



首創置業股份有限公司
BEIJING CAPITAL LAND LTD.

Stock Code: 2868



Create
New Urban Life
創造 都市新生活



Annual Report
2015

Contents

2	Corporate Information
4	Listing Information
5	Financial Highlights
6	Property Portfolio
14	Corporate Milestones During the Year
16	Chairman's Statement
20	Management Discussion and Analysis
43	Biographical Details of Directors, Supervisors and Senior Management
48	Directors' Report
59	Corporate Governance Report
73	Report of the Supervisory Committee
74	Auditor's Report
75	Consolidated and Company Balance Sheets
77	Consolidated and Company Income Statements
79	Consolidated and Company Cash Flow Statements
81	Consolidated Statement of Changes in Equity
82	Company Statement of Changes in Equity
83	Notes to the Financial Statements



Corporate Information

DIRECTORS

Executive Directors

Mr. Wang Hao (*Chairman*) (Re-designated as Executive Director and appointed as Chairman on 10 August 2015)

Mr. Tang Jun (*President*)

Mr. Zhang Shengli

Non-Executive Directors

Mr. Li Songping (Appointed on 26 February 2016)

Mr. Liu Xiaoguang (Re-designated as Non-executive Directors and resigned as Chairman on 10 August 2015, and resigned on 26 February 2016)

Mr. Song Fengjing

Mr. Shen Jianping

Independent Non-Executive Directors

Mr. Ng Yuk Keung

Mr. Wang Hong

Mr. Li Wang

AUDIT COMMITTEE

Mr. Ng Yuk Keung (*Chairman*)

Mr. Wang Hong

Mr. Li Wang

REMUNERATION COMMITTEE

Mr. Wang Hong (*Chairman*)

Mr. Song Fengjing

Mr. Ng Yuk Keung

NOMINATION COMMITTEE

Mr. Wang Hao (*Chairman*)

Mr. Ng Yuk Keung

Mr. Wang Hong

STRATEGIC COMMITTEE

Mr. Wang Hao (*Chairman*)

Mr. Tang Jun

Mr. Wang Hong

SUPERVISORS

Mr. Liu Yongzheng

Mr. Fan Shubin

Mr. Jiang Hebin

SECRETARY OF THE BOARD OF DIRECTORS

Ms. Qin Yi

COMPANY SECRETARY

Mr. Lee Sze Wai

AUTHORISED REPRESENTATIVES

Mr. Tang Jun

Mr. Lee Sze Wai

REGISTERED OFFICE

Room 6008, Block 1,
No. 26 Qingchun Road,
Huairou District,
Beijing, PRC

Corporate Information

BEIJING HEADQUARTERS

F17, Red Goldage,
No. 2, Guang Ning Bo Street,
Beijing, PRC

HONG KONG OFFICE

Suites 2906-08, AIA Central,
1 Connaught Road Central, Hong Kong

WEBSITE

<http://www.bjcapitalland.com>

AUDITORS

PricewaterhouseCoopers Zhong Tian LLP

LEGAL ADVISERS

As to Hong Kong law:

Norton Rose Fulbright Hong Kong

As to PRC law:

JunZeJun Law Offices

PRINCIPAL BANKERS

China Development Bank

China Construction Bank

Agricultural Bank of China

China Merchants Bank

Bank of Communications

Industrial and Commercial Bank of China

Bank of China

The Hong Kong and Shanghai Banking Corporation

Listing Information

STOCK CODE FOR H SHARE

Hong Kong Stock Exchange	2868
Reuters	2868.HK
Bloomberg	2868HK

BOARD LOT SIZE

H Share	2,000
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H SHARE REGISTRAR

Computershare Hong Kong Investor Services Limited
Shops 1712–1716,
17th Floor, Hopewell Centre,
183 Queen’s Road East, Wanchai
Hong Kong
Telephone: (852) 2862 8628
Fax: (852) 2529 6087

INVESTOR RELATIONS CONTACT

Email address: ir@bjcapitaland.com.cn

H SHARE INFORMATION

	Year 2015			Year 2014		
	Price High (HK\$)	Low (HK\$)	Total Trading Volume (No. of Shares)	Price High (HK\$)	Low (HK\$)	Total Trading Volume (No. of Shares)
First Quarter	4.94	2.94	275,925,171	3.30	2.58	216,169,767
Second Quarter	7.39	4.46	384,604,514	3.06	2.39	102,601,741
Third Quarter	5.94	2.64	394,066,121	3.00	2.48	99,263,084
Fourth Quarter	4.10	3.07	213,371,164	2.96	2.63	158,175,559

Closing share price as at 30 December 2011: HK\$1.53.

Closing share price as at 31 December 2012: HK\$3.22.

Closing share price as at 31 December 2013: HK\$2.64.

Closing share price as at 31 December 2014: HK\$2.94.

Closing share price as at 31 December 2015: HK\$3.48.

Financial Highlights

FIVE YEAR FINANCIAL SUMMARY ^{Note 1}

(in RMB' 000 unless otherwise stated)

Year ended 31 December	2015 ^{Note 2}	2014 ^{Note 2}	2013 ^{Note 2}	2012 ^{Note 2}	2011 ^{Note 2} (Restated)
Revenue	15,833,595	10,057,967	11,320,840	9,134,054	7,523,321
Total profit	3,871,182	2,946,181	2,624,192	1,898,986	1,679,407
Income tax expenses	(986,028)	(682,452)	(710,469)	(565,323)	(455,852)
Net profit	2,885,154	2,263,729	1,913,723	1,333,663	1,223,555
Attributable to:					
Owners of the Company	1,977,736	1,689,741	1,522,006	1,110,925	998,578
Non-controlling interests	907,418	573,988	391,717	222,738	224,977
	2,885,154	2,263,729	1,913,723	1,333,663	1,223,555
As at 31 December	2015	2014	2013	2012	2011
Total assets	101,801,398	78,679,556	56,190,688	47,536,488	37,794,202
Total liabilities	78,164,826	57,266,030	39,962,204	37,533,477	29,482,884
Net assets	23,636,572	21,413,526	16,228,484	10,003,011	8,311,318

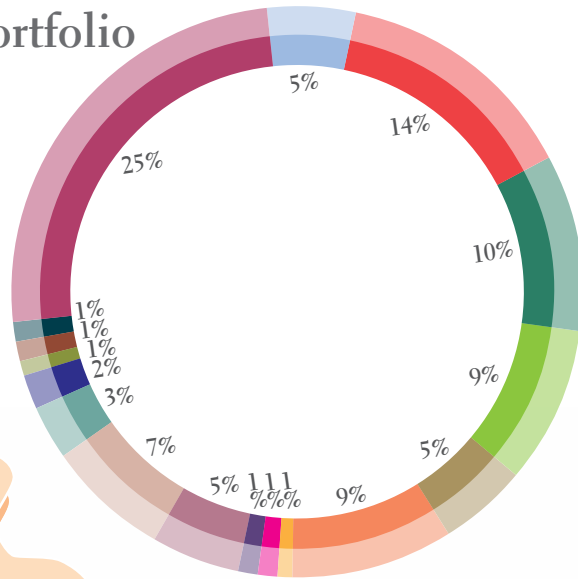
Notes:

1. The table summarises the results, assets and liabilities of the Group.
2. The figures presented are prepared in accordance with Accounting Standards for Business Enterprises or CAS of PRC.

Property Portfolio



Property Portfolio



- | | |
|-----------|-----------|
| Beijing | Shanghai |
| Tianjin | Wuxi |
| Shenyang | Jiangyin |
| Qingdao | Zhenjiang |
| Yantai | Huzhou |
| Chengdu | Kunshan |
| Chongqing | Wanning |
| Xi'an | Hangzhou |
| Nanchang | Wuhan |
| Changsha | |



Property Portfolio

HOTEL PROPERTIES

No. Project	Project Name	Location	Type	Attributable Interest	Site Area (sq.m.)	Total GFA of Land Bank (sq.m.)	Total Saleable GFA of Land Bank (sq.m.)
1	Holiday Inn Central Plaza	Xicheng District, Beijing	Hotel	40%	7,177	50,712	31,840
2	InterContinental Financial Street Beijing	Xicheng District, Beijing	Hotel	34%	10,658	58,161	42,900

INVESTMENT PROPERTIES

No. Project	Project Name	Location	Type	Attributable Interest	Site Area	Total GFA of Land Bank	Total Saleable GFA of Land Bank
3	Fangshan Capital Outlets	Fangshan District, Beijing	Commercial	100%	90,766	151,687	107,494
4	Hainan Capital Outlets	Liji Town, Wanning District, Hainan Province	Commercial	55%	199,807	103,530	101,193
5	Huzhou Capital Outlets	Taihu Lake Resort, Huzhou, Jiangsu Province	Commercial	100%	302,693	185,132	175,386
6	Kunshan Capital Outlets	The East New Town, Kunshan, Jiangsu Province	Commercial	100%	93,026	100,415	100,415
7	Nanchang Capital Outlets	Xinjian Town, Nanchang, Jiangxi Province	Commercial	92.56%	86,987	160,087	90,480
8	Hangzhou Capital Outlets	Fuyang District, Hangzhou, Zhejiang Province	Commercial	92.56%	101,691	109,047	109,047
9	Wuhan Capital Outlets	Technological Development District., Wuhan, Hubei Province	Commercial	91.63%	89,757	107,708	107,708
10	Changsha Capital Outlets	King Mountain Resort, Changsha, Hunan Province	Commercial	27.77%	72,358	107,890	61,719
11	Beijing Lize Financial Business District Project	Fengtai District, Beijing	Commercial/ Office		34,822	234,656	198,649
	Lize F02			50%	15,963	38,245	26,748
	Lize F03			50%	18,859	196,411	171,901
12	Sunshing Buidling	Xicheng District, Beijing	Commercial/ Office	35%	8,840	52,095	34,163

Property Portfolio

PROPERTY DEVELOPMENT

No. Project	Project Name	Location	Type	Attributable Interest	Site Area (sq.m.)	Total GFA of Land Bank (sq.m.)	Total Saleable GFA of Land Bank (sq.m.)	
13	Beijing Hujialou Project	Xanadu	Chaoyang District, Beijing	Residential/ Commercial	100%	34,163	67,082	58,886
14	Beijing Yuyuantan Project	The Reflections	Haidian District, Beijing	Residential	100%	17,915	3,403	3,079
15	Beijing Haidian Yongfeng Industrial Base Project Plot F1	Capital of Western Village	Haidian District, Beijing	Residential/ Apartment/ Commercial/ Office	100%	65,219	246,705	208,702
16	Beijing Haidian Yongfeng Industrial Base Project Plot B2	IC Park	Haidian District, Beijing	Apartment/ Commercial/ Office	50%	59,750	178,550	142,410
17	Beijing Lize Financial Business District Project	Lize F02 Lize F05	Fengtai District, Beijing	Apartment/ Office	50% 100%	26,352 15,963 10,389	190,573 147,335 43,238	187,487 145,821 41,666
18	Beijing Haidian Taipingzhuang Project		Haidian District, Beijing	Residential/ Apartment	25%	5,379	20,266	16,136
19	Beijing Zhaoquanying F1-01 Project	Passion World	Shunyi District, Beijing	Apartment/ Commercial	100%	27,121	40,035	40,035
20	Beijing Zhaoquanying Land No. 4 Project	Enjoyable Trees	Shunyi District, Beijing	Residential/ Apartment	100%	104,345	162,327	117,896
21	Beijing Zhaoquanying Land No.2 Project	Enjoyable Bay	Shunyi District, Beijing	Residential/ Apartment/ Commercial	100%	114,154	157,350	107,194
22	Beijing Shunyi No. 17 Project		Shunyi District, Beijing	Residential/ Apartment	100%	85,056	106,173	77,561
23	Beijing Zhaoquanying F2-01 Project		Shunyi District, Beijing	Apartment/ Commercial	100%	17,277	45,670	34,555
24	Beijing Shunyi Renhe Town Project	Golden Future	Shunyi District, Beijing	Residential/ Commercial	14.55%	40,669	133,807	109,807
25	Beijing Shunyi New Town Block No. 26 Project	Capital Park #26	Shunyi District, Beijing	Residential/ Commercial	12.5%	88,702	276,467	206,707
26	Beijing Miyun Yunfeng Shanzhuang Project	Beijing Landscape Villa	Miyun District, Beijing	Residential	100%	334,855	108,983	94,293
27	Beijing Miyun New Town Project		Miyun District, Beijing	Residential/ Commercial	100%	56,254	164,161	123,533

Property Portfolio

No. Project	Project Name	Location	Type	Attributable Interest	Site Area (sq.m.)	Total GFA of Land Bank (sq.m.)	Total Saleable GFA of Land Bank (sq.m.)	
28	Fangshan Capital Outlets Project	Ballet Town	Fangshan District, Beijing	Residential	100%	91,059	6,242	5,754
29	Beijing Changyang Land No. 4 Project	Novotown	Fangshan District, Beijing	Residential/ Commercial	100%	90,389	8,278	5,847
30	Beijing Fangshan Gaojiao Park Project	Nobles Mansion	Fangshan District, Beijing	Residential/ Apartment/ Commercial	100%	56,138	137,641	110,346
31	Beijing Daxing SunVillage Project	Enjoyable City	Daxing District, Beijing	Residential/ Apartment/ Commercial	100%	61,512	53,836	49,925
32	Beijing Huang Xin Zhuang Project	Ealing	Fangshan District, Beijing	Residential	95%	114,166	185,406	154,526
33	Shanghai Songjiang Project	Shanghai Time Flowing In Villa	Songjiang District, Shanghai	Residential/ Commercial	100%	65,239	42,592	33,412
34	Shanghai Yingpu Street Community Project	The Happiness 14-04 Plot 20-04 Plot 53-04 Plot	Qingpu District, Shanghai	Residential/ Commercial	100%	98,755 38,444 28,620 31,690	208,428 61,282 61,947 85,199	160,180 48,378 48,422 63,381
35	Shanghai Yangpu Pingliang Project	Capital Of Vision	Yangpu District, Shanghai	Residential/ Commercial/ Office	100%	32,360	109,758	80,841
36	Shanghai Jiading Project	The Great City	Jiading District, Shanghai	Residential/ Commercial	60%	123,090	205,172	205,172
37	Shanghai Yongfeng Street Community 30-02	The Mansion	Songjiang District, Shanghai	Residential/ Commercial	28%	18,932	11,618	5,718
38	Shanghai Yongfeng Street Community 40-05	Oriental Glorious Yard	Songjiang District, Shanghai	Residential/ Commercial	28%	26,983	8,248	8,248
39	Tianjin Shuangang 121 Project	Fortune Class	Jinnan District, Tianjin	Residential/ Apartment/ Commercial/ Office	55%	255,038	105,106	98,576
40	Tianjin Shuangang 122 Project	Tianjin — A-Z Town	Jinnan District, Tianjin	Residential	55%	183,511	17,132	8,832
41	Tianjin Huaming Project	Noble City	Dongli District, Tianjin	Residential/ Apartment/ Commercial	40%	271,830	70,800	70,800

Property Portfolio

No. Project	Project Name	Location	Type	Attributable Interest	Site Area (sq.m.)	Total GFA of Land Bank (sq.m.)	Total Saleable GFA of Land Bank (sq.m.)	
42	Tianjin Xiqing Project	Landing House	Xiqing District, Tianjin	Residential/ Office	40%	151,596	17,100	17,100
43	Tianjin Eco-city Project	Cambridge County	Binhai New District, Tianjin	Residential	100%	137,252	1,078	1,078
44	Tianjin Wuqing Project	International Peninsula	Wuqing District, Tianjin	Residential/ Commercial/ Office	100%	906,765	353,861	348,519
45	Tianjin Hongni River Project	Tianjin Eco Village	Jinnan District, Tianjin	Residential/ Commercial	100%	257,093	297,366	187,366
46	Tianjin Lishuang Road Project	Xuan Community	Jinnan District, Tianjin	Residential	100%	108,344	148,147	104,437
47	Tianjin Beiyunhe Project	Grand Canal Milestone	Hebei District, Tianjin	Residential/ Apartment/ Commercial	100%	62,817	272,294	183,376
48	Tianjin Zhongshanlu Project	Metropolis	Hebei District, Tianjin	Residential/ Commercial/ Office	100%	22,455	149,748	122,748
49	Tianjin Xinzhuang No. 5 Project	Poetic Life	Jinnan District, Tianjin	Residential	100%	82,164	134,829	134,829
50	Chongqing Hong'ensi Project	Hong'en International Living District	Jiangbei District, Chongqing	Residential/ Commercial	100%	229,314	117,389	22,222
51	Chongqing Xiyong Project	Chongqing Eco Village	Shapingba District, Chongqing	Residential/ Apartment/ Commercial	28.24%	146,394	216,700	112,322
52	Chongqing Jialingchang Project	Chongqing Capital City	Shapingba District, Chongqing	Residential/ Commercial	20.73%	218,303	771,944	578,236
53	Chengdu Jianshe Road Project	Chengdu A-Z Town	Chenghua District, Chengdu, Sichuan Province	Residential/ Commercial	100%	68,270	2,203	542
54	Chengdu Shengli Village Project	Chengdu First City	Chenghua District, Chengdu, Sichuan Province	Residential/ Commercial	100%	78,171	18,088	16,858
55	Chengdu Beiquan Road Project	Cittá Villa	Longquanyi District, Chengdu, Sichuan Province	Residential/ Commercial	55%	75,019	50,896	152
56	Chengdu SCE Project	Wanjuanshan	Longquanyi District, Chengdu, Sichuan Province	Residential/ Commercial/ Office	55%	106,786	106,862	37,798
57	Chengdu Qinglongchang Project	Chengdu Eco Village	Chenghua District, Chengdu, Sichuan Province	Residential/ Commercial	100%	87,312	259,969	186,943

Property Portfolio

No. Project	Project Name	Location	Type	Attributable Interest	Site Area (sq.m.)	Total GFA of Land Bank (sq.m.)	Total Saleable GFA of Land Bank (sq.m.)	
58	Chengdu Huaxin Village Project	Galaxy No.1	Jinjiang District, Chengdu, Sichuan Province	Residential/ Commercial	22.5%	95,663	263,668	185,941
59	Chengdu P.O. Box 68 Project	The Place No.68	Chenghua District, Chengdu, Sichuan Province	Residential/ Commercial	40%	50,836	279,478	227,921
60	Xi'an Feng-cheng Road Project	Xi'an First City	Xi'an Economic and Technology Development Zone, Shaanxi Province	Residential/ Commercial/ Office	92.56%	355,909	588,242	406,348
61	Shenyang Shenyang Road Project	Shenyang First City	Hunnan New District, Shenyang, Liaoning Province	Residential/ Apartment/ Commercial	30%	175,348	86,827	53,244
62	Shenyang Yinhe Bay Project	Qipan Hills First Villa	Qi Pan Shan District, Shenyang, Liaoning Province	Residential/ Commercial	50%	420,317	362,114	346,914
63	Shenyang Shenzhong Street Project	Shenyang Eco Village	Hunnan New District, Shenyang, Liaoning Province	Residential/ Commercial	100%	194,249	548,760	469,534
64	Qingdao Chengyang Project	Airport International Centre	Qingdao, Shandong Province	Commercial/ Office	100%	92,455	101,572	101,572
65	Qingdao Central Park No. 1 Project	Qingdao Central Park No. 1	Chengyang District, Qingdao, Shandong Province	Residential/ Apartment/ Commercial	100%	81,016	21,632	21,632
66	Qingdao Yangbuzhai Project	Qingdao Central Park No.1 • East Park	Chengyang District, Qingdao, Shandong Province	Residential/ Commercial	100%	38,805	909	909
67	Qingdao Qianqianshu Project	Sunny Xiangmi Lake	Licang District, Qingdao, Shandong Province	Residential/ Commercial	100%	113,974	1,568	1,568
68	Yantai Sunny Chief Yard Project	Yantai Sunny Chief Yard	Fushan District, Yantai, Shandong Province	Residential/ Commercial	100%	195,609	59,745	59,745
69	Zhenjiang National University Science Park Project	Joyous House	Zhenjiang Technological Development Zone, Jiangsu Province	Residential/ Commercial	100%	111,364	17,914	17,910
70	Kunshan Jinxi Project	Kunshan Eastern Mystery	Jinxi Town, Kunshan City, Jiangsu Province	Residential/ Commercial	51%	550,037	268,144	268,144
71	Wuxi Dongting Town Project	Wuxi Gentle House	Xishan District, Wuxi, Jiangsu Province	Residential/ Commercial	100%	162,911	24,004	18,145
72	Wuxi Jichang Road Project	Wuxi Joyous House	Wuxi New District, Jiangsu Province	Residential/ Commercial	100%	96,598	23,050	4,167
73	Jiangsu Jiangyin Yuyue Project	Jiangyin Auspicious House	Yushan Bay, Jiangyin, Jiangsu Province	Residential/ Commercial	100%	78,258	146,658	129,734

Property Portfolio

No. Project	Project Name	Location	Type	Attributable Interest	Site Area (sq.m.)	Total GFA of Land Bank (sq.m.)	Total Saleable GFA of Land Bank (sq.m.)	
74	Huzhou Taihu Project	Huzhou Integrated Outlets Project	Taihu National Tourism Vacation Zone, Huzhou, Jiangsu Province	Residential/ Commercial	100%	580,986	434,339	382,426
75	Huzhou Renhuangshan Project	Joyous House	Renhuangshan District, Huzhou, Zhejiang Province	Residential/ Commercial	55%	53,865	18,127	11,258
76	Hainan Wanning Project	Hainan Integrated Outlets Project	Liji Town, Wanning, Hainan Province	Residential/ Apartment/ Commercial		440,415	223,232	223,232
		1 Plot		55%	94,355	72,054	72,054	
		2 Plot, 3 Plot		55%	157,546	13,188	13,188	
		5 Plot, 6 Plot		100%	188,514	137,990	137,990	
77	Kunshan Capital Outlets Project	Kunshan Integrated Outlets Project	The East New Town, Kunshan, Jiangsu Province	Residential/ Apartment/ Commercial	100%	350,786	442,224	442,224
78	Nanchang Capital Outlets Project	Nanchang Capital Outlets	Xinjian Town, Nanchang, Jiangxi Province	Commercial	92.56%	30,153	32,000	32,000
Total						11,303,514	9,112,383	

Note:

- Information stated in table updated as at 31 December 2015.
- Site area is based on the most up-to-date Land Use Right Certificates or Land Transfer Contracts for all projects.
- Total GFA of Land Bank refers to GFA where contract was yet to be signed and is based on the latest obtained documents or the Company's latest planning.
- Total Saleable GFA of Land Bank refers to the GFA above the ground where contract has yet to be signed and is based on the latest obtained documents or the Company's latest planning.

Corporate Milestones during the Year



JANUARY 2015

In January, the Group's subsidiary Capital Juda (Stock Code: 1329.HK) successfully sold its chemical business, completed the acquisition of the Xi'an Project, and the issuance and subscription of convertible preferred shares, transforming itself into a platform for integrated commercial property.



FEBRUARY 2015

In February, BCL successfully acquired the Zhongshan Road Project in Hebei District, Tianjin. Located in a prime location within the Inner Ring and positioned as an urban core complex above the Metro station, the project is right next to the Zhongshan Road Station along Metro Line No.3. With access to a convenient transportation network, the project has a GFA of 124,000 sq.m.



MARCH 2015

In March, Project North Rocks and the initial batches of Project Merrylands in Sydney, two joint-venture projects developed with Australian local developer Dylam, were put onto the market. All units were sold out within the month, recording contracted sales of approximately RMB1.13 billion.

In March, BCL also launched a campaign on operating costs, called the "3300 Initiative", which nailed down objectives and directions regarding cost control. New standards were introduced to promote a precise, transparent and standardized cost control system.



APRIL 2015

In April, BCL obtained the Haidian Yongfeng Industrial Base F1 land plot, which has a GFA of 210,000 sq.m., and will be used to develop high-end residential properties, apartments and office buildings. As a strategic part of the Company's portfolio in Beijing, the project is expected to seize business opportunities arising from national policies that encourage grassroots entrepreneurship, paving the way for an innovative business model to develop industrial property.



MAY 2015

In May, BCL successfully issued 5-year domestic corporate bonds in Mainland China with a principal amount of RMB3 billion and a coupon rate of 4.58%. The bonds had a credit rating of AA+ and recorded the lowest coupon rate among all domestic corporate bonds issued by property developers in China, effectively lowering the Company's cost of debt.



JUNE 2015

In June, BCL successfully acquired the Pingliang project in Yangpu District, Shanghai. Situated within Inner Ring Road and in proximity of Metro Line No. 4, No. 12 and the Dalian Road Tunnel, the project enjoys a prime location that is adjacent to the city core. With an aggregate GFA of 113,000 sq.m., the project is planned to be developed into high-end residential properties.

Corporate Milestones during the Year

JULY 2015

In July, BCL cooperated with Vanke and established Shouwan Yuye Property Management Service Company Limited, in which BCL owns 51% of the shares outstanding. The newly established property company has adopted Vanke's "Rui Service" property management model, and will provide full services to BCL's future development projects.

In July, BCL also launched the Coordinative Development Platform ("CDP") to develop a transparent procurement management system and facilitate the online process of procurement bidding and approval. This has enhanced the efficiency of the bidding process significantly, taking the digitalization and standardization of the Group's procurement system to a new level.

AUGUST 2015

In August, BCL signed domestic share subscription agreement with controlling shareholder Beijing Capital Group. BCL issued 1 billion domestic shares of RMB3.08 per share to Beijing Capital Group to raise approximately RMB3.08 billion. This domestic shares placement will largely underpin the Company's development strategies. After completion of the domestic shares subscription, Beijing Capital Group further enhanced its position as the Company's controlling shareholder and will provide more resources and credit support in the future.

OCTOBER 2015

In October, BCL took advantage of favorable market conditions and issued 2+1-year private placement corporate bonds in Mainland China with a principal amount of RMB2.5 billion at a prevailing interest rate of 4.7%. The bonds recorded the lowest coupon rate among all private placement bonds with a term of no less than 2 years in China, and have become a new benchmark in the private placement bonds market.

NOVEMBER 2015

In November, BCL invested in Changsha outlets project through a joint venture and will be in charge of project management and commercial operations. The project has a total GFA of 108,000 sq.m. Located within the King Mountain Resort southwest of Changsha and close to the Xiangjiang River in the West Bank, the project is just south of the Ring Expressway. The project targets customers from Changsha, Xiangtan and Zhuzhou. Together with six more outlets projects acquired in Nanchang, Hangzhou, Wuhan, Changsha, Xi'an and Zhengzhou from 2015 to February 2016, BCL has successfully expanded its outlets business to ten different cities.

DECEMBER 2015

In December, BCL took advantage of low-interest-rate market conditions and issued a second batch of 3-year private placement corporate bonds in Mainland China with a principal amount of RMB2.5 billion at a coupon rate of 4.78%. It marked the lowest coupon rate among all 3-year AA+ private placement bonds issued by property companies. At the end of December, BCL's new RMB10 billion private placement bond scheme was granted a no-objection letter from the Shanghai Stock Exchange. It is expected to launch in 2016 and will further optimize the Company's capital structure.



Chairman's Statement



Wang Hao
Chairman

Dear Shareholders,

On behalf of the Board of Directors (the "Board") of Beijing Capital Land Ltd. ("BCL" or the "Company"; together with its subsidiaries, the "Group"), I am pleased to present the Group's annual results for the year ended 31 December 2015.

In 2015, the global economy experienced muted growth. In the US, supported by long lasting quantitative easing monetary policies, the US economy gradually demonstrated an upward trend with increasing consumption and investment spending. The Federal Reserve also raised interest rates in December 2015. The Euro Zone and Japan experienced slow economic recovery, benefitting from quantitative easing policies. In Emerging markets, driven by factors including diminishing demand for commodities, decreasing commodity prices, and adjusting economic structure, economic growth slowed. In China, the economy entered into a "New Normal", characterized by a slower economic expansion with 6.9% GDP growth. However, the overall economy remained stable thanks to an improved industry structure and increased contribution from domestic consumption.

Chairman's Statement

During the year, in line with the macroeconomic trend, the property industry has experienced further market correction and divergence. On one hand, housing prices stopped surging, transaction volume of commodity housing tapered off at the beginning of the year under review, and then leveled after the second quarter driven by market demand. On the other hand, while first- and large second-tier cities recovered faster due to demand for upgrades, inventory remained high for third- and fourth-tier cities, demonstrating greater market divergence among various tiers of cities. On the policy side, the government announced the "330 New Policy" and rolled out a number of favorable policies including reducing the down payment ratio for first-time home buyers, cutting the required reserve ratio, lowering interest rate, allowing cross-city applications for mortgages from Housing Provident Fund (HPF), and lowering purchase requirements to stimulate market demand and support market recovery.

2015 was the second year of BCL's strategic five-year plan. During the year, the Group continued to focus on five core cities and proactively acquired superior quality land resources. The Group made RMB22.4 billion of land investments, a year-over-year increase of 16%. Among these new land investments, Beijing and Shanghai accounted for 70%, including the Yongfeng Industrial Base project in Haidian District, Beijing, and the Pingliang project in Yangpu District, Shanghai. The Group also adopted a sales strategy to balance price and volume with a strong focus on high turnover products for first-time home buyers and successfully achieved a new sales milestone. The Group recorded total contracted sales of RMB32.5 billion, an increase of 31% year-over-year, and an average selling price of RMB12,000 per square meter, an increase of 17% year-over-year.

In 2015, the Group further expanded its overseas investment scale and invested in three residential projects in Sydney, realizing a total investment of RMB1.2 billion, an increase of 111% year-over-year. The projects located in Sydney were all sold in the same month that they were launched, and contributed a total of approximately RMB5.1 billion contracted sales, an increase of 124% year-over-year and accounted for 16% of the Group's total contracted sales. The overseas segment has become an essential part of the Group's residential property business, and going forward, the Group will continue to deepen its roots in Australia and gradually expand into core cities in Europe and the U.S. as well.

During the year, the Group enhanced its operational capabilities throughout the whole value chain. The Group deepened its cooperation with strategic main contractors and significantly reduced its procurement costs; this process covered over 70% of its total procurements. The Group also completed the development of a CPA platform for product standardization, which has helped improve project and construction quality, resulting in a shortened 6 month turnover for new projects from acquiring land to project launch. The Group also cooperated with Vanke to establish a property management service company to introduce Vanke's "Rui Service" property management model, which significantly enhanced the Group's property management capabilities. Also, the project co-investment scheme has been applied to 17 more projects, covering all projects in core areas.

Chairman's Statement

During the year, the Group's outlet business achieved significant breakthroughs and laid a solid foundation to become a nation-wide outlets operator. The Group invested in four new outlet projects in 2015 in Nanchang, Hangzhou, Wuhan, and Changsha respectively, obtaining leading advantages in scale. The Kunshan Outlets Project officially launched in the second half of 2015, and therefore the Group had four outlets projects generating annual revenue of more than RMB2 billion, an increase of nearly 50% year-over-year, and customer volume of over 15.5 million, an increase of 91% year-over-year.

During the year, the Company captured opportunities in the capital market and achieved significant breakthroughs in equity financing, optimizing its capital structure. The Company issued 1 billion domestic shares to its controlling shareholder, Beijing Capital Group and raised approximately RMB3.08 billion, its first breakthrough in equity financing in nearly 10 years. After completion of the domestic shares subscription, Beijing Capital Group further consolidated its position as the Company's controlling shareholder and will provide more resources and credit support in the future. During the year, the Group also proactively pursued opportunities in the bond market and successfully issued domestic public offering bonds, domestic private placement bonds, and offshore RMB denominated dim sum bonds and raised a total of RMB9.3 billion, breaking multiple market records in coupon rates and significantly reducing financing costs.

Looking into 2016, the Group will adopt "quality growth" as its core vision. Leveraging on the Beijing-Tianjin-Hebei integration and business synergies with Beijing Capital Group, the Group will enhance its ability to acquire key resources in core cities. The Group will further enhance its operational capabilities through strengthening the synergies among centered procurement, standardization, property management and community services to provide superior products and services with affordable prices and enhance the value chain of living accommodations. The Group will look to make steady progress in the development of its industrial property business and property business with a focus on consumers, namely its outlets business and international education, to form solid operational models and new long-term growth drivers. The Group will further realize breakthroughs in core equity financing, strengthen joint venture, optimize capital debt structure and accelerate the Company's transformation and upgrade through mergers and acquisitions to integrate itself into the era of a service-based economy and property related consumer industries.

Chairman's Statement

On behalf of the Board, I would like to express our sincere gratitude toward all of our shareholders, partners, and customers for your long-term care, support, and help. BCL will remain committed to company transformation and innovation, continue to enhance its own competitive advantages, and strive to become China's most valuable integrated property developer.

Wang Hao
Chairman

Beijing, the PRC, 18 March 2016

Management Discussion and Analysis



BUSINESS REVIEW

In 2015, the Group's revenue amounted to RMB15,833,595,000, representing an increase of 57% compared with the previous year. Operating profit rose 26% year-over-year to RMB3,608,592,000. Net profit attributable to owners of the Company reached RMB1,977,736,000, representing an increase of 17% compared with the previous year. Basic earnings per share (EPS) amounted to RMB0.90, compared with RMB0.83 in 2014. The Board resolved to recommend the payment of a final dividend for the year ended 31 December 2015 of RMB0.20 per share (2014: RMB0.25 per share).

Disciplined execution of the five-year strategy has enabled us to deliver attractive financial performance during the year under review, paving the way for further development, transformation and upgrade.

Management Discussion and Analysis

Achieving breakthroughs in contracted sales with land investments focused on core cities

- ✓ Adhering to a strategy of balancing sales price and volume, the Group promoted high-turnover, first time home-buyer-oriented products and products for homeowners looking for upgrades in core cities during the year, recording total contracted sales of approximately RMB32.5 billion, an increase of 30.8% year-over-year. The contracted sales of five core cities (Beijing, Shanghai, Tianjin, Chengdu and Chongqing) and Sydney increased to account for 87.0% of the total sales, further demonstrating the effectiveness of the Group's strategic focus.
- ✓ Simultaneously, the Group proactively acquired superior quality land resources located in central sections of core cities. During the year, the Group added total GFA of 3.43 million sq.m. to its land bank for an aggregate amount of RMB22.4 billion, a year-over-year increase of 16%, of which, Beijing and Shanghai accounted for 70%. As both the price and trading volume of property market in first-tier cities have increased recently, the value of the land which was newly acquired by the company is also promoted, providing support to the performance growth in the future.

Enhanced overall operational capabilities and promoted project co-investment scheme

- ✓ During the year, the Group developed a set of procedures and promoted innovation throughout its business value chain, enhancing its premium pricing capabilities as well as its cost control capabilities. The Group also completed the development of a CPA platform for product standardization, including 12 standardization aspects that fall into two categories. Also, the Group deepened its strategic procurement cooperation with main contractors and significantly reduced its procurement costs; this process covered over 70% of its total procurements. Additionally, the Group cooperated with Vanke to establish a property management service company to introduce Vanke's "Rui Butler" property management model, which significantly improved customer satisfaction and enhanced the Group's premium pricing capabilities. Currently seven projects are covered with an area of more than one million sq.m..
- ✓ During the year, the Group emphasized the importance of shared value and fostered the spirit of "BCL partnership" across its teams. The project co-investment scheme was further expanded to 17 more projects, covering all projects in core areas and enhancing their operating efficiency.

Outlets business recorded fast growth with strategic expansion starting to achieve scale

- ✓ In 2015, the Kunshan Outlets Project was successfully launched. With four outlets projects (Fangshan, Wanning, Huzhou and Kunshan) launched, annual sales reached RMB2.05 billion, an increase of 50% year-over-year; and annual Customer Volume was 15.54 million, an increase of 91% year-over-year.
- ✓ As of February 2016, Capital Juda, the commercial property development platform of the Group, has added Nanchang, Hangzhou, Wuhan, Changsha, Xi'an and Zhengzhou outlet projects through public tenders and joint ventures, achieving fast strategic deployment. In the Changsha Project, Capital Juda acted as the operator with only a small portion of equity stake, laying the foundation for adopting a diversified strategy to further expand its business in the future.

Management Discussion and Analysis

Overseas expansion with strong foothold in Australia; steady progress made on independent development

- ✓ In 2015, the Group captured opportunities in Australia's property market and invested in three projects with local developer Dyldam, realizing a total investment of approximately RMB1.2 billion, an increase of 111% year-over-year. With comprehensive ancillary facilities and a convenient transportation network, these new projects are close to the Parramatta business district in west Sydney as well as a local railway station and several reputable educational institutions.
- ✓ During the year, the projects put up for sale in the Australia market were all sold out, and contributed a total of approximately RMB5.1 billion in contracted sales, an increase of 124% year-over-year and accounted for 16% of the Group's total contracted sales. The overseas section has become an integral part of the Group's overall business.
- ✓ Given the successful collaborations with overseas developers during the year, this Group has verified the efficacy of its development model. With this track record, the Group plans to gradually expand its overseas business to other core cities in Europe and the U.S.

Breakthrough in equity financing resulted in decreased cost of debt

- ✓ During the year, BCL issued 1 billion domestic shares to its controlling shareholder, Beijing Capital Group, and raised approximately RMB3.08 billion, its first breakthrough in equity financing in nearly 10 years. As a result, the Company was able to optimize its capital structure, as well as receive substantial support from Beijing Capital Group in areas such as resources and financing, which further reinforced the Company's capabilities for future development.
- ✓ In 2015, leveraging on the strong background of Beijing Capital Group and its solid credit record, the Company's commercial property development platform, Beijing Capital Juda, successfully issued RMB1.3 billion of 3-year offshore Renminbi guaranteed notes. This successful debut in offshore capital markets has laid a solid foundation for future operations in capital markets.
- ✓ In 2015, the Company took advantage of a highly liquid debt market and low-interest-rate conditions and issued RMB3 billion of public placement corporate bonds, as well as RMB5 billion of private placement corporate bonds, at an average coupon rate of 4.68%. These broke several records among bonds issued by domestic property companies in terms of interest rate and significantly reduced the Company's financing costs. The capital raised was mainly used to repay higher cost debts in order to optimize the maturities and costs of its existing debts.

Management Discussion and Analysis

PROPERTY DEVELOPMENT

In 2015, The Group, together with its joint ventures and associated companies, completed a total GFA of approximately 2.96 million sq.m..

Projects Completed in 2015

Project	Approximate Completed GFA (sq.m.)	Type	Attributable Interest
Beijing Zhaoquanying Project	275,664	Residential	100%
Ealing, Beijing	131,065	Residential	95%
Fangshan Capital Outlets Project	5,446	Residential	100%
Beijing Novotown	88,207	Residential/ Commercial	100%
Enjoyable City	136,239	Residential/ Commercial	100%
Shanghai Time Flowing In Villa	30,688	Residential	100%
Tianjin International Peninsula Project	228,134	Residential	100%
Tianjin Fortune Class	10,000	Commercial	55%
Tianjin Cambridge County	183,814	Residential	100%
Tianjin Capital City	128,679	Residential	100%
Tianjin Xuan Community	31,819	Residential	100%
Chongqing Hong'en International Living District	135,276	Residential/ Commercial	100%
Chongqing Eco Village	260,937	Residential/ Commercial	28.24%
Xi'an First City	107,091	Residential	92.56%
Shenyang Qipan Hills First Villa	40,852	Residential	50%
Shenyang Eco Village	159,517	Residential	100%
Qingdao Airport International Center	124,256	Commercial	100%
Qingdao Central Park No. 1 • East Park	60,732	Residential	100%
Qingdao Sunny Xiangmi Lake	89,782	Residential	100%
Yantai Sunny Chief Yard	166,696	Residential	100%
Wuxi Gentle House	13,535	Commercial	100%
Zhenjiang Joyous House	127,755	Residential	100%
Kunshan Capital Outlets-Residential	291,880	Residential	100%
Kunshan Capital Outlets-Commercial	50,703	Commercial	100%
Kunshan Eastern Mystery	52,666	Residential	51%
Hannan Capital Outlets Project	29,615	Residential	55%
	2,961,048		

Management Discussion and Analysis

MAIN PROJECT EXHIBITION

Beijing

Xanadu, Beijing — A Benchmark of Luxury Residence in a World-class City



Located 50 metres north from the new CCTV tower, Xanadu is in close proximity to the Mandarin Hotel and Media Park. It is one of the Company's landmark projects of luxury residency in the CBD following the success of Beijing Yintai Centre and Golden Terrace.

Project total GFA: approximately 130,000 sq.m.

The Reflections, Beijing — A Landmark Project that Reflects Traditional Chinese Culture



The Reflections is located in the core government district in western Beijing. Adjacent to several renowned landmarks, including Yu Yuan Tan Park, the China Millennium Monument and the Diaoyutai State Guesthouse, the project boasts a panoramic view and a pleasant living environment surrounded by the Yu Yuan Tan park with a surface area of over 60 hectares and a green landscape of 750,000 sq. m.

Project total GFA: approximately 140,000 sq.m.

Lize Financial District Project



The project is located at the center of Beijing's Lize Financial, and is considered to be a representative of the district's image. The project is positioned as a "Financial Satellite City, The Best in Lize" to provide modern enterprises with an efficient and comfortable office environment while accommodating a series of lifestyle services including shopping, entertainment and casual activities. The project serves as the central landmark complex in Lize Financial District.

Planned project total GFA: approximately 490,000 sq.m.

Management Discussion and Analysis

Shanghai Shanghai Time Flowing In Villa



Time Flowing In Villa is located at the center of Songjiang District. The project is known for its meticulous scientific layout, and the segmentation design guarantees a high unit efficiency rate with comfortable housing conditions. The extra-wide apartments recording at a width of 13.6-meters exemplify the concept of "life +". The project is surrounded by many convenient supporting facilities, including schools, city business centers, hospitals and entertainment facilities.

Planned project total GFA: approximately 140,000 sq.m.

Shanghai • The Happiness



The project is located at the center of Qingpu, and is characterized by small-sized buildings, with neo-classic style architecture providing a broad view of the large surrounding area through a unique south-north design. As BCL's new masterpiece in Shanghai, the project's distinctive terrace as well as its three-bay, south-facing apartments will present residents in Qingpu with a different life experience.

Planned project total GFA: approximately 100,000 sq.m.

Shanghai Yangpu Pingliang Project



The Yangpu Pingliang Project is located in the Bund in the eastern Yangpu district, only 2.6 kilometers away from Lujiazui. The project enjoys a premier location and easy access to a complete set of supporting facilities including medical, education and business. This project generates value for the surrounding areas, highlighting the Yangpu CBD and the riverside mansion.

Planned project total GFA: approximately 110,000 sq.m.

Management Discussion and Analysis

Tianjin Tianjin • Dahechenzhang



Located in the inner ring core area of Tianjin city, the project demonstrates BCL's strategic focus on core cities and core areas. The land plot is adjacent to Tianjin West Railway Station and the Bei Yunhe. The project is located above the Subway Route No. 6, and is an extraordinary location with high integrated value.

Project total GFA: approximately 332,000 sq.m.

Tianjin International Peninsula



The International Peninsula is one of the most important strategic projects of the Company. A substantial amount of effort has been put into constructing this metropolitan residential community. Preliminary ideas were developed with the help of the world-class construction company — Atkins Ltd., which contributed the idea of building a low density property project which contains private houses with gardens, small scale high-rise apartments, and properties for education, commerce, finance, medicine, parks and urban facilities.

Project total GFA: approximately 2 million sq.m.

Tianjin First City



The project is adjacent to the Tianjin-Tanggu Highway, next to Lishuang Road, and to the south of the Airport South extension line. As another residential community benchmark built by BCL in southern Tianjin, this project benefits from the educational resources of Tianjin Haihe Education Park and the development vibe of the industrial and technological zone nearby. This project highlights the comfort of a high-quality neighborhood with excellent views along the beautiful Gongni River.

Project total GFA: approximately 480,000 sq.m.

Management Discussion and Analysis

Chengdu and Chongqing Chongqing Hong'en International Living District



The project is located at the core of the Hong'ensi region in Jiangbei district, the main city of Chongqing. The region is next to the Jiangbeizui CBD and in Hong'ensi Park, the largest central park in the city. The project comprises of serviced apartments named "InterContinental Guest House" and townhouses "Duxin", with theme parks built in the styles of different countries.

Project total GFA: approximately 950,000 sq.m.

Chongqing — Eco Village



This is the Company's first "Eco Village" project. It is located in the Xiyong core business area, one of the six parks of the Chongqing urban zone and one of the five new biggest business districts. The Eco Village is surrounded by the Xiyong Micro-electronic Industrial Park, a tax free port and universities, all of which have been strategically developed by the country. It is a prominent location with convenient transportation. The Company has integrated LOFT, SOHO apartments, high rises and commercial streets in this area in order to build up a one-stop international life style for the youths in this new area.

Project total GFA: approximately 490,000 sq.m.

Chengdu Wanjianshan



Chengdu Wanjianshan is located on the extension line of Dongdajie in the Chengdong Financial Centre of Chengdu. It is adjacent to Yidu Road, Chenglong Road and Subway No. 2, which opened for passengers in 2013. The project has a view of the Chenglong Campus of Sichuan Normal University, and the Sichuan Normal University is right at its south. It is also surrounded by unique natural resources including the Sansheng Flower Garden and Swan Lake.

Project total GFA: approximately 540,000 sq.m.

Management Discussion and Analysis

Residence + Outlet Series Ballet Town, Beijing — International Lifestyle at CSD



The project is located in Changyang Town, Fangshan District, Beijing. It is in close proximity to Changyang West Station of the Fangshan line on the intercity railway and is only a 30-minute drive from Financial Street in Beijing via the Beijing-Shijiazhuang Expressway. This is a representative project of the Group's integrated Residential + Outlet business line in Beijing, featuring discount stores for world renowned brands.

Project total GFA: approximately 340,000 sq.m.

Hainan Integrated Outlets Project



The project is located in Wanning city in the eastern part of Hainan, an island province which is an international tourist destination. Wanning is a coastal city in Southern China, and is surrounded by the South China sea, Qiongzong, Lingshui and Qionghai, with rich natural resources in close proximity. It is an international tourism and cultural district in a unique natural environment with shopping and tourist attractions.

Project total GFA: approximately 310,000 sq.m.

Huzhou Integrated Outlets Project



Situated at the center of the southern Taihu Lake tourist district, Ballet Town is surrounded by the Taihu Lake Changdougang, and Meixi Road. Binhu Road runs through the whole project. One of the main special features is that it is equipped with outlets, luxurious five star hotels and high end villas. The project will be built in the style of a small European town, which includes private villas, townhouses, houses with gardens and lake-view apartments. Tuscan style villas will be built in a natural setting which is rich in water resources to create a waterfront area, catering towards high-end purchasers.

Project total GFA: approximately 920,000 sq.m

Management Discussion and Analysis

Kunshan Integrated Outlets Project



The project is located at the south-east corner of the East New Town of Kunshan City, alongside the South High Technology Enterprise Park. This region has a large customer base and market demand. This project is BCL's first debut in Kunshan. Approximately 180,000 sq.m. of this project's site area will be occupied by commercial buildings such as outlets, and there will be some sidewalk shops. It has a near 40% green space ratio with ART DECO style to express elegance and a sense of fashion.

Planned project total GFA: approximately 1.3 million sq.m.

Overseas Project Sydney • Project Eve



The project is situated in Erskineville, in Sydney, which is 3 km away from Sydney's CBD. With convenient transportation and in a prime location, it is only 300 meters away from the Erskineville train station, and is in close proximity to the University of Sydney and University of New South Wales. The project is positioned as a mid- and high-end residential apartment, with apartments configured into mostly one and two-bedroom layouts, along with a few three-bedroom units and villas. Pre-sale of the first phase started in July 2014.

Project total GFA: approximately 34,000 sq.m.

Sydney • Project Carlingford



Located in a prime location and in close proximity to Carlingford train station, the project has access to many highways and is only 25-minutes by car from Sydney's CBD. It has high-quality ancillary facilities and is surrounded by many quality universities and schools. The project is positioned as a mid- and high-end residential apartment, with clients consisting of white-collar middle class homeowners, overseas students, and investors. Pre-sale of the first phase started in December 2014.

Project total GFA: approximately 128,000 sq.m.

Management Discussion and Analysis

Sydney • Project Merrylands



The project is located in Merrylands in western Sydney and near Parramatta, which was recognized as Sydney's second CBD. It is about 25 kilometers away from Sydney CBD and quite close to the Merrylands railway station. The project has easy access to education institutes and various living facilities.

Project total GFA: approximately 106,000 sq.m.

SALES PERFORMANCE

In 2015, all projects of the Company achieved total contracted sales of RMB32.51 billion, up 30.8% from the same period last year. The total contracted sales area amounted to approximately 2.787 million sq.m., up 11.7% from the same period last year.

City	Approximate Contracted Sales Area (sq.m.)	Approximate Contracted Average Selling Price (RMB/sq.m.)	Approximate Contracted Sales Revenue (RMB'000)
Beijing	704,446	13,852	9,757,819
Tianjin	781,069	8,990	7,021,675
Shanghai	176,254	23,197	4,088,493
Chongqing	229,703	6,865	1,577,025
Chengdu	97,741	7,703	752,908
Others	621,344	6,783	4,214,865
Sydney	176,882	28,825	5,098,677
Total	2,787,439	11,664	32,511,462

Management Discussion and Analysis

Policies related to the property industry were gradually loosened in 2015, leading to the sector demonstrating a stable yet upward trend of development, especially in first- and second-tier cities. However, industry growth has been bottlenecked by a lack of developable lands in various cities, while product inventory remains high, meaning de-stocking will be the main theme for the foreseeable future. With competition intensifying, the industry is entering an “era of quality” from an “era of quantity.” Demand for high-quality residential properties and services will continue to increase, and the Group believes there is a vast potential for upgrade-orientated products for homebuyers.

Since the implementation of the new five-year strategy, the Group has been working on investing in core cities to acquire ample inventory. During the year, the Group pushed sales performance to a new record.

1. The Group maintained its focus on high-turnover, home-buyer-oriented products to push sales volume to a new record. Leveraging on comprehensive marketing channels, projects geared towards first time homebuyers in core cities, which the Group invested into at the start of its new strategic five year plan, proved to be a major contributor to sales. In 2015, 87% of total contracted sales were in five core cities and Sydney, representing a year-over-year increase of 10 percentage points, further highlighting our successful regional focus.
2. The Group proactively increased the proportion of products offered for homebuyers looking for upgrades to meet market demand. The homebuyer-oriented projects in Shanghai that the Group made investments into in 2014 recorded solid results, with contracted sales in 2015 exceeding RMB2 billion.
3. The Group sought to balance volume and price, and to take both scale and profits into account. For key projects in core cities, the Group implemented a reasonable price range and coordinated sales activities to reduce invalid turnover. In 2015, the average contracted selling price was RMB11,664 per sq.m., representing a year-over-year increase of 17%.
4. The Group increased overseas investment and recorded a high sell-through rate. During the year, the Group’s three new projects in Australia were all sold out and contributed contracted sales of approximately RMB5.1 billion.

LAND BANK

In 2015, the land market recorded a diversified performance across various regions. Third- and fourth-tier cities saw a downturn as developers were confronted with high inventory pressure. In first-tier cities, the competition for land was intense, particularly in the second half of 2015 as their respective local Governments released large amounts of land supply towards the year end. Developers eyed land plots in first-tier cities such as Beijing and Shanghai, where the average selling price and premium both recorded significant increases during the year.

During the year, the Group continued to focus strategically on regions where it has competitive advantages and obtained quality land plots via different channels adopting a competitively differentiated strategy, paving the way for future growth. During the year, the Company added GFA of 3.43 million sq.m. to its land bank for an aggregate amount of RMB22.4 billion. Of which, five core cities and Sydney accounted for 95%, while Beijing and Shanghai together accounted for 70%.

Management Discussion and Analysis

Strengthen Advantages in Resources, and Benefit from Beijing-Tianjin-Hebei Integration

The Beijing-Tianjin-Hebei region has become a key area in the Government's national development plan and BCL's regional competitive edge will present great development opportunities and huge growth potential. During the year, the Group captured various regional development opportunities and leveraged its synergies with Beijing Capital Group's infrastructure business to push forward its regional property business. Notably, the Group obtained the Haidian Yongfeng Industrial Base F1 and B2 land plots totaling nearly 500,000 sq.m. GFA as a result of the strategic cooperation between Beijing Capital Group and Zhongguancun Development Group. The Group aims to develop an industrial property business model from this project and create new profit growth drivers by utilizing a competitively differentiated strategy. In addition, the primary development project in Wuqing District, Tianjin went well with new land plots listed, and the Group is likely to participate in the second phase of this project's primary development in the future. Also, the Group was authorized to execute the Shijingshan primary land development project in Beijing and the land expropriation process is on track.

Achieve Breakthroughs Using "Big Shanghai" Strategy with Newly Acquired Core Land Resources

During the year, the Group successfully obtained the Pingliang community land plot in Yangpu District with a planned GFA of 119,000 sq.m.. Located within the inner ring of Shanghai and positioned as a high-end residential and commercial project, it was the Group's first ever core urban project in Shanghai and is set to increase BCL's brand awareness and market influence in the city. As at the end of 2015, the Company possessed eight land plots in Shanghai, from Songjiang to Yingpu in Qingpu and Jiading, and the Group's "Big Shanghai" Strategy is shaping up.

Accelerate Expansion of Outlets Business, and Lay a Foundation for Capital Judo to be the Biggest Outlets Operator in China

During the year, Capital Judo, the commercial property operating platform of the Group, added Nanchang, Hangzhou, Wuhan and Changsha outlet projects through the open market and equity cooperation with various partners. Up to February 2016, Capital Judo newly acquired outlets project in Xi'an and Zhengzhou, an achievement highlighting its rapid business expansion and further presses its advantage in the industry. The outlets business of the Group has successfully deployed in a total of ten cities, demonstrating significant competitive advantage in terms of scale.

As of 31 December, 2015, the Group's land bank had an aggregate GFA of 11.30 million sq.m. (8.57 million sq.m. of which was attributable to the Company's equity interests) and had a total ground area of 9.11 million sq.m. (6.99 million sq.m of which was attributable to the Company's equity interests). Of the total land bank GFA, approximately 88% is for property development projects, 11% is for property investment projects, and 1% is for hotels. The existing land bank is considered to be of optimum scale and the resources in the Group's core cities are sufficient. The Group believes the current land bank will be sufficient to meet the growth expectations and performance goals of the Group for the next three years.

