Gemdale Properties and Investment Corporation Limited
金地商置集團有限公司*

(Incorporated in Bermuda with limited liability)

(Stock Code: 535)

ANNOUNCEMENT OF ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2015 AND PROPOSED INCREASE IN AUTHORISED SHARE CAPITAL

FINANCIAL HIGHLIGHTS

	Year ended 31 December		
	2015	2014	Change
	RMB'000	RMB'000	%
Revenue	**4,240,759**	2,168,450	+ 96
Gross profit	**2,062,186**	840,871	+ 145
Profit after tax	**1,375,151**	645,925	+ 113
Profit attributable to owners of the Company	**1,056,202**	360,884	+ 193
Earnings per share attributable to owners of the Company			
- Basic (RMB)	**0.0769**	0.0397	+ 94
- Diluted (RMB)	**0.0769**	0.0397	+ 94
	31 December 2015	31 December 2014	Change
	RMB'000	RMB'000	%
Deposits, bank and cash balances	**1,724,917**	1,781,943	− 3
Total borrowings	**4,147,432**	2,169,866	+ 91
Net debt [(1)]	**2,422,515**	387,923	+ 524
Net debt ratio [(2)]	**25%**	6%	N/A
Shareholders fund	**8,679,597**	4,890,360	+ 77
Net assets per share attributable to owners of the Company (RMB)	**0.550**	0.538	+ 2

(1) *Measured by total borrowings minus deposits, bank and cash balances*

(2) *Defined as net debt over total equity (including non-controlling interests)*

* *For identification purpose only*

ANNUAL RESULTS

The board of directors (the "Directors") of Gemdale Properties and Investment Corporation Limited (the "Company") announces the consolidated results of the Company and its subsidiaries ("the Group") for the year ended 31 December 2015 together with the relevant comparative figures.

Consolidated Statement of Profit or Loss

Year ended 31 December 2015

	Notes	**2015 RMB'000**	2014 RMB'000
Revenue	*3*	**4,240,759**	2,168,450
Cost of sales		**(2,178,573)**	(1,327,579)
Gross profit		**2,062,186**	840,871
Direct operating expenses		**(381,342)**	(290,723)
Other income and gains	*3*	**244,811**	98,726
Changes in fair values of investment properties		**244,133**	154,832
Net gains on disposal of subsidiaries	*13*	**-**	293,127
Administrative expenses		**(99,582)**	(79,079)
Finance costs	*4*	**(152,411)**	(68,089)
Share of profits and losses of joint ventures		**338,097**	(4,797)
Profit before tax	*5*	**2,255,892**	944,868
Tax	*6*	**(880,741)**	(298,943)
Profit for the year		**1,375,151**	645,925
Attributable to:			
Owners of the Company		**1,056,202**	360,884
Non-controlling interests		**318,949**	285,041
		1,375,151	645,925
Earnings per share attributable to owners of the Company:			
- Basic (RMB)	*7*	**0.0769**	0.0397
- Diluted (RMB)	*7*	**0.0769**	0.0397

Consolidated Statement of Comprehensive Income

Year ended 31 December 2015

	2015 **RMB'000**	2014 RMB'000
Profit for the year	**1,375,151**	645,925
Other comprehensive income/(loss)		
- Other comprehensive income/(loss) to be reclassified to profit or loss in subsequent periods		
Exchange fluctuation reserves:		
Exchange differences on translation of foreign operations	**(371,033)**	(14,899)
Share of exchange differences on translation of foreign operations of a joint venture	**2,713**	-
Release upon deregistration of subsidiaries	**(17,633)**	(63,525)
Net other comprehensive loss to be reclassified to profit or loss in subsequent periods	**(385,953)**	(78,424)
- Other comprehensive income not to be reclassified to profit or loss in subsequent periods		
Exchange fluctuation reserves:		
Exchange differences on translation of foreign operations	**306,540**	14,403
Other comprehensive loss for the year, net of tax	**(79,413)**	(64,021)
Total comprehensive income for the year	**1,295,738**	581,904
Attributable to:		
Owners of the Company	**955,244**	309,046
Non-controlling interests	**340,494**	272,858
	1,295,738	581,904

Consolidated Statement of Financial Position

31 December 2015

	Note	2015 RMB'000	2014 RMB'000
NON-CURRENT ASSETS			
Property, plant and equipment		**35,396**	21,803
Investment properties		**4,004,049**	3,408,135
Prepayment for acquisition of a land use right		**100,500**	-
Prepayments, deposits and other receivables		**854,412**	323,107
Investments in joint ventures		**715,735**	78,030
Advance to a joint venture		**187,622**	-
Loans to a related company		**420,000**	200,000
Available-for-sale financial investment		**7,583**	6,960
Deferred tax assets		**136,864**	40,565
Total non-current assets		**6,462,161**	4,078,600
CURRENT ASSETS			
Properties held for sale		**1,270,684**	861,691
Properties under development		**10,237,353**	7,579,302
Prepayments for acquisitions of land use rights		**1,124,276**	-
Available-for-sale financial investments		**1,400,000**	300,000
Trade receivables	9	**9,253**	16,206
Prepayments, deposits and other receivables		**1,359,280**	212,944
Advances to joint ventures		**655,691**	-
Due from the ultimate holding company		**400**	-
Due from fellow subsidiaries		**4,355**	8,229
Due from joint ventures		**699,600**	-
Due from a non-controlling shareholder		**52,938**	49,901
Due from a related company		**674**	-
Prepaid tax		**79,516**	-
Restricted cash		**19,827**	10,835
Deposits, bank and cash balances		**1,724,917**	1,781,943
Total current assets		**18,638,764**	10,821,051

Consolidated Statement of Financial Position (continued)

31 December 2015

	Note	**2015 RMB'000**	2014 RMB'000
CURRENT LIABILITIES			
Trade and bills payables	10	**2,050,297**	1,036,119
Advanced receipts, accruals and other payables		**5,727,605**	4,105,120
Interest-bearing bank borrowings		**-**	301,770
Loans from the ultimate holding company		**2,105,589**	757,071
Loans from the immediate holding company		**2,041,843**	-
Due to the ultimate holding company		**1,674,527**	620,286
Due to the immediate holding company		**6,936**	-
Due to fellow subsidiaries		**7,148**	1,138
Due to joint ventures		**140,320**	-
Due to non-controlling shareholders		**77,993**	57,775
Due to a related company		**456**	456
Tax payable		**749,440**	144,822
Total current liabilities		**14,582,154**	7,024,557
NET CURRENT ASSETS		**4,056,610**	3,796,494
TOTAL ASSETS LESS CURRENT LIABILITIES		**10,518,771**	7,875,094
NON-CURRENT LIABILITIES			
Interest-bearing bank borrowing		**-**	1,111,025
Deferred tax liabilities		**668,745**	638,039
Total non-current liabilities		**668,745**	1,749,064
NET ASSETS		**9,850,026**	6,126,030
EQUITY			
Equity attributable to owners of the Company			
Issued capital		**1,432,193**	899,882
Reserves		**7,247,404**	3,990,478
		8,679,597	4,890,360
Non-controlling interests		**1,170,429**	1,235,670
TOTAL EQUITY		**9,850,026**	6,126,030

Notes:

1. BASIS OF PREPARATION

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong and the disclosure requirements of Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for investment properties and certain available-for-sale financial investments which have been measured at fair value. These financial statements are presented in Renminbi ("RMB") and all values are rounded to the nearest thousand except when otherwise indicated.

