BOARD COMMITTEES

The Board has set up four board committees, namely, the audit committee, the remuneration committee, the nomination committee and the investment committee (collectively the “Board Committees”), for overseeing

particular aspects of the Company’s affairs. The Board Committees are provided with sufficient resources to discharge their duties and, upon reasonable request, are able to seek independent professional advice in appropriate circumstances, at the Company’s expense.

The attendance of each individual committee member at the Board Committee meetings during the year under review is set out in the following table:

Directors	Number of meeting attend/held			
	Audit Committee Meeting	Remuneration Committee Meeting	Nomination Committee Meeting	Investment Committee Meeting
Mr. LI Ming	–	–	1/1	1/1
Ms. LIU Hui	–	–	–	1/1
Mr. KWOK Kin Ho	–	–	–	1/1
Mr. YANG Zheng	2/2	–	–	–
Mr. FANG Jun	–	–	1/1	–
Mr. CHUNG Chun Kwong, Eric	2/2	–	–	–
Mr. TSANG Hing Lun	2/2	–	–	1/1
Mr. GU Yunchang	2/2	2/2	1/1	–
Mr. HAN Xiaojing	–	2/2	1/1	–
Mr. ZHAO Kang	2/2	2/2	1/1	–

Audit Committee

After Mr. CHUNG Chun Kwong, Eric and Mr. ZHAO Kang resigned as a member of audit committee of the Company (the “Audit Committee”) on 22 August 2015 and 18 December 2015 respectively, and Mr. YANG Leyu and Mr. SUEN Man Tak were appointed as a member of Audit Committee on 22 August 2015 and 18 December 2015 respectively, the Audit Committee consists of three INEDs and two non-executive Director of the Company, namely Mr. TSANG Hing Lun, Mr. GU Yunchang, Mr. SUEN Man Tak, Mr. YANG Zheng and Mr. YANG Leyu. Mr. TSANG Hing Lun, who has professional qualifications in accountancy, is the chairman of the Audit Committee. None of them is a member of the former or existing auditors of the Company.

The main duties of the Audit Committee are to audit and supervise the financial reporting process of the Group. The Audit Committee is also responsible for considering the appointment and remuneration of the auditors and any matters related to the removal and resignation of the auditors. Their written terms of reference were revised on 25 January 2016 and are available on the websites of the Company and the Stock Exchange.

The Audit Committee held two meetings during the year under review. Executive Directors, senior management and the external auditor of the Company were invited to join the discussions at the meetings.

The tasks, among others, performed by the Audit Committee during the year under review included:

- (i) review of the interim and annual consolidated financial statements;
- (ii) discussion with the external auditors on the issues of, including but not limited to financing structure, land appreciation tax, progress of various projects, joint venture operation, and implementation of new tax rule in the PRC;
- (iii) review of the cash flow projection for 2015 and monitor of the overall financial position of the Group;

Corporate Governance Report

- (iv) review of the adequacy and effectiveness of the internal control system and recommendation to the Board for improvement of internal control, credit control and risk management;
- (v) review of the application of the relevant General Accepted Accounting Principles and recommendation to the Board for the adoption of accounting policies;
- (vi) review of the adequacy of the provision for material liabilities and impairment of assets; and
- (vii) meeting with the external auditor in the absence of executive Directors and senior management to discuss issues regarding audit.

Remuneration Committee

After Mr. ZHAO Kang resigned and Mr. SUEN Man Tak was appointed as a member of remuneration committee of the Company (the "Remuneration Committee") on 18 December 2015, the Remuneration Committee comprises three members, all being INEDs, namely Mr. HAN Xiaojing (the chairman of the committee), Mr. GU Yunchang and Mr. SUEN Man Tak.

The main duties of the Remuneration Committee are to make recommendations and proposals to the Board in respect of the remuneration policies and to review and approve the remunerations which are determined based on the results and performance of the Company by making

reference to the Company's objectives as approved from time to time by the Board.

The Remuneration Committee to determine, with delegated responsibility from the Board, the remuneration package and incentive payments of executive Directors and senior management, including benefits in kind, pension rights and compensation payments.

Their written terms of reference are available on the websites of the Company and the Stock Exchange.

The tasks, among others, performed by the Remuneration Committee during the year under review included:

- (i) review and approval of the report of the labour cost for the year ended 31 December 2014 and the budget of the labour cost for the year ended 31 December 2015;
- (ii) review and approval of the report of remuneration packages for senior management for the year ended 31 December 2015;
- (iii) review and approval the recommendation of grant of restricted shares under the Award Scheme;
- (iv) recommendation to the Board on the remuneration of executive Directors and non-executive Directors; and
- (v) review and approval the share options granted under the Share Option Scheme.

The remuneration of Directors is determined with reference to their experience, qualifications, responsibilities involved in the Company and the prevailing market conditions. Details of emoluments of Directors for the year under review are set out in note 51(a) to the consolidated financial statements. The emoluments paid to senior management during the year under review were within the following bands:

	Number of Senior Management
Nil to HKD4,000,000	–
HKD4,000,001 to HKD5,000,000	1
HKD5,000,001 to HKD6,000,000	–
HKD6,000,001 to HKD7,000,000	2
HKD7,000,001 to HKD8,000,000	2
Over HKD8,000,000	–

Nomination Committee

After Mr. ZHAO Kang resigned as a member of the nomination committee of the Company (the “Nomination Committee”) and replaced by Mr. SUEN Man Tak on 18 December 2015, the Nomination Committee comprises five members, being an executive Director, Mr. LI Ming, a non-executive Director, Mr. FANG Jun, and three INEDs, namely Mr. HAN Xiaojing, Mr. GU Yunchang and Mr. SUEN Man Tak. Mr. LI Ming is the chairman of the Nomination Committee.

The main duties of the Nomination Committee are to nominate candidates for directorship, consider nominations for directorship and make recommendations to the Board in respect of such appointments. If necessary, the Nomination Committee will also convene meetings and submit reports to the Board. Their written terms of reference are available on the websites of the Company and the Stock Exchange.

The tasks, among others, performed by the Nomination Committee during the year under review included:

- (i) review the structure, size and composition of the Board and make recommendations on new candidates to the Board;
- (ii) review and recommendation of the rotation of Directors pursuant to the Articles; and
- (iii) review of human resource management and staff development system.

Summary of board diversity policy under Nomination Committee

The Company recognizes and embraces the benefits of having a diverse Board to enhance the quality of its performance and hence the purpose of the board diversity policy (the “Board Diversity Policy”) aims to build and maintain a Board with a diversity of Directors, in terms of skills, experience, knowledge, expertise, culture, independence, age and gender. These differences will be taken into account in determining the optimum composition of the Board. The Nomination Committee will discuss the measurable objectives for implementing diversity on the Board from time to time and recommend them to the Board for adoption.

The Nomination Committee will report annually on the composition of the Board under diversified perspectives, and monitor the implementation of this policy to ensure the effectiveness of this policy. As at the date of this report, the Board comprises 12 Directors. One of them is a woman. The Board is also characterised by significant diversity, whether considered in terms of gender, nationality, professional background and skills.

Investment Committee

After Mr. CHEUNG Vincent Sai Sing resigned as a member of the investment committee of the Company (the “Investment Committee”) and replaced by Mr. KWOK Kin Ho on 22 August 2015, the Investment Committee comprises four members, three being executive Director, Mr. LI Ming, Ms. LIU Hui and Mr. KWOK Kin Ho, and an INED, Mr. TSANG Hing Lun. Mr. LI Ming is the chairman of the committee. It will meet at the request of any member of the committee and the head of investment department will also participate in discussions. The Investment Committee is authorized, at the expense of the Company, to seek advice from external professionals or to arrange them to attend the meetings.

The main duties of the Investment Committee are to review the Group’s investment strategy and to examine and make decision on the prospective major investments. Their written terms of reference are available on the websites of the Company and the Stock Exchange.

Company Secretary

The Company Secretary is responsible for ensuring that board procedures comply with all applicable laws, rules and regulations and advising the Board on corporate governance matters.

Moreover, the Company Secretary is responsible for keeping all Directors updated on Listing Rules, regulatory requirements, as well as internal codes of conduct of the Company.

During the year under review, the Company Secretary has taken not less than 15 hours of relevant professional training.

Corporate Governance Report

Accountability and Audit

The Directors acknowledged their responsibility to present a balanced, clear and understandable assessment in the consolidated financial statements of the annual and interim reports, other price sensitive announcements and other financial disclosures required under the Listing Rules, and to report to regulators as well as to disclose information required pursuant to statutory requirements. When the Directors were aware of material uncertainties relating to events or conditions that might cast significant doubt upon the Company's ability to continue as a going concern, such uncertainties would be clearly and prominently set out and discussed in detail in this Corporate Governance Report.

The statement of the independent auditor of the Company about their reporting responsibilities and opinion on the financial statements of the Company for the year ended 31 December 2015 is set out in the Independent Auditor's Report on page 94.

Risk Management and Internal Control

The risk management and internal controls of the Group are designed to help the Group in protecting its assets and information. The presence of risk management and internal controls empowers the Group to implement best business practices in challenging business environments. The Group's risk management and internal controls cover a number of in-house procedures and policies comprising, among others, the relevant financial, operational and compliance controls, handling and dissemination of inside information and risk management functions. The Board requires the management to maintain sound and effective internal controls. Evaluation of the Group's risk management and internal controls and the internal audit are independently conducted by risk management department. They will reports to Audit Committee twice each year, among others, in any significant findings and effectiveness of the internal audit, risk management and internal control systems. Copy of the minutes of the Audit Committee meeting is presented to the Board meeting for consideration. The Board and Audit Committee considered that the risk management and internal control systems are implemented effectively. Furthermore, the Board, at least annually, reviews the adequacy of resources, staff qualifications and experience, training programmes and budget of the Company's accounting and financial reporting function and the reviews of the effectiveness of the Group's risk management and internal control systems cover all material controls, including financial, operational and compliance controls and risk management function.

Independent Auditor

The Group's independent auditor is PricewaterhouseCoopers ("PwC"). PwC is responsible for auditing and forming an independent opinion on the Group's annual consolidated financial statements. Apart from the statutory audit of the annual consolidated financial statements, PwC was also engaged to perform a review of the interim consolidated financial statements of the Group for the six months ended 30 June 2015.

For the year ended 31 December 2015, remunerations payable to PwC for the provision of statutory audit services and non-auditing services amounted to RMB8.6 million and RMB2.8 million respectively. The non-auditing services mainly represent review of interim financial information.

Constitutional Documents

During the year under review, there was no change in the Articles.

Shareholders' Rights and Communication

As one of the measures to safeguard the shareholders' interests and rights, separate resolutions are proposed at shareholders' meetings on every substantial matters, including the election of individual Directors, for shareholders' consideration and voting. Furthermore, the Company regards the annual general meeting or extraordinary general meeting as an important event and the Directors, chairman of each board committee, senior management and external auditors make efforts to attend the annual general meeting or extraordinary general meeting of the Company to address the shareholders' queries. All resolutions proposed at shareholders' meetings will be voted by poll. The poll voting results will be posted on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.sinooceland.com) on the same day of the relevant general meetings.

Corporate Governance Report

Shareholder(s) representing at least 5% of the total voting rights of all shareholders of the Company can make a requisition to convene an extraordinary general meeting pursuant to Section 566 of the new Companies Ordinance of Hong Kong (Chapter 622 of the Laws of Hong Kong, “Companies Ordinance”). The requisition must state the objects of the meeting, and must be signed by the relevant shareholder(s) and deposited at the registered office of the Company. Beside, Section 580 and Section 615 of the Companies Ordinance provide that (i) shareholder(s) of the company representing at least 2.5% of the total voting rights of all the shareholders of the Company who have a relevant right vote; or (ii) at least 50 shareholders who have a relevant right to vote can put forward proposals for consideration at a general meeting by sending requests in writing to the Company.

Shareholders have the right to put enquiries to the Board. All enquiries shall be in writing and sent by post to the registered office of the Company for the attention of the Company Secretary.

The Company adheres to high standards with respect to the disclosure of its financial statements. To foster two-way communication amongst the Company, its shareholders and potential investors, the Company has also established an Investor Relations Department to respond to enquiries from shareholders and the public. In addition, the Company is committed to maximizing the use of its website as a channel to provide updated information in a timely manner and strengthen the communication with both the shareholders and the public. Further information about investor relations is set out in the section headed “Investor Relations” of this annual report.

Corporate Information

Directors

Executive Directors

Mr. LI Ming (*Chairman*)

Ms. LIU Hui

Mr. CHEUNG Vincent Sai Sing
(*resigned on 22 August 2015*)

Mr. KWOK Kin Ho (*appointed on 22 August 2015*)

Mr. CHEN Runfu (*resigned on 18 December 2015*)

Mr. SUM Pui Ying (*appointed on 18 December 2015*)

Mr. WEN Haicheng

Non-executive Directors

Mr. YANG Zheng

Mr. FANG Jun

Mr. CHUNG Chun Kwong, Eric
(*resigned on 22 August 2015*)

Mr. YANG Leyu (*appointed on 22 August 2015*)

Independent Non-executive Directors

Mr. TSANG Hing Lun

Mr. HAN Xiaojing

Mr. GU Yunchang (*resigned on 20 March 2016*)

Mr. WANG Zhifeng (*appointed on 20 March 2016*)

Mr. ZHAO Kang (*resigned on 18 December 2015*)

Mr. SUEN Man Tak (*appointed on 18 December 2015*)

Audit Committee

Mr. TSANG Hing Lun

Mr. YANG Zheng

Mr. YANG Leyu

Mr. GU Yunchang (*resigned on 20 March 2016*)

Mr. SUEN Man Tak

Nomination Committee

Mr. LI Ming

Mr. FANG Jun

Mr. HAN Xiaojing

Mr. GU Yunchang (*resigned on 20 March 2016*)

Mr. WANG Zhifeng (*appointed on 20 March 2016*)

Mr. SUEN Man Tak

Remuneration Committee

Mr. HAN Xiaojing

Mr. GU Yunchang (*resigned on 20 March 2016*)

Mr. WANG Zhifeng (*appointed on 20 March 2016*)

Mr. SUEN Man Tak

Investment Committee

Mr. LI Ming

Ms. LIU Hui

Mr. KWOK Kin Ho

Mr. TSANG Hing Lun

Company Secretary

Mr. LAM Tsz Kin (*resigned on 22 August 2015*)

Mr. CHUNG Kai Cheong (*appointed on 22 August 2015*)

Authorized Representatives

Mr. LI Ming

Mr. LAM Tsz Kin (*resigned on 22 August 2015*)

Mr. CHUNG Kai Cheong (*appointed on 22 August 2015*)

Registered Office

Suite 601, One Pacific Place

88 Queensway

Hong Kong

Principal Place Of Business

31–33 Floor, Tower A

Ocean International Center

56 Dongsihuanzhonglu

Chaoyang District

Beijing PRC

Principal Bankers *(in alphabetical order)*

Agricultural Bank of China, Ltd.
Bank of Beijing Co., Ltd
Bank of China (Hong Kong) Limited
Bank of China Limited
Bank of Communications Co., Ltd.
China Bohai Bank Co., Ltd.
China CITIC Bank Corporation Limited
China Construction Bank Corporation
China Merchants Bank Co., Ltd.
DBS Bank (Hong Kong) Ltd.
Deutsche Bank
Hang Seng Bank Limited
Hua Xia Bank Co., Ltd
Industrial and Commercial Bank of China (Asia) Ltd.
Industrial and Commercial Bank of China, Ltd.
Mega International Commercial Bank Co., Ltd.
Postal Savings Bank of China Co., Ltd.
Shanghai Pudong Development Bank Co., Ltd.
The Bank of East Asia, Limited
The Hongkong and Shanghai Banking Corporation Limited
Wing Lung Bank Limited

Auditor

PricewaterhouseCoopers
Certified Public Accountants

Legal Advisor

Paul Hastings

Share Registrar

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

Listing Information

The Stock Exchange of Hong Kong Limited
Stock Code: 03377

Company Website

www.sinooceanland.com

Investor Relations Contact

ir@sinooceanland.com

Independent Auditor's Report

To the members Of Sino-Ocean Land Holdings Limited

(incorporated in Hong Kong with limited liability)

We have audited the consolidated financial statements of Sino-Ocean Land Holdings Limited (the "Company") and its subsidiaries set out on pages 94 to 196 which comprise the consolidated balance sheet as at 31 December 2015, and the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement 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 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' 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 405 of the Hong Kong Companies Ordinance and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

We conducted our audit in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the 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.

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Company and its subsidiaries as at 31 December 2015, and of their 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 Hong Kong Companies Ordinance.

PricewaterhouseCoopers

Certified Public Accountants

Hong Kong, 21 March 2016

Consolidated Balance Sheet

		As at 31 December	
		2015	2014
		RMB'000	RMB'000
	Note		
ASSETS			
Non-current assets			
Property, plant and equipment	7	584,068	263,694
Land use rights	8	52,094	8,739
Investment properties	9	13,555,320	11,882,712
Goodwill	10	56,700	206,349
Investments in joint ventures	12	6,958,559	3,720,215
Investments in associates	13	2,773,307	2,362,918
Available-for-sale financial assets	16	3,306,136	1,737,174
Trade and other receivables	21	12,644,947	10,905,792
Deferred income tax assets	33	938,049	1,082,857
		40,869,180	32,170,450
Current assets			
Prepayments for land use rights	20	5,983,561	6,553,151
Properties under development	18	38,037,060	41,540,133
Inventories, at cost		80,371	82,069
Amounts due from customers for contract work	23	915,791	821,804
Land development cost recoverable	19	2,177,819	2,161,711
Completed properties held for sale	22	12,023,402	17,213,758
Available-for-sale financial assets	16	–	100,000
Financial assets at fair value through profit or loss	17	196,928	663,165
Trade and other receivables	21	24,174,723	14,569,278
Restricted bank deposits	24	3,456,473	3,025,092
Cash and cash equivalents	25	20,269,584	13,311,150
		107,315,712	100,041,311
Total assets		148,184,892	132,211,761
EQUITY			
Equity attributable to owners of the Company			
Capital	26	26,915,412	26,708,812
Shares held for Restricted Share Award Scheme	26	(32,366)	(41,504)
Reserves	28	(410,945)	(348,800)
Retained earnings	27	14,758,572	14,172,343
		41,230,673	40,490,851
Capital securities	30	2,532,866	2,532,866
Non-controlling interests		4,426,735	1,359,276
Total equity		48,190,274	44,382,993

Consolidated Balance Sheet

	Note	As at 31 December	
		2015 RMB'000	2014 RMB'000
LIABILITIES			
Non-current liabilities			
Borrowings	32	43,360,054	34,437,176
Trade and other payables	34	13,377	13,377
Deferred income tax liabilities	33	2,071,835	1,989,782
		45,445,266	36,440,335
Current liabilities			
Borrowings	32	8,565,785	11,166,668
Trade and other payables	34	25,261,541	17,762,179
Advance receipts from customers	35	16,563,682	18,887,434
Income tax payable		4,158,344	3,572,152
		54,549,352	51,388,433
Total liabilities		99,994,618	87,828,768
Total equity and liabilities		148,184,892	132,211,761

Approved by the Board of Directors on 21 March 2016

LI Ming
Executive Director

SUM Pui Ying
Executive Director

The notes on pages 102 to 196 are an integral part of these consolidated financial statements.

Consolidated Income Statement

	Note	Year ended 31 December	
		2015 RMB'000	2014 RMB'000
Revenue	6	30,823,708	38,896,090
Cost of sales		(24,469,785)	(30,728,756)
Gross profit		6,353,923	8,167,334
Interest and other income	36	1,153,079	385,847
Other (losses)/gains — net	37	(735,001)	102,868
Fair value gains on investment properties	9	703,443	591,165
Selling and marketing expenses		(549,517)	(845,742)
Administrative expenses		(850,940)	(1,012,097)
Operating profit		6,074,987	7,389,375
Finance costs	40	(701,179)	(469,076)
Share of results of joint ventures		(650,550)	299,793
Share of results of associates		(68,201)	134,965
Profit before income tax		4,655,057	7,355,057
Income tax expense	41	(2,403,724)	(2,748,828)
Profit for the year		2,251,333	4,606,229
Attributable to:			
Owners of the Company		2,383,715	4,597,292
Non-controlling interests		(132,382)	8,937
		2,251,333	4,606,229
Earnings per share attributable to owners of the Company during the year (expressed in RMB)			
Basic earnings per share	42	0.284	0.590
Diluted earnings per share	42	0.283	0.588

The notes on pages 102 to 196 are an integral part of these consolidated financial statements.

Consolidated Statement of Comprehensive Income

	Note	Year ended 31 December	
		2015 RMB'000	2014 RMB'000
Profit for the year		2,251,333	4,606,229
Other comprehensive income			
Items that may be reclassified to profit or loss			
Fair value gains on available-for-sale financial assets	28	2,504	(20,414)
Currency translation differences		(46,149)	1,681
Share of other comprehensive income of investments accounted for using the equity method	28	(36,770)	–
Other comprehensive income for the year		(80,415)	(18,733)
Total comprehensive income for the year		2,170,918	4,587,496
Total comprehensive income attributable to:			
– Owners of the Company		2,324,111	4,578,559
– Non-controlling interests		(153,193)	8,937
		2,170,918	4,587,496

The notes on pages 102 to 196 are an integral part of these consolidated financial statements.

Consolidated Statement of Changes in Equity

	Note	Attributable to owners of the Company					Non-controlling Interests			
		Share capital RMB'000	Shares held for Restricted	Other reserves RMB'000	Retained earnings RMB'000	Total RMB'000	Capital securities RMB'000	Capital instrument RMB'000	Others RMB'000	Total equity RMB'000
			Share Award Scheme RMB'000							
Balance at 1 January 2015		26,708,812	(41,504)	(348,800)	14,172,343	40,490,851	2,532,866	-	1,359,276	44,382,993
Profit for the year		-	-	-	2,383,715	2,383,715	-	-	(132,382)	2,251,333
Fair value gains on available-for-sale financial assets		-	-	2,504	-	2,504	-	-	-	2,504
Currency translation differences		-	-	(25,338)	-	(25,338)	-	-	(20,811)	(46,149)
Share of other comprehensive income of investments accounted for using the equity method	28	-	-	(36,770)	-	(36,770)	-	-	-	(36,770)
Total comprehensive income		-	-	(59,604)	2,383,715	2,324,111	-	-	(153,193)	2,170,918
Transactions with owners of the company										
Dividends relating to 2014		9,474	-	-	(980,084)	(970,610)	-	-	-	(970,610)
Dividends relating to 2015	43	-	-	-	(464,478)	(464,478)	-	-	(15,701)	(480,179)
Expenses on share-based payment	28	-	-	90,227	-	90,227	-	-	-	90,227
Transfer from retained earnings	28	-	-	37,073	(37,073)	-	-	-	-	-
Issue of shares pursuant to exercise of employee share options	26	196,964	-	(56,210)	-	140,754	-	-	5,215	145,969
Vesting of shares under Restricted Share Award Scheme	26	162	73,460	(73,622)	-	-	-	-	-	-
Share buyback		-	-	-	(60,457)	(60,457)	-	-	-	(60,457)
Purchase of shares for Restricted Share Award Scheme		-	(64,322)	-	-	(64,322)	-	-	-	(64,322)
Distribution relating to capital securities	27	-	-	-	(255,394)	(255,394)	-	-	-	(255,394)
Issue of capital instrument	31	-	-	-	-	-	3,000,000	-	-	3,000,000
Contribution from non-controlling interests		-	-	-	-	-	-	-	231,629	231,629
Total contributions by and distributions to owners of the company		206,600	9,138	(2,532)	(1,797,486)	(1,584,280)	-	3,000,000	221,143	1,636,863
Decrease in non-controlling interests as a result of acquisition of additional interests in a subsidiary		-	-	(9)	-	(9)	-	-	(491)	(500)
Total transactions with owners of the company		206,600	9,138	(2,541)	(1,797,486)	(1,584,289)	-	3,000,000	220,652	1,636,363
Balance at 31 December 2015		26,915,412	(32,366)	(410,945)	14,758,572	41,230,673	2,532,866	3,000,000	1,426,735	48,190,274

Consolidated Statement of Changes in Equity

	Note	Attributable to owners of the Company								Total equity RMB'000
		Share capital RMB'000	Share premium RMB'000	Shares held for Restricted Share Award Scheme RMB'000	Other reserves RMB'000	Retained earnings RMB'000	Total RMB'000	Capital securities RMB'000	Non- controlling interests RMB'000	
Balance at 1 January 2014		5,336,871	20,742,373	(79,008)	166,032	11,358,592	37,524,860	2,532,866	3,387,319	43,445,045
Profit for the year		-	-	-	-	4,597,292	4,597,292	-	8,937	4,606,229
Fair value losses on available-for-sale financial assets		-	-	-	(20,414)	-	(20,414)	-	-	(20,414)
Currency translation differences		-	-	-	1,681	-	1,681	-	-	1,681
Total comprehensive income		-	-	-	(18,733)	4,597,292	4,578,559	-	8,937	4,587,496
Transactions with owners of the company										
Dividends relating to 2013		509,132	-	-	-	(927,722)	(418,590)	-	-	(418,590)
Dividends relating to 2014	43	27,169	-	-	-	(443,785)	(416,616)	-	(50,474)	(467,090)
Expenses on share-based payment	28	-	-	-	88,607	-	88,607	-	-	88,607
Transfer from retained earnings	28	-	-	-	157,605	(157,605)	-	-	-	-
Issue of shares pursuant to exercise of employee share options	26	75,439	-	-	(21,660)	-	53,779	-	2,570	56,349
Vesting of shares under Restricted Share Award Scheme	26	2,242	-	49,259	(51,501)	-	-	-	-	-
Share buyback		-	-	-	-	(2,180)	(2,180)	-	-	(2,180)
Purchase of shares for Restricted Share Award Scheme		-	-	(11,755)	-	-	(11,755)	-	-	(11,755)
Transition to no-par value regime on 3 March 2014		20,757,959	(20,742,373)	-	(15,586)	-	-	-	-	-
Distribution relating to capital securities	27	-	-	-	-	(252,249)	(252,249)	-	-	(252,249)
Contribution from non-controlling interests		-	-	-	-	-	-	-	85,609	85,609
Total contributions by and distributions to owners of the company		21,371,941	(20,742,373)	37,504	157,465	(1,783,541)	(959,004)	-	37,705	(921,299)
Increase in non-controlling interests as a result of other acquisition		-	-	-	-	-	-	-	25,023	25,023
Decrease in non-controlling interests due to disposal of partial interests in a subsidiary		-	-	-	-	-	-	-	15,752	15,752
Decrease in non-controlling interests due to disposal of entire interests in subsidiaries		-	-	-	-	-	-	-	(313,494)	(313,494)
Decrease in non-controlling interests as a result of acquisition of additional interests in subsidiaries		-	-	-	(653,564)	-	(653,564)	-	(1,801,966)	(2,455,530)
Total transactions with owners of the company		21,371,941	(20,742,373)	37,504	(496,099)	(1,783,541)	(1,612,568)	-	(2,036,980)	(3,649,548)
Balance at 31 December 2014		26,708,812	-	(41,504)	(348,800)	14,172,343	40,490,851	2,532,866	1,359,276	44,382,993

The notes on pages 102 to 196 are an integral part of these consolidated financial statements.