Management Discussion and Analysis

New Investment Projects in 2015

City	Project	Site Area of land (sq.m.)	Total GFA (sq.m.)	Ground GFA (sq.m.)
Beijing	Block 17 Project in Shunyi New Town	85,056	193,676	127,584
Beijing	Renhe Project in Shunyi District	40,669	148,307	109,807
Beijing	Zhaoquanying F2-01 Project in Shunyi District	17,277	45,670	34,555
Beijing	Nanfaxin (Block 26 Shunyi New Town) Project in Shunyi District	88,702	297,467	206,707
Beijing	Haidian Yongfeng Industrial Base Project Plot F1	65,219	291,175	208,702
Beijing	Haidian Yongfeng Industrial Base Project Plot B2	59,750	212,437	149,376
Beijing	Miyun New Town Project	56,254	172,686	123,533
Shanghai	Pingliang Plot in Yangpu District	32,360	119,207	80,842
Shanghai	53-04 Project in Qingpu District	31,690	89,699	63,381
Tianjin	Zhongshan Road Project in Hebei District	22,455	179,648	124,000
Tianjin	Xinzhuang Plot 5 in Jinnan District	82,164	186,893	147,893
Tianjin	International Peninsula Plot 06-09	40,541	54,019	45,184
Tianjin	International Peninsula Plot 07-08	24,584	17,859	17,172
Chengdu	Huaxin Village Project in Jinjiang District	95,663	285,413	191,326
Chengdu	Box 68 Project in Chenghua District	50,836	323,200	228,759
Nanchang	Outlets Project in Nanchang	86,987	193,588	122,480
Hangzhou	Outlets Project in Hangzhou	101,691	109,047	109,047
Wuhan	Outlets Project in Wuhan	89,757	107,708	107,708
Changsha	Outlets Project in Changsha Plot A	72,358	107,890	61,719
Sydney	Phase 1, Project Merryland	5,480	40,000	40,000
Sydney	Project North Rocks	18,638	15,117	15,117
Sydney	Phase 1, Project Mega	54,568	73,299	73,299
Sydney	Phase 2, Project Merrylands	21,043	91,241	91,241
Sydney	Phase 2, Project Mega	30,579	70,550	70,550
Total		1,274,321	3,425,796	2,549,982

Management Discussion and Analysis

HUMAN RESOURCES

As of 31 December 2015, the Group has a professional team of 1,952 staff with an average age of 32.8. In terms of education level, 77% of employees graduated with bachelor degrees or above, and 10.5% of these employees have a master's degree or above. Employees with intermediate or senior professional titles accounted for 21.8%.

In 2015, the Group upgraded and divided its headquarters functions into three major management platforms in order to enhance internal proficiency and operating efficiency, and also to foster a sound organization. The Group adopted a centralized management structure, and further streamlined its working teams during the year. Through a market-oriented employment mechanism as well as contract employment system, the Group's key performance per capita remains at an industry leading level. During the year, the group placed considerable effort to integrate information technology into its internal management system, improving work mobility of its employees and achieving high efficiency information flow. The Group also implemented a co-investment scheme and appraisal system to foster increased entrepreneurship across its teams, boost employee morale and create shared value throughout the Group, generating greater value for shareholders.

BUSINESS MODEL

Residential Property Development

The Company will continue to adhere to the strategy focused on Beijing, Shanghai, Tianjin, Chongqing and Chengdu and their surrounding cities. Meanwhile, the Company will identify development opportunities in popular cities like Shenzhen. For first-time home buyers and home buyers looking for upgrades, standardized products that are well-designed and with reasonable prices will be a focus for the Company. We will continue to pursue outstanding customer service and further strengthen the prestige brand recognition of BCL.

Outlets

With Capital Juda being an integrated commercial property platform, BCL aims to expand outlets business into principal cities and popular cities across China through dynamic strategies, including constructing by ourselves, mergers and acquisitions and joint ventures. We expect to build up business competitive advantages that offer economies of scale, and as we move ahead, we aim to be the biggest outlets chains in China. Meanwhile, Capital Juda will strive to build connectivity between consumers and brands, operate in a comprehensive manner, and ultimately achieve great success for all business players.

Urban Core Complex

High-end urban core complexes, the commercial projects that are developed above metro stations in core areas of first-tier cities such as Beijing, Shanghai, and Shenzhen, would be a key focus. By introducing top-tier business partners and integrating resources such as land, capital and operations, the Group endeavors to develop landmark projects, which would bring value-added returns and securitized core assets; and continue to push ahead the development of its core complex business line and establishment of its asset expansion platform.

Primary Land Development

Primary land development would be a key area for residential property development. The business model not only allows us to increase the value-added on land resources, but to acquire those prime resources at low cost. In addition, large-scale development as such leaves us room to explore and develop industry-city integration models, which is a way to increase land values and create differentiated competitive edges.

Management Discussion and Analysis

STRATEGY AND VISION

Looking ahead into 2016, the property industry will adapt to the “New Normal”, characterized by better quality and higher efficiency. While the total developable lands for residential use are limited, the trend of regional divergence will become more obvious. The property markets in first- and second-tier cities will still display great potential for growth, whereas third- and fourth-tier cities are unlikely to record a turnaround from high inventory levels in the short run. In the long run, factors including further rural-urban migration will support market demand, so the property industry is expected to continue its rally for a prolonged period of time.

In the new development phase of the industry, property developers will be confronted with new transformation opportunities. Firstly, as the industry enters an “era of quality” from an “era of quantity”, the market demand for quality products will increase as a result of industry upgrades and growing purchasing power. It is important for developers to figure out how to provide products with a high cost-performance ratio and how to transform their business models into a light-asset service-oriented structure. Secondly, the market will shift its focus from “residential property” to “industrial property”. To support expanding industry infrastructure, the industrial property sector will enjoy strong growth, particularly the consumer property and industrial park property segments. Using property as the foundation of developing industries, developers may be able to create a unique business operation model by adding relevant facilities and services to projects.

In 2016, the Group will further upgrade its development strategies with the principle of “quality growth”. In addition to expanding scale, the Group will strive to improve operational performance. Playing to its own advantages and riding on its competitive differentiation strategy, the Group aims to achieve its business transformation and upgrades in the following aspects:

- ✓ **Improve sales quality by balancing sales price and volume** — the Group will strengthen its product supply management to guarantee that product supply will be sufficient and launched at a reasonable pace throughout the year. With the development of integrated sales channels and innovations in consumer finance, the Group will strive to achieve its full-year target of RMB38 billion in contracted sales. The Group will continue to balance price and volume and efficiently manage accounts receivables.
- ✓ **Adopt differentiation strategy to acquire core resources** — the Group will remain focused on five core cities, and also tap into the Shenzhen market. The investment focus will be on upgrade-oriented residential projects and core complex projects. The Group will establish a rail transit department and an industrial land department as part of its competitively differentiated strategy, with the aim of acquiring more resources in Beijing’s central business district. This strategy will also advance the Shijingshan reconstruction project, where the Group will utilize its advantage of being a state-owned enterprise and leverage on synergies with Beijing Capital Group. Moreover, the Group will expand overseas investments at a stable pace. While the Group already has a foothold in Australia, it will explore further investment opportunities in core cities throughout Europe and the United States, which the Group expects could become a new profit growth driver in the future.
- ✓ **Streamline business value chain and boost operational efficiency** — the Group will fully implement product standardization procedures and establish a residential product experience center, aiming to build up its urban high-end product line. In terms of procurement, the Group will deepen strategic cooperation with suppliers and expand the scope of work of main strategic contractors, improving the quality of its supply chain. The Group will also take measures to execute cost control and establish a precise, transparent and standardized cost control system.

Management Discussion and Analysis

- ✓ **Cultivate new growth point that will generate long-term profits** – As part of its long-term development roadmap, the Group will initiate new projects with moderate investments, exploring new business segments that have potential to provide future profit growth momentum. The Group will build up an “education + property developer” model and boost international cooperation based on the Sino-France University City project and the Wuqing international school project. It will also attempt to explore a sustainable business model for retirement properties based on the current retirement project in Shunyi, focusing on mid-to-high-end products and cooperating with professional retirement institutions. In addition, the Group will leverage on the Zhongguancun Integrated Circuit Design Industrial Park project and strategically collaborate with professional high-tech industrial park management teams in order to explore markets such as industrial property and technology property.
- ✓ **Optimize capital structure and drive financing innovation** – The Group will actively propel the submission of A-Share listing application to set up domestic equity financing channels. The Group will fully deploy its flexible red-chip platform to connect international funds and commercial networks and bring in strategic investors to improve the Group’s core capital capacity. The Group will also adopt equity financing at the project level to deepen joint ventures, focusing existing residential fund on core regions of first-tier cities, with the aim to ultimately push the model to all projects. As for debt financing, the Group will control financing costs and maintain its debt at a reasonable scale following its upcoming offering of RMB10 billion of private placement bonds. The Group will also get access to better resources through mergers and acquisitions, focusing on property related industries, financing, and state-owned enterprise (SOE) reforms to pave the way for the Group’s business transformation while providing new growth drivers. Concurrently, these new businesses are expected to create synergies with the Group’s traditional businesses.

FINANCIAL ANALYSIS

1. Revenue and Operating Revenue

In 2015, revenue of the Group was approximately RMB15,833,595,000 (2014: RMB10,057,967,000), representing an increase of approximately 57% from 2014. Such increase in revenue was mainly attributable to the increase in new projects completed and occupied during the period.

In 2015, the Group achieved a gross profit margin after business tax of approximately 12%, representing a decrease of 12 percentage points when comparing with 24% in 2014, which was mainly attributable to a decrease in proportion of revenue with higher gross profit margin from key areas such as Beijing during the period when compared with 2014.

In 2015, the operating profit of the Group was approximately RMB3,608,592,000 (2014: RMB2,875,276,000), representing an increase of approximately 26% from 2014.

2. Financial Resources, Liquidity and Liability Position

During the period under review, the Group maintained a healthy liquidity position and a reasonable appropriation of financial resources. As at 31 December 2015, the Group’s total assets were RMB101,801,398,000 (31 December 2014: RMB78,679,556,000) and non-current assets were RMB19,141,872,000 (31 December 2014: RMB11,335,190,000) and the total liabilities were RMB78,164,826,000 (31 December 2014: RMB57,266,030,000), of which current liabilities were RMB34,672,003,000 (31 December 2014: RMB33,814,386,000) and non-current liabilities were RMB43,492,823,000 (31 December 2014: RMB23,451,644,000), and shareholder’s equity were RMB23,636,572,000 (31 December 2014: RMB21,413,526,000).

Management Discussion and Analysis

The Group has sound liquidity and solvency. Current ratio of the Group as at 31 December 2015 was 2.38 (31 December 2014: 1.99).

As at 31 December 2015, the Group's cash and bank deposit amounted to RMB17,747,986,000 (31 December 2014: RMB13,897,026,000), which represented sufficient cash flow for operations.

As at 31 December 2015, bank loans and debentures of the Group amounted to RMB46,349,475,000 (31 December 2014: RMB32,528,152,000), of which the long-term loan and debentures amounted to RMB36,587,739,000 (31 December 2014: RMB20,948,474,000), which were mainly used to satisfy the capital requirements of the Group's property development projects.

As at 31 December 2015, the Group's gearing ratio was approximately 77% (31 December 2014: 73%). The gearing ratio of the Group is calculated by the total liabilities divided by total assets.

3. Changes in major subsidiaries, joint ventures and associates

Shanghai Shoupu Real Estate Co., Ltd. (上海首浦置業有限公司), a subsidiary of the Group, was established in January 2015, and 100% of its equity interest was held by the Group.

Shanghai Shouqing Real Estate Co., Ltd. (上海首青置業有限公司), a subsidiary of the Group, was established in January 2015, and 100% of its equity interest was held by the Group.

Beijing Jinyifeng Real Estate Co., Ltd. (北京金億豐置業有限公司), a subsidiary of the Group, was established in March 2015, and 100% of its equity interest was held by the Group.

Beijing Tianzhiying Real Estate Co., Ltd. (北京天智盈置業有限公司), a subsidiary of the Group, was established in March 2015, and 100% of its equity interest was held by the Group.

Tianjin Xingtai Jisheng Real Estate Co., Ltd. (天津興泰吉盛置業有限公司), a subsidiary of the Group, was established in March 2015, and 100% of its equity interest was held by the Group.

Beijing Xujia Real Estate Co., Ltd. (北京旭嘉置業有限公司), a subsidiary of the Group, was established in May 2015, and 100% of its equity interest was held by the Group.

Shanghai Shouyang Investment Co., Ltd. (上海首揚投資有限公司), a subsidiary of the Group, was established in July 2015, and 100% of its equity interest was held by the Group.

Jiangxi Capital Outlets Real Estate Co., Ltd. (江西首創奧特萊斯置業有限公司), a subsidiary of the Group, was established in August 2015, and 92.56% of its net assets was held by the Group.

Nanchang Shouxin Chuangsheng Real Estate Co., Ltd. (南昌首信創盛置業有限公司), a subsidiary of the Group, was established in August 2015, and 92.56% of its net assets was held by the Group.

Hangzhou Capital Outlets Real Estate Co., Ltd. (杭州首創奧特萊斯置業有限公司), a subsidiary of the Group, was established in November 2015, and 92.56% of its net assets was held by the Group.

Shanghai Shouhu Investment Co., Ltd. (上海首湖投資有限公司), a subsidiary of the Group, was established in November 2015, and 100% of its equity interest was held by the Group.

Wuhan Capital Juda Outlets Commercial Management Co., Ltd. (武漢首創鉅大奧特商業管理有限公司), a subsidiary of the Group, was established in December 2015, and 91.63% of its net assets was held by the Group.

Management Discussion and Analysis

During the year, Beijing Capital Juda Limited (“Capital Juda”), a subsidiary of the Group, issued preference shares to the Group for acquiring 100% equity interest of Xi’an Capital Xinkai Real Estate Development Co., Ltd. (西安首創新開置業有限公司) (hereinafter “Xi’an Xinkai”), a subsidiary of the Group. Upon completion of the acquisition, the net assets of Capital Juda and Xi’an Xinkai were held as to 92.56% by the Group.

During the year, the Group held 20% of equity interest in Tongchuang Jinlong Real Estate Co., Ltd. (北京同創金龍置業有限公司) (hereinafter “Tongchuang Jinlong”) after capital injection. In the same period, the Group acquired 5% of equity interest in Tongchuang Jinlong. Upon completion of the acquisition, Tongchuang Jinlong was held as to 25% by the Group.

During the year, the Group acquired 50% of equity interest in Beijing Zhongguancun IC Park Development Co., Ltd. (北京中關村集成電路設計園發展有限責任公司) (hereinafter “ZGC IC Park”). Upon completion of the acquisition, ZGC IC Park became a joint venture of the Group.

During the year, the Group invested in the establishment of Shanghai Songming Real Estate Development Co., Ltd. (上海松銘房地產開發有限公司) (hereinafter “Shanghai Songming”). Upon completion of the investment, the Group held 28% of equity interest in its joint venture, Shanghai Songming.

During the year, the Group invested in the establishment of Shanghai Henggu Real Estate Development Co., Ltd. (上海恒固房地產開發有限公司) (hereinafter “Shanghai Henggu”). Upon completion of the investment, the Group held 28% of equity interest in its joint venture, Shanghai Henggu.

During the year, the Group invested in the establishment of Beijing Dacheng Guangyuan Real Estate Co., Ltd. (北京達成光遠置業有限公司) (hereinafter “Dacheng Guangyuan”). Upon completion of the investment, the Group held 12.5% of equity interest in its joint venture, Dacheng Guangyuan.

During the year, the Group invested in the establishment of Beijing Jinlong Yonghui Real Estate Co., Ltd. (北京金龍永輝置業有限公司) (hereinafter “Jinlong Yonghui”). Upon completion of the investment, the Group held 14.55% of equity interest in its joint venture, Jinlong Yonghui.

During the year, the Group invested in the establishment of Shouwan Yuye (Shanghai) Property Services Co., Ltd. (首萬譽業(上海)物業服務有限公司) (hereinafter “Shouwan Yuye”). Upon completion of the investment, the Group held 51% of equity interest in its joint venture, Shouwan Yuye.

During the year, the Group subscribed 22.50% of the intermediate fund units of Zhuhai Hengqin Ruiyuan Weihua Equity Investment Centre (Limited Partner) (珠海橫琴瑞元偉華股權投資中心) (hereinafter “ZHWF”). According to the partnership agreement, the Group and other shareholders jointly control the investment and operation strategy of ZHWF, and therefore ZHWF has been accounted for as a joint venture.

During the year, the Group disposed 40% of equity interest in Shanghai Shoujia Real Estate Co., Ltd. (上海首嘉置業有限公司) (hereinafter “Shanghai Shoujia”). Upon completion of the disposal, the Group held 60% of equity interest in Shanghai Shoujia, and could exercise significant decision-making of Shanghai Shoujia jointly with partners. Hence, Shanghai Shoujia became a joint venture of the Group.

Management Discussion and Analysis

During the year, the Group reached an agreement with partners of Beijing Capital Qinglv Real Estate (Kunshan) Co., Ltd. (首創青旅置業(昆山)有限公司) (hereinafter "Capital Qinglv") to jointly exercise significant decision-making of Capital Qinglv. Upon the completion of amending the article of association, Capital Qinglv became a joint venture of the Group.

During the year, the Group disposed of 100% equity interest in Central Plaza Xinrong Hotel Management Co., Ltd. (北京中環鑫融酒店管理有限公司).

During the year, the Group disposed of 12.5% equity interest in Beijing Tiancheng Yongtai Real Estate Co., Ltd. (北京天城永泰置業有限公司) (hereinafter "Tiancheng Yongtai"). Upon completion of the disposal, the Group held 50% equity interest in Tiancheng Yongtai, and could exercise significant decision-making of Tiancheng Yongtai jointly with other shareholders. Hence, Tiancheng Yongtai became a joint venture of the Group.

4. Entrusted Deposits and Overdue Time Deposits

As at 31 December 2015, the Group did not have any deposits under trusts in financial institutions in the PRC. All of the Group's cash was held in commercial banks in PRC in accordance with applicable laws and regulations. The Group has no bank deposits which are not recoverable upon maturity.

5. Borrowings

As at 31 December 2015, bank loans of RMB3,404,700,000 (31 December 2014: RMB3,997,162,000) were secured by certain properties under development.

As at 31 December 2015, bank loans of RMB809,000,000 (31 December 2014: RMB497,900,000) were secured by fixed assets and land use rights.

As at 31 December 2015, bank loans of RMB1,728,550,000 (31 December 2014: RMB479,500,000) were secured by the guarantee provided by the Group for its subsidiaries.

As at 31 December 2015, bank loans of RMB8,096,446,800 (31 December 2014: RMB7,085,100,000) were secured by the guarantee provided by the Group for its subsidiaries, and secured by certain properties under development of the subsidiaries.

As at 31 December 2015, bank loans of RMB100,000,000 (31 December 2014: RMB540,000,000) were secured by the guarantee provided by the Group for its subsidiaries, and secured by properties and buildings under development of the subsidiaries of the Company and pledged by its corresponding income right.

As at 31 December 2015, bank loans of RMB600,000,000 (31 December 2014: RMB900,000,000) were secured by the guarantee provided by the Group for its subsidiaries, and secured by land use rights under development of the subsidiaries of the Group and pledged by equity interests.

As at 31 December 2015, bank loans of RMB694,029,000 (31 December 2014: RMB2,311,105,000) were pledged by bank deposits of the Group.

Management Discussion and Analysis

As at 31 December 2015, bank loans of RMB57,500,000 (31 December 2014: RMB72,500,000) were pledged by the entire equity interests of and the income arising from primary land development of the Group.

As at 31 December 2015, bank loans of RMB4,728,000,000 (31 December 2014: RMB362,070,000) were credit loans obtained by the Group.

As at 31 December 2015, bank loans of RMB1,220,000,000 (31 December 2014: RMB5,220,000,000) were secured by the guarantee provided by Capital Group for the Group, and secured by land use rights under development of the Group.

As at 31 December 2015, bank loans of RMB2,370,000,000 (31 December 2014: RMB1,050,000,000) were pledged by the equity interests of subsidiaries held by the Group and the guarantee provided by the Group.

As at 31 December 2015, bank loans of RMB760,000,000 (31 December 2014: RMB780,000,000) were secured by the guarantee provided by Capital Group and the Group for its subsidiaries.

As at 31 December 2015, bank loans of RMB8,200,000,000 (31 December 2014: RMB5,000,000,000) were secured by the guarantee provided by Capital Group for the Group.

6. Corporate Bonds

In November 2015, Central Plaza Development Ltd. repaid the RMB bonds in a principal amount of RMB2,000,000,000 with an interest rate of 7.60% per annum, which were guaranteed by certain subsidiaries of the Group.

In May 2015, the Group issued 5-year RMB bonds in a principal amount of RMB3,000,000,000 with an interest rate of 4.58% per annum.

In October 2015, the Group issued 3-year RMB private placement bonds in a principal amount of RMB2,500,000,000 with a prevailing interest rate of 4.70% per annum. The issuer shall be entitled to adjust the coupon rate and the investors shall be entitled to sell back the bonds at the end of the second year.

In December 2015, the Group issued 3-year RMB private placement bonds in a principal amount of RMB2,500,000,000 with an interest rate of 4.78% per annum.

7. Note

In February 2014, Central Plaza established a Guaranteed Medium Term Note and Perpetual Securities Programme (the "Programme"), guaranteed by IFC or, as the case may be, the Company, for securities to be issued thereunder. Under the Programme, Central Plaza may offer and issue securities in a principal amount of up to USD1,000,000,000.

In February 2014, Central Plaza carried a drawdown under the Programme to offer and issue 3-year notes in a total principle amount of RMB2,000,000,000 at an interest rate of 5.75% per annum and 5-year notes of RMB250,000,000 at an interest rate of 6.875% per annum.

Management Discussion and Analysis

In April 2014, Central Plaza carried a drawdown under the Programme to offer and issue 3-year notes in a total principle amount of RMB1,000,000,000 at an interest rate of 5.75% per annum to be consolidated and formed a single series with the 3-year notes of RMB2,000,000,000 with an interest rate of 5.75% per annum issued in February 2014.

In July 2015, Rosy Capital, a subsidiary of the Group, issued 3-year RMB notes in a principal amount of RMB1,300,000,000 with an interest rate of 5.25% per annum, which were guaranteed by subsidiaries of the Group.

8. Equity Instrument

As of 31 December 2015, Central Plaza issued a total amount of USD850,000,000 senior perpetual securities. Such securities were guaranteed by certain subsidiaries of the Group including IFC. Such securities have no maturity date and are redeemable at the option of Central Plaza as the issuer. Central Plaza as the issuer may elect to defer distribution with no times limits only if Central Plaza or the Company does not declare or pay a dividend, where:

In April 2013, Central Plaza issued USD400,000,000 senior perpetual capital securities at a distribution rate of 8.375%. In November 2014, Central Plaza issued USD450,000,000 perpetual securities under the Medium Term Note and Perpetual Securities Programme at a distribution rate of 7.125%.

In December 2013, Minsheng Royal established a specific assets management plan and raised a total amount of RMB2,200,000,000. Since the specific assets management plan is set up by the Group's subsidiary as a special purpose entity for financing needs, it is consolidated into the Group. In addition to the subordinated units subscribed for by the Company, the capital raised by such assets management plan amounting to RMB2,010,000,000 was recognized as non-controlling interest in consolidation. In December 2015, all the issued units have been settled, and the portion held by the Group as the subordinate investment holder were recovered.

In June 2014, Minsheng Royal raised a total amount of RMB1,500,000,000. According to the terms of Investment Agreement, the amount of non-controlling interest recognized amounted to RMB1,335,000,000 after deducting the inevitable dividend payable in the foreseeable future. In December 2015, the Group settled such assets management plan.

In December 2014, Minsheng Royal raised a total amount of RMB650,000,000. According to the terms of Investment Agreement, the amount of non-controlling interest recognized amounted to RMB580,125,000 after deducting the inevitable dividend payable in the foreseeable future.

In January 2015, Minsheng Royal raised a total amount of RMB1,080,000,000. According to the terms of Investment Agreement, the amount of non-controlling interest recognized amounted to RMB963,900,000 after deducting the inevitable dividend payable in the foreseeable future.

In January 2015, Tiandi Fangzhong raised a total amount of RMB1,200,000,000. According to the terms of Investment Agreement, the amount of non-controlling interest recognized amounted to RMB1,075,200,000 after deducting the inevitable dividend payable in the foreseeable future.

Management Discussion and Analysis

9. Contingent Liabilities

The Group had arranged bank facilities for certain purchasers of its properties and provided guarantees to secure the repayment obligations of such purchasers. The outstanding balances of guarantees amounted to RMB6,902,006,000 as at 31 December 2015 (31 December 2014: RMB6,482,465,000).

Such guarantees will terminate upon (i) the issuance of the real estate ownership certificate which will generally be available within six months to two years after the Group transfers the ownership of the relevant property to its purchasers; (ii) the completion of the mortgage registration; and (iii) the issuance of the real estate miscellaneous right certificate relating to the relevant property.

As at 31 December 2015, the Group provided guarantees for its subsidiaries' loan of RMB20,263,072,000 (31 December 2014: RMB14,058,600,000).

As at 31 December 2015, IFC, a subsidiary of the Group, provided guarantees for the medium term notes of RMB3,250,000,000 and the senior perpetual securities of USD850,000,000 issued by Central Plaza, a subsidiary of the Group.

As at 31 December 2015, Capital Juda, a subsidiary of the Group, provided guarantees for the notes of RMB1,300,000,000 issued by Rosy Capital, a subsidiary of the Group.

As at 31 December 2015, the Group provided guarantee for the assets management plan of RMB2,930,000,000.

As at 31 December 2015, the Group provided a guarantee amounted to RMB600,000,000 to Capital Jiaming New Town Investment and Development Ltd. ("Capital Jiaming") for a long term borrowing amounted to RMB1,200,000,000.

Save as the above, the Group had no other material external guarantee.

Biographical Details Of Directors, Supervisors And Senior Management

CHAIRMAN

Wang Hao (王灏), aged 48, has been appointed as an executive Director and the Chairman of the Company since August 2015. He was a non-executive Director of the Company from September 2013 to August 2015. Mr. Wang is a senior economist, a professor and a mentor for doctoral students. In January 2013, Mr. Wang joined Capital Group, he served as the deputy chairman from January 2013 to May 2015 and served as the chairman since May 2015. He served as the general manager of Capital Group from January 2013 to November 2015. He was also a non-executive Director of Beijing Capital Juda Limited (Stock Code: 1329). Prior to his appointment with Capital Group, from July 1990 to February 2000, Mr. Wang had worked for Beijing Coal General Company and became its deputy general manager in December 1994. Since February 2000 to March 2001, he served as the deputy head of Beijing Offshore Financing and Investment Management Centre. During March 2001 to July 2001, he served as the director and deputy general manager of Beijing State-owned Assets Management Co., Ltd.. From July 2001 to November 2003, he served as the director and deputy general manager of Beijing Metro Group Company Ltd.. From November 2003 to December 2009, he served as the deputy general manager, director and general manager of Beijing Infrastructure Investment Corporation Limited successively. From September 2009 to January 2013, he served as the deputy head of State-owned Assets Supervision and Administration Commission of People's Government of Beijing Municipality. Mr. Wang is also a director of Beijing Capital Co., Ltd. (SHSE Stock Code: 600008) from September 2013 to September 2015 and the chairman since September 2015, a non-executive director of Beijing Capital Juda Limited (Stock Code: 1329) since December 2013, Beijing Urban Construction Design & Development Group Co., Limited (Stock Code: 1599) since November 2014 and an executive director and the chairman of Capital Environment Holdings Limited (Stock Code: 3989). Mr. Wang obtained his Master degree in Engineering from Fuxin Mining Institute, Liaoning in 1994, and a Doctoral degree in Economics at School of Economics of Peking University in 2006. Mr. Wang has been appointed as a deputy secretary and a deputy district mayor of Chaoyang District, Beijing since November 2015, and he became the district mayor since January 2016.

EXECUTIVE DIRECTORS

Tang Jun (唐軍), aged 56, has been appointed as an executive Director and the President of the Company since December 2002. Mr. Tang is also director of certain subsidiaries of the Company. Mr. Tang has worked for Beijing Municipal Commission of Development and Planning from June 1986 to July 1989 and Beijing Composite Investments Company from July 1989 to October 1995. From October 1995 to May 2004, Mr. Tang was the general manager of Beijing Sunshine Real Estate Comprehensive Development Company. Mr. Tang also serves as Chairman of Yang Guang Co., Ltd. (SZSE Stock Code: 000608) since October 1997, a director of Hua Yuan Co., Ltd. (SHSE Stock Code: 600743) since October 2008 and an executive director and chairman of the Board of Beijing Capital Juda Limited (Stock Code: 1329) since December 2013. Mr. Tang obtained his Bachelor degree in Construction Engineering from Hefei University of Technology in 1982.

Zhang Shengli (張勝利), aged 52, has been appointed as an executive Director of the Company since December 2014. He was a non-executive Director of the Company from December 2011 to December 2014. From 1985 to 1993, Mr. Zhang had worked in the Planning Office of Beijing Material Bureau, the Foreign Economic Cooperation Office of Beijing, and the Production Balance Office of Beijing Planning Commission from 1985 to 1993. From 1993 to 1996, Mr. Zhang had served as a manager of the Operation Department in Beijing International Power Development and Investment Company and a general manager of Beijing Material & Power Company. Mr. Zhang joined Capital Group in January 1996 and has served as the general manager of Beijing Production Materials Trading Company and Beijing Tengfei Technology Investment and Development Corporation, director and deputy general manager of Beijing Capital Group Trading Co. Ltd., and the deputy head of the Industry Restructuring Office of Capital Group. Mr. Zhang has served as general manager of the Department of Operation Management, general manager of the Department of Property, chief investment officer of Capital Group and general manager of Beijing Sunshine Real Estate Comprehensive Development Company. Mr. Zhang has served as secretary of party committee of Beijing Capital Investment & Development Co., Ltd since January 2016. Mr. Zhang obtained his Bachelor degree in Material Management from Capital University of Economics and Business in 1985. He was a postgraduate student majoring Economics in the Graduate School of Chinese Academy of Social Sciences from 1997 to 1999 and obtained the MBA degree from Guanghua School of Management of Peking University in 2004.

Biographical Details Of Directors, Supervisors And Senior Management

NON-EXECUTIVE DIRECTORS

Li Songping (李松平), aged 53, has been appointed as a non-executive Director of the Company since February 2016. Mr. Li is currently a senior accountant. Mr. Li joined Capital Group in March 2006, and has served as deputy general manager and director, and held the position of general manager of Capital Group since November 2015. Prior to joining Capital Group, Mr. Li worked at State-owned 761 Factory from August 1984 to March 1995, and served as the deputy director and the director of the finance department, and he became the deputy plant manager since 1994. From March 1995 to April 1996, he was the deputy director of Electronics Industry Office of the People's Government of Beijing Municipality. From April 1996 to July 1997, he was the director and the general accountant of Beijing Jingzhi Electronics Co., Ltd.. From July 1997 to March 2000, he was the director and the general accountant of Beijing Electronic Information Industry (Group) Co., Ltd.. From March 2000 to March 2006, he was the director and the general accountant of Beijing Electronics Holdings Co., Ltd.. Mr. Li obtained a Master's degree in Management from Changchun University of Science and Technology in 2009.

Song Fengjing (宋豐景), aged 51, has been appointed as a non-executive Director of the Company since December 2014. Mr. Song is currently a senior economist. From August 1991 to February 1995, Mr. Song served as researcher, senior researcher and deputy director in the Research Office of Beijing Municipal Labour Bureau. From February 1995 to May 1999, Mr. Song served as the director of the Employment Management Office of Beijing Municipal Labour Bureau. From May 1999 to May 2000, he served as the director of Employment Management Office and the director of Unemployment Management Office of Beijing Municipal Labour and Social Security Bureau successively. From May 2000 to October 2000, Mr. Song was appointed as the director of the Employment Service Centre of Beijing. From October 2000 to March 2009, Mr. Song was the deputy director of the Beijing Municipal Labour and Social Security Bureau. From March 2009 to January 2013, Mr. Song was a member of party committee and deputy director of Beijing Municipal Human Resource and Social Security Bureau. From January 2013 to present, he has been a vice secretary of party committee and a director of Capital Group. Mr. Song obtained a Master degree in Economics in 1991 and a Doctoral degree in Economics in 2006 from Beijing Normal University.

Shen Jianping (沈建平), aged 59, has been appointed as a non-executive Director of the Company since September 2013. Mr. Shen is a senior political division. In 2005, Mr. Shen joined Capital Group as the general manager officer and director. Prior to his appointment with Capital Group, from 1982 to 1985, Mr. Shen taught at Peking University. From 1985 to 2005, he worked as the lecturer, ex-officio, secretary, director of the Political Department of Foreign Students School and acted as the political commissar of doctoral student force. During the same period, Mr. Shen served as the peacekeeping military observer of United Nations Advance Mission in Cambodia, and the deputy national defense military officer of Chinese Embassy in Iraq. Mr. Shen served as a director of Beijing Capital Co., Ltd (SHSE Stock Code: 600008) from December 2011 to September 2013. He has been appointed as an executive director of Capital Environment Holdings Limited (Stock Code: 3989) since August 2014. Mr. Shen obtained his Master degree from Peking University in 1985.

Biographical Details Of Directors, Supervisors And Senior Management

INDEPENDENT NON-EXECUTIVE DIRECTORS

Ng Yuk Keung (吳育強), aged 51, has been appointed as an independent non-executive Director of the Company since December 2008. Mr. Ng is an executive director and the chief financial officer of Kingsoff Corporation Limited (Stock Code: 3888) since March 2013 and a director of Cheetah Mobile Inc. (NYSE: CMCM) since May 2014. Mr. Ng worked with PricewaterhouseCoopers from 1988 to 2001. From 2004 to 2006, Mr. Ng was the deputy chief financial officer, the joint company secretary and the qualified accountant of Irico Group Electronics Company Limited (Stock Code: 438). Mr. Ng was the vice-president, the chief financial officer, the company secretary and the qualified accountant of China Huiyuan Juice Group Limited (Stock Code: 1886) from 2006 to 2010. Mr. Ng was an independent non-executive director of Winsway Enterprises Holdings Limited (Stock Code: 1733), Zhongsheng Group Holdings Limited (Stock Code: 881) and Sany Heavy Equipment International Holdings Company Limited (Stock Code: 631). Mr. Ng was an executive director and the chief financial officer of China NT Pharma Group Company Limited (Stock Code: 1011) from March 2010 to June 2012. Mr. Ng graduated from the University of Hong Kong with a Bachelor degree in Management Studies and Economics and a Master degree in Global Business Management and E-commerce. Mr. Ng is a professional accountant and a fellow member of both the Hong Kong Institute of Certified Public Accountants and the Association of Chartered Certified Accountants, and a member of the Institute of Chartered Accountants in England and Wales.

Wang Hong (王洪), aged 51, has been appointed as an independent non-executive Director of the Company since December 2011. Mr. Wang is a fellow and eminent member of the Royal Institution of Chartered Surveyors, a member of American Urban Land Institute, and a member of the experts' committee of China Institute of Real Estate Appraisers and Agents. From 1994 to 1996, Mr. Wang was a lecturer at National University of Singapore. From 1997 to 2000, Mr. Wang was the Group Property Manager of Global Operational Centre (Singapore) of East Asiatic Company Ltd. From 2000 to 2002, Mr. Wang was an associate professor of Institute of Real Estate Studies, School of Civil Engineering, Tsinghua University. From 2002 to June 2015, Mr. Wang was an associate professor of School of Economics and Management of Tsinghua University. Since September 2015, Mr. Wang has been the Dean (Chinese) of China Real Estate Executive Education & Research Institute. From December 2009 to June 2011, Mr. Wang was an independent non-executive director of Shenzhen Capstone Industrial Co., Ltd. (SZSE Stock Code: 000038). Mr. Wang obtained his Bachelor degree in Architecture from Tianjin University in 1985, Master degree in Architectural Design from Tsinghua University in 1989, and Master degree in Real Estate Development from Massachusetts Institute of Technology (MIT) in 1993.

Li Wang (李旺), aged 52, has been appointed as an independent non-executive Director of the Company since December 2014. Mr. Li is a professor and a mentor for doctoral students in the School of Law of Tsinghua University, and a director of both Beijing Law Research Society and Chinese Society of International Law. Mr. Li has been an external supervisor of Agricultural Bank of China since June 2015. From April 1993 to March 1994, Mr. Li has served as an assistant lecturer in the School of Law of Kyoto University in Japan. Mr. Li has been a lawyer in Sakamoto Law Firm in Japan, Oh-Ebashi LPC & Partners in Japan and J&R Law Firm in Beijing since April 1994 to November 1997 successively. Since November 1997, Mr. Li has been a lecturer, associate professor and a mentor for doctoral students in the School of Law of Tsinghua University. From October 2000 to October 2015, Mr. Li has been a lawyer in the TCHHF Law Firm in Beijing. Mr. Li has been a lawyer in the Tian Tai Law Firm in Beijing since October 2015. Mr. Li also been an external supervisor of Agricultural Bank of China since June 2015. Mr. Li obtained his Bachelor degree in Laws from China University of Political Science and Law in 1986, Master degree in Laws from Kyoto University in Japan in 1990, and Doctoral degree in Laws from Kyoto Sangyo University in Japan in 2005.

Biographical Details Of Directors, Supervisors And Senior Management

SUPERVISORS

Liu Yongzheng (劉永政), aged 47, has been appointed as a supervisor of the Company since December 2011. Mr. Liu worked as a teacher at the Social Science Faculty of Beijing Institute of Meteorology from 1990 to 1993. From 1993 to 2003, Mr. Liu had worked as a lawyer at Zhong Lun Law Firm, Li Wen Law Firm and J&J Law Firm in Beijing successively. Mr. Liu joined Capital Group in August 2003, and served as the deputy general manager of Audit and Legal Department, general manager of Legal Department and the General Counsel successively. Mr. Liu has served as the deputy general manager of Capital Group, as well as the General Counsel and general manager of Legal Department from August 2011 to September 2015. Mr. Liu has been appointed as a general manager of Beijing Capital Co., Ltd. (SHSE Stock Code: 600008) and an executive Director of Capital Environment Holdings Limited (Stock Code: 3989) since September 2015. Mr. Liu obtained a Bachelor degree in Economic Law from Renmin University of China in 1990, and a Master degree in Laws from Temple University of the United States in 2001.

Fan Shubin (范書斌), aged 47, has been appointed as a supervisor of the Company since December 2011. Mr. Fan served as the head of the Accounting Department of China Nonferrous Metals Industry Technology Development Company Limited from August 1992 to February 1995. He served as the manager of the Financial Department of China Rare Earth Development Company from March 1995 to April 2002. He served as the general manager of the Financial Management Department of Beijing Capital Co., Ltd. (SHSE Stock Code: 600008) from May 2002 to March 2010. He joined Capital Group in March 2010 and has served as the deputy general manager of the Planning and Financial Department. He has been the general manager of the Financial Management Department of Capital Group since August 2012. He obtained a Bachelor's degree in Accounting of Industrial Enterprises from North China University of Technology in 1991 and a MBA degree from Guanghua School of Management Peking University in 2000.

Jiang Hebin (蔣和斌), aged 46, has been appointed as a supervisor of the Company since December 2011. Mr. Jiang served as a project budget engineer of Beijing Central Iron & Steel Research Institute, a senior supervisor of the Planning and Consultation Department of China Energy Conservation Investment Corporation, and a budget engineer of Beijing Sunshine Real Estate Development Comprehensive Development Company from 1993 to 2002. He joined the Company in December 2002 and served as a tendering supervisor of the Department of Operation Management, a contractual budget manager, assistant to general manager and deputy general manager of Beijing Anhua Shiji Real Estate Development Company Limited, and a senior professional manager and the general manager of the Cost Control Center successively. Mr. Jiang has served as the general manager of the Risk Control Center of the Company from January 2011 to July 2014. Mr. Jiang is the general manager of the Strategic Procurement Center of the Company since July 2014. Mr. Jiang obtained a Bachelor degree in Works Pricing Management from Jiangxi University of Science and Technology in 1993 and obtained a Master degree in Management Science and Engineering from the Graduate University of Chinese Academy of Sciences in 2007.

Biographical Details Of Directors, Supervisors And Senior Management

SENIOR MANAGEMENT

Zhang Fuxiang (張馥香), aged 54, has been appointed as a vice president of the Company since March 2006. Ms. Zhang has been serving as financial manager and financial controller of Beijing Sunshine Real Estate Comprehensive Development Company, respectively, since 2000. Ms. Zhang served as the chief financial officer of the Company from January 2003 to February 2007. Since April 1999, Ms. Zhang has been a supervisor of Yang Guang Co., Ltd. (SZSE Stock Code: 000608). Since October 2008, Ms. Zhang has been a supervisor of Hua Yuan Property Co., Ltd. (SSE Stock Code: 600743). Ms. Zhang obtained her Bachelor degree in Economics from the Finance and Accounting Department of the People's University of China in 1985.

Hu Weimin (胡衛民), aged 51, has been appointed as a vice president of the Company since December 2008. Starting from 1988, Mr. Hu had served in Beijing Shougang Corporation, China Shougang International Trade & Engineering Corp. and Beijing Certified Public Accountants Co. Ltd. successively, mainly engaged in technological management, investment management and investment consultancy. He joined Capital Group in 1999 as the manager of the business department of Beijing Guanwei Investment Management and Consultancy Company. He joined the Company in 2002, and was appointed as an assistant president of the Company in December 2006. Mr. Hu has served as a secretary of the Board of Directors from August 2007 to March 2016. Mr. Hu obtained his master degree in engineering from Northeastern University in 1988.

Luo Jun (羅俊), aged 43, has been appointed as a vice president of the Company since December 2011. Mr. Luo has acted as the general manager of the Finance Department of the Company from October 2003 to February 2007. He was appointed as the chief financial officer of the Company in February 2007. Mr. Luo was senior manager of the auditing department in a domestic accounting firm. Mr. Luo is a member of Beijing Institute of Certified Public Accountants and is a certified public accountant in the PRC. Mr. Luo graduated from Beijing Jiaotong University. He obtained his Bachelor degree in Economics in 1993 and Master degree in Economics in 1996.

SECRETARY OF THE BOARD OF DIRECTORS

Qin Yi (秦怡), aged 37, has been appointed as a secretary of the Board of Directors since March 2016. Ms. Qin served in the financial department of Beijing Saikhe Pharmaceutical Co., Ltd. from 2000 to 2001. Ms. Qin joined the Company in July 2004 and served as a professional supervisor of business development department, senior manager of strategy development centre, assistant general manager and deputy general manager of capital management centre respectively. Ms. Qin has served as general manager of the Company's capital management centre since February 2014. Ms. Qin obtained a Bachelor degree in Economics from China Institute of Finance and Banking in 2000 and a Master degree in Economics from School of Economics Peking University in 2004.

COMPANY SECRETARY

Lee Sze Wai (李斯維), aged 33, has been appointed as the company secretary of the Company since November 2014. Mr. Lee is also a company secretary of the Beijing Capital Juda Limited (Stock Code: 1329). Mr. Lee is a member of the Hong Kong Institute of Certified Public Accountants, the Institute of Chartered Secretaries and Administrators and the Hong Kong Institute of Chartered Secretaries. From February 2010 to August 2011, he served as the financial controller and the company secretary of Greenfield Chemical Holdings Limited (Stock Code: 582). From August 2011 to November 2014, he worked with Allied Group Limited (Stock Code: 373) as an assistant company secretary. He was the company secretary of Allied Overseas Limited (Stock Code: 593) from March 2012 to January 2014. Mr. Lee obtained his Bachelor degree in Economics and Finance from the University of Hong Kong in 2004.

Directors' Report

The Board of Directors of the Company is hereby to present to the shareholders their report together with the audited financial statements of the Company and its subsidiaries (the "Group") for the year ended 31 December 2015.

PRINCIPAL ACTIVITIES

The Group is principally engaged in real estate development and investment, commercial real estate operation, property consulting services and investment holding.

RESULTS

The results of the Group for the year ended 31 December 2015, prepared in accordance with China Accounting Standards for Business Enterprises and its financial position as at the same date are set out on pages 75 to 82 of the annual report.

DIVIDENDS

At a Board meeting held on 18 March 2016, the Board proposed a final cash dividend of RMB0.2 per share for the year ended 31 December 2015 based on the total share capital of 3,027,960,000 shares on the date of the Board meeting and the total amount payable will be approximately RMB605,592,000. This proposed dividend is not represented as a dividend payable in the financial statements, but will be reflected as an appropriation of retained earnings for the year ended 31 December 2015.

CLOSURE OF REGISTER OF MEMBERS

(a) 2015 Annual General Meeting

The register of members of the Company will be closed from Friday, 22 April 2016 to Friday, 29 April 2016, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for attending the annual general meeting, all transfer forms accompanied by the relevant share certificates of the H shareholders must be lodged with the Company's share registrar, Computershare Hong Kong Investor Services Limited at Shops 1712 — 1716, 17 Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong not later than 4:30 p.m. on Thursday, 21 April 2016.

(b) Proposed Final Dividend

The register of members of the Company will be closed from Friday, 6 May 2016 to Wednesday, 11 May 2016, both days inclusive, during which period no transfer of shares will be registered. In order to qualify for the proposed final dividend, all transfer forms accompanied by the relevant share certificates of the H shareholders must be lodged with the Company's share registrar, Computershare Hong Kong Investor Services Limited at Shops 1712 — 1716, 17 Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong not later than 4:30 p.m. on Thursday, 5 May 2016. It is expected that the final dividend, if approved by shareholders of the Company at the forthcoming annual general meeting, will be paid by the end of June 2016.

Directors' Report

ENTERPRISE INCOME TAX WITHHOLDING OF OVERSEAS NON-RESIDENT ENTERPRISES

Pursuant to the Corporate Income Tax Law of the People's Republic of China (the "PRC") and other relevant implementation regulations which come into effect in 2008, the Company is required to withhold corporate income tax at the rate of 10% when it distributes the proposed 2015 final dividend to non-resident enterprises (as defined in the Corporate Income Tax Law of the PRC) whose names are registered on the H-share register of members of the Company at 4:30 p.m. on Wednesday, 11 May 2016. Such non-resident enterprises shall include HKSCC Nominees Limited.

No withholding of corporate income tax will be made in respect of dividends payable to natural persons whose names are registered on the H-share register of members of the Company. The Company will withhold corporate income tax for payment pursuant to, and in accordance with, the relevant PRC tax laws and regulations and based on the information as appeared on the H-share register of members of the Company. The Company assumes no responsibility or liability whatsoever for confirming the identity of the Shareholders and for any claims arising from any delay in or inaccurate determination of the identity of the Shareholders or any dispute over the withholding mechanism.

OTHER RESERVES

Details of movements of other reserves of the Group and the Company during the year are set out in notes 5(33), 5(34) and 14(14) to the consolidated financial statements.

FINANCIAL HIGHLIGHTS

The Group's results and summary of assets and liabilities for the last five years are set out on page 5 of this annual report.

KEY RISK FACTORS

The following section lists out the key risks and uncertainties facing the Group. It is a non-exhaustive list and there may be other risks and uncertainties further to the key risk areas outlined below. Besides, this Annual Report does not constitute a recommendation or an advice for anyone to invest in the securities of the Company and investors are advised to make their own judgment or consult their own investment advisors before making any investment in the securities of the Company.

Policy Risks:

In light of a series of regulatory policies on the property market launched by the state, the policies regarding the property industry, credit policies and land policies imposed on the Company are subject to adjustments. The uncertainty associated with those policies may expose the Group to risks and in turn cause adverse effects to our investment, operation and sales volume.

Market Risks:

The competition of land bidding within the property market is intensified in recent years. The property markets of the Group's major projects in regions such as Beijing, Tianjin and Shanghai is experiencing material changes due to the fierce competition. If the Group fails to adjust its product mix in a more prompt and efficient manner than its opponents in response to the changing market demand, the Group will become passive in the competition and exposed to material business risks.

Directors' Report

KEY RISK FACTORS *(Continued)*

Operation Risks:

Since the property market is closely related to the economy and living environment of the nation, the macro-economic trend will influence the overall demand and supply as well as the supply structure of the property market. If the Company fails to address the changing macro-economic trend, the Company's operation, management and future development may be adversely affected.

As our property projects are characterized by the nature of long development cycle, extensive investment and wide involvement of related industries and business partners, any defaults made by our clients, suppliers and business partners or any deficiency or failure of our internal control may cause negative effects on the business operation of the Company. In addition, even the Group has established precaution systems and policies against accidents, there are still chances of accidents which may result in a declining financial position and harms to our reputation.

MAJOR CUSTOMERS AND SUPPLIERS

During the year, the Group purchased less than 28.82% of goods and services from its five largest suppliers and sold less than 0.89% of its goods and services to its five largest customers. The goods sold to the largest customer accounted for less than 0.27% of the revenue and the goods purchased from the largest supplier accounted for less than 8.69%.

None of the directors, their associates or any shareholders (which to the knowledge of the directors own more than 5% of the Company's share equity) had an interest in the major suppliers or customers mentioned above.

FIXED ASSETS

Details of the movement of fixed assets of the Group during the year are set out in note 5(13) to the consolidated financial statements.

PRINCIPAL PROPERTIES

The summary of principal properties owned by the Group is set out on pages 8 to 13 of the annual report.

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

Save as disclosed below in paragraphs headed "Share Capital" and "Long Term Incentive Fund Scheme", neither the Company nor its subsidiaries had purchased, sold or redeemed any of the listed securities of the Company during the year under review.

LONG TERM INCENTIVE FUND SCHEME

On 27 September 2007, the Company had adopted the long term incentive fund scheme (the "Scheme") which was subsequently amended on 25 September 2009 and 14 March 2014, respectively. The Scheme is proposed to encourage the directors, supervisors, senior management and core staff members of the Company for closer ties of their personal interests with the interests of the Company and of the shareholders, as well as for alignment of their personal goals with the common goal of the Company.

As of 31 December 2015, the Scheme had through the trustee purchased 15,300,000 H shares from the market, representing approximately 1.5% of H shares and approximately 0.5% of the entire issued share capital of the Company. The purchased shares have been held in trust by the trustee.

Directors' Report

EQUITY-LINKED AGREEMENTS

As of 31 December 2015, no equity-linked agreements that will or may result in the Company issuing shares or that require the Company to enter into any agreements that will or may result in the Company issuing shares were entered into by the Company.

DIRECTORS AND SUPERVISORS

The directors and supervisors for the year are as follows:

Directors

Executive Directors

Mr. Wang Hao (*Chairman*) (*re-designated as Executive Director and appointed as Chairman on 10 August 2015*)

Mr. Tang Jun (*President*)

Mr. Zhang Shengli

Non-executive Directors

Mr. Li Songping (*Appointed on 26 February 2016*)

Mr. Liu Xiaoguang (*Re-designated as Non-executive Director and resigned as Chairman on 10 August 2015, and resigned on 26 February 2016*)

Mr. Song Fengjing

Mr. Shen Jianping

Independent Non-executive Directors

Mr. Ng Yuk Keung

Mr. Wang Hong

Mr. Li Wang

Supervisors

Mr. Liu Yongzheng

Mr. Fan Shubin

Mr. Jiang Hebin

Mr. Liu Xiaoguang ("Mr. Liu") has resigned as a non-executive Director with effect from 26 February 2016 due to retirement.

The biographical details of directors, supervisors and senior management are set out on pages 43 to 47 of the annual report.

DIRECTORS, SUPERVISORS AND CHIEF EXECUTIVE OFFICER'S EMOLUMENTS

Details of directors, supervisors and chief executive officer's emoluments are set out in note 8(5)(j) to the consolidated financial statements.

Directors' Report

HIGHEST PAID INDIVIDUALS

During the year, the five individuals with the highest remuneration in the Group are all directors and senior management of the Company.

MANAGEMENT CONTRACTS

Except for the connected transaction contracts as stated in this report, 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.

INTERESTS OF DIRECTORS AND SUPERVISORS

As at 31 December 2015, none of the directors, supervisors and chief executive of the Company had any interests or short positions in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO), as recorded in the register required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies. None of the directors, supervisors and chief executive of the Company, their spouses or children under the age of 18 had been granted any rights to subscribe for equity or debt securities of the Company, nor had any of them exercised such rights during the year.

INTERESTS OF DIRECTORS AND SUPERVISORS IN CONTRACTS

Apart from service contracts in relation to the Company's business, no contract of significance to which the Company, its holding company, any of its subsidiaries or its fellow subsidiaries was a party, and in which a director or supervisor had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the year.

INTERESTS OF DIRECTORS AND SUPERVISORS IN COMPETING BUSINESS

During the year and up to the date of this report, the Company and Beijing Capital Juda Limited ("Capital Juda"), an indirect non-wholly owned subsidiary of the Company, had entered into a non-competition deed, in which the Group (other than Capital Juda and its subsidiaries) undertook that they shall not engage in property business in any of the selected cities in the PRC. Accordingly, none of the directors or supervisors or management shareholders has any interest in business which competes or may compete with the business of the Group under the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules").

Directors' Report

SHARE CAPITAL

As at 31 December 2015, there was a total issued share capital of 3,027,960,000 shares of the Company (the "Shares") which include:

	Number of Shares	Approximate percentages of share capital
Domestic Shares	1,649,205,700	54.47%
Non-H Foreign Shares	357,998,300	11.82%
H Shares	1,020,756,000	33.71%

On 10 August 2015, the Company entered into the Domestic Share Subscription Agreement with Beijing Capital Group Co., Ltd. ("Capital Group", the controlling shareholder of the Company). According to the terms of the Domestic Share Subscription Agreement, the Company has conditionally agreed to issue and Capital Group has conditionally agreed to subscribe in cash for an aggregate of 1,000,000,000 new Domestic Shares at the subscription price of RMB3.08 (equivalent to approximately HK\$3.90) per new Domestic Share, raising gross proceeds of approximately RMB3,080 million (equivalent to approximately HK\$3,903 million) (the "Domestic Share Subscription"). The Domestic Share Subscription was completed on 11 November 2015. Details of which has been disclosed in the announcement dated 10 August 2015 and 11 November 2015 and the circular dated 11 September 2015.