1.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following revised standards for the first time for the current year's financial statements.

Amendments to HKAS 19	*Defined Benefit Plans: Employee Contributions*
Annual Improvements to HKFRSs 2010-2012 Cycle	Amendments to a number of HKFRSs
Annual Improvements to HKFRSs 2011-2013 Cycle	Amendments to a number of HKFRSs

Other than as explained below regarding the impact of amendments to HKFRS 8 included in *Annual Improvements to HKFRSs 2010-2012 Cycle*, the adoption of the above revised standards has had no significant financial effect on these financial statements.

The *Annual Improvements to HKFRSs 2010-2012 Cycle* issued in January 2014 sets out amendments to a number of HKFRSs. Details of the amendment most applicable to the Group are as follows:

- HKFRS 8 *Operating Segments*: Clarifies that an entity must disclose the judgements made by management in applying the aggregation criteria in HKFRS 8, including a brief description of operating segments that have been aggregated and the economic characteristics used to assess whether the segments are similar. The amendments also clarify that a reconciliation of segment assets to total assets is only required to be disclosed if the reconciliation is reported to the chief operating decision maker.

In addition, the Company has adopted the amendments to the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (the "Stock Exchange") (the "Listing Rules") relating to the disclosure of financial information with reference to the Hong Kong Companies Ordinance (Cap. 622) during the current financial year. The main impact to the financial statements is on the presentation and disclosure of certain information in the financial statements.

2. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their products and services and has three reportable operating segments as follows:

(a) the property development segment – development and sale of residential and commercial properties;

(b) the property investment and management segment - investment and management of business parks and commercial properties; and

(c) the corporate segment - the Group's corporate management services to the residential, commercial and business park projects.

Management monitors the results of the Group's operating segments separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on reportable segment profit/(loss), which is a measure of adjusted profit/(loss) before tax. The adjusted profit/(loss) before tax is measured consistently with the Group's profit before tax except that bank interest income and finance costs are excluded from such measurement.

Segment information is presented by way of the Group's primary segment reporting basis, by business segment. No geographical segment information is presented as over 90% (2014: over 90%) of the Group's revenue is derived from customers based in Mainland China, and over 90% (2014: over 90%) of the Group's assets are located in Mainland China.

Segment assets exclude deferred tax assets, certain deposits, bank and cash balances, and prepaid tax as these assets are managed on a group basis. Segment liabilities exclude interest-bearing bank borrowings, tax payable, deferred tax liabilities, amounts due to the ultimate holding company, the immediate holding company, non-controlling shareholders, fellow subsidiaries and a related company, and loans from the immediate holding company as these liabilities are managed on a group basis.

During the current and prior years, there were no intersegment transactions.

Year ended 31 December 2015

	Property development RMB'000	Property investment and management RMB'000	Corporate RMB'000	Total RMB'000
Segment revenue:				
Sales to external customers	4,012,900	227,859	-	4,240,759
Segment results:	2,097,777	355,123	(61,578)	2,391,322
Reconciliation				
Bank interest income				16,981
Finance costs				(152,411)
Profit before tax				2,255,892
Segment assets:	20,327,202	4,526,150	17,484	24,870,836
Reconciliation				
Other unallocated assets				230,089
Total assets				25,100,925
Segment liabilities:	9,903,114	105,061	15,636	10,023,811
Reconciliation				
Other unallocated liabilities				5,227,088
Total liabilities				15,250,899
Other segment information:				
Share of profits and losses of joint ventures	(338,097)	-	-	(338,097)
Changes in fair values of investment properties	-	(244,133)	-	(244,133)
Depreciation	1,730	4,178	3,870	9,778
Impairment of receivables, net	8,617	261	1	8,879
Release of exchange fluctuation reserves upon deregistration of subsidiaries	-	7,466	(25,099)	(17,633)
Capital expenditure*	19,111	355,943	15	375,069
Investments in joint ventures	715,735	-	-	715,735

Year ended 31 December 2014

	Property development RMB'000	Property investment and management RMB'000	Corporate RMB'000	Total RMB'000
Segment revenue:				
Sales to external customers	1,974,200	194,250	-	2,168,450
Segment results:	746,296	261,746	(9,158)	998,884
Reconciliation				
Bank interest income				14,073
Finance costs				(68,089)
Profit before tax				944,868
Segment assets:	10,549,369	4,249,494	19,893	14,818,756
Reconciliation				
Other unallocated assets				80,895
Total assets				14,899,651
Segment liabilities:	5,772,075	108,341	17,894	5,898,310
Reconciliation				
Other unallocated liabilities				2,875,311
Total liabilities				8,773,621
Other segment information:				
Share of profits and losses of joint ventures	4,797	-	-	4,797
Changes in fair values of investment properties	-	(154,832)	-	(154,832)
Depreciation	890	2,450	3,820	7,160
Net gains on disposal of subsidiaries	(293,127)	-	-	(293,127)
Impairment/(reversal of impairment) of receivables, net	674	869	(107)	1,436
Release of exchange fluctuation reserves upon deregistration of a subsidiary	-	-	(63,525)	(63,525)
Capital expenditure*	2,515	194,907	823	198,245
Investments in joint ventures	78,030	-	-	78,030

* Capital expenditure consists of additions to property, plant and equipment and investment properties.

3. REVENUE, OTHER INCOME AND GAINS

Revenue represents sales of properties, gross rental income, property management fee received and receivable from the principal activities, utility income and entrusted management fee income received from fellow subsidiaries during the year.

An analysis of revenue, other income and gains recognised during the year is as follows:

	2015	2014
	RMB'000	RMB'000
Revenue		
Sales of properties	**4,012,900**	1,974,200
Gross rental income from:		
- fellow subsidiaries	**3,054**	-
- third parties	**124,577**	105,812
Property management fee income	**49,388**	44,486
Utility income	**6,888**	-
Entrusted management fee income from fellow subsidiaries	**43,952**	43,952
	4,240,759	2,168,450
Other income and gains		
Bank interest income	**16,981**	14,073
Interest income on loans to related companies	**25,360**	3,396
Interest income on advances to joint ventures	**65,082**	-
Interest income from available-for-sale financial investments	**3,408**	2,957
Interest income on loans receivable	**27,212**	-
Interest income from a held-to-maturity investment	**-**	103
Release of exchange fluctuation reserves upon deregistration of subsidiaries	**17,633**	63,525
Waiver of interest payable on a loan from a non-controlling shareholder	**-**	10,589
Consulting services income from:		
- joint ventures	**67,993**	-
- third parties	**11,637**	-
Others	**9,505**	4,083
	244,811	98,726