Consolidated Cash Flow Statement

	Note	Year ended 31 December	
		2015 RMB'000	2014 RMB'000
Cash flows from operating activities			
Cash generated from operations	44	4,996,710	1,969,979
Others	35	4,815,809	–
Interest paid		(2,982,146)	(2,826,501)
Income tax paid		(1,586,896)	(2,858,910)
Net cash generated from/(used in) operating activities		5,243,477	(3,715,432)
Cash flows from investing activities			
Purchases of property, plant and equipment	7	(366,228)	(117,085)
Proceeds from sale of property, plant and equipment		6,648	4,678
Purchases of investment properties		(202,690)	(160,613)
Purchases of available-for-sale financial assets		(1,176,144)	(1,089,440)
Proceeds from disposal of available-for-sale financial assets		129,650	455,200
Dividends received from available-for-sale financial assets	36	2,858	27,075
Purchases of land use rights	8	(43,593)	–
Purchase of a subsidiary, net of cash acquired	48	(839,232)	–
Proceeds from partial disposal of interests in a subsidiary, net of cash disposed	47(a)	705,924	(121,505)
Proceeds from disposal of entire interests of a subsidiary, net of cash disposed	47(b)	189,961	2,583,466
Capital injection to joint ventures	12	(3,003,408)	(1,821,449)
Capital return from a joint venture	12	–	93
Proceeds from disposal of a joint venture		–	22,564
Capital injection to associates	13	(369,604)	(1,188,347)
Proceeds from disposal of interests in an associate		24,272	2,000
Entrusted loan advanced		(27,675,862)	(4,968,383)
Repayment of entrusted loan		22,407,221	466,240
Interest received		1,084,658	192,519
Prepayments for available-for-sale financial assets		–	(318,371)
Net cash used in investing activities		(9,125,569)	(6,031,358)
Cash flows from financing activities			
Proceeds from borrowings		40,710,967	34,360,715
Repayments of borrowings		(31,581,863)	(19,133,034)
Consideration paid for transactions with non-controlling interests		(500)	(2,425,530)
Capital injection from non-controlling interests		231,629	85,609
Dividends paid to non-controlling interests		(15,701)	(50,474)
Dividends paid to the shareholders of the Company		(1,435,088)	(835,206)
Distribution relating to capital securities		(255,394)	(252,249)
Purchase of shares for Restricted Share Award Scheme	26	(64,322)	(11,755)
Share buybacks	27	(60,457)	(2,180)
Issue of shares pursuant to exercise of employee share options		145,969	56,349
Issue of capital instrument	31	3,000,000	–
Net cash generated from financing activities		10,675,240	11,792,245
Increase in cash and cash equivalents		6,793,148	2,045,455
Cash and cash equivalents at beginning of the year	25	13,311,150	11,252,893
Exchange gains on cash and cash equivalents		165,286	12,802
Cash and cash equivalents at end of the year	25	20,269,584	13,311,150

The notes on pages 102 to 196 are an integral part of these consolidated financial statements.

Notes to the Consolidated Financial Statements

1 General information

Sino-Ocean Land Holdings Limited (the “Company”) is a limited liability company incorporated in Hong Kong on 12 March 2007. The address of its registered office is Suite 601, One Pacific Place, 88 Queensway, Hong Kong. The Company and its subsidiaries (together, the “Group”) are principally engaged in investment holding, property development and property investment in the People’s Republic of China (the “PRC”).

The consolidated financial statements are presented in Renminbi (“RMB”), unless otherwise stated. The Company’s shares are listed on the Main Board of The Stock Exchange of Hong Kong Limited.

The consolidated financial statements have been approved for issue by the Board of Directors on 21 March 2016.

2 Basis of preparation

The consolidated financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (“HKFRS”). They have been prepared under the historical cost convention, as modified by the revaluation of investment properties, available-for-sale financial assets, financial assets at fair value through profit or loss and other investment, which are carried at fair values.

The preparation of the consolidated financial statements in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group’s accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, are disclosed in Note 5.

3 Summary of significant accounting policies

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

3.1 Changes in accounting policy and disclosures

(a) New and amended standards adopted by the Group

The following standards have been adopted by the Group for the first time for the financial year beginning on or after 1 January 2015 and which have no material impact on the Group:

Amendment to HKAS 19 on contributions from employees or third parties to defined benefit plans. The amendment distinguishes between contributions that are linked to service only in the period in which they arise and those linked to service in more than one period. The amendment allows contributions that are linked to service, and do not vary with the length of employee service, to be deducted from the cost of benefits earned in the period that the service is provided. Contributions that are linked to service, and vary according to the length of employee service, must be spread over the service period using the same attribution method that is applied to the benefits.

Amendments from annual improvements to HKFRSs — 2010 — 2012 Cycle, on HKFRS 8, ‘Operating segments’, HKAS 16, ‘Property, plant and equipment’ and HKAS 38, ‘Intangible assets’ and HKAS 24, ‘Related party disclosures’.

Amendments from annual improvements to HKFRSs — 2011 — 2013 Cycle, on HKFRS 3, ‘Business combinations’, HKFRS 13, ‘Fair value measurement’ and HKAS 40, ‘Investment property’.

3 Summary of significant accounting policies *(Continued)*

3.1 Changes in accounting policy and disclosures *(Continued)*

(a) **New and amended standards adopted by the Group** *(Continued)*

The adoption of the improvements made in the 2010–2012 Cycle has required additional disclosures in the segment note. Other than that, the remaining amendments are not material to the Group.

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

(b) **New and amended standards relevant to the Group that have been issued but are not effective for the financial year beginning 1 January 2015 and have not been early adopted**

HKFRS 9, ‘Financial instruments’, addresses the classification, measurement and recognition of financial assets and financial liabilities. The complete version of HKFRS 9 was issued in July 2014. It replaces the guidance in HKAS 39 that relates to the classification and measurement of financial instruments. HKFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: amortized cost, fair value through other comprehensive income (“OCI”) and fair value through profit or loss. The basis of classification depends on the entity’s business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are required to be measured at fair value through profit or loss with the irrevocable option at inception to present changes in fair value in OCI not recycling. There is now a new expected credit losses model that replaces the incurred loss impairment model used in HKAS 39. For financial liabilities there were no changes to classification and measurement except for the recognition of changes in own credit risk in other comprehensive income, for liabilities designated at fair value through profit or loss. HKFRS 9 relaxes the requirements for hedge effectiveness by replacing the bright line hedge effectiveness tests. It requires an economic relationship between the hedged item and hedging instrument and for the ‘hedged ratio’ to be the same as the one management actually use for risk management purposes.

Contemporaneous documentation is still required but is different to that currently prepared under HKAS 39. The standard is effective for accounting periods beginning on or after 1 January 2018. Early adoption is permitted. The Group is yet to assess HKAS 9’s full impact.

HKFRS 15, ‘Revenue from contracts with customers’ deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity’s contracts with customers. Revenue is recognized when a customer obtains control of a good or service and thus has the ability to direct the use and obtain the benefits from the good or service. The standard replaces HKAS 18 ‘Revenue’ and HKAS 11 ‘Construction contracts’ and related interpretations. HKFRS 15 is effective for annual periods beginning on or after 1 January 2018 and earlier application is permitted. The Group is in the process of assessing the impact of HKFRS 15 on its financial statements.

There are no other HKFRSs or HK(IFRIC) interpretations that are not yet effective that would be expected to have a material impact on the Group.

Notes to the Consolidated Financial Statements

3 Summary of significant accounting policies *(Continued)*

3.2 Subsidiaries

3.2.1 Consolidation

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

(a) *Business combinations*

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

Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date; any gains or losses arising from such re-measurement are recognized in profit or loss.

Any contingent consideration to be transferred by the Group is recognized at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognized in accordance with HKAS 39 either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

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

Intra-group transactions, balances and unrealized gains on transactions between group companies are eliminated unless the transaction provides evidence of an impairment of the transferred asset. Unrealized losses are also eliminated. When necessary, amounts reported by subsidiaries have been adjusted to conform with the Group's accounting policies.

3 Summary of significant accounting policies *(Continued)*

3.2 Subsidiaries *(Continued)*

3.2.1 Consolidation *(Continued)*

(b) Changes in ownership interests in subsidiaries without change of control

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

(c) Disposal of subsidiaries

When the Group ceases to have control, any retained interest in the entity is remeasured to its fair value at the date when control is lost, with the change in carrying amount recognized in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognized in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognized in other comprehensive income are reclassified to profit or loss.

3.2.2 Separate financial statements

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

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

3.3 Joint arrangements

Under HKFRS 11 investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations of each investor. The Group has assessed the nature of its joint arrangements and determined them to be joint ventures. Joint ventures are accounted for using the equity method.

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

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

Notes to the Consolidated Financial Statements

3 Summary of significant accounting policies *(Continued)*

3.4 Associates

An associate is an entity over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting. Under the equity method, the investment is initially recognized at cost, and the carrying amount is increased or decreased to recognize the investor's share of the profit or loss of the investee after the date of acquisition. The Group's investment in associates includes goodwill identified on acquisition.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognized in other comprehensive income are reclassified to profit or loss where appropriate.

The Group's share of post-acquisition profits or losses is recognized in the consolidated income statement, and its share of post-acquisition movements in other comprehensive income is recognized in other comprehensive income with a corresponding adjustment to the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognize further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognizes the amount adjacent to 'share of profit of investments accounted for using equity method' in the consolidated income statement.

Profits and losses resulting from upstream and downstream transactions between the Group and its associate are recognized in the Group's financial statements only to the extent of unrelated investor's interests in the associates. Unrealized losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

Gains or losses on dilution of equity interest in associates are recognized in the consolidated income statement.

3.5 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the executive committee that makes strategic decisions.

3.6 Foreign currency translation

(a) Functional and presentation currency

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

The Group identifies the functional currency of each subsidiary for the purpose of defining that entity's foreign currency exposure. Different entities within the Group may have different functional currencies. Judgement is required in determining an entity's functional currency based on individual facts and circumstances.

3 Summary of significant accounting policies *(Continued)*

3.6 Foreign currency translation *(Continued)*

(b) Transactions and balances

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

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the income statement within "finance income or cost". All other foreign exchange gains and losses are presented in the income statement within "other gains/(losses) — net".

Changes in the fair value of monetary securities denominated in foreign currency classified as available-for-sale are analyzed between translation differences resulting from changes in the amortized cost of the security and other changes in the carrying amount of the security. Translation differences related to changes in amortized cost are recognized in profit or loss, and other changes in carrying amount are recognized in other comprehensive income.

Translation differences on non-monetary financial assets and liabilities, such as equity instruments held at fair value through profit or loss, are recognized in profit or loss as part of the fair value gain or loss. Translation differences on non-monetary items such as equities classified as available-for-sale financial assets are included in other comprehensive income.

(c) Group companies

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

- (i) assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- (ii) income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and
- (iii) all resulting exchange differences are recognized in other comprehensive income.

3.7 Properties

(a) Investment properties

Investment property, principally comprising leasehold land and buildings, is held for long-term rental yields or for capital appreciation or both, and that is not occupied by the Group. It also includes properties that are being constructed or developed for future use as investment properties. Land held under operating leases are classified and accounted for as investment property when the rest of the definition of investment property is met. In such cases, the operating leases concerned are accounted for as if they were finance leases. Investment property is initially measured at cost, including related transaction costs and where applicable borrowing costs.

Notes to the Consolidated Financial Statements

3 Summary of significant accounting policies *(Continued)*

3.7 Properties *(Continued)*

(a) Investment properties *(Continued)*

After initial recognition, investment property is carried at fair value, assessed annually by a professional independent valuer. Fair value is based on active market prices, adjusted, if necessary, for any differences in the nature, location or condition of the specific asset. If such information is not available, the Group uses alternative valuation methods such as recent prices on less active markets or discounted cash flow projections. Investment property that is being redeveloped for continuing use as investment property, or for which the market has become less active, continues to be measured at fair value.

Property that is being constructed or developed as investment property is carried at fair value. Where fair value is not reliably determinable, such investment property under construction is measured at cost until either its fair value becomes reliably determinable or construction is completed (whichever is earlier).

The fair value of investment property reflects, among other things, rental income from current leases and assumptions about rental income from future leases in light of current market condition.

Subsequent expenditure is charged to the asset's carrying amount only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed in the consolidated income statement during the financial period in which they are incurred.

If an investment property becomes owner-occupied, it is reclassified as property, plant and equipment, and its fair value at the date of reclassification becomes its cost for accounting purposes. Property that is being constructed or developed for future use as investment property is classified as property, plant and equipment and stated at cost until construction or development is completed, at which time it is reclassified and subsequently accounted for as investment property.

If an item of property, plant and equipment becomes an investment property because its use has changed, any differences resulting between the carrying amount and the fair value of this item at the date of transfer is recognized in equity as a revaluation of property, plant and equipment under HKAS 16. However, if a fair value gain reverses a previous impairment loss, the gain is recognized in the consolidated income statement.

(b) Land use rights

Land in China mainland is state-owned and no individual land ownership right exists. The Group acquired the rights to certain land, and the premiums paid for such rights are recorded as land use rights. Land use rights are classified and accounted for in accordance to the intended use of respective properties as erected on the land.

For properties that are held for own use, corresponding land use rights are separately stated in the balance sheet, and are stated at cost and amortized over the use terms of 40 to 70 years using the straight-line method.

For properties that are held for development and subsequent sale, corresponding land use rights are accounted for as part of the development costs, and are accounted for under Note 3.14.

3 Summary of significant accounting policies *(Continued)*

3.8 Property, plant and equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation and accumulated impairment losses, if any. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to the consolidated income statement during the financial period in which they are incurred.

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

Buildings and leasehold improvements	5–50 years
Machinery	8 years
Vehicles	8 years
Office equipment	3–5 years
Electronic equipment	3 years

Leasehold improvements' estimated useful life is shorter of remaining lease term of or useful life. The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 3.10).

Gains and losses on disposals are determined by comparing proceeds with carrying amounts. These are recognized within "other gains/(losses) — net", in the consolidated income statement.

Construction-in-progress represents buildings, machinery under construction and is stated at cost. Cost includes the costs of construction of buildings, the cost of plant and machinery, installation, testing and other direct costs incurred during the development period. No provision for depreciation is made on construction-in-progress until such time as the relevant assets are completed and ready for intended use. The carrying amount of a construction-in-progress is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 3.10). When the assets concerned get ready for their intended use, the costs are depreciated in accordance with the policy as stated above.

3.9 Goodwill

Goodwill arises on the acquisition of subsidiaries, associates and joint ventures and represents the excess of the consideration transferred over the Group's interest in net fair value of the net identifiable assets, liabilities and contingent liabilities of the acquiree and the fair value of the non-controlling interests in the acquiree.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash-generating units ("CGUs"), or groups of CGUs, that is expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level.

Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs of disposal. Any impairment is recognized immediately as an expense and is not subsequently reversed.

Notes to the Consolidated Financial Statements

3 Summary of significant accounting policies *(Continued)*

3.10 Impairment of non-financial assets

Assets that have an indefinite useful life or are not yet available for use are not subject to amortization and are tested annually for impairment. Assets that are subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

3.11 Financial assets

3.11.1 Classification

The Group classifies its financial assets into financial assets at fair value through profit or loss, loans and receivables, and available-for-sale financial assets. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition and re-evaluates this designation at every reporting date.

(a) *Financial assets at fair value through profit or loss*

Financial assets at fair value through profit or loss are financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. Derivatives are also categorized as held for trading unless they are designated as hedges. Assets in this category are classified as current assets if expected to be settled within 12 months; otherwise, they are classified as non-current.

(b) *Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for those with maturities greater than 12 months after the end of the reporting period, which are classified as non-current assets. The Group's loans and receivables comprise "trade and other receivables", "restricted bank deposit" and "cash and cash equivalents" in the balance sheet (Note 3.15 and 3.16).

(c) *Available-for-sale financial assets*

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets unless the investment matures or management intends to dispose of it within 12 months of the end of the reporting period.

3.11.2 Recognition and measurement

Regular way purchases and sales of financial assets are recognized on trade-date, the date on which the Group commits to purchase or sell the asset. Investments are initially recognized at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognized at fair value, and transaction costs are expensed in the consolidated income statement. Financial assets are derecognized when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. Available-for-sale financial assets are subsequently carried at fair value. Loans and receivables are subsequently carried at amortized cost using the effective interest method.

3 Summary of significant accounting policies *(Continued)*

3.11 Financial assets *(Continued)*

3.11.2 Recognition and measurement *(Continued)*

Gains or losses arising from changes in the fair value of the “financial assets at fair value through profit or loss” category are presented in the income statement within “other gains/(losses) — net” in the period in which they arise. Dividend income from financial assets at fair value through profit or loss is recognized in the income statement as part of other income when the Group’s right to receive payments is established.

Changes in the fair value of monetary and non-monetary securities classified as available-for-sale are recognized in other comprehensive income.

When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments recognized in equity are included in the consolidated income statement as part of “other gains/(losses) — net”.

Interest on available-for-sale securities calculated using the effective interest method are recognized in the consolidated income statement as part of other income. Dividends on available-for-sale equity instruments are recognized in the consolidated income statement as part of other income when the Group’s right to receive payments is established.

3.12 Impairment of financial assets

(a) Assets carried at amortized cost

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

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

For loans and receivables category, the amount of the loss is measured as the difference between the asset’s carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset’s original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognized in the consolidated income statement. If a loan or held-to-maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the Group may measure impairment on the basis of an instrument’s fair value using an observable market price.

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

Notes to the Consolidated Financial Statements

3 Summary of significant accounting policies *(Continued)*

3.12 Impairment of financial assets *(Continued)*

(b) Assets classified as available-for-sale

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired.

For debt securities, if any such evidence exists the cumulative loss — measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognized in profit or loss — is removed from equity and recognized in profit or loss. If, in a subsequent period, the fair value of a debt instrument classified as available for sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognized in profit or loss, the impairment loss is reversed through the consolidated income statement.

For equity investments, a significant or prolonged decline in the fair value of the security below its cost is also evidence that the assets are impaired. If any such evidence exists the cumulative loss — measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognized in profit or loss — is removed from equity and recognized in profit or loss. Impairment losses recognized in the consolidated income statement on equity instruments are not reversed through the consolidated income statement.

3.13 Land development cost recoverable

These costs refer to costs capitalized on primary land development projects, in preparation for such land to undergo the process of open market bidding. Primary land development works include demolitions and relocations, ground levelings, as well as the establishment of elementary public facilities. A fixed amount of compensation is usually agreed with respective governmental authorities for such works. Costs recoverable are recognized at cost, less provision for impairment.

3.14 Inventories

(a) Properties under development

Properties under development are stated at the lower of cost and net realizable value. Net realizable value is determined by reference to estimated sales proceeds of the properties sold in the ordinary course of business less costs to complete development and estimated selling expenses.

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

(b) Completed properties held for sale

Completed properties held for sale are completed properties remaining unsold at the balance sheet date and are stated at the lower of cost and net realizable values. Cost comprises development costs attributable to the unsold properties. Net realizable values is determined by reference to the sale proceeds of properties sold in the ordinary course of business, less applicable variable selling expenses, or by management estimates based on prevailing marketing conditions.

(c) Other inventories

Other inventories mainly comprise raw materials for upfitting, food and beverages and hotel consumables. Goods are valued at the lower of cost and net realizable value. Cost, calculated on the weighted average basis, comprises invoiced price, delivery and other direct costs relating to purchases. Net realizable value is determined on the basis of anticipated sales proceeds less estimated selling expenses.

3 Summary of significant accounting policies *(Continued)*

3.15 Trade and other receivables

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

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

3.16 Cash and cash equivalents

In the consolidated statement of cash flows, cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less.

3.17 Share capital

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

3.18 Capital securities and capital instrument

Capital securities and capital instrument with no contracted obligation to repay its principal nor to pay any distribution are classified as part of equity.

3.19 Trade payables

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

Trade payables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method.

3.20 Borrowings and Borrowing costs

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

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

General and specific 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 capitalization. All other borrowing costs are recognized in profit or loss in the period in which they are incurred.

Notes to the Consolidated Financial Statements

3 Summary of significant accounting policies *(Continued)*

3.21 Current and deferred income tax

The tax expense for the year comprises current and deferred income tax. Tax is recognized in the income statement, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case the tax is also recognized in other comprehensive income or directly in equity, respectively.

3.21.1 Current income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries/territories where the Company's subsidiaries, joint ventures and associates operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

3.21.2 Deferred income tax

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

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

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

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

3.21.3 Offsetting

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

3 Summary of significant accounting policies *(Continued)*

3.22 Employee benefits

(a) **Employee leave entitlements**

Employee entitlements to annual leave are recognized when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employee up to the balance sheet date. Employee entitlements to sick leave and maternity leave are not recognized until the time of leave.

(b) **Bonus entitlements**

Expected costs of bonus payments are recognized as liabilities when constructive obligations are present, as a result of services rendered by employees and reliable estimations of the obligations can be made.

(c) **Retirement benefits**

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

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

The Group also participates in a pension scheme under the rules and regulations of the Mandatory Provident Fund Scheme Ordinance ("MPF Scheme") for all employees in Hong Kong. The contributions to the MPF Scheme are based on minimum statutory contribution requirement of the lower of 5% of eligible employees' relevant aggregate income and HKD1,500. The assets of this pension scheme are held separately from those of the Group in independently administered funds.

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

3.23 Share-based payments

The Group operates a number of equity-settled, share-based compensation plans, including "share option scheme" and Restricted Share Award Scheme, under which the entity receives services from employees as consideration for equity instruments (options and shares) of the Group.

- **Share option scheme**

The fair value of the employee services received in exchange for the grant of the options is recognized as an expense. The total amount to be expensed is determined by reference to the fair value of the options granted.

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

Notes to the Consolidated Financial Statements

3 Summary of significant accounting policies *(Continued)*

3.23 Share-based payments *(Continued)*

- **Share option scheme *(Continued)***

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

The social security contributions payable in connection with the grant of the share options is considered an integral part of the grant itself, and the charge will be treated as a cash-settled transaction.

- **Restricted Shares Award Scheme**

The fair value of the employee services received in exchange for the grant of these share-based awards is recognized as an expense. The total amount to be expensed is determined by reference to the fair value of the shares awarded at the grant date.

When Trustee purchases the Company's shares from the open market, the consideration paid, including any directly attributable incremental costs, is presented as "Shares held for Restricted Share Award Scheme" in the consolidated statement of changes in equity and deducted from total equity. When the Trustee transfers the Company's shares to grantees upon vesting, the related costs of the awarded shares are credited to "Shares held for Restricted Share Award Scheme" with a corresponding adjustment to the share premium.

At the end of each reporting period, the Group revises its estimates of the number of these share-based awards that are expected to become vested. The impact of the revision to original estimates, if any, is recognized in the consolidated income statement, with a corresponding adjustment to equity.

3.24 Provisions

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

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

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

3.25 Financial guarantee liabilities

Financial guarantee liabilities are recognized in respect of the financial guarantee provided by the Group to the property purchasers.

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

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

3 Summary of significant accounting policies *(Continued)*

3.26 Contract work

Contract costs are recognized when incurred.

When the outcome of a contract cannot be estimated reliably, contract revenue is recognized only to the extent of contract costs incurred that are likely to be recoverable by reference to the stage of completion.

When the outcome of a contract can be estimated reliably and it is probable that the contract will be profitable, contract revenue is recognized over the period of the contract. When it is probable that total contract costs will exceed total contract revenue, the expected losses are recognized as expense immediately.

The Group uses the “percentage of completion method” to determine the appropriate amount to be recognized in a given period. Depending on the nature of contracts, the stage of completion is measured by reference to (a) the proportion of contract costs incurred for work performed to date to estimated total contract costs; (b) the amount of work certified by site engineers; or (c) completion of physical proportion of the contract work. Costs incurred in the year in connection with future activity on a contract are excluded from contract costs in determining the stage of completion. They are presented as inventories, prepayments or other assets, depending on their nature.

Contract work-in-progress is valued at the cost price of the work done, plus a part of the expected profit upon completion of the project in proportion to the progress made and less progress receivables and provisions. Provisions are recognized for expected losses on contract work-in-progress, as soon as they are foreseen, and deducted from the cost price. The cost price includes direct project costs, consisting of direct payroll costs, materials, costs of subcontracted work, other direct costs, rental charges and maintenance costs for the equipment used. The progress of a project is determined on the basis mentioned in preceding paragraph. Profits are not recognized unless a reliable estimate can be made of the result on completion of the project. The balance of the value of contract work-in-progress and progress receivables is determined on a project by project basis.

The Group presents as an asset the “amounts due from customers for contract work” for all contracts in progress for which costs incurred plus recognized profits exceed progress receivables. Progress receivables not yet paid by customers and retention are included within “trade and other receivables”.

3.27 Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Group’s activities. Revenue is shown, net of returns, discounts and after eliminating sales within the Group.

The Group recognizes revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and when specific criteria have been met for each of the Group’s activities as described below. The Group bases its estimates on historical results, the type of transaction and the specifics of each arrangement.