Directors' Report

SHAREHOLDERS' INTERESTS IN SHARES

As at 31 December 2015, the following persons (not being director or senior management of the Company), so far as is known to any directors, had interests or short positions in the Shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO:

Name of shareholders	Number of Shares directly and indirectly held	Class of Shares	Approximate percentages in relevant class of shares (%)			Approximate percentages in relevant class of shares (%)		
			Direct interests	Indirect interests	Aggregate interests	Direct interests	Indirect interests	Aggregate interests
Capital Group	1,649,205,700 ⁽¹⁾	Non-listed Shares	82.16 (long position)	-	82.16	54.47 (long position)	-	54.47
Beijing Rongtong Zhenghe Investment Management Co., Ltd. ("Rongtong Zhenghe")	275,236,200 ^(1,2)	Non-listed Shares	-	13.37 (long position)	13.37	-	9.09 (long position)	9.09
Guoda Limited	275,236,200 ⁽³⁾	Non-listed Shares	-	13.71 (long position)	13.71	-	9.09 (long position)	9.09
China Resource Products Limited ("China Resource")	275,236,200	Non-listed Shares	13.71 (long position)	-	13.71	9.09 (long position)	-	9.09
Yieldwell International Enterprise Limited	82,762,100	Non-listed Shares	4.12 (long position)	-	4.12	2.73 (long position)	-	2.73
Feixi Holdings Limited	82,762,100 ⁽⁴⁾	Non-listed Shares	-	4.12 (long position)	4.12	-	2.73 (long position)	2.73
Brocade City Holdings Limited	82,762,100 ⁽⁵⁾	Non-listed Shares	-	4.12 (long position)	4.12	-	2.73 (long position)	2.73
Ngai Shu Susanna	82,762,100 ⁽⁶⁾	Non-listed Shares	-	4.12 (long position)	4.12	-	2.73 (long position)	2.73
Reco Pearl Private Limited	165,070,000	H Shares	16.17 (long position)	-	16.17	5.45 (long position)	-	5.45
Recosia China Pte Ltd	165,070,000 ⁽⁷⁾	H Shares	-	16.17 (long position)	16.17	-	5.45 (long position)	5.45
Recosia Pte Ltd.	165,070,000 ⁽⁸⁾	H Shares	-	16.17 (long position)	16.17	-	5.45 (long position)	5.45
Government of Singapore Investment Corporation (Realty) Pte Ltd.	165,070,000 ⁽⁹⁾	H Shares	-	16.17 (long position)	16.17	-	5.45 (long position)	5.45
HSBC Global Asset Management (HK)	67,472,000	H Shares	6.02 (long position)	-	6.02	2.03 (long position)	-	2.03

Directors' Report

SHAREHOLDERS' INTERESTS IN SHARES *(Continued)*

Notes:

1. 1,649,205,700 Shares are directly held by Capital Group. As of 31 December 2015, China Resources is also held as to 31.53% by Beijing Sunshine Real Estate Comprehensive Development Company* (北京陽光房地產綜合開發公司), which in turn is wholly-owned by Capital Group. Accordingly, Capital Group no longer owns deemed corporate interest of 275,236,200 Shares through China Resource under the SFO.
2. 275,236,200 Shares are deemed corporate interests under the SFO indirectly held through Guoda Limited and China Resource.
3. 275,236,200 Shares are deemed corporate interests under the SFO indirectly held through China Resource.
4. 82,762,100 Shares are deemed corporate interests under the SFO indirectly held through Yieldwell International Enterprise Limited.
5. 82,762,100 Shares are deemed corporate interests under the SFO indirectly held through Yieldwell International Enterprise Limited and Fexi Holdings Limited.
6. 82,762,100 Shares are deemed corporate interests under the SFO indirectly held through Yieldwell International Enterprise Limited, Fexi Holdings Limited and Brocade City Holdings Limited.
7. 165,070,000 Shares are deemed corporate interests under the SFO indirectly held through Reco Pearl Private Limited.
8. 165,070,000 Shares are deemed corporate interests under the SFO indirectly held through Reco Pearl Private Limited and Recosia China Pte Ltd.
9. 165,070,000 Shares are deemed corporate interests under the SFO indirectly held through Reco Pearl Private Limited, Recosia China Pte Ltd. and Recosia Pte Ltd.

Save as disclosed above, so far as is known to the directors, there was no person (other than a director or chief executive of the Company) who, as at 31 December 2015, had an interest or short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO.

DESIGNATED DEPOSIT AND DUE FIXED DEPOSIT

As of 31 December 2015, the Group had no Designated Deposit and Due Fixed Deposit.

EMPLOYEES

As at 31 December 2015, the Group has a total of 1,952 staff. Remuneration is determined by reference to market terms and the performance, qualifications and experience of individual employee. Employee benefits provided by the Group include provident fund schemes, medical insurance scheme, unemployment insurance scheme and housing provident fund. The Scheme has been amended in 2014, details of which have been disclosed in the circular dated 13 February 2014 and approved at the Annual General Meeting held on 14 March 2014.

STAFF HOUSING QUARTERS

During the year, the Group did not provide any housing quarters to its staff.

Directors' Report

CONNECTED AND RELATED PARTY TRANSACTIONS

On 14 January 2015, the Company entered into an investment agreement to establish a joint venture company in PRC with Capital Group (the controlling shareholder of the Company), Beijing Agricultural Investment Co., Ltd. (北京市農業投資有限公司), Beijing Capital Investment & Guarantee Co., Ltd. (北京首創融資擔保有限公司), Beijing Capital Jingzhong (Tianjin) Investment Co., Ltd. (首創經中(天津)投資有限公司), Beijing Shuixing Investment management Co., Ltd (北京水星投資管理有限責任公司), Shouzheng Desheng Capital Management Co., Ltd. (首正德盛資本管理有限公司), being subsidiaries of Capital Group and connected persons of the Company, Jiaying Shoujin Heyi Investment Partnership Enterprise (Limited Partnership) (嘉興首金合益投資合夥企業(有限合夥)) and Dhc Software Co., Ltd.(東華軟件股份公司). The parties expect to invest up to RMB200,000,000 into Beijing Capital Financial Assets Exchange Information Service Co., Ltd. (北京首創金融資產交易信息服務股份有限公司), "Capital Financial Service") by contributing to its registered capital. The Company has agreed to contribute RMB20,000,000, being 10% of the registered capital of Capital Financial Service. Capital Financial Service is to be set up for the purpose of development of financial information platform on the internet. Details of which has been disclosed in the announcement dated 14 January 2015.

On 10 August 2015, the Company entered into the Domestic Share Subscription Agreement with Capital Group (the controlling shareholder of the Company) for the Domestic Share Subscription. Details of which has been disclosed in the announcement dated 10 August 2015 and 11 November 2015 and the circular dated 11 September 2015.

On 9 December 2015, Beijing Zhongzhi Dingtu Real Estate Property Development Limited ("Beijing Zhongzhidingfu", 北京眾置鼎福房地產開發有限公司, being a direct wholly-owned subsidiary of the Company) and Beijing Capital Investment & Development Co. Ltd ("Beijing Capital Investment", 首創投資發展有限公司, being a subsidiary of Capital Group and hence a connected person of the Company) have agreed to make an aggregate capital contribution of no more than RMB920,000,000 to the registered capital of Beijing Liujin Real Estate Co., Ltd. ("Liujin Real Estate", 北京鑾金置業有限責任公司) in proportion to their percentage shareholding in Liujin Real Estate of 40% and 60% respectively. The registered capital of Liujin Real Estate will accordingly be increased from RMB800,000,000 to no more than RMB1,720,000,000. After the injection, the percentage shareholding of Beijing Zhongzhidingfu and Beijing Capital Investment will remain unchanged at 40% and 60% respectively. Details of which has been disclosed in the announcement dated 9 December 2015.

Directors' Report

USE OF PROCEEDS FROM ISSUE OF NEW SHARES

On 10 August 2015, the Company and Capital Group entered into a subscription agreement, pursuant to which Capital Group subscribed 1 billion new domestic shares of the Company in cash at a subscription price of RMB3.08 per share. The fund raising was completed on 22 October 2015, with net proceeds amounting to RMB3,068 million in aggregate after deducting the issuance expenses.

According to the circular regarding the private issue of domestic shares of the Company dated 11 September 2015, approximately RMB1,342 million out of the proceeds was intended to be applied to investment into the three projects in the Beijing-Tianjin area, namely Phase I of Wuqing Project, Xanadu Building No. 5 Project and Shijingshan Project; approximately RMB1,116 million to be applied to investment and development of potential projects on the near future; and the remaining proceeds, representing approximately 20% of the total net proceeds, to be applied to enhance general working capital of the Company. As at 31 December 2015, the net proceeds were utilised for the following purposes:

The use of proceeds from the private issue of domestic shares in 2015 Unit: (RMB'million)

Intended use of proceeds as set out in the circular	Intended amounts to be utilized as set out in the circular	Actual amounts intended to be utilized (Note 1)	Actual amounts utilized as at 31 December 2015	Amounts not yet utilized as at 31 December 2015 (Note 2)
Phase I of Wuqing Project	313.5	313.5	313.5	-
Xanadu Building No. 5 Project	519.3	519.3	0.5	518.8
Shijingshan Project	510.1	510.1	-	510.1
Enhancement of general working capital	614.1	609.0	609.0	-
Investment and development of potential projects	1,116.0	1,116.0	-	1,116.0

Note 1: As mentioned in the circular regarding the private issue of domestic shares of the Company in 2015, approximately RMB3,073 million out of the gross proceeds after deducting the estimated issuance expenses was expected to be utilized for the aforesaid projects. On 22 October 2015, the fund raising was completed, with the actual proceeds amounting to RMB3,068 million in aggregate after deducting the issuance expenses.

Note 2: As at 31 December 2015, the unutilized proceeds of the Company was deposited into the bank account opened with the Company. The remaining proceeds will be utilized according to the use of proceeds disclosed in the circular and the actual development plan of projects.

Directors' Report

LONG-TERM BORROWINGS

Details of the long-term borrowings of the Group are set out in note 5(28) to the consolidated financial statements.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Articles and related laws which oblige the Company to offer new shares on a pro-rata basis to existing shareholders.

SUBSIDIARIES

Details of the Company's significant subsidiaries are set out in note 4(1) to the consolidated financial statements.

POLICIES ON INCOME TAX

The Company and its onshore subsidiaries paid PRC corporate income tax at a rate of 25% of its assessable profits according to the relevant laws and regulations in the PRC. The offshore subsidiaries of the Company paid enterprise income tax according to the relevant laws and regulations therein.

CORPORATE GOVERNANCE

A report on the principal corporate governance practices adopted by the Company is set out on pages 59 to 72.

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, there is sufficient public float of more than 25% of the Company's issued shares as required under the Listing Rules.

AUDITORS

The consolidated financial statements of the Company for the year ended 31 December 2015 have been audited by PricewaterhouseCoopers Zhong Tian LLP, who retire and being eligible, offer themselves for reappointment. A resolution reappointing PricewaterhouseCoopers Zhong Tian LLP as the auditors of the Company will be proposed at the forthcoming Annual General Meeting.

By Order of the Board

Wang Hao

Chairman

Beijing, the PRC, 18 March 2016

Corporate Governance Report

The Company is firmly committed to maintaining high standards of corporate governance and continues to uphold a good, solid and sensible framework of corporate governance. The Board considers such commitment is essential for the development of the Company, in its internal management, financial management, balance of business risk and protection of shareholders' and stakeholders' rights and enhancement of shareholder value.

It has been the Company's prime mission to carry out a sound, steady and reasonable corporate governance structure:

- Sound corporate governance bases itself upon accountability system, information disclosure and corporate transparency. The Company acknowledges the importance to provide shareholders with an open and highly transparent management.
- Sound corporate governance may also promote communication with external parties, such that investors can appreciate more of the Company's development potential and future prospects, to comprehend investment value of the Company.
- The procedures and systems under sound corporate governance can improve operation efficiency of the Group, such that all divisions or departments can contribute to enhance performance of the Group through close and intimate communication.

The Board has reviewed its corporate governance practices and ensured that they are in compliance with the Corporate Governance Code and Corporate Governance Report (the "Corporate Governance Code") as set out in the Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Stock Exchange") (the "Listing Rules") in the year ended 31 December 2015.

In addition to compliance of the code provisions of the Corporate Governance Code, the Company has also adopted, as far as practicable, recommended best practices in the Corporate Governance Code.

The status and details of the Company's corporate governance practices are set out below.

DIRECTORS' SECURITIES TRANSACTIONS

The Group has adopted a code of conduct regarding directors' securities transactions (the "Model Code") on terms no less exacting than the required standard set out in the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules.

All Directors have confirmed, following specific enquiry made by the Group that they have complied with the required standard set out in the Model Code throughout the year.

Corporate Governance Report

BOARD OF DIRECTORS

The Board comprises nine Directors, including three Executive Directors, three Non-executive Directors and three Independent Non-executive Directors; the profile of each Director is set out on pages 43 to 45 under the section of Biographical Details of Directors, Supervisors and Senior Management. More than 50% of the Directors are non-executive Directors and independent of the management, thereby promoting critical review and control of the management process. The non-executive Directors also bring a wide range of business and financial expertise to the Board, which contribute to the effective stewardship of the Group.

The Board held four physical Board meetings in 2015. Directors who cannot attend in person may participate through other electronic means of communication. Agenda to be discussed in Board meetings include business operation, financial planning and future strategic development of the Company. Due notice and relevant materials for the meeting were given to all directors prior to the meetings in accordance with the Company's articles of association and the Corporate Governance Code. Details of individual attendance of directors are set out in the following table:

Attendance of individual Directors at Board meetings in 2015:

	Number of attendance/ Number of meeting
<i>Executive Directors</i>	
Mr. Wang Hao (<i>Chairman</i>) (<i>Re-designated as Executive Director and appointed as Chairman on 10 August 2015</i>)	4/4
Mr. Tang Jun (<i>President</i>)	4/4
Mr. Zhang Shengli	4/4
<i>Non-executive Directors</i>	
Mr. Liu Xiaoguang (<i>Re-designated as Non-executive Director and resigned as Chairman on 10 August 2015</i>)	4/4
Mr. Song Fengjing	4/4
Mr. Shen Jianping	4/4
<i>Independent Non-executive Directors</i>	
Mr. Ng Yuk Keung	4/4
Mr. Wang Hong	4/4
Mr. Li Wang	4/4

Corporate Governance Report

RESPONSIBILITIES OF DIRECTORS

The Board is responsible for directing and supervising the overall business development of the Group in a responsible and effective manner. The Board maintains and promotes successful business development of the Group and endeavours to enhance shareholder value. The Board is under the leadership of the Chairman and each director makes decisions objectively in the overall interests of the Group. Control and day to day operation of the Company is delegated to the President and the management of the Company.

The Directors are aware of their collective and individual responsibilities to the Company and its shareholders for the manner in which the affairs of the Company are managed, controlled and operated. In general, the types of decisions which are to be taken by the Board in accordance with the Company's article of associations are as follows:

1. Power of managing the development strategy and plan of the Company:

- (1) those requiring approval from the shareholders' general meeting:
 1. formulation of the middle to long-term development objectives and strategy of the Company;
 2. formulation of proposals for asset acquisition, purchase by third parties or asset disposal;
 3. formulation of plans for the increase or reduction of registered capital of the Company or repurchase of shares;
 4. formulation of plans for the increase of share capital and issue of additional shares;
 5. formulation of proposals for the merger, separation and dismissal of the Company;
 6. tendering insolvency petition of the Company;
 7. formulation of amendment proposal to the Company's articles of association (the "Articles");
 8. formulation of proposals for the change of use of proceeds from the issue of shares.
- (2) those that may be exercised by the Board at its discretion:
 1. resolution on proposals to improve the operation management and operating results of the Company;
 2. resolution on the operating plans, audit plans and investment plans of the Company;
 3. resolution on proposals to adjust the substantial internal functions of the Company and establishment of functions under the Board;
 4. resolution on the establishment of ad hoc committees and the appointment and removal of their members;
 5. resolution on investment plans falling within the scope of authority of the Board;
 6. resolution on any other material operation issues not required to be resolved by shareholders' general meeting pursuant to the Articles or the rules set out herein.

Corporate Governance Report

RESPONSIBILITIES OF DIRECTORS *(Continued)*

2. Power of personnel management on senior officers of the Company:

- (1) those requiring approval from the shareholders' general meeting:
 1. formulation of director allowance and incentive schemes such as share option or warrant (or similar schemes) of the Company;
 2. assessment and consideration of the eligibility of candidates for election as directors or independent directors;
 3. proposing for the removal of a director.
- (2) those that may be exercised by the Board at its discretion:
 1. resolution on the strategy and plan of human resources development and deployment;
 2. definition of the major duties and authorities of the general manager, responsible person for financial matters, secretary to the Board and the auditing department;
 3. appointment or dismissal of the general manager, secretary to the Board, or the appointment or dismissal of the deputy general manager or responsible person for financial matters of the Company pursuant to recommendation of the general manager;
 4. evaluation of the work performance of the general manager;
 5. approval of the appointment of representatives of the shareholders to the subsidiaries or associates of the Company and nomination of directors, supervisors and responsible persons for financial matters to such companies pursuant to their articles of association or the relevant agreements;
 6. approval of the plan of staff provident fund and other staff benefit plans.

Corporate Governance Report

RESPONSIBILITIES OF DIRECTORS *(Continued)*

3. Power of supervision and inspection of the development and operation of the Company:

- (1) supervision of the implementation of the Company's development strategy;
- (2) supervision and inspection of the implementation of annual budgets and accounts of the Company; inspection of the progress of various plans;
- (3) assessment of the operating results of the Company to identify operating problems, propose recommendations accordingly and supervision of the implementation by the Company's senior officers;
- (4) assessment of the operation improvement plans and implementation status of the Company and identify significant problems reflected from the operating results;
- (5) identifying difficulties faced by the Company in its development and changing trends of the Company and proposing remedial recommendations thereon;
- (6) deliberation of the development opportunities and risks faced by the Company and changes of external factors that have extensive effects on the Company;
- (7) ensuring the smooth communication of information within the Company and evaluation of such information to ensure its accuracy, completeness and timeliness;
- (8) requesting the management to provide minutes of operation meetings to the Secretary to the Board after each such meeting.

The Directors acknowledge their responsibility for the preparation of the financial statements for each financial period which gives a true and fair view of the state of affairs of the Group and of the results and cash flows for that period. In preparing the financial statements for the year ended 31 December 2015, the Directors have selected suitable accounting policies and applied them consistently; made judgement that are prudent, fair and reasonable. The Directors are responsible for keeping proper accounting records and ensure the preparation of financial statements of the Group for the year under review are in accordance with statutory requirements and suitable accounting policies.

The appointment of new Directors will be considered by the Nomination Committee (duties of the Nomination Committee is set out in the latter part of this report) and proposed to general meetings for decision upon reviews by the Board. Candidates to be selected and recommended are experienced, high caliber individuals who meet the standards as set forth in Rules 3.08 and 3.09 of the Listing Rules.

The Board has established a Policy on Obtaining Independent Professional Advice by Directors to enable the Directors, upon reasonable request, to seek independent professional advice in appropriate circumstances, at the Group's expense. The Board shall resolve to provide separate independent professional advice to Directors to assist the relevant Director(s) to discharge his/their duties to the Group.

There is in place a directors and senior executive liabilities insurance cover in respect of legal action against directors and senior executives.

For the year ended 31 December 2015, the Board at all times complied the minimum requirements of the Listing Rules relating to the appointment of at least one-third of independent non-executive directors and complied with the requirement that these should include one such director with appropriate professional qualifications of accounting or related financial management expertise.

Corporate Governance Report

RESPONSIBILITIES OF DIRECTORS *(Continued)*

The interests in the Company's securities held by Directors as at 31 December 2015 are disclosed in the Directors' Report on page 52 of this annual report.

There is no relationship among members of the Board and in particular, between the Chairman and the President.

Directors should keep abreast of their collective responsibilities. Each newly appointed Director would receive an induction package covering the Group's businesses and the statutory and regulatory obligations of a director of a listed company. The Group also provides briefings and other training to develop and refresh the Directors' knowledge and skills. The Group continuously updates Directors on the latest developments regarding the Listing Rules and other applicable regulatory requirements, to ensure compliance and enhance their awareness of good corporate governance practices. Circulars or guidance notes are issued to Directors and senior management where appropriate, to ensure awareness of best corporate governance practices.

Since 1 April 2012, the Company prepares a monthly operation updates to all directors to enable them to aware the Company's latest business development, competition and supervisory environment and provide other relevant information that may affect the Company and the real estate sector so as to strengthen the directors understanding of the business and the market.

A briefing session was organised for Directors in August 2015 to update the Directors on certain amendments to the Listing Rules.

During the year 2015, the Directors also participated in the following trainings:

	Types of training
<i>Executive Directors</i>	
Mr. Wang Hao (<i>Chairman</i>) (<i>Re-designated as Executive Director and appointed as Chairman on 10 August 2015</i>)	A/B/C
Mr. Tang Jun (<i>President</i>)	A/C
Mr. Zhang Shengli	A/C
<i>Non-executive Directors</i>	
Mr. Liu Xiaoguang (<i>Re-designated as Non-executive Director and resigned as Chairman on 10 August 2015</i>)	A/B/C
Mr. Song Fengjing	A/C
Mr. Shen Jianping	A/C
<i>Independent Non-executive Directors</i>	
Mr. Ng Yuk Keung	A/C
Mr. Wang Hong	A/C
Mr. Li Wang	A/C

A: attending seminars and/or conferences and/or forums

B: giving talks at seminars and/or conferences and/or forums

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

Corporate Governance Report

INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received from each of its independent non-executive director an annual confirmation of his independence pursuant to rule 3.13 of the Listing Rules and the Company considers the independent non-executive directors to be independent.

According to the Company's articles of association, the term of office for the Directors is three years and can be re-elected. The fifth session of the Board of Directors was formed on 5 December 2014 with 3-year term of office and can be re-elected.

CHAIRMAN AND PRESIDENT

The Chairman and President are held separately by Mr. Wang Hao and Mr. Tang Jun respectively. This segregation ensures a clear distinction between the Chairman's responsibility to lead the Board and the President's responsibility to manage the Company's business.

BOARD COMMITTEES

The Board has established four board committees, namely, Audit Committee, Nomination Committee, Remuneration Committee and Strategic Committee to strengthen its functions and corporate governance practices. The Audit Committee, the Nomination Committee and the Remuneration Committee perform their specific duties in accordance with their respective written terms of reference. The Strategic Committee assists the Group in corporate strategy, business development and operation.

AUDIT COMMITTEE

The Group's Audit Committee comprises three Independent Non-executive Directors, namely, Mr. Ng Yuk Keung (Chairman), Mr. Wang Hong and Mr. Li Wang. The committee members performed their duties within written terms of reference formulated by the Company which includes duties set out in the code provision C.3.3 (a) to (n) of the Corporate Governance Code. Major duties include:

- to review the financial controls, internal control and risk management systems of the Group.
- to monitor the integrity of financial statements of the Company, the comprehensiveness of the Company's annual report and accounts, and interim report. The Committee will approve those important decisions related to financial disclosure set out therein prior to submitting to the Board, in which emphasis will be given to the following:
 - make recommendations to the Board regarding the appointment, re-appointment and removal of external auditors, and approve the remuneration and terms of appointment of external auditors as well as handle any problems relating to the resignation or dismissal of that auditor;
 - review and monitor the independence and objectiveness of the external auditors and the effectiveness of the auditing procedures with appropriate standards;
 - develop and implement policy on engaging external auditors for the provision of non-audit services, report to the Board those actions and improvement measures considered necessary by the Audit Committee and suggest practical measures.

The Audit Committee's procedural rules are posted on the websites of the Company and HKEX.

Corporate Governance Report

AUDIT COMMITTEE *(Continued)*

During the year under review, the Audit Committee held a total of three meetings. In the meetings, the Audit Committee reviewed the financial statements for the year ended 31 December 2014 and for the six months ended 30 June 2015, considered and approved the work of the auditors, reviewed the business and financial performance of the Company.

Attendance of individual members at Audit Committee meetings in 2015:

	Number of Attendance/ Number of Meeting
Mr. Ng Yuk Keung	3/3
Mr. Wang Hong	3/3
Mr. Li Wang	3/3

The Group's results for the year ended 31 December 2015 have been reviewed by the Audit Committee with a recommendation to the Board for approval.

NOMINATION COMMITTEE

The Group's Nomination Committee is responsible for review of the structure, size and composition (including the skills, knowledge and experience) of the board on a regular basis and make recommendations to the board regarding any proposed changes. It is also responsible for making recommendations to the Board on relevant matters relating to the appointment or re-appointment of directors, supervisors of the Company and senior executives and succession planning for directors in particular Executive Directors and senior executives. Majority members of the Nomination Committee are Independent Non-executive Directors. It is chaired by Mr. Wang Hao with two other members, namely, Mr. Ng Yuk Keung and Mr. Wang Hong.

The Board has adopted a board diversity policy which sets out the approach to achieve diversity on the Board. Accordingly, selection of candidates to the Board is based on a range of measurable objectives, including but not limited to gender, age, cultural and educational background, professional experience and qualifications, skills, knowledge and length of service, having due regard to the Company's own business model and specific needs from time to time.

During the year under review, the Nomination Committee held two meetings for annual review of the current Board structure, assessment of the independence of independent non-executive directors, and made recommendation to the board for the re-designation of Mr. Wong Hao as an executive director and Chairman.

The Nomination Committee's procedural rules are posted on the websites of the Company and HKEX.

Corporate Governance Report

NOMINATION COMMITTEE *(Continued)*

Attendance of individual members at Nomination Committee meeting in 2015:

	Number of Attendance/ Number of Meeting
Mr. Wang Hao <i>(Appointed on 10 August 2015)</i>	0/0
Mr. Liu Xiaoguang <i>(Retired on 10 August 2015)</i>	2/2
Mr. Ng Yuk Keung	2/2
Mr. Wang Hong	2/2

REMUNERATION COMMITTEE

The Group's Remuneration Committee is responsible for providing recommendations to the Board regarding the Group's remuneration policy, the formulation and reviewing of the specific remuneration for the Group's Executive Directors and senior executives. Majority members of the Remuneration Committee are Independent Non-executive Directors. The committee is chaired by Mr. Wang Hong with two other members, namely, Mr. Song Fengjing and Mr. Ng Yuk Keung.

During the year under review, the Remuneration Committee held one meeting to review the Long Term Incentive Fund Scheme and relevant matters and made recommendation to the board.

The Remuneration Committee's procedural rules are posted on the websites of the Company and HKEX.

Attendance of individual members at Remuneration Committee meeting in 2015:

	Number of Attendance/ Number of Meeting
Mr. Wang Hong	1/1
Mr. Song Fengjing <i>(Appointed on 10 August 2015)</i>	0/0
Mr. Wang Hao <i>(Retired on 10 August 2015)</i>	1/1
Mr. Ng Yuk Keung	1/1

Major written terms of reference of the current remuneration system of the directors and supervisors of the Company are set out below:

1. Policy

The Remuneration Policy for the Directors and Supervisors of the Company is based on the following principles:

- No one is allowed to determine his or her own remunerations;
- The remuneration levels should tally with the Company's competitors in the human resources market;
- The remuneration levels should be able to reflect the performances, complexity of work, and responsibilities of related staff; and to attract, motivate and retain outstanding staff, encouraging them to proactively excel and add values for the shareholders of the Company.

Corporate Governance Report

REMUNERATION COMMITTEE *(Continued)*

2. Non-executive Directors and Supervisors

Principle for Determining Remuneration

The fees of the Non-executive Directors of the Company should tally with market level, and be subject to formal independent review at least once every 3 years.

3. Executive Directors

Components of Remuneration

The Company determines the remunerations of the executive directors by referring to the statistics of similar positions in the market (including local and regional companies with similar scope, business complexity and scale to the Company). Such policy conforms to the remuneration policy of the Company which tallies with our competitors in the human resources market. In addition, in order to attract, motivate and retain outstanding staff, the Company takes performance as the primary consideration for grant of individual rewards. The remuneration of executive directors comprises two parts:

(a) Basic Remuneration

The basic remuneration of executive directors is reviewed annually, taking into account the competitive situations in the market, customary practice and personal performance.

(b) Yearly Gratuitous Payment

The amount of yearly gratuitous payment is determined based on the performances of the Company, functional departments and individual performance. The main performance-assessing standards include whether financial and operational targets can be achieved, and whether the individual has demonstrated key leadership skills like creating mutual objectives and nurturing talents.

The Company set a target yearly gratuitous payment for each executive director. Yearly gratuitous payment will only be granted when their performance reach satisfactory levels. The actual amount to be granted depends on individual performance.

The Company does not adopt any share option scheme.

No director has entered into any service contract with the Company or its subsidiaries, which terms provide for a notice period of over one year, or which provide for compensation in the form of more than one-year's salary plus benefits-in-kind upon termination of employment.

STRATEGIC COMMITTEE

The main function of the Group's Strategic Committee is to study and advise on the Group's long-term development strategies and major investment decision. The Strategic Committee undertakes to review and adjust the strategies of the company. It is composed of Mr. Wang Hao, as Chairman of the Strategic Committee and Mr. Tang Jun and Mr. Wang Hong as members of the committee.

Corporate Governance Report

CORPORATE GOVERNANCE FUNCTIONS

The Board is primarily responsible for performing the following corporate governance duties:

- to develop and review the Company's policies and practices on corporate governance and make recommendations;
- to review and monitor the training and continuous professional development of Directors and senior management;
- to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;
- to develop, review and monitor the code of conduct and compliance manual applicable to employees and Directors; and
- to review the Company's compliance with the Corporate Governance Code and disclosure in the Corporate Governance Report.

During the year, the Board performed the following corporate governance matters:

- review of the effectiveness of the internal controls and risk management systems of the Company

INTERNAL CONTROLS AND RISK CONTROLS

With the continuous efforts of the Board, management and all staff, the Company has established a more comprehensive and effective internal control system and prepared a "BCL's Internal Controls Manual (首創置業內控手冊)" so as to safeguard the corporate operating management regulations, asset security, financial reporting and the fairness, accuracy and completeness of the relevant information in a rational manner.

1. For the internal condition, the Company has formulated a clear strategic plan, established the corporate culture of "five-colour-flower" with distinct BCL characteristics and promoted the overall awareness of risk management.
2. For the risk management, the Company has expressed our continued concern on the changes in internal and external situations and conducted various risk assessment on an ongoing basis so as to establish a BCL's database meeting our business requirement and facilitating the actual operation.
3. For the control activities, the Company has established a better business process system and included the risk control points into our business process so as to realise the implementation of risk management.
4. For the information and communication, the Company has established an industry-leading Enterprise Resource Planning (ERP), covering financial, human resources, overall cost management, business management and overall budgeting management etc., which generally enhanced the corporate internal controls through informationisation and promoted the implementation of business process.
5. For the internal controls, the Company has established an internal control functional structure, of which divided into three classes from top to bottom and formed three lines of defense for the risk controls, including three aspects such as self-supervision of the Company, operational supervision of the headquarters operations centre and auditing supervision of risk control centre, as well as covering the whole chain of the Company's business to ensure overall supervision.

The risk control centre has submitted its report to the audit committee. The audit committee and the Board consider that the risk management and internal control system of the Company operates smoothly.

Corporate Governance Report

EXTERNAL AUDITORS

The Board agrees with the Audit Committee's proposal for the re-appointment of PricewaterhouseCoopers Zhong Tian LLP as the Group's external auditors. The recommendation will be put forward for the approval of shareholders at the forthcoming Annual General Meeting.

The Group has established a Policy on Appointment of External Auditor in providing Non-Audit Services, setting out the principles by which an external auditor may be appointed to provide non-audit services, with a view to ensuring the independence of the external auditor.

The amount of fee payable to PricewaterhouseCoopers Zhong Tian LLP and other PwC Firms for providing audit and audit related services, and non-audit services for the year ended 31 December 2015 amounted to RMB8,240,000 and RMB745,000. The amount of fee payable to other audit firms for providing audit and audit related services for the year ended 31 December 2015 amounted to RMB4,499,000.

COMPANY SECRETARY

The Company Secretary is a full time employee of the Company and has day-to-day knowledge of the Company's affairs. For the year under review, the Company Secretary has confirmed that he has undertaken no less than 15 hours of relevant professional training.

SHAREHOLDERS' RIGHT

According to the Articles of Association of the Company, when shareholders individually or together holding 10 per cent. Or more of the total number of shares of the Company carrying voting rights (hereinafter refer to as the "Proposing Shareholders") or the Supervisory Committee propose the Board to convene an extraordinary general meeting, an agenda and the complete details of the resolutions shall be submitted in writing to the Board. The Proposing Shareholders or the Supervisory Committee shall ensure that the proposed resolutions conform to laws and regulations and the Company's Articles of Association.

The Group communicates with its shareholders through different channels, including annual general meetings, extraordinary general meetings; annual and interim reports, notices of general meetings and circulars sent to shareholders by post; investors meetings and announcements on the Company's website and the website of the Stock Exchange.

The Company's website provides shareholders with corporate information, such as principal business activities, major property projects and the latest development of the Group. Shareholders are provided with contact details of the Company, such as telephone hotline, fax number, email address and postal address, in order to enable them to make any query that they may have with respect to the Company. They can also send their enquiries to the Board through these means. In addition, shareholders can contact Computershare Hong Kong Investor Services Limited, the share registrar of the Company, if they have any enquiries about their shareholdings and entitlements to dividend.

Corporate Governance Report

SHAREHOLDERS' RIGHT *(Continued)*

The Company regards annual general meeting ("AGM") as an important event in the corporate year and all Directors and senior management should make an effort to attend. The Company's AGM allows the Directors to meet and communicate with shareholders. The chairman of the AGM proposes separate resolutions for each issue to be considered. Members of the Audit, Remuneration and Nomination Committees and the external auditor should attend the AGM to answer questions from shareholders. The 2014 AGM was held on 31 March 2015. During the year, the Company held 5 Extraordinary General Meetings. The attendance records of the Directors at the general meetings are set out below:

	AGM and EGM attended/held
<i>Executive Directors</i>	
Mr. Wang Hao (<i>Chairman</i>) (<i>Re-designated as Executive Director and appointed as Chairman on 10 August 2015</i>)	0/5
Mr. Tang Jun (<i>President</i>)	5/5
Mr. Zhang Shengli	0/5
<i>Non-executive Directors</i>	
Mr. Liu Xiaoguang (<i>Re-designated as Non-executive Director and resigned as Chairman on 10 August 2015, and resigned on 26 February 2016</i>)	1/5
Mr. Song Fengjing	0/5
Mr. Shen Jianping	0/5
<i>Independent Non-executive Directors</i>	
Mr. Ng Yuk Keung	1/5
Mr. Wang Hong	1/5
Mr. Li Wang	0/5

CONSTITUTIONAL DOCUMENTS

The Company's Articles of Association was amended and approved by extraordinary general meetings on 15 June 2015 and 28 September 2015 respectively. A copy of the latest Articles of Association are posted on the websites of the Company and HKEX.

Corporate Governance Report

INVESTOR RELATIONS

The Group has always upheld its policy of open communication and fair disclosure. The Group believes that the completeness and timeliness of information disclosure is essential for building market confidence and places much effort in maintaining interactive communications with shareholders and investors and is open-minded to the investment community. As such, the Group has established an Investor Relations Department, which is responsible for maintaining close communications with shareholders and investors.

The Group has issued a monthly newsletter on a continuing basis since March 2009, the newsletter set out the latest project development and sales performance of the Group. The Group strives to maintain high transparency and to keep shareholders and the investment community abreast of its latest development and progress by dissemination of relevant corporate information on a timely basis through various channels including regular distribution of press releases. All this information is also available for downloading from the Group's website at <http://www.bjcapitalland.com>.

By timely information disclosure and organizing regular meetings for the management to communicate with media, it facilitates investors' further understanding of the Group's business development while at the same time enables the management to fully realise the opinion and expectation of the investment community of the Group's future development.

In addition to press conference and analysts' meeting held after results announcement, the Group's management held regular meetings with securities analysts and investors, and participated in a number of large-scale investment conferences and presentations. These allow shareholders and investors to have better understanding of the Group's development potential and future prospects, facilitating their comprehension of the Group's investment value.

Looking ahead, the Group will continue to enhance its corporate governance practice based on international trends and development and the views of our shareholders.

On Behalf of the Board

Wang Hao

Chairman

Beijing, the PRC, 18 March 2016

Report of the Supervisory Committee

Dear Shareholders,

During the year ended 31 December 2015, the Supervisory Committee of Beijing Capital Land Ltd. (the "Supervisory Committee"), has diligently performed its duties in ensuring that the Company has observed and complied with the Listing Rules, the Company Law of the PRC, the Articles of Association of the Company and other relevant regulations which protect the interests of the Company and its shareholders.

During the year, the Supervisory Committee attended the meetings of the Board of Directors and the General Meetings to strictly and effectively monitor the Company's management in making significant policies and decisions to ensure that they were in compliance with the laws and regulations of the PRC and the Articles of Association of the Company, and in the interests of the shareholders and the Company. It also provided reasonable suggestions and opinions to the Board of Directors in respect of the operation and development plans of the Company.

The Supervisory Committee has reviewed and agreed to the report of the directors, audited financial statements and profit appropriation proposal to be proposed by the Board of Directors for presentation at the forthcoming Annual General Meeting. The Supervisory Committee is satisfied that the Directors, the general manager and the senior management of the Company are committed to act honestly and to perform their duties diligently, so as to protect the best interests of the Company and its shareholders.

The Supervisory Committee has also carefully reviewed the financial statements prepared in accordance with China Accounting Standards for Business Enterprises and considered these financial statements reflect a true and fair view of the financial position and results of operations of the Company and they comply with the regulations applicable to the Company.

The Supervisory Committee is satisfied with the achievement and cost-effectiveness of the Company in 2015 and has great confidence in the future of the Company.

By order of the Supervisory Committee

Liu Yongzheng

Chairman of the Supervisory Committee

Beijing, the PRC, 18 March 2016

Auditor's Report

PwC ZT Shen Zi (2016) No. 10026

To the Shareholders of Beijing Capital Land Ltd.,

We have audited the accompanying financial statements of Beijing Capital Land Ltd. (hereinafter "BCL Company"), which comprise the consolidated and company balance sheets as at 31 December 2015, and the consolidated and company income statements, the consolidated and company statements of changes in equity and the consolidated and company cash flow statements for the year then ended, and the notes to the financial statements.

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

Management of BCL Company is responsible for the preparation and fair presentation of these financial statements in accordance with the requirements of Accounting Standards for Business Enterprises, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with China Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 management, as well as evaluating the overall presentation of the 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 accompanying financial statements present fairly, in all material respects, the consolidated and company's financial position of BCL Company as at 31 December 2015, and their financial performance and cash flows for the year then ended in accordance with the requirements of Accounting Standards for Business Enterprises.

PricewaterhouseCoopers Zhong Tian LLP

Shanghai, the People's Republic of China

18 March 2016

Consolidated and Company Balance Sheets

As at 31 December 2015 (All amounts in thousands of RMB unless otherwise stated)

Item	Note	31 December 2015 Consolidated	31 December 2014 Consolidated	31 December 2015 Company	31 December 2014 Company
Current assets					
Cash at bank and on hand	5(1); 14(1)	17,747,986	13,897,026	6,949,828	2,512,139
Financial assets at fair value through profit or loss	5(2)	228,266	162,863	-	-
Notes receivable		1,811	4,113	-	-
Trade receivables	5(3)(a); 14(2)(a)	671,044	946,333	160	160
Advances to suppliers	5(4)	585,740	230,710	32,767	28,830
Interest receivable		19,980	3,564	18,443	-
Dividends receivable	5(5)	21,825	9,825	-	-
Other receivables	5(3)(b); 14(2)(b)	2,509,853	1,295,407	36,815,628	24,894,317
Inventories	5(6); 14(3)	58,089,148	48,768,112	44,133	44,076
Current portion of non-current assets	5(15)	593,030	-	-	-
Assets classified as held for sale	5(7)	9,921	202,664	-	-
Other current assets	5(8)	2,180,922	1,823,749	2,449	-
Total current assets		82,659,526	67,344,366	43,863,408	27,479,522
Non-current assets					
Available-for-sale financial assets	5(9); 14(4)	86,444	63,420	86,444	63,420
Long-term receivables	5(15); 14(5)	2,283,991	562,024	323,075	308,227
Long-term equity investments	5(10); 14(6)	5,515,566	2,451,235	3,471,750	3,876,495
Investment properties	5(12); 14(7)	10,373,033	7,225,258	-	1,958
Fixed assets	5(13); 14(8)	136,727	439,465	56,706	59,951
Intangible assets	5(14)	-	39,561	-	-
Goodwill	5(16)	172,137	172,137	-	-
Long-term prepaid expenses		104,573	79,236	-	-
Deferred income tax assets	5(31)(c); 14(13)(c)	469,401	302,854	158,304	42,755
Total non-current assets		19,141,872	11,335,190	4,096,279	4,352,806
TOTAL ASSETS		101,801,398	78,679,556	47,959,687	31,832,328

Consolidated and Company Balance Sheets

As at 31 December 2015 (All amounts in thousands of RMB unless otherwise stated)

Item	Note	31 December 2015 Consolidated	31 December 2014 Consolidated	31 December 2015 Company	31 December 2014 Company
Current liabilities					
Short-term borrowings	5(19)	3,005,029	5,660,075	1,111,000	600,000
Notes payable		39,476	43,845	-	-
Trade payables	5(20); 14(9)	6,197,916	4,049,518	15,951	17,371
Advances from customers	5(21)	12,678,775	11,619,971	60,807	807
Employee benefits payable	5(22)	199,294	209,795	127,555	129,154
Taxes payable	5(23); 14(10)	2,234,615	2,482,591	2,156	2,010
Interest payable		330,095	170,041	174,506	23,491
Dividends payable	5(24)	197,803	1,055,671	-	-
Other payables	5(25); 14(11)	3,032,293	2,554,107	17,485,747	20,432,695
Current portion of non-current liabilities	5(26); 14(12)	6,756,707	5,919,603	1,810,000	-
Liabilities classified as held for sale	5(27)	-	49,169	-	-
Total current liabilities		34,672,003	33,814,386	20,787,722	21,205,528
Non-current liabilities					
Long-term borrowings	5(28); 14(12)	24,106,490	17,731,362	10,590,000	5,910,000
Debentures payable	5(29)	12,481,249	3,217,112	7,956,770	-
Long-term payables	5(30)	5,508,075	1,530,000	-	-
Deferred income tax liabilities	5(31)(c); 14(13)(c)	1,341,408	969,718	-	-
Derivative financial liabilities	5(17)	55,601	3,452	-	-
Total non-current liabilities		43,492,823	23,451,644	18,546,770	5,910,000
Total liabilities		78,164,826	57,266,030	39,334,492	27,115,528
Equity					
Paid-in capital	5(32)	3,027,960	2,027,960	3,027,960	2,027,960
Capital reserve	5(33); 14(14)	2,483,656	706,109	3,347,206	1,279,308
Other comprehensive income	5(47); 14(15)	537,541	581,134	8,087	5,819
Surplus reserve	5(34)	495,150	360,628	495,150	360,628
Retained earnings	5(35)	6,780,525	5,444,301	1,746,792	1,043,085
Total equity attributable to owners of the Company		13,324,832	9,120,132	8,625,195	4,716,800
Non-controlling interests		10,311,740	12,293,394	-	-
Total equity		23,636,572	21,413,526	8,625,195	4,716,800
TOTAL LIABILITIES AND EQUITY		101,801,398	78,679,556	47,959,687	31,832,328

The accompanying notes form an integral part of these financial statements.

Legal representative:

Person in charge of accounting:

Head of accounting department:

Consolidated and Company Income Statements

For the year ended 31 December 2015 (All amounts in thousands of RMB unless otherwise stated)

Item	Note	2015 Consolidated	2014 Consolidated	2015 Company	2014 Company
Revenue	5(36); 14(16)	15,833,595	10,057,967	45,547	57,137
<i>Less:</i> Cost of sales	5(36); 14(16)	(13,015,814)	(7,056,525)	(1,958)	-
Taxes and surcharges	5(37)	(1,108,258)	(645,409)	(11,931)	(11,263)
Selling and distribution expenses	5(38)	(601,266)	(432,796)	-	-
General and administrative expenses	5(38)	(474,421)	(385,908)	(184,751)	(178,094)
Financial income/(expenses) — net	5(39); 14(17)	39,594	133,337	(733,843)	(234,725)
Asset impairment losses	5(40)	(130,091)	(323,293)	-	-
<i>Add:</i> Gains arising from changes in fair value	5(43)	1,552,619	286,143	-	-
Investment income	5(44); 14(18)	1,512,634	1,241,760	2,094,799	571,500
<i>Including:</i> Share of profit of joint ventures and associates		188,246	369,592	161,922	259,165
Operating profit		3,608,592	2,875,276	1,207,863	204,555
<i>Add:</i> Non-operating income	5(41)	326,263	115,889	21,251	170
<i>Including:</i> Gains on disposal of non-current assets		285	677	-	-
<i>Less:</i> Non-operating expenses	5(42)	(63,673)	(44,984)	(200)	(200)
<i>Including:</i> Losses on disposal of non-current assets		(113)	-	-	-
Profit before income tax		3,871,182	2,946,181	1,228,914	204,525
<i>Less:</i> Income tax expenses	5(45); 14(19)	(986,028)	(682,452)	116,305	(15,925)
Profit for the year		2,885,154	2,263,729	1,345,219	188,600
Attributable to:					
— Owners of the Company		1,977,736	1,689,741	N/A	N/A
— Non-controlling interests		907,418	573,988	N/A	N/A

Consolidated and Company Income Statements

For the year ended 31 December 2015 (All amounts in thousands of RMB unless otherwise stated)

Item	Note	2015 Consolidated	2014 Consolidated	2015 Company	2014 Company
Other comprehensive income for the year, net of tax	5(47)	(43,593)	(704,857)	2,268	(37,711)
Items that may be reclassified to profit or loss		(43,593)	(704,857)	2,268	(37,711)
— Changes in fair value of available-for-sale financial assets		2,268	(37,711)	2,268	(37,711)
— Recycling of changes in fair value of investment properties previously recognized in other comprehensive income		-	(669,720)	-	-
— Currency translation differences		(18,247)	3,141	-	-
— Effective portion of cash flow hedges		(27,614)	(567)	-	-
Total comprehensive income for the year		2,841,561	1,558,872	1,347,487	150,889
Attributable to:					
— Owners of the Company		1,934,143	984,884	N/A	N/A
— Non-controlling interests		907,418	573,988	N/A	N/A
Earnings per share for profit attributable to owners of the Company	5(46)				
— Basic earnings per share (RMB Yuan)		0.90	0.83	N/A	N/A
— Diluted earnings per share (RMB Yuan)		0.90	0.83	N/A	N/A

The accompanying notes form an integral part of these financial statements.

Legal representative:

Person in charge of accounting:

Head of accounting department:

Consolidated and Company Cash Flow Statements

For the year ended 31 December 2015 (All amounts in thousands of RMB unless otherwise stated)

Item	Note	2015 Consolidated	2014 Consolidated	2015 Company	2014 Company
Cash flows from operating activities					
Cash received from sales of goods and rendering of services		16,811,077	11,883,624	81,547	57,137
Cash received relating to other operating activities		917,283	1,214,186	4,801,280	4,087,852
Sub-total of cash inflows		17,728,360	13,097,810	4,882,827	4,144,989
Cash paid for goods and services		(22,767,124)	(22,409,732)	(57)	(16,409)
Cash paid to and on behalf of employees		(543,668)	(406,035)	(174,803)	(46,433)
Payments of taxes and surcharges		(2,522,190)	(2,003,010)	(19,468)	(84,512)
Cash paid relating to other operating activities		(898,299)	(721,182)	(16,979,488)	(3,983,837)
Sub-total of cash outflows		(26,731,281)	(25,539,959)	(17,173,816)	(4,131,191)
Net cash flows from operating activities	5(48); 14(20)	(9,002,921)	(12,442,149)	(12,290,989)	13,798
Cash flows from investing activities					
Cash received from disposal of investments		-	198,526	-	198,526
Cash received from returns on investments		32,990	267,119	26,140	291,100
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		24,982	13,211	24,000	104
Cash received from disposal of subsidiaries		771,017	328,891	550,550	240,000
Cash received from disposal of associates		-	20,000	-	-
Cash received relating to other investing activities	5(48)(d)	1,838,295	3,248,555	885,933	194,587
Sub-total of cash inflows		2,667,284	4,076,302	1,486,623	924,317
Cash paid to acquire fixed assets, intangible assets and other long-term assets		(962,691)	(748,818)	(128)	(1,216)
Cash paid to acquire investments		(865,367)	(1,005,253)	(20,000)	(231,530)
Net cash paid for disposal of subsidiaries		(166,256)	-	-	-
Net cash paid to acquire subsidiaries and other business units	4(2)	-	(905,512)	-	-
Cash paid relating to other investing activities		(3,842,510)	(331,219)	(1,000,000)	(919,961)
Sub-total of cash outflows		(5,836,824)	(2,990,802)	(1,020,128)	(1,152,707)
Net cash flows from investing activities		(3,169,540)	1,085,500	466,495	(228,390)

Consolidated and Company Cash Flow Statements

For the year ended 31 December 2015 (All amounts in thousands of RMB unless otherwise stated)

Item	Note	2015 Consolidated	2014 Consolidated	2015 Company	2014 Company
Cash flows from financing activities					
Cash received from capital contributions		5,347,898	4,878,222	3,067,898	-
Including: Cash received from shareholders' capital injection		3,067,898	-	3,067,898	-
Cash received from senior perpetual securities issued by subsidiary	4(2)	-	2,728,222	-	-
Cash received from specific capital management plan by subsidiaries	4(2)	2,280,000	2,150,000	-	-
Cash received from borrowings		34,982,107	19,028,701	17,766,600	3,790,000
Proceeds from disposal of non-controlling interests of subsidiaries		-	1,049,087	-	-
Cash received from other financing activities		6,683,764	1,530,000	-	470,092
Sub-total of cash inflows		47,013,769	26,486,010	20,834,498	4,260,092
Cash repayments of borrowings		(19,089,975)	(11,132,722)	(3,312,600)	(1,490,000)
Cash payments for interest expenses and distribution of dividends or profits		(5,441,221)	(2,885,824)	(1,302,173)	(839,855)
Cash paid for repayments of specific capital management plan		(3,510,000)	-	-	-
Cash paid for purchasing share in subsidiaries from non-controlling interests		-	(811,252)	-	-
Cash paid relating to other financing activities		(1,742,438)	-	(456,000)	-
Sub-total of cash outflows		(29,783,634)	(14,829,798)	(5,070,773)	(2,329,855)
Net cash flows from financing activities		17,230,135	11,656,212	15,763,725	1,930,237
Effect of foreign exchange rate changes on cash		32,294	(28,068)	(1,542)	(4,405)
Net increase in cash	5(48)(b); 14(20)(b)	5,089,968	271,495	3,937,689	1,711,240
<i>Add:</i> Cash at beginning of year	5(48)(b); 14(20)(b)	10,759,150	10,487,655	2,512,139	800,899
Cash at end of year	5(48)(b); 14(20)(c)	15,849,118	10,759,150	6,449,828	2,512,139

The accompanying notes form an integral part of these financial statements.

Legal representative:

Person in charge of accounting:

Head of accounting department:

Consolidated Statement of Changes in Equity

For the year ended 31 December 2015 (All amounts in thousands of RMB unless otherwise stated)

Item	Note	Attributable to owners of the Company						Total equity
		Paid-in capital	Capital surplus	Other comprehensive income	Surplus reserves	Retained earnings	Non-controlling interests	
Balance at 1 January 2014		2,027,960	832,450	1,285,991	341,768	4,219,571	7,520,744	16,228,484
Movement for the year end 31 December 2014								
Comprehensive income								
Profit for the year		-	-	-	-	1,689,741	573,988	2,263,729
Other comprehensive losses		-	-	(704,857)	-	-	-	(704,857)
Total		-	-	(704,857)	-	1,689,741	573,988	1,558,872
Capital contribution and withdrawal by owners, including-								
Equity transaction with non-controlling interest		-	(126,341)	-	-	-	364,176	237,835
Senior perpetual bonds issued by subsidiary	4(2)(2)	-	-	-	-	-	2,678,768	2,678,768
Investment from specific capital management plan	4(2)(2)	-	-	-	-	-	1,915,125	1,915,125
Others		-	-	-	-	-	30,266	30,266
Appropriations	5(34)	-	-	-	18,860	(18,860)	-	-
Profit distribution to owners	5(35)	-	-	-	-	(446,151)	(789,673)	(1,235,824)
Balance at 31 December 2014		2,027,960	706,109	581,134	360,628	5,444,301	12,293,394	21,413,526
Balance at 1 January 2015		2,027,960	706,109	581,134	360,628	5,444,301	12,293,394	21,413,526
Movement for the year end 31 December 2015								
Comprehensive income								
Profit for the year		-	-	-	-	1,977,736	907,418	2,885,154
Other comprehensive losses		-	-	(43,593)	-	-	-	(43,593)
Total		-	-	(43,593)	-	1,977,736	907,418	2,841,561
Capital contribution and withdrawal by owners, including-								
Capital contribution from owners		1,000,000	2,067,898	-	-	-	-	3,067,898
Equity transaction with non-controlling interests		-	(290,351)	-	-	-	(4,374,585)	(4,664,936)
Investment from specific capital management plan by subsidiaries	4(2)(2)	-	-	-	-	-	2,039,100	2,039,100
Appropriations	5(34)	-	-	-	134,522	(134,522)	-	-
Profit distribution to owners	5(35)	-	-	-	-	(506,990)	(553,587)	(1,060,577)
Balance at 31 December 2015		3,027,960	2,483,656	537,541	495,150	6,780,525	10,311,740	23,636,572

The accompanying notes form an integral part of these financial statements.

Legal representative:

Person in charge of accounting:

Head of accounting department:

Company Statement of Changes in Equity

For the year ended 31 December 2015 (All amounts in thousands of RMB unless otherwise stated)

Item	Note	Paid-in capital	Capital surplus	Other comprehensive income	Surplus reserves	Retained earnings	Total equity
Balance at 1 January 2014		2,027,960	1,279,308	43,530	341,768	1,319,496	5,012,062
Movement for the year end							
31 December 2014							
Comprehensive income							
Profit for the year		-	-	-	-	188,600	188,600
Other comprehensive losses		-	-	(37,711)	-	-	(37,711)
Total		-	-	(37,711)	-	188,600	150,889
Appropriations		-	-	-	18,860	(18,860)	-
Profit distribution to owners	5(35)	-	-	-	-	(446,151)	(446,151)
Balance at 31 December 2014		2,027,960	1,279,308	5,819	360,628	1,043,085	4,716,800
Balance at 1 January 2015		2,027,960	1,279,308	5,819	360,628	1,043,085	4,716,800
Movement for the year end							
31 December 2015							
Comprehensive income							
Profit for the year		-	-	-	-	1,345,219	1,345,219
Other comprehensive income		-	-	2,268	-	-	2,268
Total		-	-	2,268	-	1,345,219	1,347,487
Capital contribution from owners		1,000,000	2,067,898	-	-	-	3,067,898
Appropriations		-	-	-	134,522	(134,522)	-
Profit distribution to owners	5(35)	-	-	-	-	(506,990)	(506,990)
Balance at 31 December 2015		3,027,960	3,347,206	8,087	495,150	1,746,792	8,625,195

The accompanying notes form an integral part of these financial statements.

Legal representative:

Person in charge of accounting:

Head of accounting department:

Notes to the Financial Statements

For the year ended 31 December 2015 (All amounts in thousands of RMB unless otherwise stated)

1. GENERAL INFORMATION

Beijing Capital Land Ltd. (hereinafter "the Company") was established by seven companies (hereinafter "the promoters") on 23 July 2002, namely Beijing Capital Group Ltd. (hereinafter "Capital Group"), Beijing Sunshine Real Estate Comprehensive Development Company (hereinafter "Sunshine Comprehensive"), Beijing Capital Sunshine Real Estate Development Co., Ltd. (hereinafter "Capital Sunshine"), Beijing Capital Technology Investment Co., Ltd. (hereinafter "Capital Technology"), Beijing Capital Hangyu Economic Development Co., Ltd. (renamed "Beijing Capital Development Co., Ltd." as at 28 April 2007, hereinafter "Capital Development". As at 4 December 2013, Capital Development renamed "Beijing Capital Investment & Development Co., Ltd." hereinafter "Beijing Capital Investment"). China Resource Products Limited (hereinafter "China Resource") and Yieldwell International Enterprise Limited (hereinafter "Yieldwell International"). The Company's place of registry is the People's Republic of China (hereinafter "the PRC") and is headquartered in Beijing, the PRC. The parent company and the ultimate parent company of the Company is Capital Group, a state owned enterprise corporates in Beijing. The Company was listed on the Main Board of the Stock Exchange of Hong Kong Limited in June 2003. And as at 31 December 2015, the total share of the Company is RMB3,027,960,000 with RMB 1 per share.

