中國金茂
CHINA JINMAO

China Jinmao Holdings Group Limited

中 國 金 茂 控 股 集 團 有 限 公 司

(Incorporated in Hong Kong with limited liability)

(Stock Code: 00817)

ANNOUNCEMENT OF RESULTS FOR THE YEAR ENDED 31 DECEMBER 2015

FINANCIAL HIGHLIGHT

- Revenue for the year ended 31 December 2015 was HK$22,110.3 million, representing a decrease of 25% over that of 2014.
- Profit attributable to owners of the parent was HK$3,789.2 million, representing a decrease of 28% over that of 2014.
- Profit attributable to owners of the parent net of fair value gains on investment properties (net of deferred tax) was HK$2,874.2 million, representing a decrease of 20% over that of 2014.
- For the year ended 31 December 2015, the Group accumulated a property contracted sales amount of RMB27,806.5 million (2014: RMB18,544.6 million) and a sales amount for primary land development of RMB2,295.0 million (2014: RMB2,958.5 million), totalling RMB30,101.5 million (2014: RMB21,503.1 million).
- For the year ended 31 December 2015, the Group accumulated a property contracted sales GFA of 1,102,972 square metres (2014: GFA of 884,912 square metres), and the total GFA of the granted land for primary land development was 219,360 square metres (2014: total GFA of 1,027,491 square metres).
- Basic earnings per share amounted to HK38.13 cents, representing a decrease of 34% over that of 2014.
- Basic earnings per share net of fair value gains on investment properties (net of deferred tax) amounted to HK28.92 cents, representing a decrease of 27% over that of 2014.
- Proposed final dividend was HK8.0 cents per share, representing a decrease of 30% over that of 2014.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Year ended 31 December 2015

	Notes	2015 HK$'000	2014 HK$'000
REVENUE	4	**22,110,309**	29,548,154
Cost of sales		**(13,561,140)**	(17,989,374)
Gross profit		**8,549,169**	11,558,780
Other income and gains	4	**2,724,902**	2,855,023
Selling and marketing expenses		**(979,602)**	(914,632)
Administrative expenses		**(1,537,701)**	(1,678,744)
Other expenses and losses, net		**(109,904)**	(26,160)
Finance costs	6	**(567,872)**	(1,221,891)
Share of profits and losses of:			
Joint ventures		**(16,173)**	(1,322)
Associates		**(89,665)**	(31,430)
PROFIT BEFORE TAX	5	**7,973,154**	10,539,624
Income tax expense	7	**(2,870,584)**	(3,884,026)
PROFIT FOR THE YEAR		**5,102,570**	6,655,598
Attributable to:			
Owners of the parent		**3,789,236**	5,296,054
Non-controlling interests		**1,313,334**	1,359,544
		5,102,570	6,655,598
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT	9	*HK cents*	*HK cents*
Basic		**38.13**	57.86
Diluted		**32.56**	48.96

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
Year ended 31 December 2015

	2015 HK$'000	2014 HK$'000
PROFIT FOR THE YEAR	**5,102,570**	6,655,598
OTHER COMPREHENSIVE (LOSS)/INCOME		
Other comprehensive loss to be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	**(5,181,343)**	(159,525)
Other comprehensive income not to be reclassified to profit or loss in subsequent periods:		
Gains on property revaluation	**20,847**	–
Income tax effect	**(5,212)**	–
Net other comprehensive income not to be reclassified to profit or loss in subsequent periods	**15,635**	–
OTHER COMPREHENSIVE LOSS FOR THE YEAR, NET OF TAX	**(5,165,708)**	(159,525)
TOTAL COMPREHENSIVE (LOSS)/INCOME FOR THE YEAR	**(63,138)**	6,496,073
Attributable to:		
Owners of the parent	**(261,367)**	5,141,322
Non-controlling interests	**198,229**	1,354,751
	(63,138)	6,496,073