(a) Sale of properties

Revenue from sales of properties is recognized when the risks and rewards of the properties transferred to the purchaser, which is when the construction of the relevant properties have been completed and properties have been delivered to the purchaser pursuant to the sale agreements, and collectability of related receivables is reasonably assured. Deposits and instalments received on properties sold prior to the date of revenue recognition are included in current liabilities, and are separately stated in the balance sheet as advances receipts from customers.

Notes to the Consolidated Financial Statements

3 Summary of significant accounting policies *(Continued)*

3.27 Revenue recognition *(Continued)*

(b) **Rental income**

Rental income is recognized on a straight-line basis over the lease terms.

(c) **Revenue from construction contracts**

Revenue from construction contract is recognized, over the period of the contracts, when the outcome of the contracts can be estimated reliably and it is probable that these contracts will be profitable.

When the outcome of a contract cannot be estimated reliably, contract revenue is recognized only to the extent of contract costs incurred that are likely to be recoverable.

The Group uses the “percentage of completion method” to determine the appropriate amount to be recognized in a given period. Depending on the nature of contracts, the stage of completion is measured by reference to the proportion of contract costs incurred for work performed to date to estimated total contract costs.

(d) **Property management and agency fee income**

Property management and agency fee income is recognized in the accounting period in which the services are rendered.

(e) **Interest income**

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

(f) **Dividend income**

Dividend income is recognized when the right to receive payment is established.

3.28 Operating leases

Leases where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases.

(a) **The Group is the lessee**

Payments made under operating leases (net of any incentives received from the lessor), are charged to the consolidated income statement on a straight-line basis over the period of the lease.

(b) **The Group is the lessor**

When assets are leased out under an operating lease, the assets are included in the balance sheet based on the nature of the assets. Lease income is recognized over the term of the lease on a straight-line basis.

3.29 Dividend distribution

Dividend distribution to the Company’s shareholders is recognized as a liability in the Group’s and Company’s financial statements in the period in which the dividends are approved by the Company’s shareholders.

4 Financial risk management

4.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, cash flow interest rate risk and fair value interest rate risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial performance. The board of directors reviews and approves policies for managing each of these risks and they are summarized below.

(a) **Market risk**

(i) ***Foreign exchange risk***

The Group is exposed to foreign exchange risk arising from future commercial transactions and recognized assets and liabilities which are not denominated in the Group's functional currency. Majority of the Group's foreign currency transactions and balances are denominated in Hong Kong dollars ("HKD") and United States dollars ("USD"). The Group currently does not have a foreign currency hedging policy. However, management of the Group monitor foreign exchange exposure and will consider hedging significant foreign currency exposure should the need arises.

Conversion of RMB into foreign currency is subject to the rules and regulations of the foreign exchange control, as promulgated by the PRC government.

As at 31 December 2015, if RMB had weakened/strengthened by 5% against HKD and USD with all other variable held constant, post-tax profit for the year of the Group would have been RMB556,546,000 lower/higher (2014: RMB356,539,000 lower/higher), mainly as the result of the foreign exchange losses/gains on translation of HKD/USD dominated borrowings, net of foreign exchange gains/losses on translation of HKD/USD dominated cash and cash equivalents.

(ii) ***Cash flow and fair value interest rate risk***

The Group's income and operating cash flows are substantially independent of changes in market interest rates.

The Group's interest rate risk arises from long-term borrowings with prevailing market interest rates. Such risk is partly offset by cash held at prevailing market interest rates. During 2015 and 2014, the Group's borrowings at prevailing market interest rates were denominated in RMB, HKD and USD.

The Group's fair value interest rate risk relates primarily to its fixed rate borrowing and other payables. The Group currently does not utilize any derivative contracts to hedge its exposure to interest rate risk. However, management will consider hedging significant interest rate exposure should the need arise.

As at 31 December 2015, if interest rates have increased/decreased by 50 basis points with all other variables held constant, the Group's post-tax profit, after taking into account the impact of interest capitalization, would decrease/increase by approximately RMB7,642,000 (2014: 7,864,000).

Notes to the Consolidated Financial Statements

4 Financial risk management *(Continued)*

4.1 Financial risk factors *(Continued)*

(b) Credit risk

Credit risk arises from restricted bank deposits, cash and cash equivalents, trade and other receivables and available-for-sale financial assets. The carrying amount of restricted bank deposits, cash and cash equivalents, trade and other receivables and available-for-sales financial assets, represent the Group's maximum exposure to credit risk in relation to its financial assets.

To manage such exposure, the Group has policies in place to ensure that sales are made to purchasers with appropriate financial strengths and credit history, at the same time appropriate percentages of down payments are made. Deposits are placed with banks with appropriate credit ratings. Monitoring procedures are also in place to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews and assesses the recoverable amount of each individual trade receivables on a regular basis to ensure that adequate impairment losses are made for irrecoverable amounts. The Group has no significant concentration of credit risk, with exposure spread over a number of counterparties and customers.

The recoverability of loan and other receivables is assessed taking into account of the financial position of the counterparties, past experiences and other factors. The management does not expect any significant losses from non-performance by the counterparties.

Credit risk arises from restricted bank deposits is limited, as all counterparties are banks with appropriate credit rankings.

The Group has provided guarantees to banks in favor of certain customers to secure their repayment obligations to banks, for their purchases of property units. If a customer defaults on the payment of its mortgage during the term of the guarantee, banks holding the mortgage may demand the Group to repay the outstanding amount together with any accrued interest thereon. Under such circumstances, the Group is able to sell the property to recover any amounts paid by the Group to banks. The directors of the Company consider that the Group's exposure to credit risk in this regard is minimal.

The Group provided joint-liability guarantees in respect of borrowings granted by certain financial institutions to joint ventures and associates. Properties under development owned by these joint ventures and associates are the primary collateral of such borrowings. If the joint ventures and associates default on the repayment of such borrowings during the term of the guarantee, the financial institutions are able to sell the properties to recover the outstanding amount together with any accrued interest thereon. The directors of the Company consider that the Group's exposure to credit risk in this regard is minimal.

(c) Liquidity risk

Cash flow forecast is performed in the operating entities of the Group in and aggregated by Group Finance. Group Finance monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times so that the Group does not breach borrowing limits or covenants (where applicable) on any of its borrowing facilities. Such forecast process takes into consideration the Group's debt financing plans, covenant compliance, compliance with internal balance sheet ratio targets.

The table below analyses the Group's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amount disclosed in the table is the contractual undiscounted cash flows.

Notes to the Consolidated Financial Statements

4 Financial risk management (Continued)

4.1 Financial risk factors (Continued)

(c) Liquidity risk (Continued)

	Less than 1 year RMB'000	Between 1 and 2 years RMB'000	Between 2 and 5 years RMB'000	Over 5 years RMB'000	Total RMB'000
At 31 December 2015					
Borrowings	11,621,154	10,736,676	19,379,510	23,285,046	65,022,386
Trade and other payables excluding statutory liabilities	24,704,784	–	13,377	–	24,718,161
	36,325,938	10,736,676	19,392,887	23,285,046	89,740,547
At 31 December 2014					
Borrowings	13,827,337	10,962,407	22,923,228	6,513,644	54,226,616
Trade and other payables excluding statutory liabilities	17,246,530	–	13,377	–	17,259,907
	31,073,867	10,962,407	22,936,605	6,513,644	71,486,523

4.2 Capital risk management

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

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

Consistent with others in the industry, the Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including current and non-current borrowings as shown in the consolidated balance sheet) less cash and cash equivalents. Total capital is calculated as "equity" as shown in the consolidated balance sheet plus net debt.

The gearing ratios at 31 December 2015 and 2014 were as follows.

	As at 31 December	
	2015	2014
	RMB'000	RMB'000
Total borrowings (Note 32)	51,925,839	45,603,844
Less: cash and cash equivalents (Note 25)	(20,269,584)	(13,311,150)
Net debt	31,656,255	32,292,694
Total equity	48,190,274	44,382,993
Total capital	79,846,529	76,675,687
Gearing ratio	40%	42%

The decrease in the gearing ratio during 2015 resulted primarily from the decrease in net debt, and the increase in total equity.

Notes to the Consolidated Financial Statements

4 Financial risk management *(Continued)*

4.3 Fair value estimation

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- (a) Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1).
- (b) Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2).
- (c) Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

The following table presents the Group's assets and liabilities that are measured at fair value at 31 December 2015 and 2014. See Note 9 for disclosures of the investment properties that are measured at fair value.

	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
Assets				
At 31 December 2015				
Financial assets at fair value through profit or loss (Note 17)	196,928	–	–	196,928
Available-for-sale financial assets:				
– equity fund investments (Note 16)	–	793,346	2,069,528	2,862,874
– other equity securities (Note 16)	–	–	365,420	365,420
– others (Note 16)	–	–	77,842	77,842
	196,928	793,346	2,512,790	3,503,064

	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
Assets				
At 31 December 2014				
Financial assets at fair value through profit or loss (Note 17)	663,165	–	–	663,165
Available-for-sale financial assets:				
– equity fund investments (Note 16)	–	334,840	1,352,295	1,687,135
– other equity securities (Note 16)	–	–	54,200	54,200
– others (Note 16)	–	–	35,839	35,839
– structured products issued by bank (Note 16)	–	60,000	–	60,000
	663,165	394,840	1,442,334	2,500,339

There were no transfers between Level 1 and Level 2 during the period. Transfers between Level 2 and Level 3 are addressed in the Level 3 reconciliation below.

During the period there were no significant changes in the business or economic circumstances that may affect the fair value of the Group's financial assets and financial liabilities.

4 Financial risk management *(Continued)*

4.3 Fair value estimation *(Continued)*

(a) Financial instruments in Level 1

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in Level 1. Instruments included in Level 1 comprise primarily the United States and HKSE equity investments classified as financial assets at fair value through profit or loss.

(b) Financial instruments in Level 2

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in Level 2.

If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3.

Specific valuation techniques used to value financial instruments include quoted market prices or dealer quotes for similar instruments.

(c) Financial instruments in Level 3

In 2014, the classification of certain unlisted equity fund investments has changed from Level 2 to Level 3 since during the period, these equity funds have acquired certain unlisted equity and debt interests with more counterparty credit risk, resulting in significant unobservable inputs to the fair value measurements.

Level 3 investments in unlisted equity securities are estimated based on the net assets values of the respective underlying entities, which approximate their fair values. The higher the net assets value of respective entities, the higher the fair values. Level 3 investments in unlisted debt securities are fair valued using a discounted cash flow approach and the discounted rate is mainly determined by counterparty credit risk.

The Group's policy is to recognize transfers into and transfers out of fair value hierarchy levels as of the date of the event or change in circumstances that caused the transfer.

There were no changes in valuation techniques during the year.

Notes to the Consolidated Financial Statements

4 Financial risk management *(Continued)*

4.3 Fair value estimation *(Continued)*

(c) Financial instruments in Level 3 *(Continued)*

The following table presents the changes in Level 3 instruments for the year ended 31 December 2015.

	Available-for-sale financial assets equity securities RMB'000
Financial assets in Level 3	
Opening balance	1,442,334
Additions	1,090,564
Disposals	(20,700)
Gains recognized in equity	592
Closing balance	2,512,790

The following table presents the changes in Level 3 instruments for the year ended 31 December 2014.

	Available-for-sale financial assets equity securities RMB'000
Financial assets in Level 3	
Opening balance	188,060
Additions	1,060,358
Disposals	(155,400)
Losses recognized in equity	(2,979)
Transfer from Level 2	352,295
Closing balance	1,442,334

5 Critical accounting estimates and judgements

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(a) Estimate of fair value of investment properties

The fair value of investment properties is determined by using valuation technique. Details of the judgment and assumptions have been disclosed in Note 9.

(b) Estimate of fair value of employee share options

Up till 31 December 2015, fair value of employee share options issued by the Group is assessed by an independent qualified valuer, DTZ Debenham Tie Leung Limited at their respective issuance dates. The valuation is performed on the basis of open market value of the Group's listed shares, as well as estimations for the realization rates in the future. The assumptions used are mainly based on market conditions existing at each balance sheet date, as well as prior years' records of the Group's resignation rates.

(c) Income taxes and land appreciation tax ("LAT")

The Group is primarily subject to various PRC taxes, as it is principally engaged in property development in the PRC. Significant judgment is required in determining the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Company recognizes liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred income tax provisions in the period in which such determination is made.

The implementation and settlement of LAT varies among various tax jurisdictions in cities of the PRC. LAT is levied at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds from sales of properties less deductible expenditures including land use rights, borrowing costs, business taxes, property development and other related expenditures. These taxes are incurred upon transfer of property ownership.

Significant judgment is required in determining the extent of land appreciation and its related taxes. The Group recognized LAT based on management's best estimates according to the understanding of the tax rules. The final tax outcome could be different from the amounts that were initially recorded, and these differences will impact the consolidated income statement in the periods in which such taxes are finalized with local tax authorities.

(d) Deferred income tax

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

(e) Estimations for total properties construction cost

The Group estimates properties construction cost upon recognition of respective costs of sales. Such estimates are substantiated by detailed budgetary information as developed by the management, and will be assessed periodically, as the constructions progress. Should these estimates depart from their actual finalized costs, such differences would affect the accuracy of costs of sales recognized.

Notes to the Consolidated Financial Statements

5 Critical accounting estimates and judgements *(Continued)*

(f) Revenue recognition

The Group has recognized revenue from the sale of properties held for sale as disclosed in Note 3.27. The assessment of when an entity has transferred the significant risks and rewards of ownership to buyers requires the examination of the circumstances of the transaction. In most cases, the transfer of risks and rewards of ownership coincides with the date when the equitable interest in the property vests to the buyer, upon release of the respective property to the purchaser.

As disclosed in Note 45, the Group provided guarantees in respect of mortgage facilities granted by certain banks relating to the mortgage loans arranged for certain purchasers of the Group's properties. These guarantees will expire when relevant property ownership certificates are lodged with the banks by the purchasers. In order to obtain mortgage loans, the purchasers need to settle certain percentage of the total contract amount in accordance with related PRC regulations upon delivery of the properties. The directors of the Company are of the opinion that such settlements provide sufficient evidence of the purchasers' commitment to honour contractual obligation of the bank loans. In addition, based on past experiences, there were no significant defaults of mortgage facilities by the purchasers resulting in the calling of the bank guarantees provided. Accordingly, the directors believe that significant risks and rewards associated to the ownership of the properties have been transferred to the purchasers.

(g) Estimated impairment of assets

The Group tests at least annually whether assets have suffered any impairment in accordance with the accounting policies stated in Note 3.10. Assets are also reviewed for impairment, whenever events or changes in circumstances that may cause the carrying amounts of the assets to exceed their recoverable amounts. The recoverable amount of an asset or a cash generating unit is determined as the higher of cash generating unit's fair value less cost to sell and its value-in-use which requires the use of assumptions and estimates. In 2015, based on such reviews the directors have determined that certain of Group's properties under development (Note 18) and completed properties held for sale (Note 22) were impaired, and relevant provision had been made.

(h) Provisions for doubtful debts of receivables

The Group annually tests whether receivables suffer any impairment. Receivables that are individually significant are subject to separate impairment assessment. If there is objective evidence that the Group will not be able to collect the full amount under the original terms, a provision for impairment of that receivable is recognized at the difference between the carrying amount of that receivable and the present value of its estimated future cash flows (excluding future credit losses that have been incurred) discounted at the financial asset's original effective interest rate. Receivables with amounts that are not individually significant along with those receivables that have been individually assessed for impairment and have not been found impaired are classified into certain groupings based on their credit risk characteristics. The provision for doubtful debts is determined based on the historical actual loss ratio for the groupings of receivables with similar credit risk characteristics, taking into consideration of the current circumstances. In 2015, based on such reviews the directors have determined that certain of Group's trade receivables (Note 21) were impaired, and relevant provision had been made.

6 Segment information

Management has determined the operating segments based on the reports reviewed by the chief operating committee (the “Committee”) that are used to make strategic decisions.

The Committee considers the business from both a geographic and product perspective. From the product perspective, management considers the performance of property development and property investment. Property development businesses are further segregated geographically. In 2015, management re-grouped the Group’s property development business into Beijing-Tianjin-Hebei, Northeast, Central as well as South. As a result, the segment information for the year ended 31 December 2015 has been prepared pursuant to the latest framework. The segment information for the year ended 31 December 2014 was adjusted for the comparable purpose, accordingly.

Other operations as carried out by the Group mainly include property management services, property sales agency services, as well as upfitting services. These are not included within the reportable operating segments, as they are not included in the reports provided to the Committee. The results of these operations are included in the “All other segments” column.

The Committee assesses the performance of the operating segments based on a measure of operating profit. This measurement basis excludes the effects of non-recurring expenditure from the operating segments. Finance costs and corporate finance income are not included in the result for each operating segment that is reviewed by the Committee, as they are driven by activities of the central treasury function, which manages the cash position of the Group. The measure also excludes the effects of any unrealized gains/losses from investments in joint ventures and associates as well as fair value gains/losses from investment properties and corporate overheads. Other information provided to the Committee, except as noted below, is measured in a manner consistent with that in the financial statements.

Total segment assets exclude corporate cash and cash equivalents, investments in joint ventures and associates, available-for-sale financial assets, other investments, financial assets at fair value through profit or loss and deferred income tax assets, all of which are managed on a central basis. Total segment liabilities exclude borrowings, deferred income tax liabilities, all of which are managed on a central basis as well. These are part of the reconciliation to total balance sheet assets and liabilities.

Transactions between segments are carried out at arm’s length. The revenue from external parties reported to the Committee is measured in a manner consistent with that in the consolidated income statement.

Notes to the Consolidated Financial Statements

6 Segment information (Continued)

The segment information provided to the Committee for the reportable segments for the years ended 31 December 2015 and 2014 is as follows:

	Property development				Investment property	All other segments	Total	Inter-company elimination	Total
	Beijing-Tianjin-Hebei	Northeast	Central	Southern					
Year ended 31 December 2015									
Total revenue	11,396,842	4,711,753	4,323,923	6,662,073	773,015	3,619,074	31,486,680	-	31,486,680
Inter-segment revenue	-	-	-	-	(6,376)	(656,596)	(662,972)	-	(662,972)
Revenue (from external customers)	11,396,842	4,711,753	4,323,923	6,662,073	766,639	2,962,478	30,823,708	-	30,823,708
Segment operating profit	2,425,607	287,006	996,463	1,242,743	746,478	1,211,542	6,909,839	(1,302,444)	5,607,395
Depreciation and amortization (Note 38)	(1,398)	(859)	(1,351)	(2,452)	(1,829)	(34,951)	(42,840)	-	(42,840)
Income tax expense (Note 41)	(733,649)	(135,581)	(238,912)	(726,437)	(171,723)	(397,422)	(2,403,724)	-	(2,403,724)
Finance income	121,997	269,168	183,388	198,877	64,437	1,698,166	2,536,033	(1,562,561)	973,472
Year ended 31 December 2014									
Total revenue	14,886,322	9,085,301	8,335,824	3,001,202	686,990	5,390,078	41,385,717	-	41,385,717
Inter-segment revenue	(66,100)	-	-	-	(7,589)	(2,415,938)	(2,489,627)	-	(2,489,627)
Revenue (from external customers)	14,820,222	9,085,301	8,335,824	3,001,202	679,401	2,974,140	38,896,090	-	38,896,090
Segment operating profit	2,645,074	863,671	139,828	1,018,414	587,479	946,770	6,201,236	978,465	7,179,701
Depreciation and amortization (Note 38)	(2,629)	(1,993)	(2,081)	(3,763)	(662)	(24,409)	(35,537)	-	(35,537)
Income tax expense (Note 41)	(914,922)	(649,094)	(308,464)	(500,514)	(148,971)	(226,863)	(2,748,828)	-	(2,748,828)
Finance income	59,458	95,650	7,816	176,563	43,814	1,336,925	1,720,226	(1,538,603)	181,623
As at 31 December 2015									
Total segment assets	36,324,347	28,208,531	17,198,356	15,530,484	26,081,792	175,078,824	298,422,334	(167,706,989)	130,715,345
Additions to non-current assets (other than financial instruments and deferred income tax assets)	827	775	1,014	2,084	1,664,079	404,761	2,073,540	-	2,073,540
Total segment liabilities	23,131,306	9,193,651	4,232,325	9,389,292	5,582,970	159,788,800	211,318,344	(165,321,400)	45,996,944
As at 31 December 2014									
Total segment assets	44,262,449	35,541,206	18,154,883	17,963,915	14,882,657	98,217,255	229,022,365	(108,325,494)	120,696,871
Additions to non-current assets (other than financial instruments and deferred income tax assets)	2,841	370	1,220	592	591,165	1,116,663	1,712,851	-	1,712,851
Total segment liabilities	24,512,155	10,570,697	5,915,898	11,584,897	2,214,718	60,065,675	114,864,040	(74,628,898)	40,235,142

Notes to the Consolidated Financial Statements

6 Segment information *(Continued)*

A reconciliation of segment operating profit to profit before income tax is provided as follows:

	Year ended 31 December	
	2015 RMB'000	2014 RMB'000
Segment operating profit	5,607,395	7,179,701
Corporate finance income	149,764	151,821
Corporate overheads	(385,615)	(533,312)
Fair value gains on investment properties (Note 9)	703,443	591,165
Share of results of joint ventures	(650,550)	299,793
Share of results of associates	(68,201)	134,965
Finance costs (Note 40)	(701,179)	(469,076)
Profit before income tax	4,655,057	7,355,057

Reportable and other segments' assets and liabilities are reconciled to total assets and liabilities as follows:

	As at 31 December	
	2015 RMB'000	2014 RMB'000
Total segment assets	130,715,345	120,696,871
Corporate cash and cash equivalents	3,296,568	1,848,561
Investments in joint ventures (Note 12)	6,958,559	3,720,215
Investments in associates (Note 13)	2,773,307	2,362,918
Available-for-sale financial assets (Note 16)	3,306,136	1,837,174
Financial assets at fair value through profit or loss (Note 17)	196,928	663,165
Deferred income tax assets (Note 33)	938,049	1,082,857
Total assets per consolidated balance sheet	148,184,892	132,211,761
Total segment liabilities	45,996,944	40,235,142
Current borrowings (Note 32)	8,565,785	11,166,668
Non-current borrowings (Note 32)	43,360,054	34,437,176
Deferred income tax liabilities (Note 33)	2,071,835	1,989,782
Total liabilities per consolidated balance sheet	99,994,618	87,828,768

The Company is incorporated in Hong Kong, with most of its major subsidiaries domiciled in the PRC. Revenues from external customers of the Group are mainly derived in the PRC for the years ended 31 December 2015 and 2014.

As at 31 December 2015, total non-current assets other than financial instruments and deferred income tax assets located in the PRC is RMB23,534,447,000 (2014: RMB18,032,021,000), the total of these non-current assets located in Hong Kong and the United States is RMB445,601,000 (2014: RMB412,606,000).

For the year ended 31 December 2015 and 2014, the Group does not have any single customer with the transaction value over 10% of the total external sales.

Notes to the Consolidated Financial Statements

7 Property, plant and equipment

	Buildings and leasehold improvements RMB'000	Machinery RMB'000	Vehicles RMB'000	Office equipment RMB'000	Electronic equipment RMB'000	Construction in progress RMB'000	Total RMB'000
Year ended 31 December 2015							
Opening net book amount	166,652	6,227	20,903	34,815	35,097	-	263,694
Additions	6,351	176	6,325	43,507	5,183	304,686	366,228
Acquisition of a subsidiary (Note 48)	-	-	134	-	127	-	261
Disposals	(417)	(24)	(1,241)	(641)	(452)	-	(2,775)
Depreciation charge (Note 38)	(3,858)	(350)	(5,749)	(24,765)	(7,880)	-	(42,602)
Disposals of subsidiaries	-	-	(651)	(71)	(16)	-	(738)
Closing net book amount	<u>168,728</u>	<u>6,029</u>	<u>19,721</u>	<u>52,845</u>	<u>32,059</u>	<u>304,686</u>	<u>584,068</u>
At 31 December 2015							
Cost	251,988	11,603	66,160	127,856	78,358	304,686	840,651
Accumulated depreciation	(83,260)	(5,574)	(46,439)	(75,011)	(46,299)	-	(256,583)
Net book amount	<u>168,728</u>	<u>6,029</u>	<u>19,721</u>	<u>52,845</u>	<u>32,059</u>	<u>304,686</u>	<u>584,068</u>
Year ended 31 December 2014							
Opening net book amount	123,196	5,107	33,479	17,781	24,264	-	203,827
Additions	51,774	2,821	3,182	29,616	29,692	-	117,085
Disposals	-	-	(5,210)	(348)	(3,429)	-	(8,987)
Depreciation charge (Note 38)	(6,008)	(685)	(5,660)	(11,204)	(11,734)	-	(35,291)
Disposals of subsidiaries	(2,310)	(1,016)	(4,888)	(1,030)	(3,696)	-	(12,940)
Closing net book amount	<u>166,652</u>	<u>6,227</u>	<u>20,903</u>	<u>34,815</u>	<u>35,097</u>	<u>-</u>	<u>263,694</u>
At 31 December 2014							
Cost	246,054	11,567	66,445	75,352	87,436	-	486,854
Accumulated depreciation	(79,402)	(5,340)	(45,542)	(40,537)	(52,339)	-	(223,160)
Net book amount	<u>166,652</u>	<u>6,227</u>	<u>20,903</u>	<u>34,815</u>	<u>35,097</u>	<u>-</u>	<u>263,694</u>

Depreciation expense of RMB29,848,000 (2014: RMB20,733,000) has been charged in "cost of sales", RMB12,754,000 (2014: RMB14,558,000) in "administrative expenses".

Construction in progress as at 31 December 2015 represents a building being constructed in Beijing with intent use of senior housing or health care related services.

As at 31 December 2015 and 2014, no property, plant and equipment were pledged as collateral for the Group's borrowings.

Notes to the Consolidated Financial Statements

8 Land use rights

The Group's interests in land use rights represent prepaid operating lease payments in the PRC which are held on leases of less than 50 years (including 50 years). The movements are as follows:

	Year ended 31 December	
	2015 RMB'000	2014 RMB'000
At beginning of the year	8,739	8,985
Addition	43,593	–
Amortization charge (Note 38)	(238)	(246)
At end of the year	52,094	8,739

As at 31 December 2015 and 2014, no land use rights of the Group were pledged as collateral for the Group's borrowings.