The Company and its subsidiaries (hereinafter "the Group") are principally engaged in the real estate development and investment, commercial real estate operation, property consulting services and investment holding.

These consolidated financial statements were approved by the Board of Directors on 18 March 2016.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES

(1). Basis of preparation

The financial statements were prepared in accordance with the Basic Standard and specific standards of the Accounting Standards for Business Enterprises issued by the Ministry of Finance on 15 February 2006, and the Application Guidance for Accounting Standards for Business Enterprises, Interpretations of Accounting Standards for Business Enterprises and other relevant regulations issued thereafter (hereinafter collectively referred to as the "Accounting Standards for Business Enterprises" or "CAS").

The financial statements were prepared on basis of going concern.

(2). Statement of compliance with the Accounting Standards for Business Enterprises

The financial statements of the Company for the year ended 31 December 2015 are in compliance with the Accounting Standards for Business Enterprises, and truly and completely present the financial position of the Consolidated and the Company as at 31 December 2015 and of their financial performance, cash flows and other information for the year ended 31 December 2015.

(3). Accounting year

The accounting year starts on 1 January and ends on 31 December.

(4). Functional currency

The functional currency of the Company and most of its subsidiaries is Renminbi (RMB), while the functional currency of subsidiaries incorporated in France and Australia is the local currency.

Notes to the Financial Statements

For the year ended 31 December 2015 (All amounts in thousands of RMB unless otherwise stated)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

(5). Business combinations

(a) Business combinations involving enterprises under common control

The consideration paid and net assets obtained by the acquirer in a business combination are measured at the carrying amount. The differences between the carrying amount of the net assets obtained and the carrying amount of the consideration paid for the combination is recognized in the capital reserve (share premium). If the capital reserve (share premium) is not sufficient to absorb the difference, the remaining balance is recognized in retained earnings. Costs directly attributable to the combination shall be recognized in profit or loss for the year when occurred. Transaction costs in the issue of equity securities and debt securities attributable to the combination shall be recognized in initial amount of equity securities and debt securities.

(b) Business combinations involving enterprises other than common control

The consideration paid and identifiable net assets obtained by the acquirer in a business combination are measured at fair value on the acquisition date. Where the cost of the combination exceeds the acquirer's interest in the fair value of the acquirer's identifiable net assets, the difference is recognized as goodwill; where the cost of combination is lower than the acquirer's interest in the fair value of the acquirer's identifiable net assets, the difference is recognized in profit or loss for the current period.

For a business combination involving entities other than common control achieved in stages, in the separate financial statements, the initial cost shall be the summation of the book value of the previously held interest before the acquisition date and the additional investment cost on the acquisition date. In the consolidated financial statements, the previously held equity interest in the acquiree is remeasured at fair value on the acquisition date, and the difference between the fair value and book value is recognized as investment income for the current period. If other comprehensive income was recognized regarding the equity interests previously held in the acquiree before the acquisition date, the relevant other comprehensive income is transferred to investment income for the year acquisition occurs. Difference between the sum of the fair value of consideration along with the fair value of equity interests of the acquiree held previously, and the fair value of the identifiable net assets acquired on the acquisition date is recognized as goodwill.

Costs directly attributable to the combination are recognized in profit or loss in the year when it incurred. Transaction costs in the issue of equity securities and debt securities attributable to the combination shall be recognized in initial amount of equity securities and debt securities.

Notes to the Financial Statements

For the year ended 31 December 2015 (All amounts in thousands of RMB unless otherwise stated)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

(6). Preparation of consolidated financial statements

The consolidated financial statements comprise the financial statements of the Company and all of its subsidiaries.

Subsidiaries are consolidated from the date on which the Group obtains control and are de-consolidated from the date that such control ceases. For a subsidiary that is acquired in a business combination involving enterprises under common control, it is included in the consolidated financial statements from the date when it, together with the Company, comes under common control of the ultimate controlling party. The portion of the net profits realized before the combination date is presented separately in the consolidated income statement.

In preparing the consolidated financial statements, where the accounting policies and the accounting periods are inconsistent between the Company and subsidiaries, the financial statements of subsidiaries are adjusted in accordance with the accounting policies and accounting period of the Company. For subsidiaries acquired from a business combination involving enterprises other than common control, the individual financial statements of the subsidiaries are adjusted based on the fair value of the identifiable net assets on the acquisition date.

All significant inter-group balances, transactions and unrealized profits are eliminated in the consolidated financial statements. The portion of a subsidiary's equity, the portion of a subsidiary's net profits and losses and comprehensive income for the year not attributable to the Company are recognized as non-controlling interests and income attributed to non-controlling interests as presented separately in the consolidated financial statements within equity, net profits and comprehensive income respectively. Unrealized inter profit or loss in transactions where the Company sells assets to its subsidiaries are fully eliminated to the net profits attributable to owners of the Company. Unrealized inter profit or loss in transactions where a subsidiary sells assets to the Company are eliminated between the net profits attributable to owners of the Company and the profit or loss of the non-controlling interest in proportion to the Company's allocation to the subsidiary. Unrealized inter profit or loss in transactions between subsidiaries selling assets are eliminated between the net profits attributable to owners of the Company and the profit or loss of non-controlling interest in proportion to the Company's allocation to the selling side.

A transaction will be adjusted from the perspective of the Group in condition that assertions are different when accounting entities are the Group and the Company or its subsidiaries.

Notes to the Financial Statements

For the year ended 31 December 2015 (All amounts in thousands of RMB unless otherwise stated)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

(7). Cash

Cash comprise cash on hand and deposits that can be readily drawn on demand.

(8). Foreign currency translation

(a) Foreign currency transactions

Foreign currency transactions are translated into RMB using the spot exchange rates at the dates of the transactions.

At the balance sheet date, monetary items denominated in foreign currencies are translated into RMB using the spot exchange rates on the balance sheet date. Exchange differences arising from these translations are recognized in profit or loss for the current period, except for those attributable to foreign currency borrowings that have been taken out specifically for the acquisition or construction of qualifying assets, which are capitalized as part of the cost of those assets. Nonmonetary items denominated in foreign currencies that are measured at historical costs are translated at the balance sheet date using the spot exchange rates at the date of the transactions. The effect of exchange rate changes on cash is presented separately in the cash flow statement.

(b) Translation of foreign currency financial statements

The asset and liability items in the balance sheets for overseas operations are translated at the spot exchange rates on the balance sheet date. Among the owners' equity items, the items other than "retained earnings" are translated at the spot exchange rates on the transaction dates. The income and expense items in the income statements of overseas operations are translated at the spot exchange rates or the approximate rate of it on the transaction dates. The differences arising from the above translation are presented separately in the owners' equity, as other comprehensive income. The cash flows of overseas operations are translated at the spot exchange rates on the dates of the cash flows. The effect of exchange rate changes on cash is presented separately in the cash flow statement.

Notes to the Financial Statements

For the year ended 31 December 2015 (All amounts in thousands of RMB unless otherwise stated)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

(9). Financial instruments

(a) Financial assets

(i) *Classification of financial assets*

Financial assets are classified into the following categories at initial recognition: financial assets at fair value through profit or loss, receivables, available-for-sale financial assets and held-to-maturity investments. The classification of financial assets depends on the Group's intention and ability to hold the financial assets. The financial assets of the Group are mainly comprised of financial assets at fair value through profit or loss, receivables and available-for-sale financial assets.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include trading financial assets and financial assets designated as at fair value through profit or loss.

Receivables

Receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, including trade and other receivables, etc.(note 5(3)).

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are either designated in this category or not classified in any of the other categories at initial recognition. Available-for-sale financial assets are included in other current assets on the balance sheet if management intends to dispose of them within 12 months of the balance sheet date.

(ii) *Recognition and measurement*

Financial assets are recognized at fair value on the balance sheet when the Group becomes a party to the contractual provisions of the financial instrument. For financial assets at fair value through profit or loss, the relevant transaction costs are recognized in profit or loss for the current period. Transaction costs that are attributable to the acquisition of the receivables and available-for-sale financial assets are included in their initial recognition amounts.

Fair values are used to determine the subsequent measurements of available-for-sale financial assets and financial assets at fair value through profit or loss. However, for equity investments that neither have quoted price available in an active market nor fair values can be reliably measured, cost method should be used in measuring. Receivables are measured at amortized cost using the effective interest method.

Notes to the Financial Statements

For the year ended 31 December 2015 (All amounts in thousands of RMB unless otherwise stated)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

(9). Financial instruments *(Continued)*

(a) Financial assets *(Continued)*

(ii) *Recognition and measurement (Continued)*

Changes in fair value of financial assets measured at fair value through profit or loss are recognized as fair value gain or loss into profit or loss for the current period; Interests or cash dividends gained during the holding period of assets, and disposal gain or loss are recognized into profit or loss for the current period.

Gain or loss arising from changes in fair value of available-for-sale financial assets is recognized directly in equity, except for impairment losses and exchange gain or loss arising from translation of foreign monetary financial assets. When such financial assets are derecognized, the cumulative gain or loss previously recognized directly into equity is recycled into profit or loss for the current period. Interests of available-for-sale debt instrument investments, which are calculated by effective interest method during holding period, and cash dividends related to available-for-sale equity instrument investments announced by investee companies are recognized as investment income in profit or loss for the current period.

(iii) *Impairment of financial assets*

Except for financial assets at fair value through profit or loss, the Group assesses the carrying amounts of financial assets at each balance sheet date. If there is objective evidence indicating that a financial asset is impaired, the Group shall make a provision for impairment.

Objective evidence indicating impairment of financial assets refers to the matter that actually occurs after the initial recognition of financial assets, it will affect estimated future cash flows of financial assets, and its impact can be reliably measured by the Group.

Objective evidence of impairment on available-for-sale equity investments includes the significant or prolonged decline of the fair value of those equity instruments. The Group assesses the carrying amounts of available-for-sale equity instruments individually at each balance sheet date. If the fair value of the equity instrument declines for more than 50% (included) compared with the initial investment cost or the decline lasts for more than one year (included), the impairment occurs; if the fair value of the equity instrument declines for more than 20% (included) but not beyond 50%, the Group will take other relevant factors, such as price fluctuations into consideration to judge whether the impairment occurs. The Group applies weighted-average method to estimate the initial investment of the available-for-sale equity instrument investment.

Notes to the Financial Statements

For the year ended 31 December 2015 (All amounts in thousands of RMB unless otherwise stated)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

(9). Financial instruments *(Continued)*

(a) Financial assets *(Continued)*

(iii) *Impairment of financial assets (Continued)*

When an impairment loss on a financial asset carried at amortized cost has occurred, the amount of loss is measured at the difference between the assets' carrying amount and the present value of its estimated future cash flows (excluding future credit losses that have not been incurred). If there is objective evidence that the value of the financial assets recovered and the recovery is related objectively to the event occurring after the impairment was recognized, the previously recognized impairment loss is reversed and such amount is recognized in profit or loss.

In the case of a significant or prolonged decline in the fair value of available-for-sale financial assets, the accumulated loss arising from the decline in fair value that had been recognized directly in equity is removed from equity and recognized in impairment loss. For an investment in an equity instrument classified as available-for-sale on which impairment losses have been recognized, the increase in its fair value in the subsequent period is recognized in equity directly.

In the case of decline in the cost model of an available-for-sale financial assets, the difference between its book value and the present value of the cash flow discounted at present market rate of similar financial asset shall be recognized in profit or loss. Accrued impairment will not be reversed in the future period.

(iv) *Derecognition of financial assets*

A financial asset is derecognized when any of the below criteria is met: (i) the contractual rights to receive the cash flows from the financial asset expire; (ii) the financial asset has been transferred and the Group transfers substantially all the risks and rewards of ownership of the financial asset to the transferee; or (iii) the financial asset has been transferred and the Group has not retained control of the financial asset, although the Group neither transfers nor retains substantially all the risks and rewards of ownership of the financial asset.

On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received and the cumulative changes in fair value that had been recognized directly in equity, is recognized in profit or loss.

Notes to the Financial Statements

For the year ended 31 December 2015 (All amounts in thousands of RMB unless otherwise stated)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

(9). Financial instruments *(Continued)*

(b) Financial liabilities

Financial liabilities are classified into financial liabilities at fair value through profit or loss and other financial liabilities. The Group's financial liabilities are mainly derivative financial liabilities and other financial liabilities (including payables, borrowings and debentures payable).

Forward foreign exchange contract measured by hedge accounting is accounted as derivative financial liabilities. Other forward foreign exchange contracts are measured at fair value and the changes in fair value are recognized in profit or loss.

Payables include trade and other payables etc. which are initially recognized at fair value and recorded at amortized cost using effective interest rate in subsequent measurement.

Borrowings and debentures payable are initially recognized at fair value less trading expenses and recorded at amortized cost using effective interest rate in subsequent measurement.

Financial liabilities with repayment period within 1 year (including 1 year) or in an ordinary operation cycle are stated as current liabilities; other financial liabilities with repayment period over 1 year but repayment date within 1 year (including 1 year) from balance sheet date are stated as current portion of non-current liabilities; others are stated as non-current liabilities.

A financial liability is derecognized or partly derecognized when the current obligation is discharged or partly discharged. The difference between the carrying amount of the derecognized part of the financial liabilities and the consideration paid is recognized in profit or loss.

(c) Determination of fair value of financial instrument

The fair value of a financial instrument that is traded in an active market is determined by the quoted price in the active market. The fair value of a financial instrument that is not traded in an active market is determined by using a valuation technique. The Group uses the valuation technique when it is applicable under current conditions and there are enough available data and other information to support and the technique should maximize the use of relevant observable. Unobservable inputs are used under the circumstance that the relevant observable inputs cannot be obtained or not feasible. Those inputs should be consistent with the inputs a market participant would use when pricing the asset or liability.

Notes to the Financial Statements

For the year ended 31 December 2015 (All amounts in thousands of RMB unless otherwise stated)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

(9). Financial instruments *(Continued)*

(d) Offsetting of financial assets and liabilities

Financial assets and liabilities should be presented separately in balance sheet without offsetting. A financial asset and a financial liability should be offset when, and only when, both of the following conditions are satisfied: (i) The Group currently has a legally enforceable right to set off the recognized amounts and the legal enforceable right is now executable. (ii) The Group intends either to settle on a net basis, or to liquidate the financial asset and settle the financial liability simultaneously.

(10). Hedging activities

The Group sets forward foreign exchange contract as hedging instrument to avoid foreign exchange risks. Changes in cash flow of the hedging instrument are expected to offset the changes in cash flow of hedged items. The Group accounts the hedging by using cash flow hedge.

Fair value of the hedging derivatives would be classified as a non-current asset or liability when the residual maturity of the hedged item is longer than 12 months.

The Group continuously records its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives used in hedging transactions are highly effective in offsetting changes in cash flows of hedged items (whether the offset results are between 80% and 125%). The Group adopts ratio analysis to assess subsequent effectiveness of cash flow hedge.

Gain or loss on the cash flow hedging instrument relating to the effective portion is recognized in other comprehensive income and presented separately. Amount of the effective portion is the lower of the absolute value of the two items below:

- (i) Accumulated gain or loss on the hedging instrument from hedging date;
- (ii) Accumulated changes in present value of expected future cash flow of hedged transactions from hedging date.

Gain or loss relating to the ineffective portion, that is gain or loss deducting the portion recognized in other comprehensive income, is recognized in profit or loss.

When the hedged item impacts the profit and loss, the gain or loss on the hedging instrument recognized in other comprehensive income is transferred out and recognized in profit or loss. However, when a hedged prospective transaction results in the recognition of a non-financial asset, the gain or loss previously recognized in equity is transferred out from equity and included in the cost of the non-financial asset at the initial recognition.

Notes to the Financial Statements

For the year ended 31 December 2015 (All amounts in thousands of RMB unless otherwise stated)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

(10). Hedging activities *(Continued)*

When a hedging instrument expires or is sold, the hedging contract terminated, or a hedge no longer meets the criteria for hedge accounting, the Group no longer applies hedging account. Any cumulative gain or loss recognized in equity previously when hedging is effective will be transferred out and recognized in profit or loss till the prospective transaction ultimately occurs. When a prospective transaction is no longer expected to occur, the cumulative gain or loss recognized in equity previously when hedging is effective is transferred out and recognized in profit or loss immediately.

(11). Receivables

Receivables comprise trade and other receivables. Trade receivables arising from sale of goods or rendering of services are initially recognized at fair value of the contractual payments from the buyers or service recipients.

(a) Receivables that are individually significant and subject to separate assessment for provision for bad debts

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.

The criterion for determining "individually significant" is as follows: trade receivables are all individually significant, for other receivables, any individual amount exceeds RMB 30,000,000.

The provision for bad debts of those individually significant amounts is determined as the difference between the present value of estimated future cash flow of receivables and its carrying amount.

(b) Receivables that are subject to provision for bad debts on the grouping basis

Receivables with amounts that are not individually significant and 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 bad debts is determined based on the historical loss experience for the groupings of receivables with similar credit risk characteristics, taking into consideration of the current circumstances.

Notes to the Financial Statements

For the year ended 31 December 2015 (All amounts in thousands of RMB unless otherwise stated)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

(11). Receivables *(Continued)*

(b) Receivables that are subject to provision for bad debts on the grouping basis *(Continued)*

Basis for grouping is as follows:

Group of related parties Amounts due from related parties

Group of third parties Amounts due from other third parties

Methods of determining provision for bad debts by grouping are as follows:

Group of related parties Low credit risk upon assessment, no bad debts provided

Group of third parties Assessment based on historical losses

The Group has no receivables with amounts that are not individually significant and in high risk based on their credit risk characteristics.

(c) Receivables with amounts that are not individually significant but subject to separate assessment for provision for bad debts

The reason for making separate assessment for provision for bad debts is that there exists objective evidence that the Group will not be able to collect the amount under the original terms of the receivable.

The provision for bad debts is determined based on the amount of the present value of the future cash flows expected to be derived from the receivable below its carrying amount.

(12). Inventories

(a) Classification

Inventories include properties under development, properties held for sale and low-cost consumables, which are measured at the lower of cost and net realizable value.

(b) Measurement of inventories

Inventories are initially recognized at the actual costs. The costs of properties under development and properties held for sale comprise land cost, construction cost, capitalized borrowing costs, and other direct and indirect fees incurred during the development period. On completion, the properties are transferred to completed properties held for sale at the actual costs. For land use rights that are developed for subsequent sales, the cost paid for land use rights are classified and accounted for as part of the costs of properties.

Public ancillary facilities comprise government-approved public ancillary projects, i.e. roads etc. The relevant costs are recognized in the properties under development, and are recorded by each cost items, the cost paid for land use rights are classified and accounted for as part of properties under development.

Notes to the Financial Statements

For the year ended 31 December 2015 (All amounts in thousands of RMB unless otherwise stated)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

(12). Inventories *(Continued)*

(c) **Measurement of net realizable value and provisions for inventories impairment.**

Provisions are determined at the excess amount of the carrying value of the inventories over their net realizable value. Net realizable value is determined based on the estimated selling price in the ordinary course of business, less the estimated costs to completion, estimated selling expenses and related taxes.

(d) **The Group adopts the perpetual inventory system.**

(e) **Low-cost consumables are amortized using the one-off amortization method.**

(13). Long-term equity investments

Long-term equity investments comprise the Company's long-term equity investments in its subsidiaries, the Group's long-term equity investments in its joint ventures and associates.

Subsidiaries are the investees over which the Company is able to exercise control. Joint ventures are joint arrangements of which the net asset is attribute to the Group based on the legal forms, terms of contract and other facts and the investees over which the Group is able to exercise joint control together with other ventures. Associates are the investees that the Group has significant influence on their financial and operating policies.

Investments in subsidiaries are presented in the Company's financial statements using the cost method, and are adjusted for preparing the consolidated financial statements using the equity method. Investments in joint ventures and associates are accounted for using the equity method.

When the accounting policies and the accounting periods are inconsistent between the Company and investees, the financial statements of investees are adjusted in accordance with the accounting policies and accounting periods of the Company and recognize the investment income accordingly.

(a) **Measurement of investment cost**

For long-term equity investments acquired through a business combination: for long-term equity investments acquired through business combination involving enterprises under common control, the investment cost shall be the acquirer's share of the carrying amount of owners' equity of the acquiree on the combination date; for long-term equity investment acquired through a business combination involving enterprises other than common control, the investment cost shall be the combination cost.

For long-term equity investments acquired not through a business combination: for long-term equity investment acquired by payment in cash, the initial investment cost shall be the purchase price actually paid; for long-term equity investments acquired by issuing equity instruments, the initial investment cost shall be the fair value of the equity instruments issued.

Notes to the Financial Statements

For the year ended 31 December 2015 (All amounts in thousands of RMB unless otherwise stated)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

(13). Long-term equity investments *(Continued)*

(b) Subsequent measurement and recognition of investment income and loss

For long-term equity investments accounted for using the cost method, they are measured at the initial investment costs, and cash dividends or profit distribution declared by the investees are recognized as investment income in profit or loss.

For long-term equity investments accounted for using the equity method, where the initial investment cost of a long-term equity investment exceeds the Group's share of the fair value of the investee's identifiable net assets on the acquisition date, the long-term equity investment is measured at the initial investment cost; where the initial investment cost is less than the Group's share of the fair value of the investee's identifiable net assets on the acquisition date, the difference is included in profit or loss and the cost of the long-term equity investment is adjusted upwards accordingly.

For long-term equity investments accounted for using the equity method, the Group recognizes the investment income or losses according to its share of net profit or loss of the investee. The Group discontinues recognizing its share of net losses of an investee after the carrying amount of the long-term equity investment together with any long-term interests that, in substance, form part of the investor's net investment in the investee are reduced to zero. However, if the Group has obligations for additional losses and the criteria with respect to recognition of provisions under the accounting standards on contingencies are satisfied, the Group continues recognizing the investment losses and the losses are recognized as estimate debts. For changes in owners' equity of the investee other than those arising from its net profit or loss, other comprehensive income and profit distribution, the Group adjusts the carrying amount of long-term equity investments and records its proportionate share directly into capital reserve. The carrying amount of the investment is reduced by the Group's share of the profit distribution or cash dividends declared by the investee. The unrealized profits or losses arising from the intra-group transactions amongst the Group and its investees are eliminated in proportion to the Group's equity interest in the investees, and then based on which the investment gains or losses are recognized. For the loss on the intra-group transaction amongst the Group and its investees attributable to asset impairment, any unrealized loss is not eliminated.

(c) Definitions of control, joint control and significant influence

Control is the power over the investee when the investor is exposed, or has rights, to variable returns from its involvement with the investee companies, and has the ability to affect those returns through its power over the investee companies.

Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the Group and the other parties sharing control.

Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

Notes to the Financial Statements

For the year ended 31 December 2015 (All amounts in thousands of RMB unless otherwise stated)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

(13). Long-term equity investments *(Continued)*

(d) Impairment of long-term equity investment

The carrying amounts of long-term equity investments in subsidiaries, joint ventures and associates are reduced to the recoverable amounts when the recoverable amounts are below their carrying amounts (Note 2 (20)).

For other long-term equity investments which are not quoted in an active market and whose fair values cannot be reliably measured, the excess of their carrying amounts over the present values of future cash flows discounted at the prevailing market yield rate for similar financial assets is recognized as impairment loss and cannot be reversed once recognized.

(14). Joint operations

Joint operations are operations with a contractual arrangement, whereby the Group and other parties jointly enjoy related assets and are responsible to related liabilities. Under joint operations, the assets and liabilities which belong to joint operations and are related to profit shares should be recognized separately or shared by proportion; Revenues were recognized from selling the Group's share in joint operations or selling products of joint operations; expenses were recognized separately or shared by proportion in the joint operations.

(15). Investment properties

Investment properties, including land use rights that have already been leased out, buildings that are held for the purpose of leasing and buildings that is being constructed or developed for the purpose of leasing in future, are measured initially at cost. Subsequent expenditures incurred in relation to an investment property is included in the cost of the investment property when it is probable that the associated economic benefits will flow to the Group and their cost can be reliably measured; otherwise, the expenditures are recognized in profit or loss in the year in which they are incurred.

The Group adopts the fair value model for subsequent measurement of investment properties. Investment properties are measured at fair value model when the following conditions are met:

- (a) There is an active property market where the investment property locates.
- (b) The Group can obtain the market price or the relevant information regarding the same type of or similar property market, so as to reasonably estimate the fair value of the investment property.

Depreciation or amortization will no longer be provided for investment properties measured at fair value. Investment properties will be valued as at the balance sheet date and its carrying amount will be adjusted accordingly. The difference between the fair value and the carrying amount will be charged to the current profit and loss account of the Group.

Notes to the Financial Statements

For the year ended 31 December 2015 (All amounts in thousands of RMB unless otherwise stated)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

(15). Investment properties *(Continued)*

When objective evidence indicates that the purpose of the real estate has changed and the Group converts investment property to owner-occupied property or real estate inventory, the property's carrying amount is stated at the fair value on the conversion date. The difference between the fair value and the original carrying amount is recognized in profit or loss for the current period. When any owner-occupied property or real estate inventory is converted to investment properties to be measured through the fair value model, the fair value on the conversion date is recognized as the carrying amount of the investment property. When the fair value on the conversion date is less than its carrying amount, the difference will be charged to profit or loss for the current period. When the fair value on the conversion date is more than its carrying amount, the difference will be charged to other comprehensive income.

Where fair value of investment properties under construction is not reliably measurable but is expected to be reliably obtained after the construction is completed (including those investment properties under construction acquired initially by the Group), the property is measured at cost until the earlier of the date construction is completed or the date at which fair value becomes reliably measurable.

For investment properties under construction measured at cost, land use rights are amortized by using the estimated useful life and net residual rate. The amortization is capitalized.

An investment property is derecognized on disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposal. The net amount of proceeds from sale, transfer, scrapping or damage of an investment property subtract its carrying amount and related taxes and expenses is recognized in profit or loss for the current period.

(16). Fixed assets

(a) Recognition and initial measurement

Fixed assets comprise buildings, machinery equipment, motor vehicles, and office equipment. Fixed assets are recognized when it is probable that the associated economic benefits will flow to the Group and the related cost can be reliably measured. Fixed assets purchased or constructed by the Group are initially measured at cost at the time of acquisition.

Subsequent expenditures incurred for a fixed asset are included in the cost of the fixed asset when it is probable that the associated economic benefits will flow to the Group and the related cost can be reliably measured. The carrying amount of the replaced part is derecognized. All the other subsequent expenditures are recognized in profit or loss in the year in which they are incurred.

Notes to the Financial Statements

For the year ended 31 December 2015 (All amounts in thousands of RMB unless otherwise stated)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

(16). Fixed assets *(Continued)*

(b) Depreciation methods of fixed assets

Fixed assets are depreciated using the straight-line method to allocate the cost of the assets to their estimated residual values over their estimated useful lives. For the fixed assets that have been provided for impairment loss, the related depreciation charge is prospectively determined based upon the adjusted carrying amounts over their remaining useful lives.

The estimated useful lives, the estimated rate of residual value and the annual depreciation rate are as follows:

	Estimated useful lives	Estimated rate of residual value	Annual depreciation rate
Buildings	10-40 year	0% to 10%	2.3% to 10.0%
Motor vehicles	5-10 year	0% to 10%	9.0% to 20.0%
Office equipment	3-10 year	0% to 10%	9.0% to 33.3%

The estimated useful lives, the estimated residual value of a fixed asset and the depreciation method applied to the asset are reviewed, and adjusted as appropriate at least each year end.

(c) When recoverable amount of fixed asset is lower than its carrying amount, the carrying amount should be written down to the recoverable amount (Note 2(20)).

(d) Disposal of fixed assets

A fixed asset is derecognized on disposal or when no future economic benefits are expected from its use or disposal. The amount of proceeds from disposal on sale, transfer, scrapping or damage of a fixed asset subtract its carrying amount and related taxes and expenses is recognized in profit or loss for the current period.

(17). Borrowing costs

The borrowing costs that are directly attributable to the acquisition and construction of investment properties or real estate projects that need a substantially long period of time for its intended use commence to be capitalized and recognized as part of the cost of the asset when expenditures for the asset and borrowing costs have been incurred, and the activities relating to the acquisition and construction that are necessary to prepare the asset for its intended use have commenced. The capitalization of borrowing costs ceases, when the investment properties under acquisition or construction becomes ready for its intended use, the properties under development become ready for sale (generally after Completion Certification granted), the borrowing costs incurred thereafter are recognized in profit or loss for the current period. Capitalization of borrowing costs is suspended during periods in which the acquisition or construction of the asset is interrupted abnormally and the interruption lasts for more than 3 months, until the acquisition or construction is resumed.

Notes to the Financial Statements

For the year ended 31 December 2015 (All amounts in thousands of RMB unless otherwise stated)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

(17). Borrowing costs *(Continued)*

For borrowings that specified for acquisition and construction of investment properties and real estate projects and qualified for capitalization, the capitalization amount is measured as current actual interests of the specified borrowings subtract interest revenue earned from unused borrowings deposited at bank or investment income earned from temporary investment activities with unused borrowings.

For general borrowings that occupied by the acquisition and for construction of investment properties and real estate projects qualified for capitalization, the capitalization amount should be the weighted average exceeds of accumulated capital expenditures for capitalization over the amount of specialized borrowings multiplied by the weighted average effective interest rate. The effective interest rate is the rate used to discount the estimated future or the applicable shorter period cash flows of the borrowings to the initial measurement of the borrowings.

(18). Intangible assets

Intangible assets are land use rights and are measured at cost. The cost of land use rights obtained for construction of real estate projects and investment properties is recognized in inventory development costs.

(a) Land use rights

Land use rights are amortized over the useful life of 50 years. If the purchase costs of land use rights and the buildings located thereon cannot be reliably allocated between the land use rights and the buildings, all of the purchase costs are recognized as fixed assets.

(b) Periodical review of useful life and amortization method

For an intangible asset with a finite useful life, review and adjustment on its useful life and amortization method are performed at each year end.

(c) Impairment of intangible assets

When the recoverable amount of an intangible asset is less than its carrying amount, the carrying amount should be written down to the recoverable amount (Note 2 (20)).

(19). Long-term prepaid expenses

Long-term prepaid expenses include expenditures that have been incurred but should be recognized as expenses over more than one year in the current and subsequent periods. Long-term prepaid expenses are amortized on the straight-line basis over the expected beneficial period and are presented at actual expenditure subtract accumulated amortization.

Notes to the Financial Statements

For the year ended 31 December 2015 (All amounts in thousands of RMB unless otherwise stated)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

(20). Impairment of long-term assets

Fixed assets, intangible assets with finite useful lives, investment properties measured using the cost model and long-term equity investments in subsidiaries, joint ventures and associates are tested for impairment if there is any indication that an asset may be impaired at the balance sheet date. If the result of the impairment test indicates that the recoverable amount of the asset is less than its carrying amount, a provision for impairment and an impairment loss are 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 the present value of the future cash flows expected to be derived from the asset. Provision for asset impairment is determined and recognized on the individual asset basis. If it is not possible to estimate the recoverable amount of an individual asset, the recoverable amount of a group of assets to which the asset belongs to is determined. A group of assets is the smallest group of assets that is able to generate cash inflows independently.

Goodwill that is separately presented in the financial statements is tested at least annually for impairment, irrespective of whether there is any indication that it may be impaired. In conducting the test, the carrying value of goodwill is allocated to the related asset groups or groups of asset groups which are expected to benefit from the synergies of the business combination. If the result of the test indicates that the recoverable amount of an asset group or group of asset groups, including the allocated goodwill, is lower than its carrying amount, the corresponding impairment loss is recognized. The impairment loss is first deducted from the carrying amount of goodwill that is allocated to the asset group or group of asset groups, and then deducted from the carrying amounts of other assets within the asset groups or groups of asset groups in proportion to the carrying amounts of assets other than goodwill.

Once the above asset impairment loss is recognized, it will not be reversed for the value recovered in the subsequent periods.

(21). Employee benefits

Employee benefits are all forms of considerations given in exchange for services rendered by employees or compensation paid in order to terminate the employment relationship. Employee benefits mainly include short-term employee benefits, demission benefits, termination benefits and other long-term employee benefits, etc.

(a) Short-term employee benefits

Short-term employee benefits mainly include wages or salaries, bonuses, allowances and subsidies, staff welfare, social security contributions, housing funds, labor union funds, employee education funds, short-term compensated absences and profit sharing plan. When an employee has rendered service to the Group during an accounting period, the Group shall recognize short-term employee benefits as liabilities and charge to the cost of an asset or as an expense at the same time. Non-monetary benefits are measured in accordance with fair value.

Notes to the Financial Statements

For the year ended 31 December 2015 (All amounts in thousands of RMB unless otherwise stated)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

(21). Employee benefits *(Continued)*

(b) Demission benefits

Demission benefits are classified as defined contribution plan and defined benefit plans. Defined contribution is demission benefits plan in which the Group is not obliged to make further payment after paying a certain amount to individual funds. Defined benefit plans is other demission benefits plan except for defined contribution plan. During the period, demission benefits mainly include basic social pension security and unemployed insurance, both of which are defined contribution plan.

Basic social pension security

Employees of the Group participate in the basic social pension plan set up and administered by the government authorities. Basic pensions are provided monthly according to stipulated proportions and basis, which are paid to local labor and social security institutions. After retirement of employees, local labor and social security institutions will pay related pensions to employees accordingly. When an employee has rendered service to the Group during an accounting period, the Group shall compute and recognize liabilities according to the above stipulation and charge to the cost of an asset or as an expense at the same time.

The Group provides a pension scheme, which is established under the rules and regulations of the Mandatory Provident Fund Scheme Ordinance ("MPF Scheme"), for all employees in Hong Kong. The statutory contribution requirements to the MPF Scheme are minimum 5% of eligible employees' relevant aggregate income and maximum of HKD1,500 (HKD 1,250 before 1 June 2014) monthly. The assets of this pension scheme are held separately from those of the Group in independently administered funds.

Supplementary pension security plan

Qualified employees of the Group can voluntarily join the supplementary pension security plan. Supplementary pensions are provided monthly based on employees' social security basis published in April and proportions of 5% from the Group and 5% from employee, which are paid to trustee. After retirement of employees, trustee will pay related pensions to employees accordingly. When an employee has rendered service to the Group during an accounting period, the Group shall compute and recognize liabilities according to the above stipulation and charge to the cost of an asset or as an expense at the same time.

(c) Termination benefits

Termination benefits are payables when employment is terminated by the Group before the employment contract expire, or compensation provided as an offer to encourage employees to accept voluntary redundancy. The Group recognizes termination benefits as liabilities and charges to profit or losses at the earlier of the following dates: when the Group can no longer withdraw the offer of termination plan; and when the Group recognizes costs for restructuring which involving the payment of termination benefits.

Notes to the Financial Statements

For the year ended 31 December 2015 (All amounts in thousands of RMB unless otherwise stated)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

(22). Equity instruments

Financial instruments issued by the Group are classified as equity instruments when both of the following conditions are satisfied:

- (a) The financial instruments have no contractual obligation to pay in cash or other financial assets to other parties nor to exchange financial assets or liabilities under potential adverse condition with other parties;
- (b) The financial instruments should and can be settled via equity instruments of the Group. For non-derivative instruments, the instruments have no contractual obligation to be settled by delivering fixed number of equity instruments of the Group. For derivative instruments, they can only be settled through the exchange of fixed number of the Group's equity instruments with fixed amount of cash or other financial assets.

The amounts issued by the subsidiaries and classified as equity instruments in the consolidated financial statements of the Group are presented as non-controlling interest.

(23). Distribution of dividends

The amount of dividends is recognized as liability in the current period in which it is approved by general meeting of shareholders.

(24). Provisions

Provisions for product warranties, pending litigations etc. are recognized when the Group has a present obligation, it is probable that an outflow of economic benefits will be required to settle the obligation, and the amount of the obligation can be measured reliably.

A provision is initially measured at the best estimate of the expenditure required to settle the related present obligation. Factors surrounding a contingency, such as the risks, uncertainties and the time value of money, are taken into account as a whole in reaching the best estimate of a provision. Where the effect of the time value of money is material, the best estimate is determined by discounting the related future cash outflows. The increase in the discounted amount of the provision arising from passage of time is recognized as interest expense.

The carrying amount of provisions is reviewed at each balance sheet date and adjusted to reflect the current best estimate.

(25). Revenue recognition

The amount of revenue is determined in accordance with the fair value of the consideration received or receivable from the sales of goods and the rendering of services in the ordinary course of the Group's business activities. Revenue is shown net off rebates, discounts and returns.

Notes to the Financial Statements

For the year ended 31 December 2015 (All amounts in thousands of RMB unless otherwise stated)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

(25). Revenue recognition *(Continued)*

Revenue is recognized when the economic benefits associated with the transaction will flow to the Group, the related revenue can be reliably measured, and the specific revenue recognition criteria have been met for each type of the Group's business activities as described below:

(a) Sales of goods

- (i) Revenue of sales of development properties is recognized when all the following conditions have been satisfied:
- properties are completed and accepted after check;
 - a legally binding sales contract has been signed;
 - all the significant risks and rewards of ownership of the development properties have been transferred to the buyer;
 - the Company does not retain the management rights, which is normally associated with owner, on the development properties sold and has no control over the development properties sold. And other criteria required when recognizing revenue mentioned above.

(b) Rendering of services

The Group provides service to external parties. The related revenue is recognized using the percentage of completion method, with the stage of completion being determined based on proportion of costs incurred to date to the estimated total costs.

(26). Government grants

Government grants are the gratuitous monetary assets or non-monetary assets that the Group receives from the government, including tax returns and financial subsidies.

Government grants are recognized when there is reasonable assurance that the grants will be received and the Group is able to comply with the conditions attaching to them. Monetary assets of the government grants are measured as the amount received or receivable. Non-monetary assets of the government grants are measured as fair value or notional value if the fair value cannot be obtained reliably.

A government grant related to an asset is the government grants acquired by the Group that specified for acquisition and construction or in other ways to form long-term assets. For government grants related to income are government grants other than government grants related to assets.

Government grants related to assets are recognized as deferred revenue and will be allocated on a straight-line basis in profit or loss over the useful life of the related assets. Government grants recognized at notional value are directly recognized in the income statement.

Government grants related to income which are used to compensate expenses or losses in subsequent periods, are recognized as deferred revenue and realized in profit or loss for the year such expenses or losses occurred; the ones which are to compensate expenses or losses occurred in previous periods are directly recognized in the income statement.

Notes to the Financial Statements

For the year ended 31 December 2015 (All amounts in thousands of RMB unless otherwise stated)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

(27). Deferred tax assets and deferred tax liabilities

Deferred tax assets and deferred tax liabilities are calculated and recognized based on the differences arising between the tax bases of assets and liabilities and their carrying amounts (temporary differences). Deferred tax asset is recognized for the deductible losses that can be carried forward to subsequent years for deduction of the taxable profit in accordance with the tax laws. No deferred tax liability is recognized for a temporary difference arising from the initial recognition of goodwill. No deferred tax asset or deferred tax liability is recognized for the temporary differences resulting from the initial recognition of assets or liabilities due to a transaction other than a business combination, which affects neither accounting profit nor taxable profit (or deductible loss). At the balance sheet date, deferred tax assets and deferred tax liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled.

Deferred tax assets are recognized to the extent that it is probable that future taxable income will be available to offset the deductible temporary differences, deductible losses, and deductible tax amounts.

Deferred tax liabilities are recognized for temporary differences arising from investments in subsidiaries, joint ventures and associates, except where the Group is able to control the timing of the reversal of the temporary difference, and it is probable that the temporary difference will not be reversed in the foreseeable future. When it is probable that the temporary differences arising from investments in subsidiaries, joint ventures and associates will be reversed in the foreseeable future and that the taxable profit will be available in the future to offset the deductible temporary differences, the corresponding deferred tax assets are recognized.

Deferred tax assets and liabilities are offset if all the following conditions are met:

- they related to income taxes levied by the same tax authority; and
- that tax payer within the Group has a legally enforceable right to offset current tax assets and current tax liabilities.

(28). Leases

A finance lease is a lease that substantially transfers all the risks and rewards incidental to ownership of an asset. An operating lease is a lease other than a finance lease.

The Group does not have finance leases. Lease payments under an operating lease are recognized in the asset cost or in profit or loss on a straight-line basis over the year of the lease.

Income from an operating lease is recognized on a straight-line basis over the year of the lease.

Notes to the Financial Statements

For the year ended 31 December 2015 (All amounts in thousands of RMB unless otherwise stated)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

(29). Maintenance and quality guarantee funds

Maintenance fund is collected from property buyers according to related regulations on behalf of housing administration bureau, by certain percentage of selling price of property, the fund will be delivered to housing administration bureau upon registration of property ownership. Maintenance fund is recognized in other payables when received and is for the repair and update for the common parts and equipment and public facilities of the real estate specially.

Quality guarantee fund is reserved by certain percentage of the project payment and when the properties are completed it will be repaid to constructor, in condition that there's no quality issue in agreed warranty period. Reserved quality guarantee fund is recognized in payables and is paid after the agreed warranty period.

(30). Held for sale and discontinued operations

A non-current asset or a component of the group satisfying the following conditions is classified as held for sale: (1) the non-current asset or the component in current conditions can be sold immediately according to usual trading terms; (2) the Group has made a resolution and has been approved for disposal of the non-current asset or the component; (3) an irrevocable contract with the transferee has been signed and; (4) the transfer will be completed within one year.

Non-current assets (except for financial assets, investment property at fair value and deferred tax assets), which meet the recognition criteria for held for sale are measured at the lower of the fair value less costs to sell and the carrying amount. Any excess of the original carrying amount over the fair value less costs to sell is recognized as an asset impairment loss.

The assets and liabilities in non-current assets classified as held for sale and disposal groups are classified as current assets and current liabilities and should be listed on the balance sheet separately.

A discontinued operation is a component of the Group that either has been disposed of or is classified as held for sale, and can be distinguished from other components within the Group in business operation and in preparation of financial statements: (i) the component represents a separate major line of business or geographical area of operations; (ii) is part of a single coordinated plan to disposal of a separate major line of business or geographical area of operations; (iii) is a subsidiary acquired exclusively for the purpose of resale.

Notes to the Financial Statements

For the year ended 31 December 2015 (All amounts in thousands of RMB unless otherwise stated)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

(31). Segment information

The Group identifies operating segments based on the internal organization, management requirements and internal reporting system and the reportable segments is determined and segment information is disclosed based on the operating segments.

An operating segment is a component of the Group that satisfies all of the following conditions: (i) the component is able to earn revenues and incur expenses from its operation activities; (ii) whose operating results are regularly reviewed by the Group's management to make decisions about resources to be allocated to the segment and to assess its performance, and (iii) for which the information on financial position, operating results and cash flows is available to the Group. If two or more operating segments have the similar economic characteristics and satisfy certain conditions, they could be aggregated into one single operating segment.

(32). Purchase shares in subsidiaries from non-controlling interests and partial disposal of interest in a subsidiary without loss of control

For the transaction with non-controlling interest to partially or wholly acquire interests in a subsidiary after obtaining the control rights over the subsidiary, the assets and liabilities of the subsidiary are measured consistently following their value at the acquisition or merger date in the consolidated financial statements. The difference between additions in long-term investment due to the interest purchase and additions of shared net assets of the subsidiary calculated by the additional share proportion should be recorded in capital reserve (share premium). In case share premium is not sufficient to offset the difference, retained earnings should be adjusted.

For the transaction to dispose long-term equity investment in a subsidiary with non-controlling interest without losing control rights over the subsidiary, the difference between the proceeds from disposal of interests and the decrease of the shared net assets of the subsidiary is adjusted to capital reserve (share premium). In case share premium is not sufficient to offset the difference, retained earnings will be adjusted.

Notes to the Financial Statements

For the year ended 31 December 2015 (All amounts in thousands of RMB unless otherwise stated)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

(33). Critical accounting estimates and judgments

The Group continually evaluates the critical accounting estimates and key judgments applied based on historical experience and other factors, including expectations of future events that are believed to be reasonable.

(a) Critical accounting estimates and key assumptions

The critical accounting estimates and key 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 as follows:

(i) *Property development cost*

Critical estimates and judgments on budget cost and development progress are required in determining property development cost. The budget cost and development progress of the project is reviewed by the Group on a regular basis and adjusted as appropriate. When the actual cost differs from the budget cost, such difference will impact the relevant property development cost.

(ii) *Taxes*

The Group is subject to various taxes for the business of property development. There are many transactions and events for which the ultimate tax determination is uncertain during the ordinary course of business. Significant judgment is required in determining the provision for land appreciation tax ("LAT"). Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the tax provisions in the year in which such determination is made.

(iii) *Impairment of assets*

The Group tests annually whether assets have suffered any impairment in accordance with the accounting policy stated in note 2(20). If there is objective evidence that the carrying amount of assets is in excess of its recoverable amount, a provision for impairment and an impairment loss are recognized for the amount by which the asset's carrying amount exceeds its recoverable amount.

(iv) *Provisions for doubtful debts of receivables*

The Group tests annually whether receivables suffer any impairment in accordance with the accounting policy stated in note 2(11). 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.

Notes to the Financial Statements

For the year ended 31 December 2015 (All amounts in thousands of RMB unless otherwise stated)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

(33). Critical accounting estimates and judgments *(Continued)*

(a) Critical accounting estimates and key assumptions *(Continued)*

(v) *Deferred income tax assets*

Judgment for whether deductible temporary differences and deductible losses can be reversed in the future period is required from the Group in recognizing deferred income tax assets. For deductible temporary differences and deductible losses, the Group recognizes deferred income tax assets to the extent that it is probable that taxable profit will be available in the future to offset the deductible losses.

(vi) *Fair value of investment properties*

The Group adopts fair value model for subsequent measurement of investment properties. Where fair value of investment properties under construction is not reliably measurable but is expected to be reliably obtained after the construction is completed (including those investment properties under construction acquired initially by the Group), the property is measured at cost until the earlier of the date construction is completed or the date at which fair value becomes reliably measured.

Critical estimates and judgments are required in determining the timing to adopt fair value model for subsequent measurement of investment properties, the Group make such estimates and judgments based on the area, market condition, and development progress of the investment property project and obtains independent valuations for its investment properties at least annually from an independent professional valuer as a third party. The fair value is determined in accordance with the methods below:

Current prices (open market quotations) in an active market for the same or similar investment properties;

When such information above is not available, then use recent trading prices in an active market of the same or similar investment property, and take the factors of situations, dates and locations of transactions, etc. into consideration;

Present value calculated based on estimated future rental income and related cash flow.

(vii) *Provision for inventory impairment*

The Group measures the inventories at the lower of cost and net realizable value at the balance sheet date. The calculation of net realizable value needs assumptions and estimates. If the management changes the estimated selling price and the estimated costs and expenses to completion, the estimated net realizable value would be affected; such difference will impact the provisions of inventories which have been recognized.

Notes to the Financial Statements

For the year ended 31 December 2015 (All amounts in thousands of RMB unless otherwise stated)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND ACCOUNTING ESTIMATES *(Continued)*

(33). Critical accounting estimates and judgments *(Continued)*

(a) Critical accounting estimates and key assumptions *(Continued)*

(viii) Accounting estimates on impairment of goodwill

The Group tests whether goodwill has suffered any impairment annually, which requires accounting estimation. The group's goodwill is mainly generated from an acquisition for a Hong Kong stock exchange listed company. The group applies the market value of shares of the listed company at balance sheet date to evaluate the recoverable amount of the asset groups and groups of asset groups.

(ix) Deferred income tax liabilities

The Group needs to estimate the possibility of the dividend distribution or share transfer of the non-resident enterprises to realize the taxable temporary difference, when recognizing deferred income tax liabilities for taxable temporary differences of withholding income tax.

(b) Critical judgments on application of accounting policy — revenue recognition

According to the accounting policy stated in note 2(25), the assessment of when an entity has transferred the significant risks and rewards of ownership to buyers requires the judgment according to the circumstances of the transaction. In most cases, the transfer point of risks and rewards of ownership coincides with the date when the buyer check and accept the property or when the buyer is regarded as checking and accepting the property.

As disclosed in note 10, 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 mortgaged to banks by the purchasers. The Group believes that significant risks and rewards associated to the ownership of the properties have been transferred to the purchasers when the buyer check and accept the property or when the buyer is regarded as checking and accepting the property.

Notes to the Financial Statements

For the year ended 31 December 2015 (All amounts in thousands of RMB unless otherwise stated)

3. TAXATION

The types and rates of taxes applicable to the Group are set out below:

Type	Tax rate	Taxable base
Enterprise income tax	25%	Taxable income of subsidiaries located in the PRC
	5%-10%	Income from taxable dividends of non-resident enterprises and investments disposal in mainland China
	16.5%	Taxable income of subsidiaries located in Hong Kong
Value added tax (VAT)	6%	Taxable value added amount
Business tax	5%	Taxable turnover amount
LAT	30%-60%	Taxable value added amount through sales of properties
City maintenance and construction tax	5%-7%	Amount of VAT and business tax paid
Education surcharge	3%	Amount of VAT and business tax paid
Property tax	1.2%	Taxable residual value of properties
	12%	Rental income of properties

Notes to the Financial Statements

For the year ended 31 December 2015 (All amounts in thousands of RMB unless otherwise stated)

4. BUSINESS COMBINATION AND CONSOLIDATED FINANCIAL STATEMENTS

(1). Significant subsidiaries

1. Subsidiaries incorporated by promoters at establishment of the Company

Name	Place of registration	Place of main operation	Principal activities	Registered capital		Attributable interest held				Attributable vote held			
				31 December 2015	31 December 2014	31 December 2015		31 December 2014		31 December 2015		31 December 2014	
						Direct %	In-direct %	Direct %	In-direct %	Direct %	In-direct %	Direct %	In-direct %
(1) Central Plaza Real Estate Development Co., Ltd. ("Central Company")(i)	Beijing, the PRC	Beijing the PRC	Property Development and Investment	N/A	USD11,258,000	N/A	N/A	75	25	N/A	N/A	75	25
(2) Beijing Rongjin Real Estate Development Co., Ltd. ("Rongjin Company")	Beijing, the PRC	Beijing the PRC	Property Development and Investment	USD6,360,000	USD6,360,000	10	49.5	10	49.5	10	49.5	10	49.5
(3) Beijing Sunshine Jindu Properties Co., Ltd. ("Jindu Company")	Beijing, the PRC	Beijing the PRC	Property Development and sales	RMB370,000,000	RMB370,000,000	100	-	100	-	100	-	100	-
(4) Central Plaza Development Ltd. ("Central Plaza")(ii)	B.V.I	Hong Kong	Investment Holding	USD1	USD1	100	-	100	-	100	-	100	-
(5) International Financial Center Property, Ltd. ("IFC")	B.V.I	Hong Kong	Investment Holding	USD1	USD1	100	-	100	-	100	-	100	-

- (i) In December 2015, Central Company cancelled registration after the approval of State Administration for Industry and Commerce of PRC.
- (ii) As at 31 December 2015, Central Plaza, a subsidiary of the Group, has issued cooperate bonds and mid-term notes amounted to RMB3,250,000,000 (As at 31 December 2014: RMB5,250,000,000)(note 5(29)).