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
31 December 2015

	Notes	2015 HK$'000	2014 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment		**14,607,589**	12,423,321
Properties under development		**22,440,895**	27,759,430
Land under development		**12,814,409**	9,559,660
Investment properties		**25,165,011**	24,356,129
Prepaid land lease payments		**2,834,450**	1,929,100
Intangible assets		**41,248**	42,099
Investments in joint ventures		**1,161,418**	119,179
Investments in associates		**1,735,091**	1,741,976
Due from non-controlling shareholders		**–**	126,760
Due from a related party		**2,868,398**	3,134,851
Deferred tax assets		**1,204,841**	1,132,436
Other long term receivable		**223,800**	–
Other financial assets		**40,004**	42,485
Total non-current assets		**85,137,154**	82,367,426
CURRENT ASSETS			
Properties under development		**23,181,183**	18,319,131
Properties held for sale		**7,539,877**	7,618,885
Land under development		**5,567,890**	3,400,450
Inventories		**88,795**	80,510
Trade receivables	*10*	**3,040,460**	3,593,182
Prepayments, deposits and other receivables		**6,838,932**	4,473,867
Due from related parties		**10,468,700**	3,565,803
Prepaid tax		**475,316**	342,946
Other financial assets		**144,127**	210,739
Restricted bank balances		**3,291,179**	1,591,921
Pledged deposits		**–**	6,338
Cash and cash equivalents		**13,126,058**	12,454,570
Total current assets		**73,762,517**	55,658,342

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Continued)

31 December 2015

	Notes	2015 HK$'000	2014 HK$'000
CURRENT LIABILITIES			
Trade payables	11	**13,815,628**	8,130,573
Other payables and accruals		**22,636,142**	15,108,067
Interest-bearing bank and other borrowings	12	**8,574,743**	4,072,485
Due to related parties		**5,107,916**	2,104,929
Tax payable		**1,807,919**	2,093,927
Provision for land appreciation tax		**2,263,328**	2,392,926
Total current liabilities		**54,205,676**	33,902,907
NET CURRENT ASSETS		**19,556,841**	21,755,435
TOTAL ASSETS LESS CURRENT LIABILITIES		**104,693,995**	104,122,861
NON-CURRENT LIABILITIES			
Interest-bearing bank and other borrowings	12	**40,403,082**	42,686,861
Deferred tax liabilities		**5,388,293**	5,103,429
Total non-current liabilities		**45,791,375**	47,790,290
Net assets		**58,902,620**	56,332,571
EQUITY			
Equity attributable to owners of the parent			
Share capital		**19,631,341**	15,271,278
Perpetual convertible securities		**4,588,000**	4,588,000
Other reserves		**15,823,458**	17,791,139
		40,042,799	37,650,417
Non-controlling interests		**18,859,821**	18,682,154
Total equity		**58,902,620**	56,332,571

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December 2015

	Notes	2015 HK$'000	2014 HK$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		**7,973,154**	10,539,624
Adjustments for:			
Finance costs	6	**567,872**	1,221,891
Share of losses of joint ventures and associates		**105,838**	32,752
Interest income	4	**(523,462)**	(367,845)
Other investment income	4	**(155,680)**	(130,298)
Loss on disposal of items of property, plant and equipment	5	**4,611**	2,754
(Reversal of impairment)/impairment of trade receivables	5	**(2,698)**	23,282
Impairment of other receivables	5	**32**	19
Fair value gains on investment properties	4	**(1,238,306)**	(2,286,463)
Fair value gains on transfers from properties held for sale to investment properties	4	**(347,453)**	–
Depreciation	5	**373,217**	311,524
Recognition of prepaid land lease payments	5	**65,645**	56,490
Amortisation of intangible assets	5	**11,292**	8,926
Gain on deemed disposal of subsidiaries	4	**–**	(1,703)
Loss on disposal of a subsidiary	5	**–**	105
Equity-settled share option expense	5	**9,940**	17,502
		6,844,002	9,428,560
Increase in properties under development		**(15,804,922)**	(25,536,628)
Decrease in properties held for sale		**10,891,443**	14,165,566
Increase in land under development		**(5,785,742)**	(2,693,552)
Increase in inventories		**(8,285)**	(48,933)
Decrease in trade receivables		**555,420**	585,550
(Increase)/decrease in prepayments, deposits and other receivables		**(2,159,450)**	1,346,234
Decrease/(increase) in amounts due from related parties		**40,313**	(2,335,868)
Increase in trade payables		**5,685,055**	2,826,403
Increase/(decrease) in other payables and accruals		**8,043,883**	(2,911,621)
Increase/(decrease) in amounts due to related parties		**3,002,987**	(1,338,675)
Effect of exchange rate changes, net		**163,328**	31,536
Cash generated from/(used in) operations		**11,468,032**	(6,481,428)
Interest received		**462,795**	349,694
PRC corporate income tax paid		**(1,770,224)**	(1,576,565)
Land appreciation tax paid		**(1,001,703)**	(888,163)
Net cash flows from/(used in) operating activities		**9,158,900**	(8,596,462)