9 Investment properties

	Completed investment properties RMB'000	Investment properties under development RMB'000	Total RMB'000
At fair value			
Year ended 31 December 2015			
At beginning of the year	10,872,712	1,010,000	11,882,712
Additions	–	202,690	202,690
Others	(16,334)	–	(16,334)
Transfer from completed properties held for sale	757,325	–	757,325
Currency translation differences	25,484	–	25,484
Fair value gains	586,133	117,310	703,443
At end of the year	12,225,320	1,330,000	13,555,320
Year ended 31 December 2014			
At beginning of the year	10,302,496	–	10,302,496
Additions	160,613	–	160,613
Others	(15,550)	–	(15,550)
Transfer from properties under development	–	843,988	843,988
Fair value gains	425,153	166,012	591,165
At end of the year	10,872,712	1,010,000	11,882,712

Notes to the Consolidated Financial Statements

9 Investment properties (Continued)

(a) Amounts recognized in profit or loss for investment properties

	Year ended 31 December	
	2015	2014
	RMB'000	RMB'000
Rental income (Note 6)	766,639	679,401
Direct operating expenses arising from investment properties that generate rental income	(86,556)	(79,190)
Direct operating expenses that did not generate rental income	(40,359)	(35,142)
	639,724	565,069

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

(b) Valuation basis

Fair value measurements using significant unobservable inputs

	31 December 2015							
	Completed investment properties						Investment properties under development	Total
	Beijing	Tianjin	Dalian	Hong Kong	United States	Sub total		
RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	
Opening balance as at 1 January	9,411,530	1,052,000	-	251,617	157,565	10,872,712	1,010,000	11,882,712
Additions	-	-	-	-	-	-	202,690	202,690
Others	(7,038)	(9,296)	-	-	-	(16,334)	-	(16,334)
Transfer from completed properties held for sale	311,968	-	445,357	-	-	757,325	-	757,325
Currency translation differences	-	-	-	15,754	9,730	25,484	-	25,484
Net gains or losses from fair value adjustment	528,282	25,296	24,643	5,075	2,837	586,133	117,310	703,443
Closing balance as at 31 December	10,244,742	1,068,000	470,000	272,446	170,132	12,225,320	1,330,000	13,555,320
Total gains or losses for the year ended 31 December 2015 included in profit or loss for assets held at the end of the year, under "Fair value gains on investment properties"	528,282	25,296	24,643	5,075	2,837	586,133	117,310	703,443
Change in unrealized gains or losses for the year ended 31 December 2015 included in profit or loss for assets held at the end of the year	528,282	25,296	24,643	5,075	2,837	586,133	117,310	703,443

9 Investment properties (Continued)

(b) Valuation basis (Continued)

	31 December 2014						
	Completed investment properties					Investment properties under development	Total
	Beijing	Tianjin	Hong Kong	United States	Sub total		
RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	Hangzhou	RMB'000	
Opening balance as at 1 January	9,120,895	932,000	249,601	–	10,302,496	–	10,302,496
Additions	4,872	–	–	155,741	160,613	–	160,613
Others	–	(15,550)	–	–	(15,550)	–	(15,550)
Transfer from properties under development	–	–	–	–	–	843,988	843,988
Net gains or losses from fair value adjustment	285,763	135,550	2,016	1,824	425,153	166,012	591,165
Closing balance as at 31 December	9,411,530	1,052,000	251,617	157,565	10,872,712	1,010,000	11,882,712
Total gains or losses for the year ended 31 December 2014 included in profit or loss for assets held at the end of the year, under "Fair value gains on investment properties"	285,763	135,550	2,016	1,824	425,153	166,012	591,165
Change in unrealized gains or losses for the year ended 31 December 2014 included in profit or loss for assets held at the end of the year	285,763	135,550	2,016	1,824	425,153	166,012	591,165

The Group's policy is to recognize transfers between fair value measurements as of the date of the event or change in circumstances that caused the transfer.

Valuation processes of the Group

The Group measures its investment properties at fair value. The investment properties were revalued by DTZ Debenham Tie Leung Limited and BMI Appraisals Limited, independent qualified valuers not related to the Group, who hold recognized relevant professional qualifications and have recent experiences in the location and segments of the investment properties valued, at 31 December 2015. For all investment properties, their current use equates to the highest and best use.

The Group's finance department reviews the valuations performed by the independent valuers for financial reporting purposes and reports directly to the senior management. Discussions of valuation processes and results are held between the management and valuers after each valuation by the independent qualified valuers, which is normally done once every six months, in line with the Group's interim and annual reporting dates.

At each financial year end the finance department:

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

Notes to the Consolidated Financial Statements

9 Investment properties *(Continued)*

(b) Valuation basis *(Continued)*

Valuation techniques

Fair values of completed commercial properties in Beijing, Tianjin, Dalian, Hong Kong are generally derived using the income capitalization method and the investment approach. These valuation methods are based on the capitalization of the net income and reversionary income potential by adopting appropriate capitalization rates, which are derived from analysis of sale transactions and valuers' interpretation of prevailing investor requirements or expectations. The prevailing market rents adopted in the valuation have reference to recent lettings, within the subject properties and other comparable properties.

Fair values of completed residential properties in the United States are generally derived using the comparison approach by reference to recent sales price of comparable properties on a price per square feet basis, adjusted for a premium or a discount specific to the quality of the Group's building compared to the recent sales. Higher premium for higher quality buildings will result in a higher fair value measurement.

Fair value of under development commercial property in Hangzhou is generally derived using the residual method. This valuation method is essentially a means of valuing the land by reference to its development potential by deducting development costs together with developer's profit and risk from the estimated capital value of the proposed development assuming completion as at the date of valuation.

There were no changes to the valuation techniques during the year and there were no transfers between fair value hierarchy during the year.

Significant unobservable inputs used to determine fair value

Description	Fair value at 31 Dec 2015 (RMB'000)	Valuation technique(s)	Range of significant unobservable inputs		Premium or discount for quality of properties (%)
			Prevailing market rents	Capitalization rates (%)	
Completed investment properties — Beijing	10,244,742	Income capitalization	RMB41 to RMB725 per month per square meter	6.00 to 9.25	N/A
Completed investment properties — Tianjin	1,068,000	Income capitalization	RMB139 to RMB465 per month per square meter	7.00 to 7.50	N/A
Completed investment properties — Dalian	470,000	Income capitalization	RMB61 to RMB122 per month per square meter	6.50	N/A
Completed investment properties — Hong Kong	272,446	Investment approach	HKD45 to HKD55 per month per square feet	2.80 to 3.30	N/A

Notes to the Consolidated Financial Statements

9 Investment properties (Continued)

(b) Valuation basis (Continued)

Significant unobservable inputs used to determine fair value (Continued)

Description	Fair value at 31 Dec 2014 (RMB'000)	Valuation technique(s)	Range of significant unobservable inputs		Premium or discount for quality of properties (%)
			Prevailing market rents	Capitalization rates (%)	
Completed investment properties — United States	170,132	Comparison approach	N/A	N/A	0.3 to 7.00
Investment properties under development — Hangzhou	1,330,000	Residual	RMB100 to RMB337 per month per square meter	4.00 to 7.50	N/A
Completed investment properties — Beijing	9,411,530	Income capitalization	RMB40 to RMB729 per month per square meter	7.00 to 9.25	N/A
Completed investment properties — Tianjin	1,052,000	Income capitalization	RMB132 to RMB438 per month per square meter	7.00 to 7.50	N/A
Completed investment properties — Hong Kong	251,617	Investment approach	HKD44 to HKD60 per month per square feet	2.50 to 3.30	N/A
Completed investment properties — United States	157,565	Comparison approach	N/A	N/A	0.25–5
Investment properties under development — Hangzhou	1,010,000	Residual	RMB100 to RMB333 per month per square meter	4.00 to 7.50	N/A

Prevailing market rents are estimated based on valuers' view of recent lettings, within the subject properties and other comparable properties. The lower the rents, the lower the fair value.

Capitalization rates are estimated by valuers based on the risk profile of the properties being valued. The higher the rates, the lower the fair value.

Premium or discount for quality of properties are estimated by valuers based on quality of properties, such as location, size, view, level and condition of the properties.

Notes to the Consolidated Financial Statements

9 Investment properties *(Continued)*

(c) Non-current assets pledged as security

As at 31 December 2015 and 2014, investment properties of the Group with carrying values of RMB10,980,199,000 and RMB8,558,596,000, respectively, were pledged as collateral for the Group's borrowings (Note 32).

(d) Leasing arrangements

Minimum lease payments under non-cancellable operating leases of investment properties not recognized in the financial statements are receivables as follows:

	As at 31 December	
	2015 RMB'000	2014 RMB'000
Within 1 year	752,533	667,248
Between 1 to 5 years	1,407,922	684,332
After 5 years	755,340	134,150
	2,915,795	1,485,730

The Group's interests in investment properties at their net book values are analysed as follows:

	2015 RMB'000	2014 RMB'000
In PRC, held on:		
Leases of less than 50 years	13,112,742	11,473,530

Notes to the Consolidated Financial Statements

10 Goodwill

	RMB'000
Year ended 31 December 2015	
Opening net book amount	206,349
Goodwill related to properties sold, charged to cost of sales	(149,649)
Closing net book amount	56,700
At 31 December 2015	
Cost	883,668
Goodwill related to properties sold, charged to cost of sales	(701,441)
Impairment charge (i)	(125,527)
Net book amount	56,700
Year ended 31 December 2014	
Opening net book amount	239,523
Goodwill related to properties sold, charged to cost of sales	(33,174)
Closing net book amount	206,349
At 31 December 2014	
Cost	883,668
Goodwill related to properties sold, charged to cost of sales	(551,792)
Impairment charge (i)	(125,527)
Net book amount	206,349

Goodwill is allocated to the Group's cash generating units identified according to operating segment. An operating segment level summary of the goodwill allocation is presented below.

	As at 31 December	
	2015	2014
	RMB'000	RMB'000
Property development	54,365	204,014
Others	2,335	2,335
	56,700	206,349

The recoverable amount of a cash-generating unit is determined based on fair value less cost to sell calculation. These calculations use observable market prices for the units.

- (i) This represented impairment provision made for the entire goodwill recognized in 2010 arising from the acquisition of Gemini Investments (Holdings) Limited ("Gemini"), a company incorporated in Hong Kong, whose shares are listed on the Main Board of The Hong Kong Stock Exchange Limited. Such provision was made due to (i) the expected benefits from economies of scale at time of acquisition has not happened and (ii) the uncertainties of crystallization of such economies of scale in the foreseeable future. None of the goodwill impairment is expected to be deductible for income tax purposes.

Notes to the Consolidated Financial Statements

11 Subsidiaries

The following is a list of the subsidiaries as at 31 December 2015 which, in the opinion of the directors, materially affect the results or assets of the Group:

	Name	Country/place of incorporation and operation	Legal status	Issue/paid in capital (In thousand)	Effective interest held as at 31 December 2015	Principal activities
(1)	Sino-Ocean Land Limited 遠洋地產有限公司	PRC	Limited liability company	RMB7,064,870	100%	Property development
(2)	遠洋國際建設有限公司	PRC	Limited liability company	RMB600,000	100%	Renovation service
(3)	Beijing Zhong Lian Land Development Company, Limited 北京中聯置地房地產開發有限公司	PRC	Limited liability Company	RMB560,000	100%	Property development
(4)	Beijing Yuankun Real Estate Development Company, Limited 北京遠坤房地產開發有限公司	PRC	Limited liability Company	RMB500,000	100%	Property development
(5)	北京萬洋世紀創業投資管理有限公司	PRC	Limited liability Company	RMB341,000	100%	Consultant service
(6)	北京碧城創業投資管理有限公司	PRC	Limited liability Company	RMB336,000	100%	Consultant service
(7)	Beijing Yuanqian Property Co., Ltd. 北京遠乾置業有限公司	PRC	Limited liability Company	RMB300,000	100%	Investment holdings
(8)	Beijing Yuan Yang Building Co., Ltd. 北京遠洋大廈有限公司	PRC	Limited liability Company	USD30,000	72%	Investment property
(9)	遠洋園林工程有限公司	PRC	Limited liability Company	RMB200,000	100%	Renovation service
(10)	Beijing Wuhe Real Estate Development Company, Limited 北京五河房地產開發有限公司	PRC	Limited liability Company	RMB100,000	75%	Land development
(11)	Beijing De Jun Land Development Company Limited 北京德俊置業有限公司	PRC	Limited liability Company	RMB90,000	100%	Property development
(12)	Beijing Dong Long Real Estate Development Co., Ltd. ("Beijing Donglong") 北京東隆房地產開發有限公司	PRC	Limited liability Company	USD12,370	85.72%	Property development

Notes to the Consolidated Financial Statements

11 Subsidiaries (Continued)

	Name	Country/place of incorporation and operation	Legal status	Issue/paid in capital (In thousand)	Effective interest held as at 31 December 2015	Principal activities
(13)	Beijing Jin He Wan Sheng Real Estate Development Company Limited 北京金和萬盛房地產開發有限公司	PRC	Limited liability Company	RMB75,000	100%	Land development
(14)	Beijing Yuan Hao Land Development Company, Limited 北京遠豪置業有限公司	PRC	Limited liability Company	RMB60,000	100%	Property development
(15)	Beijing Yuan He Real Estate Development Company Limited 北京遠河房地產開發有限公司	PRC	Limited liability Company	RMB30,000	100%	Property development
(16)	Beijing Tianlin Real Estate Development Company, Limited 北京市天麟房地產開發有限公司	PRC	Limited liability Company	RMB30,000	100%	Property development
(17)	北京遠東新地置業有限公司	PRC	Limited liability Company	RMB30,000	100%	Property development
(18)	Beijing Yin Gang Real Estate Development Company Limited 北京銀港房地產開發有限公司	PRC	Limited liability Company	RMB10,000	100%	Investment holdings
(19)	Beijing Yuan-lian Real Estate Development Company, Limited 北京遠聯置地房地產開發有限公司	PRC	Limited liability Company	RMB10,000	100%	Property development
(20)	Tianjin Pulida Real Estate Construction and Development Company Limited 天津普利達房地產建設開發有限公司	PRC	Limited liability Company	RMB420,000	100%	Property development
(21)	Tianjin Yuan-Chi Real Estate Development Company, Limited 天津市遠馳房地產開發有限公司	PRC	Limited liability Company	RMB400,000	100%	Property development
(22)	Sino-Ocean Real Estate (Tianjin) Co., Ltd. 遠洋地產(天津)有限公司	PRC	Limited liability Company	RMB170,000	100%	Investment holding
(23)	天津宇華房地產開發有限公司	PRC	Limited liability Company	RMB100,000	100%	Property development

Notes to the Consolidated Financial Statements

11 Subsidiaries (Continued)

	Name	Country/place of incorporation and operation	Legal status	Issue/paid in capital (In thousand)	Effective interest held as at 31 December 2015	Principal activities
(24)	Tianjin Yuanying Real Estate Development Company, Limited 天津市遠贏置業有限公司	PRC	Limited liability Company	RMB30,000	100%	Property development
(25)	大連新悅置業有限公司	PRC	Limited liability Company	USD241,000	100%	Property development
(26)	大連滙洋置業有限公司	PRC	Limited liability Company	USD166,122	100%	Property development
(27)	大連廣宇置業有限公司	PRC	Limited liability Company	USD363,200	100%	Property development
(28)	大連世甲置業有限公司	PRC	Limited liability Company	USD97,850	100%	Property development
(29)	Dalian Sunny-Ocean Property Limited 大連明遠置業有限公司	PRC	Limited liability Company	USD80,000	100%	Property development
(30)	大連永圖置業有限公司	PRC	Wholly foreign owned enterprise	USD119,500	100%	Property development
(31)	Dalian Sky-Upright Property Limited 大連正乾置業有限公司	PRC	Sino-foreign equity joint venture	USD76,860	100%	Property development
(32)	大連至遠置業有限公司	PRC	Wholly foreign owned enterprise	USD69,754	100%	Property development
(33)	大連源丰置業有限公司	PRC	Sino-foreign equity joint venture	USD50,700	100%	Property development
(34)	大連遠佳產業園開發有限公司	PRC	Wholly foreign owned enterprise	USD35,000	100%	Property development
(35)	Dalian Kaimeng Real Estate Co., Ltd. 大連凱盟房地產開發有限公司	PRC	Limited liability Company	RMB150,000	100%	Property development
(36)	大連通遠房地產開發有限公司	PRC	Limited liability Company	RMB8,000	100%	Land development
(37)	Wanxiang Zhiye (Shenyang) Co., Ltd. 萬祥置業(瀋陽)有限公司	PRC	Limited liability Company	RMB582,830	100%	Property development

Notes to the Consolidated Financial Statements

11 Subsidiaries (Continued)

	Name	Country/place of incorporation and operation	Legal status	Issue/paid in capital (In thousand)	Effective interest held as at 31 December 2015	Principal activities
(38)	Liaoning Wanxiang Property Co., Ltd. 遼寧萬祥置業有限公司	PRC	Limited liability Company	RMB459,240	100%	Property development
(39)	瀋陽萬洋投資管理諮詢有限公司	PRC	Limited liability Company	HKD367,500	100%	Consultant service
(40)	瀋陽碧城投資管理諮詢有限公司	PRC	Limited liability Company	USD47,000	100%	Consultant service
(41)	遠洋地產(遼寧)有限公司	PRC	Limited liability Company	RMB20,000	100%	Property development
(42)	長春東方聯合置業有限公司	PRC	Limited liability Company	RMB200,000	100%	Property development
(43)	青島遠豪置業有限公司	PRC	Limited liability Company	RMB550,000	100%	Property development
(44)	Hangzhou Tianqi Property Development Company, Limited 杭州遠洋天祺置業有限公司	PRC	Sino-foreign equity joint venture	USD147,760	100%	Property development
(45)	杭州遠洋運河商務區開發有限公司	PRC	Sino-foreign equity joint venture	USD143,210	100%	Property development
(46)	杭州遠洋新河酒店置業有限公司	PRC	Sino-foreign equity joint venture	USD132,590	100%	Property development
(47)	杭州德遠瑞祥置業有限公司	PRC	Limited liability Company	RMB723,000	100%	Property development
(48)	遠洋地產(上海)有限公司	PRC	Limited liability Company	RMB20,000	100%	Property development
(49)	上海遠望置業有限公司	PRC	Limited liability Company	RMB20,000	100%	Property development
(50)	黃山東方紅影視產業投資有限公司	PRC	Limited liability Company	RMB390,000	100%	Property development
(51)	遠洋地產(中山)開發有限公司	PRC	Sino-foreign equity joint venture	RMB720,000	100%	Property development

Notes to the Consolidated Financial Statements

11 Subsidiaries (Continued)

	Name	Country/place of incorporation and operation	Legal status	Issue/paid in capital (In thousand)	Effective interest held as at 31 December 2015	Principal activities
(52)	中山市遠見房地產開發有限公司	PRC	Limited liability Company	RMB30,000	100%	Property development
(53)	天基房地產開發(深圳)有限公司	PRC	Limited liability Company	HKD160,000	84.70%	Property development
(54)	三亞南國奧林匹克花園有限公司	PRC	Limited liability Company	RMB64,100	70%	Property development
(55)	三亞棠棣莊園投資有限公司	PRC	Limited liability Company	RMB64,000	52.5%	Property development
(56)	海南浙江椰香村建設開發有限公司	PRC	Limited liability Company	RMB15,000	70%	Property development
(57)	武漢弘福置業有限公司	PRC	Limited liability Company	RMB45,000	55%	Property development
(58)	重慶國際高爾夫俱樂部有限公司	PRC	Limited liability Company	RMB96,290	85%	Land development
(59)	北京天江通睿置業有限公司	PRC	Limited liability Company	RMB4,123,112	100%	Property development
(60)	天津遠頤房地產開發有限公司	PRC	Limited liability Company	RMB50,000	100%	Property development
(61)	北京遠旭股權投資基金管理有限公司	PRC	Limited liability Company	RMB110,000	100%	Investment management
(62)	大連利遠置業有限公司	PRC	Limited liability Company	USD143,410	100%	Property development
(63)	中山市遠恒房地產開發有限公司	PRC	Limited liability Company	RMB50,000	51%	Property development
(64)	遠洋養老運營管理有限公司	PRC	Limited liability Company	RMB60,000	100%	Pension service
(65)	Tianjin Yuan-bin Real Estate Development Company, Limited 天津遠濱房地產開發有限公司	PRC	Limited liability Company	RMB600,000	100%	Property development

Notes to the Consolidated Financial Statements

11 Subsidiaries (Continued)

Name	Country/place of incorporation and operation	Legal status	Issue/paid in capital (In thousand)	Effective interest held as at 31 December 2015	Principal activities
(66) 大連宏宇置業有限公司	PRC	Limited liability Company	RMB50,000	100%	Property development
(67) 北京遠山置業有限公司	PRC	Limited liability Company	RMB50,000	100%	Property development
(68) 中山市盛信房地產開發有限公司	PRC	Limited liability Company	RMB28,000	51%	Property development
(69) 中山市博信房地產開發有限公司	PRC	Limited liability Company	RMB30,000	51%	Property development
(70) 盈創再生資源有限公司	PRC	Limited liability Company	RMB361,670	86.24%	Environmental technology
(71) 青島遠旭置業有限公司	PRC	Limited liability Company	RMB10,000	70%	Property development
(72) 中山市大信彩虹家園房地產開發有限公司	PRC	Limited liability Company	RMB20,000	51%	Property development
(73) 青島遠洋華歐置業有限公司	PRC	Limited liability Company	RMB10,000	100%	Property development
(74) 悅軒(天津)置業投資有限公司	PRC	Limited liability Company	RMB350,000	100%	Property development
(75) 上海銳盈置業有限公司	PRC	Limited liability Company	RMB106,971	100%	Property development
(76) 深圳市樂安房地產有限公司	PRC	Limited Company	RMB50,000	85%	Property development
(77) 杭州雨潤華府房地產有限公司	PRC	Limited liability Company	RMB50,000	100%	Property development
(78) 南京勳遠置業有限公司	PRC	Limited liability Company	RMB886,000	100%	Property development
(79) 杭州遠鼎盛安置業有限公司	PRC	Limited liability Company	RMB444,140	51%	Property development
(80) 北京遠新資產管理有限公司	PRC	Limited liability Company	RMB20,000	100%	Investment property

Notes to the Consolidated Financial Statements

11 Subsidiaries (Continued)

	Name	Country/place of incorporation and operation	Legal status	Issue/paid in capital (In thousand)	Effective interest held as at 31 December 2015	Principal activities
(81)	北京遠捷投資顧問有限公司	PRC	Limited liability Company	RMB100	100%	Investment management
(82)	北京遠瓊投資顧問有限公司	PRC	Limited liability Company	RMB100	100%	Investment management
(83)	中山市彩虹投資管理有限公司	PRC	Limited liability Company	RMB—	100%	Investment management
(84)	北京市佳利華經濟開發有限責任公司	PRC	Limited liability Company	RMB30,000	100%	Senior housing service
(85)	遠洋健康醫療投資管理(北京)有限公司	PRC	Limited liability Company	RMB10,000	65%	Health & medical service
(86)	Ocean Homeplus Property Service Corporation Limited ("Ocean Homeplus") (i) 遠洋億家物業服務股份有限公司	PRC	Limited liability Company	RMB100,000	100%	Property management
(87)	Gemini Investments (Holdings) Limited ("Gemini Investments") 盛洋投資(控股)有限公司	Hong Kong	HK Listed company	HKD22,550	69.29%	Investment holding
(88)	Sino-Ocean Land Capital Investment Limited 遠洋地產資本投資有限公司	BVI	Limited Company	USD50	100%	Investment holding
(89)	Shine Wind Development Limited 耀勝發展有限公司	BVI	Limited Company	USD10	100%	Investment holding
(90)	Sino-Ocean Land (Hong Kong) Limited 遠洋地產(香港)有限公司	Hong Kong	Limited Company	HKD10	100%	Investment holding
(91)	Mission Success Limited 穎博有限公司	Hong Kong	Limited Company	HKD—	100%	Investment holding
(92)	Dynamic Class Limited 昇能有限公司	Hong Kong	Limited Company	HKD—	100%	Investment holding
(93)	Mega Precise Profits Limited	BVI	Limited Company	USD—	100%	Investment holding
(94)	Smart State Properties Limited	BVI	Limited Company	USD—	100%	Investment holding

Notes to the Consolidated Financial Statements

11 Subsidiaries (Continued)

	Name	Country/place of incorporation and operation	Legal status	Issue/paid in capital (In thousand)	Effective interest held as at 31 December 2015	Principal activities
(95)	Faith Ocean International Limited 信洋國際有限公司	BVI	Limited Company	USD—	100%	Investment holding
(96)	Sino-Ocean Land (Perpetual Finance) Limited 遠洋地產(恒財)有限公司	BVI	Limited Company	USD—	100%	Investment holding
(97)	Fame Gain Holdings Limited 名得控股有限公司	BVI	Limited Company	USD—	100%	Investment holding
(98)	Sino-Ocean Land Property Development Limited 遠洋地產國際發展有限公司	Hong Kong	Limited Company	HKD—	100%	Investment holding

- (i) On 29 December 2015, Ocean Homeplus, formerly known as Beijing Sino-Ocean Foundation Property Management Limited, an indirectly wholly-owned subsidiary of the Company, has filed an application for the quotation (the “Proposed Quotation”), for opening transfer of its shares on the National Equities Exchange and Quotations System (全國中小企業股份轉讓系統) in the PRC. The Proposed Quotation is subject to the approval from National Equities Exchange and Quotations Co. Ltd. (全國中小企業股份轉讓系統有限責任公司) (“NEEQ”).

The National Equities Exchange and Quotations System, also known as the “New Third Board”, is an equity trading platform for the sale of existing shares or private placing of new shares by small and medium sized enterprises in the PRC and is managed by NEEQ.

The English names of the PRC companies referred to above in this note represent management’s best efforts in translating the Chinese names of those companies as no English names have been registered or available.

(a) Material non-controlling interests

The total non-controlling interest for the period amounted to RMB132,382,000 which mainly consists of the loss of RMB283,553,000 and the profit of RMB88,659,000, deriving from Gemini Investments and Beijing Donglong, being 30.71% and 14.28% owned subsidiaries, respectively. The non-controlling interest in respect of other subsidiaries is not material.