Notes to the Financial Statements

For the year ended 31 December 2015 (All amounts in thousands of RMB unless otherwise stated)

4. BUSINESS COMBINATION AND CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

(1). Significant subsidiaries (Continued)

2. Subsidiaries obtained from business combinations involving enterprises other than common control

Name	Place of registration	Place of main operation	Principal activities	Registered capital		Attributable interest held				Attributable vote held			
				31 December 2015	31 December 2014	31 December 2015		31 December 2014		31 December 2015		31 December 2014	
						Direct %	In-direct %	Direct %	In-direct %	Direct %	In-direct %	Direct %	In-direct %
(1) S.C. Real Estate Development Co., Ltd. ("S.C.")	Beijing, the PRC	Beijing, the PRC	Property Development and sales	RMB640,000,000	RMB640,000,000	100	-	100	-	100	-	100	-
(2) Beijing HYHL Real Estate Development Co., Ltd.	Beijing, the PRC	Beijing, the PRC	Property Development and sales	USD10,000,000	USD10,000,000	-	100	-	100	-	100	-	100
(3) Beijing Anhua Shiji Real Estate Development Co., Ltd. ("Anhua Shiji")	Beijing, the PRC	Beijing, the PRC	Property Development and sales	USD30,000,000	USD30,000,000	55	45	55	45	60	40	60	40
(4) Tianjin Banshan Renjia Real Estate Co., Ltd. ("Tianjin Banshan")	Tianjin, the PRC	Tianjin, the PRC	Property Development and sales	USD74,000,000	USD74,000,000	-	100	-	100	-	100	-	100
(5) Beijing Sunshine City Real Estate Development Co., Ltd. ("Sunshine City")	Beijing, the PRC	Beijing, the PRC	Property Development and sales	USD20,000,000	USD20,000,000	50	50	50	50	60	40	60	40
(6) Chongqing Xinshi Real Estate Development CO., Ltd.	Chongqing, the PRC	Chongqing, the PRC	Property Development and sales	USD95,000,000	USD95,000,000	-	100	-	100	-	100	-	100
(7) Beijing Xinbocheng Real Estate Development Co., Ltd.	Beijing, the PRC	Beijing, the PRC	Property Development and sales	RMB89,000,000	RMB89,000,000	-	100	-	100	-	100	-	100
(8) Qingdao Yangguang Binhai Properties Co., Ltd.	Qingdao, the PRC	Qingdao, the PRC	Property Development and sales	RMB50,000,000	RMB50,000,000	-	100	-	100	-	100	-	100
(9) Qingdao Qianqianshu Investment Properties Co., Ltd.	Qingdao, the PRC	Qingdao, the PRC	Property Development and sales	RMB20,000,000	RMB20,000,000	-	100	-	100	-	100	-	100

Notes to the Financial Statements

For the year ended 31 December 2015 (All amounts in thousands of RMB unless otherwise stated)

4. BUSINESS COMBINATION AND CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

(1). Significant subsidiaries (Continued)

2. Subsidiaries obtained from business combinations involving enterprises other than common control (Continued)

Name	Place of registration	Place of main operation	Principal activities	Registered capital		Attributable interest held				Attributable vote held			
				31 December 2015	31 December 2014	31 December 2015		31 December 2014		31 December 2015		31 December 2014	
						Direct %	In-direct %	Direct %	In-direct %	Direct %	In-direct %	Direct %	In-direct %
(10) Yantai Yangguang Lidu Real Estate Development Co., Ltd.	Yantai, the PRC	Yantai, the PRC	Property Development and sales	RMB50,000,000	RMB50,000,000	-	100	-	100	-	100	-	100
(11) Yantai Yangguang Lizhen Real Estate Development Co., Ltd.	Yantai, the PRC	Yantai, the PRC	Property Development and sales	RMB75,000,000	RMB75,000,000	-	100	-	100	-	100	-	100
(12) Yantai Yangguang Xinye Real Estate Development Co., Ltd.	Yantai, the PRC	Yantai, the PRC	Property Development and sales	RMB75,000,000	RMB75,000,000	-	100	-	100	-	100	-	100
(13) Zhejiang Huisheng Real Estate Co., Ltd	Huzhou, the PRC	Huzhou, the PRC	Property Development and sales	USD20,000,000	USD20,000,000	-	100	-	100	-	100	-	100
(14) Zhejiang Outlets Property Real Estate Co., Ltd	Huzhou, the PRC	Huzhou, the PRC	Property Development and sales	USD40,000,000	USD40,000,000	-	100	-	100	-	100	-	100
(15) Tianjin Shengtai Cheng Jiaming Ronghe Development Co., Ltd. ("Tianjin Jiaming")	Tianjin, the PRC	Tianjin, the PRC	Property Development and sales	RMB60,000,000	RMB60,000,000	100	-	-	100	100	-	-	100
(16) Beijing Capital Juda Limited ("Capital Juda")(i)	Cayman Islands	Hong Kong	Investment Holding	HKD2,000,000	HKD2,000,000	-	65.1	-	65.1	-	65.1	-	65.1
(17) Nice world chemical industry (Xiamen) Co. Ltd. ("NWCI")	Xiamen, the PRC	Xiamen, the PRC	Manufacture and sale of chemicals	N/A	USD8,000,000	N/A	N/A	-	65.1	N/A	N/A	-	65.1

Notes to the Financial Statements

For the year ended 31 December 2015 (All amounts in thousands of RMB unless otherwise stated)

4. BUSINESS COMBINATION AND CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

(1). Significant subsidiaries (Continued)

2. Subsidiaries obtained from business combinations involving enterprises other than common control (Continued)

Name	Place of registration	Place of main operation	Principal activities	Registered capital		Attributable interest held				Attributable vote held			
				31 December 2015	31 December 2014	31 December 2015		31 December 2014		31 December 2015		31 December 2014	
						Direct %	In-direct %	Direct %	In-direct %	Direct %	In-direct %	Direct %	In-direct %
(18) Xi'an Capital Xinkai Real Estate Co., Ltd. ("Xi'an Xinkai") (i)	Xi'an, the PRC	Xi'an, the PRC	Property Development and sales	USD165,000,000	USD165,000,000	-	65.1	-	100	-	65.1	-	100
(19) Huzhou Capital Rongcheng Real Estate Co., Ltd. ("Huzhou Rongcheng")	Huzhou, the PRC	Huzhou, the PRC	Property Development and sales	RMB60,000,000	RMB60,000,000	-	55	-	55	-	55	-	55
(20) Beijing Xingtai Jicheng Real Estate Co., Ltd. ("Xingtai Jicheng")	Beijing, the PRC	Beijing, the PRC	Property Development and sales	RMB45,000,000	RMB45,000,000	-	100	-	100	-	100	-	100
(21) Beijing Yongyuan Jintai Investment Management Co., Ltd. ("Yongyuan Jintai")	Beijing, the PRC	Beijing, the PRC	Investment management	RMB5,000,000	RMB5,000,000	100	-	100	-	100	-	100	-

- (i) Capital Juda (known as Juda International Holdings Limited before 26 March 2015) is listed on the main board of Stock Exchange of Hong Kong Limited (stock code: 1329) with common stock amounted to 200,000,000 shares, the Group holds 65.1% of the total shares. In January 2015, Capital Juda privately offered Convertible Preferred Shares ("CPS") amounted to 738,130,482 shares to a wholly owned subsidiary of the Group, to purchase 100% equity interests of Xi'an Xinkai (Note 4(4)(1)), originally a wholly owned subsidiary of the Group. After taking account of the CPS, the Group holds 92.56% of the net assets in Capital Juda resulting in holding 92.56% of the net assets in Xi'an Xinkai. NWIC, originally a significant subsidiary of Capital Juda, is disposed in current year (Note 4(3)(1)).

Notes to the Financial Statements

For the year ended 31 December 2015 (All amounts in thousands of RMB unless otherwise stated)

4. BUSINESS COMBINATION AND CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

(1). Significant subsidiaries (Continued)

3. Subsidiaries obtained through incorporation or by other means

Name	Place of registration	Place of main operation	Principal activities	Registered capital		Attributable interest held				Attributable vote held			
				31 December 2015	31 December 2014	31 December 2015		31 December 2014		31 December 2015		31 December 2014	
						Direct %	In-direct %	Direct %	In-direct %	Direct %	In-direct %	Direct %	In-direct %
(1) Beijing Capital Xinzi Real Estate Ltd. ("Beijing Xinzi")	Beijing, the PRC	Beijing, the PRC	Property Development and sales	RMB496,590,000	RMB496,590,000	100	-	100	-	100	-	100	-
(2) Beijing Shangboya Investment Consultant Co., Ltd. ("Shangboya")	Beijing, the PRC	Beijing, the PRC	Investment Management	RMB30,000,000	RMB30,000,000	100	-	100	-	100	-	100	-
(3) Beijing Shangbodi Investment Consultant Co., Ltd. ("Shangbodi")	Beijing, the PRC	Beijing, the PRC	Investment Management	RMB30,000,000	RMB30,000,000	51	-	51	-	51	-	51	-
(4) Tianjin Xinchuang Real Estate Ltd.	Tianjin, the PRC	Tianjin, the PRC	Property Development and sales	USD25,000,000	USD25,000,000	-	100	-	100	-	100	-	100
(5) Chengdu Capital Xinzi Real Estate Development Ltd ("Chengdu Xinzi")	Chengdu, the PRC	Chengdu, the PRC	Property Development and sales	USD30,000,000	USD30,000,000	-	100	-	100	-	100	-	100
(6) Jiangsu Capital Real Estate Development Ltd. ("Jiangsu Capital")	Wuxi, the PRC	Wuxi, the PRC	Property Development and sales	USD12,500,000	USD12,500,000	60	40	60	40	60	40	60	40
(7) Beijing Capital Land Chengdu Co., Ltd. ("Capital Chengdu")	Chengdu, the PRC	Chengdu, the PRC	Investment Management	RMB150,000,000	RMB150,000,000	100	-	100	-	100	-	100	-
(8) Chengdu Capital Yidu Real Estate Development Co., Ltd. ("Chengdu Yidu")	Chengdu, the PRC	Chengdu, the PRC	Property Development and sales	USD100,000,000	USD100,000,000	-	55	-	55	-	60	-	60

Notes to the Financial Statements

For the year ended 31 December 2015 (All amounts in thousands of RMB unless otherwise stated)

4. BUSINESS COMBINATION AND CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

(1). Significant subsidiaries (Continued)

3. Subsidiaries obtained through incorporation or by other means (Continued)

Name	Place of registration	Place of main operation	Principal activities	Registered capital		Attributable interest held				Attributable vote held			
				31 December 2015	31 December 2014	31 December 2015		31 December 2014		31 December 2015		31 December 2014	
						Direct %	In-direct %	Direct %	In-direct %	Direct %	In-direct %	Direct %	In-direct %
(9) Tianjin Capital Xinyuan Real Estate Development Co., Ltd. ("Tianjin Xinyuan")	Tianjin, the PRC	Tianjin, the PRC	Property Development and sales	USD95,000,000	USD95,000,000	-	55	-	55	-	60	-	60
(10) Tianjin Capital Xingang Real Estate Development Co., Ltd. ("Tianjin Xingang")	Tianjin, the PRC	Tianjin, the PRC	Property Development and sales	USD95,000,000	USD95,000,000	-	55	-	55	-	60	-	60
(11) Wuxi Xindong Real Estate Development Co., Ltd. ("Wuxi Xindong")	Wuxi, the PRC	Wuxi, the PRC	Property Development and sales	RMB100,000,000	RMB100,000,000	100	-	100	-	100	-	100	-
(12) Central Plaza Xinrong Hotel Management Co., Ltd. ("Central Plaza Xinrong")(i)	Beijing, the PRC	Beijing, the PRC	Hotel services and Management	N/A	USD6,062,000	N/A	N/A	75	25	N/A	N/A	75	25
(13) Beijing Chuangxin Jianye Real Estate Investment Ltd. ("Chuangxin Jianye")	Beijing, the PRC	Beijing, the PRC	Investment Management	RMB50,000,000	RMB50,000,000	100	-	100	-	100	-	100	-
(14) Jingjin Tongcheng (Tianjin) Investment Co., Ltd. ("Jingjin Tongcheng")	Tianjin, the PRC	Tianjin, the PRC	Property Development and sales	RMB250,000,000	RMB250,000,000	-	90	-	90	-	90	-	90
(15) Outlets Property Investment Fang Shan Ltd.	Beijing, the PRC	Beijing, the PRC	Property Development and sales	USD127,000,000	USD127,000,000	-	100	-	100	-	100	-	100

Notes to the Financial Statements

For the year ended 31 December 2015 (All amounts in thousands of RMB unless otherwise stated)

4. BUSINESS COMBINATION AND CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

(1). Significant subsidiaries (Continued)

3. Subsidiaries obtained through incorporation or by other means (Continued)

Name	Place of registration	Place of main operation	Principal activities	Registered capital		Attributable interest held				Attributable vote held			
				31 December 2015	31 December 2014	31 December 2015		31 December 2014		31 December 2015		31 December 2014	
						Direct %	In-direct %	Direct %	In-direct %	Direct %	In-direct %	Direct %	In-direct %
(16) Beijing Capital Zhongbei Real Estate Development Co., Ltd.	Beijing, the PRC	Beijing, the PRC	Property Development and sales	RMB100,000,000	RMB100,000,000	-	100	-	100	-	100	-	100
(17) BECL Investment Holding Ltd. ("BECL")	Hong Kong	Hong Kong	Investment Holding	USD9,900,000	USD9,900,000	100	-	100	-	100	-	100	-
(18) Beijing Anshunyu Real Estate Development Co., Ltd.	Beijing, the PRC	Beijing, the PRC	Property Development and sales	RMB50,000,000	RMB50,000,000	-	95	-	95	-	95	-	95
(19) Zhengjiang Xianji Real Estate Development Co., Ltd.	Zhenjiang, the PRC	Zhenjiang, the PRC	Property Development and sales	USD40,000,000	USD40,000,000	-	100	-	100	-	100	-	100
(20) Zhejiang Shouxin Real Estate Development Co., Ltd.	Huzhou, the PRC	Huzhou, the PRC	Property Development and sales	USD24,500,000	USD24,500,000	-	100	-	100	-	100	-	100
(21) Zhejiang Hualong Real Estate Development Co., Ltd.	Huzhou, the PRC	Huzhou, the PRC	Property Development and sales	USD67,000,000	USD67,000,000	-	100	-	100	-	100	-	100
(22) Beijing Ruiyuanfengji Real Estate Development Co., Ltd. ("Ruiyuanfengji")	Beijing, the PRC	Beijing, the PRC	Property Development	RMB10,000,000	RMB10,000,000	100	-	100	-	100	-	100	-
(23) Capital Tianshun Real Estate Development Co., Ltd.	Beijing, the PRC	Beijing, the PRC	Property Development	RMB100,000,000	RMB100,000,000	-	100	-	100	-	100	-	100

Notes to the Financial Statements

For the year ended 31 December 2015 (All amounts in thousands of RMB unless otherwise stated)

4. BUSINESS COMBINATION AND CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

(1). Significant subsidiaries (Continued)

3. Subsidiaries obtained through incorporation or by other means (Continued)

Name	Place of registration	Place of main operation	Principal activities	Registered capital		Attributable interest held				Attributable vote held			
				31 December 2015	31 December 2014	31 December 2015		31 December 2014		31 December 2015		31 December 2014	
						Direct %	In-direct %	Direct %	In-direct %	Direct %	In-direct %	Direct %	In-direct %
(24) Nanjing Ningchun Real Estate Development Co., Ltd.(i)	Nanjing, the PRC	Nanjing, the PRC	Infrastructure Investment	N/A	RMB100,000,000	N/A	N/A	-	100	N/A	N/A	-	100
(25) Hainan Outlets Real Estate Development Co., Ltd.	Wanning, the PRC	Wanning, the PRC	Property Development	USD14,000,000	USD14,000,000	-	55	-	55	-	55	-	55
(26) Jiangyin Yuyue Real Estate Development Co., Ltd.	Jiangyin, the PRC	Jiangyin, the PRC	Property Development	USD49,000,000	USD49,000,000	-	100	-	100	-	100	-	100
(27) Qingdao Xinli Weiye Real Estate Development Co., Ltd.	Qingdao, the PRC	Qingdao, the PRC	Property Development and sales	RMB90,000,000	RMB90,000,000	-	100	-	100	-	100	-	100
(28) Capital Guoxin Asset Management Co., Ltd. ("Capital Guoxin")	Beijing, the PRC	Beijing, the PRC	Asset Management	RMB100,000,000	RMB100,000,000	100	-	100	-	100	-	100	-
(29) Capital Qinglv Real Estate (Kunshan) Co., Ltd. ("Capital Qinglv")(ii)	Kunshan, the PRC	Kunshan, the PRC	Property Development and sales	N/A	RMB300,000,000	N/A	N/A	-	51	N/A	N/A	-	51
(30) Hainan Outlets Tourism Development Co., Ltd. ("Hainan Outlets Tourism")	Wanning, the PRC	Wanning, the PRC	Development, construction and property management	USD9,000,000	USD9,000,000	-	55	-	55	-	55	-	55
(31) Capital Outlets (Kunshan) Real Estate Development Co., Ltd.	Kunshan, the PRC	Kunshan, the PRC	Property Development and sales	RMB300,000,000	RMB300,000,000	-	100	-	100	-	100	-	100

Notes to the Financial Statements

For the year ended 31 December 2015 (All amounts in thousands of RMB unless otherwise stated)

4. BUSINESS COMBINATION AND CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

(1). Significant subsidiaries (Continued)

3. Subsidiaries obtained through incorporation or by other means (Continued)

Name	Place of registration	Place of main operation	Principal activities	Registered capital		Attributable interest held				Attributable vote held			
				31 December 2015	31 December 2014	31 December 2015		31 December 2014		31 December 2015		31 December 2014	
						Direct %	In-direct %	Direct %	In-direct %	Direct %	In-direct %	Direct %	In-direct %
(32) Shenyang Capital Xinyun Real Estate Co., Ltd.	Shenyang, the PRC	Shenyang, the PRC	Property Development and sales	RMB20,000,000	RMB20,000,000	-	100	-	100	-	100	-	100
(33) SAS Datang Weiye Holdings	France	France	Real Estate Business	EUR25,000,000	EUR25,000,000	-	100	-	100	-	100	-	100
(34) Hainan Capital Outlets Real Estate Co., Ltd.	Wanning, the PRC	Wanning, the PRC	Property Development and sales	RMB20,000,000	RMB20,000,000	-	100	-	100	-	100	-	100
(35) Beijing Jinrui Wealth Investment Management Co., Ltd.	Beijing, the PRC	Beijing, the PRC	Investment Management	RMB50,000,000	RMB50,000,000	-	100	-	100	-	100	-	100
(36) Capital Dongxing (Kunshan) Real estate Development Co. Ltd.	Kunshan, the PRC	Kunshan, the PRC	Property Development and sales	RMB300,000,000	RMB300,000,000	-	100	-	100	-	100	-	100
(37) Tianjin Tongcheng Real Estate Co., Ltd.	Tianjin, the PRC	Tianjin, the PRC	Property Development and sales	RMB50,000,000	RMB50,000,000	-	100	-	100	-	100	-	100
(38) Beijing Zhongzhi Dingfu Real Estate Co., Ltd. ("Beijing Zhongzhidingfu")	Beijing, the PRC	Beijing, the PRC	Investment Management	RMB100,000,000	RMB100,000,000	100	-	100	-	100	-	100	-
(39) Beijing Tiancheng Yongtai Real Estate Co., Ltd. ("Tiancheng Yongtai")(iv)	Beijing, the PRC	Beijing, the PRC	Property Development and sales	N/A	RMB2,246,290,000	N/A	N/A	-	62.5	N/A	N/A	-	62.5

Notes to the Financial Statements

For the year ended 31 December 2015 (All amounts in thousands of RMB unless otherwise stated)

4. BUSINESS COMBINATION AND CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

(1). Significant subsidiaries (Continued)

3. Subsidiaries obtained through incorporation or by other means (Continued)

Name	Place of registration	Place of main operation	Principal activities	Registered capital		Attributable interest held				Attributable vote held			
				31 December 2015	31 December 2014	31 December 2015		31 December 2014		31 December 2015		31 December 2014	
						Direct %	In-direct %	Direct %	In-direct %	Direct %	In-direct %	Direct %	In-direct %
(40) Beijing Tiancheng Yongyuan Real Estate Co., Ltd. ("Tiancheng Yongyuan")	Beijing, the PRC	Beijing, the PRC	Property Development and sales	RMB1,997,109,000	RMB1,997,109,000	-	50	-	50	-	60	-	60
(41) Tianjin Xingtai Jixing Real Estate Co., Ltd.	Tianjin, the PRC	Tianjin, the PRC	Property Development	RMB50,000,000	RMB50,000,000	-	100	-	100	-	100	-	100
(42) Qingdao Guoxin Yicheng Investment Co., Ltd. ("Qingdao Guoxin Yicheng")	Qingdao, the PRC	Qingdao, the PRC	Investment Holding	RMB10,000,000	RMB10,000,000	-	100	-	100	-	100	-	100
(43) Beijing Chuangrui Xiangnan Real Estate Co., Ltd.	Beijing, the PRC	Beijing, the PRC	Property Development and sales	RMB60,000,000	RMB30,000,000	-	100	-	100	-	100	-	100
(44) Shanghai Songchaung Real Estate Co., Ltd.	Shanghai, the PRC	Shanghai, the PRC	Property Development	RMB50,000,000	RMB50,000,000	-	100	-	100	-	100	-	100
(45) Specific Assets Management Plan for Capital Lize Project Beijing of Minsheng Royal Asset Management Co., Ltd (the "Specific Asset Management Plan") (v)	Beijing, the PRC	Beijing, the PRC	Investment Holding	N/A	RMB2,200,000,000	N/A	N/A	9	-	N/A	N/A	9	-
(46) Beijing Yikaiyou Real Estate Co., Ltd.	Beijing, the PRC	Beijing, the PRC	Property Development	RMB20,000,000	RMB20,000,000	-	100	-	100	-	100	-	100

Notes to the Financial Statements

For the year ended 31 December 2015 (All amounts in thousands of RMB unless otherwise stated)

4. BUSINESS COMBINATION AND CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

(1). Significant subsidiaries (Continued)

3. Subsidiaries obtained through incorporation or by other means (Continued)

Name	Place of registration	Place of main operation	Principal activities	Registered capital		Attributable interest held				Attributable vote held			
				31 December 2015	31 December 2014	31 December 2015		31 December 2014		31 December 2015		31 December 2014	
						Direct %	In-direct %	Direct %	In-direct %	Direct %	In-direct %	Direct %	In-direct %
(47) Shanghai Capital Zhengheng Real Estate Co., Ltd. ("Shanghai Zhengheng")	Shanghai, the PRC	Shanghai, the PRC	Property Development	RMB10,000,000	RMB10,000,000	100	-	100	-	100	-	100	-
(48) Beijing Gujiamao Real Estate Co., Ltd.	Beijing, the PRC	Beijing, the PRC	Property Development	RMB30,000,000	RMB30,000,000	-	100	-	100	-	100	-	100
(49) Tianjin Xingtai Jihong Real Estate Co., Ltd.	Tianjin, the PRC	Tianjin, the PRC	Property Development	RMB30,000,000	RMB30,000,000	-	100	-	100	-	100	-	100
(50) Beijing Lianchuang Shengye Real Estate Development Co., Ltd.	Beijing, the PRC	Beijing, the PRC	Property Development	RMB10,000,000	RMB10,000,000	-	100	-	100	-	100	-	100
(51) Chengdu Capital Zhenghua Real Estate Co., Ltd.	Chengdu, the PRC	Chengdu, the PRC	Property Development and sales	RMB30,000,000	RMB30,000,000	-	100	-	100	-	100	-	100
(52) Shanghai Capital Shoujia Real Estate Co., Ltd. ("Shanghai Shoujia") (vi)	Shanghai, the PRC	Shanghai, the PRC	Property Development and sales	N/A	RMB50,000,000	N/A	N/A	-	100	N/A	N/A	-	100
(53) Beijing Chuangrui Hua'an Real Estate Co., Ltd.	Beijing, the PRC	Beijing, the PRC	Property Development and sales	RMB30,000,000	RMB30,000,000	-	100	-	100	-	100	-	100
(54) Lehui Shenghuo (Beijing) Technology Service Co., Ltd. ("Lehui Shenghuo")	Beijing, the PRC	Beijing, the PRC	Client Service and property management	RMB5,000,000	RMB5,000,000	100	-	100	-	100	-	100	-
(55) Beijing Xuji Real Estate Co., Ltd. ("Beijing Xuji") (vii)	Beijing, the PRC	Beijing, the PRC	Property Development and sales	RMB50,000,000	N/A	-	100	N/A	N/A	-	100	N/A	N/A

Notes to the Financial Statements

For the year ended 31 December 2015 (All amounts in thousands of RMB unless otherwise stated)

4. BUSINESS COMBINATION AND CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

(1). Significant subsidiaries (Continued)

3. Subsidiaries obtained through incorporation or by other means (Continued)

Name	Place of registration	Place of main operation	Principal activities	Registered capital		Attributable interest held				Attributable vote held			
				31 December 2015	31 December 2014	31 December 2015		31 December 2014		31 December 2015		31 December 2014	
						Direct %	In-direct %	Direct %	In-direct %	Direct %	In-direct %	Direct %	In-direct %
(56) Tianjing Xingtai Jisheng Real Estate Co., Ltd.(vii)	Tianjin, the PRC	Tianjin, the PRC	Property Development and sales	RMB50,000,000	N/A	-	100	N/A	N/A	-	100	N/A	N/A
(57) Tianjing Hongtai Weiye Real Estate Co., Ltd.("Tianjin Hongtai")(vii)	Tianjin, the PRC	Tianjin, the PRC	Property Development and sales	RMB30,000,000	N/A	-	100	N/A	N/A	-	100	N/A	N/A
(58) Shanghai Shouqing Real Estate Co., Ltd. (vii)	Shanghai, the PRC	Shanghai, the PRC	Property Development and sales	RMB50,000,000	N/A	-	100	N/A	N/A	-	100	N/A	N/A
(59) Shanghai Shoupu Real Estate Co., Ltd.(vii)	Shanghai, the PRC	Shanghai, the PRC	Property Development and sales	RMB50,000,000	N/A	-	100	N/A	N/A	-	100	N/A	N/A
(60) Beijing Tianzhiyin Real Estate Co., Ltd.(vii)	Beijing, the PRC	Beijing, the PRC	Property Development and sales	RMB50,000,000	N/A	-	100	N/A	N/A	-	100	N/A	N/A
(61) Beijing Jinyifeng Real Estate Co., Ltd. ("Jinyifeng")(vii)	Beijing, the PRC	Beijing, the PRC	Property Development and sales	RMB50,000,000	N/A	-	100	N/A	N/A	-	100	N/A	N/A
(62) Beijing Baochitong Real Estate Co., Ltd.(vii)	Beijing, the PRC	Beijing, the PRC	Property Development and sales	RMB5,000,000	N/A	-	100	N/A	N/A	-	100	N/A	N/A
(63) Shanghai Shouhu Investment Co., Ltd.(vii)	Shanghai, the PRC	Shanghai, the PRC	Property Development and sales	RMB50,000,000	N/A	-	100	N/A	N/A	-	100	N/A	N/A
(64) Hangzhou Capital Outlets Real Estate Co., Ltd.(vii)	Hangzhou, the PRC	Hangzhou, the PRC	Property Development and management	RMB335,000,000	N/A	-	65.1	N/A	N/A	-	65.1	N/A	N/A

Notes to the Financial Statements

For the year ended 31 December 2015 (All amounts in thousands of RMB unless otherwise stated)

4. BUSINESS COMBINATION AND CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

(1). Significant subsidiaries (Continued)

3. Subsidiaries obtained through incorporation or by other means (Continued)

Name	Place of registration	Place of main operation	Principal activities	Registered capital		Attributable interest held				Attributable vote held			
				31 December 2015	31 December 2014	31 December 2015		31 December 2014		31 December 2015		31 December 2014	
						Direct %	In-direct %	Direct %	In-direct %	Direct %	In-direct %	Direct %	In-direct %
(65) Jiangxi Capital Outlets Real Estate Co., Ltd.(vii)	Nanchang, the PRC	Nanchang, the PRC	Property Development and management	RMB313,500,000	N/A	-	65.1	N/A	N/A	-	65.1	N/A	N/A
(66) Nanchang Shouxin Chuangsheng Real Estate Co., Ltd.(vii)	Nanchang, the PRC	Nanchang, the PRC	Property Development and management	RMB145,500,000	N/A	-	65.1	N/A	N/A	-	65.1	N/A	N/A
(67) Shanghai Shouyang investment Co., Ltd.(vii)	Shanghai, the PRC	Shanghai, the PRC	Property Development and sales	RMB50,000,000	N/A	-	100	N/A	N/A	-	100	N/A	N/A
(68) Wuhan Capital Juda Outlets Business Management Co., Ltd. (vii)	Wuhan, the PRC	Wuhan, the PRC	Property Development and management	RMB208,000,000	N/A	-	64.4	N/A	N/A	-	64.4	N/A	N/A

- (i) The Group originally held 100% equity interests of Central Plaza Xinrong, a subsidiary of the Group. In December 2015, the Group completed transferring 100% equity interests held in Central Plaza Xinrong and Central Plaza Xinrong is no longer consolidated and not a subsidiary of the Group (Note 4(3)).
- (ii) Nanjing Ningchun cancelled registration after the approval of State Administration for Industry and Commerce of the PRC.

Notes to the Financial Statements

For the year ended 31 December 2015 (All amounts in thousands of RMB unless otherwise stated)

4. BUSINESS COMBINATION AND CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

(1). Significant subsidiaries *(Continued)*

3. Subsidiaries obtained through incorporation or by other means *(Continued)*

- (iii) The Group originally held 51% equity interests of Capital Qinglv, a subsidiary of the Group. This year, the Group entered into an agreement with the other shareholders of Capital Qinglv stating that the decisions about relevant activities in the company require unanimous consent of all parties. Upon the completion of amending the article of association, Capital Qinglv became a joint venture of the Group and is no longer consolidated (Note 4(3)).
- (iv) The Group originally held 62.5% equity interests of Tiancheng Yongtai, a subsidiary of the Group. In December 2015, the Group transferred 12.5% equity interests of Tiancheng Yongtai to a third party company HuaQian Co., Ltd.(hereinafter "HuaQian Company"). According to the Articles of the company, the Group and other shareholders jointly control the company and Tiancheng Yongtai became a joint venture of the Group holding 50% equity interests and is no longer consolidated (Note 4 (3)).
- (v) The Group holds 9% equity interests in the Specific Asset Management Plan as the secondary priority investor. Based on the Agreement of the Plan, the Group shares or undertakes the majority of income or risk of the plan, therefore the Group has control over the Specific Asset Management Plan. The Group doesn't have the obligation and intention to provide financial support to this Specific Asset Management Plan. In December 2015, the Group has repaid the principal amount of the Specific Asset Management Plan, and the equity investment held by the Group as secondary investors has been recovered. Therefore it is no longer consolidated.
- (vi) In 2015, a third party company was introduced into Shanghai Shoujia through capital increase and share expansion. After the completion of capital increase and share expansion, the Group holds 60% equity interests of Shanghai Shoujia. According to the Articles of the company, Shanghai Shoujia is jointly controlled by the Group and the third party and is no longer consolidated (Note 4(3)).
- (vii) These companies were newly set up by the Group in this year.

Notes to the Financial Statements

For the year ended 31 December 2015 (All amounts in thousands of RMB unless otherwise stated)

4. BUSINESS COMBINATION AND CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

(2). Subsidiaries with significant minority interests (Continued)

1. Non-controlling interests from common equity interests

	Equity interests portion held by non-controlling interests	Profit/(loss) attributable to non-controlling interests in 2015	Dividends distributed to non-controlling interests in 2015	Non-controlling interests as at 31 December 2015
Tianjin Xinyuan	45%	1,710	4,500	335,995
Tianjin Xingang	45%	(18,366)	-	189,930
Chengdu Yidu	45%	(19,664)	67,500	414,892
Tiancheng Yongtai (Note 4(3))	37.5%	88,571	-	-
Tiancheng Yongyuan	50%	283,894	-	1,277,789
Total		336,145	72,000	2,218,606

a. The financial information of subsidiaries above for the current year

	Financial information as at 31 December 2015					
	Current assets	Non- current assets	Total assets	Current liabilities	Non- current liabilities	Total liabilities
Tianjin Xinyuan	963,195	166	963,361	216,706	-	216,706
Tianjin Xingang	1,401,118	90	1,401,208	979,141	-	979,141
Chengdu Yidu	1,278,238	14,599	1,292,837	370,854	-	370,854
Tiancheng Yongyuan	206,818	3,110,473	3,317,291	71,873	689,840	761,713

	Financial information as at 31 December 2014					
	Current assets	Non- current assets	Total assets	Current liabilities	Non- current liabilities	Total liabilities
Tianjin Xinyuan	941,870	201	942,071	189,216	-	189,216
Tianjin Xingang	2,706,029	145	2,706,174	2,103,294	140,000	2,243,294
Chengdu Yidu	1,560,277	90	1,560,367	444,685	-	444,685
Tiancheng Yongtai	2,058,116	524,884	2,583,000	164,143	45,422	209,565
Tiancheng Yongyuan	6,892	2,088,565	2,095,457	107,667	-	107,667

The financial information above is the amounts before inter-group elimination.

Notes to the Financial Statements

For the year ended 31 December 2015 (All amounts in thousands of RMB unless otherwise stated)

4. BUSINESS COMBINATION AND CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

(2). Subsidiaries with significant minority interests (Continued)

1. Non-controlling interests from common equity interests (Continued)

a. The financial information of subsidiaries above for the current year (Continued)

	Operating results for 2015				
	Revenue	Profit/(loss) before income tax	Profit/(loss) for the year	Total comprehensive income/(loss)	Cash flows from operating activities
Tianjin Xinyuan	97,943	5,065	3,799	3,799	13,348
Tianjin Xingang	758,561	(40,813)	(40,813)	(40,813)	(135,525)
Chengdu Yidu	197,359	(58,264)	(43,698)	(43,698)	(47,132)
Tiancheng Yongtai	-	314,916	236,188	236,188	(958,563)
Tiancheng Yongyuan	-	757,050	567,788	567,788	(300,056)

	Operating results for 2014				
	Revenue	Profit/(loss) before income tax	Profit/(loss) for the year	Total comprehensive income/(loss)	Cash flows from operating activities
Tianjin Xinyuan	12,959	17,452	12,836	12,836	(127,482)
Tianjin Xingang	424,055	(258,678)	(258,678)	(258,678)	(3,163,872)
Chengdu Yidu	1,131,732	204,900	153,675	153,675	18,711
Tiancheng Yongtai	-	(3,273)	(2,454)	(2,454)	(45,816)
Tiancheng Yongyuan	-	(3,466)	(2,600)	(2,600)	(38,126)

The financial information above are amounts before inter-group elimination.

Notes to the Financial Statements

For the year ended 31 December 2015 (All amounts in thousands of RMB unless otherwise stated)

4. BUSINESS COMBINATION AND CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

(2). Subsidiaries with significant minority interests (Continued)

1. Non-controlling interests from common equity interests (Continued)

b. The cash flow information of subsidiaries above for the current year

	Cash flow for the year ended 31 December 2015				
	Cash flows from operating activities	Cash flows from investment activities	Cash flows from financing activities	Cash at beginning of the year	Cash at end of the year
Tianjin Xinyuan	13,348	(107)	9,096	16,665	39,002
Tianjin Xingang	(135,525)	-	(404,753)	1,613,337	1,073,059
Chengdu Yidu	(47,132)	-	-	77,959	30,827
Tiancheng Yongtai	(958,563)	(40)	960,183	4,725	N/A
Tiancheng Yongyuan	(300,056)	(18)	500,000	6,708	206,634

	Cash flow for the year ended 31 December 2014				
	Cash flows from operating activities	Cash flows from investment activities	Cash flows from financing activities	Cash at beginning of the year	Cash at end of the year
Tianjin Xinyuan	(127,482)	(18)	102	144,063	16,665
Tianjin Xingang	(3,163,872)	(163)	(134,416)	4,911,788	1,613,337
Chengdu Yidu	18,711	(38)	(42,861)	102,147	77,959
Tiancheng Yongtai	(45,816)	(130)	25	50,646	4,725
Tiancheng Yongyuan	(38,126)	-	-	44,834	6,708

The financial information above are amounts before inter-group elimination.

Notes to the Financial Statements

For the year ended 31 December 2015 (All amounts in thousands of RMB unless otherwise stated)

4. BUSINESS COMBINATION AND CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

(2). Subsidiaries with significant minority interests (Continued)

2. Equity instruments issued by subsidiaries of the Group

	Profit attributed to non-controlling interests in 2015	Dividends distributed in 2015	Non-controlling interests as at 31 December 2015
Senior perpetual securities issued by a subsidiary (a)	329,770	379,640	4,962,843
Minsheng Jiayin Assets Management Plan (b)	69,464	255,439	1,544,025
Tiandi Fangzhong Assets Management Plan (c)	-	124,800	1,075,200
Total	399,234	759,879	7,582,068

(a) As of 31 December 2015, Central Plaza issued Senior Perpetual Securities amounted of USD850,000,000. The securities were guaranteed by certain subsidiaries of the Group including IFC. Pursuant to the terms of Perpetual Securities, the Group has no contractual obligation to repay its principal or to pay any distribution. The Perpetual Securities do not meet the definition of financial liabilities and are classified as equity instruments by the Group. Subsequent distribution declared will be treated as dividend to non-controlling shareholders.

As the issuer, Central Plaza may elect to defer distribution without any frequency limitations only if Central Plaza and the Company do not declare or pay dividends. Including:

In April 2013, Central Plaza issued Senior Perpetual Securities amounted to USD400,000,000 (equivalent to RMB2,506,000,000) at a distribution rate of 8.375% per annum. According to the terms of Perpetual Securities, non-controlling interests amounted to RMB2,333,945,000 was recognized after deducting the relevant costs and inevitable dividend payable in the foreseeable future.

In November 2014, Central Plaza issued Senior Perpetual Securities amounted to USD450,000,000 (equivalent to RMB2,759,625,000) at a distribution rate of 7.125% per annum under the Medium Term Note and Perpetual Securities Program. After deducting relevant issuance costs, the Group received RMB2,728,222,000 and recognized non-controlling interests amounted to RMB2,628,898,000 net of the inevitable dividend payable in the foreseeable future.

Notes to the Financial Statements

For the year ended 31 December 2015 (All amounts in thousands of RMB unless otherwise stated)

4. BUSINESS COMBINATION AND CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

(2). Subsidiaries with significant minority interests *(Continued)*

2. Equity instruments issued by subsidiaries of the Group *(Continued)*

- (b) As of 31 December 2015, Minsheng Jiayin Royal Asset Management Co., Ltd (hereinafter "Minsheng Jiayin") established Specific Asset Management Plans and raised a total amount of RMB5,240,000,000 cumulatively. According to the terms of Investment Agreements, the raised funds are subject to no fixed repayment terms. Unless the company or its assigned subsidiary declares dividend, the Group may elect to defer the distribution without any frequency limitations.

According to the terms of Investment Agreement, the Group has no contracted obligation to pay the principal or interests to other investors under the Specific Assets Management Plans, therefore the investment from the specific asset management plan complied with the definition of equity instrument and were recognized as non-controlling interest in the consolidated level. The dividends declared will be treated as profit distribution to non-controlling shareholders. Including:

In December 2013, Mingsheng Jiayin established an Asset Management Plan amounted to RMB2,200,000,000, which is consolidated in the financial statement as the Asset Management Plan is a Special Purpose Equity founded by the Group's subsidiary for fund raising. Except for the secondary shares subscribed by the Company, the asset management plan raised capital of RMB2,010,000,000 and was recognized as non-controlling interests in the consolidated level. As at 16 December 2015, all the issued units have been settled and the portion held by the Group as the subordinate investment holder were recovered.

In June 2014, Mingsheng Jiayin Fortune Project raised a total amount of RMB1,500,000,000. According to the terms of Investment Agreement, non-controlling interests amounted to RMB1,335,000,000 was recognized after deducting the inevitable dividend payable in the foreseeable future. As at 21 December 2015, the Group has repaid the principal of the assets management project, and recognized a decrease in capital reserve amounted to RMB165,000,000 accordingly.

In December 2014, Minsheng Jiayin Chengdu Project raised a total amount of RMB650,000,000. According to the terms of Investment Agreement, non-controlling interests amounted to RMB580,125,000 was recognized after deducting the inevitable dividend payable in the foreseeable future.

In January 2015, Minsheng Jiayin Tianjin Project raised a total amount of RMB1,080,000,000. According to the terms of Investment Agreement, non-controlling interests amounted to RMB963,900,000 was recognized after deducting the inevitable dividend payable in the foreseeable future.

Notes to the Financial Statements

For the year ended 31 December 2015 (All amounts in thousands of RMB unless otherwise stated)

4. BUSINESS COMBINATION AND CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

(2). Subsidiaries with significant minority interests (Continued)

2. Equity instruments issued by subsidiaries of the Group (Continued)

- (c) As of 31 December 2015, Beijing Tiandi Fangzhong Asset Management Co., Ltd. (hereinafter "Tiandi Fangzhong") established Specific Asset Management Plans and raised a total amount of RMB1,200,000,000 cumulatively. According to the terms of Investment Agreement, the raised funds are subject to no fixed repayment terms. Unless the company or its assigned subsidiary declares dividend, the Group may elect to defer the distribution without any frequency limitations.

According to the terms of Investment Agreement, the Group has no contracted obligation to pay the principal or interests to other investors under the Specific Asset Management Plans, therefore the investment from the specific asset management plan complied with the definition of equity instrument and were recognized as non-controlling interest in the consolidated level. The dividends declared will be treated as profit distribution to non-controlling shareholders.

In January 2015, Tiandi Fangzhong Fangshan Project raised a total amount of RMB1,200,000,000. According to the terms of Investment Agreement, non-controlling interests amounted to RMB1,075,200,000 was recognized after deducting the inevitable dividend payable in the foreseeable future.

(3). Loss of control caused by disposal of equity interests in subsidiaries

1. NWCI

The Group originally held 65.1% equity interests in NWCI indirectly through Capital Juda. NWCI was incorporated in Xiamen, the PRC, and the principal activities are chemical production and sales. In January 2015, the Group disposed its entire equity interests in NWCI to a third party.

- (i) The proceeds and cash flows from the disposal are as follows:

	Amount
Proceeds from disposal	143,574
Less: Cash received in previous year	(143,574)
Cash received from disposal	-
Less: Cash held by NWCI	(61,051)
Net cash paid from disposal	(61,051)

Notes to the Financial Statements

For the year ended 31 December 2015 (All amounts in thousands of RMB unless otherwise stated)

4. BUSINESS COMBINATION AND CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

(3). Loss of control caused by disposal of equity interests in subsidiaries (Continued)

1. NWCI (Continued)

(ii) Net assets of NWCI disposed are as follows:

	Disposal day	31 December 2014
Current assets	119,646	119,646
Non-current assets	73,097	73,097
Current liabilities	(46,088)	(46,088)
Non-current liabilities	(3,081)	(3,081)
Net assets	143,574	143,574

(iii) The revenue, expense and loss of NWCI for the period from 1 January 2015 to the disposal day are as follows:

	Amount
Revenue	-
Less: cost and expenses	-
Total loss	-
Less: income tax expenses	-
Net loss	-

(iv) Loss on disposal is calculated as follows:

	Amount
Proceeds from disposal	143,574
Less: Net assets of NWCI on the disposal day	(143,574)
Investment income generated from disposal	-

Notes to the Financial Statements

For the year ended 31 December 2015 (All amounts in thousands of RMB unless otherwise stated)

4. BUSINESS COMBINATION AND CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

(3). Loss of control caused by disposal of equity interests in subsidiaries (Continued)

2. Shanghai Shoujia

Shanghai Shoujia was originally a wholly owned subsidiary of the Group, in May 2015, the Group and Cifi Group (China) (hereinafter "Cifi") entered into a cooperative development agreement to increase capital in Shanghai Shoujia, and the capital increased by the Group is amounted to RMB10,000,000. After the transaction, the Group and Cifi hold 60% and 40% equity interests in Shanghai Shoujia respectively. According to the new incorporate articles, major business decisions of Shanghai Shoujia require an unanimous consent on both sides of the board. Therefore the Group has no control power over Shanghai Shoujia and it is classified as a joint venture of the Group.

(i) The proceeds and cash flows from the disposal are as follows:

	Amount
Proceeds from disposal	19,840
Cash received from disposal	19,840
Less: Cash held by Shanghai Shoujia	(15,707)
Net cash received from disposal	4,133

(ii) Net assets of Shanghai Shoujia disposed are as follows:

	Disposal day	31 December 2014
Current assets	1,468,067	1,395,762
Non-current assets	43	30
Current liabilities	(528,302)	(465,789)
Non-current liabilities	(880,000)	(880,000)
Net assets	59,808	50,003

(iii) The revenue, cost and loss of Shanghai Shoujia for the period from 1 January 2015 to the disposal day are as follows:

	Amount
Revenue	-
Less: Cost and Expenses	(195)
Total Loss	(195)
Less: Income tax expenses	-
Net Loss	(195)

Notes to the Financial Statements

For the year ended 31 December 2015 (All amounts in thousands of RMB unless otherwise stated)

4. BUSINESS COMBINATION AND CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

(3). Loss of control caused by disposal of equity interests in subsidiaries (Continued)

2. Shanghai Shoujia (Continued)

(iv) Gain on disposal is calculated as follows:

	Amount
Proceeds from disposal	19,840
Fair value of net assets on disposal day (note5(10))	60,635
Less: book value of equity on disposal day	(59,808)
Investment income generated from disposal	20,667

3. Capital Qinglv

The Group originally held 51% equity interests of Capital Qinglv. In June 2015, the Group entered into an agreement with the other shareholder of Capital Qinglv stating that the decisions about relevant activities in the company require unanimous consent of all parties. After the completion of amending the article of association, major business decisions of Capital Qinglv require an unanimous consent on both sides of the board. Therefore the Group has no control over Capital Qinglv and it is classified as a joint venture of the Group.

(i) The proceeds and cash flows from the disposal are as follows:

	Amount
Proceeds from disposal	-
Cash received from disposal	-
Less: cash held by Capital Qinglv on disposal day	(105,205)
Net cash paid from disposal	(105,205)

(ii) Net assets of Capital Qinglv disposed are as follows:

	Disposal day	31 December 2014
Current assets	998,346	1,007,252
Non-current assets	79	113
Current liabilities	(644,104)	(546,374)
Non-current liabilities	-	(120,000)
Net assets	354,321	340,991

Notes to the Financial Statements

For the year ended 31 December 2015 (All amounts in thousands of RMB unless otherwise stated)

4. BUSINESS COMBINATION AND CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

(3). Loss of control caused by disposal of equity interests in subsidiaries (Continued)

3. Capital Qinglv (Continued)

- (iii) The revenue, cost and loss of Capital Qinglv for the period from 1 January 2015 to the disposal day are as follows:

	Amount
Revenue	286,623
Less: cost and expenses	(234,183)
Total profit	52,440
Less: income tax expenses	(13,110)
Net profit	39,330

- (iv) Gain on disposal is calculated as follows:

	Amount
Fair value of 51% net assets on disposal day	232,946
Less: book value of 51% equity on disposal day	(180,704)
Investment income generated from disposal	52,242

4. Tiancheng Yongtai

The Group originally held 62.5% equity interests of Tiancheng Yongtai, of which 12.5% equity interests are held by holding 25% equity interests in Speed Plus Investment Limited. (hereinafter "Speed Plus"), and S.C., a subsidiary of the Group holds the other 50% equity interests of Tiancheng Yongtai. In December 2015, the Group disposed 25% equity interests of Speed Plus and its subsidiaries' equity, together with the equity interests of Tiancheng Yongtai held indirectly to HuaQian Company. After the transaction, the Group held no equity interest in Speed Plus and its subsidiaries. According to the Articles of the company, Tiancheng Yongtai is no longer a subsidiary of the Group and become a joint venture with 50% equity interests held by the Group.

- (i) The proceeds and cash flows from the disposal are as follows:

	Amount
Proceeds from disposal	448,635
Less: uncollected proceeds	(198,635)
Cash received from disposal	250,000
Less: Cash held by Tiancheng Yongtai on disposal day	(6,305)
Net cash received from disposal	243,695

Notes to the Financial Statements

For the year ended 31 December 2015 (All amounts in thousands of RMB unless otherwise stated)

4. BUSINESS COMBINATION AND CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

(3). Loss of control caused by disposal of equity interests in subsidiaries (Continued)

4. Tiancheng Yongtai (Continued)

(ii) The net assets of Tiancheng Yongtai disposed are as follows:

	Disposal day	31 December 2014
Current assets	3,150,269	2,058,116
Non-current assets	795,348	524,884
Current liabilities	(211,165)	(164,143)
Non-current liabilities	(1,124,829)	(45,422)
Net assets	2,609,623	2,373,435

(iii) The revenue, cost and loss of Tiancheng Yongtai for the period from 1 January 2015 to the disposal day are as follows:

	Amount
Revenue	-
Less: cost and expenses	2,712
Total profit	314,916
Less: income tax expenses	(78,728)
Net profit	236,188

(iv) Gains on disposal is calculated as follows:

	Amount
Consideration of 12.5% equity interests on disposal day	448,635
Fair value of the remaining 50% net assets on disposal day	1,700,505
Less: book value of 62.5% equity interests on disposal day	(1,631,014)
Investment income generated from disposal	518,126

Notes to the Financial Statements

For the year ended 31 December 2015 (All amounts in thousands of RMB unless otherwise stated)

4. BUSINESS COMBINATION AND CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

(3). Loss of control caused by disposal of equity interests in subsidiaries (Continued)

5. Central Plaza Xinrong

The Group originally held 100% equity interests of Central Plaza Xinrong, which holds the property of Holiday Inn Central Plaza Beijing. In December 2015, the Group entered into an equity transaction agreement with Zhuhai Hengqin Chuangyuan Central Plaza Equity Investment Center (Limited partnership) (hereinafter "Chuangyuan Investment Center") and Beijing Chuangyuanhui Capital Management Co., Ltd. (hereinafter "Chuangyuanhui") to transfer all the equity interests of Central Plaza Xinrong with the consideration of RMB 624,400,000. After the transaction, equity interests of Central Plaza Xinrong is held by Chuangyuan Investment Center and Chuangyuanhui by 99.9% and 0.01% respectively, and is no longer a subsidiary of the Group.

(i) The proceeds and cash flows from the disposal are as follows:

	Amount
Proceeds from disposal	624,400
Less: uncollected proceeds	(73,850)
Cash received from disposal	550,550
Less: cash held by Central Plaza Xinrong on disposal day	(27,361)
Net cash received from disposal	523,189

(ii) The net assets of Central Plaza Xinrong disposed are as follows:

	Disposal day	31 December 2014
Current assets	47,744	680,750
Non-current assets	359,552	375,884
Current liabilities	(510,145)	(527,583)
Non-current liabilities	-	(603,000)
Net assets	(102,849)	(73,949)

Notes to the Financial Statements

For the year ended 31 December 2015 (All amounts in thousands of RMB unless otherwise stated)

4. BUSINESS COMBINATION AND CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

(3). Loss of control caused by disposal of equity interests in subsidiaries (Continued)

5. Central Plaza Xinrong (Continued)

- (iii) The revenue, expense and profit of Central Plaza Xinrong for the period from 1 January 2015 to the disposal day are as follows:

	Amount
Revenue	88,552
Less: cost and expenses	(117,452)
Total loss	(28,900)
Less: income tax expenses	-
Net loss	(28,900)

- (iv) Gains on disposal is calculated as follows:

	Amount
Proceeds from disposal	624,400
Less: book value of 100% equity interests on disposal day	102,849
Investment income generated from disposal	727,249

Notes to the Financial Statements

For the year ended 31 December 2015 (All amounts in thousands of RMB unless otherwise stated)

4. BUSINESS COMBINATION AND CONSOLIDATED FINANCIAL STATEMENTS

(Continued)

(4). Transaction with non-controlling interests

1. Xi'an Xinkai

In 2014, the Group entered into an equity transfer agreement with Capital Juda to transfer 100% equity interests of Xi'an Xinkai. The collection method of the consideration is to subscribe 738,130,482 shares of newly issued CPS of Capital Juda by one of the Group's wholly owned subsidiaries for the price of HKD2.66 per share. In January 2015, the precedent conditions of both the equity transferred agreement of Xi'an Xinkai and the CPS agreement of Capital Juda subscribing by the Company has been reached, and the Group has completed the disposal transaction and CPS subscribing.

After the transaction, the fair value of the net assets of Capital Juda increased by RMB1,774,549,000, the equity interests held by the Group increased from 65.1% to 92.56%. The recalculated non-controlling interests increased by RMB93,689,000 and the capital reserve decreased by the same amount. In addition, relevant costs directly related to this transaction write down capital reserve by RMB31,662,000.

2. Minsheng Jiayin Assets Management Plan

In December 2015, the Group has repaid the principal of Minsheng Jiayin Assets Management Plan issued previously with a total amount of RMB3,510,000,000 (Note 4(2)2).

Notes to the Financial Statements

For the year ended 31 December 2015 (All amounts in thousands of RMB unless otherwise stated)

5. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(1). Cash at bank and on hand

	31 December 2015	31 December 2014
Cash on hand	3,473	1,490
Bank deposits	17,578,403	13,761,295
Other cash balances	166,110	134,241
Total	17,747,986	13,897,026

As at 31 December 2015, bank deposits includes supervised advance from customers, security deposits for certain mortgage loans to customers, certain loan and bond interests amounted to RMB1,732,758,000 (31 December 2014: RMB3,064,686,000). The Group has reclassified the above amount to restricted bank deposits. Including:

As at 31 December 2015, the carrying amount of supervised advance from customers was RMB958,213,000 (31 December 2014: RMB478,360,000). According to the requirements of some local authorities (such as in Beijing, Tianjin etc.) in the PRC, real estate developers need to open supervised bank account when applying for pre-sale permit for new commercial property. All the advances received from property customers should be transferred to such account. Which are supervised by regulator and all cash payment from such account should coincide with the construction progress in order to ensure the cash being used for property construction on a priority basis.

As at 31 December 2015, the secured deposits for loan amounted to RMB729,521,000 (31 December 2014: RMB2,375,663,000).

As at 31 December 2015, other cash balances amounted to RMB166,110,000 are deposits for bank acceptance bill (31 December 2014: RMB134,241,000). The Group has classified such amount to restricted bank deposits.

(2). Financial assets at fair value through profit or loss

	31 December 2015	31 December 2014
Beijing Urban Construction Design & Development Group Co.,Ltd. ("BUCDD") (a) — Listed company in Hong Kong	228,266	162,863

(a) As at 31 December 2015, the Group held 56,222,000 shares of BUCDD, accounting for 3.59% of the total issued common stock and the carry value of investment held by the Group in BUCDD amounted to RMB228,266,000 (31 December 2014: RMB162,863,000).

The trading equity instrument are securities listed on Hong Kong Exchanges and Clearing Limited and the fair values are determined by the closing price on the last trading day of the year.

Notes to the Financial Statements

For the year ended 31 December 2015 (All amounts in thousands of RMB unless otherwise stated)

5. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(3). Trade and other receivables

(a) Trade receivables

	31 December 2015	31 December 2014
Trade receivables	678,044	953,333
Less: provision for bad debts	(7,000)	(7,000)
Trade receivables — net	671,044	946,333

Most sales of the Group are in the form of cash and advanced payment. Other sales are collected subject to the agreed terms on sales contract.

The aging of trade receivables is analyzed as follows:

	31 December 2015	31 December 2014
Within 1 year	92,534	671,505
1 to 2 years	472,797	273,438
2 to 3 years	104,591	129
Over 3 years	8,122	8,261
Total	678,044	953,333

As at 31 December 2015, trade receivables of RMB1,122,000 (31 December 2014: RMB1,261,000) is overdue but not impaired. Trade receivables of RMB7,000,000 (31 December 2014: RMB7,000,000) with the aging of over three years is overdue and fully impaired at the amount of RMB7,000,000 (31 December 2014: RMB7,000,000).

The trade receivables classified by their categories are analyzed as follows:

	31 December 2015				31 December 2014			
	Amount	% of total amount %	Provision	% of the provision %	Amount	% of total amount %	Provision	% of the provision %
Individually significant and subject to separate assessment for provision for bad debts	7,000	1	(7,000)	100	7,000	1	(7,000)	100
Receivables that are subject to provision for bad debts on the grouping basis — Group of third parties	671,044	99	-	-	946,333	99	-	-
Total	678,044	100	(7,000)	1	953,333	100	(7,000)	1

Notes to the Financial Statements

For the year ended 31 December 2015 (All amounts in thousands of RMB unless otherwise stated)

5. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(3). Trade and other receivables (Continued)

(a) Trade receivables (Continued)

The trade receivables classified by their categories are analyzed as follows:

Client category	31 December 2015	31 December 2014
Primary land development (i)	636,858	733,004
Property sales	21,219	199,470
Investment properties leasing	8,068	5,541
Others	11,899	15,318
Total	678,044	953,333

(i) The amount is due from Land Reserve Centers of Tianjin arising from primary land development cooperated by the Group and Land Reserve Centers of Tianjin in Wuqing District.

(b) Other receivables

	31 December 2015	31 December 2014
Receivables due from joint ventures (note 8(5) (d))	535,556	23,999
Receivables due from associates (note 8(5) (d))	10,164	84,827
Land deposit and other guarantee deposits	206,932	528,473
Receivables from primary land development (i)	63,147	9,752
Consideration receivables from disposal of subsidiaries' equity and claims for debts (ii)	813,365	20,503
Consideration receivable from disposal of associates' equity	17,511	17,511
Withholding receivables	184,923	151,752
Others	720,046	500,381
Total	2,551,644	1,337,198
Less: provisions for bad debts	(41,791)	(41,791)
Other receivables — net	2,509,853	1,295,407

(i) The receivables from primary land development are receivables from Land Reserve Centers of Beijing and Tianjin.

(ii) As at 31 December 2015, the Group's consideration receivables from disposal of equity interest and obligatory right of subsidiaries amounted to RMB813,365,000, in which RMB546,229,000 was due from Chuangyuan Investment Centre and RMB245,838,000 was due from HuaQian Company.