CONSOLIDATED STATEMENT OF CASH FLOWS (Continued)
Year ended 31 December 2015

	2015 *HK$'000*	2014 *HK$'000*
CASH FLOWS FROM INVESTING ACTIVITIES		
Other investment income received from unlisted investments	**155,680**	130,298
Purchases of items of property, plant and equipment	**(1,176,401)**	(1,473,392)
Proceeds from disposal of items of property, plant and equipment	**5,485**	7,203
Proceeds from disposal of intangible assets	**–**	2,251
Additions to investment properties	**(29,690)**	(24,037)
Additions to prepaid land lease payments	**(4,665)**	(399)
Additions to intangible assets	**(12,830)**	(23,789)
Increase in other financial assets	**(144,127)**	(85,803)
Deemed disposal of subsidiaries	**(119)**	(1,379,755)
Investments in joint ventures	**(1,088,946)**	(6,195)
Investments in associates	**–**	(529,535)
Advances of loans to joint ventures and associates	**(6,687,379)**	(4,352,996)
Advances of loans to non-controlling shareholders	**(634,630)**	(1,241,667)
Increase in entrustment loans to third parties	**(806,225)**	–
Decrease/(increase) in pledged deposits	**6,338**	(6,338)
Increase in restricted bank deposits	**(1,699,258)**	(1,288,521)
Net cash flows used in investing activities	**(12,116,767)**	(10,272,675)
CASH FLOWS FROM FINANCING ACTIVITIES		
Issue of new shares upon placing	**4,348,305**	–
Issue of new shares upon exercise of options	**8,832**	–
Proceeds from issue of domestic corporate bonds	**2,726,155**	–
New bank and other borrowings	**22,261,643**	35,585,972
Repayment of bank and other borrowings	**(21,371,894)**	(19,906,064)
Interest paid	**(2,722,807)**	(2,538,998)
Repurchase of shares	**–**	(208,411)
Dividends paid	**(1,227,197)**	(870,342)
Dividends paid to non-controlling shareholders	**(351,586)**	(185,355)
Acquisition of non-controlling interests	**(1,169,966)**	–
Capital contribution from non-controlling shareholders	**25,333**	1,557,288
Changes in the ownership interests in Jinmao (China) Investments Holdings Limited	**–**	3,472,708
Proceeds from partial disposal of a subsidiary without loss of control	**1,953,943**	285,167
Perpetual convertible securities' distributions paid	**(317,424)**	(317,424)
Net cash flows from financing activities	**4,163,337**	16,874,541

CONSOLIDATED STATEMENT OF CASH FLOWS (Continued)
Year ended 31 December 2015

	2015	2014
	HK$'000	*HK$'000*
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	**1,205,470**	(1,994,596)
Cash and cash equivalents at beginning of year	**12,454,570**	14,489,962
Effect of foreign exchange rate changes, net	**(533,982)**	(40,796)
CASH AND CASH EQUIVALENTS AT END OF YEAR	**13,126,058**	12,454,570
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS		
Cash and bank balances	**12,332,879**	10,866,959
Non-pledged time deposits with original maturity of within three months when acquired	**728,766**	1,458,961
Non-pledged time deposits with original maturity of over three months when acquired with option to withdraw upon demand similar to demand deposits	**64,413**	128,650
Cash and cash equivalents as stated in the statement of financial position	**13,126,058**	12,454,570

NOTES TO FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

China Jinmao Holdings Group Limited (formerly known as Franshion Properties (China) Limited) (the "Company") is a limited liability company incorporated in Hong Kong on 2 June 2004 under the Hong Kong Companies Ordinance. The registered office of the Company is located at Rooms 4702-03, 47/F, Office Tower, Convention Plaza, 1 Harbour Road, Wanchai, Hong Kong. Its shares have been listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange") since 17 August 2007.

During the year, the Company and its subsidiaries (collectively referred to as the "Group") were involved in the following principal activities:

- city and property development
- commercial leasing and retail operations
- hotel operations
- provision of property management, design and decoration services

In the opinion of the directors, the immediate holding company of the Company is Sinochem Hong Kong (Group) Company Limited, a company incorporated in Hong Kong, and the ultimate holding company of the Company is Sinochem Group, a company established in the People's Republic of China (the "PRC") and is a state-owned enterprise under the supervision of the State-owned Assets Supervision and Administration Commission in the PRC.

2.1 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 (the "HKICPA"), accounting principles generally accepted in Hong Kong and the Hong Kong Companies Ordinance. They have been prepared under the historical cost convention, except for investment properties and certain other financial assets which have been measured at fair value. These financial statements are presented in Hong Kong dollars and all values are rounded to the nearest thousand except when otherwise indicated.