Cash and short-term deposits held by Beijing Donglong amounted to RMB597,896,000 in aggregate are held in China and are subject to local exchange control regulations. These local exchange control regulations provide for restrictions on exporting capital from the country, other than through normal dividends.

Notes to the Consolidated Financial Statements

11 Subsidiaries (Continued)

Set out below are the summarized financial information for each subsidiary that has non-controlling interests that are material to the Group.

Summarized balance sheet

	Gemini Investments		Beijing Donglong	
	2015 RMB'000	2014 RMB'000	2015 RMB'000	2014 RMB'000
Current				
Assets	877,802	1,801,361	6,188,626	4,441,085
Liabilities	(811,384)	(45,908)	(6,035,325)	(3,952,126)
Total current net assets	66,418	1,755,453	153,301	488,959
Non-current				
Assets	4,591,421	2,843,357	1,911,830	1,405,310
Liabilities	(1,343,291)	(1,201,111)	–	(450,000)
Total non-current net assets	3,248,130	1,642,246	1,911,830	955,310
Net assets	3,314,548	3,397,699	2,065,131	1,444,269

Summarized income statement

	Gemini Investments		Beijing Donglong	
	2015 RMB'000	2014 RMB'000	2015 RMB'000	2014 RMB'000
Revenue	18,408	72,388	2,260,707	695,343
(Loss)/profit before income tax	(921,505)	(113,988)	1,158,409	433,797
Income tax expense	(1,820)	(79)	(537,547)	(214,207)
Post-tax (loss)/profit	(923,325)	(114,067)	620,862	219,590
Other comprehensive income	125,244	(17,346)	–	–
Total comprehensive income	(798,081)	(131,413)	620,862	219,590
Total comprehensive income allocated to non-controlling Interests	(304,364)	(39,766)	88,659	31,357

Notes to the Consolidated Financial Statements

11 Subsidiaries (Continued)

Summarized cash flows

	Gemini Investments		Beijing Donglong	
	2015	2014	2015	2014
	RMB'000	RMB'000	RMB'000	RMB'000
Cash flows from operating activities				
Cash (used in)/generated from operations	(119,362)	8,782	1,902,635	2,495,247
Interest paid	(34,724)	(12,315)	(44,299)	(85,670)
Income tax paid	(472)	(3,075)	(235,864)	(510,513)
Net cash (used in)/generated from operating activities	(154,558)	(6,608)	1,622,472	1,899,064
Net cash (used in)/generated from investing activities	(2,380,366)	(1,913,578)	(353,282)	(1,215,326)
Net cash generated from/(used in) financing activities	1,474,402	3,056,200	(1,070,000)	(897,500)
Net (decrease)/increase in cash and cash equivalents	(1,060,522)	1,136,014	199,190	(213,762)
Cash and cash equivalents at beginning of the year	1,702,273	562,424	398,706	612,468
Exchange gains on cash and cash equivalents	71,614	3,835	–	–
Cash and cash equivalents at end of the year	713,365	1,702,273	597,896	398,706

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

12 Investments in joint ventures

	Year ended 31 December	
	2015	2014
	RMB'000	RMB'000
At beginning of the year	3,720,215	1,682,273
Capital injection	3,003,408	1,821,449
Transfer from investments in associates	1,109,472	–
Capital return from Sino Prosperity Real Estate Fund L.P.	–	(93)
Disposal	–	(22,350)
Share of results of joint ventures		
– after adjustment for unrealized profit or loss from inter-company transactions between the Group and the joint ventures	(848,120)	238,936
Share of other equity movement of equity accounted investee	(88,163)	–
Currency translation difference	61,747	–
At end of the year	6,958,559	3,720,215

Notes to the Consolidated Financial Statements

12 Investments in joint ventures *(Continued)*

- (a) Following are the details of the main joint ventures held directly by the Group as at 31 December 2015 and 2014, all of which are unlisted:

Name	Country of incorporation and operation	Legal status	Issue/paid in capital (In thousand)	Effective interest held as at		Nature of relationship	Principal activities
				31 December 2015	2014		
(1) Beijing Linlian Property Company Limited 北京麟聯置業有限公司	PRC	Limited liability Company	RMB400,000	50%	50%	(iii)	Land and property development
(2) Chengdu Qianhao Real Estate Company Limited 成都乾豪置業有限公司	PRC	Limited liability Company	RMB635,267	50%	50%	(iii)	Land and property development
(3) Chengdu Yingang Real Estate Company Limited 成都銀港置業有限公司	PRC	Limited liability Company	RMB8,000	50%	50%	(iii)	Land and property development
(4) Sino Prosperity Real Estate Fund L.P.	Cayman island	Exempted limited partnership	USD500,000	50%	50%	(iv)	Investment Management
(5) Sino Prosperity Real Estate (GP), L.P.	Cayman island	Exempted limited partnership	USD5,000	50%	50%	(iv)	Investment Management
(6) Sino Prosperity Real Estate Limited	Cayman island	Exempted limited liability company	USD806	50%	50%	(iv)	Investment Management
(7) Sino Prosperity Real Estate Adviser Limited	Cayman island	Exempted limited liability company	USD100	50%	50%	(iv)	Investment Management
(8) Beijing Yuanbotengda Business Management Company Limited (i) 北京遠博騰達商業管理有限公司	PRC	Limited liability Company	RMB1,000	51%	51%	(v)	Business Management
(9) Beijing Yuanjian Nursing Service Co. Ltd. 北京遠健養老服務有限公司	PRC	Limited liability Company	RMB20,000	50%	50%	(v)	Nursing service for the aged
(10) Welfare Lottery Advertisement (Beijing) Co., Ltd.(i) 福彩廣告(北京)有限公司	PRC	Limited liability Company	RMB20,000	60.2%	60.2%	(v)	Advertisement
(11) 北京遠騰置業有限公司	PRC	Limited liability Company	RMB20,000	50%	50%	(iii)	Land and property development
(12) 深圳市遠盛業投資有限公司(i)	PRC	Limited liability Company	HKD120,000	55%	55%	(iv)	Investment management

Notes to the Consolidated Financial Statements

12 Investments in joint ventures (Continued)

(a) Following are the details of the main joint ventures held directly by the Group as at 31 December 2015 and 2014, all of which are unlisted: (Continued)

Name	Country of incorporation and operation	Legal status	Issue/paid in capital (In thousand)	Effective interest held as at		Nature of relationship	Principal activities
				31 December 2015	2014		
(13) 北京遠洋新光商業管理有限公司	PRC	Limited liability Company	RMB5,000	50%	50%	(iv)	Property management
(14) 北京遠新房地產開發有限公司	PRC	Limited liability Company	RMB50,000	50%	50%	(iii)	Land and property development
(15) 北京遠洋新揚子資產管理有限公司	PRC	Limited liability Company	RMB2,000	50%	50%	(v)	Investment management
(16) 鴻基偉業(北京)房地產開發有限公司	PRC	Limited liability Company	RMB20,000	50%	50%	(iii)	Land and property development
(17) 深圳市遠樂業投資有限公司	PRC	Limited liability Company	RMB10,000	50%	50%	(iv)	Investment management
(18) 深圳市遠安業投資有限公司	PRC	Limited liability Company	RMB10,000	50%	50%	(iv)	Investment management
(19) 北京遠創置業有限公司(i)	PRC	Limited liability Company	RMB300,000	75%	75%	(iii)	Land and property development
(20) Beijing Yuan'ao Real Estate Company Limited (i) 北京遠奧置業有限公司	PRC	Limited liability Company	RMB12,000	60%	60%	(iii)	Land and property development
(21) 北京房地鑫洋房地產開發有限公司(ii)	PRC	Limited liability Company	RMB30,000	30%	–	(iii)	Land and property development
(22) 廣州市遠翔房地產開發有限公司(ii)	PRC	Limited liability Company	RMB1,125,764	30%	–	(iii)	Land and property development
(23) 上海遠匯置業有限公司(ii)	PRC	Limited liability Company	RMB2,198,794	40%	–	(iii)	Land and property development
(24) Tianjin Yijahe Real Estate Company Limited ("Tianjin Yijahe") (i) 天津市億嘉合置業有限公司	PRC	Limited liability Company	RMB80,000	51%	–	(iii)	Land and property development
(25) 天津濱海房地產經營有限公司(i)	PRC	Limited liability Company	RMB100,000	55%	–	(iii)	Land and property development

Notes to the Consolidated Financial Statements

12 Investments in joint ventures *(Continued)*

- (a) Following are the details of the main joint ventures held directly by the Group as at 31 December 2015 and 2014, all of which are unlisted: *(Continued)*

Name	Country of incorporation and operation	Legal status	Issue/paid in capital (In thousand)	Effective interest held as at		Nature of relationship	Principal activities
				31 December 2015	2014		
(26) 南京綠洋置業有限公司	PRC	Limited liability Company	RMB20,000	50%	–	(iii)	Land and property development
(27) Gemini-Rosemont Realty LLC (ii)	USA	Limited liability Company	USD100,580	45%	–	(iii)	Land and property development
(28) SOL Investment Fund LP	Cayman Islands	Limited Liability Partnership	HKD2,679,000	50%	–	(v)	Investment management

The English names of the PRC companies referred to above in this note represent management's best efforts in translating the Chinese names of those companies as no English names have been registered or available.

- (i) Although the Group holds more than 50% of the equity shares of these seven entities, the Group exercises joint control under the contractual agreements in the strategic financial and operating policy decisions of the seven entities. Accordingly, these seven entities are considered as joint ventures of the Group by the directors.
- (ii) Although the Group holds less than 50% of the equity shares of these four entities, the Group exercises joint control under the contractual agreements in the strategic financial and operating policy decisions of the four entities. Accordingly, these four entities are considered as joint ventures of the Group by the directors.
- (iii) Investments in these joint ventures provide more opportunities to explore business in property development and investment properties.
- (iv) Investments in these joint ventures provide more opportunities to explore business in real estate investment activities.
- (v) Investments in these joint ventures provide more opportunities for the Group to explore business in other business activities.
- (vi) There were no contingent liabilities relating to the Group's investment in joint ventures (2014: nil).
- (vii) As at 31 December 2015, the Group has the outstanding capital commitment to joint ventures amounting to USD45,641,000 (2014: USD23,000,000).

12 Investments in joint ventures (Continued)

(b) Summarized financial information for the main joint ventures which are accounted for using the equity method:

Set out below is the summarized financial information of the joint ventures:

Summarized balance sheet

	Beijing Linlian Property Company Limited		Chengdu Qianhao Real Estate Company Limited		Chengdu Yingang Real Estate Company Limited		Sino Prosperity Real Estate Fund L.P.		Tianjin Yijiahe		Other joint ventures		Total	
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Current														
Cash and cash equivalents	259,880	235,440	141,569	200,161	10,418	7,478	899,295	910,436	118,431	-	2,547,705	107,178	3,977,298	1,460,693
Other current assets (excluding cash)	119,529	147,805	1,154,765	2,898,685	68,224	36,439	19,325,588	23,112,305	5,372,068	-	30,803,287	16,424,144	56,842,461	42,619,378
Total current assets	378,409	383,245	1,296,334	3,098,846	78,642	43,917	20,224,883	24,022,741	5,490,499	-	33,350,992	16,531,322	60,819,759	44,080,071
Financial liabilities (excluding trade payables)	(320,000)	(210,000)	(2,829,005)	(2,613,505)	-	(18,080)	(1,564,000)	(1,805,367)	(2,336,000)	-	(6,514,589)	(6,587,690)	(13,563,594)	(11,234,622)
Other current liabilities (including trade payables)	(548,209)	(783,495)	(1,503,851)	(3,434,020)	(282,030)	(311,423)	(12,989,550)	(12,462,924)	(1,229,175)	-	(10,333,095)	(1,625,037)	(26,885,910)	(18,616,899)
Total current liabilities	(868,209)	(993,495)	(4,332,856)	(6,047,525)	(282,030)	(329,483)	(14,553,550)	(14,268,291)	(3,565,175)	-	(16,847,684)	(8,212,727)	(40,449,504)	(29,851,521)
Non-current														
Assets														
Financial liabilities	5,663,041	5,284,472	7,159,486	5,948,791	1,786,888	1,482,435	341,035	1,170,759	50,313	-	21,600,621	4,942,092	36,601,384	18,828,549
Other liabilities	(2,440,947)	(1,860,645)	(2,877,012)	(1,809,488)	(233,988)	(79,013)	(3,729,420)	(7,733,555)	-	-	(15,485,209)	(7,692,500)	(24,766,576)	(19,175,201)
Total non-current liabilities	-	(416,793)	(401,303)	(347,336)	(203,969)	(237,849)	(350,418)	(396,138)	-	-	(14,168,070)	(4,926,014)	(15,123,780)	(6,323,130)
Net assets	2,732,294	2,396,784	844,649	843,288	1,145,523	880,007	1,932,530	2,796,516	1,975,637	-	8,450,650	642,173	17,081,283	7,558,768

Notes to the Consolidated Financial Statements

12 Investments in joint ventures (Continued)

(b) Summarized financial information for the main joint ventures which are accounted for using the equity method: (Continued)

Set out below is the summarized financial information of the joint ventures: (Continued)

Summarized statement of comprehensive income

	Beijing Linlian Property Company Limited		Chengdu Qianhao Real Estate Company Limited		Chengdu Yingang Real Estate Company Limited		Sino Prosperity Real Estate Fund L.P.		Tianjin Yijiahe		Other joint ventures		Total	
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Revenue	473,365	433,708	1,475,865	128,598	92,866	33,548	7,491,085	-	1,496,943	-	1,142,826	11,641	12,172,750	607,495
Depreciation and amortization	(35,754)	(38,125)	(27,515)	(14,956)	(3,504)	(2,910)	-	(438)	-	-	(861)	(2,452)	(68,072)	(58,443)
Interest income	3,220	-	-	4,923	-	-	342	5	1,134	-	29,450	124	34,146	5,052
Interest expense	(121,501)	(134,629)	(228,395)	-	(8,355)	(1,190)	(108,798)	-	-	-	(412,897)	87	(879,946)	(135,732)
Profit or loss	459,663	94,444	2,311	410,727	354,021	467,111	(1,591,921)	(42,705)	(249,994)	-	(64,996)	(38,768)	(1,090,916)	890,809
Income tax expense	(124,153)	(44,904)	(950)	(121,627)	(88,505)	(116,963)	(67,387)	-	-	-	8,474	6,787	(272,521)	(276,707)
Post-tax profit	335,510	49,540	1,361	289,100	265,516	350,148	(1,659,308)	(42,705)	(249,994)	-	(56,522)	(31,981)	(1,363,437)	614,102
Other comprehensive income	-	-	-	-	-	-	(102,766)	-	-	-	(73,539)	-	(176,325)	-
Total comprehensive income	335,510	49,540	1,361	289,100	265,516	350,148	(1,762,094)	(42,705)	(249,994)	-	(130,061)	(31,981)	(1,539,762)	614,102
Dividends received from joint ventures	-	-	-	-	-	-	-	-	-	-	-	-	-	-

The information above reflects the amounts presented in the financial statements of the joint ventures, adjusted for differences in accounting policies between the Group and the joint ventures, and not the Group's share of those amounts.

12 Investments in joint ventures (Continued)

(c) Reconciliation of summarized financial information

Reconciliation of the summarized financial information presented to the carrying amount of its interests in the joint ventures.

	Beijing Lianlian Property Company Limited		Chengdu Qianhao Real Estate Company Limited		Chengdu Yingang Real Estate Company Limited		Sino Prosperity Real Estate Fund L.P.		Tianjin Yijiahe		Other joint ventures		Total	
	RMB'000		RMB'000		RMB'000		RMB'000		RMB'000		RMB'000		RMB'000	
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
Opening net assets														
1 January	2,396,784	2,347,244	843,288	554,188	880,007	529,859	2,796,516	245	-	-	1,345,285	98,105	8,261,880	3,529,641
Transfer	-	-	-	-	-	-	-	-	2,183,631	-	-	-	2,183,631	-
Capital injection	-	-	-	-	-	-	898,108	2,839,221	42,000	-	7,235,426	620,749	8,175,534	3,459,970
Capital return	-	-	-	-	-	-	-	(245)	-	-	-	-	-	(245)
Profit/(loss) for the period	335,510	49,540	1,361	289,100	265,516	350,148	(1,659,308)	(42,705)	(249,994)	-	(56,522)	(31,981)	(1,363,437)	614,102
Share of other equity movement of equity accounted investee	-	-	-	-	-	-	(102,786)	-	-	-	(73,539)	-	(176,325)	-
Disposal	-	-	-	-	-	-	-	-	-	(44,700)	-	(44,700)	-	(44,700)
Closing net assets														
1 January	2,732,294	2,396,784	844,649	843,288	1,145,523	880,007	1,932,530	2,796,516	1,975,637	-	8,450,650	642,173	17,081,283	7,558,768
31 December	1,366,147	1,198,392	422,325	421,644	572,762	440,004	966,265	1,398,258	1,007,574	-	2,876,182	405,322	7,211,255	3,863,620
Interest in joint ventures	-	-	-	-	-	-	61,747	-	-	-	-	-	61,747	-
Currency translation difference	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Adjusted for eliminations resulting from upstream and downstream transactions	-	(73,916)	-	(9,392)	-	-	(75,345)	-	(501)	-	(238,597)	(60,097)	(314,443)	(143,405)
Carrying value														
1 January	1,366,147	1,124,476	422,325	412,252	572,762	440,004	952,667	1,398,258	1,007,073	-	2,637,585	345,225	6,958,559	3,720,215
31 December	1,366,147	1,124,476	422,325	412,252	572,762	440,004	952,667	1,398,258	1,007,073	-	2,637,585	345,225	6,958,559	3,720,215

Notes to the Consolidated Financial Statements

13 Investments in associates

	Year ended 31 December	
	2015 RMB'000	2014 RMB'000
At beginning of the year	2,362,918	629,572
Capital injection	369,604	1,188,347
Disposal	(10,964)	(1,998)
Transfer to investments in joint ventures	(1,109,472)	–
Increase due to partial disposal of interests in a subsidiary (Note 47(a))	1,208,651	421,663
Share of results of associates-after adjustment for unrealized profit or loss from inter-company transactions between the Group and the associates	(47,430)	125,334
At end of the year	2,773,307	2,362,918

(a) Following are the details of the main associates of the Group at 31 December 2015 and 2014, all of which are unlisted:

Name	Country of incorporation and operation	Legal status	Issue/paid in capital (In thousand)	Effective interest held as at 31 December		Nature of the relationship	Principal activities
				2015	2014		
(1) Beijing Central Business District Development and Construction Company Limited ("Beijing CBD") 北京商務中心區開發建設有限責任公司	PRC	Limited liability Company	RMB680,850	47%	47%	(ii)	Land development
(2) Guoshou Yuantong Real Estate Company Limited ("Guoshou Yuantong") (i) 國壽遠通置業有限公司	PRC	Limited liability Company	RMB2,500,000	10%	10%	(ii)	Property development and investment services
(3) Beijing Shengyong Property Development and investment Company Limited ("Beijing Shengyong") 北京盛永置業投資有限公司	PRC	Limited liability Company	RMB500,000	35%	35%	(ii)	Property development and investment services
(4) CIGIS (China) Company Limited 建設綜合勘察研究設計院有限公司	PRC	Limited liability Company	RMB50,000	35%	35%	(iii)	Survey and design
(5) Zhongshang Yuanxin Properties Management Company Limited ("Zhongshang Yuanxin") 中山市遠信商用物業管理有限公司	PRC	Limited liability Company	RMB620,000	40%	40%	(iii)	Property management
(6) 深圳市金鑾尚灣房地產開發有限公司	PRC	Limited liability Company	RMB70,000	31%	31%	(ii)	Land and property development
(7) Chongqing Yuanteng Real Estate Development Limited 重慶遠騰房地產開發有限公司	PRC	Limited liability Company	RMB1,100,000	42.25%	42.25%	(ii)	Land and property development

Notes to the Consolidated Financial Statements

13 Investments in associates (Continued)

- (a) Following are the details of the main associates of the Group at 31 December 2015 and 2014, all of which are unlisted: (Continued)

Name	Country of incorporation and operation	Legal status	Issue/paid in capital (In thousand)	Effective interest held as at 31 December		Nature of the relationship	Principal activities
				2015	2014		
(8) Hubei Fuxinghuiyu Changqing Real Estate Company Limited 湖北福星惠譽常青置業有限公司	PRC	Limited liability Company	RMB10,000	38%	38%	(ii)	Land and property development
(9) 北京中集車輛物流裝備有限公司(v)	PRC	Limited liability Company	RMB20,000	70%	–	(ii)	Land and property development
(10) Beijing Yuansheng Land Development Co., Limited 北京遠盛置業有限公司 ("Beijing Yuansheng")	PRC	Limited liability Company	RMB100,000	49%	–	(ii)	Land and property development
(11) 北京興佰君泰房地產開發有限公司	PRC	Limited liability Company	RMB10,000	6.3%	–	(ii)	Land and property development
(12) 北京達成光遠置業有限公司	PRC	Limited liability Company	RMB20,000	23%	–	(ii)	Land and property development
(13) 廣州宏軒房地產開發有限公司(i)	PRC	Limited liability Company	RMB300,000	16.66%	–	(ii)	Land and property development
(14) 廣州宏嘉房地產開發有限公司(i)	PRC	Limited liability Company	RMB300,000	16.66%	–	(ii)	Land and property development
(15) Expedient Group Limited	BVI	Limited liability Company	USD–	40%	–	(ii)	Land and property development

The English names of the PRC companies referred to above in this note represent management's best efforts in translating the Chinese names of those companies as no English names have been registered or available.

- (i) Although the Group holds less than 20% of the equity shares of these three entities, the Group exercises significant influence under the contractual agreements in the strategic financial and operating policy decisions of those companies.
- (ii) Investments in these associates provide more opportunities to explore business in property development.
- (iii) Investments in these associates provide more opportunities to involve in related services to support property development, such as architectural design and property management.
- (iv) There were no other contingent liabilities or capital commitments relating to the Group's interests in the associates.
- (v) Although the Group holds 70% of the equity shares of this company, the Group exercises significant influence under the contractual agreements in strategic financial and operating policy decisions of the company. Accordingly, the company is considered as an associate of the Group by the directors.

Notes to the Consolidated Financial Statements

13 Investments in associates (Continued)

(b) Summarized financial information for associates which are accounted for using the equity method:

Summarized balance sheet

	Beijing Yuansheng		Beijing Shengyong		Zhongshan Yuanxin		Beijing CBD		Other associates		Total	
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Current												
Cash and cash equivalents	370,655	-	6,462	5,479	5,064	5,817	807	611	1,013,529	360,001	1,396,517	371,908
Other current assets (excluding cash)	7,853,614	-	109,410	11,682	15,936	629,635	1,870,920	1,801,145	15,407,620	14,165,148	25,257,500	16,607,610
Total current assets	8,224,269	-	115,972	17,161	21,000	635,452	1,871,727	1,801,756	16,421,149	14,525,149	26,654,017	16,979,518
Financial liabilities (excluding trade payables)	-	-	-	(274,000)	-	(375,909)	(495,421)	(460,504)	(827,628)	(2,697,417)	(1,323,049)	(3,807,830)
Other current liabilities (including trade payables)	(2,881,116)	-	(156,905)	(252,828)	(103,460)	(10)	(726,985)	(688,330)	(5,821,751)	(2,528,072)	(9,690,217)	(3,469,240)
Total current liabilities	(2,881,116)	-	(156,905)	(526,828)	(103,460)	(375,919)	(1,222,406)	(1,148,834)	(6,649,379)	(5,225,489)	(11,013,266)	(7,277,070)
Non-current												
Assets	132	-	2,076,963	2,010,441	916,207	48,467	164	249	292,150	350,976	3,285,616	2,410,133
Financial liabilities	(2,991,000)	-	(930,000)	(520,000)	(268,200)	(298,000)	-	-	(4,045,865)	(2,479,048)	(8,235,065)	(3,297,048)
Other liabilities	-	-	(190,681)	(162,081)	-	-	-	-	(711,601)	(539,485)	(902,282)	(701,566)
Net assets	2,352,285	-	915,249	818,683	565,547	10,000	649,485	653,171	5,306,454	6,632,103	9,789,020	8,113,967

13 Investments in associates (Continued)

(b) Summarized financial information for associates: (Continued)

Summarized statement of comprehensive income

	Beijing Yuansheng		Beijing Shengyong		Zhongshan Yuanxin		Beijing CBD		Other associates		Total	
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Revenue	762,560	-	135,250	35,925	44,766	-	-	-	1,191,570	1,141,744	2,134,146	1,177,669
Depreciation and amortization	(14)	-	(34,720)	(17,522)	(20,957)	-	(3,767)	(86)	(16,289)	(306)	(75,747)	(17,914)
Interest income	2,306	-	-	-	-	-	-	21	4,070	348	6,376	369
Interest expense	-	-	(57,793)	(31,020)	(20,993)	-	(61)	-	(10,053)	(895)	(88,900)	(32,015)
Profit or loss	(114,349)	-	125,156	579,098	(54,453)	-	(3,686)	(4,055)	(60,321)	(24,529)	(107,653)	550,514
Income tax expense	-	-	(28,600)	(162,081)	-	-	-	-	(21,298)	(4,036)	(49,898)	(166,117)
Post-tax profit	(114,349)	-	96,556	417,017	(54,453)	-	(3,686)	(4,055)	(81,619)	(28,565)	(157,551)	394,397
Other comprehensive income	-	-	-	-	-	-	-	-	-	-	-	-
Total comprehensive income	(114,349)	-	96,556	417,017	(54,453)	-	(3,686)	(4,055)	(81,619)	(28,565)	(157,551)	394,397
Dividends received from associates	-	-	-	-	-	-	-	-	-	-	-	-

The information above reflects the amounts presented in the financial statements of the associates, adjusted for differences in accounting policies between the Group and the associates, and not the Group's share of those amounts.

Notes to the Consolidated Financial Statements

13 Investments in associates (Continued)

(c) Reconciliation of summarized financial information

Reconciliation of the summarized financial information presented to the carrying amount of its interests in the associates.