Notes to the Financial Statements

For the year ended 31 December 2015 (All amounts in thousands of RMB unless otherwise stated)

5. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(3). Trade and other receivables (Continued)

(b) Other receivables (Continued)

Analysis of other receivables and related provision for bad debts are as follow:

	31 December 2015				31 December 2014			
	Amount	% of total balance %	Provision	% of the provision %	Amount	% of total balance %	Provision	% of the provision %
Within 1 year	1,994,299	78	-	-	796,936	60	-	-
1 to 2 years	80,253	3	-	-	365,842	27	-	-
2 to 3 years	364,025	14	-	-	41,374	3	-	-
Over 3 years	113,067	5	(41,791)	37	133,046	10	(41,791)	31
Total	2,551,644	100	(41,791)	2	1,337,198	100	(41,791)	3

Analysis of other receivables by categories are as follows:

	31 December 2015				31 December 2014			
	Amount	% of total balance %	Provision	% of the provision %	Amount	% of total balance %	Provision	% of the provision %
Receivables that are subject to provision for bad debts on the grouping basis								
— Group of related parties	545,720	21	-	-	108,826	8	-	-
— Group of third parties	1,964,133	77	-	-	1,186,581	89	-	-
Not individually significant but subject to separate assessment for provision for bad debts	41,791	2	(41,791)	100	41,791	3	(41,791)	100
Total	2,551,644	100	(41,791)	2	1,337,198	100	(41,791)	3

Notes to the Financial Statements

For the year ended 31 December 2015 (All amounts in thousands of RMB unless otherwise stated)

5. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(4). Advances to suppliers

On 31 December 2015, the advances to suppliers are analyzed as follows:

	31 December 2015	31 December 2014
Prepaid sales commissions	139,486	101,692
Advances to suppliers for land, construction costs and project costs	446,254	129,018
Total	585,740	230,710

The aging analysis of the advances to suppliers is as follows:

	As at 31 December 2015		As at 31 December 2014	
	Amount	% of total balance %	Amount	% of total balance %
Within 1 year	568,287	97	209,042	91
Over 1 year	17,453	3	21,668	9
Total	585,740	100	230,710	100

(5). Dividends receivable

	31 December 2014	Additions	Reductions	31 December 2015
Tianjin Xinming Real Estate Co., Ltd. ("Tianjin Xinming")	9,825	12,000	-	21,825

Notes to the Financial Statements

For the year ended 31 December 2015 (All amounts in thousands of RMB unless otherwise stated)

5. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(6). Inventories

(a) Inventories are classified as follows:

	As at 31 December 2015			As at 31 December 2014		
	Book balance	Provision for impairment	Book value	Book balance	Provisions for impairment	Book value
Properties under development	48,608,821	(15,685)	48,593,136	42,376,968	(258,855)	42,118,113
Properties held for sale	9,234,069	(144,496)	9,089,573	6,481,797	(49,539)	6,432,258
Land under development	406,423	-	406,423	211,392	-	211,392
Low cost consumables	16	-	16	6,349	-	6,349
Total	58,249,329	(160,181)	58,089,148	49,076,506	(308,394)	48,768,112

(b) The movement of inventories' book value in current year are as follows:

	31 December 2014	Additions	Reductions	31 December 2015
Cost				
Properties under development	42,376,968	27,492,933	(21,261,080)	48,608,821
Properties held for sale	6,481,797	15,968,311	(13,216,039)	9,234,069
Land under development	211,392	195,031	-	406,423
Low value consumables	6,349	-	(6,333)	16
Total	49,076,506	43,656,275	(34,483,452)	58,249,329

(c) Analysis of provisions of inventories is as follows:

	31 December 2014	Additions	Reverse	Reductions	31 December 2015
Properties under development	258,855	15,685	-	(258,855)	15,685
Properties held for sale	49,539	377,126	(3,865)	(278,304)	144,496
Total	308,394	392,811	(3,865)	(537,159)	160,181

In 2015, the properties held for sale with the carrying amount of RMB12,937,735,000 (2014: RMB6,700,333,000) has been recognized as cost of sales.

As at 31 December 2015, the financed costs capitalized in the properties under development amounted to RMB4,763,408,000 (31 December 2014: RMB3,013,171,000). In 2015, the capitalization rate is 7.88% (2014: 7.68%).

As at 31 December 2015, certain buildings in properties under development of the Group with a carrying amount of RMB198,061,000 (31 December 2014: RMB968,902,000) have been mortgaged as security for long-term borrowings of RMB432,500,000 (31 December 2014: RMB521,900,000) (note 5(28) (c)).

Notes to the Financial Statements

For the year ended 31 December 2015 (All amounts in thousands of RMB unless otherwise stated)

5. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

(6). Inventories *(Continued)*

As at 31 December 2015, certain land use rights in properties under development of the Group with a carrying amount of RMB6,117,870,000 (31 December 2014: RMB3,835,991,000) have been mortgaged as security for long-term borrowings of RMB1,477,500,000 (31 December 2014: 968,300,000) (note 5 (28) (c)).

As at 31 December 2015, certain land use rights and buildings in properties under development of the Group with a carrying amount of RMB2,090,151,000 (31 December 2014: RMB1,264,801,000) have been mortgaged as security for long-term borrowings of RMB1,494,700,000 (31 December 2014: RMB1,463,502,000) ((note 5(28) (c))

As at 31 December 2015, certain land use rights in properties under development with a carrying amount of RMB7,245,878,000 (31 December 2014: RMB4,247,508,000) have been mortgaged as security for long-term borrowings of RMB3,403,047,000 (31 December 2014: RMB2,167,860,000)), which are guaranteed by the Company as well (note 5(28) (d)).

As at 31 December 2015, certain buildings in properties under development with a carrying amount of RMB1,005,351,000(31 December 2014: RMB756,513,000) have been mortgaged as security for long-term borrowings of RMB107,000,000(31 December 2014: RMB457,000,000), which are guaranteed by the Company as well (note 5(28) (d)).

As at 31 December 2015, certain land use rights and buildings in properties under development with a carrying amount of RMB5,929,972,000 (31 December 2014: RMB3,717,374,000) have been mortgaged as security for long-term borrowings of RMB3,936,400,000 (31 December 2014: RMB3,182,100,000), which are guaranteed by the Company as well (note 5(28) (d)).

As at 31 December 2015, certain land use rights and buildings in properties under development with a carrying amount of RMB272,814,000 (31 December 2014: RMB272,814,000) have been mortgaged as security for long-term borrowings of RMB210,000,000 (31 December 2014: RMB310,000,000), which are guaranteed by the subsidiary of the Group (note 5(28) (d)).

As at 31 December 2015, certain land use rights in properties under development with a carrying amount of RMB1,056,357,000 (31 December 2014: RMB1,056,357,000) have been mortgaged as security for long-term borrowings of RMB1,220,000,000 (31 December 2014: RMB1,220,000,000), which are guaranteed by Capital Group as well (note 5(28) (d)).

As at 31 December 2015, certain land use right in properties under development with a carrying amount of RMB377,343,000 (31 December 2014: RMB583,427,000) and corresponding income rights have been pledged as security for long-term borrowings of RMB100,000,000 (31 December 2014: RMB540,000,000), which are guaranteed by the Company as well (note 5(28) (f)).

As at 31 December 2015, certain land use rights in properties under development with a carrying amount of RMB927,362,000 (31 December 2014: Nil) have been mortgaged as security for long-term borrowings of RMB600,000,000 (31 December 2014: Nil), which are guaranteed by the Company and pledged by equity of certain subsidiaries of the Group as well(note 5(28) (f)).

Notes to the Financial Statements

For the year ended 31 December 2015 (All amounts in thousands of RMB unless otherwise stated)

5. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(6). Inventories (Continued)

As at 31 December 2015, certain land use rights in properties under development with a carrying amount of RMB3,864,000,000 (31 December 2014: RMB1,254,328,000) have been mortgaged as security for long-term loans of RMB2,800,000,000 (31 December 2014: RMB650,000,000), which are guaranteed by the Company for certain subsidiaries of the Group (note 5(30)).

(7). Assets classified as held for sale

	31 December 2015	31 December 2014
Cash at bank and on hand (a)	-	61,051
Advances to suppliers (a)	-	5,330
Other receivables (a)	-	3,566
Inventories (a)	-	44,725
Fixed assets (a)	-	43,937
Intangible assets (a)	-	9,242
Trade receivables (a)	-	4,975
Long-term prepaid expenses (a)	-	18,500
Other non-current assets (a)	-	1,417
Long-term equity investments (b)	9,921	9,921
Total	9,921	202,664

(a) In December 2014, the Group entered into an agreement to dispose 100% equity interests in NWCI to a third party. As of 31 December 2014, this transaction hasn't been completed. The assets of the above subsidiary met the definition of assets classified as held for sale and were listed on the balance sheet separately. The transaction was completed this year, in January 2015 (note 4(3)).

(b) The Group entered into an equity transfer agreement on 10% share of Hainan Dalecheng Real Estate Development Holding Ltd. (hereinafter "Hainan Dalecheng") with a consideration of RMB20,000,000 (note 5(25)). As such transaction has not been completed by the end of 2015, the Group classified the book value of the investment amounted to RMB9,921,000 as assets classified as held for sale.

(8). other current assets

	31 December 2015	31 December 2014
Prepaid taxes	2,173,581	1,819,354
Others	7,341	4,395
Total	2,180,922	1,823,749

Notes to the Financial Statements

For the year ended 31 December 2015 (All amounts in thousands of RMB unless otherwise stated)

5. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(9). Available-for-sale financial assets

	31 December 2015	31 December 2014
Available-for-sale equity instruments		
— At fair value (a)	16,444	13,420
— At cost (b)	70,000	50,000
Less: Impairment provision	-	-
Less: Available-for-sale financial assets included in other current assets	-	-
Total	86,444	63,420

(a) Available-for-sale financial assets measured at fair value

	31 December 2015	31 December 2014
Listed equity instruments		
— in Mainland China	16,444	13,420

As at 31 December 2015, the carrying amount of the investment in Yangguang Xinye Real Estate Co., Ltd. (hereinafter "Yangguang Xinye"), a listed company in mainland China, is RMB16,444,000 (31 December 2014: RMB13,420,000). Yangguang Xinye was registered in Nanning, the PRC and mainly engaged in real estate development, leasing of private owned merchandise housing and related advisory services. The ordinary shares of Yangguang Xinye held by the Group is 2,652,210 shares, accounting for 0.36% of the total ordinary shares issued.

- (b) Available-for-sale financial asset measured at cost is mainly the non-listed equity investment held by the Group without active quoted market price and the reasonable estimate for its fair value fluctuated largely while the possibility of the estimation cannot be ensured reasonably, hence its fair value cannot be measured reliably. The Group has no intention to dispose these investments yet.

As at 31 December 2015, the Group holds 0.99% equity interests of the total shares of CDB Siyuan (Beijing) Investment Fund Ltd.(hereinafter "CDB Siyuan"), therefore the Group does not have significant influence on CDB Siyuan. The largest risk exposure equals to the book value of the shares the Group held on 31 December 2015, i.e., RMB50,000,000.

As at 31 December 2015, the Group holds 10% equity interests of the total shares of Beijing Capital Financial Assets Transaction Information Service Co., Ltd. (hereinafter "BCFATIS"), which was set up by the Group, the parent company of the parent company of the Group, and certain in subsidiaries of the parent company. The Group does not have significant influence or jointly control on BCFATIS. The Group's maximum risk exposure to BCFATIS equals to the book value of the shares the Group held on 31 December 2015, i.e., RMB20,000,000.

The Group does not have significant influence on the investees mentioned above, therefore the investments are classified as available-for-sale financial instruments.

Notes to the Financial Statements

For the year ended 31 December 2015 (All amounts in thousands of RMB unless otherwise stated)

5. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(10). Long-term equity investments

	31 December 2015	31 December 2014
Joint ventures		
— Non-listed companies (a)	4,514,379	1,464,960
Associates		
— Non-listed companies (b)	1,001,187	986,275
Subtotal	5,515,566	2,451,235
Less: Provision for impairment of long-term equity investments	-	-
Net	5,515,566	2,451,235

There is no significant restriction on sale of the long-term equity investments of the Group and collection of the investment income.

(a) Joint ventures

Investments in joint ventures are as follows:

	Accounting Method	Investment costs	Changes in this year						31 December 2015	Equity interest held %	Voting rights held %	Provision for impairment	Impairment provided in current year
			31 December 2014	Increase or decrease in investment	Share of net profit/(losses)	Share of other comprehensive income	Cash dividend declared	Others					
Shenyang Jilian Real Estate Co., Ltd. ("Shenyang Jilian")	Equity method	USD20,000,000	128,501	-	(14,082)	-	-	-	114,419	50	50	-	-
Beijing Capital Chaoyang Investment Co., Ltd. ("Chaoyang Investment") (i)	Equity method	N/A	4,090	(4,035)	(55)	-	-	-	-	NA	NA	-	-
Beijing Wanzhu Real Estate Co., Ltd. ("Beijing Wanzhu") (ii)	Equity method	RMB25,500,000	53,149	-	112,397	-	-	-	165,546	30	30	-	-
Capital Jiaming New Town Investment Co., Ltd. ("Capital Jiaming")	Equity method	RMB175,000,000	167,742	-	(870)	-	-	-	166,872	35	35	-	-
Tianjin Haileybury International School ("International School") (iii)	Equity method	RMB4,500,000	-	1,000	(1,000)	-	-	-	-	45	40	-	-
Tianjin Tonghua Qiangyu Investment and Management Co., Ltd. (Tonghua Qiangyu) (iv)	Equity method	RMB4,000,000	8,742	-	(2,856)	-	-	-	5,886	40	40	-	-
Zuhai Hengqin Fund Management company (v)	Equity method	RMB4,000,000	3,932	-	(3,932)	-	-	-	-	40	40	-	-
Zuhai Hengqin Eco Village Fund (v) (vi)	Equity method	RMB240,000,000	241,147	-	26,469	-	-	(819)	266,797	88.92	40	-	-
Zuhai Hengqin Zzhufang Fund (v) (vii)	Equity method	RMB81,000,000	80,864	-	15,197	-	-	(2,173)	93,888	82.65	40	-	-

Notes to the Financial Statements

For the year ended 31 December 2015 (All amounts in thousands of RMB unless otherwise stated)

5. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(10). Long-term equity investments (Continued)

(a) Joint ventures (Continued)

Accounting Method	Investment costs	Changes in this year							31 December 2015	Equity interest held %	Voting rights held %	Provision for impairment	Impairment provided in current year
		31 December 2014	Increase or decrease in investment	Share of net profit/(losses)	Share of other comprehensive Income	Cash dividend declared	Others						
Zhuhai Hengqin Ruiyuan Jialing Fund (v) (viii)	Equity method	RMB456,000,000	455,970	-	27,230	-	-	(226)	482,974	26.66	40	-	-
Beijing Liujin Real Estate Co., Ltd. ("Liujin Real Estate") (ix)	Equity method	RMB688,000,000	320,823	368,000	5,890	-	-	-	694,713	40	40	-	-
Zhuhai Hengqing Chengdu Weihua Fund (v) (x)	Equity method	RMB270,000,000	-	270,000	(850)	-	-	-	269,150	22.68	40	-	-
Beijing Zhongguancun Integrated Circuit Design Garden Development Co. Ltd. ("Zhongguancun Integrated Circuit Design Garden") (xi)	Equity method	RMB10,436,000	-	84,192	43	-	-	-	84,235	50	40	-	-
Shanghai Shoujia (note 4(3))	Equity method	RMB60,000,000	-	60,635	(3,365)	-	-	-	57,270	60	60	-	-
Shanghai Henggu Real Estate Development Co., Ltd. (Shanghai Henggu) (xii)	Equity method	RMB95,200,000	-	95,200	(3,668)	-	-	-	91,532	28	25	-	-
Shanghai Songming Real Estate Development Co., Ltd. (Shanghai Songming) (xiii)	Equity method	RMB67,200,000	-	67,200	(3,894)	-	-	-	63,306	28	25	-	-
Beijing Tongchuang Jinlong Real Estate Co. Ltd. ("Tongchuang Jinlong") (xiv)	Equity method	RMB26,845,000	-	26,845	(1,248)	-	-	-	25,597	25	57.14	-	-
Shouchuang Qinglv (note4(3))	Equity method	RMB182,677,000	-	232,946	10,576	-	(17,340)	-	226,182	51	57.14	-	-
Tiancheng Yongtai (note4(3))	Equity method	RMB1,123,245,000	-	1,700,505	-	-	-	-	1,700,505	50	50	-	-
Beijing Jinlong Yonghui Real Estate Co., Ltd. ("Jinlong Yonghui") (xv)	Equity method	RMB2,910,000	-	2,910	(912)	-	-	-	1,998	14.55	9.09	-	-
Beijing Dacheng Guangyuan Real Estate Co., Ltd. ("Dacheng Guangyuan") (xvi)	Equity method	RMB2,500,000	-	2,500	(266)	-	-	-	2,234	12.5	7.69	-	-
Shouwan Yuye(Shanghai) Property Service Co., Ltd. ("Shouwan Yuye") (xvii)	Equity method	RMB1,275,000	-	1,275	-	-	-	-	1,275	51	66.67	-	-
Chengdu Capital Ruihua Real Estate Co., Ltd. ("Chengdu Ruihua") (xviii)	Equity method	-	-	-	-	-	-	-	-	-	40	-	-
Chuangyuan Investment Center (xix)	Equity method	-	-	-	-	-	-	-	-	40	40	-	-
Total			1,464,960	2,909,173	160,804	-	(17,340)	(3,218)	4,514,379			-	-

Notes to the Financial Statements

For the year ended 31 December 2015 (All amounts in thousands of RMB unless otherwise stated)

5. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

(10). Long-term equity investments *(Continued)*

(a) Joint ventures *(Continued)*

- (i) The Group originally held 50% equity interests of Chaoyang Investment. According to the Articles of Association of Chaoyang Investment, the Group and other shareholders share the control over the production and operation of Chaoyang Investment, and the Group recognized it as a joint venture. In July 2015, the Group acquired 40% equity of Chaoyang Investment and the Group can control the production and operation of Chaoyang Investment according to the revised Articles. Therefore, Chaoyang Investment is no longer a joint venture of the Group. As there is no actual business operating in Chaoyang Investment, this transaction was accounted as purchasing assets by the Group.
- (ii) In June 2012, the Group acquired 30% equity interests in Beijing Wanzhu by capital injection. However, according to the Articles of Association of Beijing Wanzhu, the Group and other shareholders jointly control Beijing Wanzhu, therefore it is recognized as a joint venture.
- (iii) The net assets of International School are negative due to continuous losses in the past years. As the Group does not have the obligation to bear the additional losses beyond the share, the Group recognizes the carrying value of the long-term equity investment at zero other than negative. In 2015, the unrecognized investment losses amounted to RMB2,530,000 (2014: RMB4,333,000). As at 31 December 2015, the accumulated investment losses that are not recognized amounted to RMB6,863,000 (31 December 2014: RMB4,333,000).
- (iv) The Company holds 40% equity interests in Tonghua Qiangyu. According to the Articles of Association of Tonghua Qiangyu, the Company and other shareholders share the control over Tonghua Qiangyu jointly, therefore it is recognized as a joint venture.
- (v) The Company holds 40% equity interests in Zhuhai Hengqin Fund Management Company. According to the Articles of Association of Zhuhai Hengqin Fund Management Company, the Company and other shareholders share the control over Zhuhai Hengqin Fund Management Company jointly, therefore it is recognized as a joint venture.

The net assets of Zhuhai Hengqin Fund Management Company are negative due to losses in this year. As the Group does not have the obligation to bear the additional losses beyond the share, the Group recognizes the carrying value of the long-term equity investment at zero other than negative. In 2015, the unrecognized investment losses amounted to RMB5,419,000. As at 31 December 2015, the accumulated investment losses that are not recognized amounted to RMB5,419,000.

As of 31 December 2015, the Group has possessed four real estate Funds accumulately. All these funds are limited partnerships established by Zhuhai Hengqin Fund Management Company as the general partner with an estimated duration for five years. These Funds are structured entities not included in consolidation and mainly engage in property investment, which derive their revenue from interest income, profits of the real estate development projects and proceeds from disposal of equity interests.

According to the partnership agreement, the distribution order at the clearing day and the settlement day of the fund is as follows: senior limited partners can get expected annual earnings, and intermediate limited partners can get expected fixed earnings, which is about 10%. The senior limited partners enjoy distributing initial investment and expected earnings firstly, followed by distributing initial investment and expected earnings to intermediate limited partners, then to the subordinated limited partners, and lastly to the general partners. If there is excess distributable earnings after the above distributions, the fund should distribute the income to the partners based on the agreed portion of the partnership agreement.

According to the partnership agreement, the Group jointly controls the investment and operational strategy of these funds with other shareholders, therefore they are classified as joint ventures. The Group has no duty or purpose to offer financial support to these funds.

Notes to the Financial Statements

For the year ended 31 December 2015 (All amounts in thousands of RMB unless otherwise stated)

5. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

(10). Long-term equity investments *(Continued)*

(a) Joint ventures *(Continued)*

- (vi) The Group originally held 28.24% of the intermediate units in Zhuhai Hengqin Eco Village Fund, which holds 100% equity interests in Chongqing Shouyong Real Estate Co., Ltd. (hereinafter "Shouyong Real Estate"). The Fund has raised a total scale of 850,000,000 shares amounting to RMB850,000,000. The Group's largest risk exposure in the fund is the book value of investment at balance sheet date amounting to RMB240,000,000. In July 2015, based on Shouyong Real Estate's financial condition, Zhuhai Hengqin Eco Village Fund paid the investment capital and fixed earnings to senior limited partners. After that, the actual contribution by the Group account for 88.92% of the total shares. However, according to the partnership agreement, senior limited partners still have the voting rights base on the original partnership share and right to share extraneous earnings of Zhuhai Hengqin Eco Village Fund, therefore the fund is still recognized as a joint venture.
- (vii) The Group originally held 10% of the intermediate units in Zhuhai Hengqin Zizhufang Fund, which holds 100% equity interests in Beijing Taihao Shengyuan Real Estate Co., Ltd. (hereinafter "Taihao Shengyuan"). The Fund has raised a total scale of 810,000,000 shares amounting to RMB810,000,000. The Group's largest risk exposure in the fund is the book value of investment at balance sheet date amounting to RMB81,000,000. In December 2015, according Taihao Shengyuan's financial condition, Zhuhai Hengqin Zizhufang Fund paid the investment capital and fixed earnings to senior limited partners. After that, the actual contribution by the Group account for 82.65% of the total shares. However, according to the partnership agreement, senior limited partners still have the voting rights base on the original partnership share and right to share extraneous earnings of Zhuhai Hengqin Zizhufang Fund, therefore the fund is still recognized as a joint venture.
- (viii) The Group holds 20.73 % of the intermediate units in Zhuhai Hengqin Ruiyuan Jialing Fund, which holds 100% equity interests in Chongqing Shouhui Real Estate Co., Ltd. (hereinafter "Shouhui Real Estate"). The Fund has an estimated total scale of 2,200,000,000 shares amounting to RMB2,200,000,000. The Group's largest significant risk exposure in the fund is the book value of investment at balance sheet date amounting to RMB456,000,000.

As of 31 December 2015, as the senior partners have not completed capital contribution, the actual contribution by the Group accounted for 26.66% of the total shares.

- (ix) The Group holds 40% equity interests in Liujin Real Estate, which is jointly controlled by the Group and the subsidiary of the parent company of the Group. According to the Articles of association, the Group and other shareholders share the control over Liujin Real Estate jointly, therefore it is recognized as a joint venture. In December 2015, the Group and other shareholders agreed to make an aggregate capital contribution to Liujin Real Estate and RMB368,000,000 was injected by the Group based on the share proportion.
- (x) The Group subscribes 22.5% of the intermediate units in Zhuhai Hengqin Chengdu Weihua Fund that is still in recruitment period. The estimated total scale of 1,200,000,000 shares amounting to RMB1,200,000,000 are expected to raise. The Group's largest significant risk exposure in the fund is the book value of investment at balance sheet date amounting to RMB270,000,000.

As of 31 December 2015, as senior partners have not completed capital contribution, the actual contribution by the Group accounted for 22.68% of the total shares.

Notes to the Financial Statements

For the year ended 31 December 2015 (All amounts in thousands of RMB unless otherwise stated)

5. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

(10). Long-term equity investments *(Continued)*

(a) Joint ventures *(Continued)*

- (xi) In this year, the Group entered into a capital increase agreement with a third party company to subscribe registered capital of Zhongguancun Integrated Circuit Design Garden amounted to RMB500,000,000, accounting for 50% of the total registered shares. As of 31 December 2015, the Group actually invested RMB10,436,000 to the company, accounting for 50% of paid-in capital of Zhongguancun Integrated Circuit Design Garden. According to the agreement, the Group repaid the loan from original shareholders amounted to RMB913,500,000. Based on the revised articles of the company, the Group share the controls on the operation of Zhongguancun Integrated Circuit Design Garden with other shareholders jointly, therefore it is recognized as a joint venture.

At the initial recognition of investment, the difference between the fair value of the net assets of Zhongguancun Integrated Circuit Design Garden shared by the Group and the initial cost was recognized in non-operating income(note 5(41)) and increased the cost of long-term equity investment simultaneously. The group and other shareholders of Zhongguancun Integrated Circuit Design Garden reached an agreement on the strategy to develop the top science zone in Beijing. Based on the fair value basis, both sides of the transaction come to an agreement on the price of the transaction and resulted in the above non-operating income.

- (xii) The Group holds 28% equity interests in Shanghai Henggu. According to the articles of association of the company, the Group and other shareholders share the control over Shanghai Henggu jointly, therefore it is recognized as a joint venture.
- (xiii) The Group holds 28% equity interests in Shanghai Songming. According to the articles of association of the company, the Group and other shareholders share the control over Shanghai Songming jointly, therefore it is recognized as a joint venture.
- (xiv) The Group holds 25% equity interests in Tongchuang Jinlong. According to the articles of association of the company, the Group and other shareholders share the control over Tongchuang Jinlong jointly, therefore it is recognized as a joint venture.
- (xv) The Group holds 14.55% equity interests in Jinlong Yonghui. According to the articles of association of the company, the Group and other shareholders share the control over Jinlong Yonghui jointly, therefore it is recognized as a joint venture.
- (xvi) The Group holds 12.5% equity interests in Dacheng Guangyuan. According to the articles of association of the company, the Group and other shareholders share the control over Dacheng Guangyuan jointly, therefore it is recognized as a joint venture.
- (xvii) The Group holds 51% equity interests in Shouwan Yuye. According to the articles of association of the company, the Group and other shareholders share the control over Shouwan Yuye jointly, therefore it is recognized as a joint venture.
- (xviii) Chengdu Ruihua is entrusted to be managed by Tonghua Qiangyu, the joint venture of the Group. According to the articles of association, the Group holds 40% voting rights of Chengdu Ruihua and share the jointly control over Chengdu Ruihua with other shareholders, therefore it is recognized as a joint venture.
- (xix) Chuangyuan Investment Center is a Limited partnership set up by Chuangyuanhui, the subsidiary of the Group's joint venture Tonghua Qiangyu, as the general partner and Tonghua Qiangyu as one of the limited partner. According to the agreement of partnership, the Group holds 40% equity interests in Chuangyuan Investment Center indirectly and share the jointly control with other partners, therefore it is recognized as a joint venture.

Notes to the Financial Statements

For the year ended 31 December 2015 (All amounts in thousands of RMB unless otherwise stated)

5. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(10). Long-term equity investments (Continued)

(b) Associates

Long-term investments in associates are as follows:

	Accounting Method	Investment costs	Changes in this year						31 December 2015	Equity interest held %	Voting rights held %	Provision for impairment	Impairment provided in current year
			31 December 2014	Increase or decrease in investment	Share of net profit/(losses)	Share of other comprehensive Income	Cash dividend declared	Others					
Beijing GoldenNet Property Investment Adviser ("GoldenNet") (i)	Equity method	RMB700,000	6,904	-	-	-	-	-	6,904	14	14	-	-
Beijing Sunshine City Commercial Investment Co., Ltd. ("Sunshine City Commercial")	Equity method	RMB25,267,000	159,577	-	30,663	-	-	-	190,240	35	35	-	-
Shenyang Capital Real Estate Co., Ltd. ("Shenyang Xinzi")	Equity method	USD27,750,000	260,181	-	3,107	-	-	(89)	263,199	30	30	-	-
Tianjin Xinqing Real Estate Co., Ltd. ("Tianjin Xinqing")	Equity method	USD38,000,000	264,730	-	566	-	-	(35)	265,261	40	40	-	-
Tianjin Xinming	Equity method	USD38,000,000	278,363	-	(5,646)	-	(12,000)	(406)	260,311	40	40	-	-
Beijing Financial Street International Hotel Co., Ltd. ("Financial Street")(ii)	Equity method	USD3,384,000	-	-	-	-	-	-	-	59.5	34	-	-
Beijing Outlets Chuangxin Business Management Co., Ltd. ("Outlets Chuangxin") (iii)	Equity method	RMB3,800,000	601	-	(601)	-	-	-	-	38	38	-	-
Capital Qinglv Culture Tourism (Kunshan) Co., Ltd. ("Capital Qinglv Culture")	Equity method	RMB4,900,000	15,919	-	(647)	-	-	-	15,272	49	49	-	-
Speed Plus Investments Limited ("Speed Plus") (iv)	Equity method	N/A	-	-	-	-	-	-	-	N/A	N/A	-	-
Total			986,275		27,442		(12,000)	(530)	1,001,187			-	-

Notes to the Financial Statements

For the year ended 31 December 2015 (All amounts in thousands of RMB unless otherwise stated)

5. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

(10). Long-term equity investments *(Continued)*

(b) Associates *(Continued)*

- (i) The Company has significant influence on board of the directors of GoldenNet, which is responsible for determining the financial policies in the ordinary course of business, therefore it is classified as an associate.
- (ii) According to the articles of association, the Group holds 59.5% equity interests in the Financial Street directly and indirectly, and enjoys 34% profit of the Financial Street. The Group has minority seats in the board of directors, which is responsible for the financial decisions in the ordinary course of business, therefore the company is classified as an associate.

The net assets of the Financial Street are negative due to continuous losses in the previous years. As the Group does not have the obligation to bear the additional losses beyond the share, the Group recognizes the carrying value of the long-term equity investment to zero other than negative. In 2015, the unrecognized investment losses amounted to RMB15,359,000 (2014: RMB9,650,000). As at 31 December 2015, the accumulated unrecognized investment losses amounted to RMB67,162,000 (31 December 2014: RMB51,803,000).

- (iii) The net assets of Outlets Chuangxin are negative due to losses in this year. As the Group does not have the obligation to bear the additional losses beyond the share, the Group recognizes the carrying value of the long-term equity investment to zero other than negative. In 2015, the unrecognized investment loss amounted to RMB179,000 (2014: Nil). As at 31 December 2015, the accumulated unrecognized investment losses amounted to RMB179,000 (31 December 2014: Nil).
- (iv) In 2015, the Group has transferred the remaining equity interests of Speed Plus held to an independent third party HuaQian Company, and the Group has no equity interests in Speed Plus any longer. Before this transaction, the net assets of Speed Plus are negative due to continuous losses in the previous years. As the Group does not have the obligation to bear the additional losses beyond the share, the Group recognizes the carrying value of the long-term equity investment to zero other than negative. The accumulated unrealized loss on investment has transferred out with the transactions.

Notes to the Financial Statements

For the year ended 31 December 2015 (All amounts in thousands of RMB unless otherwise stated)

5. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(11). Investment in joint ventures and associates

(a) Basic information of significant Joint ventures and Associates

	Business type	Place of main operation	Place of registration	Legal representative	Nature of business	Strategic to the Group's operation	Registered capital	Shared Interest	Voting right
Joint ventures-									
Shenyang Jitian	Limited Company	Shenyang	Shenyang	Hu Weimin	Real Estate Development and Sales	Yes	USD 20,000,000	50%	50%
Capital Jiaming	Limited Company	Beijing	Beijing	Hu Weimin	Land Primary Development and Sales	Yes	RMB 175,000,000	35%	35%
Zhuhai Hengqin Eco Village Fund	Limited Partnership	Zhuhai	Zhuhai	N/A	Investment Management	Yes	RMB 850,000,000	88.92%	40%
Zhuhai Hengqin Zizhufang Fund	Limited Partnership	Zhuhai	Zhuhai	N/A	Investment Management	Yes	RMB 810,000,000	82.65%	40%
Zhuhai Hengqin Ruiyuan Jialing Fund	Limited Partnership	Zhuhai	Zhuhai	N/A	Investment Management	Yes	RMB 1,710,530,000	26.66%	40%
Zhuhai Hengqin Chengdu Weihua Fund	Limited Partnership	Zhuhai	Zhuhai	N/A	Investment Management	Yes	RMB 1,190,600,000	22.68%	40%
Liujin Real Estate	Limited Company	Beijing	Beijing	Sun Baojie	Land Primary Development and Sales	Yes	RMB 800,000,000	40%	40%
Zhongguancun Integrated Circus Design Garden	Limited Company	Beijing	Beijing	Miao Jun	Real Estate Development and Sales	Yes	RMB 1,000,000,000	50%	40%
Shanghai Shoujia	Limited Company	Shanghai	Shanghai	Hu Weimin	Real Estate Development and Sales	Yes	RMB 100,000,000	60%	60%
Capital Qinglv	Limited Company	Kunshan	Kunshan	Hu Weimin	Real Estate Development and Sales	Yes	RMB 300,000,000	51%	57.14%
Tiancheng Yongtai	Limited Company	Beijing	Beijing	Hu Weimin	Real Estate Development and Sales	Yes	RMB 2,246,490,000	50%	50%
Associates-									
Sunshine City Commercial	Limited Company	Beijing	Beijing	Yang Ning	Investment Management	No	RMB 72,190,000	35%	35%
Shenyang Xinzi	Limited Company	Shenyang	Shenyang	Cao Yue	Real Estate Development and Sales	Yes	USD 92,500,000	30%	30%
Tianjin Xinqing	Limited Company	Tianjin	Tianjin	Qin Yi	Real Estate Development and Sales	Yes	USD 95,000,000	40%	40%
Tianjin Xinming	Limited Company	Tianjin	Tianjin	Wang Wei	Real Estate Development and Sales	Yes	USD 95,000,000	40%	40%

Notes to the Financial Statements

For the year ended 31 December 2015 (All amounts in thousands of RMB unless otherwise stated)

5. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(11). Investment in joint ventures and associates (Continued)

(b) Key financial information of significant joint ventures

	Shenyang Jitian		Capital Jiating		Zhuohai Hengxin Eco Village Fund		Zhuohai Hengxin Zuhufang Fund		Zhuohai Hengxin Ruiyuan Jiating Fund		Zhuohai Hengxin Chengdu Weihua Fund		Liujiu Real Estate		Shanghai Shoujia		Zhongguancun Integrated Circus Design Garden		Capital Qinglv		Tiancheng Yongtai	
	31 December 2015	31 December 2014	31 December 2015	31 December 2014	31 December 2015	31 December 2014	31 December 2015	31 December 2014	31 December 2015	31 December 2014	31 December 2015	31 December 2014	31 December 2015	31 December 2014	31 December 2015	31 December 2014	31 December 2015	31 December 2014	31 December 2015	31 December 2014	31 December 2015	31 December 2014
	Cash at bank and on hand	16,606	7,846	31,601	126,682	64,046	297,620	128,606	484,580	247,561	354	151,202	N/A	2,261,716	821,727	122,275	N/A	65,037	N/A	85,434	N/A	6,305
Other current assets	1,547,220	1,564,374	1,646,648	1,542,920	1,548,838	2,254,023	2,537,020	2,014,638	3,071,535	951,780	2,232,955	N/A	368,289	7,370	2,065,346	N/A	2,246,303	N/A	855,015	N/A	2,878,275	N/A
Current assets	1,563,826	1,572,220	1,678,249	1,669,602	1,612,884	2,551,643	2,665,626	2,499,218	3,319,096	952,134	2,384,157	N/A	2,630,005	829,097	2,187,621	N/A	2,311,340	N/A	940,449	N/A	2,884,580	N/A
Non-current assets	19,047	9,752	6,161	5,350	84	133	5	408	50,115	20,000	953	N/A	2,428,036	594	1,977	N/A	621	N/A	45	N/A	1,786,003	N/A
Total assets	1,582,873	1,581,972	1,684,410	1,674,952	1,612,968	2,551,776	2,665,631	2,499,626	3,369,211	972,134	2,385,110	N/A	5,058,041	829,691	2,189,598	N/A	2,311,961	N/A	940,494	N/A	4,670,583	N/A
Trade payables	52,555	24,545	-	-	212,819	193,191	100,503	28,679	65,502	-	-	N/A	-	-	4,690	N/A	-	N/A	65,781	N/A	200,048	N/A
Other liabilities	1,298,060	1,297,006	199,523	192,941	1,400,149	2,113,585	2,565,128	1,990,947	2,303,709	972,134	1,385,110	N/A	1,368,082	36,649	1,279,458	N/A	266,854	N/A	431,218	N/A	11,117	N/A
Current liabilities	1,350,615	1,321,551	199,523	192,941	1,612,968	2,306,776	2,665,631	2,019,626	2,369,211	972,134	1,385,110	N/A	1,368,082	36,649	1,284,148	N/A	266,854	N/A	496,999	N/A	211,165	N/A
Non-current liabilities	-	-	1,003,364	998,000	-	245,000	-	480,000	1,000,000	-	1,000,000	N/A	2,344,192	-	810,000	N/A	1,876,637	N/A	-	N/A	1,058,407	N/A
Total liabilities	1,350,615	1,321,551	1,202,887	1,190,941	1,612,968	2,551,776	2,665,631	2,499,626	3,369,211	972,134	2,385,110	N/A	3,712,274	36,649	2,094,148	N/A	2,143,491	N/A	496,999	N/A	1,269,572	N/A
Net assets	232,258	260,421	481,523	484,011	-	-	-	-	-	-	-	N/A	1,345,767	793,042	95,450	N/A	168,470	N/A	443,495	N/A	3,401,011	N/A
Non-controlling interests	-	-	-	-	-	-	-	-	-	-	-	N/A	-	-	-	N/A	-	N/A	-	N/A	-	N/A
Equity attributable to parent company shareholder	232,258	260,421	481,523	484,011	-	-	-	-	-	-	-	N/A	1,345,767	793,042	95,450	N/A	168,470	N/A	443,495	N/A	3,401,011	N/A
The proportion of equity held by the Group	50%	50%	35%	35%	88.92%	28.24%	82.65%	10%	26.66%	47%	22.68%	N/A	40%	40%	60%	N/A	50%	N/A	51%	N/A	50%	N/A
Equity attributable to the Group (i)	116,129	130,211	168,534	169,404	267,616	236,502	96,061	80,864	483,200	455,970	269,150	N/A	691,107	317,217	57,270	N/A	84,235	N/A	226,182	N/A	1,700,505	N/A
Reconciliation items (ii)	(1,710)	(1,710)	(1,662)	(1,662)	(819)	4,645	(2,173)	-	(226)	-	-	N/A	3,606	3,606	-	N/A	-	N/A	-	N/A	-	N/A
Provision for impairment	-	-	-	-	-	-	-	-	-	-	-	N/A	-	-	-	N/A	-	N/A	-	N/A	-	N/A
Long-term equity investments	114,419	128,501	166,872	167,742	266,797	241,147	93,888	80,864	482,974	455,970	269,150	N/A	694,713	320,823	57,270	N/A	84,235	N/A	226,182	N/A	1,700,505	N/A

	Shenyang Jitian		Capital Jiating		Zhuohai Hengxin Eco Village Fund		Zhuohai Hengxin Zuhufang Fund		Zhuohai Hengxin Ruiyuan Jiating Fund		Zhuohai Hengxin Chengdu Weihua Fund		Liujiu Real Estate		Shanghai Shoujia		Zhongguancun Integrated Circus Design Garden		Capital Qinglv	
	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014	2015	2014
	Revenue	130,424	8,784	-	-	898,033	-	-	-	-	-	-	N/A	68,841	-	-	N/A	-	N/A	156,913
Depreciation and amortization	(89)	(210)	(18)	(104)	(54)	(18)	(3)	-	(15)	-	(17)	N/A	-	-	(30)	N/A	(8)	N/A	(34)	N/A
Interest income	46	23	966	-	51,074	50,813	76,785	563	66,360	12	277	N/A	46,245	543	111	N/A	166	N/A	399	N/A
Interest expense	(37)	(16)	-	-	(2)	(3)	(117)	(193)	(40,689)	-	(36)	N/A	(23,552)	-	(35)	N/A	(3)	N/A	(78)	N/A
Total (losses)/profit	(37,548)	(2,918)	(3,316)	(2,511)	67,988	49,475	63,404	(1,759)	18,456	64	(2,041)	N/A	19,642	2,746	(7,539)	N/A	(207)	N/A	26,971	N/A
Income taxes	9,384	727	829	628	(17,000)	(12,397)	(400)	400	(4,613)	-	560	N/A	(4,918)	(687)	1,931	N/A	293	N/A	(6,234)	N/A
Net (losses)/profit	(28,164)	(2,191)	(2,487)	(1,883)	50,988	37,078	63,004	(1,359)	13,843	64	(1,481)	N/A	14,724	2,059	(5,608)	N/A	86	N/A	20,737	N/A
Other comprehensive income	-	-	-	-	-	-	-	-	-	-	-	N/A	-	-	-	N/A	-	N/A	-	N/A
Total comprehensive (loss)/income	(28,164)	(2,191)	(2,487)	(1,883)	50,988	37,078	63,004	(1,359)	13,843	64	(1,481)	N/A	14,724	2,059	(5,608)	N/A	86	N/A	20,737	N/A
Dividends from joint ventures	-	-	-	-	-	-	-	-	-	-	-	N/A	-	-	-	N/A	-	N/A	17,340	N/A

- (i) The accounting policies of joint ventures are the same with the Group's. The Group, based on the amount assigned to the Company in the consolidated financial statements of joint ventures, calculates asset proportion by its shareholding. The amount in the consolidated financial statements of joint ventures has taken the influence of the fair value of identifiable asset and liability of the investee joint venture into consideration.
- (ii) Adjustments include the offsetting of the unrealized internal transaction between the Group and the joint ventures.

Notes to the Financial Statements

For the year ended 31 December 2015 (All amounts in thousands of RMB unless otherwise stated)

5. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(11). Investment in joint ventures and associates (Continued)

(c) Key financial information of significant associates

	Sunshine City Commercial		Shenyang Xinzi		Tianjin Xinqing		Tianjin Xinming	
	31 December 2015	31 December 2014	31 December 2015	31 December 2014	31 December 2015	31 December 2014	31 December 2015	31 December 2014
	Cash at bank and on hand	6,350	1,332	30,917	54,049	35,267	4,461	11,086
Other current assets	372,300	383,539	1,327,239	1,396,959	637,786	688,146	753,822	900,161
Current assets	378,650	384,871	1,358,156	1,451,008	673,053	692,607	764,908	926,949
Non-current assets	990,960	819,362	28	114	1	1	4,706	1
Trade payables	50,615	15,554	32,340	221,504	7,977	19,185	11,824	41,702
Other liabilities	63,621	30,390	200,161	73,295	650	10,412	100,065	183,407
Current liabilities	114,236	45,944	232,501	294,799	8,627	29,597	111,889	225,109
Non-current liabilities	710,243	700,769	238,000	279,000	-	-	-	-
Net assets	545,131	457,520	887,683	877,323	664,427	663,011	657,725	701,841
Interest in associates	35%	35%	30%	30%	40%	40%	40%	40%
Equity attributable to the shareholder (i)	190,795	160,132	266,304	263,197	265,770	265,204	263,090	280,736
Reconciliation items (ii)	(555)	(555)	(3,105)	(3,016)	(509)	(474)	(2,779)	(2,373)
Provision for impairment	-	-	-	-	-	-	-	-
Long-term equity investments	190,240	159,577	263,199	260,181	265,261	264,730	260,311	278,363

Notes to the Financial Statements

For the year ended 31 December 2015 (All amounts in thousands of RMB unless otherwise stated)

5. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

(11). Investment in joint ventures and associates *(Continued)*

(c) Key financial information of significant associates *(Continued)*

	Sunshine City Commercial		Shenyang Xinzi		Tianjin Xinqing		Tianjin Xinming	
	2015	2014	2015	2014	2015	2014	2015	2014
Revenue	48,953	50,721	61,945	676,277	21,322	123,143	104,729	237,150
Depreciation and amortization	(10,811)	(15,870)	(3)	(216)	-	(4)	-	-
Interest income	-	-	2,183	128	60	119	83	285
Interest expenses	(36,588)	(39,544)	(329)	(38)	(4)	(26)	(20)	(65)
Total profit/(loss)	122,379	20,005	13,810	127,294	1,887	13,041	(18,821)	26,097
Income tax expenses	(34,770)	(7,270)	(3,452)	(31,824)	(472)	(3,260)	4,705	(6,524)
Net profit/(loss)	87,609	12,735	10,358	95,470	1,415	9,781	(14,116)	19,573
Other comprehensive income	-	-	-	-	-	-	-	-
Total comprehensive income/(loss)	87,609	12,735	10,358	95,470	1,415	9,781	(14,116)	19,573
Dividends from associates	-	-	-	-	-	-	-	-

- (i) The accounting policies of associates are the same with the Group. The Group, based on the amount assigned to the Company in the consolidated financial statements of associates, calculates asset share in proportion to the number of shares owned. The amount in the consolidated financial statements of associates has taken the influence of the fair value of identifiable net asset and liability of the investee associates into consideration.
- (ii) Adjustments include the offsetting of the unrealized internal transaction between the Group and the joint ventures, provision for impairment and unrecognized exceed losses.

Notes to the Financial Statements

For the year ended 31 December 2015 (All amounts in thousands of RMB unless otherwise stated)

5. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

(11). Investment in joint ventures and associates *(Continued)*

(d) Summary information of insignificant joint ventures and associates

	2015	2014
Joint ventures:		
Book value of investment as at 31 December 2015 in total	357,374	69,913
Total amount of accounts below in proportion to equity held		
Profit for the year (i)	89,970	162,053
Other comprehensive income (i)	-	-
Total comprehensive income	89,970	162,053
Associates:		
Book value of investment as at 31 December 2015 in total	22,176	23,424
Total amount of accounts below in proportion to equity held		
Loss for the year (i)	(16,786)	(38,976)
Other comprehensive income (i)	-	-
Total comprehensive loss	(16,786)	(38,976)

(i) The accounting policies for joint ventures and associates are the same with the Group's. Net income and other comprehensive income have taken the adjustment of the fair value of the identifiable assets and liabilities on acquisition into consideration.

(12). Investment properties

	31 December 2015	31 December 2014
Investment properties subsequently measured at cost (a)	1,643,492	3,574,184
Investment properties subsequently measured at fair value (b)	8,729,541	3,651,074
Less: Provision for impairment of investment properties	-	-
Total	10,373,033	7,225,258

Notes to the Financial Statements

For the year ended 31 December 2015 (All amounts in thousands of RMB unless otherwise stated)

5. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(12). Investment Properties (Continued)

(a) Investment properties subsequently measured at cost

	Buildings	Land use Rights	Total
Cost			
31 December 2014	588,207	3,029,786	3,617,993
Additions	561,279	585,392	1,146,671
Transferred from inventories (i)	225,768	691,863	917,631
Transfer to investment properties subsequently measured at fair value	(1,130,849)	(2,896,288)	(4,027,137)
31 December 2015	244,405	1,410,753	1,655,158
Accumulated depreciation and amortization			
31 December 2014	-	(43,809)	(43,809)
Depreciation and amortization Measured at fair value this year	-	(17,478)	(17,478)
	-	49,621	49,621
31 December 2015	-	(11,666)	(11,666)
Provision for impairment			
31 December 2014	-	-	-
31 December 2015	-	-	-
Net book value			
31 December 2015	244,405	1,399,087	1,643,492
31 December 2014	588,207	2,985,977	3,574,184

(i) In 2015, the Group reclassified part of the properties under development into investment properties as the board of directors of certain subsidiaries decided that the properties are constructed for the purpose of leasing in the future. The initial cost of these properties is the original book value of inventories amounting to RMB917,631,000.

As at 31 December 2015, investment properties listed above are still under construction of which the fair value cannot be reliably determined, but is expected that will be measured reliably after the completion, therefore the Group measures such investment properties at cost.

In 2015, the amortization of the land use rights amounted to RMB17,478,000 has been capitalized (2014: RMB7,562,000).

The Group has no property held by short-term, medium-term or long-term lease contracts.

Notes to the Financial Statements

For the year ended 31 December 2015 (All amounts in thousands of RMB unless otherwise stated)

5. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(12). Investment Properties (Continued)

(a) Investment properties subsequently measured at cost (Continued)

Land use right in the investment properties is analyzed by location and age as below:

	31 December 2015	31 December 2014
In Mainland China		
10-50 years	1,399,087	2,985,977
above 50 years	-	-

(b) Investment properties subsequently measured at fair value

	Buildings and Land use right
Cost	
31 December 2014	2,414,073
Transferred from cost model (i)	3,977,516
Additions	388,855
Disposals (ii)	(1,958)
Disposals of subsidiaries	(646,104)
31 December 2015	6,132,382
Changes in fair value	
31 December 2014	1,237,001
Gains on changes in fair value (note 5(43))	1,505,054
Disposals of subsidiaries	(144,896)
31 December 2015	2,597,159
Book value	
31 December 2015	8,729,541
31 December 2014	3,651,074

(i) In 2015, according to the development schedule, fair value of some investment properties under construction can be measured reliably, so the Group reclassified such properties into investment properties subsequently measured at fair value.

(ii) In 2015, the Group sold part of the investment properties, and the original book value of the property is amounted to RMB1,958,000.

As at 31 December 2015, certain investment properties with book value of RMB777,990,000 (31 December 2014: RMB1,657,193,000) have been pledged for long-term borrowings of RMB809,000,000 (31 December 2014: RMB570,000,000) (note 5(28) (c)).

Notes to the Financial Statements

For the year ended 31 December 2015 (All amounts in thousands of RMB unless otherwise stated)

5. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(12). Investment Properties (Continued)

(b) Investment properties subsequently measured at fair value (Continued)

As at 31 December 2015, certain investment properties with book value of RMB971,146,000 (31 December 2014: RMB984,402,000) have been pledged for long-term borrowings of RMB440,000,000, which is guaranteed by the Company (31 December 2014: RMB460,000,000) (note 5(28) (d)).

(13). Fixed Assets

	Buildings	Motor Vehicles	Office Equipment	Total
Cost				
31 December 2014	690,408	61,470	55,127	807,005
Increase	33,269	2,024	16,902	52,195
— Purchase	—	2,024	16,902	18,926
— Transferred in from inventories	33,269	—	—	33,269
Decrease	(601,432)	(3,726)	(12,697)	(617,855)
— Dispose and retirement	—	(3,456)	(1,901)	(5,357)
— Disposal of subsidiaries	(601,432)	(270)	(10,796)	(612,498)
31 December 2015	122,245	59,768	59,332	241,345
Accumulated depreciation				
31 December 2014	(281,674)	(44,342)	(41,524)	(367,540)
Increase	(17,640)	(4,750)	(10,617)	(33,007)
— Accrument	(17,640)	(4,750)	(10,617)	(33,007)
Decrease	280,731	3,244	11,954	295,929
— Dispose and retirement	—	3,052	1,495	4,547
— Disposal of subsidiaries	280,731	192	10,459	291,382
31 December 2015	(18,583)	(45,848)	(40,187)	(104,618)
Provision for impairment				
31 December 2014	—	—	—	—
31 December 2015	—	—	—	—
Net book value				
31 December 2015	103,662	13,920	19,145	136,727
31 December 2014	408,734	17,128	13,603	439,465

In 2015, depreciation expense charged in cost of sales and administrative expenses amounted to RMB15,420,000 and RMB17,587,000 respectively. (2014: RMB17,761,000 and RMB21,436,000).

Notes to the Financial Statements

For the year ended 31 December 2015 (All amounts in thousands of RMB unless otherwise stated)

5. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

(14). Intangible Assets

	Land use rights
Original cost	
31 December 2014	52,283
Increase	-
Decrease	(52,283)
— Disposal of subsidiaries	(52,283)
31 December 2015	-
Amortization	
31 December 2014	(12,722)
Increase	(1,046)
— Accrument	(1,046)
Decrease	13,768
— Disposal of subsidiaries	13,768
31 December 2015	-
Provision for impairment	
31 December 2014	-
31 December 2015	-
Net book value	
31 December 2015	-
31 December 2014	39,561

In 2015, the amortization of intangible assets are RMB1,046,000 (2014: RMB3,214,000), in which, RMB1,046,000 (2014: RMB3,214,000) has been recognized in the income statement.

The land use rights analyzed by location and terms are as follows:

	31 December 2015	31 December 2014
In Mainland China		
10-50 years	-	39,561

Notes to the Financial Statements

For the year ended 31 December 2015 (All amounts in thousands of RMB unless otherwise stated)

5. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(15). Long-term receivables

	31 December 2015	31 December 2014
Receivables due from joint ventures (note 8(5) (b))	913,500	-
Receivables due from associates (note 8(5) (b))	323,075	308,227
Receivables due from debt investments (a)	1,640,446	238,745
Others	-	15,052
Subtotal	2,877,021	562,024
Less: long-term receivables due within one year	(593,030)	-
Total	2,283,991	562,024

(a) This receivable is the principal and interest of the AUD investment in real estate development project in Australia, of which the principal amounted to RMB1,494,676,000 with interest rate from 19% to 20%. The principal and interests will be recollectd from April 2016 to April 2019 by installments. Among which, RMB593,030,000 will be recollectd before 31 December 2016, therefore it is reclassified as long-term receivables within one year.

(16). Goodwill

	31 December 2014	Additions	Disposals	31 December 2015
Goodwill				
Capital Juda	172,137	-	-	172,137
Less: provision for impairment	-	-	-	-
Net	172,137	-	-	172,137

Goodwill listed above was generated from the acquisition of 65.1% equity interests of Capital Juda in 2013, as a result of expected economic effect of integrating and expanding the domestic and foreign financial platform of the Group and Capital Juda. The goodwill is mainly attributed to listing platform of Capital Juda and its business. As at 31 December 2015 and 31 December 2014, according to the Group's recoverable amount of Capital Juda asset group, goodwill above has no provision for impairment. The recoverable amount is determined based on Capital Juda's market value as a listed company.