4. FINANCE COSTS

An analysis of finance costs is as follows:

	2015	2014
	RMB'000	RMB'000
Interest on borrowings		
- bank borrowings	**44,324**	46,293
- loans from the ultimate holding company	**82,381**	144,574
- loans from the immediate holding company	**17,626**	15,238
- loan from a non-controlling shareholder	**-**	4,044
	144,331	210,149
Other finance costs	**22,352**	8,414
Total finance costs incurred	**166,683**	218,563
Less: Interest capitalised in		
- investment properties	**(1,449)**	(2,687)
- properties under development	**(12,823)**	(147,787)
	152,411	68,089

5. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging/(crediting):

	2015 RMB'000	2014 RMB'000
Cost of properties sold	**2,178,573**	1,327,579
Depreciation	**9,858**	7,300
Less: Amounts capitalised in property development projects	**(80)**	(140)
	9,778	7,160
Gross rental income *(Note 3)*	**(127,631)**	(105,812)
Less: Outgoing expenses *(Note a)*	**23,108**	13,513
Net rental income *(Note b)*	**(104,523)**	(92,299)
Net (gains)/losses on disposal of items of property, plant and equipment	**(164)**	6
Net gains on disposal of subsidiaries *(Note 13)*	**-**	(293,127)
Changes in fair values of investment properties	**(244,133)**	(154,832)
Amortisation of land use rights	**82,308**	72,240
Less: Amounts capitalised in property development projects	**(82,308)**	(72,240)
	-	-
Impairment/(reversal of impairment) of trade receivables, net	**240**	(217)
Impairment of other receivables and loans receivable, net	**8,639**	1,653
Minimum lease payments under operating leases	**14,717**	12,935
Employees benefits expenses (including directors' emoluments):		
Wages and salaries	**86,721**	76,891
Share-based compensation expenses	**56,392**	40,581
Pension schemes contributions	**8,679**	5,839
Less: Forfeited contributions	**-**	(6)
Net pension schemes contributions	**8,679**	5,833
Total employees benefit expenses	**151,792**	123,305
Auditors' remuneration	**2,500**	1,526
Foreign exchange differences, net	**(12,097)**	(1,009)
Release of exchange fluctuation reserves upon deregistration of subsidiaries *(Note 3)*	**(17,633)**	(63,525)

Notes:

(a) The outgoing expenses for the year were included in "direct operating expenses" on the face of the consolidated statement of profit or loss.

(b) Rental income on investment properties was included in net rental income.

6. TAX

No provision for Hong Kong profits tax has been made as the Group had no assessable profits arising in Hong Kong during the year (2014: Nil). Taxation on Mainland China profits was calculated on the estimated assessable profits for the year at the rates of tax prevailing in the jurisdiction in which the Group operates.

The provision for land appreciation tax ("LAT") has been estimated according to the requirements set forth in the relevant PRC laws and regulations. LAT has been provided at ranges of progressive rates of the appreciation value, with certain allowable deductions.

The amount of tax charge in the consolidated statement of profit or loss represented:

	2015	2014
	RMB'000	RMB'000
Current – Hong Kong	**-**	-
Current – Mainland China		
Charge for the year	**466,973**	138,837
Overprovision in prior years	**(7,788)**	(5,722)
LAT in Mainland China	**490,299**	170,376
Deferred	**(68,743)**	(4,548)
	880,741	298,943

7. EARNINGS PER SHARE ATTRIBUTABLE TO OWNERS OF THE COMPANY

(a) **Basic earnings per share**

The calculation of the basic earnings per share is based on the profit for the year attributable to owners of the Company, and the weighted average number of ordinary shares of 13,743,873,731 (2014: 9,093,101,032) in issue during the year.

(b) **Diluted earnings per share**

The calculation of the diluted earnings per share is based on the profit for the year attributable to owners of the Company. The weighted average number of ordinary shares used in the calculation is the number of ordinary shares in issue during the year, as used in the basic earnings per share calculation, and the weighted average number of ordinary shares assumed to have been issued at no consideration on the deemed exercise or conversion of all dilutive potential ordinary shares into ordinary shares.

The calculations of basic and diluted earnings per share are based on:

	2015	2014
	RMB'000	RMB'000
Earnings		
Profit attributable to owners of the Company, used in the basic earnings per share calculation	**1,056,202**	360,884

	Number of shares	
	2015	2014
Shares		
Weighted average number of ordinary shares in issue during the year, used in the basic earnings per share calculation	**13,743,873,731**	9,093,101,032
Effect of dilution - weighted average number of ordinary shares:		
Share options	**-**	-
	13,743,873,731	9,093,101,032

The Company's share options have no dilutive effect for the years ended 31 December 2015 and 31 December 2014 because the exercise prices of the Company's share options were higher than the average market price of the Company's shares for both years.

8. DIVIDEND

	2015	2014
	RMB'000	RMB'000
Proposed final dividend – RMB0.02 per ordinary share (2014: Nil)	**315,869**	-

At the Board meeting held on 22 January 2016, the Board resolved to recommend the payment of a final dividend of RMB0.02 per share for the year ended 31 December 2015. The proposed final dividend is not reflected as dividend payable in the consolidated financial statements until it has been approved by the shareholders at the forthcoming annual general meeting of the Company.

9. TRADE RECEIVABLES

	2015	2014
	RMB'000	RMB'000
Trade receivables	**9,659**	16,372
Impairment	**(406)**	(166)
	9,253	16,206

Trade receivables represent sales proceeds in respect of sold properties and rental receivables. Sales proceeds in respect of sold properties are payable by the purchasers pursuant to the terms of the sale and purchase agreements. Rental receivables are billed in advance and are payable by tenants upon receipts of billings within an average credit term of one month.

Under normal circumstances, the Group does not grant credit terms to its customers. The Group seeks to maintain strict control over its outstanding receivables and to minimise credit risk. Overdue balances are regularly reviewed by management. In view of the aforementioned and the fact that the Group's trade receivables relate to a certain number of diversified customers, there is no significant concentration of credit risk. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing and unsecured.

An aged analysis of the trade receivables as at the reporting date, based on the invoice date and net of provisions, is as follows:

	2015	2014
	RMB'000	RMB'000
Within 1 month	**9,253**	16,206

The movements in provision for impairment of trade receivables are as follows:

	2015	2014
	RMB'000	RMB'000
At 1 January	**166**	383
Impairment losses recognised	**244**	116
Impairment losses reversed	**(4)**	(333)
At 31 December	**406**	166

Included in the above provision for impairment of trade receivables is a provision for individually impaired trade receivables of RMB406,000 (2014: RMB166,000) with a carrying amount before provision of RMB406,000 (2014: RMB166,000).

The individually impaired trade receivables relate to customers that were in financial difficulties or were in default in both in interest and/or principal payments and the receivables are not expected to be recovered.

The aged analysis of the trade receivables that are not individually nor collectively considered to be impaired is as follows:

	2015	2014
	RMB'000	RMB'000
Neither past due nor impaired	**9,253**	16,206

Receivables that were neither past due nor impaired related to a certain number of diversified customers for whom there was no recent history of default.