	Beijing Yuansheng		Beijing Shengyong		Zhongshan Yuanxin		Beijing CBD		Other associates		Total	
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Opening net assets	-	-	-	-	-	-	-	-	-	-	-	-
1 January	-	-	818,693	401,676	10,000	6,471	653,171	657,226	3,879,856	2,656,477	5,361,720	3,721,850
Capital injection	-	-	-	-	610,000	3,529	-	-	1,547,022	3,011,168	2,157,022	3,014,697
Increase due to partial disposal of interests in a subsidiary	2,466,634	-	-	-	-	-	-	-	-	998,018	2,466,634	998,018
Disposal	-	-	-	-	-	-	-	-	(38,805)	(4,995)	(38,805)	(4,995)
Profit/(loss) for the period	(114,349)	-	96,556	417,017	(54,453)	-	(3,686)	(4,055)	(81,619)	(28,565)	(157,551)	384,397
Other comprehensive income	-	-	-	-	-	-	-	-	-	-	-	-
Closing net assets	2,352,285	-	915,249	818,693	565,547	10,000	649,485	653,171	5,306,454	6,632,103	9,789,020	8,113,967
Interest in associates	1,152,620	-	320,337	286,543	226,219	4,000	305,258	306,990	887,587	1,904,870	2,892,021	2,502,403
Adjusted for eliminations resulting from upstream and downstream transactions	(13,095)	-	-	(62,342)	-	-	(89,458)	(76,387)	(16,161)	(756)	(118,714)	(139,485)
Carrying value	1,139,525	-	320,337	224,201	226,219	4,000	215,800	230,603	871,426	1,904,114	2,773,307	2,362,918

14 Financial instruments by category

	Loans and receivables RMB'000	Assets at fair value through profit and loss RMB'000	Available-for- sale financial assets RMB'000	Total RMB'000
Assets				
As at 31 December 2015				
Available-for-sale financial assets (Note 16)	–	–	3,306,136	3,306,136
Financial assets at fair value through profit or loss (Note 17)	–	196,928	–	196,928
Trade and other receivables excluding prepayments	34,044,636	–	–	34,044,636
Restricted bank deposits	3,456,473	–	–	3,456,473
Cash and cash equivalents (Note 25)	20,269,584	–	–	20,269,584
	57,770,693	196,928	3,306,136	61,273,757
As at 31 December 2014				
Available-for-sale financial assets (Note 16)	–	–	1,837,174	1,837,174
Financial assets at fair value through profit or loss (Note 17)	–	663,165	–	663,165
Trade and other receivables excluding prepayments	21,767,977	–	–	21,767,977
Restricted bank deposits	3,025,092	–	–	3,025,092
Cash and cash equivalents (Note 25)	13,311,150	–	–	13,311,150
	38,104,219	663,165	1,837,174	40,604,558
				Other financial liabilities RMB'000
Liabilities				
As at 31 December 2015				
Borrowings (Note 32)				51,925,839
Trade and other payables excluding tax payables				24,718,161
				76,644,000
As at 31 December 2014				
Borrowings (Note 32)				45,603,844
Trade and other payables excluding tax payables				17,259,907
				62,863,751

Notes to the Consolidated Financial Statements

15 Credit quality of financial assets

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to historical information about counterparty default rates:

	As at 31 December	
	2015	2014
	RMB'000	RMB'000
Trade receivables		
Counterparties without external credit rating	763,055	387,702
Trade receivables that are neither past due nor impaired	318,242	137,798

The recoverability of loan and other receivables is assessed taking into account of the financial position of the counter parties, past experiences and other factors. The management does not expect any significant losses from non-performance by the counterparties.

All bank deposits are with reputable corporate banks. None of the bank deposits is considered as exposed to major credit risk.

None of the financial assets that are fully performing has been renegotiated in 2015 and 2014.

16 Available-for-sale financial assets

	As at 31 December	
	2015	2014
	RMB'000	RMB'000
Investment in other unlisted equity securities (a)	365,420	54,200
Investment in fund investments (b)	2,862,874	1,687,135
Investment in structured products issued by banks (c)	–	60,000
Others	77,842	35,839
	3,306,136	1,837,174
Less: non-current portion	(3,306,136)	(1,737,174)
Current portion	–	100,000

(a) Available-for-sale financial assets of the Group include certain unlisted equity securities, mainly denominated in RMB. The fair value of unlisted securities approximates net asset values of respective securities.

(b) To diversify the Group's securities investment risk and further enhance the return of the Group's investments, the Group has invested in several unlisted funds amounting to RMB2,862,874,000 as at 31 December 2015. As the Group has no power to govern or participate the financial operating policies of the fund investment entities so as to obtain benefits from its activities and does not intend to trade for short-term profit, the directors of the Company designated the unlisted fund investments as available-for-sale financial asset.

(c) The fair value of structured products approximates the carrying amount of such investments.

Notes to the Consolidated Financial Statements

16 Available-for-sale financial assets (Continued)

Available-for-sale financial assets include the following:

	As at 31 December	
	2015	2014
	RMB'000	RMB'000
Fair value:		
— listed	—	—
— unlisted	3,306,136	1,837,174
	3,306,136	1,837,174

Available-for-sale financial assets are denominated in the following currencies:

	As at 31 December	
	2015	2014
	RMB'000	RMB'000
— HKD	300,619	289,940
— RMB	1,320,208	1,147,100
— USD	1,607,467	364,295
— Australian Dollar	77,842	35,839
	3,306,136	1,837,174

17 Financial assets at fair value through profit or loss

	Year ended 31 December	
	2015	2014
	RMB'000	RMB'000
Listed securities — held-for-trading		
Equity securities listed in PRC	729	519,389
Equity securities listed in Hong Kong	72,358	61,507
Equity securities listed elsewhere	116,416	74,358
Forward exchange and Futures contracts	7,425	7,911
	196,928	663,165

Financial assets at fair value through profit or loss are presented within “operating activities” as part of changes in working capital in the statement of cash flows.

Changes in fair values of financial assets at fair value through profit or loss are recorded in “other (losses)/gains — net” in the income statement (Note 37).

The fair value of all equity securities is based on their current bid prices in an active market.

Notes to the Consolidated Financial Statements

18 Properties under development

	Year ended 31 December	
	2015 RMB'000	2014 RMB'000
At beginning of the year	41,540,133	69,903,227
Additions	14,120,811	22,376,435
Transfer from prepayments for land use rights	540,419	4,987,839
Acquisition of a subsidiary (Note 48)	1,914,471	–
Partial disposal of interests in a subsidiary (Note 47(a))	(3,355,371)	(1,211,838)
Disposal of entire interests in a subsidiary (Note 47(b))	(299,678)	(13,410,513)
Provision for impairment	(65,011)	(362,440)
Transfer to investment properties under development	–	(843,988)
Transfer to completed properties held for sale	(16,358,714)	(39,898,589)
At end of the year	38,037,060	41,540,133
Properties under development comprises:		
Land use rights	19,435,424	20,419,933
Construction costs and capitalized expenditure	14,313,323	17,088,282
Interest capitalized	4,288,313	4,031,918
	38,037,060	41,540,133

Properties under development are all located in the PRC.

As at 31 December 2015 and 2014, properties under development of approximately RMB8,345,509,000 and RMB13,825,430,000 respectively were pledged as collateral for the Group's borrowings (Note 32).

All properties under development are expected to be completed within the normal operating cycle of the Group, in which RMB17,377,699,000 (2014: RMB21,931,837,000) is expected to be completed and available for sale more than twelve months after the balance sheet date.

19 Land development cost recoverable

Land development cost recoverable refers to capitalized costs on primary land development projects. The land use right certificates belong to the government for these projects, and the Group subsequently receives at least the costs incurred as compensation from the government after work has been completed. Main activities for primary land development projects included dismantling and land leveling works.

20 Prepayments for land use rights

	As at 31 December	
	2015 RMB'000	2014 RMB'000
Deposits to local land authorities	5,983,561	6,553,151

The prepayments were paid to local land authorities for land use rights as at 31 December 2015 and 2014, respectively. Once the title of land is transferred to the Group, the land will be used to develop properties held for sale.

Notes to the Consolidated Financial Statements

21 Trade and other receivables

	As at 31 December	
	2015	2014
	RMB'000	RMB'000
Trade receivables	763,055	387,702
Less: provision for impairment	(17,371)	(11,635)
Trade receivables — net (a)	745,684	376,067
Tax prepayments for advances receipts from customers	2,561,304	2,720,563
Entrusted loans to third parties (b)	4,831,645	2,063,588
Entrusted loans to joint ventures (c)	9,583,233	8,642,355
Entrusted loan to associates (d)	1,969,083	490,000
Entrusted loan to non-controlling interests (e)	80,622	—
Receivables from government (f)	1,577,117	1,788,762
Receivables from partial disposal of interests in a subsidiary (g)	292,078	479,785
Amounts due from a subsidiary of a shareholder (h)	—	300,000
Amounts due from joint ventures (h)	7,165,797	5,880,494
Amounts due from associates (h)	2,645,054	395,419
Amounts due from non-controlling interests (h)	201,323	148,855
Cooperation deposits (i)	4,069,169	603,492
Prepayment for subscription of available-for-sale financial assets	—	318,371
Other prepayments	213,730	668,159
Other receivables	883,831	599,160
	36,819,670	25,475,070
Less: non-current portion	(12,644,947)	(10,905,792)
Current portion	24,174,723	14,569,278

The carrying amounts of trade and other receivables approximate their respective fair values as at 31 December 2015 and 2014.

(a) Trade receivables

Proceeds from services and sales rendered are to be received in accordance with the term of respective agreement. An ageing analysis of trade receivables at the respective balance sheet dates is as follows:

	As at 31 December	
	2015	2014
	RMB'000	RMB'000
Within 6 months	565,036	175,641
Between 6 months to 1 year	110,787	128,925
Between 1 year to 2 years	50,300	70,508
Between 2 years to 3 years	27,137	6,826
Over 3 years	9,795	5,802
	763,055	387,702

Notes to the Consolidated Financial Statements

21 Trade and other receivables *(Continued)*

(a) Trade receivables *(Continued)*

As at 31 December 2015, trade receivables of RMB45,603,000 (2014: nil) were pledged as collateral for the Group's borrowings (Note 32).

As at 31 December 2015, trade receivables of RMB427,442,000 (2014: RMB238,269,000) were past due but not impaired. These related to a number of independent customers from upfitting services and property management services, for whom there is no significant financial difficulty and no recent history of default.

As at 31 December 2015, trade receivables of RMB17,371,000 (2014: RMB11,635,000) were impaired. The individually impaired receivables mainly related to receivables of upfitting and property management fees.

Movements on the provision for impairment of trade receivables are as follows:

	As at 31 December	
	2015	2014
	RMB'000	RMB'000
At 1 January	(11,635)	(101,437)
Provision for receivable impairment	(5,736)	(116,204)
Disposals of subsidiaries	–	206,006
At 31 December	(17,371)	(11,635)

(b) As at 31 December 2015, entrusted loans to third parties comprised:

	As at 31 December	
	2015	2014
	RMB'000	RMB'000
Unsecured loans (i)	4,460,845	1,968,588
Secured loans (ii)	370,800	95,000
	4,831,645	2,063,588
Less: Non-current portion	(1,513,117)	(1,968,588)
	3,318,528	95,000

(i) Such loans bear interest ramping from 4.625% to 15% per annum (2014: from 4.625% to 8%).

(ii) Such loans bear interest ramping from 6% to 12.1% (2014: from 6% to 8%).

(c) Entrusted loans to joint ventures are unsecured, interest bearing from 3.38% to 18% per annum (2014: 3.38% to 10%). RMB304,712,000 (2014: RMB178,500,000) of the balances are repayable on demand. The remaining balances of RMB9,278,521,000 (2014: RMB8,463,855,000) are repayable after one year and included in the non-current portion.

Notes to the Consolidated Financial Statements

21 Trade and other receivables *(Continued)*

- (d) Entrusted loans to associates are unsecured, interest bearing from 5% to 12% per annum (2014: 5.31% to 12%). RMB248,234,000 (2014: RMB400,000,000) of the balances are repayable on demand. The remaining balances of RMB1,720,849,000 (2014: RMB90,000,000) are repayable after one year and included in the non-current portion.
- (e) Entrusted loan to a non-controlling interest is unsecured, bear interest at 12% per annum, and is repayable on demand.
- (f) Receivables from government mainly represent payment made for land development cost, some deposits paid to government to ensure the business activities of properties development, and the amounts paid to government with the intention of possible future cooperation in real estate project development, which will be subsequently reimbursed by the government.
- (g) Such balances bear interest at 2% per annum, and the balances are extended by one year, according to the amended agreement signed in April 2015.
- (h) Amounts due from shareholders, joint ventures, associates and non-controlling interests are unsecured, interest free, and repayable on demand.
- (i) Balances represent amounts paid to certain third parties, with the intention of future cooperation in real estate project development. As at 31 December 2015, such cooperation is still in negotiation stage.

The maximum exposure to credit risk at the reporting date is the fair value of each class of receivable mentioned above. The carrying amounts of the Group's trade and other receivables are mainly denominated in RMB.

22 Completed properties held for sale

All completed properties held for sale are located in the PRC on lease between 40 to 70 years, and are stated at cost less accumulated amortization of land use rights for the years ended 2015 and 2014, respectively.

	As at 31 December	
	2015	2014
	RMB'000	RMB'000
Completed properties held for sale comprised:		
Land use rights	2,634,074	5,229,052
Construction costs and capitalized expenditure	6,941,836	10,543,317
Interest capitalized	2,447,492	1,441,389
	12,023,402	17,213,758

As at 31 December 2015, completed properties held for sale amounting to RMB1,371,591,000 (2014: RMB6,889,707,000) were pledged as collateral for the Group's borrowings (Note 32).

Impairment losses amounting to RMB1,964,000 were recognized in profit or loss for the year ended 31 December 2015 (2014: RMB186,618,000).

Notes to the Consolidated Financial Statements

23 Amounts due from customers for contract work

	As at 31 December	
	2015 RMB'000	2014 RMB'000
Contract cost incurred plus recognized profit	4,194,906	1,696,385
Less: progress receivables	(3,279,115)	(874,581)
Contract work-in-progress	915,791	821,804
Representing:		
Amounts due from customers for contract work	915,791	821,804

	Year ended 31 December	
	2015 RMB'000	2014 RMB'000
Contract revenue recognized as revenue in the year	1,726,222	2,083,724

24 Restricted bank deposits

Restricted bank deposits mainly represent guaranteed deposits for the mortgage loan facilities granted by the banks to the purchasers of the Group's properties, as well as for projects co-developed with third parties. The balances also include guaranteed deposits placed in the banks, as guaranteed funds of construction projects to meet certain local authorities' requirements.

25 Cash and cash equivalents

	As at 31 December	
	2015 RMB'000	2014 RMB'000
Cash at bank and in hand	19,559,687	13,185,830
Short-term bank deposits	709,897	125,320
Cash and cash equivalents	20,269,584	13,311,150
Denominated in:		
– RMB	17,256,558	9,695,471
– HKD	371,906	314,995
– USD	2,488,817	3,252,584
– Other currencies	152,303	48,100
	20,269,584	13,311,150

The effective interest rates on short-term bank deposits ranged from 0.25% to 4.10% for the year ended 31 December 2015 (2014: 0.7% to 3.3%).

The Group's cash and cash equivalents denominated are deposited with banks in the PRC and Hong Kong, respectively. The conversion of the RMB denominated balances into foreign currencies, which are placed within the PRC, is subject to the rules and regulations of foreign exchange control promulgated by the PRC Government.

Notes to the Consolidated Financial Statements

26 Capital

	Number of ordinary shares	Share capital HKD'000	Equivalent share capital RMB'000	Shares held for Restricted Share Award Scheme RMB'000	Total RMB'000
Opening balance 1 January 2015	7,478,559,020	29,649,352	26,708,812	–	26,708,812
Issue of shares pursuant to exercise of employee share options	50,586,828	248,461	196,964	–	196,964
Issue of scrip dividends	2,088,309	12,001	9,474	–	9,474
Share buyback	(17,644,500)	–	–	–	–
Vesting of shares under Restricted Share Award Scheme	–	313	162	–	162
	7,513,589,657	29,910,127	26,915,412	–	26,915,412
Restricted Share Award Scheme (b) Opening balance 1 January 2015	(12,089,019)	–	–	(41,504)	(41,504)
Shares purchased during the year	(17,600,444)	–	–	(64,322)	(64,322)
Vesting of shares under Restricted Share Award Scheme	20,662,650	–	–	73,460	73,460
At 31 December 2015	(9,026,813)	–	–	(32,366)	(32,366)
At 31 December 2015	7,504,562,844	29,910,127	26,915,412	(32,366)	26,883,046

Notes to the Consolidated Financial Statements

26 Capital (Continued)

	Number of ordinary shares	Share capital HKD'000	Equivalent share capital RMB'000	Share premium RMB'000	Shares held for Restricted Share Award Scheme RMB'000	Total RMB'000
Opening balance						
1 January 2014	7,282,020,114	5,825,617	5,336,871	20,742,373	–	26,079,244
Issue of shares pursuant to exercise of employee share options	19,378,500	95,077	75,439	–	–	75,439
Issue of scrip dividends	177,860,406	673,972	536,301	–	–	536,301
Share buyback	(700,000)	–	–	–	–	–
Vesting of shares under Restricted Share Award Scheme	–	3,918	2,242	–	–	2,242
Transition to no-par regime on 3 March 2014 (a)	–	23,050,768	20,757,959	(20,742,373)	–	15,586
	<u>7,478,559,020</u>	<u>29,649,352</u>	<u>26,708,812</u>	<u>–</u>	<u>–</u>	<u>26,708,812</u>
Restricted Share Award Scheme (b)						
Opening balance						
1 January 2014	(21,974,398)	–	–	–	(79,008)	(79,008)
Shares purchased during the year	(3,618,500)	–	–	–	(11,755)	(11,755)
Issue of scrip dividends	(843,778)	–	–	–	–	–
Vesting of shares under Restricted Share Award Scheme	14,347,657	–	–	–	49,259	49,259
At 31 December 2014	<u>(12,089,019)</u>	<u>–</u>	<u>–</u>	<u>–</u>	<u>(41,504)</u>	<u>(41,504)</u>
At 31 December 2014	<u>7,466,470,001</u>	<u>29,649,352</u>	<u>26,708,812</u>	<u>–</u>	<u>(41,504)</u>	<u>26,667,308</u>

(a) In accordance with the transitional provisions set out in Section 37 of Schedule 11 to Hong Kong Companies Ordinance (Cap. 622), on 3 March 2014, any amount standing to the credit of the share premium account has become part of the Company's share capital.

(b) On 22 March 2010, the board of the Company resolved to adopt a Restricted Share Award Scheme, pursuant to which existing shares were purchased from the market and held in trust for the relevant selected employees, until such shares are vested in accordance with the provision of the scheme. 20,147,300 shares (2014: 25,524,000 shares) were granted to the selected employees of the Group during the year. As at 31 December 2015, 30,240,800 shares (2014: 33,162,375 shares) were granted but not yet vested under the scheme.

Notes to the Consolidated Financial Statements

27 Retained earnings

	Year ended 31 December	
	2015 RMB'000	2014 RMB'000
At 1 January	14,172,343	11,358,592
Profit for the year	2,383,715	4,597,292
Dividends relating to 2013	-	(927,722)
Dividends relating to 2014 (Note 43)	(980,084)	(443,785)
Dividends relating to 2015 (Note 43)	(464,478)	-
Distribution relating to capital securities (Note 30)	(255,394)	(252,249)
Share buyback	(60,457)	(2,180)
Transfer to statutory reserve fund	(37,073)	(157,605)
At 31 December	14,758,572	14,172,343

28 Reserves

	Merger reserve RMB'000	Statutory reserve RMB'000	Translation reserve RMB'000	Investment revaluation reserve RMB'000	Employee share option RMB'000	Restricted Share Award Scheme RMB'000	Other reserve RMB'000	Total RMB'000
At 1 January 2015	(763,427)	1,172,517	(23,375)	(12,656)	147,038	63,649	(932,546)	(348,800)
Fair value gains on available- for-sale financial assets	-	-	-	2,504	-	-	-	2,504
Share of other comprehensive income of investments accounted for using the equity method	-	-	-	(36,770)	-	-	-	(36,770)
Currency translation differences	-	-	(25,338)	-	-	-	-	(25,338)
Expense on share-based payment	-	-	-	-	14,194	76,033	-	90,227
Expiry of share option	-	-	-	-	(31,729)	-	31,729	-
Issue of shares pursuant to exercise of employee share options	-	-	-	-	(56,210)	-	-	(56,210)
Vesting of shares under Restricted Share Award Scheme	-	-	-	-	-	(73,622)	-	(73,622)
Transfer from retained earnings	-	37,073	-	-	-	-	-	37,073
Decrease in non-controlling interests as a result of acquisition of additional interests in a subsidiary from non-controlling interests	-	-	-	-	-	-	(9)	(9)
At 31 December 2015	(763,427)	1,209,590	(48,713)	(46,922)	73,293	66,060	(900,826)	(410,945)

Notes to the Consolidated Financial Statements

28 Reserves (Continued)

	Capital redemption reserve RMB'000	Merger reserve RMB'000	Statutory reserve RMB'000	Translation reserve RMB'000	Investment revaluation reserve RMB'000	Employee share option RMB'000	Restricted Share Award Scheme RMB'000	Other reserve RMB'000	Total RMB'000
At 1 January 2014	15,586	(763,427)	1,014,912	(25,056)	7,758	271,525	45,864	(401,130)	166,032
Fair value losses on available-for-sale financial assets	-	-	-	-	(20,414)	-	-	-	(20,414)
Currency translation differences	-	-	-	1,681	-	-	-	-	1,681
Expense on share-based payment	-	-	-	-	-	19,321	69,286	-	88,607
Expiry of share option	-	-	-	-	-	(122,148)	-	122,148	-
Issue of shares pursuant to exercise of employee share options	-	-	-	-	-	(21,660)	-	-	(21,660)
Vesting of shares under Restricted Share Award Scheme	-	-	-	-	-	-	(51,501)	-	(51,501)
Transition to no-par value regime on 3 March 2014	(15,586)	-	-	-	-	-	-	-	(15,586)
Transfer from retained earnings	-	-	157,605	-	-	-	-	-	157,605
Decrease in non-controlling interests as a result of acquisition of additional interests in subsidiaries from non-controlling interests	-	-	-	-	-	-	-	(653,564)	(653,564)
At 31 December 2014	-	(763,427)	1,172,517	(23,375)	(12,656)	147,038	63,649	(932,546)	(348,800)

Statutory reserves represent reserves of the PRC incorporated companies which are set aside for future development purposes in accordance with the regulations in the PRC. The allocation is based on certain percentages of the companies' profit of the year, which is allocated on an annual basis.

Notes to the Consolidated Financial Statements

29 Share options

Share options are granted to several directors and to selected employees, in which 40% of the options are exercisable after 1 year from the grant date; additional 30% of the options are exercisable after 2 years from the grant date, and remaining 30% of the options are exercisable after 3 years from the grant date. The options have a contractual option term of 5 years. The Group has no legal or constructive obligation to repurchase or settle the options in cash.

Movements in the number of share options outstanding and their related weighted average exercise prices are as follows:

	Average exercise price in HK dollar per share HKD	Shares (thousands)
At 1 January 2015	3.57	88,994
Granted during the year	4.04	79,666
Lapsed during the year	3.89	(514)
Exercised during the year	3.57	(50,587)
At 31 December 2015	3.89	117,559

Out of the 117,559,000 outstanding options (2014: 88,994,000), 38,243,172 (2014: 39,665,200) were exercisable as at 31 December 2015.

Share options outstanding as at 31 December 2015 have the following expiry dates and exercise prices:

Expiry date	Exercise price in HK dollar per share	Shares (thousands)
12 January 2017	3.57	38,243
27 August 2020	4.04	79,316
		117,559

79,666,000 options were granted for the year ended 31 December 2015 (2014: nil). The weighted average fair value of options granted during the prior years was determined using the binomial lattice model. Significant inputs into the model included weighted average share prices, volatility assumptions, dividend yields as well as annual risk-free interest rate estimations.

Notes to the Consolidated Financial Statements

30 Capital securities

On 13 May 2011, Sino-Ocean Land (Perpetual Finance) Limited, a wholly owned subsidiary, issued the perpetual bonds (the “capital securities”) callable in 2016, with an initial aggregate principal amount of USD400,000,000, equivalent to RMB2,532,866,000.

Such capital securities are guaranteed by the Company, at the same time bear distribution at a rate of 10.25% per annum, payable semi-annually. The issuer of the capital securities may elect to defer distribution, and is not subject to any limits as to the number of times distribution can be deferred.

As the Group have no contracted obligation to repay its principal nor to pay any distributions, the capital securities do not meet the definition as financial liabilities under HKAS 32 under the term of the capital securities. As a result, the whole instrument is classified as equity, and respective distributions if and when declared are treated as equity dividends.

31 Capital instrument

On 25 December 2015, Beijing Tianjiang Tongrui Land Limited (“Tianjiang Tongrui”), a wholly owned subsidiary, issued a capital instrument, which is callable one year after the issue date, with an initial aggregate principal amount of RMB3,000,000,000.

Such capital instrument is jointly guaranteed by Sino-Ocean Land Limited, another subsidiary of the Group, and is secured by the real estate project owned by Tianjiang Tongrui and the equity interests of Tianjiang Tongrui held by the Group, and has no maturity date. The payments of distribution of such capital instrument can be deferred at the discretion of Tianjiang Tongrui. When Tianjiang Tongrui or Sino-Ocean Land Limited elects to declare dividends to their shareholders, Tianjiang Tongrui should make distribution to the holders of the capital instrument at the distribution rate as defined in the subscription agreement.

32 Borrowings

	As at 31 December	
	2015	2014
	RMB'000	RMB'000
Non-current		
Bank borrowings (a)	13,596,011	18,396,561
Other borrowings (b)	29,764,043	16,040,615
Total non-current borrowings	43,360,054	34,437,176
Current		
Current portion of long-term bank borrowings (a)	4,758,138	6,213,853
Current portion of long-term other borrowings (b)	2,493,981	3,960,220
Short-term bank borrowings (a)	872,795	530,595
Short-term other borrowings (b)	440,871	462,000
Total current borrowings	8,565,785	11,166,668
Total borrowings	51,925,839	45,603,844

Notes to the Consolidated Financial Statements

32 Borrowings (Continued)

- (a) As at 31 December 2015, bank borrowings amounting to RMB7,483,855,000 were secured by investment properties (Note 9), properties under development (Note 18), trade and other receivables (Note 21), completed properties held for sale (Note 22) of the Group.