Notes to the Financial Statements

For the year ended 31 December 2015 (All amounts in thousands of RMB unless otherwise stated)

5. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(17). Derivative financial liabilities

	31 December 2015	31 December 2014
Derivative financial liabilities		
Forward foreign exchange contracts — cash flow hedges	55,601	3,452

To avoid the exchange risk of AUD debt investments(note 5(15) (a)), the Group has purchased foreign exchange contracts. As at 31 December 2015, the book value is AUD 468,843,000 (31 December 2014: AUD 73,780,000)

(18). Provisions for impairment of assets

	31 December 2014	Additions	Reductions		31 December 2015
			Reversal	Write off	
Provisions for bad debts	48,791	-	-	-	48,791
including:					
trade receivables	7,000	-	-	-	7,000
other receivables	41,791	-	-	-	41,791
Provisions for inventories impairment	308,394	133,956	(3,865)	(278,304)	160,181
Provisions for held for sale assets impairment	14,899	-	-	(14,899)	-
Total	372,084	133,956	(3,865)	(293,203)	208,972

Notes to the Financial Statements

For the year ended 31 December 2015 (All amounts in thousands of RMB unless otherwise stated)

5. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

(19). Short-term borrowings

	Currency	31 December 2015	31 December 2014
Trust loans(a)	RMB	741,000	200,000
	HKD	-	12,070
Secured loans, including:			
- guarantee(b)	RMB	200,000	179,000
- mortgage	RMB	-	497,900
- pledge(c)	RMB	470,000	2,100,000
	USD	224,029	211,105
- guarantee/mortgage	RMB	-	760,000
- guarantee/pledge(d)	RMB	1,370,000	400,000
- mortgage/pledge	RMB	-	400,000
- guarantee/mortgage/pledge	RMB	-	900,000
Total		3,005,029	5,660,075

(a) Trust loans

As at 31 December 2015, short-term borrowings of RMB741,000,000 (31 December 2014: RMB200,000,000) are unsecured loans obtained by the Company.

(b) Guaranteed loans

As at 31 December 2015, short-term borrowings of RMB200,000,000 (31 December 2014: RMB179,000,000) are guaranteed by the Company.

(c) Pledged loans

As at 31 December 2015, short-term borrowings of RMB470,000,000 (31 December 2014: RMB2,100,000,000) are pledged by the deposits and bank deposits of the Group.

As at 31 December 2015, short-term borrowings denominated in USD equivalent to RMB224,029,000 (31 December 2014: RMB211,105,000) are pledged by certain bank deposit of the Group.

(d) Guaranteed and pledged loans

As at 31 December 2015, short-term borrowings of RMB1,370,000,000 (31 December 2014: RMB400,000,000) are secured by the pledge of 100% equity of the Group and guaranteed by the Company.

The weighted average interest rate of short-term borrowings is 8.37% in 2015 (2014: 10.50%).

Notes to the Financial Statements

For the year ended 31 December 2015 (All amounts in thousands of RMB unless otherwise stated)

5. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(20). Trade payables

The aging analysis of trade payables is as follows:

	31 December 2015	31 December 2014
Within 1 year	4,756,088	2,154,123
Over 1 year	1,441,828	1,895,395
Total	6,197,916	4,049,518

(21). Advances from customers

	31 December 2015	31 December 2014
Advances from sales of properties under development (i)	12,678,775	11,606,650
Hotel advances	-	13,321
Total	12,678,775	11,619,971

(i) Advances from sales of properties under development are mainly the amounts proceed from customers. As such properties are not available for usage at the end of the year, the corresponding revenue has not been recognized.

(22). Employee benefits payable

	31 December 2015	31 December 2014
Short-term employee benefits payable	195,815	207,097
Defined contribution plans payable	3,479	2,698
Total	199,294	209,795

Notes to the Financial Statements

For the year ended 31 December 2015 (All amounts in thousands of RMB unless otherwise stated)

5. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

(22). Employee benefits payable

(a) Short-term employee benefits payable

	31 December 2014	Increase	Decrease	31 December 2015
Wages and salaries, bonuses, allowances and subsidies	77,203	391,271	(387,561)	80,913
Staff welfare	477	266	(743)	-
Social security contributions	1,263	16,028	(15,830)	1,461
Including: Medical insurance	1,020	13,788	(13,610)	1,198
Work injury insurance	99	1,299	(1,252)	146
Maternity insurance	144	941	(968)	117
Housing funds	877	17,773	(17,716)	934
Labor union funds and employee education funds	7,342	4,512	(3,581)	8,273
Profit-sharing plan (note 8(5)(i))	95,963	61,000	(86,000)	70,963
Director's emoluments	22,616	11,150	(810)	32,956
Other	1,356	1,581	(2,622)	315
Total	207,097	503,581	(514,863)	195,815

As at 31 December 2015, there is no defaulted payables in employee benefits, and the balance is expected to be paid in 2016.

(b) Defined contribution plans payable

	31 December 2014	Increase	Decrease	31 December 2015
Basic social pension insurance	2,357	25,869	(25,205)	3,021
Annuity	225	2,083	(2,043)	265
Unemployment insurance	116	1,634	(1,557)	193
Total	2,698	29,586	(28,805)	3,479

Notes to the Financial Statements

For the year ended 31 December 2015 (All amounts in thousands of RMB unless otherwise stated)

5. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(23). Taxes payable

	31 December 2015	31 December 2014
Enterprise income tax payable	822,693	769,103
Land appreciation tax payable	1,071,797	1,484,184
Business tax payable	297,035	205,854
Others	43,090	23,450
Total	2,234,615	2,482,591

(24). Dividends payable

	31 December 2015	31 December 2014
Reco Ziyang	109,478	802,124
Dividend of senior perpetual securities	70,235	98,422
Dividend of Minsheng Jiayin Asset Management Plan	10,810	155,125
Dividend of Tiandi Fangzhong Asset Management Plan	7,280	-
Total	197,803	1,055,671

(25). Other payables

	31 December 2015	31 December 2014
Payables to associates (note 8(5) (e))	260,468	409,958
Payables to joint ventures (note 8(5) (e))	1,379,472	933,347
Collection of deeds tax and maintenance funds on behalf of government	212,748	224,246
Tender bond	46,151	45,570
Loans due to non-controlling interests of subsidiaries (i) (note 8(5) (e))	56,714	56,714
Deposits from customers	103,681	54,038
Payables for operations	516,579	263,933
Advances from equity transfer (ii)	20,000	163,574
Others	436,480	402,727
Total	3,032,293	2,554,107

(i) As at 31 December 2015, the loans borrowed from non-controlling interests of subsidiaries are provided by Reco Ziyang to Chengdu Xinzi. The principal amounted to RMB56,714,000, which is interest free, unguaranteed or pledged, and with no fixed maturity date.

(ii) This balance is the advances from disposal of 10% equity interests in Hainan Dalecheng (note 5(7) (b)).

Notes to the Financial Statements

For the year ended 31 December 2015 (All amounts in thousands of RMB unless otherwise stated)

5. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

(26). Current portion of non-current liabilities

	Currency	31 December 2015	31 December 2014
Long-term borrowings due within one year (note 5(28))	RMB	5,656,707	3,930,900
Debentures payable due within one year (note 5(29))	RMB	-	1,988,703
Long-term payables due within one year (note 5(30))	RMB	1,100,000	-
Total		6,756,707	5,919,603

(27). Liabilities classified as held for sale (note 5(7))

	31 December 2015	31 December 2014
Short-term borrowings	-	40,000
Trade payables	-	176
Taxes payable	-	3,116
Deferred income taxes liabilities	-	3,081
Other payables	-	2,796
Total	-	49,169

Notes to the Financial Statements

For the year ended 31 December 2015 (All amounts in thousands of RMB unless otherwise stated)

5. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

(28). Long-term borrowings

	Currency	31 December 2015	31 December 2014
Unsecured loans(a)	RMB	3,987,000	597,000
Secured loans, including:			
— Guaranteed (b)	RMB	3,931,050	3,558,000
— Mortgaged (c)	RMB	4,213,700	3,642,302
— Guaranteed, mortgaged (d)	RMB	9,316,447	8,529,960
— Guaranteed, pledged (e)	RMB	1,115,000	795,000
— Guaranteed, mortgage, pledged (f)	RMB	700,000	540,000
— Debt investment plan (g)	RMB	6,500,000	4,000,000
Subtotal		29,763,197	21,662,262
Less: Long-term borrowings due within one year including:			
Unsecured loans(a)	RMB	(597,000)	-
Secured loans:			
— Guaranteed (b)	RMB	(1,760,000)	(850,000)
— Mortgaged (c)	RMB	(458,200)	(1,134,800)
— Guaranteed, mortgaged (d)	RMB	(2,411,507)	(1,326,100)
— Guaranteed, pledged (e)	RMB	(330,000)	(180,000)
— Guaranteed, mortgaged, pledged(f)	RMB	(100,000)	(440,000)
Subtotal		(5,656,707)	(3,930,900)
Net long-term borrowings		24,106,490	17,731,362

As at 31 December 2015, long-term borrowings include:

(a) Unsecured loans

As at 31 December 2015, bank borrowings of RMB3,987,000,000 (31 December 2014: RMB597,000,000) are unsecured loan obtained by the Company, the interests of principal are payable quarterly. Among the loans above, as RMB597,000,000 should be repaid on or before 31 December 2016, such amount was classified as long-term borrowings due within one year in financial statement.

(b) Guaranteed loans

As at 31 December 2015, the guaranteed loans of the Group amounted to RMB3,931,050,000(31 December 2014: RMB3,558,000,000). Of which, RMB1,471,050,000 (31 December 2014: RMB1,778,000,000) are guaranteed by the Company; RMB760,000,000 (31 December 2014: RMB780,000,000) are guaranteed by Capital Group and the Company; RMB1,700,000,000 (31 December 2014: RMB1,000,000,000) are guaranteed by Capital Group. The interests of principal of RMB3,726,500,000 are payable quarterly, interests of principal of RMB204,550,000 are payable monthly. Among the loans above, the principal of RMB1,760,000,000 should be repaid on or before 31 December 2016, such amount was classified as long-term borrowings due within one year in financial statement.

Notes to the Financial Statements

For the year ended 31 December 2015 (All amounts in thousands of RMB unless otherwise stated)

5. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

(28). Long-term borrowings (Continued)

(c) Mortgaged loans

As at 31 December 2015, bank borrowing of RMB1,477,500,000 (31 December 2014: RMB968,300,000) were secured by the mortgage of certain land use rights in properties under development of the Group (note 5(6)). The interests are payable quarterly.

As at 31 December 2015, bank borrowing of RMB809,000,000 (31 December 2014: RMB570,000,000) were secured by the mortgage of certain buildings and land use rights in investment properties of the Group (note 5(12)), and the interests are payable quarterly. Among the loans above, as principal of RMB66,000,000 should be repaid on or before 31 December 2016, such amount was classified as long-term borrowings due within one year in financial statement.

As at 31 December 2015, bank borrowing of RMB432,500,000 (31 December 2014: RMB521,900,000) were secured by the mortgage of certain buildings in properties under development of the Group (note 5(6)). Of which, the interests of principal of RMB140,000,000 are payable quarterly, interests of principal of RMB292,500,000 are payable monthly, and all the principals are due for repayment by installment before October 2021. Among the loans above, RMB140,000,000 should be repaid on or before 31 December 2016, such amount was classified as long-term borrowings due within one year in financial statement.

As at 31 December 2015, bank borrowing of RMB1,494,700,000 (31 December 2014: RMB1,463,502,000) were secured by the mortgage of certain land use rights and buildings in properties under development of the Group (note 5(6)). Of which, the interests of principal of RMB1,134,500,000 are payable quarterly, interests of principal of RMB360,200,000 are payable monthly, and the principal is due for repayment by installment before October 2021. Among the loans above, RMB252,200,000 should be repaid on or before 31 December 2016, such amount was classified as long-term borrowings due within one year in financial statement.

Notes to the Financial Statements

For the year ended 31 December 2015 (All amounts in thousands of RMB unless otherwise stated)

5. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

(28). Long-term borrowings *(Continued)*

(d) Guaranteed and mortgaged loans

As at 31 December 2015, the guaranteed and mortgaged loans of the Group amounted to RMB9,316,447,000 (31 December 2014: RMB8,592,960,000). Of which, RMB3,936,400,000 (31 December 2014: RMB3,182,100,000) was guaranteed by the Company and secured by the mortgage of buildings and land use rights in properties under development of the Group (note 5(6)); RMB3,403,047,000 (31 December 2014: RMB2,167,860,000) was guaranteed by the Company and secured by the mortgage of certain land use rights in properties under development of the Group (note 5(6)); RMB107,000,000 (31 December 2014: RMB457,000,000) was guaranteed by the Company and secured by the mortgage of certain buildings in properties under development of the Group (note 5(6)). RMB440,000,000 (31 December 2014: RMB460,000,000) was guaranteed by the Company and secured by the mortgage of buildings and land use rights in certain investment properties of the Group (note 5(12)); RMB210,000,000 (31 December 2014: RMB310,000,000) was guaranteed by the Group for the Company and secured by the mortgage of certain buildings and land use rights in properties under development of the Group (note 5(6)); RMB1,220,000,000 (31 December 2014: RMB1,220,000,000) was guaranteed by Capital Group for the subsidiaries and secured by the mortgage of certain land use rights in properties under development of the Group (note 5(6)). Of which, the interests of principal of RMB900,000,000 are payable every six months, the interests of principal of RMB6,956,940,000 are payable quarterly, interests of principal of RMB1,459,507,000 are payable monthly. All the principal should be repaid by installment before 30 May 2017. Among the loans above, as RMB2,411,507,000 should be repaid on or before 31 December 2016, such amount was classified as long-term borrowings due within one year.

(e) Guaranteed and pledged loans

As at 31 December 2015, the guaranteed and pledged loans of the Group amounted to RMB1,115,000,000 (31 December 2014: RMB795,000,000). Of which, RMB1,000,000,000 (31 December 2014: RMB650,000,000) was guaranteed by the Company and secured by the pledge of equity of the Group's subsidiaries; RMB57,500,000 (31 December 2014: RMB72,500,000) was guaranteed by the Company for the subsidiaries; RMB57,500,000 (31 December 2014: RMB72,500,000) was guaranteed by the rights and gains of primary land development projects of the Group, the interests are payable quarterly. Among loans above, as RMB330,000,000 should be repaid on or before 31 December 2016, such amount was classified as long-term borrowings due within one year. The remaining principal was due for repayment by installment before 31 December 2025.

Notes to the Financial Statements

For the year ended 31 December 2015 (All amounts in thousands of RMB unless otherwise stated)

5. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(28). Long-term borrowings (Continued)

(f) Guaranteed, mortgaged and pledged loans

As at 31 December 2015, the guaranteed, mortgaged and pledged loans of the Group amounted to RMB700,000,000 (31 December 2014: RMB540,000,000). Of which, RMB600,000,000 (31 December 2014: RMB:Nil) was guaranteed by the Company and secured by the mortgage of certain land use rights in properties under development of the Group(note 5(6)), and secured by the pledge of equity interest of the Group's subsidiaries; RMB100,000,000 (31 December 2014: RMB540,000,000) was guaranteed by the Company and secured by the mortgage of land use rights in properties under development of the Group(Note5(6)), and secured by the pledge of gains from development project and project insurance. The interests are payable quarterly. Among the loans above, as RMB100,000,000 should be repaid on or before 31 December 2016, such amount was classified as long-term borrowings due within one year. Other principal was due for repayment by installment before February 2017.

(g) Debt investment plan

As at 31 December 2015, the Group received RMB6,500,000,000 (31 December 2014: RMB4,000,000,000) through a debt investment plan. The loan was guaranteed by Capital Group. Interests are payable quarterly and the principal is due for repayment by installment before October 2019.

In 2015, the weighted average interest rate of long-term borrowings is 7.40% (2014: 7.41%).

(29). Debentures payable

	31 December 2014	Issue in current year	Effective- interest amortization	Redemption in current year	31 December 2015	Interest at book value in current year
Corporate Bonds (a,b,c)	1,988,703	7,953,000	15,067	(2,000,000)	7,956,770	249,443
Medium term notes (d)	3,217,112	-	14,448	-	3,231,560	189,482
Other notes (e)	-	1,291,940	979	-	1,292,919	28,438
Including: debentures payable due within one year (a)	(1,988,703)	N/A	N/A	N/A	-	N/A
Total	3,217,112	N/A	N/A	N/A	12,481,249	N/A

Notes to the Financial Statements

For the year ended 31 December 2015 (All amounts in thousands of RMB unless otherwise stated)

5. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(29). Debentures payable (Continued)

Information about bonds is as follow:

	Book value	Date of issue	Duration	Issued amount
2 billion RMB bonds	2,000,000	29/11/2012	3 years	1,966,049
2 billion medium term note	2,000,000	17/02/2014	3 years	1,965,029
250 million medium term note	250,000	17/02/2014	5 years	245,627
1 billion medium term note	1,000,000	04/04/2014	Matured on 16/02/2017	1,002,261
3 billion corporate bonds	3,000,000	27/05/2015	5 years	2,972,100
2.5 billion private equity debt	2,500,000	26/10/2015	3 years	2,490,600
2.5 billion private equity debt	2,500,000	09/12/2015	3 years	2,490,300
1.3 billion note	1,300,000	30/07/2015	3 years	1,291,940

- (a) On 29 November 2012, Central Plaza, a subsidiary of the Company, issued corporate bonds of RMB2,000,000,000. The company received net proceeds of RMB1,966,049,000 after subtraction of issuance costs, among which, RMB152,000,000 was the security deposits for bond interests. The bond carries a fixed annual interest rate of 7.6% with a maturity period of 3 years, and the interest will be paid every six months. The principal and the interests for the last period will be fully repaid on the maturity date. IFC and some of its subsidiaries provided unconditional and irrevocable joint guarantees and the Company entered into a Keepwell Deed for the bonds. Pursuant to the Keepwell Deed, the Company commits to assist Central Plaza to remain solvent and going concern at all times, to assist both Central Plaza and IFC to have sufficient liquidity to ensure timely payment of any amounts payable in respect of the Bonds and the Guarantee in accordance with the Terms and Conditions of the Bonds and other obligations under the Keepwell Deed. The principal has been fully repaid on 28 November 2015.
- (b) On 20 May 2015, the Company received "An approval to Beijing Capital Land Ltd. on public issuance of corporate bonds ("Zhengjian [2015]896") from China Securities Regulatory Commission to approve the Company's request to issue domestic corporate bonds no more than RMB3,000,000,000. On 27 May 2015, The Company issued domestic corporate bonds of RMB3,000,000,000. The Company received proceeds of RMB2,972,100,000 after the subtraction of relevant issuance costs. The bond carries a fixed annual interest rate of 4.58% with a maturity period of 5 years, and the interest will be paid every year. The principal and the interests for the last period will be fully repaid on the maturity date.
- (c) On 26 October 2015, The Company issued non-public corporate bonds of RMB2,500,000,000. The Company received proceeds of RMB2,490,600,000 after the subtraction of relevant issuance costs. The bond carries an issuing interest rate of 4.70% with a maturity period of 3 years, and the interest will be paid every year. The issuer shall be entitled to adjust the coupon rate and the investors shall be entitled to sell back the bonds at the end of the second year. The principal and the interests for the last period will be fully repaid on the maturity date.

On 9 December 2015, The Company issued non-public corporate bonds of RMB2,500,000,000. The Company received proceeds of RMB2,490,300,000 after the subtraction of relevant issuance costs. The bond carries a fixed annual interest rate of 4.78% with a maturity period of 3 years, and the interest will be paid every year. The principal and the interests for the last period will be fully repaid on the maturity date.

Notes to the Financial Statements

For the year ended 31 December 2015 (All amounts in thousands of RMB unless otherwise stated)

5. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(29). Debentures payable (Continued)

(d) On 10 February, 2014, the Board of Directors of the Company announced the establishment of medium-term notes and perpetual securities program. Under the plan, Central Plaza can offer and issue securities to professional and institutional investors, the principal limitation is no more than USD1,000,000,000 (or equivalent in other currencies currency units). Securities will be issued on different release date and with different terms. IFC and part of its subsidiaries provided guarantees and the Company entered into a Keepwell Deed for the medium-term notes. Pursuant to the Keepwell Deed, the Company will undertake to cause Central Plaza to remain solvent and going concern at all times, and guarantee both Central Plaza and IFC have sufficient liquidity to ensure timely repayment in respect of the bonds and the guarantee in accordance with the terms and conditions of the bonds and other obligations under the Keepwell Deed.

On 17 February 2014, Central Plaza issued medium term notes amounted to RMB2,000,000,000. The company received proceeds amounted to RMB1,965,029,000 net of relevant issuance costs. The bond carries a fixed annual interest rate of 5.75% with a maturity period of 3 years, and the interest will be paid every six months. The principal and the interests for the last period will be fully repaid on the maturity date.

On 17 February 2014, Central Plaza issued medium term notes amounted to RMB250,000,000. The company received proceeds amounted to RMB245,627,000 net of relevant issuance costs. The bond carries a fixed annual interest rate of 6.875% with a maturity period of 5 years, and the interest will be paid every six months. The principal and the interests for the last period will be fully repaid on the maturity date.

On 4 April 2014, Central Plaza issued medium term notes amounted to RMB1,000,000,000. The company received proceeds amounted to RMB1,002,261,000 net of issuance costs. The bond carries a fixed annual interest rate of 5.75% and the maturity date is 16 February 2017. The interest will be paid every six months. The principal and the interests for the last period will be fully repaid on the maturity date.

(e) On 31 July 2015, Rosy Capital Global Limited (hereinafter "Rosy Capital"), a subsidiary of Capital Juda, issued note amounted to RMB1,300,000,000 to the professional and institutional investors. Rosy Capital received proceeds of RMB1,291,940,000 net of relevant issuance cost. The notes carry a fixed annual interest rate of 5.25% and with a maturity period of 3 years. The interest will be paid every six months. The principal and the interests for the last period will be fully repaid on the maturity date. Capital Juda provided unconditional and irrevocable guarantees and Capital Group entered into Keepwell Deed for the note. Pursuant to the Keepwell Deed and, Capital Group will guarantee Rosy Capital have sufficient liquidity to ensure timely repayment in respect of the note and the guarantee payable in accordance with the terms and conditions of the note and other obligations under the Keepwell Deed.

(30). Long-term payables

	31 December 2015	31 December 2014
UBS SDIC Capital Management Co. Ltd. ("UBS SDIC") (a)	4,200,000	-
Pingan Trust Co. Ltd. ("Pingan Trust") (b)	2,400,000	-
Donghai Securities Co., Ltd. ("Donghai Securities") (c)	-	880,000
CITIC Prudential Asset Management Co., Ltd. ("CITIC Prudential") (d)	-	650,000
Others	8,075	-
Less: Long-term payable due within one year	(1,100,000)	-
Total	5,508,075	1,530,000

Notes to the Financial Statements

For the year ended 31 December 2015 (All amounts in thousands of RMB unless otherwise stated)

5. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(30). Long-term payables (Continued)

- (a) As at 31 December 2015, this amount was the borrowing principal due to UBS SDIC of the Group. Among which, RMB3,800,000,000 was guaranteed by the Company with a maturity period of 38 months and an annual interest rate of 7.3%. Of which, RMB1,000,000,000 should be repaid on July 2016, therefore it was classified as current portion of non-current liabilities; RMB400,000,000 was secured by the mortgage of certain land use rights in properties under development of the Group and guaranteed by the Company, with a maturity period of 2 years and an annual interest rate of 9%. Of which, RMB100,000,000 should be repaid on April 2016, and therefore it is classified as current portion of non-current assets (note 5(6)).
- (b) As at 31 December 2015, the amount of RMB2,400,000 was the borrowing principal due to Pingan Trust of the Group, with a maturity period of 3 years and an annual interest rate of 7%. The borrowing was secured by the mortgage of certain land use rights in the properties under development and guaranteed by the Company (note 5(6)).
- (c) As at 31 December 2014, the Group transferred its creditor's rights on its subsidiary Shanghai Zhengheng to Donghai Security, this amount was the borrowing principal due to Donghai Security with a maturity period of 2 years and interest rate of 9.3%, guaranteed by the Company. As of 31 December 2015, the Group has fully repaid the amount.
- (d) As at 31 December 2014, this amount was the borrowing principal of due to the CITIC Prudential of the Group, which is a three-year borrowing with an annual interest rate of 10%, guaranteed by the Company, pledged by equity interests of the Group. As of December 2015, the amount has been fully repaid by the Group.

(31). Deferred income tax assets and deferred income tax liabilities

(a) Deferred income tax assets before offsetting

	As 31 December 2015		As at 31 December 2014	
	Deferred income tax assets	Deductible temporary differences	Deferred income tax assets	Deductible temporary differences
Provision for asset impairment	10,078	40,314	10,078	40,314
Accrued salaries and other cost and expenses	89,721	358,884	65,420	261,680
Accumulated losses	407,611	1,630,442	166,931	667,722
Internal unrealized profits elimination	140,920	563,680	150,207	600,828
Total	648,330	2,593,320	392,636	1,570,544
Including:				
Amount of reversal expected within 1 year (including 1 year)	126,356	505,424	130,799	523,196
Amount of reversal expected beyond 1 year	521,974	2,087,896	261,837	1,047,348

Notes to the Financial Statements

For the year ended 31 December 2015 (All amounts in thousands of RMB unless otherwise stated)

5. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(31). Deferred income tax assets and deferred income tax liabilities (Continued)

(a) Deferred income tax assets before offsetting (Continued)

As at 31 December 2015, the Group has not recognized deferred income tax assets in respect of deductible losses amounting to RMB1,639,022,000 (31 December 2014: RMB1,291,109,000), which will be expired as follows:

	31 December 2015	31 December 2014
2015	-	55,147
2016	11,004	239,400
2017	257,604	257,604
2018	257,898	257,898
2019	481,060	481,060
2020	631,456	-
Total	1,639,022	1,291,109

As at 31 December 2015, the Group has not recognized deferred income tax assets in respect of deductible asset impairment losses amounting to RMB437,597,000 (31 December 2014: RMB331,769,000).

(b) Deferred income tax liabilities before offsetting

	As 31 December 2015		As at 31 December 2014	
	Deferred income tax liabilities	Taxable temporary differences	Deferred income tax liabilities	Taxable temporary differences
Withholding income tax	8,220	88,530	8,220	88,530
Change in fair value of available-for-sale financial assets	2,696	10,783	1,940	7,759
Business combination other than common control	189,890	759,560	249,400	997,600
Changes in fair value of investment properties recognized in profit or loss	615,098	2,460,390	275,058	1,100,232
Capitalized interest	515,537	2,062,148	335,986	1,343,945
Changes in fair value of investment properties recognized in other comprehensive income (note 5(47))	188,896	755,584	188,896	755,584
Total	1,520,337	6,136,995	1,059,500	4,293,650
Including:				
Amount of reversal expected within 1 year (including 1 year)	268,900	1,075,598	317,352	1,269,408
Amount of reversal expected beyond 1 year	1,251,437	5,061,397	742,148	3,024,242

Notes to the Financial Statements

For the year ended 31 December 2015 (All amounts in thousands of RMB unless otherwise stated)

5. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

(31). Deferred income tax assets and deferred income tax liabilities *(Continued)*

(c) The net balances of deferred income tax assets and liabilities after offsetting are as follows:

	31 December 2015	31 December 2014
Deferred income tax assets, net	469,401	302,854
Deferred income tax liabilities, net	1,341,408	969,718

(32). Share capital

	Number of shares (in thousand)	Share capital (RMB' 000)
Registered, issued and fully paid: as at 31 December 2015	3,027,960	3,027,960
Registered, issued and fully paid: as at 31 December 2014	2,027,960	2,027,960

As at 11 November 2015, the Company completed non-public private placement to Capital Group and issued 1,000,000,000 ordinary shares with price of RMB3.08 per share. The Company received proceeds amounted to RMB3,067,898,000 net of the relevant issuance cost amounted to RMB12,102,000 on 22 October 2015. The amount has been verified by Russel Bedford Hua-Ander which issued the verification report with report number of HAD-CV15-1006. The Company recognized capital reserve amounted to RMB2,067,898,000 after the issuance (note 5(33)).

(33). Capital reserve

	31 December 2014	Additions	Reductions	31 December 2015
Share premium (note 5(32), note 4(4))	706,109	2,067,898	(290,351)	2,483,656

	31 December 2013	Additions	Reductions	31 December 2014
Share premium	832,450	96,387	(222,728)	706,109

Notes to the Financial Statements

For the year ended 31 December 2015 (All amounts in thousands of RMB unless otherwise stated)

5. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

(34). Surplus reserve

	31 December 2014	Additions	Reductions	31 December 2015
Statutory surplus reserve	360,628	134,522	-	495,150

	31 December 2013	Additions	Reductions	31 December 2014
Statutory surplus reserve	341,768	18,860	-	360,628

In accordance with the PRC Company Law and the Company's Articles of Association and resolution of the board of directors, the Company should appropriate 10% of net profit of the year to the statutory surplus reserve, and the Company can cease appropriation when the statutory surplus reserve accumulated to more than 50% of the registered capital. The statutory surplus reserve can be used to make up for the loss or increase the paid in capital after approval from the appropriate authorities. The Company appropriate surplus reserve of RMB134,522,000 in 2015(2014: RMB18,860,000).

The Company appropriates for the discretionary surplus reserve after the shareholders' meeting approves the proposal from the Board of Directors. The discretionary surplus reserve can be used to make up for the loss or increase the paid in capital after approval from the appropriate authorities. The Company did not appropriate discretionary surplus reserve for the 2015 (2014: nil).

(35). Retained earnings

	2015	2014
Dividends proposed but not paid by the end of the year	605,592	506,990
Dividends proposed during the year	506,990	446,151

In accordance with the resolution at the General Meeting of Shareholders held on 14 March 2014, the Company declared a cash dividend of RMB0.22 per share to the shareholders for the year of 2013, which amounted to RMB446,151,000 based on the Company's total number of issued shares of 2,027,960,000.

In accordance with the resolution at the General Meeting of Shareholders held on 31 March 2015, the Company declared a cash dividend of RMB0.25 per share to the shareholders for the year 2014, which amounted to RMB506,990,000 based on the Company's total number of issued shares of 2,027,960,000.

On the Board meeting held on 18 March 2016, the directors proposed a final dividend of RMB0.20 per share to the shareholder, the total amount payable will be RMB605,592,000 based on the Company's total issued number of shares which is 3,027,960,000. Such distribution of profit will be proposed as resolution at the Annual General Meeting of Shareholders to be held on 29 April 2016.

Notes to the Financial Statements

For the year ended 31 December 2015 (All amounts in thousands of RMB unless otherwise stated)

5. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(36). Revenue and cost of sales

	2015	2014
Revenue from main operations (a)	15,681,627	9,849,381
Revenue from other operations (b)	151,968	208,586
Total	15,833,595	10,057,967

	2015	2014
Cost of sales from main operations (a)	13,013,357	6,956,717
Cost of sales from other operations (b)	2,457	99,808
Total	13,015,814	7,056,525

(a) Revenue and cost of sales from main operations

	2015		2014	
	Main operating revenue	Main operating costs	Main operating revenue	Main operating costs
Sale of properties	15,421,910	12,937,735	9,132,544	6,700,333
Consulting services	25,904	-	62,116	-
Land development	-	-	472,644	175,428
Rental revenue of investment properties	145,261	-	92,417	-
Hotel operations	88,552	75,622	89,660	80,956
Total	15,681,627	13,013,357	9,849,381	6,956,717

(b) Revenue and cost of sales from other operations

	2015		2014	
	Other operating revenue	Other operating costs	Other operating revenue	Other operating costs
Sales of investment properties	24,000	1,958	12,136	6,142
Sales of chemical products	-	-	109,491	93,452
Other businesses	127,968	499	86,959	214
Total	151,968	2,457	208,586	99,808

Notes to the Financial Statements

For the year ended 31 December 2015 (All amounts in thousands of RMB unless otherwise stated)

5. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS *(Continued)*

(37). Tax and surcharges

	2015	2014
Business tax	818,569	501,858
Land appreciation tax	172,196	63,723
others	117,493	79,828
Total	1,108,258	645,409

(38). Expenses by nature

Cost of sales, selling and distribution expenses and general and administrative expenses in the income statement classified by nature are as follows:

	2015	2014
Wages, social security and welfare (i)	328,446	257,868
Administrative office expenses	85,424	80,184
Tax expenses	30,017	27,109
Depreciation and amortization	65,957	52,371
Travel and entertainment expenses	25,879	25,036
Intermediary service fee	85,802	61,409
Audit services expenses	10,752	10,573
Audit related services and non-audit services expenses	2,732	2,914
Marketing and commission fee	522,070	379,103
Costs of properties sold	12,827,121	6,796,208
Cost of sales in hotel services	60,202	41,633
Cost of sales of chemical products	-	87,410
Others	47,099	53,411
Total	14,091,501	7,875,229

(i) This amount included the basic social pension insurance for the year ended 31 December 2015 amounted to RMB15,936,000 (2014: RMB16,185,000).

Notes to the Financial Statements

For the year ended 31 December 2015 (All amounts in thousands of RMB unless otherwise stated)

5. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(39). Financial expense — net

	2015	2014
Interest expenses	3,507,264	2,015,090
Including: Bank loans	2,447,297	1,217,072
Debentures payables	497,857	411,139
Other loans	562,110	386,879
Less: Capitalized interest expense	(3,062,277)	(1,878,702)
Interest expense — net	444,987	136,388
Interest income	(464,405)	(307,050)
Exchange gains or losses — net	(44,030)	29,906
Others	23,854	7,419
Net	(39,594)	(133,337)

Interest expenses analyzed by the maturity between bank and other borrowings are as follows:

	2015		2014	
	Bank borrowings	Other borrowings	Bank borrowings	Other borrowings
Wholly repayable within five years	2,294,009	1,059,967	1,147,204	798,018
Not wholly repayable within five years	153,288	-	69,868	-
Total	2,447,297	1,059,967	1,217,072	798,018

(40). Asset impairment losses

	2015	2014
Provision for impairment of inventories (note 5(6))	130,091	308,394
Impairment of held for sale assets	-	14,899
Total	130,091	323,293

Notes to the Financial Statements

For the year ended 31 December 2015 (All amounts in thousands of RMB unless otherwise stated)

5. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(41). Non-operating income

	2015	2014
Excess of the fair value of the identifiable net assets acquired over the total consideration	-	95,959
Excess of the fair value of the equity interests of joint venture acquired over the total consideration (note 5(10))	73,756	-
Government grants(a)	245,235	11,821
Gains on disposal of fixed assets	285	677
Others	6,987	7,432
Total	326,263	115,889

(a) The detail of government grants are as follows:

	2015	2014
Financial incentives and tax returns	241,342	8,483
Appropriation from Chaoyang Wenchuang Fund	3,690	-
Fiscal subsidies	203	3,238
Others	-	100
Total	245,235	11,821

In 2015 and 2014, the government grants of the Group are all related to income.

(42). Non-operating expense

	2015	2014
Default fine (i)	33,303	39,625
Losses on disposal of fixed assets	113	-
Donations	358	525
Delaying payment fine	29,391	684
Others	508	4,150
Total	63,673	44,984

(i) In 2015, the default fine for the provision of a subsidiary of the Group since the ownership certificates of the sold properties cannot be applied in time according to the pre-sale contracts amounted to RMB29,146,000.

Notes to the Financial Statements

For the year ended 31 December 2015 (All amounts in thousands of RMB unless otherwise stated)

5. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(43). Gains on changes in fair value

	2015	2014
Financial assets at fair value through profit or loss	65,403	(19,753)
Derivative financial instrument (i)	(17,838)	(3,264)
Investment properties subsequently measured at fair value model (note 5(12) (b))	1,505,054	351,867
Realized fair value losses in properties sold	-	(42,707)
Total	1,552,619	286,143

(i) The derivative financial instrument is the forward contract accounted by cash flow hedging (note 5(17)), the losses on changes in fair value amounted to RMB2,530,000 in 2015(2014: RMB21,000) represent the ineffective portion of such cash flow hedging.

(44). Investment income

	2015	2014
Share of net profit or loss of investees under equity method (note 5(10))	188,246	369,592
Gains from disposal of subsidiaries (note 4(3))	1,318,284	622,763
Gains from deemed disposal in the business combinations	-	189,807
Gains from disposal of joint ventures and associates	-	20,000
Gains from disposal of available-for-sale financial assets	-	46,419
Dividend income from available-for-sale financial assets	2,390	2,104
Losses of termination of investment	-	(9,364)
Others	3,714	439
Total	1,512,634	1,241,760

(45). Income tax expenses

PRC income tax is computed according to the relevant laws and regulations in the PRC. The applicable PRC income tax rate is 25% (2014: 25%).

According to the current tax law in Hong Kong, profit tax in Hong Kong is calculated by 16.5% of taxable profit. Except for several subsidiaries in Hong Kong are subject to Hong Kong profits tax, other subsidiaries in Hong Kong have no Hong Kong taxable profits.

Withholding income tax should be charged against income from taxable dividends of non-resident enterprises in mainland China and investments disposal in mainland China with the tax rate of 5%-10% according to the relevant laws and regulations in the PRC.

Notes to the Financial Statements

For the year ended 31 December 2015 (All amounts in thousands of RMB unless otherwise stated)

5. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(45). Income tax expenses (Continued)

The amount of taxation charged to the consolidated income statement represents:

	2015	2014
Current income tax	722,131	436,219
Deferred income tax	263,897	246,233
Total	986,028	682,452

Reconciliations from income tax calculated based on the applicable tax rates and total profit presented in the consolidated financial statements to the income tax expenses are listed below:

	2015	2014
Total profit	3,871,182	2,946,181
Income tax expenses calculated at applicable tax rates (25%)	967,795	736,545
Share of net profit or loss of joint ventures and associates under equity method	(47,061)	(92,398)
Profit not subject to tax	(183,467)	(71,968)
Utilisation of unrecognised tax losses in previous years	(57,099)	(83,092)
Distribution eligible for tax deduction (i)	(10,643)	(63,710)
Deductible losses for which no deferred income tax asset was recognized	157,864	120,265
Impairment provision for which no deferred income tax asset was recognized	26,457	80,823
Withholding income tax at different tax rate	21,235	10,683
Expenses, costs and losses not deductible for tax purposes	29,680	15,671
Tax differences of investees at different rate	-	29,633
Pay back tax of previous year	90,123	-
Impact of lower tax rate	(8,856)	-
Income tax expenses	986,028	682,452

(i) Such amount represents tax deductible interest expenses on equity instruments issued by subsidiaries.

Notes to the Financial Statements

For the year ended 31 December 2015 (All amounts in thousands of RMB unless otherwise stated)

5. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(46). Earnings per share

Basic earnings per share is calculated by dividing the consolidated net profit attributable to owners of the Company by the weighted average number of ordinary shares issued during the year:

	2015	2014
Consolidated net profit attributable to owners of the Company	1,977,736	1,689,741
Weighted average number of ordinary shares issued (thousands)	2,194,627	2,027,960
Basic earnings per share (RMB cents per share)	90	83
Including:		
— Basic earnings per share relating to continuing operations	90	83

Diluted earnings per share are equal to the basic earnings per share since the Company has no dilutive potential ordinary shares during the year.

(47). Other comprehensive income

	Other comprehensive income in balance sheet				Other comprehensive income in income statement of 2015			
	31 December 2014	Attribute to owners of the Company after taxes	31 December 2015	Amount before taxes	Less: Transfer in profit or loss previously recognized in other comprehensive income	Less: Income taxes	Attribute to owners of the Company after taxes	Attribute to the non-controlling interests after taxes
Other comprehensive income cannot be reclassified into profit or loss thereafter:								
— Share of other comprehensive income in the investees cannot be reclassified into profit or loss at equity method	-	-	-	-	-	-	-	-
Other comprehensive income may be reclassified into profit or loss thereafter:								
— Changes in fair value of available-for-sale financial assets	5,819	2,268	8,087	3,024	-	(756)	2,268	-
— Changes in fair value of investments properties transferred from inventories	566,688	-	566,688	-	-	-	-	-
— Changes in fair value of derivative financial liabilities	(567)	(27,614)	(28,181)	(36,818)	-	9,204	(27,614)	-
— Difference on translation of foreign currency financial statements	9,194	(18,247)	(9,053)	(18,247)	-	-	(18,247)	-
	581,134	(43,593)	537,541	(52,041)	-	8,448	(43,593)	-

Notes to the Financial Statements

For the year ended 31 December 2015 (All amounts in thousands of RMB unless otherwise stated)

5. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(47). Other comprehensive income (Continued)

	Other comprehensive income in balance sheet				Other comprehensive income in income statement of 2014			
	31 December 2013	Attribute to owners of the Company after taxes	31 December 2014	Amount before taxes	Less: Transfer in profit or loss previously recognized in other comprehensive income	Less: Income taxes	Attribute to owners of the Company after taxes	Attribute to the non-controlling interests after taxes
Other comprehensive income cannot be reclassified into profit or loss thereafter:								
– Share of other comprehensive income in the investees cannot be reclassified into profit or loss at equity method	-	-	-	-	-	-	-	-
Other comprehensive income may be reclassified into profit or loss thereafter:								
– Changes in fair value of available-for-sale financial assets	43,530	(37,711)	5,819	(50,281)	-	12,570	(37,711)	-
– Changes in fair value of investments properties transferred from inventories (a)	1,236,408	(669,720)	566,688	-	(892,960)	223,240	(669,720)	-
– Changes in fair value of derivative financial liabilities	-	(567)	(567)	(757)	-	190	(567)	-
– Difference on translation of foreign currency financial statements	6,053	3,141	9,194	3,141	-	-	3,141	-
	1,285,991	(704,857)	581,134	(47,897)	(892,960)	236,000	(704,857)	-

- (a) In 2014, some of the inventories have been disposed or sold, and the fair value gains initially recognized in other comprehensive income amounted to RMB669,720,000 was accordingly transferred into income statement fair value gains.

Notes to the Financial Statements

For the year ended 31 December 2015 (All amounts in thousands of RMB unless otherwise stated)

5. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(48). Notes to consolidated cash flow statements

(a) Reconciliation from net profit to cash flows from operating activities

	2015	2014
Net profit	2,885,154	2,263,729
Add: Provisions for asset impairment (note 5(40))	130,091	323,293
Depreciation of fixed assets (note 5(13))	33,007	39,197
Amortization of intangible assets (note 5(14))	1,046	3,214
Amortization of long-term prepaid expenses	31,904	9,960
Gains on disposal of fixed assets, intangible assets and other long-term assets	(172)	(677)
Gains on disposal of investment properties	(22,042)	(5,994)
Interest expenses/(income)	136,532	(27,779)
Investment income (note 5(44))	(1,512,634)	(1,241,760)
Difference between combination costs and fair value of identifiable net assets acquired (note 5(41))	-	(95,959)
Difference between investment cost and fair value of the acquired equity interest on joint venture (note 5(41))	(73,756)	-
(Increase)/decrease in deferred tax assets	(170,393)	26,227
Increase in deferred tax liabilities	429,341	151,935
Increase in inventories	(12,127,620)	(15,715,279)
Gains on changes in fair value	(1,552,619)	(328,850)
Increase in restricted cash	(501,018)	(204,205)
Decrease/(increase) in operating receivables	19,227	(773,757)
Increase in operating payables	3,291,031	3,134,556
Net cash flows from operating activities	(9,002,921)	(12,442,149)

(b) Net increase in cash

	2015	2014
Cash at end of the year	15,849,118	10,759,150
Less: cash at beginning of the year	(10,759,150)	(10,487,655)
Net increase in cash	5,089,968	271,495

(c) Cash

	31 December 2015	31 December 2014
Cash at bank and on hand (note 5(1))	17,747,986	13,897,026
Assets held for sale (note 5(7))	-	61,051
Less: Restricted cash at bank	(1,898,868)	(3,198,927)
Cash at end of the year	15,849,118	10,759,150

Notes to the Financial Statements

For the year ended 31 December 2015 (All amounts in thousands of RMB unless otherwise stated)

5. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (Continued)

(48). Notes to consolidated cash flow statements (Continued)

(d) Cash received relating to other investing activities

	2015	2014
Recovered receivables and interests from primary land development	513,545	2,743,098
Receivables and interests from Qinhuangdao Real Estate	-	154,009
Advances received from disposal of NWCI (note 5(25))	-	143,574
Principles and interests from related parties	1,294,112	-
Others	30,638	207,874
Total	1,838,295	3,248,555

(e) Cash paid relating to other investing activities

	2015	2014
Cash paid for primary land development	545,695	-
Cash paid for debt investment	1,279,769	238,745
Cash paid to related parties	2,017,046	82,422
Others	-	10,052
Total	3,842,510	331,219

(f) Cash received relating to other financing activities

	2015	2014
Cash received from transferring of creditor's rights by subsidiaries (note 5(30))	-	1,530,000
Borrowings received from related parties	75,689	-
Cash received from other long-term borrowings by subsidiaries (note 5(30))	6,608,075	-
Total	6,683,764	1,530,000

(g) Cash paid relating to other financing activities

	2015	2014
Cash repaid to borrowings from transferring of creditor's rights by subsidiaries (note 5(30))	650,000	-
Cash paid for borrowings from related parties	1,060,776	-
Cash paid relating to transaction with non-controlling interests	31,662	-
Total	1,742,438	-

(h) Disposal of subsidiaries

In 2015, cash flow information of disposal of subsidiaries is disclosed in note 4(3).

Notes to the Financial Statements

For the year ended 31 December 2015 (All amounts in thousands of RMB unless otherwise stated)

6. EQUITY OF STRUCTURED ENTITY NOT IN FINANCIAL STATEMENT

Refer to note 5(10).

7. SEGMENT INFORMATION

The reportable segments of the Group are the business units that provide different products or service, or operate in different areas. Different businesses or areas require different marketing strategies, the Group, therefore, separately manages the production and operation of each reportable segment and evaluates their operating results respectively, in order to make decisions about resources allocation to these segments and to assess their performance.

The Group identified six reportable segments as follows:

- Beijing segment, which is mainly engaged in real estate development and sales in Beijing region.
- Tianjin segment, which is mainly engaged in real estate development and sales in Tianjin region.
- Chengyu segment, which is mainly engaged in real estate development and sales in Chengdu and Chongqing region.
- Other segment, which is mainly engaged in real estate development and sales in other regions, including Wuxi, Shenyang, Xi'an, Shanghai, Jiangsu, Huzhou, Wanning and etc.
- Investment property segment, which is mainly engaged in the investment property operations.
- Hotel segment, which is mainly engaged in hotel business and corresponding services.

Inter-segment transfer prices are determined by referring to sales price to third parties.

Assets are allocated to segments based on the location of assets and the segments' operation. Liabilities are allocated to segments based on the segments' operation. Indirect expenses of the segments are allocated to the segments based on the proportion of each segments' revenue.

Notes to the Financial Statements

For the year ended 31 December 2015 (All amounts in thousands of RMB unless otherwise stated)

7. SEGMENT INFORMATION (Continued)

(1). Segment information for 2015 and as at 31 December 2015 are as follows:

	Real estate development and sales								Total
	Beijing	Tianjin	Chengyu	Others	Investment properties	Hotel	Unallocated	Inter-segments Elimination	
Revenue from external customers	2,913,421	4,973,397	1,359,945	6,329,019	169,261	88,552	-	-	15,833,595
Inter-segment revenue	-	-	-	3,800	-	-	-	(3,800)	-
Cost of sales from main operation	(2,098,394)	(4,279,627)	(1,041,670)	(5,518,044)	-	(75,622)	-	-	(13,013,357)
Interest income	321,261	41,444	3,074	120,605	39,310	194	1,159,906	(1,221,389)	464,405
Interest expenses	(903,510)	(9,483)	(393)	(116,433)	(91,179)	(36,912)	(508,466)	1,221,389	(444,987)
Investment income/(losses) of associates and joint ventures	122,784	(6,080)	52,849	(11,970)	30,663	-	-	-	188,246
Asset impairment loss	(5,336)	(23,687)	(3,369)	(97,699)	-	-	-	-	(130,091)
Depreciation and amortization	(4,917)	(1,423)	(366)	(12,176)	(17,198)	(27,829)	(2,048)	-	(65,957)
Profit/(loss) before income tax	701,069	523,711	212,690	730,534	1,695,744	(28,900)	36,334	-	3,871,182
Income tax expenses	(45,184)	(157,451)	(55,033)	(160,037)	(486,905)	-	(81,418)	-	(986,028)
Profit/(loss) for the year	655,885	366,260	157,657	570,497	1,208,839	(28,900)	(45,084)	-	2,885,154
Non-current assets in total (excluding deferred tax assets and financial assets)	1,269,459	749,027	945	191,366	10,373,033	-	1,263,819	(777,188)	13,070,461
Total assets	93,891,718	25,886,687	8,913,138	36,249,345	11,763,624	-	32,124,742	(107,027,856)	101,801,398
Total liabilities	(78,901,599)	(21,962,658)	(6,131,209)	(31,007,490)	(4,759,269)	-	(29,779,650)	94,377,049	(78,164,826)
Long-term equity investments on associates and joint ventures	2,948,375	525,575	1,018,922	832,454	190,240	-	-	-	5,515,566
Increase to other non-current assets other than long-term equity investments	216,510	714,369	710	426,892	3,176,131	-	392,103	-	4,926,715

The business and operations of the Company and its principal subsidiaries are mainly located in China. In 2015, the Group has no revenue generated from overseas transaction nor from a single significant customer.

As at 31 December 2015, the Group's non-current assets (excluding financial assets and deferred tax assets) located in other countries amounted to RMB121,130,000.

Notes to the Financial Statements

For the year ended 31 December 2015 (All amounts in thousands of RMB unless otherwise stated)

7. SEGMENT INFORMATION (Continued)

(2). Segment information for 2014 and as at 31 December 2014 are as follows:

	Real estate development and sales							Inter-segments Elimination	Total
	Beijing	Tianjin	Chengyu	Others	Investment properties	Hotel	Unallocated		
Revenue from external customers	1,637,789	2,056,737	3,105,973	2,961,901	104,283	89,660	101,624	-	10,057,967
Inter-segment revenue	-	-	-	11,321	-	-	-	(11,321)	-
Cost of sales from main operation	(898,199)	(1,313,961)	(2,349,620)	(2,220,064)	-	(80,956)	(93,917)	-	(6,956,717)
Interest income	283,416	11,911	2,497	46,876	54,461	164	616,016	(708,291)	307,050
Interest expenses	(28,358)	(1,109)	(1,480)	(13,417)	(45,591)	(21,005)	(733,719)	708,291	(136,388)
Investment income of associates and joint ventures	254,033	1,779	-	9,741	4,457	-	99,582	-	369,592
Asset impairment loss	-	(244,326)	-	(64,068)	-	-	(14,899)	-	(323,293)
Depreciation and amortization	(8,281)	(1,040)	(347)	(3,032)	(8,808)	(25,766)	(5,097)	-	(52,371)
Profit/(loss) before income tax	1,095,704	471,749	478,539	507,988	434,338	(16,078)	3,764	(29,823)	2,946,181
Income tax expenses	(134,694)	(182,400)	(120,203)	(113,040)	(84,696)	-	(11,723)	(35,696)	(682,452)
Profit/(loss) for the year	961,010	289,349	358,336	394,948	349,642	(16,078)	(7,959)	(65,519)	2,263,729
Non-current assets in total (excluding deferred tax assets and financial assets)	843,900	147,607	673	519,808	7,225,258	329,410	269,162	(818,137)	8,517,681
Total assets	66,107,727	21,083,362	6,819,859	33,970,021	10,901,873	1,195,221	31,564,554	(92,963,061)	78,679,556
Total liabilities	(56,384,654)	(17,668,980)	(4,257,887)	(28,329,872)	(2,381,409)	(1,130,583)	(29,378,018)	82,265,373	(57,266,030)
Long-term equity investments in associates and joint ventures	1,343,962	-	-	559,013	159,577	-	388,683	-	2,451,235
Increase to non-current assets other than long-term equity investments	3,294	2,232	148	-	3,756,019	162	4,919	-	3,766,774

In 2014, The Group has no revenue generated from overseas transaction nor from a single significant customer.

As at 31 December 2014, the Group's non-current assets (excluding financial assets and deferred tax assets) located in other countries amounted to RMB7,568,000.

Notes to the Financial Statements

For the year ended 31 December 2015 (All amounts in thousands of RMB unless otherwise stated)

8. RELATED PARTIES AND RELATED PARTY TRANSACTIONS

(1). The parent company and subsidiaries

The general information and other related information of the subsidiaries are set out in note 4.

(a) General information of the parent company:

	Place of registration	Nature of business
Capital Group	Beijing, The PRC	Infrastructure, financial securities, industrial technology, commercial trade, and tourist hotel, etc.

The Company's ultimate controlling party is Capital Group.

(b) Registered capital and changes in registered capital of the parent company:

	31 December 2014	Increase	Decrease	31 December 2015
Capital Group	3,300,000	-	-	3,300,000

(c) The proportions of equity interests and voting rights in the Company held by the parent company:

	31 December 2015			31 December 2014		
	Direct interest held %	Indirect interest held %	Voting rights %	Direct interest held %	Indirect interest held %	Voting rights %
Capital Group	54.47	-	54.47	32.01	-	32.01

In November 2015, The Company issued 1 billion shares of ordinary share to Capital Group by private placement. After the non-public offering, the proportion of equity interests in the Company held by Capital Group arose to 54.47%.

Notes to the Financial Statements

For the year ended 31 December 2015 (All amounts in thousands of RMB unless otherwise stated)

8. RELATED PARTIES AND RELATED PARTY TRANSACTIONS *(Continued)*

(2). Information of Joint ventures and Associates

Refer to note 5(11).

(3). Information of other related parties

Name of related entities	Relationship with the Company
Reco Ziyang	Non-controlling interests of subsidiaries
Reco Yanshan	Non-controlling interests of subsidiaries
Shouhui Real Estate	Subsidiary of joint venture of the Company
Taihao Shengyuan	Subsidiary of joint venture of the Company
Shouyong Real Estate	Subsidiary of joint venture of the Company
Chuangyuanhui	Subsidiary of joint venture of the Company
Chengdu Capital Jinhui Real Estate Co., Ltd. ("Chengdu Jinhui")	Subsidiary of joint venture of the Company

(4). Related party transactions

The Board of directors considers all transactions with related parties are on normal commercial terms, and prices of related party transactions were agreed by the Group and the related parties.

(a) Providing services

	2015	2014
Tianjin Xinming	-	5,000
Xi'an Xinkai	-	19,000
Xingtai Jicheng	-	2,655
Shouhui Real Estate	2,400	-
Taihao Shengyuan	9,549	-
Shouyong Real Estate	5,900	-
Total	17,849	26,655

Notes to the Financial Statements

For the year ended 31 December 2015 (All amounts in thousands of RMB unless otherwise stated)

8. RELATED PARTIES AND RELATED PARTY TRANSACTIONS *(Continued)*

(4). Related party transactions *(Continued)*

(b) Provide/(Receive) funding

	2015	2014
Capital Jiaming	62,565	(3,362)
Financial Street	377	-
Tianjin Xinming	126,120	(30,240)
Tianjin Xinqing	(66,410)	559,860
Xi'an Xinkai	-	(666,039)
Shenyang Xinzi	23,000	199,250
Shenyang Jitian	40,691	(26,691)
Xingtai Jifeng	-	(1,333,000)
Xingtai Jicheng	-	1,292,646
GoldenNet	51	(134)
Huzhou Rongcheng	-	118,433
Speed Plus	-	18,313
International School	-	5,000
Capital Qinglv Culture	-	10,000
Shouyong Real Estate	5,900	122,873
Taihao Shengyuan	299,549	(289,552)
Shouhui Real Estate	528,400	(540,092)
Tonghua Qiangyu	-	(31,433)
Zhongguancun Integrated Circus Design Garden	988,064	-
Shanghai Henggu	(95,200)	-
Tongchuang Jinlong	54,650	-
Shanghai Shoujia	(75,689)	-
Jinlong Yonghui	116,820	-
Dacheng Guangyuan	182,761	-
Capital Qinglv	(48,000)	-
Shanghai Songming	(67,200)	-
Liujin Real Estate	(368,000)	-
Total	1,708,449	(594,168)

(c) Purchases of commodities or services

Commission content	2015	2014
GoldenNet (i) Sales agent	84,066	126,001

- (i) The Group entrust GoldenNet as sales agent of certain projects. The commission fee payable was charged by certain percentage based on property sales turnover.