10. TRADE AND BILLS PAYABLES

An aged analysis of the trade and bills payables as at the reporting date, based on the invoice date, is as follows:

	2015	2014
	RMB'000	RMB'000
Within 1 month	**1,642,821**	800,065
1 to 3 months	**229,797**	139,163
Over 3 months	**177,679**	96,891
	2,050,297	1,036,119

Trade and bills payables are non-interest-bearing and are normally settled within an average term of one month.

11. BUSINESS COMBINATIONS

During the year, for expansion of the property development business, the Group acquired two property development companies in Mainland China. Details of the acquisitions are as follows:

On 18 May 2015, a subsidiary of the Company entered into a sale and purchase agreement with two independent third parties to acquire 100% interest in the shares of 大連匯載置業有限公司 (Dalian Huizai Real Estate Company Limited*) ("Huizai") at a consideration of RMB10,000,000. Huizai is engaged in property development in Mainland China.

On 20 June 2015, a subsidiary of the Company entered into a sale and purchase agreement with two independent third parties to acquire 100% interest in the shares of 北京瑞達鑫遠科技有限公司 (Beijing Ruida Xinyuan Technology Company Limited*) ("Ruida") at a consideration of RMB10,000,000. Ruida is engaged in investment holding of a joint venture whose principal activity is property development in Mainland China.

The fair values of the identifiable assets and liabilities of Huizai and Ruida as at the dates of acquisitions are as follows:

	Fair value recognised on acquisition	
	Huizai	**Ruida**
	RMB'000	**RMB'000**
Investment in a joint venture	-	6,276
Properties under development	85,609	-
Deposits and other receivables	30	10,312
Bank balances	-	16
Trade payables	(687)	-
Other payables	-	(6,600)
Loans from former shareholders	(74,952)	-
Tax payable	-	(4)
Total identifiable net assets at fair value	10,000	10,000
Satisfied by:		
Cash	10,000	10,000

The fair values and gross contractual amounts of deposits and other receivables of Huizai and Ruida as at the dates of acquisitions amounted to RMB30,000 and RMB10,312,000, respectively. No deposits or other receivables are expected to be uncollectible.

An analysis of the cash flows in respect of the acquisitions of subsidiaries is as follows:

	Huizai	**Ruida**
	RMB'000	**RMB'000**
Cash consideration	(10,000)	(10,000)
Bank balances acquired	-	16
Net outflow of cash and cash equivalents included in cash flows from investing activities	(10,000)	(9,984)

Since the acquisitions, the contributions by Huizai and Ruida to the Group's revenue and consolidated profits for the year ended 31 December 2015 were insignificant.

Had the combinations taken place at the beginning of the year, there would have been no material change to the revenue and consolidated profits of the Group for the year.

* *For identification purpose only*

12. ACQUISITION OF ASSETS THROUGH ACQUISITION OF SUBSIDIARIES

On 7 December 2015, a wholly-owned subsidiary of the Company acquired 80% equity interest in 寧波萬林新城置業有限公司 (Ningbo Wanlin Xincheng Real Estate Company Limited*) (“Wanlin”), from an independent third party, at a consideration of RMB56,252,000 by cash. On 21 December 2015, another wholly-owned subsidiary of the Company acquired 100% equity interest in Bestbeat Limited (“Bestbeat”) at a consideration of HK$342,574,000 (equivalent to RMB286,149,000), from an independent third party, by issuance of 646,366,795 new shares of the Company at HK$0.53 per share.

Bestbeat and its subsidiaries (together “Bestbeat Group”), and Wanlin are engaged in property development in Mainland China.

Both transactions were accounted for as purchase of assets and liabilities rather than as business combination because Bestbeat Group and Wanlin have not carried out any significant business transactions prior to the date of acquisition. The net outflow of cash and cash equivalents from the acquisitions has been reflected in the consolidated statement of cash flows as part of the cash flow movement of the individual assets and liabilities acquired.

The net assets acquired in the acquisitions of Wanlin and Bestbeat Group are as follows:

	Wanlin RMB’000	**Bestbeat Group RMB’000**
Property, plant and equipment	-	239
Investment property	-	48,253
Properties under development	104,858	249,568
Prepayments and other receivables	211	619
Bank balances	-	3,849
Trade payables	-	(5,942)
Other payables	-	(9,247)
Amounts due to former shareholders	(34,754)	-
Amount due to a former fellow subsidiary	-	(1,190)
Net assets	70,315	286,149
Non-controlling interest	(14,063)	-
	56,252	286,149
Satisfied by:		
Issue of shares of the Company	-	286,149
Cash	56,252	-
	56,252	286,149

An analysis of the cash flows in respect of the acquisitions of subsidiaries is as follows:

	Wanlin RMB’000	**Bestbeat Group RMB’000**
Cash Consideration	(56,252)	-
Bank balances acquired	-	3,849
Net (outflow)/inflow of cash and cash equivalents	(56,252)	3,849

* *For identification purpose only*

13. DISPOSAL OF SUBSIDIARIES

In the prior year, the Group disposed of its entire equity interests in two non-wholly-owned subsidiaries in Mainland China to two wholly-owned subsidiaries of the ultimate holding company, respectively for a total cash consideration of US$172,877,000 (equivalent to RMB1,053,957,000). The disposal was completed at the end of November 2014 and the cash consideration was fully received in December 2014.

Details of the net assets disposed of were as follows:

	2014 RMB'000
Net assets disposed of:	
Property, plant and equipment	124
Deferred tax assets	22,114
Properties under development	1,855,821
Loan to a fellow subsidiary	80,500
Due from a fellow subsidiary	1,868
Prepayments, deposits and other receivables	87,193
Prepaid taxes	38,435
Deposits, bank and cash balances	448,637
Trade payables	(167,717)
Advanced receipts, accruals and other payables	(1,498,027)
Loans from the ultimate holding company	(131,679)
Due to the ultimate holding company	(4,369)
Due to fellow subsidiaries	(958)
	731,942
Gains on disposal of subsidiaries	322,015
Less: Transaction costs and relevant taxes	(28,888)
Net gains on disposal of subsidiaries	293,127
Net consideration	1,025,069
Satisfied by:	
Cash	1,025,069

An analysis of the net inflow of cash and cash equivalents in respect of the disposal of subsidiaries is as follows:

	2014 RMB'000
Net cash consideration	1,025,069
Deposits, bank and cash balance disposed of	(448,637)
Net inflow of cash and cash equivalents in respect of the disposal of subsidiaries	576,432

14. EVENT AFTER THE REPORTING PERIOD

On 31 December 2015, Vision (Shenzhen) Software Technology Co., Ltd. (formerly known as Vision (Shenzhen) Business Park Co., Ltd.) ("VSBP"), a wholly-owned subsidiary of the Company, and all the shareholders of Guangzhou Guangdian Property Development Group Shares Co., Ltd. (the "Target Company"), entered into a sale and purchase agreement (the "S&P Agreement") pursuant to which VSBP has conditionally agreed to acquire (and/or procure third parties (if any) to acquire) 76% of the equity interest in the Target Company at a consideration of RMB1,423,480,000 (subject to adjustment) (the "Consideration") (the "Guangdian Acquisition"). The shareholders of the Target Company consist of eight individuals who hold 76% of equity interest in the Target Company (the "Seller") and Guangzhou Wuxiandian Group Co., Ltd. ("Guangzhou Wuxiandian") which holds 24% of equity interest in the Target Company. Pursuant to the terms of the S&P Agreement, the Guangdian Acquisition will be conducted in 3 tranches as follows:

	Percentage of the equity interest in the Target Company to be purchased
1st tranche	50%
2nd tranche	21%
3rd tranche	5%

The Consideration will be paid progressively in accordance with the completion schedule of the Guangdian Acquisition.