As at 31 December 2014, bank borrowings amounting to RMB11,711,354,000 were secured by investment properties (Note 9), properties under development (Note 18), completed properties held for sale (Note 22) of the Group.

(b) Other borrowings

	As at 31 December	
	2015	2014
	RMB'000	RMB'000
Bond issuance (i)	9,949,794	2,560,220
Guaranteed notes (ii)	15,298,230	7,211,005
Borrowings from trust companies (iii)	6,490,871	8,838,000
Borrowings from the subsidiaries of a joint venture (iv)	–	1,187,610
Borrowings from third parties (v)	960,000	666,000
	32,698,895	20,462,835
Less: non-current portion	(29,764,043)	(16,040,615)
Current portion	2,934,852	4,422,220

- (i) In 2015, Sino-Ocean Land Limited, a wholly owned subsidiary of the Company, issued bonds with a total principal of RMB10,000,000,000. The first phase of the bonds was issued in August 2015 with an aggregate principal of RMB5,000,000,000 in three series: (i) RMB2,000,000,000 with maturity period of 5 years and annual interest rate of 3.78%; (ii) RMB1,500,000,000 with maturity period of 7 years and annual interest rate of 4.15%; (iii) RMB1,500,000,000 with maturity period of 10 years and annual interest rate of 5.00%. The second phase of the bonds was issued in October 2015 with an aggregate principal amount of RMB5,000,000,000 in two series: (i) RMB2,000,000,000 with maturity period of 6 years and annual interest rate of 3.85%; (ii) RMB3,000,000,000 with maturity period of 10 years and annual interest rate of 4.76%. The bonds are unsecured.
- (ii) In January 2015, Sino-Ocean Land Treasure Finance II Limited, a wholly-owned subsidiary, issued a guaranteed note with principal amount of USD500,000,000 at an interest rate of 5.95% per annum due in 2027 (the “2027 Notes”) and another note with principal amount of USD700,000,000 at an interest rate of 4.45% per annum due in 2020 (the “2020 Notes”, together with the 2027 Notes, the “Notes”). The net proceeds of the Notes were USD1,170,569,000 (net of issuance costs of USD29,431,000). The Notes are unsecured and guaranteed by the Company.

Notes to the Consolidated Financial Statements

32 Borrowings(Continued)

(b) Other borrowings (Continued)

- (iii) Such loans bear interest rate from 5.85% to 12% per annum, and RMB3,850,019,000 of the loan portion (2014: RMB7,250,000,000) repayable after one year are included in non-current portion. RMB300,000,000 of the loan portion (2014: RMB600,000,000) are guaranteed by Sino-Ocean Land Limited. RMB5,750,000,000 of the loan portion (2014: RMB4,450,000,000) are secured by investment properties (Note 9) and completed properties held for sale (Note 22) of the Group.
- (iv) The balances represent loans from the subsidiaries of a joint venture of the Group and the balances of last year were fully repaid during this year.
- (v) The balances represent borrowings from two individual third parties and bear interests at 7.8% and 8%, respectively. A portion of RMB666,000,000 (2014: RMB666,000,000) of the loan are repayable after one year and are included in the non-current portion.

- (c) The maturities of the Group's total borrowings at respective balance sheet dates are set out as follows:

	As at 31 December	
	2015	2014
	Bank and other borrowings	Bank and other borrowings
	RMB'000	RMB'000
Total borrowings		
– Within 1 year	8,565,785	11,166,668
– Between 1 and 2 years	9,623,426	9,117,354
– Between 2 and 5 years	17,495,752	20,585,402
– Over 5 years	16,240,876	4,734,420
	51,925,839	45,603,844

- (a) The Group's borrowings denominated in RMB, HKD and USD respectively are set out as follows:

	As at 31 December	
	2015	2014
	RMB'000	RMB'000
Denominated in:		
– RMB	27,789,226	29,900,481
– HKD	4,736,026	4,968,764
– USD	19,400,587	10,734,599
	51,925,839	45,603,844

Notes to the Consolidated Financial Statements

32 Borrowings(Continued)

(b) The weighted average effective interest rates at the respective balance sheet dates are set out as follows:

	As at 31 December	
	2015	2014
	RMB'000	RMB'000
Bank borrowings	5.83%	6.52%
Other borrowings	6.54%	8.23%

(c) The exposure of the Group's borrowings to interest-rate changes and the contractual repricing dates are as follows:

	As at 31 December	
	2015	2014
	RMB'000	RMB'000
Within 6 months	9,660,358	14,289,777
Between 6 and 12 months	4,394,856	6,659,044
Between 1 and 5 years	37,870,625	24,655,023
	51,925,839	45,603,844

(d) The fair value of non-current borrowings approximate their carrying amount, as the impact of discounting is not significant. The fair values are based on cash flows discounted using a rate based on the borrowing rate of 5.83% (2014: 6.52%) and are within Level 2 of the fair value hierarchy.

33 Deferred income tax

The analysis of deferred income tax assets and deferred income tax liabilities is as follows:

	As at 31 December	
	2015	2014
	RMB'000	RMB'000
Deferred income tax assets:		
– to be recovered after more than 12 months	712,299	935,709
– to be recovered within 12 months	225,750	147,148
	938,049	1,082,857
Deferred income tax liabilities:		
– to be recovered after more than 12 months	(2,021,060)	(1,978,918)
– to be recovered within 12 months	(50,775)	(10,864)
	(2,071,835)	(1,989,782)
Deferred income tax liabilities, net	(1,133,786)	(906,925)

Notes to the Consolidated Financial Statements

33 Deferred income tax (Continued)

The gross movement on the deferred income tax account is as follows:

	Year ended 31 December	
	2015 RMB'000	2014 RMB'000
At beginning of the year	906,925	(87,106)
Recognized in the income statement (Note 41)	222,111	773,027
Disposal of subsidiaries (Note 47(a))	4,750	221,004
At end of the year	1,133,786	906,925

The movement in deferred income tax assets and liabilities during the years ended 31 December 2015 and 2014, without taking into consideration the offsetting of balances within the same tax jurisdiction, is as follows:

Deferred income tax assets

	Recognition of expenses RMB'000	Recognition of financial guarantee liabilities RMB'000	Unrealized gains RMB'000	Tax losses RMB'000	Total RMB'000
At 1 January 2015	929,792	8,186	44,164	100,715	1,082,857
(Charged)/credited to income statement	(406,786)	(5,578)	55,144	217,162	(140,058)
Disposal of subsidiaries (Note 47(a))	–	–	(4,750)	–	(4,750)
At 31 December 2015	523,006	2,608	94,558	317,877	938,049
At 1 January 2014	1,219,764	11,912	470,559	238,184	1,940,419
(Charged)/credited to income statement	(161,133)	5,534	(426,395)	(41,676)	(623,670)
Disposal of subsidiaries	(128,839)	(9,260)	–	(95,793)	(233,892)
At 31 December 2014	929,792	8,186	44,164	100,715	1,082,857

Deferred income tax liabilities

	Depreciation difference RMB'000	Investment properties revaluation RMB'000	Property revaluation RMB'000	Others RMB'000	Total RMB'000
At 1 January 2015	(52,310)	(1,533,461)	(389,619)	(14,392)	(1,989,782)
(Charged)/credited to income statement	(2,727)	(190,248)	109,330	1,592	(82,053)
At 31 December 2015	(55,037)	(1,723,709)	(280,289)	(12,800)	(2,071,835)
At 1 January 2014	(47,470)	(1,356,896)	(443,827)	(5,120)	(1,853,313)
(Charged)/credited to income statement	(4,840)	(176,565)	41,320	(9,272)	(149,357)
Partial disposal of interests in a subsidiary	–	–	12,888	–	12,888
At 31 December 2014	(52,310)	(1,533,461)	(389,619)	(14,392)	(1,989,782)

Notes to the Consolidated Financial Statements

33 Deferred income tax (Continued)

Deferred income tax assets are recognized for tax loss carry-forwards to the extent that the realization of the related benefit through the future profits is probable. These tax losses are going to expire within five years. The Group did not recognize deferred income tax assets of RMB52,662,000 (2014: RMB41,849,000) in respect of losses amounting to RMB210,648,000 (2014: RMB167,396,000) that can be carried forward against future taxable income.

Deferred income tax liabilities of RMB646,142,000 (2014: RMB568,988,000) have not been recognized for the withholding tax that would be payable on the undistributed earnings of certain subsidiaries. Such amounts are permanently reinvested. Undistributed earnings totaled RMB7,637,840,000 at 31 December 2015 (2014: RMB7,785,106,000).

34 Trade and other payables

	As at 31 December	
	2015 RMB'000	2014 RMB'000
Trade payables	10,371,633	8,951,250
Accrued expenses	2,568,662	1,864,616
Amounts due to joint ventures(i)	816,242	372,445
Amounts due to associates(i)	3,709,506	1,083,999
Amounts due to non-controlling interests (i)	30,261	68,192
Amounts due to government	83,458	186,786
Other taxes payable	556,757	515,649
Provision for financial guarantee liabilities(ii)	–	70,756
Other payables	7,138,399	4,661,863
	25,274,918	17,775,556
Less: non-current portion	(13,377)	(13,377)
Current portion	25,261,541	17,762,179

The carrying amounts of trade payables and other payables approximate their fair values.

- (i) Amounts due to joint ventures, associates, non-controlling interests are unsecured, interest free, and repayable on demand.
- (ii) The provision for financial guarantee liabilities given for purchasers of the Group's properties as set out in Note 45 is as follows:

	Year ended 31 December	
	2015 RMB'000	2014 RMB'000
At beginning of the year	70,756	114,593
Addition	–	34,219
Derecognition	(49,178)	(41,119)
Disposals of subsidiaries	(21,578)	(36,937)
At end of the year	–	70,756

Notes to the Consolidated Financial Statements

34 Trade and other payables *(Continued)*

(iii) An ageing analysis of the trade payables (including amounts due to related parties of trading in nature) is as follows:

	As at 31 December	
	2015	2014
	RMB'000	RMB'000
Within 6 months	6,402,922	5,257,787
Between 6 months to 12 months	1,568,870	1,475,718
Between 1 year to 2 years	1,820,473	1,988,544
Between 2 years to 3 years	400,477	160,265
Over 3 years	178,891	68,936
	10,371,633	8,951,250

35 Advances receipts from customers

	As at 31 December	
	2015	2014
	RMB'000	RMB'000
Advances receipts directly coming from customers (a)	11,747,873	18,887,434
Others (b)	4,815,809	–
	16,563,682	18,887,434

(a) These mainly represent amounts received from customers for sale of properties, where the risks and rewards of the properties sold had not yet been transferred as at year-end.

(b) This represented cash received from a trust set up by a financial institution in the PRC, under which the Group has assigned to the trust the right of receipt of the sale proceeds of certain properties to be delivered by the Group. Under the assigned arrangement, the Group has no contractual obligation to repay cash or other financial assets to the trust.

36 Interest and other income

	Year ended 31 December	
	2015	2014
	RMB'000	RMB'000
Interest income:		
– Interest income from bank deposits	220,245	158,830
– Interest income from entrusted loans	898,685	154,937
Dividend income from available-for-sale financial assets	2,858	27,075
Others	31,291	45,005
	1,153,079	385,847

The balances mainly include investment income which comprise of interest income from entrusted loans and dividend income from available-for-sale financial assets.

Notes to the Consolidated Financial Statements

37 Other (losses)/gains — net

	Year ended 31 December	
	2015	2014
	RMB'000	RMB'000
Losses on partial disposal of interests in a subsidiary (Note 47(a))	(2,983)	(44,341)
Gains on disposal of entire interests in a subsidiary (Note 47(b))	6,704	25,448
Gains on disposal of a joint venture	—	214
Gains on disposal of an associate	13,308	2
Gains on disposal of other investment	—	1,207
(Losses)/gains on revaluation of financial assets at fair value through profit or loss	(23,341)	24,388
Gains on disposal of financial assets at fair value through profit or loss	15,639	25,619
Gains/(losses) on disposal of property, plant and equipment	3,873	(4,309)
Gains on disposal of available-for-sale financial assets	4,050	49,800
Exchange (losses)/gains	(737,880)	3,257
Negative goodwill on business combination	1,405	—
Other (losses)/gains	(15,776)	21,583
	(735,001)	102,868

38 Expenses by nature

Expenses by nature comprised cost of sales, selling and marketing expenses and administrative expenses as follows:

	Year ended 31 December	
	2015	2014
	RMB'000	RMB'000
Cost of properties and land use rights sold:		
— Land use rights	6,474,032	7,594,690
— Capitalized interest	1,336,640	1,627,960
— Construction related cost	12,629,087	15,739,967
Cost of up fitting services rendered	775,985	1,909,763
Primary land development	377,205	127,532
Direct investment property expenses (Note 9)	126,915	114,332
Employee benefit expense (Note 39)	852,487	886,984
Consultancy fee	161,216	186,362
Auditor's remuneration	11,400	10,600
— Audit services	8,600	7,800
— Non-audit services	2,800	2,800
Depreciation (Note 7)	42,602	35,291
Amortization of land use rights (Note 8)	238	246
Advertising and marketing	455,790	741,109
Business taxes and other levies	1,828,212	2,262,435
Impairment losses	72,711	665,262
Office expenditure	94,869	138,537
Properties maintenance expenses	355,443	268,827
Energy expenses	101,381	97,135
Others	174,029	179,563
	25,870,242	32,586,595

Notes to the Consolidated Financial Statements

39 Employee benefits expense

The employee benefits expense of the Group, including its directors' emoluments is as follows:

	Year ended 31 December	
	2015 RMB'000	2014 RMB'000
Salaries, wages and bonuses	903,103	1,004,130
Retirement benefits contribution	77,461	79,556
Share options granted to directors and employees	14,194	19,321
Restricted Share Award Scheme	76,033	69,286
Other allowances and benefits	185,716	183,735
	1,256,507	1,356,028
Less: capitalized in properties under development	(404,020)	(469,044)
	852,487	886,984

The Group's employees participate in various retirement benefit plans organized by the relevant municipal and provincial government in the PRC under which the Group was required to make monthly contributions at rates ranging from 10% to 20%, depending on the applicable local regulations, of the employees' salary for the years ended 31 December 2015 and 2014.

In addition, the Group participates in a pension scheme under the rules and regulations of the Mandatory Provident Fund Scheme for all employees in Hong Kong. The contributions to the Mandatory Provident Fund Scheme are based on minimum statutory contribution requirement of 5% of eligible employees' relevant aggregate income (with a cap of HKD30,000).

(a) Five highest paid individuals

The five individuals whose emoluments were the highest in the Group for the year include two (2014: two) directors whose emoluments are reflected in the analysis shown in Note 51. The emoluments payable to the remaining three (2014: three) highest paid individuals during the year are as follows:

	Year ended 31 December	
	2015 RMB'000	2014 RMB'000
Basic salaries and allowance	6,600	5,550
Bonuses	–	1,480
Retirement scheme contributions	293	362
Share-based payments	11,100	9,443
	17,993	16,835

Notes to the Consolidated Financial Statements

39 Employee benefits expense *(Continued)*

(a) Five highest paid individuals *(Continued)*

The emoluments fell within the following bands:

	Year ended 31 December	
	2015	2014
RMB3,770,000 (equivalent to HK\$4,500,000) to RMB4,189,000 (equivalent to HK \$5,000,000)	–	1
RMB5,027,000 (equivalent to HK\$6,000,000) to RMB5,446,000 (equivalent to HK\$6,500,000)	–	1
RMB5,446,000 (equivalent to HK\$6,500,000) to RMB5,864,000 (equivalent to HK\$7,000,000)	2	1
RMB5,864,000 (equivalent to HK\$7,000,000) to RMB6,283,000 (equivalent to HK\$7,500,000)	2	–
RMB6,702,000 (equivalent to HK\$8,000,000) to RMB7,121,000 (equivalent to HK\$8,500,000)	–	1
RMB19,688,000 (equivalent to HK\$23,500,000) to RMB20,107,000 (equivalent to HK\$24,000,000)	–	1
RMB20,526,000 (equivalent to HK\$24,500,000) to RMB20,945,000 (equivalent to HK\$25,000,000)	1	–
	5	5

- (b) During the years ended 31 December 2015 and 2014, no emoluments were paid by the Group to any of the above directors or the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for losses of office.

40 Finance costs

	Year ended 31 December	
	2015	2014
	RMB'000	RMB'000
Interest expense:		
– Bank borrowings	1,370,506	1,967,441
– Other borrowings	2,180,285	1,196,773
Less: interest capitalized at a capitalization rate of 6.25% (2014: 7.08%) per annum	(2,849,612)	(2,695,138)
	701,179	469,076

Notes to the Consolidated Financial Statements

41 Income tax expense

Majority of the group entities are subjected to PRC enterprise income tax, which has been provided based on the statutory income tax rate of 25% of the assessable income of each of these group entities for the years ended 31 December 2015 and 2014. Other group entities are mainly subject to Hong Kong profits tax.

The amount of income tax expense charged to the income statement represents:

	Year ended 31 December	
	2015 RMB'000	2014 RMB'000
Current income tax:		
— PRC enterprise income tax	1,760,431	1,345,835
— PRC land appreciation tax	421,182	629,966
Deferred income tax (Note 33)	222,111	773,027
	2,403,724	2,748,828

Taxation on the Group's profit before tax differs from the theoretical amount that would arise using the enacted tax rate of the home country of the Group as follows:

	Year ended 31 December	
	2015 RMB'000	2014 RMB'000
Profit before income tax	4,655,057	7,355,057
Adjust for: Share of results of joint ventures	650,550	(299,793)
Share of results of associates	68,201	(134,965)
	5,373,808	6,920,299
Tax calculated at a tax rate of 25%	1,343,452	1,730,075
Effect of higher tax rate for the appreciation of land in the PRC	315,887	472,475
Income not subject to tax	(2,392)	(1,307)
Expenses not deductible for tax purposes	555,709	219,018
Dividend withholding tax	180,255	120,946
Tax losses not recognized	49,480	235,558
Utilization of previously unrecognized tax losses	(38,667)	(27,937)
Income tax expense	2,403,724	2,748,828

Notes to the Consolidated Financial Statements

42 Earnings per share

(a) Basic

Basic earnings per share is calculated by dividing the profit attributable to owners of the company by the weighted average number of ordinary shares in issue during the year excluding ordinary shares purchased by the Company and held as share held for Restricted Share Award Scheme (Note 28).

	Year ended 31 December	
	2015	2014
Profit attributable to owners of the Company (RMB'000)	2,383,715	4,597,292
Distribution relating to capital securities (RMB'000)	(255,394)	(252,249)
Profit used to determine basic earnings per share (RMB'000)	2,128,321	4,345,043
Weighted average number of ordinary shares in issue (thousands)	7,505,163	7,362,275
Basic earnings per share (RMB per share)	0.284	0.590

(b) Diluted

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding to, assume conversion of all dilutive potential ordinary shares. The Company has two categories of dilutive potential ordinary shares: share options and shares held for the Restricted Share Award Scheme. For the share options and shares held for the Restricted Share Award Scheme, a calculation is done to determine the number of shares that could have been acquired at fair value (determined as the average market share price of the Company's shares during the year) based on the monetary value of the subscription rights attached to outstanding share options and the unvested awarded shares. The number of shares calculated as below is compared with the number of shares that would have been issued assuming the exercise of the share options and the payout of the awarded shares. 79,316,000 outstanding share options, when calculated on a weighted average basis, were not included in the calculation of dilutive earnings per share for the year ended 31 December 2015(2014:nil) because they are out of money.

	Year ended 31 December	
	2015	2014
Profit attributable to owners of the Company (RMB'000)	2,383,715	4,597,292
Distribution relating to capital securities (RMB'000)	(255,394)	(252,249)
Profit used to determine diluted earnings per share (RMB'000)	2,128,321	4,345,043
Weighted average number of ordinary shares in issue (thousands)	7,505,163	7,362,275
Adjustment for:		
— share options (thousands)	9,133	21,799
— shares held for the Restricted Share Award scheme (thousands)	2,622	2,057
Weighted average number of ordinary shares for diluted earnings per share (thousands)	7,516,918	7,386,131
Diluted earnings per share (RMB per share)	0.283	0.588

43 Dividends

	Year ended 31 December	
	2015	2014
	RMB'000	RMB'000
Interim dividend paid	464,478	443,785
Proposed final dividend of RMB0.042 (2014: RMB0.13) per ordinary share (a)	314,050	981,664

- (a) On 21 March 2016, the Company proposed a final dividend of RMB314,050,000 for the year ended 31 December 2015.

Notes to the Consolidated Financial Statements

44 Cash generated from operations

	Year ended 31 December	
	2015 RMB'000	2014 RMB'000
Profit for the year	2,251,333	4,606,229
Adjustments for:		
– Income tax expense (Note 41)	2,403,724	2,748,828
– Depreciation (Note 7)	42,602	35,291
– Amortization of land use rights (Note 8)	238	246
– Valuation gains on investment properties (Note 9)	(703,443)	(591,165)
– Goodwill related to properties sold, charged to cost of sales (Note 10)	149,649	33,174
– Share of results of joint ventures (Note 12)	848,120	(238,936)
– Gains on disposal of a joint venture	–	(214)
– Share of results of associates (Note 13)	47,430	(125,334)
– Gains on disposal of an associate (Note 37)	(13,308)	(2)
– Dividend income from available-for-sale financial assets (Note 36)	(2,858)	(27,075)
– Interest income	(1,084,658)	(199,827)
– Losses on partial disposal of interests in a subsidiary (Note 37)	2,983	44,341
– Gains on disposal of entire interests in a subsidiary (Note 37)	(6,704)	(25,448)
– Gains on disposal of available-for-sale financial assets (Note 37)	(4,050)	(49,800)
– (Gains)/losses on sale of property, plant and equipment (Note 37)	(3,873)	4,309
– Fair value (losses)/gains on financial assets at fair value through profit or loss (Note 37)	23,341	(24,388)
– Other gains	(725)	(21,583)
– Impairment losses (Note 38)	72,711	665,262
– Finance costs (Note 40)	701,179	469,076
– Gains on acquisition of a subsidiary (Note 48)	(1,405)	–
– Exchange gains	(165,286)	(12,802)
– Share-based payments (Note 28)	90,227	88,607
	4,647,227	7,378,789
Changes in working capital (excluding the effects of acquisition and exchange differences on consolidation):		
– Completed properties held for sale	2,904,139	(11,739,800)
– Inventories, at cost	1,698	11,501
– Amounts due from customers for contract work	(93,987)	(316,021)
– Trade and other receivables	(10,737,108)	(12,230,687)
– Land development cost recoverable	(16,108)	(447,861)
– Prepayments for land use rights	569,590	4,057,938
– Trade and other payables	8,739,901	10,116,169
– Other investments	–	19,676
– Financial assets at fair value through profit or loss	442,896	(447,364)
– Prepayments	772,796	(335,562)
– Advance receipts from customers	(6,351,884)	(10,555,127)
– Properties under development	4,548,931	15,354,476
– Restricted bank deposits	(431,381)	1,103,852
Cash generated from operations	4,996,710	1,969,979

Notes to the Consolidated Financial Statements

44 Cash generated from operations *(Continued)*

In the consolidated cash flow statement, proceeds from sale of property, plant and equipment comprise:

	Year ended 31 December	
	2015	2014
	RMB'000	RMB'000
Net book amount (Note 7)	2,775	8,987
Gains/(losses) on disposal of property, plant and equipment (Note 37)	3,873	(4,309)
Proceeds from disposal of property, plant and equipment	6,648	4,678

45 Financial guarantees

(a) The Group had the following financial guarantees as 31 December 2015 and 2014:

	As at 31 December	
	2015	2014
	RMB'000	RMB'000
Guarantees in respect of mortgage facilities for certain purchasers	2,298,787	4,229,375

As at 31 December 2015 and 2014, the Group provided guarantees in respect of mortgage facilities granted by certain banks relating to the mortgage loans arranged for certain purchasers of the Group's properties. Pursuant to the terms of the guarantees, upon default in mortgage payments by these purchasers, the Group is responsible to repay the outstanding mortgage principals together with accrued interest and penalty owed by the defaulted purchasers to the banks and the Group is entitled to take over the legal title and possession of the related properties. The Group's guarantee period starts from the dates of grant of the relevant mortgage loans and ends when the property purchasers obtain the "property title certificate" which is then pledged with the banks.

(b) As at 31 December 2015, the Group provided joint-liability guarantees in respect of borrowings granted by certain financial institutions to joint ventures and associates amounting to RMB8,456,500,000 (2014: RMB2,655,500,000). Properties under development owned by these joint ventures and associates are the primary collateral of such borrowings.