Notes to the Financial Statements

For the year ended 31 December 2015 (All amounts in thousands of RMB unless otherwise stated)

8. RELATED PARTIES AND RELATED PARTY TRANSACTIONS *(Continued)*

(4). Related party transactions *(Continued)*

(d) Interest income/(expense)

	2015	2014
Capital Qinglv	18,347	-
Financial Street	14,848	15,847
Shanghai Shoujia	31,379	-
Qinhuangdao Real Estate(i)	-	13,803
Chengdu Ruihua	18,443	-
Tonghua Qiangyu	-	408
Zhongguancun Integrated Circus Design Garden	41,302	-
Taihao Shengyuan	(14,778)	-
Chouqing Shouhui	(26,355)	-
Total	83,186	30,058

(i) Qinhuangdao Real Estate was originally the subsidiary of an associate of the Group, and in 2014, the Group disposed the equity interests of the associate.

(e) Guarantees

	31 December 2015	31 December 2014
Capital Group for the Company	8,200,000	5,000,000
Capital Group for subsidiaries	1,220,000	1,220,000

In 2013, Capital Group provided irrevocable guarantee for the Company's long-term borrowing from Xiamen International Trust Co., Ltd., amounted to RMB1,000,000,000. The guarantee will expire in March 2018.

In 2013, Capital Group provided irrevocable guarantee for the Company's long-term borrowings from China Life Insurance Company Limited, Beijing Branch amounted to RMB2,000,000,000. The guarantee will expire in December 2018.

In 2014, Capital Group provided irrevocable guarantee for the Company's long-term borrowing from PICC Investment Holding Co., Ltd. amounted to RMB2,000,000,000. The guarantee will expire in October 2019.

In 2014, Capital Group, provided irrevocable guarantee for the long-term borrowings for S.C., a wholly-owned subsidiary of the Company, from Shenzhen Ping An Bank Co., Ltd, Shenzhen Branch, amounted to RMB1,220,000,000. The guarantee will expire in August 2022.

In 2015, Capital Group provided irrevocable guarantee for the Company's long-term borrowing from Taikang Asset Management Co., Ltd. amounted to RMB2,500,000,000. The guarantee will expire in August 2018.

Notes to the Financial Statements

For the year ended 31 December 2015 (All amounts in thousands of RMB unless otherwise stated)

8. RELATED PARTIES AND RELATED PARTY TRANSACTIONS *(Continued)*

(4). Related party transactions *(Continued)*

(e) Guarantees *(Continued)*

In 2015, Capital Group provided irrevocable guarantee for the Company's long-term borrowing from Pingan Trust amounted to RMB700,000,000. The guarantee will expire in April 2018.

	31 December 2015	31 December 2014
The Company for subsidiaries	22,983,072	18,100,600
Subsidiaries for subsidiaries	10,144,700	10,753,115
Subsidiaries for the Company	210,000	-

As at 31 December 2015 and 31 December 2014, the guarantees above are provided by the Company or certain subsidiaries for the Group's short-term borrowings (note 5(19)), long-term borrowings (note 5(28)), debentures payable (note 5(29)), long-term payables (note 5(30)) and equity instruments (note 4(2)).

As at 31 December 2015, Capital Jiaming, a joint venture of the Group, acquired long-term borrowing of RMB1,200,000,000, among which RMB600,000,000 is guaranteed by the Group. The guarantee covers from 22 December 2015 to 22 December 2018.

(f) Key executives compensation

	2015	2014
Remuneration of key executives	39,186	32,341
Other	464	506
Total	39,650	32,847

(g) In 2015, the Group disposed all of its 100% equity interests of Central Plaza Xinrong to Chuangyuan Investment Centre and Chuangyuanhui (Note 4 (3)).

(h) In 2015, the information of the investments in BCFATIS and Liujin Real Estate made by the Group jointly with related parties refers to Note 5(9)(b) and Note 5(10)(ix) respectively.

Notes to the Financial Statements

For the year ended 31 December 2015 (All amounts in thousands of RMB unless otherwise stated)

8. RELATED PARTIES AND RELATED PARTY TRANSACTIONS *(Continued)*

(5). Related party balances

(a) Advances to suppliers

	31 December 2015	31 December 2014
GoldenNet	41,112	35,378

(b) Long-term receivables (note 5 (15))

	31 December 2015	31 December 2014
Financial Street (i)	323,075	308,227
Zhongguancun Integrated Circus Design Garden (ii)	913,500	-

(i) As at 31 December 2015 and 31 December 2014, the amounts are principal and interests due from Financial Street, an associate of the Group. Interests began to charge at the rate of bank loan interest rate in the same period since 1 January 2013. Since the receivable has no fixed maturity date and the Group expected that the receivable will not be collected within one year, such amount is classified as long-term receivables.

(ii) As at 31 December 2015, the amounts are the loan principal due from Zhongguancun Integrated Circus Design Garden, a joint venture of the Group, carrying a fixed annual interest rate 8.5% since the withdraw date. The receivable will be collected on 9 February 2018 therefore is classified as long-term receivables.

(c) Dividends receivable

Dividends receivable of the Group is disclosed in note 5(5).

Notes to the Financial Statements

For the year ended 31 December 2015 (All amounts in thousands of RMB unless otherwise stated)

8. RELATED PARTIES AND RELATED PARTY TRANSACTIONS *(Continued)*

(5). Related party balances *(Continued)*

(d) Other receivables (note 5(3)(b))

	31 December 2015	31 December 2014
Taihao Shengyuan	9,997	448
Speed Plus	-	18,313
GoldenNet	164	104
Chaoyang Investment	-	8,020
Zhongguancun Integrated Circus Design Garden	115,866	-
Shouyong Real Estate	8,300	2,400
Capital Jiaming	8,164	8,164
Tianjin Xinqing	-	66,410
International School	4,967	4,967
Shenyang Xinzi	10,000	-
Tongchuang Jinlong	54,650	-
Shanghai Shoujia	31,379	-
Tiancheng Yongtai	2,652	-
Jinlong Yonghui	116,820	-
Dacheng Guangyuan	182,761	-
Total	545,720	108,826

Payables disclosed above are interest free, unpledged and unguaranteed, and have no fixed maturity date.

(e) Other payables (note 5(25))

	31 December 2015	31 December 2014
Capital Jiaming	-	62,565
Tianjin Xinming	260,370	386,490
Shenyang Xinzi	-	13,000
Shenyang Jitian	-	40,691
Capital Qinglv Culture	-	10,000
Financial Street	-	377
Taihao Shengyuan (i)	14,778	290,000
Shouhui Real Estate (ii)	38,047	540,092
GoldenNet	99	90
Tiancheng Yongtai	720,557	-
Shanghai Shoujia	75,689	-
Shanghai Henggu	95,200	-
Shanghai Songming	67,200	-
Liuji Real Estate	368,000	-
Reco Ziyang	56,714	56,714
Total	1,696,654	1,400,019

Notes to the Financial Statements

For the year ended 31 December 2015 (All amounts in thousands of RMB unless otherwise stated)

8. RELATED PARTIES AND RELATED PARTY TRANSACTIONS *(Continued)*

(5). Related party balances *(Continued)*

(e) Other payables (note 5(25)) *(Continued)*

- (i) In 2014, borrowings from Taihao Shengyuan to the Group amounted to RMB 290,000,000 with annual interest rate of 12 %, which was unpledged and unguaranteed, and with no fixed maturity date. The principal of the borrowing has been repaid in 2015 and the remaining payable was the interest unpaid.
- (ii) In 2014, borrowings from Shouhui Real Estate to the Group amounted to RMB 526,000,000 with annual interest rate of 12 %, which is unpledged and unguaranteed, and with no fixed maturity date. The principal amounted to RMB 514,308,000 has been repaid in 2015 and the remaining payable of RMB 26,355,000 was the interest unpaid.

Except for payables disclosed above, other payables are interest free, unpledged and unguaranteed, and have no fixed maturity dates.

(f) Trade payables

	31 December 2015	31 December 2014
GoldenNet	15,806	20,616

(g) Dividends payable

Dividends payable of the Group is disclosed in note 5(24).

(h) Interest payable

	31 December 2015	31 December 2014
Reco Ziyang	13,273	13,273

(i) Remuneration payable to the Board of directors (note 5(22))

	31 December 2015	31 December 2014
Remuneration	32,956	22,616

Notes to the Financial Statements

For the year ended 31 December 2015 (All amounts in thousands of RMB unless otherwise stated)

8. RELATED PARTIES AND RELATED PARTY TRANSACTIONS *(Continued)*

(5). Related party balances *(Continued)*

(j) Remuneration payable to Directors, Supervisors and CEO

Directors' and supervisors' emoluments for 2015 are as follows:

Name	Emoluments	Salary	Others Benefits	Pension insurance	Housing fund	The long-term incentive fund scheme	Total
Wang Hao(i)	-	225	-	-	-	-	225
Wang Hao (i)	345	-	-	-	-	-	345
Tang Jun (President)	-	3,610	478	75	26	9,838	14,027
Zhang Shengli	-	1,720	378	75	26	-	2,199
Liu Xiaoguang (ii)	-	1,683	-	-	-	-	1,683
Liu Xiaoguang (ii)	1,097	-	-	-	-	-	1,097
Song Fengjing	570	-	-	-	-	-	570
Shen Jianping	570	-	-	-	-	-	570
Ng Yuk Keung	270	-	-	-	-	-	270
Wang Hong	270	-	-	-	-	-	270
Li Wang	270	-	-	-	-	-	270
Liu Yongzheng	170	-	-	-	-	-	170
Fan Shubin	170	-	-	-	-	-	170
Jiang Hebin	-	678	120	75	26	157	1,056

(i) Appointed as executive director and Chairman of the Board on 10 August 2015

(ii) Resigned as Chairman of the Board and appointed as non-executive director on 10 August 2015, and resigned on 26 February 2016

Notes to the Financial Statements

For the year ended 31 December 2015 (All amounts in thousands of RMB unless otherwise stated)

8. RELATED PARTIES AND RELATED PARTY TRANSACTIONS *(Continued)*

(5). Related party balances *(Continued)*

(j) Remuneration payable to Directors, Supervisors and CEO *(Continued)*

Directors' and supervisors' emoluments for the year ended 31 December 2014 are as follows:

Name	Emoluments	Salary	Others Benefits	Pension insurance	Housing fund	The long-term incentive fund scheme	Total
Liu Xiaoguang	-	2,780	-	-	-	-	2,780
Tang Jun (President)	-	3,610	475	67	24	4,840	9,016
Zhang Juxing (i)	-	1,588	343	62	22	385	2,400
Zhang Shengli (Executive director) (ii)	-	132	31	6	2	-	171
Zhang Shengli (non-executive director) (ii)	526	-	-	-	-	-	526
Wang Hao	570	-	-	-	-	-	570
Shen Jianping	570	-	-	-	-	-	570
Song Fengjing (iii)	44	-	-	-	-	-	44
Li Zhaojie (i)	249	-	-	-	-	-	249
Ng Yuk Keung	270	-	-	-	-	-	270
Wang Hong	270	-	-	-	-	-	270
Li Wang (iii)	21	-	-	-	-	-	21
Liu Yongzheng	170	-	-	-	-	-	170
Fan Shubin	170	-	-	-	-	-	170
Jiang Hebin	-	678	116	67	24	207	1,092

(i) Retired on 4 December 2014

(ii) Re-designated as executive director on 5 December 2014

(iii) Appointed on 5 December 2014

Notes to the Financial Statements

For the year ended 31 December 2015 (All amounts in thousands of RMB unless otherwise stated)

8. RELATED PARTIES AND RELATED PARTY TRANSACTIONS *(Continued)*

(5). Related party balances *(Continued)*

(k) The five individuals whose emoluments are the highest

The five individuals whose emoluments are the highest in the Group for this year include 2 directors (2014:2) whose emoluments are disclosed above. The emoluments paid to other 3 individuals (2014:3) during the year are as follows:

	2015	2014
Basic salaries, bonus, basic pension insurance, the long-term incentive fund scheme and other allowances	14,899	10,447

	Number of individuals	
	2015	2014
Emolument bands:		
RMB 0-3,000,000	-	-
RMB 3,000,001-4,000,000	1	3
RMB 4,000,001-6,000,000	2	-

The emoluments above include the long-term incentive fund scheme.

(l) Long-term incentive fund scheme

The Company had adopted the long term incentive fund scheme which was approved at the extraordinary general meeting held on 27 September 2007. The "Long-term Incentive Fund Scheme" (hereinafter referred to as the "Incentive Scheme") was approved to amend at the extraordinary general meeting held on 25 September 2009 and the 2013 annual general meeting held on 14 March 2014 respectively. According to the Scheme, the Company appropriated RMB61,000,000 (2014: RMB50,000,000) for the long-term incentive fund scheme in 2015. The allocation of the incentive fund is in accordance with the Scheme, with 10% for members of the Board of Directors and Supervisors, and 90% for senior management as well as core management and technical staffs. According to the long-term incentive fund scheme, the amount for senior management accounts for 60% of the total fund.

Notes to the Financial Statements

For the year ended 31 December 2015 (All amounts in thousands of RMB unless otherwise stated)

9. COMMITMENTS

(1). Capital commitments

- (a) Capital expenditures contracted for but not yet necessary to be recognized in the balance sheet by the Group at the balance sheet date are as follows:

	31 December 2015	31 December 2014
Authorized but not contracted	21,317,295	27,047,391
Contracted but not paid	14,631,019	11,666,102

- (b) The Group's percentage shared on the commitments of joint ventures are as follows:

	31 December 2015	31 December 2014
Authorized but not contracted	3,572,374	1,046,753
Contracted but not paid	1,868,776	677,322

(2). Operating lease commitments

According to the irrevocable operating leases contracts signed, the minimum of Group's future lease payments are as follows:

	31 December 2015	31 December 2014
Within 1 year	7,060	9,675
Between 1 and 2 years	2,498	9,764
Between 2 and 3 years	1,032	4,547
Total	10,590	23,986

(3). Investing commitments

	31 December 2015	31 December 2014
Zhongguancun Integrated Circus Design Garden	490,000	-
Xiangjiang Joy City Joyous Sky Avenue Project	83,300	-

Notes to the Financial Statements

For the year ended 31 December 2015 (All amounts in thousands of RMB unless otherwise stated)

10. FINANCIAL GUARANTEES

The Group has arranged bank financing for certain customers and has provided guarantees to secure repayments obligations of these customers.

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 be expired when relevant property ownership certificates are lodged with the various banks by the purchasers. As at 31 December 2015, outstanding guarantees amounted to RMB6,902,006,000 (31 December 2014: RMB6,528,320,000).

As at 31 December 2015, except for the guarantees (note 8(4)(e)) provided by the Company or certain subsidiaries for short-term borrowings, long-term borrowings, debentures payable Long-term payables and equity instruments acquired by the Group or joint ventures and associates, the Group has no other material external guarantee. The Group believes that the guarantees above will not have a significant impact on its financial position.

11. FINANCIAL INSTRUMENT AND RISK

The Group's activities expose it to a variety of financial risks, including market risk (primarily currency risk, interest rate risk and other price 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.

(1). Market risk

(a) Foreign exchange risk

The Group's major operational activities are carried out in Mainland China and a majority of the transactions are dominated in RMB. The Group is subject to foreign exchange risk arising from future commercial transactions, recognized assets and liabilities in foreign currency (most of the Group's foreign currency transactions and balances are dominated in United States dollars ("USD"), Hong Kong dollars ("HKD") and Australian dollars("AUD")) and net investment overseas. The Group's headquarter is responsible for monitoring the amount of assets and liabilities, and transactions denominated in foreign currencies to minimize potential foreign exchange risk. Therefore the management of the Group may consider entering into forward exchange contracts or currency swap contracts to mitigate the foreign exchange risk.

The Group holds certain investments in overseas, of which the net assets are exposed to foreign exchange risk. The Group's headquarter monitors the investment scale in overseas to mitigate its exposure to foreign exchange risk at the extreme extend.

Notes to the Financial Statements

For the year ended 31 December 2015 (All amounts in thousands of RMB unless otherwise stated)

11. FINANCIAL INSTRUMENT AND RISK (Continued)

(1). Market risk (Continued)

(a) Foreign exchange risk (Continued)

As at 31 December 2015 and 31 December 2014, the carrying amounts in equivalent RMB of the Group's assets and liabilities denominated in foreign currencies are summarized below:

	31 December 2015				
	USD	HKD	AUD	EUR	Total
Cash at bank and on hand	25,367	498,964	5,219	25,143	554,693
Financial assets at fair value through profit or loss	-	228,266	-	-	228,266
Long-term receivables	-	-	1,640,446	-	1,640,446
Short-term borrowings	224,030	-	-	-	224,030
Interest payable	38,649	-	-	-	38,649

	31 December 2014				
	USD	HKD	AUD	EUR	Total
Cash at bank and on hand	773,842	320,831	3,303	35,902	1,133,878
Financial assets at fair value through profit or loss	-	162,863	-	-	162,863
Long-term receivables	-	-	238,745	-	238,745
Short-term borrowings	211,106	12,070	-	-	223,176
Interest payable	3,860	37	-	-	3,897

As at 31 December 2015, for all USD dominated financial assets and liabilities, if RMB had increased/decreased by 5% against USD with all other variables held constant, post-tax profit for the year would have been increased/decreased by approximately RMB8,899,000 (31 December 2014: decrease/increase by approximately RMB20,958,000).

As at 31 December 2015, for all HKD dominated financial assets and liabilities, if RMB had increased/decreased by 5% against HKD with all other variables held constant, post-tax profit for the year would have been decreased/increased by approximately RMB27,271,000 (31 December 2014: decrease/increase by approximately RMB17,685,000).

As at 31 December 2015, for all AUD dominated financial assets and liabilities, since the foreign exchange risk of the AUD investment in real estate development project in Australia has been offset by the purchased foreign exchange contracts (note 5(17)), if RMB had increased/decreased by 5% against AUD with all other variables held constant, post-tax profit for the year would have been decreased/increased by approximately RMB195,000 (31 December 2014: decrease/increase RMB223,000).

As at 31 December 2015, for all EUR dominated financial assets and liabilities, if RMB had increased/decreased by 5% against EUR with all other variables held constant, post-tax profit for the year would have been decreased/increased by approximately RMB943,000 (31 December 2014: decrease/increase RMB1,346,000).

Notes to the Financial Statements

For the year ended 31 December 2015 (All amounts in thousands of RMB unless otherwise stated)

11. FINANCIAL INSTRUMENT AND RISK *(Continued)*

(1). Market risk *(Continued)*

(b) Interest rate risk

The Group has exposed to interest rate risk due to the fluctuation of the prevailing market interest rate on borrowings which carry at prevailing market interest rates. Borrowings issued at floating interest rates expose the Group to cash flow interest-risk, and borrowings issued at fixed rates expose the Group to fair value interest-rate risk. The Group determines the contracts proportions of fixed rate and floating rate depending on the market conditions. As at 31 December 2015, the Group's long-term interest bearing borrowings were mainly RMB-denominated with floating rates, amounting to RMB8,219,747,000 (31 December 2014: RMB10,263,162,000).

Increases in interest rates will increase the cost of new borrowing and the interest expenses of to the Group's outstanding borrowings with floating rate, and therefore could have a material adverse impact on the Group's financial position. The Group's finance department of its headquarters continuously monitors the interest rate position of the Group and makes decisions with reference to the latest market conditions. The management of the Group may enter into interest rate swap agreements to mitigate its exposure to interest rate risk.

As at 31 December 2015, if interest rates on the floating rate borrowings increased/decreased by 5 basis points with all other variables held constant, the financial expenses of the Group would increase/decrease by approximately RMB41,099,000 (31 December 2014: approximately RMB51,316,000).

(c) Price risk

The Group is exposed to equity securities price risk because parts of investments held by the Group are classified as available-for-sale financial assets and financial assets at fair value through profit or loss. The management of the Group monitors market conditions and price fluctuations of securities investments. Since the cost of available-for-sale financial assets is low, the price risk is relatively low.

(2). Credit risk

The Group manages its credit risk on a classified basis. Credit risk mainly arises from cash at bank (note 5(1)), trade receivables (note 5(3)(a)) and other receivables (note 5(3)(b)).

Since cash at bank of the Group are mainly deposited at state-owned banks and other large and medium-sized listed banks, the Group expects no significant credit risk associated and that there would not be any significant losses due to non-performance by these counterparties.

In addition, the Group has policies to limit the credit risk exposure on trade and other receivables. The Group assesses the credit quality and sets credit limits on its customers by taking into account their financial position, the availability of guarantee from third parties, their credit history and other factors such as current market conditions. The credit history of the customers is regularly monitored by the Group. In respect of customers with a poor credit history, the Group will use payment reminders, reducing or canceling credit periods, to ensure the overall credit risk of the Group is limited to a controllable range.

Notes to the Financial Statements

For the year ended 31 December 2015 (All amounts in thousands of RMB unless otherwise stated)

11. FINANCIAL INSTRUMENT AND RISK *(Continued)*

(2). Credit risk *(Continued)*

The Group has arranged bank financing for certain purchasers of property units and provided guarantees to secure obligations of such purchasers for repayments (note 10). If a purchaser fails on the payment of its mortgage during the term of the guarantee, the bank holding the mortgage may demand the Group to repay the outstanding amount no more than the loan principal and any accrued interests thereon. Under such circumstances, the Group has the right to sell the property mortgaged to the bank to recover any amounts payable. In this regard, the management believes that the Group's credit risk is significantly reduced.

(3). Liquidity risk

Cash flow forecasting is performed by each subsidiary of the Group and aggregated by the Group's finance department in its headquarters. On such basis, the Group's finance department at its headquarters monitors rolling forecasts of the Group's short-term and long-term liquidity requirements to ensure it has sufficient cash and securities that are readily convertible to cash to meet operational needs, while maintaining sufficient headroom on its undrawn committed borrowing facilities from major financial institution so that the Group does not breach borrowing limits or covenants on any of its borrowing facilities to meet the short-term and long-term liquidity requirements.

The financial liabilities of the Group at the balance sheet date at their undiscounted contractual cash flows by their maturity date are analyzed below:

	31 December 2015				Total
	Within 1 year	1 to 2 years	2 to 5 years	Over 5 years	
Financial liabilities-					
Short-term borrowings	3,142,275	-	-	-	3,142,275
Accrued payables	9,599,780	-	-	-	9,599,780
Debentures payables	628,863	480,136	13,076,516	-	14,185,515
Long-term borrowings	1,732,572	13,438,312	11,273,346	2,075,229	28,519,459
Current portion of non-current liabilities	7,090,473	-	-	-	7,090,473
Long-term payables	400,000	2,111,368	4,008,820	-	6,520,188
Total	22,593,963	16,029,816	28,358,682	2,075,229	69,057,690

As at the balance sheet date, the financial derivative liabilities of the Group at the balance sheet date at their undiscounted contractual cash flows by their maturity date are analyzed below:

- (a) On 7 September 2016, sell AUD21,700,000 and buy RMB111,260,000.
- (b) On 31 January 2018, sell AUD52,080,000 and buy RMB264,306,000.

Notes to the Financial Statements

For the year ended 31 December 2015 (All amounts in thousands of RMB unless otherwise stated)

11. FINANCIAL INSTRUMENT AND RISK (Continued)

(3). Liquidity risk (Continued)

	31 December 2014				Total
	Within 1 year	1 to 2 years	2 to 5 years	Over 5 years	
Financial liabilities-					
Short-term borrowings	5,868,652	-	-	-	5,868,652
Accrued payables	7,873,182	-	-	-	7,873,182
Debentures payables	187,755	187,755	3,276,181	-	3,651,691
Long-term borrowings	1,063,097	8,302,615	9,735,450	2,454,457	21,555,619
Current portion of non-current liabilities	6,230,330	-	-	-	6,230,330
Long-term payables	146,840	1,025,722	676,712	-	1,849,274
Total	21,369,856	9,516,092	13,688,343	2,454,457	47,028,748

Bank and other borrowings analyzed by repayment terms are as follows:

	31 December 2015		31 December 2014	
	Borrowings	Debentures Payable	Borrowings	Debentures Payable
Wholly repayable within five years	37,570,801	12,481,249	26,769,837	5,205,815
Not wholly repayable within five years	1,805,500	-	2,082,500	-
Total	39,376,301	12,481,249	28,852,337	5,205,815

According to the terms of individual housing mortgage loans, The Group provides temporary guarantee to the mortgage loans provided by the banks to the customers, who purchase the Group's available-for-sell properties by housing mortgage. The guarantee would expire after the customers obtain owners certification or other relevant warrant and completing the registration of mortgage on properties. As at 31 December 2015 and 31 December 2014, the balance of such guarantee refers to note 10.

Notes to the Financial Statements

For the year ended 31 December 2015 (All amounts in thousands of RMB unless otherwise stated)

12. FAIR VALUE ESTIMATES

The level of fair value measurement result is determined by the lowest level of the input value, which is of great significance to the overall fair value measurement.

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

(1). Assets/(liabilities) measured at fair value on an ongoing basis

As at 31 December 2015, the financial assets and liabilities measured at fair value on an ongoing basis by three levels are analyzed below:

	Level 1	Level 2	Level 3	Total
Financial assets				
Financial assets at fair value through profit or loss – Trading financial assets	228,266	-	-	228,266
Available-for-sale financial assets – Available-for-sale equity instruments	16,444	-	-	16,444
Total financial assets	244,710	-	-	244,710
Non-financial assets				
Investment properties				
North region	-	-	6,213,541	6,213,541
Central region	-	-	1,508,000	1,508,000
South region	-	-	1,008,000	1,008,000
Total non-financial assets	-	-	8,729,541	8,729,541
Derivative financial liabilities	-	(55,601)	-	(55,601)
Total	244,710	(55,601)	8,729,541	8,918,650

Notes to the Financial Statements

For the year ended 31 December 2015 (All amounts in thousands of RMB unless otherwise stated)

12. FAIR VALUE ESTIMATES *(Continued)*

(1). Assets/(liabilities) measured at fair value on an ongoing basis *(Continued)*

As at 31 December 2014, the financial assets and liabilities measured at fair value on an ongoing basis by three levels are analyzed below:

	Level 1	Level 2	Level 3	Total
Financial assets				
Financial assets at fair value through profit or loss – Trading financial assets	162,863	-	-	162,863
Available-for-sale financial assets – Available-for-sale equity instruments	13,420	-	-	13,420
Total financial assets	176,283	-	-	176,283
Non-financial assets				
Investment properties –				
North region	-	-	2,147,374	2,147,374
Central region	-	-	923,000	923,000
South region	-	-	580,700	580,700
Total non-financial assets	-	-	3,651,074	3,651,074
Derivative financial liabilities	-	(3,452)	-	(3,452)
Total	176,283	(3,452)	3,651,074	3,823,905

The Group recognizes transfers into and transfers out of fair value hierarchy levels as of the date of the event that caused the transfer. There was no transfer occurred among level 1, 2 and 3 during the year.

The fair value of financial instruments traded in active markets is based on quoted market prices in active markets. The fair value of financial instruments that are not traded in an active market is determined by valuation techniques. Specific valuation techniques mainly include discounted cash flow analysis and so on. The inputs in those valuation techniques mainly include risk-free rate, benchmark interest rate and exchange rate.

The Group obtains independent valuations for investment properties from an independent professional valuer as a third party. The valuations are based on income capitalization model which mainly uses inputs such as market rent, discount rate and so on.

Notes to the Financial Statements

For the year ended 31 December 2015 (All amounts in thousands of RMB unless otherwise stated)

12. FAIR VALUE ESTIMATES *(Continued)*

(1). Assets/(liabilities) measured at fair value on an ongoing basis *(Continued)*

The change of level 3 assets is below:

	Investment properties			Total
	North region	Central region	South region	
As at 1 January 2015	2,147,374	923,000	580,700	3,651,074
Additions	365,431	21,703	1,721	388,855
Disposals	(1,958)	-	-	(1,958)
Transfer from investment properties at cost	3,290,604	402,389	284,523	3,977,516
Gains recognized in profit or losses	1,203,090	160,908	141,056	1,505,054
Disposal of subsidiaries	(791,000)	-	-	(791,000)
As at 31 December 2015	6,213,541	1,508,000	1,008,000	8,729,541
Realized gains or losses recognized in current profit or losses				
— Investment Income	-	-	-	-
— Other operating income (note 5 (36))	24,000	-	-	24,000
Unrealized gains or losses recognized in current profit or losses				
— Profit from change in fair value	1,203,090	160,908	141,056	1,505,054

	Investment properties			Total
	North region	Central region	South region	
As at 1 January 2014	1,957,918	516,000	490,000	2,963,918
Additions	-	-	24,087	24,087
Disposals	(9,544)	-	-	(9,544)
Transfer from investment properties at cost	-	320,746	-	320,746
Gains recognized in profit or losses	199,000	86,254	66,613	351,867
As at 31 December 2014	2,147,374	923,000	580,700	3,651,074
Realized gains or losses recognized in current profit or losses				
— Investment Income	-	-	-	-
— Other operating income (note 5 (36))	12,136	-	-	12,316
Unrealized gains or losses recognized in current profit or losses				
— Profit from change in fair value	199,000	86,254	66,613	351,867

Notes to the Financial Statements

For the year ended 31 December 2015 (All amounts in thousands of RMB unless otherwise stated)

12. FAIR VALUE ESTIMATES *(Continued)*

(1). Assets measured at fair value on an ongoing basis *(Continued)*

Profit or loss in the income statement is recognized in profit or loss arising from fair value changes.

As at 31 December 2015, the gains recognized in profit or losses of assets in level 3 still held by the Group is RMB1,360,158,000.

The Group's finance department is in charge of assets' valuation and entrusts an independent valuer to evaluate the fair value of investment properties. The finance department verifies all valuation results, take charge of relative accounting treatment and prepare disclosure information of fair value according to verified valuation results.

Information about fair value measurements using significant unobservable inputs:

Investment Properties	Fair value as at 31 December 2015	Valuation techniques	Unobservable inputs		
			Title	Range/weighted average	Relationship of unobservable inputs of fair value
North region	6,213,541	Income approach	Discount rate	6% to 8%	The higher discount rate is, the lower fair value
			Market rents	RMB41 to RMB532 per square meter per month	The higher market rent is, the higher fair value
		Residual method	Interest rate	4.35% to 4.9%	The higher interest rate is, the lower fair value
			Profit rate	10% to 20%	The higher profit rate is, the lower fair value
Central region	1,508,000	Income approach	Discount rate	6.5% to 7.5%	The higher discount rate is, the lower fair value
			Market rents	RMB36 to RMB98 per square meter per month	The higher market rent is, the higher fair value
South region	1,008,000	Income approach	Discount rate	7% to 7.5%	The higher discount rate is, the lower fair value
			Market rents	RMB45 to RMB75 per square meter per month	The higher market rent is, the higher fair value

Notes to the Financial Statements

For the year ended 31 December 2015 (All amounts in thousands of RMB unless otherwise stated)

12. FAIR VALUE ESTIMATES (Continued)

(1). Assets measured at fair value on an ongoing basis (Continued)

Information about the fair value measurement of level 2 are as follows:

	Fair value as at 31 December 2015	Observable inputs		
		Valuation techniques	Name	Range/ weighted average
Financial derivative liabilities	55,601	Discounted future cash flow	Forward exchange rate at balance sheet date Discounted rate	4.7948 to 4.9842 2.21% to 2.39%

	Fair value at 31 December 2014	Observable inputs		
		Valuation techniques	Name	Range/ weighted average
Financial derivative liabilities	3,452	Discounted future cash flow	Forward exchange rate at balance sheet date Discounted rate	4.9419 to 4.9437 2.40% to 2.45%

(2). Assets measured at fair value not on an ongoing basis

The non-current assets held for sale are stated at the lower of carrying amount and fair value less costs to sell. As at 31 December 2015, the non-current assets held for sale measured at fair value of the Group amounted to RMB9,921,000 (31 December 2014: RMB202,664,000).

(3). Assets and liabilities not measured at fair value but disclosed on fair value

Financial assets and liabilities measured at amortized cost mainly include receivables, short-term borrowings, payables, long-term borrowings, debentures payables and long-term payables.

Except for the financial assets and liabilities listed below, the carrying amount of other financial assets and liabilities not measured at fair value is a reasonable approximation of their fair value:

	31 December 2015		31 December 2014	
	Carrying amount	Fair value	Carrying amount	Fair value
Long-term borrowings	23,013,450	24,330,362	11,949,100	12,697,885
Debentures payable	12,481,249	12,481,249	3,217,112	3,235,935
Long-term payable	6,602,950	6,916,407	1,530,000	1,646,050
Total	42,097,649	43,728,018	16,696,212	17,579,870

The fair value of long-term borrowings and debentures payables without active market price are determined by the present value of the contracted future cash flow, which is calculated using the discount rate in the market of comparable credit rating that can provide much the same cash flows in the same conditions. This situation belongs to Level 3.

Notes to the Financial Statements

For the year ended 31 December 2015 (All amounts in thousands of RMB unless otherwise stated)

13. CAPITAL MANAGEMENT

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

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

Same as other companies in this industry, the group monitors capital on the basis of the asset-liability ratio. This ratio is calculated as total liabilities divided by total assets.

The asset-liability ratios as at 31 December 2015 and 31 December 2014 were as follows:

	31 December 2015	31 December 2014
Total liabilities	78,164,826	57,266,030
Total assets	101,801,398	78,679,556
Asset-liability ratio	77%	73%

14. NOTES TO THE COMPANY FINANCIAL STATEMENTS

(1). Cash at bank and on hand

	31 December 2015	31 December 2014
Cash on hand	4	50
Bank deposits	6,949,824	2,512,089
Total	6,949,828	2,512,139

As at 31 December 2015, bank deposits amounted to RMB500,000,000(31 December 2014: Nil) are pledged as security deposits for borrowings, and classified as restricted bank deposits.

Notes to the Financial Statements

For the year ended 31 December 2015 (All amounts in thousands of RMB unless otherwise stated)

14. NOTES TO THE COMPANY FINANCIAL STATEMENTS *(Continued)*

(2). Trade and other receivables

(a) Trade receivables

	31 December 2015	31 December 2014
Trade receivables	160	160
Less: provision for bad debts	-	-
Trade receivables — net	160	160

The aging of trade receivables is analyzed as follows:

	31 December 2015	31 December 2014
Over 3 years	160	160

As at 31 December 2015, trade receivables amounted to RMB160,000 (31 December 2014: RMB160,000) are overdue but not impaired with aging of over 3 years.

(b) Other receivables

	31 December 2015	31 December 2014
Amounts due from subsidiaries (i)	36,185,170	24,879,221
Amounts due from joint ventures	49,724	10,868
Guarantee funds	17,000	10,000
Receivables due from disposal of subsidiaries (note 5(3)(b)(ii))	546,229	-
Others	41,505	18,228
Total	36,839,628	24,918,317
Less: provisions for bad debts	(24,000)	(24,000)
Other receivables — net	36,815,628	24,894,317

Notes to the Financial Statements

For the year ended 31 December 2015 (All amounts in thousands of RMB unless otherwise stated)

14. NOTES TO THE COMPANY FINANCIAL STATEMENTS (Continued)

(2). Trade and other receivables (Continued)

(b) Other receivables (Continued)

- (i) As at 31 December 2015, RMB1,354,454,000 (31 December 2014: RMB609,346,000) is the loan from the Company to subsidiary with interest rate of 6.60% (31 December 2014: 6.60%), unsecured and unguaranteed, and has no fixed maturity date.

Other receivables due from subsidiaries except for the loans above are all interest free, unsecured, unguaranteed and have no fixed maturity date.

The aging analysis of other receivables and the related provisions are as follows:

	31 December 2015				31 December 2014			
	Amount	% of total balance	Provision	% of the provision	Amount	% of total balance	Provision	% of the provision
Within 1 year	36,815,628	100	-	-	24,893,569	100	-	-
1 to 2 years	-	-	-	-	748	-	-	-
2 to 3 years	-	-	-	-	-	-	-	-
Over 3 years	24,000	-	(24,000)	100	24,000	-	(24,000)	100
Total	36,839,628	100	(24,000)	-	24,918,317	100	(24,000)	-

As at 31 December 2015, the Company has no other receivables overdue and impaired.

(3). Inventories

(a) Inventories are classified as below:

	31 December 2015			31 December 2014		
	Book balance	Provisions for inventory	Book value	Book balance	Provisions for inventory	Book value
Properties held for sale	44,133	-	44,133	44,076	-	44,076

(b) Changes in book value of inventories in current period is analyzed as follow:

	31 December 2014	Addition	Decrease	31 December 2015
Properties held for sale	44,076	57	-	44,133

(4). Available-for-sale financial assets

As at 31 December 2015 and 31 December 2014, the information about the available-for-sale financial assets refers to note 5(9).

Notes to the Financial Statements

For the year ended 31 December 2015 (All amounts in thousands of RMB unless otherwise stated)

14. NOTES TO THE COMPANY FINANCIAL STATEMENTS *(Continued)*

(5). Long-term receivables

	31 December 2015	31 December 2014
Financial Street	323,075	308,227

(6). Long-term equity investments

	31 December 2015	31 December 2014
Subsidiaries (a)		
— unlisted companies	3,103,174	3,403,044
Joint ventures (b)		
— unlisted companies	171,432	306,970
Associates (c)		
— unlisted companies	197,144	166,481
Total	3,471,750	3,876,495

There is no restrictions on sale of the long-term equity investment of the Company and collection of the investment income.

Notes to the Financial Statements

For the year ended 31 December 2015 (All amounts in thousands of RMB unless otherwise stated)

14. NOTES TO THE COMPANY FINANCIAL STATEMENTS (Continued)

(6). Long-term equity investments (Continued)

(a) Subsidiaries

	Attributable interest held	Attributable vote held	31 December 2014	Additions	Disposals	31 December 2015
Capital Chaoyang	100%	100%	734,095	-	-	734,095
Rongjin Company	10%	10%	21,968	-	-	21,968
Central Company	N/A	N/A	79,433	-	(79,433)	-
Central Plaza Xinrong	N/A	N/A	90,437	-	(90,437)	-
IFC	100%	100%	20,480	-	-	20,480
Central Plaza	100%	100%	39,466	-	-	39,466
Jindu Company	100%	100%	369,970	-	-	369,970
Beijing Xinzi	100%	100%	642,625	-	-	642,625
Anhua Shiji	55%	60%	136,303	-	-	136,303
Shangboya	100%	100%	30,000	-	-	30,000
Shangbodi	51%	51%	15,300	-	-	15,300
Jiangsu Capital	60%	60%	60,375	-	-	60,375
Capital Chengdu	100%	100%	150,000	-	-	150,000
Sunshine City	50%	60%	82,766	-	-	82,766
Wuxi Xindong	100%	100%	100,000	-	-	100,000
Capital (Chengdu) Investment Co., Ltd.	100%	100%	5,000	-	-	5,000
Capital (Tianjin) Real Estate Management Co., Ltd.	100%	100%	5,000	-	-	5,000
Beijing Ruiyuan Fengxiang Real Estate Development Co., Ltd.	100%	100%	10,000	-	-	10,000
Ruiyuan Fengji	100%	100%	10,000	-	-	10,000
Tianjin Jiaming	100%	100%	-	60,000	-	60,000
Chuangxin Jianye	100%	100%	50,000	-	-	50,000
Beijing Xinyuan Chengye Consultant Co., Ltd.	100%	100%	1,000	-	-	1,000
Capital Nanjing Investment Co., Ltd.	100%	100%	5,000	-	-	5,000
Capital Guoxin	100%	100%	100,000	-	-	100,000
Haikou Capital Xinye Investment Co., Ltd.	100%	100%	10,000	-	-	10,000
BECL	100%	100%	67,296	-	-	67,296
Shanghai Zhengheng	100%	100%	10,000	-	-	10,000
Beijing Chuangyuan Botao Architectural Design & Consulting Co., Ltd.	100%	100%	5,000	-	-	5,000
Beijing Xinyuan Huafu Investment Co., Ltd.	100%	100%	5,000	-	-	5,000
Beijing Hengyuan Yinxing Investment Co., Ltd.	100%	100%	5,000	-	-	5,000
Beijing Dongqi Jinzhao Infrastructure Investment Co., Ltd.	100%	100%	30,000	-	-	30,000
Beijing Zhongzhi Dingfu Specific Assets Management Plan	N/A	N/A	190,000	-	(190,000)	-
Yongyuan Jintai	100%	100%	216,530	-	-	216,530
Lehui Shenghuo	100%	100%	5,000	-	-	5,000
Total			3,403,044	60,000	(359,870)	3,103,174

Notes to the Financial Statements

For the year ended 31 December 2015 (All amounts in thousands of RMB unless otherwise stated)

14. NOTES TO THE COMPANY FINANCIAL STATEMENTS (Continued)

(6). Long-term equity investments (Continued)

(b) Joint ventures

Long-term equity investment in joint ventures:

	Accounting method	Investment costs	Change in the year											
			31 December 2014	Increase or decrease in investment	Share of net profit/(losses)	Share of other comprehensive income	Cash dividend declared	Other	31 December 2015	Equity interest held %	Voting rights held %	Provision for impairment	Impairment provided in current year	
Beijing Wanzhu	Equity method	RMB25,500,000	53,149	-	112,397	-	-	-	-	165,546	30%	30%	-	-
Tonghua Qiangyu	Equity method	RMB4,000,000	8,742	-	(2,856)	-	-	-	-	5,886	40%	40%	-	-
Zuhai Hengqin Fund Management Company	Equity method	RMB4,000,000	3,932	-	(3,932)	-	-	-	-	-	40%	40%	-	-
Zuhai Hengqin Eco Village Fund	Equity method	RMB240,000,000	241,147	(266,797)	25,650	-	-	-	-	-	N/A	N/A	-	-
			306,970	(266,797)	131,259	-	-	-	-	171,432			-	-

The key financial information of joint ventures is disclosed in note 5(10)(a).

(c) Associates

Long-term equity investment in associates:

	Accounting method	Investment costs	Change in the year											
			31 December 2014	Increase or decrease in investment	Share of net profit/(losses)	Share of other comprehensive income	Cash dividend declared	Other	31 December 2015	Equity interest held %	Voting rights held %	Provision for impairment	Impairment provided in current year	
GoldenNet	Equity method	RMB700,000	6,904	-	-	-	-	-	-	6,904	14	14	-	-
Sunshine City Commercial	Equity method	RMB25,267,000	159,577	-	30,663	-	-	-	-	190,240	35	35	-	-
			166,481	-	30,663	-	-	-	-	197,144			-	-

The key financial information of associates is disclosed in note 5(10)(b).

Notes to the Financial Statements

For the year ended 31 December 2015 (All amounts in thousands of RMB unless otherwise stated)

14. NOTES TO THE COMPANY FINANCIAL STATEMENTS *(Continued)*

(7). Investment properties

	31 December 2015	31 December 2014
Investment properties subsequently measured at fair value model(a)	-	1,958

(a) Investment properties subsequently measured at fair value model

	Buildings and land use rights
Cost	
31 December 2014	1,958
Additions	-
Disposals	(1,958)
31 December 2015	-
Changes in fair value	
31 December 2014	-
31 December 2015	-
Book value	
31 December 2015	-
31 December 2014	1,958

Notes to the Financial Statements

For the year ended 31 December 2015 (All amounts in thousands of RMB unless otherwise stated)

14. NOTES TO THE COMPANY FINANCIAL STATEMENTS (Continued)

(8). Fixed assets

	Buildings	Office Equipment	Motor Vehicles	Total
Cost				
31 December 2014	72,925	12,307	19,224	104,456
Increase	-	127	-	127
- Purchase	-	127	-	127
Decrease	-	-	-	-
31 December 2015	72,925	12,434	19,224	104,583
Accumulated depreciation				
31 December 2014	(15,579)	(11,110)	(17,816)	(44,505)
Increase	(1,740)	(993)	(639)	(3,372)
- Accrument	(1,740)	(993)	(639)	(3,372)
Decrease	-	-	-	-
31 December 2015	(17,319)	(12,103)	(18,455)	(47,877)
Provision for impairment				
31 December 2014	-	-	-	-
31 December 2015	-	-	-	-
Book value				
31 December 2015	55,606	331	769	56,706
31 December 2014	57,346	1,197	1,408	59,951

In 2015, depreciation expense of fixed assets amounted to RMB3,372,000 (2014: RMB5,446,000) have all been accounted into administrative expenses.

(9). Trade payables

The aging of trade payables based on their recording dates is analyzed as follows:

	31 December 2015	31 December 2014
Within 1 year	5,169	6,589
Over 1 year	10,782	10,782
Total	15,951	17,371

Notes to the Financial Statements

For the year ended 31 December 2015 (All amounts in thousands of RMB unless otherwise stated)

14. NOTES TO THE COMPANY FINANCIAL STATEMENTS (Continued)

(10). Taxes payable

	31 December 2015	31 December 2014
Land appreciation tax payable	20	20
Business tax payable	1,959	2,749
Others	177	(759)
Total	2,156	2,010

(11). Other payables

	31 December 2015	31 December 2014
Payables to subsidiaries	16,583,522	19,890,974
Payables to joint ventures	830,726	470,092
Others	71,499	71,629
Total	17,485,747	20,432,695

(12). Long-term borrowings

	Currency	31 December 2015	31 December 2014
Credit loans	RMB	3,990,000	150,000
Secured loans, including:			
— Guaranteed	RMB	8,200,000	4,000,000
— Pledged	RMB	—	160,000
— Trust	RMB	—	1,600,000
— Guaranteed/Mortgaged	RMB	210,000	—
Subtotal		12,400,000	5,910,000
<i>Less: Long-term borrowings due within one year, including:</i>			
Credit loans	RMB	(600,000)	—
Secured loans, including			
— Guaranteed	RMB	(1,000,000)	—
— Guaranteed/Mortgaged	RMB	(210,000)	—
Subtotal		(1,810,000)	—
Net long-term borrowings		10,590,000	5,910,000

Notes to the Financial Statements

For the year ended 31 December 2015 (All amounts in thousands of RMB unless otherwise stated)

14. NOTES TO THE COMPANY FINANCIAL STATEMENTS (Continued)

(13). Deferred income tax assets and deferred income tax liabilities

(a) Deferred income tax assets before offsetting

	31 December 2015		31 December 2014	
	Deferred income tax assets	Deductible temporary differences	Deferred income tax assets	Deductible temporary differences
Provision for asset impairment	6,000	24,000	6,000	24,000
Accrued salaries and other costs and expenses	41,775	167,100	38,695	154,780
Accumulated losses	113,225	452,900	-	-
Total	161,000	644,000	44,695	178,780

(b) Deferred income tax liabilities before offsetting

	31 December 2015		31 December 2014	
	Deferred income tax liabilities	Taxable temporary differences	Deferred income tax liabilities	Taxable temporary differences
Changes in fair value of available-for-sale financial assets	2,696	10,783	1,940	7,759

(c) The net balances of deferred income tax assets and liabilities after offsetting are as follows:

	31 December 2015	31 December 2014
Deferred income tax assets, net	158,304	42,755
Deferred income tax liabilities, net	-	-

(14). Capital reserve

	31 December 2014	Additions	Reductions	31 December 2015
	Share premium	1,279,308	2,067,898	-

	31 December 2013	Additions	Reductions	31 December 2014
	Share premium	1,279,308	-	-

Notes to the Financial Statements

For the year ended 31 December 2015 (All amounts in thousands of RMB unless otherwise stated)

14. NOTES TO THE COMPANY FINANCIAL STATEMENTS (Continued)

(15). Other comprehensive income

	Other comprehensive income in balance sheet			Other comprehensive income in income statement of 2015				
	31 December 2014	Attribute to owners of the Company after taxes	31 December 2015	Amount before taxes	Less: Transfer in profit or loss previously recognized in other comprehensive income	Less: Income taxes	Attribute to owners of the Company after taxes	Attribute to the minority after taxes
Other comprehensive income to be reclassified subsequently to profit or loss:								
— Changes in fair value of available-for-sale financial assets	5,819	2,268	8,087	3,024	-	(756)	2,268	-
	5,819	2,268	8,087	3,024	-	(756)	2,268	-

	Other comprehensive income in balance sheet			Other comprehensive income in income statement of 2014				
	31 December 2013	Attribute to the Company after taxes	31 December 2014	Amount before taxes	Less: Transfer in profit or loss previously recognized in other comprehensive income	Less: Income taxes	Attribute to the Company after taxes	Attribute to the minority after taxes
Other comprehensive income to be reclassified subsequently to profit or loss:								
— Changes in fair value of available-for-sale financial assets	43,530	(37,711)	5,819	(50,281)	-	12,570	(37,711)	-
	43,530	(37,711)	5,819	(50,281)	-	12,570	(37,711)	-

Notes to the Financial Statements

For the year ended 31 December 2015 (All amounts in thousands of RMB unless otherwise stated)

14. NOTES TO THE COMPANY FINANCIAL STATEMENTS *(Continued)*

(16). Revenue and cost of sales

	2015	2014
Revenue from main operations (a)	19,849	57,137
Revenue from other operations (b)	25,698	-
Total	45,547	57,137
Cost of sales from main operations (a)	-	-
Cost of sales from other operations (b)	1,958	-
Total	1,958	-

(a) Revenue and cost of sales from main operations

	2015		2014	
	Main operating revenue	Main operating costs	Main operating revenue	Main operating costs
Consulting services	19,849	-	57,137	-

(b) Revenue and cost of sales from other operations

	2015		2014	
	Main operating revenue	Main operating costs	Main operating revenue	Main operating costs
Income from disposal of investment property	24,000	1,958	-	-
Other	1,698	-	-	-
Total	25,698	1,958	-	-

Notes to the Financial Statements

For the year ended 31 December 2015 (All amounts in thousands of RMB unless otherwise stated)

14. NOTES TO THE COMPANY FINANCIAL STATEMENTS (Continued)

(17). Financial expense — net

	2015	2014
Interest expenses	992,967	390,210
Including: Bank borrowings	855,624	137,200
Corporate Bonds	114,555	48,106
Other borrowings	22,788	204,904
Interest expenses —net	992,967	390,210
Interest income	(275,335)	(162,534)
Exchange gains or losses — net	770	4,404
Other	15,441	2,645
Net	733,843	234,725

Interest expenses analyzed by the repayment terms of bank and other borrowings are as follows:

	2015		2014	
	Bank borrowings	Other borrowings	Bank borrowings	Other borrowings
Wholly repayable within five years	855,624	137,343	137,200	253,010
Not wholly repayable within five years	-	-	-	-
Total	855,624	137,343	137,200	253,010

(18). Investment income

	2015	2014
Share of profit of investees under equity method	161,922	259,164
Gains from disposal of subsidiaries	377,863	240,000
Gains from disposal of available-for-sale financial assets	2,390	46,419
Dividend income from available-for-sale financial assets	-	1,937
Dividend distribution from subsidiaries	1,567,724	23,980
Others	(15,100)	-
Total	2,094,799	571,500

The Company has no significant restriction on realization of investment income.

Investment income from listed investments and non-listed investments for the 2015 amount to nil and RMB2,094,799,000 respectively. (2014: RMB48,356,000 and RMB523,144,000).

Notes to the Financial Statements

For the year ended 31 December 2015 (All amounts in thousands of RMB unless otherwise stated)

14. NOTES TO THE COMPANY FINANCIAL STATEMENTS *(Continued)*

(19). Income tax expenses

	2015	2014
Current income tax	-	3,266
Deferred income tax	(116,305)	12,659
Total	(116,305)	15,925

The reconciliation from income tax calculated based on the applicable tax rates and total profit presented in the consolidated financial statements to the income tax expenses is listed below:

	2015	2014
Total profit	1,228,914	204,525
Income tax expenses calculated at applicable tax rates (25%)	307,229	51,131
Share of net profits of investees under equity method	(40,481)	(64,791)
Profit not subject to tax	(382,219)	-
Expenses, costs and losses not deductible for tax purposes	411	478
Tax differences of investees at different rate	-	29,633
Others	(1,245)	(526)
Income tax expenses	(116,305)	15,925

(20). Notes to the Company cash flow statements

(a) Reconciliation from net profit to cash flows from operating activities

	2015	2014
Net Profit	1,345,219	188,600
Add: Depreciation of fixed assets	3,372	5,446
Disposal of investment properties	(22,042)	-
Financial expenses	800,637	271,349
Investment income (note 14(18))	(2,094,799)	(571,500)
(Increase)/decrease in deferred tax assets	(115,549)	89
Decrease in deferred tax liabilities	(756)	-
Increase in inventories	(57)	-
Increase in operating receivables	(9,586,175)	(8,915,968)
(Decrease)/increase in operating payables	(2,620,839)	9,035,782
Net cash flows from operating activities	(12,290,989)	13,798

Notes to the Financial Statements

For the year ended 31 December 2015 (All amounts in thousands of RMB unless otherwise stated)

14. NOTES TO THE COMPANY FINANCIAL STATEMENTS *(Continued)*

(20). Notes to the Company cash flow statements *(Continued)*

(b) Net Increase in cash

	2015	2014
Cash at end of the year	6,449,828	2,512,139
Less: cash at beginning of the year	(2,512,139)	(800,899)
Net Increase in cash	3,937,689	1,711,240

(c) Cash

	31 December 2015	31 December 2014
Cash at bank and on hand	6,949,828	2,512,139
Less: restricted cash at bank	(500,000)	-
Cash at end of the year	6,449,828	2,512,139

15. NET CURRENT ASSETS

	31 December 2015 Consolidated	31 December 2014 Consolidated	31 December 2015 Company	31 December 2014 Company
Current assets	82,659,526	67,344,366	43,863,408	27,479,522
Less: Current liabilities	(34,672,003)	(33,814,386)	(20,787,722)	(21,205,528)
Net current assets	47,987,523	33,529,980	23,075,686	6,273,994

16. TOTAL ASSETS LESS CURRENT LIABILITIES

	31 December 2015 Consolidated	31 December 2014 Consolidated	31 December 2015 Company	31 December 2014 Company
Total assets	101,801,398	78,679,556	47,959,687	31,832,328
Less: Current liabilities	(34,672,003)	(33,814,386)	(20,787,722)	(21,205,528)
Total assets less current liabilities	67,129,395	44,865,170	27,171,965	10,626,800



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