Pursuant to the terms and conditions of the S&P Agreement, VSBP intends to acquire and/or procure third parties (if any) to acquire the remaining 24% equity interest in the Target Company held by Guangzhou Wuxiandian. As such sale will be regarded as a disposal of state-owned assets, it will need to comply with the state-owned asset transfer approval procedures and will need to be conducted by way of a public bid held by a property rights trading institution. VSBP intends to participate and/or procure third parties (if any) to participate in such bid. If VSBP wins the bid, the terms of the purchase of the remaining 24% equity interest in the Target Company will be governed by a property rights trading contract to be entered into by the relevant parties.

The Target Company is a company established in the PRC with limited liability. It possesses National Class A Real Estate Development Qualification and holds 20 major real estate development projects with a total salable floor area of approximately 5 million square meters in several areas, including Guangzhou, Wuhan, Changsha, Taiyuan, Kunming, Jiangsu and Zhejiang, the PRC. Also, the Target Company holds 51% shareholding in Guangzhou Guangdian Property Management Co. Ltd. which possesses National Class A Property Management Qualification and currently has nearly a hundred high-end property project service centers in Guangzhou, Foshan, Zhuhai, Changsha, Wuhan and Xiamen. Its management services cover nearly 30 million square meters.

The entering into of the S&P Agreement constitutes a very substantial acquisition for the Company under Chapter 14 of the Listing Rules, and is therefore subject to the reporting, announcement, circular and shareholders' approval requirements under Chapter 14 of the Listing Rules. A circular containing further details in relation to the very substantial acquisition is expected to be despatched to the shareholders of the Company on or before 31 March 2016.

Guangdian Acquisition is subject to the approval by shareholders in a special general meeting.

FINANCIAL REVIEW

The accounting policies and methods of computation used in the preparation of the financial statements for the year ended 31 December 2015 were consistent with those used in the last financial year ended 31 December 2014, except that the Group has applied, for the first time, the revised Hong Kong Financial Reporting Standards ("HKFRSs", which included all HKFRSs, Hong Kong Accounting Standards and Interpretations) issued by Hong Kong Institute Certified Public Accountants which are effective for the Group's financial year beginning on or after 1 January 2015.

RESULTS FOR THE YEAR ENDED 31 DECEMBER 2015

The revenue of the Group for the year ended 31 December 2015 increased significantly to RMB4,240.8 million from RMB2,168.5 million for the year ended 31 December 2014. The increase was primarily due to higher revenue recognised from sales of properties.

Other income and gains increased to RMB244.8 million for the year ended 31 December 2015 from RMB98.7 million for the year ended 31 December 2014. The increase was mainly due to the newly added income sources which include: i) interest income of RMB92.3 million on advances to joint ventures of the Group for assisting in their property development projects and loans to the property buyers of the Group and the ultimate holding company for facilitating the sales of properties; and ii) consulting service income of RMB68.0 million from joint ventures for providing consulting services on the property development projects. Also, there was an increase of interest income amounting to RMB22.0 million from loans to related companies in the current year. The increase in other income and gains was partially offset by the drop of RMB45.9 million in release of exchange fluctuation reserves upon deregistration of subsidiaries.

The fair value gains of investment properties in the current year were RMB244.1 million against RMB154.8 million for the year ended 31 December 2014, representing an increase of RMB89.3 million.

The Group's direct operating expenses for the year ended 31 December 2015 increased to RMB381.3 million from RMB290.7 million for the year ended 31 December 2014. The increase was mainly due to higher selling and marketing expense incurred as more PRC property development projects launched the pre-sales and increased business activities of the Group during the current year.

The Group's administrative expenses for the year ended 31 December 2015 increased to RMB99.6 million from RMB79.1 million for the year ended 31 December 2014, mainly due to the increase in share-based compensation expenses.

The finance costs went up to RMB152.4 million for the current year from RMB68.1 million for the year ended 31 December 2014, an increase of RMB84.3 million, including an increase in interest expenses of RMB68.1 million paid to the ultimate holding company (net of interest expenses capitalised). Due to expansion of the business activities in the year, the Group has involved in several joint venture arrangements and increased the loan borrowings from the ultimate holding company with interest expenses of RMB66.1 million. In addition, the Group has early repaid the 3-year term loan arranged by syndicated banks of US$185.0 million in end of the year. An unamortised loan arrangement fee of RMB13.9 million was expensed immediately in the year.

Due to higher revenue recognition from sales of properties of a joint venture in Beijing, share of results of joint ventures of the Group reported a profit of RMB338.1 million for the year ended 31 December 2015, against a loss of RMB4.8 million for the last year.

In last year, the Group disposed of two subsidiaries in Xi'an and Shenyang, the PRC to the two subsidiaries of the ultimate holding company with a gain of RMB293.1 million.

Overall, the Group's profit attributable to owners of the Company increased substantially from RMB360.9 million for the year ended 31 December 2014 to RMB1,056.2 million for the year ended 31 December 2015. It was mainly due to the increase in revenue recognised from the Group's property development projects and a turnaround of share of results of joint ventures during the current year.

The Group recorded basic earnings per share of RMB0.0769 for the year ended 31 December 2015, against basic earnings per share of RMB0.0397 for the year ended 31 December 2014, representing an increase of 94%. There were no potential dilutive ordinary shares in issue during the current and prior years. Accordingly, the diluted earnings per share were same as the basic earnings per share.

PROPOSED FINAL DIVIDEND

The Board recommended a final dividend of RMB0.02 per share (2014: Nil) for the year ended 31 December 2015 payable on or about 31 May 2016 to shareholders whose names appear on the register of members of the Company on 11 March 2016. The proposed final dividend shall be declared in RMB and paid in Hong Kong dollars. The final dividend payable in Hong Kong dollars will be converted from RMB at the average middle rate of RMB to Hong Kong dollars as announced by the People's Bank of China for the period from 23 February 2016 to 29 February 2016.