46 Commitments

(a) Capital commitments

Capital expenditures contracted for at the balance sheet date but not yet incurred are as follows:

	As at 31 December	
	2015	2014
	RMB'000	RMB'000
Land use rights	7,883	1,800,300
Properties under development	6,801,003	6,780,339
Commitment of Investment	496,122	–
Contracted but not provided for	7,305,008	8,580,639

Notes to the Consolidated Financial Statements

46 Commitments *(Continued)*

(b) Operating lease rental receivables

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

	As at 31 December	
	2015 RMB'000	2014 RMB'000
Within 1 year	752,533	703,150
Between 1 to 5 years	1,407,922	1,009,981
Over 5 years	755,340	618,994
	2,915,795	2,332,125

47 Disposal of subsidiaries

(a) Partial disposal of interests in a subsidiary

In June 2015, the Group entered into an agreement with Beijing Xuda Real Estate Limited ("Beijing Xuda"), an independent third party, to dispose of a 51% equity interests in Beijing Yuansheng Land Development Co., Limited ("Beijing Yuansheng"), a subsidiary of the Group, at a consideration of RMB1,255,000,000. Upon completion of the disposal, the Group lost control over Beijing Yuansheng. The Group's share of equity interests in Beijing Yuansheng was decreased from 100% to 49%. The effect of partial disposal of a subsidiary on the equity attributable to owners of the Company during the period is summarized as follows:

	2015 RMB'000
Proceeds received in cash on disposal of subsidiary	1,255,000
Fair value of the Group's remaining interests	1,208,651
Carrying value of the Beijing Yuansheng's net assets disposed — shown as below	(2,466,634)
Losses on disposal of partial interests in Beijing Yuansheng that resulted in loss of control	(2,983)

Notes to the Consolidated Financial Statements

47 Disposal of subsidiaries (Continued)

(a) Partial disposal of interests in a subsidiary (Continued)

The assets and liabilities arising from the disposal are as follows:

	Carrying value RMB'000
Property, plant and equipment	153
Properties under development	3,355,371
Completed properties held for sale	1,543,262
Trade and other receivables	1,296,618
Non-current portion of trade and other receivables	1,996,269
Deferred income tax assets	4,750
Cash and cash equivalents	549,076
Advance receipts from customers	(1,104,444)
Long term borrowings	(4,285,100)
Other payables	(870,172)
Income tax payables	(19,149)
Net assets disposed	2,466,634
Inflow of cash to dispose a subsidiary, net of cash disposed	
Proceeds received in cash	1,255,000
Cash and cash equivalents in a subsidiary disposed of	(549,076)
Net cash inflow on disposal	705,924

(b) Disposal of entire interests in a subsidiary

In December 2015, the Group entered into an agreement with Wit Achieve Limited ("Wit Achieve"), a subsidiary of the Group's associate, to dispose of the entire interests in Chongqing Yuanlang Real Estate Limited ("Chongqing Yuanlang"), a subsidiary of the Group, at a consideration of RMB233,580,000. The effect of disposal of a subsidiary on the equity attributable to owners of the Company during the period is summarized as follows:

	2015 RMB'000
Proceeds received in cash on disposal of subsidiary	233,580
Carrying value of the Chongqing Yuanlang's net assets disposed — shown as below	(226,876)
Gains on disposal of the subsidiary	6,704

Notes to the Consolidated Financial Statements

47 Disposal of subsidiaries (Continued)

(b) Disposal of entire interests in a subsidiary (Continued)

The assets and liabilities arising from the disposal are as follows:

	Carrying value RMB'000
Property, plant and equipment	585
Properties under development	299,678
Trade and other receivables	771,270
Cash and cash equivalents	43,619
Advance receipts from customers	(109,281)
Current borrowings	(748,900)
Other payables	(27,144)
Income tax payables	(2,951)
Net assets disposed	226,876
Inflow of cash to dispose a subsidiary, net of cash disposed	
Proceeds received in cash	233,580
Cash and cash equivalents in subsidiary disposed of	(43,619)
Net cash inflow on disposal	189,961

48 Business combinations

On 31 July 2015, the Group acquired a 100% equity interests of Nanjing Xunyuan Real Estate Co., Ltd. ("Nanjing Xunyuan") at a price of RMB886,000,000, and obtained the control of Nanjing Xunyuan, a real-estate developer in Nanjing, the PRC.

The following table summarises the consideration paid for Nanjing Xunyuan, the fair value of assets acquired and liabilities assumed at the acquisition date.

	2015 RMB'000
Identifiable net assets acquired	887,405
Cash consideration paid	(886,000)
Excess of consideration paid recognized in profit or loss as other gains	1,405
Recognised amounts of identifiable assets acquired and liabilities assumed	
Cash and cash equivalents	46,768
Property, plant and equipment	261
Properties under development	1,914,471
Trade and other receivables	678,716
Trade and other payables	(13,188)
Borrowings	(1,300,000)
Advance receipts from customers	(426,048)
Income tax payables	(13,575)
Total identifiable net assets	887,405

The fair value of trade and other receivables is RMB678,716,000.

Notes to the Consolidated Financial Statements

48 Business combinations *(Continued)*

The revenue included in the consolidated income statement since 31 July 2015 contributed by Nanjing Xunyuan was RMB681,914,000. Nanjing Xunyuan also contributed profit of RMB82,715,000 over the same period.

Had Nanjing Xunyuan been consolidated from 1 January 2015, the consolidated income statement would show pro-forma revenue of RMB681,914,000 and profit of RMB77,615,000.

49 Related party transactions

Save as disclosed in elsewhere, the following is a summary of significant related party balances and transactions entered into in the ordinary course of business between the Group and its related parties during the years ended 31 December 2015 and 2014:

(a) Sales of properties and services

	Year ended 31 December	
	2015 RMB'000	2014 RMB'000
Provision of services(i):		
— A shareholder	46,695	48,656
— Joint ventures	972,960	13,760
— Associates	313,029	544,612
	1,332,684	607,028

(i) Sales of services mainly represent construction service, the terms of which are entered into with related parties in accordance with the terms of agreement.

(b) Purchase of services

	Year ended 31 December	
	2015 RMB'000	2014 RMB'000
A Joint venture	362,994	—

(c) Transaction with an associate

	Year ended 31 December	
	2015 RMB'000	2014 RMB'000
Purchase of property, plant and equipment and properties under development	—	286,600

Notes to the Consolidated Financial Statements

49 Related party transactions *(Continued)*

(d) Key management compensation

	Year ended 31 December	
	2015 RMB'000	2014 RMB'000
Salaries and other short-term employee benefits	36,017	40,081
Post-employment benefits	5,166	5,133
Other long-term welfare	1,098	1,088
Share-based payments	43,319	37,972
	85,600	84,274

(e) Year-end balances arising from sales of properties and services

	As at 31 December	
	2015 RMB'000	2014 RMB'000
Receivables from related parties:		
— Joint ventures	72,862	25,718
— Associates	363,375	68,883
	436,237	94,601
Advance from related parties:		
— A shareholder	10,683	22,294
— A joint venture	128	7,839
— Associates	159,292	1,276
	170,103	31,409
Trade payables due to related parties:		
— A joint venture	194,348	308,459

- (i) Sales of services mainly represent construction service, the terms of which are entered into with related parties in accordance with the terms of agreements.

(f) Interest income

	Year ended 31 December	
	2015 RMB'000	2014 RMB'000
Interest received:		
— Joint ventures	579,742	99,751
— Associates	158,498	24,572
	738,240	124,323

Notes to the Consolidated Financial Statements

49 Related party transactions *(Continued)*

(g) Loans to related parties

	Year ended 31 December	
	2015 RMB'000	2014 RMB'000
Joint ventures:		
At 1 January	8,642,355	198,500
Loans advanced during year	20,769,498	2,886,056
Loans repayments received	(19,828,620)	(136,261)
Increase due to disposal of subsidiaries	–	5,694,060
interest charged	(579,742)	(99,751)
Interest received	579,742	99,751
At 31 December (Note 21(c))	9,583,233	8,642,355
Associates:		
At 1 January	490,000	512,000
Loans advanced during year	3,350,736	490,000
Loans repayments received	(1,871,653)	(512,000)
Interest charged	(158,498)	(24,572)
Interest received	158,498	24,572
At 31 December (Note 21(d))	1,969,083	490,000

(h) Amounts due from related parties

	Year ended 31 December	
	2015 RMB'000	2014 RMB'000
Subsidiary of a shareholder		
At 1 January	300,000	–
Amounts advanced during year	(300,000)	300,000
At 31 December (Note 21(h))	–	300,000
Joint ventures:		
At 1 January	5,880,494	1,173,545
Amounts advanced during year	17,449,026	5,191,572
Repayments during year	(16,163,723)	(3,020,430)
Increase due to disposal of subsidiaries	–	2,535,807
At 31 December (Note 21(h))	7,165,797	5,880,494
Associates:		
At 1 January	395,419	369,117
Amounts advanced during year	3,515,306	904,967
Repayments during year	(1,265,671)	(878,665)
At 31 December (Note 21(h))	2,645,054	395,419

Notes to the Consolidated Financial Statements

49 Related party transactions *(Continued)*

(i) Loans from related parties

	Year ended 31 December	
	2015 RMB'000	2014 RMB'000
A shareholder:		
At 1 January	–	609,690
Loans advanced during year	(530,092)	(609,690)
Repayments during year	530,092	–
Interest charged	6,365	4,770
Interest paid	(6,365)	(4,770)
At 31 December	–	–
Joint ventures:		
At 1 January	1,187,610	–
Loans advanced during year	309,296	–
Repayments during year	(1,496,906)	–
Increase due to disposal of subsidiaries	–	1,187,610
Interest charged	17,318	–
Interest paid	(17,318)	–
At 31 December (Note 32(b)(iv))	–	1,187,610
An associate:		
At 1 January	–	–
Loans advanced during year	320,000	–
Repayments during year	(320,000)	–
Interest charged	4,685	–
Interest paid	(4,685)	–
At 31 December	–	–

Notes to the Consolidated Financial Statements

49 Related party transactions *(Continued)*

(j) Amounts due to related parties

	Year ended 31 December	
	2015 RMB'000	2014 RMB'000
A shareholder:		
At 1 January	–	400,000
Amounts advanced during year	–	–
Repayments during year	–	(400,000)
At 31 December	–	–
Joint ventures:		
At 1 January	372,445	–
Amounts advanced during year	6,342,799	6,046,916
Repayments during year	(5,899,002)	(5,689,409)
Increase due to disposal of subsidiaries	–	14,938
At 31 December (Note 34(i))	816,242	372,445
Associates:		
At 1 January	1,083,999	385
Amounts advanced during year	5,026,896	678,575
Repayments during year	(5,474,880)	–
Increase due to disposal of subsidiaries	3,073,491	405,039
At 31 December (Note 34(i))	3,709,506	1,083,999

Notes to the Consolidated Financial Statements

50 Balance sheet and reserve movement of the Company

Balance sheet of the Company

	Note	As at 31 December	
		2015 RMB'000	2014 RMB'000
ASSETS			
Non-current assets			
Investments in subsidiaries		3,451,538	3,462,091
Current assets			
Amounts due from subsidiaries		34,409,682	34,799,726
Other receivables		2,060	2,060
Restricted cash deposits		–	197,218
Cash and cash equivalents		112,843	409,844
		34,524,585	35,408,848
Total assets		37,976,123	38,870,939
EQUITY			
Capital	(a)	26,915,412	26,708,812
Reserves	(b)	457,338	486,352
Retained earnings	(c)	818,325	992,361
Total equity		28,191,075	28,187,525
LIABILITIES			
Non-current liabilities			
Borrowings		4,631,024	7,368,468
Current liabilities			
Borrowings		2,542,535	732,703
Amounts due to subsidiaries		2,532,866	2,532,866
Other payables		78,623	49,377
		5,154,024	3,314,946
Total liabilities		9,785,048	10,683,414
Total equity and liabilities		37,976,123	38,870,939

Approved by the Board of Directors on 21 March 2016

LI Ming
Executive Director

SUM Pui Ying
Executive Director

Notes to the Consolidated Financial Statements

50 Balance sheet and reserve movement of the Company *(Continued)*

(a) Capital movement of the Company

	RMB'000
At 1 January 2015	26,708,812
Issue of shares pursuant to exercise of employee share options	196,964
Issue of scrip dividends	9,474
Vesting of shares under restricted Share Award Scheme	162
At 31 December 2015	26,915,412
At 1 January 2014	26,079,244
Issue of shares pursuant to exercise of employee share options	75,439
Issue of scrip dividends	536,301
Vesting of shares under restricted Share Award Scheme	2,242
Transition to no-par value regime on 3 March 2014	15,586
At 31 December 2014	26,708,812

(b) Reserve movement of the Company

	RMB'000
At 1 January 2015	486,352
Employee share options	13,236
Issue of shares pursuant to exercise of employee share options	(53,799)
Restricted Share Award Scheme	11,549
At 31 December 2015	457,338
At 1 January 2014	445,832
Employee share options	13,004
Issue of shares pursuant to exercise of employee share options	(20,547)
Restricted Share Award Scheme	63,649
Transition to no-par value regime on 3 March 2014	(15,586)
At 31 December 2014	486,352

(c) Retained earnings

	RMB'000
At 1 January 2015	992,361
Profit for the year	1,330,983
Dividends relating to 2014	(980,084)
Dividends relating to 2015	(464,478)
Share buyback	(60,457)
At 31 December 2015	818,325
At 1 January 2014	1,305,872
Profit for the year	1,060,176
Dividends relating to 2013	(927,722)
Dividends relating to 2014	(443,785)
Share buyback	(2,180)
At 31 December 2014	992,361

Notes to the Consolidated Financial Statements

51 Benefits and interests of directors

(a) Directors' emoluments

The remuneration of every director for the years is set out below:

	Emoluments paid or receivable in respect of a person's services as a director, whether of the Company or its subsidiary undertaking											
	2015						2014					
	Year ended 31 December						Year ended 31 December					
	Employer's contribution to retirement benefit						Employer's contribution to retirement benefit					
Fees	Salary and bonus	retirement benefit scheme	Other long-term welfare	Share-based payments	Total	Fees	Salary and bonus	retirement benefit scheme	Other long-term welfare	Share-based payments	Total	
RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Mr. Li Ming	-	5,360	3,775	1,098	10,647	20,880	-	4,760	3,400	1,088	9,551	18,799
Mr. Chen Runfu(ii)	-	2,000	98	-	3,568	5,666	-	1,650	88	-	2,682	4,420
Mr. Wen Haicheng	-	1,800	98	-	3,687	5,585	-	1,750	88	-	3,014	4,852
Ms. Liu Hui	-	928	23	-	1,843	2,794	-	2,890	74	-	899	3,863
Mr. Yang Zheng	-	-	-	-	283	283	-	-	-	-	240	240
Mr. Cheung Vincent Sai Sing (ii)	187	-	-	-	98	285	276	-	-	-	240	516
Mr. Tsang Hing Lun	293	-	-	-	271	564	276	-	-	-	269	545
Mr. Gu Yunchang	293	-	-	-	289	582	276	-	-	-	269	545
Mr. Han Xiaojing	293	-	-	-	289	582	276	-	-	-	269	545
Mr. Zhao Kang (ii)	282	-	-	-	170	452	276	-	-	-	269	545
Mr. Fang Jun	-	-	-	-	201	201	-	-	-	-	97	97
Mr. Chung Chun Kwong, Eric (ii)	187	-	-	-	72	259	176	-	-	-	97	273
Mr. Kwok Kin Ho (i)	106	-	-	-	54	160	-	-	-	-	-	-
Mr. Yang Leyu (i)	106	-	-	-	54	160	-	-	-	-	-	-
Mr. Suen Man Tak (i)	11	-	-	-	-	11	-	-	-	-	-	-
Mr. Sum Pui Ying (i)	-	-	-	-	-	-	-	-	-	-	-	-
	1,758	10,088	3,994	1,098	21,526	38,464	1,556	11,050	3,650	1,088	17,896	35,240

(i) On 22 August 2015, Mr. Kwok Kin Ho and Mr. Yang Leyu were appointed as an executive director and a non-executive director respectively. Mr. Suen Man Tak and Mr. Sum Pui Ying were appointed as an independent non-executive director and executive director, respectively on 18 December 2015.

(ii) On 22 August 2015, Mr. Cheung Vincent Sai Sing and Mr. Chung Chun Kwong, Eric were resigned as the executive director and the non-executive director, respectively, of the Company. Mr. Chen Runfu and Mr. Zhao Kang were resigned as the executive director and the independent non-executive director, respectively, of the Company on 18 December 2015.

(b) Directors' material interests in transactions, arrangements or contracts

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

Five-Year Financial Summary

	2015	2014	2013	2012	2011
Revenue	30,824	38,896	31,099	28,658	19,897
Gross Profit	6,354	8,167	7,547	7,699	6,258
Profit attributable to owners of the Company	2,384	4,597	4,075	3,796	2,571
Total assets	148,185	132,212	137,869	128,305	110,285
Total liabilities	99,995	87,829	94,424	86,258	71,528
Shareholders' equity	43,764	43,024	40,058	38,260	35,268
Total equity	48,190	44,383	43,445	42,046	38,757

List of Project Names

	Region	Cities	Project names (Chinese)	Project names (English)	Project names used before (Chinese)	Project names used before (English)
1	Beijing-Tianjin-Hebei Region	Beijing	CBD Z6 地塊(北京)	CBD Plot Z6 (Beijing)		
2			CBD Z13 地塊(北京)	CBD Plot Z13 (Beijing)		
3			昌平未來科技城F2項目(北京)	Changping Sci-tech Park F2 Project (Beijing)		
4			通州核心區地塊(北京)	Core Center Plot, Tongzhou District (Beijing)		
5			遠洋悅山水(北京)	Happy Garden (Beijing)	通州臨空新村31地塊	Linkongxincun No. 31 plot, Tongzhou District
6			頤堤港(北京)	INDIGO (Beijing)	將台商務中心	Jiangtai Business Center
7			順義佳利華項目(北京)	Jialihua Project, Shunyi District (Beijing)		
8			密之雲項目(北京)	Mizhiyun Project (Beijing)		
9			順義南法信項目(北京)	Nanfaxin Project, Shunyi District (Beijing)		
10			遠洋都市網景(北京)	Ocean Cityscape (Beijing)		
11			遠洋•萬和公館(北京)	Ocean Crown (Beijing)	大望京項目	Dawangjing Project
12			遠洋天著春秋(北京)	Ocean Epoch (Beijing)	石景山區劉城府項目	Liuniangfu Project, Shijingshan District
13			遠洋新幹線(北京)	Ocean Express (Beijing)		
14			遠洋•萬和城(北京)	Ocean Great Harmony (Beijing)		
15			遠洋公館(北京)	Ocean Honored Chateau (Beijing)		
16			遠洋國際中心(北京)	Ocean International Center (Beijing)		
17			遠洋國際中心二期(北京)	Ocean International Center, Phase II (Beijing)	京棉項目	Jingmian Project
18			遠洋山水(北京)	Ocean Landscape (Beijing)		
19			遠洋•沁山水(北京)	Ocean Landscape Eastern Area (Beijing)	遠洋•沁山水 E02/03 項目	Ocean Landscape Eastern Area E02/03 Project
20			遠洋•LA VIE(北京)	Ocean LA VIE (Beijing)		
21			遠洋•傲北(北京)	Ocean Manor (Beijing)	北七家	Beiqijia Project
22			遠洋萬和四季(北京)	Ocean Melody (Beijing)		
23			遠洋新天地(北京)	Ocean Metropolis (Beijing)	門頭溝新城項目	Mentougou New Town Project
24			遠洋•光華國際(北京)	Ocean Office Park (Beijing)		
25			遠洋•東方公館(北京)	Ocean Oriental Mansion (Beijing)	通州玉橋項目	Tongzhou Yuchao Project
26			遠洋•天著(北京)	Ocean Palace (Beijing)	亦庄三羊項目	Yizhuang Sanyang Project
27			遠洋天地(北京)	Ocean Paradise (Beijing)		
28			遠洋大廈(北京)	Ocean Plaza (Beijing)		
29			遠洋風景(北京)	Ocean Prospect (Beijing)		
30			遠洋春天著(北京)	Ocean Spring (Beijing)		
31			遠洋未來廣場(北京)	Ocean We-life Plaza (Beijing)		
32			門頭溝新城6002地塊(北京)	Plot 6002, Mentougou New Town (Beijing)		
33	遠洋一方(北京)	POETRY OF RIVER (Beijing)				
34	遠洋•新悅(北京)	The Place (Beijing)	遠洋一方東區	Poetry of River Eastern Area		
35	通州西集C地塊(北京)	Xiji Plot C, Tongzhou District (Beijing)				

List of Project Names

Region	Cities	Project names (Chinese)	Project names (English)	Project names used before (Chinese)	Project names used before (English)		
36	Tianjin	遠洋香奈(天津)	Ocean Chanson (Tianjin)	奧萊二期居住項目	Outlets Phase II Residential Project		
37		遠洋城(天津)	Ocean City (Tianjin)				
38		遠洋新幹線(天津)	Ocean Express (Tianjin)				
39		遠洋•萬和城(天津)	Ocean Great Harmony (Tianjin)	倪黃莊項目	Nihuangzhuang Project		
40		遠洋心裡(天津)	Ocean In Your Heart (Tianjin)	濱海新區港濱路項目	Gangbin Road Project, Binhai New District		
41		遠洋國際中心(天津)	Ocean International Center (Tianjin)				
42		遠洋天地(天津)	Ocean Paradise (Tianjin)	海河新天地	Ocean Paradise		
43		遠洋風景(天津)	Ocean Prospect (Tianjin)				
44		遠洋未來廣場(天津)	Ocean We-life Plaza (Tianjin)				
45		紅熙郡一期(天津)	Royal River Phase I (Tianjin)	武清項目	Wuqing Project		
46		紅熙郡二期(天津)	Royal River Phase II (Tianjin)				
47		北辰宜興埠項目(天津)	Yixingbu Project, Beichen District (Tianjin)				
48		Northeast Region	Dalian	香頌花城(大連)	Chanson Garden (Dalian)		
49				遠洋•鑽石灣(大連)	Ocean Diamond Bay (Dalian)		
50	遠洋壹中心(大連)			Ocean MIDTOWN (Dalian)	西山項目	Xishan Project	
51	遠洋廣場(大連)			Ocean Plaza (Dalian)			
52	遠洋風景(大連)			Ocean Prospect (Dalian)			
53	遠洋自然(大連)			Ocean Seasons (Dalian)			
54	紅星海世界觀(大連)			Ocean Worldview (Dalian)			
55	遠洋創智高地(大連)			Sino-Ocean Technopole (Dalian)	IT產業園 – 工業部分	IT Zone – Industrial	
56	榮域(大連)			The Place of Glory (Dalian)	中華路3號地	Zhonghua Road Land Plot #3	
57	小窑灣項目(大連)			Xiaoyao Bay Project (Dalian)			
58	中華路2號地(大連)			Zhonghua Road Plot #2 (Dalian)	遠洋溫德姆至尊豪庭大酒店	Wyndham Grand Plaza Royale Sino-Ocean	
59	Shenyang			遠洋天地(瀋陽)	Ocean Paradise (Shenyang)		
60				遠洋公館(瀋陽)	Ocean Residence (Shenyang)		
61	Changchun			遠洋•戛納小鎮(長春)	Ocean Cannes Town (Changchun)	長春淨月項目	Jingyue Project
62	Central Region	Shanghai	遠洋•財富中心(上海)	Ocean Fortune Center (Shanghai)			
63			遠洋7號(上海)	Ocean Mansion No.7 (Shanghai)			
64		遠洋萬和四季(上海)	Ocean Melody (Shanghai)	惠南項目	Huinan Project		
65	Hangzhou	大運河商務區項目(杭州)	Canal Business Center Project (Hangzhou)				
66		遠洋香奈(杭州)	Ocean Chanson (Hangzhou)	江幹區丁橋R21-15項目	Dingqiao R21-15 Project, Jianggan District		
67		遠洋心裡(杭州)	Ocean In Your Heart (Hangzhou)	普福項目	Pufu Project		
68		遠洋公館(杭州)	Ocean Mansion (Hangzhou)	遠洋公館	Canal Commercial District		
69		遠洋萬和四季(杭州)	Ocean Melody (Hangzhou)	江幹區彭埠項目	Pengbu Project, Jianggan District		
70	Nanjing	遠洋綠地雲峰公館(南京)	Sino-Ocean Land Greenland Premier Court (Nanjing)	江寧區高新園G98項目	Gaoxinyuan G98 Project, Jiangning District		
71		遠洋國際中心(南京)	Ocean International Center (Nanjing)				

List of Project Names

Region	Cities	Project names (Chinese)	Project names (English)	Project names used before (Chinese)	Project names used before (English)
72	Huangshan	遠洋桃花島(黃山)	An Island Paradise (Huangshan)	桃花島項目	Taohuadao Project
73	Qingdao	遠洋風景(青島)	Ocean Prospect (Qingdao)		
74		遠洋自然(青島)	Ocean Seasons (Qingdao)		
75		遠洋萬和四季(青島)	Ocean Melody (Qingdao)	黃島區五臺山路地塊	Wutaishan Road Plot, Huangdao District
76	Wuhan	賀家墩項目(武漢)	Hejiadun Project (Wuhan)	有座莊園	Tangchen Project
77		遠洋莊園(武漢)	Ocean Manor (Wuhan)		
78		遠洋•世界(武漢)	Ocean World (Wuhan)		
79	Southern Region	遠洋新幹線(深圳)	Ocean Express (Shenzhen)	南聯項目	Nanlian Project
80		遠洋新天地(深圳)	Ocean Metropolis (Shenzhen)	盛平項目	Shengping Project
81		水灣項目(深圳)	Shuiwan Project (Shenzhen)		
82	Guangzhou	遠洋天驕(廣州)	Elite Palace (Guangzhou)	廣州粵隆客車廠	Yuelong Project
83	Zhongshan	遠洋香堤(中山)	Ocean Aromas (Zhongshan)	連興園項目	Lianxingwei Project
84		遠洋錦上(中山)	Ocean Bloom (Zhongshan)	東鳳項目	Dongfeng Project
85		遠洋城(中山)	Ocean City (Zhongshan)		
86		遠洋翡翠郡一期(中山)	Ocean Emerald Phase I (Zhongshan)	南頭項目	Nantou Project
87		遠洋翡翠郡二期(中山)	Ocean Emerald Phase II (Zhongshan)		
88		遠洋一方(中山)	Ocean Magic City (Zhongshan)	新家園III期項目	Xinjiayuan Phase II
89		遠洋啟宸(中山)	Ocean New Era (Zhongshan)	橫欄項目	Henglan Project
90	Hong Kong	將軍澳日出康城六期(香港)	LOHAS Park Package 6, Tseung Kwan O (Hong Kong)		
91	Haikou	遠洋華墅(海口)	Ocean Zen House (Haikou)	遠洋浮木陣	Ocean Driftwood Array
92	Sanya	遠洋公館(三亞)	Ocean Mansion (Sanya)	遠洋奧林匹克公館	Ocean Olympics
93		棠棣項目一期(三亞)	Tang Di Project (Sanya)		
94	Chongqing	九龍坡區高廟地塊(重慶)	Gaomiao Plot, Jiulongpo District (Chongqing)		
95		九龍坡區高廟地塊二期(重慶)	Gaomiao Project, Phase II, Jiulongpo District (Chongqing)		
96		遠洋高爾夫國際社區(重慶)	Sino-Ocean International GOLF Resort (Chongqing)	國際高爾夫項目	Golf Club Project
97	Chengdu	睿東中心(成都)	Pinnacle One (Chengdu)	大慈寺項目	Dacisi Project
98		成都遠洋太古里(成都)	Sino-Ocean Taikoo Li Chengdu (Chengdu)		