The financial information relating to the years ended 31 December 2015 and 2014 included in this preliminary announcement of annual results 2015 do not constitute the Company's statutory annual consolidated financial statements for those years but, in respect of the year ended 31 December 2014, is derived from those financial statements. Further information relating to these statutory financial statements required to be disclosed in accordance with section 436 of the Hong Kong Companies Ordinance is as follows:

The financial statements for the year ended 31 December 2015 have yet to be reported on by the Company's auditors and will be delivered to the Registrar of Companies in due course. The Company has delivered the financial statements for the year ended 31 December 2014 to the Registrar of Companies as required by section 109(3) of the predecessor Hong Kong Companies Ordinance (Cap.32).

The Company's auditors have reported on the financial statements of the Group for the year ended 31 December 2014. The auditors' report was unqualified; did not include a reference to any matters to which the auditors drew attention by way of emphasis without qualifying its reports; and did not contain a statement under sections 406(2), 407(2) or (3) of the Hong Kong Companies Ordinance.

2.1 BASIS OF PREPARATION (Continued)

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries for the year ended 31 December 2015. A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

When the Company has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(a) the contractual arrangement with the other vote holders of the investee;

(b) rights arising from other contractual arrangements; and

(c) the Group's voting rights and potential voting rights.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Profit or loss and each component of other comprehensive income are attributed to the owners of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises (i) the assets (including goodwill) and liabilities of the subsidiary, (ii) the carrying amount of any non-controlling interest and (iii) the cumulative translation differences recorded in equity; and recognises (i) the fair value of the consideration received, (ii) the fair value of any investment retained and (iii) any resulting surplus or deficit in profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

2.2 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 2010-2012 Cycle	
Annual Improvements 2011-2013 Cycle	

The adoption of the above revised standards has had no significant financial effect on these financial statements

In addition, the requirements of Part 9 "Accounts and Audit" of the Hong Kong Companies Ordinance (Cap. 622) came into effect for the first time 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.

3. OPERATING SEGMENT INFORMATION

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

(a) the city and property development segment develops city complexes and properties and develops land;

(b) the commercial leasing and retail operations segment leases office and retail commercial premises;

(c) the hotel operations segment provides hotel accommodation services, food and beverage; and

(d) the "others" segment mainly comprises the provision of property management, design and decoration services, the operation of an observation deck.

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, which is a measure of adjusted profit before tax. The adjusted profit before tax is measured consistently with the Group's profit before tax except that interest income, other investment income and finance costs as well as head office and corporate expenses are excluded from such measurement.

Segment assets exclude deferred tax assets, prepaid tax, pledged deposits, restricted bank balances, cash and cash equivalents, certain other financial assets and other unallocated head office and corporate assets.

Segment liabilities exclude interest-bearing bank and other borrowings and related interest payables, tax payable, provision for land appreciation tax, deferred tax liabilities and other unallocated head office and corporate liabilities.

Intersegment sales and transfers are transacted in accordance with the terms and conditions mutually agreed by the parties involved.

The Group's operations are mainly conducted in Mainland China. Management considered there is one reportable geographic segment as all revenues from external customers are generated in Mainland China and the Group's significant non-current assets are located in Mainland China.

3. OPERATING SEGMENT INFORMATION (Continued)

Year ended 31 December 2015	City and property development HK$'000	Commercial leasing and retail operations HK$'000	Hotel operations HK$'000	Others HK$'000	Total HK$'000
Segment revenue:					
Sales to external customers	**17,896,623**	**1,491,136**	**2,257,460**	**465,090**	**22,110,309**
Intersegment sales	**–**	**49,259**	**–**	**629,163**	**678,422**
	17,896,623	**1,540,395**	**2,257,460**	**1,094,253**	**22,788,731**
Reconciliation:					
Elimination of intersegment sales					**(678,422)**
Total revenue					**22,110,309**
Segment results	**5,555,367**	**2,238,549**	**291,393**	**26,525**	**8,111,834**
Reconciliation:					
Elimination of intersegment results					**(171,822)**
Interest income					**523,462**
Other investment income					**155,680**
Corporate and other unallocated expenses					**(78,128)**
Finance costs					**(567,872)**
Profit before tax					**7,973,154**
Segment assets	**111,056,550**	**25,747,477**	**16,549,029**	**934,983**	**154,288,039**
Reconciliation:					
Elimination of intersegment assets					**(38,446,358)**
Corporate and other unallocated assets					**43,057,990**
Total assets					**158,899,671**
Segment liabilities	**49,771,704**	**2,453,321**	**8,259,510**	**817,444**	**61,301,979**
Reconciliation:					
Elimination of intersegment liabilities					**(39,210,025)**
Corporate and other unallocated liabilities					**77,905,097**
Total liabilities					**99,997,051**
Other segment information:					
Share of (losses)/profits of joint ventures	**(20,235)**	**–**	**–**	**4,062**	**(16,173)**
Share of losses of associates	**(89,665)**	**–**	**–**	**–**	**(89,665)**
Depreciation and amortisation	**16,694**	**18,198**	**325,175**	**24,442**	**384,509**
Recognition of prepaid land lease payments	**–**	**–**	**65,535**	**110**	**65,645**
Loss on disposal of items of property, plant and equipment	**8**	**1,688**	**2,878**	**37**	**4,611**
Impairment losses (reversed)/recognised in the statement of profit or loss	**(9)**	**(3,553)**	**81**	**815**	**(2,666)**
Fair value gains on investment properties	**–**	**1,238,306**	**–**	**–**	**1,238,306**
Fair value gains on transfer from properties held for sale to investment properties	**–**	**347,453**	**–**	**–**	**347,453**
Investments in associates	**1,735,091**	**–**	**–**	**–**	**1,735,091**
Investments in joint ventures	**1,115,053**	**–**	**–**	**46,365**	**1,161,418**
Capital expenditure*	**242,031**	**476,166**	**550,085**	**5,301**	**1,273,583**