BUSINESS SEGMENTS

Property development

For the year ended 31 December 2015, the revenue of property development segment increased substantially to RMB4,012.9 million, representing 95% of the total revenue, compared with RMB1,974.2 million, representing 91% of the total revenue for the year ended 31 December 2014. The increase in revenue for the current year was mainly due to contribution from the sales of properties of Gemdale Vision Apartment and higher sales of properties of Shanghai Shanshui Four Seasons. The profit in the property development segment during the current year increased to RMB2,097.8 million, against a profit of RMB746.3 million for the previous year. The increase in segment results was mainly due to increase in profit from sales of properties and share of profits of a joint venture in Beijing during in the year.

Property investment and management

The revenue earned by the property investment and management segment for the year ended 31 December 2015 increased from RMB194.3 million, representing 9% of the total revenue for the year ended 31 December 2014, to RMB227.9 million representing 5% of the total revenue. The increase in revenue was due to the higher rental rate charged by Vision Shenzhen Business Park and Sohu.com Internet Plaza on new and renewed leases. During the year under review, the property investment and management segment recorded a profit of RMB355.1 million, including fair value gains of investment properties of RMB244.1 million, compared with the segment profit of RMB261.7 million for the corresponding period, including fair value gains of investment properties of RMB154.8 million.

SHAREHOLDERS' FUNDS

The Group's total shareholders' funds increased from RMB4,890.4 million as at 31 December 2014 to RMB8,679.6 million as at 31 December 2015. The increase was primarily contributed by the net proceeds of RMB2,491.5 million raised from issuance of new shares in February 2015 and May 2015 and profit attributable to owners of the Company of RMB1,056.2 million for the year. On a per-share basis, the consolidated net asset value attributable to owners of the Company as at 31 December 2015 increased by RMB0.012 or 2% to RMB0.550, against RMB0.538 as at 31 December 2014. The total shareholders' funds constituted approximately 35% of the total assets of RMB25,100.9 million as at 31 December 2015, against 33% of the total assets of RMB14,899.7 million as at 31 December 2014.

FINANCIAL RESOURCES, LIQUIDITY AND CAPITAL STRUCTURE

Liquidity and capital resources

The Group's deposits, bank and cash balances decreased slightly by 3% to RMB1,724.9 million as at 31 December 2015 from RMB1,781.9 million as at 31 December 2014. During the year, the net proceeds of RMB2,491.5 million raised from issuance of new shares were applied to land acquisitions and development costs of PRC property projects according to the intended use as set out in the circular and the announcement dated 16 January 2015 and 14 May 2015, respectively.

On 28 November 2014, the Company completed two disposals pursuant to which (i) Ever Trusty Commercial Limited (the "First Vendor"), a subsidiary of the Company, sold the 100% equity interest in Xi'an Zhujia Property Co., Ltd. to Xi'an Gemdale Property Investment Co., Ltd. for a consideration of US$108,344,000 (equivalent to approximately RMB660,527,000) and (ii) Integrity Investment (Hong Kong) Limited (the "Second Vendor"), a subsidiary of the Company, sold the 100% equity interest in Shenyang Gemdale Binhe Real Estate Development Co., Ltd. to Shenyang Gemdale Tianbang Real Estate Development Co., Ltd. for a consideration of US$64,533,000 (equivalent to approximately RMB393,430,000) (the "Disposals"). The net proceeds from the Disposals were approximately US$0.17 billion (equivalent to approximately RMB1.03 billion) of which approximately RMB0.17 billion has been applied to settle the outstanding liabilities of the First Vendor and the Second Vendor. The remaining proceeds of approximately RMB0.44 billion and RMB0.42 billion have been distributed to the Group and another shareholder of the First Vendor and the Second Vendor, UG China Real Estate Fund I Holding Company Limited, by way of dividends respectively. As at the date of this announcement, the dividends proceeds of approximately RMB0.44 billion were received by the Group while 50% of the dividends proceeds was used for investment in a Nanjing property project and the balance was applied as the general working capital of the Group.

In February 2015, the Company completed two share subscriptions pursuant to which 630,000,000 and 2,900,000,000 new ordinary shares of the Company were issued and allotted to Sino Water Limited Partnership ("Sino Water") and OUE Lippo Limited ("OUE Lippo"), respectively, at a subscription price of HK$0.52 per share (the "Share Subscription"). Total 3,530,000,000 new ordinary shares with an aggregate nominal value of HK$353 million in the capital of the Company were issued with net proceeds of approximately HK$1,819.8 million (equivalent to approximately RMB1,442.5 million) (net proceeds raised from Sino Water and OUE Lippo amounting to HK$324.8 million (equivalent to RMB257.5 million) and HK$1,495 million (equivalent to RMB1,185 million), respectively), representing a net issue price of approximately HK$0.5156 per share. The closing price of the shares of the Company on the date of which the terms of the Share Subscription were fixed, i.e., 24 December 2014, was HK$0.43 per share. As at the date of this announcement, the net proceeds from Share Subscription were fully applied to the designated projects of the Group as development costs which matches the intended use as set out in the circular dated 16 January 2015.

Furthermore, the Company completed a new share placement in May 2015 by issuing 2,524,000,000 new ordinary shares with an aggregate nominal value of HK$252.4 million in the capital of the Company which were placed by a placing agent to not less than six independent professional, institutional and/or individual investors and all of who were third parties independent of and not connected with the Company or any of its connected persons at a placing price of HK$0.53 per share (the "Share Placing") with net proceeds of approximately HK$1,328 million (equivalent to approximately RMB1,049 million), representing a net issue price of approximately HK$0.527 per share. The closing price of the shares of the Company on the date of which the terms of the Share Placing were fixed, i.e., 14 May 2015, was HK$0.63 per share. The Share Placing gave opportunity for the Company to raise capital while broadening its shareholder base as well as its capital base. As at the date of this announcement, the net proceeds from Share Placing were fully applied for the acquisition of new landbank and for the construction and development costs of the designated projects of the Group as intended use as set out in the announcement dated 14 May 2015.

Borrowings

As at 31 December 2014, total bank borrowings of the Group was RMB1,412.8 million. While the bank borrowings were fully repaid in the current year, there was no bank borrowing as at 31 December 2015. For expansion of business activities, the Group increased the loans from the ultimate holding company and immediate holding company during the year. As at 31 December 2015, loans from the ultimate holding company and immediate holding company were RMB2,105.6 million and RMB2,041.8 million, respectively, against loans from the ultimate holding company of RMB757.1 million as at 31 December 2014.

The net debt (measured by total borrowings minus cash and bank deposits excluding restricted cash) increased by RMB2,034.6 million to RMB2,422.5 million as at 31 December 2015 from RMB387.9 million as at 31 December 2014. The increase in net debt was mainly due to land acquisitions and payment of development costs of PRC property projects. The Group's net debt ratio (defined as net debt over total equity, including non-controlling interests) increased to 25% as at 31 December 2015, from 6% as at 31 December 2014.