3. OPERATING SEGMENT INFORMATION (Continued)

Year ended 31 December 2014	City and property development *HK$'000*	Commercial leasing and retail operations *HK$'000*	Hotel operations *HK$'000*	Others *HK$'000*	Total *HK$'000*
Segment revenue:					
Sales to external customers	25,545,226	1,398,468	2,126,655	477,805	29,548,154
Intersegment sales	–	16,453	–	510,896	527,349
	25,545,226	1,414,921	2,126,655	988,701	30,075,503
Reconciliation:					
Elimination of intersegment sales					(527,349)
Total revenue					29,548,154
Segment results	8,229,402	3,116,830	79,293	38,676	11,464,201
Reconciliation:					
Elimination of intersegment results					(49,113)
Interest income					367,845
Other investment income					130,298
Corporate and other unallocated expenses					(151,716)
Finance costs					(1,221,891)
Profit before tax					10,539,624
Segment assets	93,352,598	27,218,066	17,842,701	831,657	139,245,022
Reconciliation:					
Elimination of intersegment assets					(34,475,347)
Corporate and other unallocated assets					33,256,093
Total assets					138,025,768
Segment liabilities	34,656,181	3,258,354	7,866,087	740,720	46,521,342
Reconciliation:					
Elimination of intersegment liabilities					(32,979,573)
Corporate and other unallocated liabilities					68,151,428
Total liabilities					81,693,197
Other segment information:					
Share of (losses)/profits of joint ventures	(4,501)	–	–	3,179	(1,322)
Share of losses of associates	(31,430)	–	–	–	(31,430)
Depreciation and amortisation	16,410	15,084	272,926	16,030	320,450
Recognition of prepaid land lease payments	–	–	56,378	112	56,490
Loss on disposal of items of property, plant and equipment	589	1,818	–	347	2,754
Impairment losses (reversed)/recognised in the statement of profit or loss	(272)	22,652	(92)	1,013	23,301
Fair value gains on investment properties	–	2,286,463	–	–	2,286,463
Investments in associates	1,741,976	–	–	–	1,741,976
Investments in joint ventures	74,078	–	–	45,101	119,179
Capital expenditure*	206,742	39,613	1,226,353	71,541	1,544,249

* Capital expenditure consists of additions to property, plant and equipment, intangible assets, prepaid land lease payments and investment properties.

3. **OPERATING SEGMENT INFORMATION (Continued)**

Information about major customers

During the year, revenue of HK$2,506,650,000 was derived from sales by the city and property development segment to a single customer, while in 2014, there was no revenue from a single customer which accounted for 10% or more of the Group's revenue.

4. **REVENUE, OTHER INCOME AND GAINS**

Revenue represents the gross proceeds from the sale of properties and land development, net of business tax; gross rental income from investment properties, net of business tax; income from hotel operations, property management and related services rendered, net of business tax; and an appropriate proportion of contract revenue of service contracts during the year.

An analysis of the Group's revenue, other income and gains is as follows:

	2015	2014
	HK$'000	*HK$'000*
Revenue		
Sale of properties	**16,315,936**	21,895,188
Land development	**1,580,687**	3,650,038
Gross rental income	**1,491,136**	1,398,468
Hotel operations	**2,257,460**	2,126,655
Others	**465,090**	477,805
	22,110,309	29,548,154
Other income		
Interest income	**523,462**	367,845
Other investment income	**155,680**	130,298
Government grants*	**167,182**	47,366
Default penalty income**	**186,193**	3,109
	1,032,517	548,618
Gains		
Fair value gains on investment properties	**1,238,306**	2,286,463
Fair value gains on transfers from properties held for sale to investment properties	**347,453**	–
Gain on deemed disposal of subsidiaries	**–**	1,703
Foreign exchange differences, net	**57,155**	17,894
Others	**49,471**	345
	1,692,385	2,306,405
	2,724,902	2,855,023

* Various government grants have been received from the relevant authorities for the Group's businesses conducted in certain cities in Mainland China. There are no unfulfilled conditions or contingencies relating to these grants.

** Default penalty income has been received from the other contracting parties for breach of contract.

5. PROFIT BEFORE TAX

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

	2015	2014
	HK$'000	*HK$'000*
Cost of properties sold	**11,086,569**	14,381,196
Cost of land development	**718,105**	1,969,073
Cost of services provided	**1,756,466**	1,639,105
Direct operating expenses (including repairs and maintenance) arising on rental-earning investment properties	**155,267**	143,934
Depreciation	**373,217**	311,524
Amortisation of intangible assets	**11,292**	8,926
Minimum lease payments under operating leases	**33,630**	36,075
Recognition of prepaid land lease payments	**65,645**	56,490
Auditors' remuneration	**4,960**	4,400
Employee benefit expense (including directors' and chief executive's remuneration):		
Wages and salaries	**1,109,375**	1,163,146
Equity-settled share option expense	**9,940**	17,502
Pension scheme contributions (defined contribution schemes)	**149,483**	128,900
Less: Amount capitalised	**(26,253)**	(23,383)
Net pension scheme contributions*	**123,230**	105,517
	1,242,545	1,286,165
Foreign exchange differences, net	**(57,155)**	(17,894)
Loss on disposal of items of property, plant and equipment**	**4,611**	2,754
Loss on disposal of a subsidiary**	**–**	105
(Reversal of impairment)/impairment of trade receivables**	**(2,698)**	23,282
Impairment of other receivables**	**32**	19
Provision for penalty claim**	**107,959**	–

* At 31 December 2015, the Group had no forfeited contributions available to reduce its contributions to the pension schemes in future years (2014: Nil).

** These items are included in "Other expenses and losses, net" in the consolidated statement of profit or loss.

6. FINANCE COSTS

An analysis of finance costs is as follows:

	2015	2014
	HK$'000	*HK$'000*
Interest on bank and other loans, notes and bonds	**2,712,212**	2,479,664
Interest on an amount due to a fellow subsidiary	**37,965**	67,612
Interest on an amount due to the immediate holding company	**7,045**	24,705
Total interest expense	**2,757,222**	2,571,981
Less: Interest capitalised	**(2,189,350)**	(1,350,090)
	567,872	1,221,891

7. INCOME TAX

	2015	2014
	HK$'000	*HK$'000*
Current		
PRC corporate income tax		
Charge for the year	**1,533,630**	2,208,498
(Overprovision)/underprovision in prior years	**(7,624)**	4,186
PRC land appreciation tax	**885,498**	1,093,786
	2,411,504	3,306,470
Deferred	**459,080**	577,556
Total tax charge for the year	**2,870,584**	3,884,026

Hong Kong profits tax

No provision for Hong Kong profits tax has been made as the Group did not generate any assessable profits arising in Hong Kong during the year (2014: Nil).

PRC corporate income tax

PRC corporate income tax has been provided at the rate of 25% (2014: 25%) on the taxable profits of the Group's PRC subsidiaries.

PRC land appreciation tax ("LAT")

According to the requirements of the Provisional Regulations of the PRC on LAT (中華人民共和國土地增值稅暫行條例) effective from 1 January 1994 and the Detailed Implementation Rules on the Provisional Regulations of the PRC on LAT (中華人民共和國土地增值稅暫行條例實施細則) effective from 27 January 1995, all gains arising from a transfer of real estate property in Mainland China effective from 1 January 1994 are subject to LAT at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds from the sale of properties less deductible expenditures including borrowing costs and all property development expenditures.

8. DIVIDEND

	2015	2014
	HK$'000	*HK$'000*
Proposed final – HK8.0 cents (2014: HK11.5 cents) per ordinary share	**853,745**	1,042,842

The actual amount of the 2014 final dividend paid during the year ended 31 December 2015 was HK$1,227,197,000.

The proposed final dividend for the year is subject to the approval of the Company's shareholders at the forthcoming annual general meeting.

9. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE PARENT

The calculation of the basic earnings per share amount is based on the profit for the year attributable to ordinary equity holders of the parent, and the weighted average number of ordinary shares of 9,938,244,662 (2014: 9,153,714,656) in issue during the year.

The calculation of the diluted earnings per share amount is based on the profit for the year attributable to ordinary equity holders of the parent. 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 on the deemed conversion of the Group's perpetual convertible securities into ordinary shares. As the impact of the Company's share options outstanding had an anti-dilutive effect on the basic earnings per share amount presented, they were not accounted for in the calculation of the diluted earnings per share amount.

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

	2015	2014
	HK$'000	*HK$'000*
Earnings		
Profit attributable to ordinary equity holders of the parent used in the basic earnings per share calculation	**3,789,236**	5,296,054

	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	**9,938,244,662**	9,153,714,656
Effect of dilution – weighted average number of ordinary shares:		
Perpetual convertible securities	**1,698,788,321**	1,662,385,714
	11,637,032,983	10,816,100,370

10. TRADE RECEIVABLES

	2015	2014
	HK$'000	*HK$'000*
Trade receivables	**3,046,983**	3,611,779
Impairment	**(6,523)**	(18,597)
	3,040,460	3,593,182

Consideration in respect of properties sold is receivable in accordance with the terms of the related sale and purchase agreements, whilst the Group's trading terms with its customers in relation to the provision of hotel, decoration and other services are mainly on credit, except for new customers, where payment in advance is normally required. The credit period is generally one to three months for major customers. Each customer has a maximum credit limit.

The Group seeks to maintain strict control over its outstanding receivables and overdue balances are reviewed regularly by senior management. In view of the aforementioned and the fact that the Group's trade receivables relate to a large 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.

An aged analysis of the trade receivables as at the end of the reporting period is as follows:

	2015	2014
	HK$'000	*HK$'000*
Within 1 month	**2,851,736**	1,263,609
1 to 3 months	**40,390**	92,414
4 to 6 months	**2,156**	762,196
6 months to 1 year	**146,178**	662,837
Over 1 year	**–**	812,126
	3,040,460	3,593,182

The Group has pledged trade receivables of approximately HK$15,038,000 (2014: HK$8,721,000) to secure a bank loan granted to the Group.

11. TRADE PAYABLES

An aged analysis of the trade payables as at the end of the reporting period is as follows:

	2015	2014
	HK$'000	*HK$'000*
Within 1 year or on demand	**13,197,119**	7,722,149
Over 1 year	**618,509**	408,424
	13,815,628	8,130,573

The trade payables are non-interest-bearing and are normally settled on 60-day terms.

12. INTEREST-BEARING BANK AND OTHER BORROWINGS

Group	**2015** Effective interest rate *(%)*	**2015** Maturity	**2015** *HK$'000*	2014 Effective interest rate *(%)*	2014 Maturity	2014 *HK$'000*
Current						
Bank loans, secured	**4.35-5.70**	**2016**	**71,616**	5.60-5.70	2015	132,464
Bank loans, unsecured	**1.59-10.56**	**2016**	**3,198,222**	3.65-6.00	2015	2,151,272
Current portion of long term bank loans, secured	**4.41-7.05**	**2016**	**3,027,526**	5.54-7.05	2015	1,677,200
Current portion of long term other loans, unsecured*	**5.25-5.78**	**2016**	**21,485**	6.55	2015	12,676
Current portion of long term bank loans, unsecured	**3.40-7.07**	**2016**	**2,255,894**	6.15-7.07	2015	98,873
			8,574,743			4,072,485
Non-current						
Bank loans, secured	**4.41-7.05**	**2017-2030**	**13,226,592**	5.54-7.05	2016-2025	15,180,549
Bank loans, unsecured	**2.33-7.07**	**2017-2018**	**7,458,195**	2.34-7.07	2016-2026	10,533,025
Other loans, unsecured*	**5.25-5.78**	**2017-2020**	**453,557**	6.40-6.55	2016-2017	240,844
Notes, unsecured	**4.83-6.85**	**2017-2022**	**16,649,452**	4.83-6.85	2017-2022	16,732,443
Domestic corporate bonds, unsecured	**3.55**	**2020**	**2,615,286**	–	–	–
			40,403,082			42,686,861
			48,977,825			46,759,346

* The balance represents amounts due to a fellow subsidiary of the Company.