The maturity profiles of the Group's outstanding borrowings as at 31 December 2015 and 31 December 2014 are summarised below:

	As at	
	31 December 2015 RMB'000	31 December 2014 RMB'000
Short-term and long-term bank borrowings:		
Within the first year or on demand	**-**	301,770
In the second year	**-**	222,205
In the third to fifth years, inclusive	**-**	888,820
	-	1,412,795
Loans from related parties:		
Within the first year or on demand	**4,147,432**	757,071
Total borrowings wholly repayable within five years	**4,147,432**	2,169,866

FINANCIAL MANAGEMENT

Foreign currency risk

The Group mainly operates in the Mainland China and most of the transactions, assets and liabilities are denominated in RMB. As at 31 December 2015, certain loans from holding companies of the Group were denominated in Hong Kong dollar ("HK$"). The Group is exposed to foreign currency risk due to the exchange rate fluctuation of RMB against HK$. Moderate fluctuation of RMB against HK$ was expected, the Group considered the foreign currency risk exposure is acceptable. The Group will review and monitor its currency exposure from time to time and when appropriate hedge its currency risk.

The currency denominations of the Group's outstanding borrowings as at 31 December 2015 and 31 December 2014 are summarised below:

	As at	
	31 December 2015 RMB'000	31 December 2014 RMB'000
HK$	**2,041,843**	118,200
RMB	**2,105,589**	757,071
US$	**-**	1,294,595
Total	**4,147,432**	2,169,866

Interest rate risk

As at 31 December 2015, 51% of borrowings of the Group were on a floating rate basis (2014: 65%). However, the interest rate risk exposure was considered acceptable and no hedging was considered necessary. The Group will continue to monitor the suitability and cost efficiency of hedging instrument (including interest rates swaps) and consider a mix of fixed and floating rate borrowings in order to manage interest rate risk.

PLEDGE OF ASSETS

At 31 December 2015 and 31 December 2014, no assets of the Group were pledged.

CONTINGENT LIABILITIES

As at 31 December 2015, the Group provided guarantees to certain banks in respect of mortgage granted by banks relating to the mortgage loans arranged for purchasers of the Group's properties. Pursuant to the terms of the guarantees, upon default in mortgage payments by these purchasers, the Group is responsible for repaying the outstanding mortgage principals together with the accrued interest and penalty owed by the defaulting purchasers to the banks and the Group is entitled but not limited to take over the legal titles and possession of the related properties. The Group's guarantee period starts from the dates of grant of the relevant mortgage loans and ends upon issuance of the real estate ownership certificates. As at 31 December 2015, the Group's outstanding guarantees amounted to RMB154,429,000 (2014: RMB76,552,000).

The directors of the Company ("the Directors") consider that the fair value of the guarantees is not significant and in case of defaulting payments, the net realisable value of the related properties will be sufficient to cover the outstanding mortgage principals, the accrued interest and penalty. Therefore, no provision has been made in the financial statements for the year ended 31 December 2015 (2014: Nil) for these guarantees.

REVIEW OF OPERATIONS

Land Bank

The management of the Group believes that owning a sizable and quality land bank is one of the most important factors for a property developer to be successful. Timing for acquisition of land bank at competitive pricing is the core successful factor of the Group.

In 2015, the Group significantly increased its investment and acquired 16 parcels of land during the year through public land auction and cooperative development with a projected GFA of approximately 2,100,000 square meters, which can be developed into various types of properties that the Group has placed long-term focus on, including middle-to-high-end residential properties, high-end apartments, class A office buildings, retail commercial properties and high-end shopping centers, so as to secure high return for the Group in the next few years.

In addition, in December 2015, the Group entered into an agreement to acquire 76% equity interests in a real estate development group (the "Target Group") at a consideration of approximately RMB1.423 billion (subject to adjustment) (subject to approval by shareholders at a special general meeting). The Target Group is headquartered in Guangzhou, the PRC, with property portfolio in Guangzhou, Wuhan, Changsha, Taiyuan, Kunming, Jiangsu and Zhejiang and total salable GFA of approximately 5,000,000 square meters. The acquisition significantly enhanced the size of business of the Group, and also improved the presence of the Group in major cities across the nation.

As at the date of this announcement, the land bank of the Group covered 12 cities in the PRC, with GFA of about 5.17 million square meters, of which about 34% were located in the three first-tier cities, namely Beijing, Shanghai and Shenzhen.

Segment Information

Properties sales and development

By capitalising on the excellent layout adopted over the past years, various property projects of the Group located in developed cities such as Beijing, Shanghai, Shenzhen, Tianjin and Dalian, all achieved outstanding sales performance, which drove the overall results of the Group to exceed our expectation at the beginning of the year. For the year ended 31 December 2015, aggregated contracted sales of the Group reached RMB11.2 billion, representing aggregated contracted sales area of approximately 644,000 square meters. The average selling price during the year was approximately RMB17,400 per square meter.

Currently, the development of commercial projects includes Hangzhou, Nanjing and Huai'an commercial complex project, the Shanghai commercial project and Vision Shenzhen Business Park Phase 3 in Shenzhen Nanshan district while Vision Shenzhen Business Park Phase 3 would be developed as a mixed-use property with an estimated GFA of 208,900 square meters containing high-rise office building covering corporate headquarters, research and development office, high-end apartments, clubs and specialty commercial enterprises. This project would become the flagship project of the Group in Shenzhen.

Property leasing

As at 31 December 2015, Vision Shenzhen Business Park Phases 1 and 2, located in Shenzhen Nanshan District, were 100% occupied and both of their rental income and management quality were a representative project in the core area of Nanshan District while Beijing Sohu.com Internet Plaza (a project 60% owned by the Group), located at Tsinghua Science Park in Zhongguancun, Haidian District, Beijing, was also 100% occupied.

For the year ended 31 December 2015, benefiting from the significant increase in rental income from Vision Shenzhen Business Park Phases 1 and 2, the Group achieved outstanding performance in the growth of rental revenue and profit, and with the introduction of international well-known high-quality tenants such as Alibaba, Intel and China Merchants Securities, the rental and property management fee income contributed by these two projects to the Group amounted to approximately RMB182.5 million (2014: RMB148.4 million).

Following by the commencement of operations of Vision Shenzhen Business Park Phase 3, Hangzhou commercial project, Nanjing commercial project, Shanghai commercial project and Huai'an commercial project in future, it is expected that rental income will further support the results of the Group.

OUTLOOK

We strongly believe that business scale is of critical importance to the survival and development of the Group. Looking into 2016, we will insist on the strategy of rapid turnover in respect of residential property development for fast business expansion by focusing on first-tier cities, and certain second-tier cities that are leading in economic development, deepen our presence in cities where we have secured strong footholds, and seek potential equity merger and acquisition and cooperation opportunities at the same time. With regard to commercial property development, we will strongly push forward development of new types of commercial properties while keeping an eye on potential opportunities related to logistics parks and business parks in an effort to create new growth points based on traditional commercial properties, such as office buildings and shopping malls.

CORPORATE GOVERNANCE

The Company (together with its subsidiaries, the "Group") is committed to maintain a high standard of corporate governance with an emphasis on a quality board of directors, sound internal control, principles and practices, and transparency and accountability to all shareholders of the Company (the "Shareholders").

The Company has taken steps to adopt the principles and comply with the code provisions of the Corporate Governance Code (the "CG Code") set out in Appendix 14 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules"). The Board has reviewed periodically the compliance of the CG Code and is of the view that throughout the year ended 31 December 2015, the Company has complied with the applicable code provisions of the CG Code, except for the following deviations:

1. Under the CG Code A.6.7, independent non-executive directors and other non-executive directors should attend general meetings and develop a balanced understanding of the view of shareholders. Due to other pre-arranged business commitments which must be attended by the directors, Mr. Hu Chunyuan was not able to attend the special general meetings of the Company on 2 February 2015 and 16 December 2015 while Mr. Loh Lian Huat, Ms. Zhang Feiyun and Mr. Hui Chiu Chung were not able to attend the special general meeting of the Company on 16 December 2015.

2. Under CG Code E.1.2, the chairman of the board should attend the annual general meeting. Due to other pre-arranged business commitments which must be attended by Mr. Huang Juncan, he was not able to attend the annual general meeting of the Company on 8 May 2015.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers, as amended from time to time, (the "Model Code") as set out in Appendix 10 to the Listing Rules as its own code of conduct regarding securities transactions by the Directors. Following specific enquiries made by the Company, all Directors confirmed that they had complied with the required standards set out in the Model Code throughout the year. The Model Code also applies to other specified management of the Company.

EMPLOYEES AND REMUNERATION POLICY

As at 31 December 2015, the Group had 624 (2014: 404) employees. Salaries of employees are maintained at competitive levels while bonuses may be granted on a discretionary basis with reference to the performance of the Group as well as the individual's performance. Other employee benefits include mandatory provident fund, insurance and medical cover, subsidised educational and training programmes as well as a share option scheme.

The emoluments of the Directors are determined with reference to Directors' duties, responsibilities and performance and the results of the Group.

SHARE OPTION SCHEMES

A share option scheme was adopted by the Company on 20 May 2003 (the "Share Option Scheme 2003") which expired on 20 May 2013 and a new share option scheme was adopted by the Company on 15 May 2013 (the "Share Option Scheme 2013") for the purpose of continuing to give incentive to, rewarding, remunerating, compensating and/or providing benefits to the Qualifying Grantees (as defined in the Share Option Scheme 2013) of the Company. Any share options which were granted under the Share Option Scheme 2003 prior to its expiry shall continue to be valid and exercisable in accordance with the terms of the Share Option Scheme 2003.

As at the date of this announcement, the total number of shares which may be issued upon exercise of all share options granted and yet to be exercised under the Share Option Scheme 2003 and the Share Option Scheme 2013 amounted to 150,300,000 and 928,274,000 respectively. The Company may further grant share options to subscribe for 414,610,103 shares of the Company, representing approximately 2.63% of the total issued share capital of the Company as at the date of this announcement.

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

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Company's listed securities on The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") during the year.

AUDIT COMMITTEE

The audit committee of the Board (the "Audit Committee") has been established with specific written terms of reference stipulating its authorities and duties in compliance with Rule 3.21 of the Listing Rules, which are available on the websites of the Company (www.gemdalepi.com) and HKExnews (www.hkexnews.hk). The Audit Committee currently comprises Mr. Hu Chunyuan (Chairman of the committee), Mr. Hui Chiu Chung and Mr. Chiang Sheung Yee, Anthony. All Audit Committee members are Independent Non-executive Directors of the Company.

The functions of the Audit Committee are, among other things, to assist the Board to review the financial reporting, including interim and final results, to supervise over the Group's internal controls, risk management, to monitor the internal and external audit functions and to make relevant recommendations to the Board to ensure effective and efficient operations and reliable reporting. The functions of the Audit Committee will be reviewed regularly by the Board and amended from time to time, as and when appropriate, in order to ensure compliance with the applicable code provisions of the CG Code (as amended from time to time).

The Audit Committee has reviewed with the management of the Company and Ernst & Young, the auditors of the Company, the accounting principles and practices adopted by the Group and has discussed auditing, internal controls and financial reporting matters, including the review of the annual results and report of the Company for the year ended 31 December 2015.

CLOSURE OF REGISTER OF MEMBERS

For determining the entitlement to attend and vote at the annual general meeting of the Company to be held on Monday, 29 February 2016, the register of members of the Company will be closed from Thursday, 25 February 2016 to Monday, 29 February 2016, both days inclusive, during which period no transfer of shares of the Company will be registered. In order to be eligible to attend and vote at the above meeting, all transfer forms accompanied by the relevant share certificates must be lodged with the branch share registrar and transfer office of the Company in Hong Kong, Tricor Standard Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration no later than 4:00 p.m. on Wednesday, 24 February 2016.

For determining the entitlement to the proposed final dividend for the year ended 31 December 2015 (subject to approval by shareholders at the annual general meeting of the Company), the register of members of the Company will be closed from Thursday, 10 March 2016 to Friday, 11 March 2016, both days inclusive, during which period no transfer of shares of the Company will be registered. In order to be eligible for the above proposed final dividend, all transfer forms accompanied by the relevant share certificates must be lodged with branch share registrar and transfer office of the Company in Hong Kong, Tricor Standard Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration no later than 4:00 p.m. on Wednesday, 9 March 2016.

PROPOSED INCREASE IN AUTHORISED SHARE CAPITAL

As at the date of this announcement, the existing authorised share capital of the Company is HK$2,000,000,000 divided into 20,000,000,000 shares of which 15,793,467,827 shares were in issue.

In order to accommodate future expansion and growth of the Group and to provide the Company with greater flexibility to raise funds by allotting and issuing shares of the Company in the future as and when necessary, the Board proposes to increase the authorised share capital of the Company to HK$4,000,000,000 divided into 40,000,000,000 shares by the creation of an additional 20,000,000,000 new shares which shall rank pari passu with the existing shares of the Company in all respects upon issue ("**Increase in Authorised Share Capital**"). The Increase in Authorised Share Capital is conditional upon the passing of an ordinary resolution by the shareholders at the annual general meeting of the Company.

The annual general meeting of the Company will be convened and held for the shareholders to consider and, if thought fit, approve, among other things, the Increase in Authorised Share Capital. A circular containing, among other things, further details of the Increase in Authorised Share Capital and the notice convening the AGM is expected to be despatched to the shareholders of the Company on or about 26 January 2016.

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

This announcement is published on the website of the Stock Exchange at www.hkexnews.hk and the Company's website at www.gemdalepi.com. The 2015 annual report will be despatched to shareholders of the Company and available on the above websites in due course.

By Order of the Board
Gemdale Properties and Investment Corporation Limited
Huang Juncan
Chairman and Executive Director

Hong Kong, 22 January 2016

As at the date of this announcement, the Board comprises four executive Directors, namely Mr. Ling Ke, Mr. Huang Juncan, Mr. Xu Jiajun and Mr. Wei Chuanjun; two non-executive Directors, namely Mr. Loh Lian Huat and Ms. Zhang Feiyun and three independent non-executive Directors, namely Mr. Hui Chiu Chung, Mr. Chiang Sheung Yee, Anthony and Mr. Hu Chunyuan.