	2015 *HK$'000*	2014 *HK$'000*
Analysed into:		
Bank loans repayable:		
Within one year	**8,553,258**	4,059,809
In the second year	**8,913,349**	6,509,110
In the third to fifth years, inclusive	**8,526,875**	16,062,971
Beyond five years	**3,244,563**	3,141,493
	29,238,045	29,773,383
Other borrowings repayable:		
Within one year	**21,485**	12,676
In the second year	**5,287,045**	6,338
In the third to fifth years, inclusive	**9,026,866**	11,558,689
Beyond five years	**5,404,384**	5,408,260
	19,739,780	16,985,963
	48,977,825	46,759,346

12. INTEREST-BEARING BANK AND OTHER BORROWINGS (Continued)

Notes:

(a) The Group's loan facilities amounting to HK$55,569,084,000 (2014: HK$53,003,608,000), of which HK$29,713,088,000 (2014: HK$31,294,503,000) had been utilised as at the end of the reporting period, are secured by the Group's property, plant and equipment, properties under development, properties held for sale, investment properties, prepaid land lease payments, trade receivables and time deposits.

(b) Certain of the Group's bank loans are secured by:

(i) mortgages over certain of the Group's property, plant and equipment, which had an aggregate net carrying value at the end of the reporting period of approximately HK$3,183,657,000 (2014: HK$1,033,014,000);

(ii) mortgages over certain of the Group's properties under development, which had an aggregate carrying amount at the end of the reporting period of approximately HK$17,671,748,000 (2014: HK$23,959,378,000);

(iii) mortgages over certain of the Group's properties held for sale, which had an aggregate carrying amount at the end of the reporting period of HK$222,062,000 (2014: HK$259,288,000);

(iv) mortgages over certain of the Group's investment properties, which had an aggregate carrying value at the end of the reporting period of approximately HK$14,194,038,000 (2014: HK$12,280,547,000);

(v) mortgages over certain of the Group's prepaid land lease payments, which had an aggregate carrying amount at the end of the reporting period of HK$1,132,633,000 (2014: HK$231,487,000);

(vi) mortgages over certain of the Group's trade receivables, which had an aggregate carrying amount at the end of the reporting period of HK$15,038,000 (2014: HK$8,721,000); and

(vii) the pledge of certain of the Group's time deposits, which had an aggregate carrying amount at the end of the reporting period of Nil (2014: HK$6,338,000).

(c) Except for the bank and other borrowings amounting to approximately HK$22,885,096,000 (2014: HK$22,539,707,000) which are denominated in United States dollars and HK$3,279,682,000 (2014: HK$3,391,768,000) which are denominated in Hong Kong dollars, all bank and other borrowings are denominated in RMB.

13. EVENT AFTER THE REPORTING PERIOD

On 29 January 2016, Franshion Brilliant Limited (the "Issuer"), a wholly owned subsidiary of the Company, proposed to issue subordinate guaranteed perpetual capital securities in the aggregate principal amount of US$350,000,000 (the "Initial Securities"). The securities confer a right to receive distributions at 6% per annum payable semi-annually in arrears beginning on 4 August 2016.

On 2 February 2016, the Issuer proposed to issue additional subordinate guaranteed perpetual capital securities on the terms of the Initial Securities, in the aggregate principal amount of US$150,000,000. They are to be consolidated and form a single series with the Initial Securities and to be issued together.

On 4 February 2016, the proposed issue and placing of subordinate guaranteed perpetual capital securities in the aggregate principal amount of US$500,000,000 were completed.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS AND MARKET REVIEW

In 2015, the overall PRC economy maintained steady growth alongside with loosened monetary and credit policies. The overall real estate industry had picked up but revealed a structural divergence where the residential market in the first-tier and second-tier cities recovered. The market of office and commercial building performed steadily in general, but hotel operations continued to struggle. Faced with narrowing profit margin and intensifying competition, transformation and innovation have become the new trend for property developers. Faced with the new market environment, all employees of the Company worked persistently to overcome the obstacles. Adhering to the "proactive, sound, sustaining and healthy" general principle, the Company gradually enhanced its corporate value and core competitiveness through its proactive efforts and the pursuit of excellence to achieve one and another victory.

Reviewing 2015, each of the business segments of the Group progressed evenly with satisfactory performance. As for city and property development, the scale of development was gradually expanded. Throughout the year, a number of projects commenced sales successively with contracted sales amount of approximately RMB30,100 million, which further enhanced the industry ranking of the Group. All projects performed well. Among such projects, the first launch of Shanghai Daning Jinmao Palace was a success with annual contracted sales amounting to RMB5,570 million, which has further enhanced Jinmao Palace series' influence in the first-tier cities. Nanjing Qinglong Mountain International Ecological New City Project began to generate profit in the same year as it was put into development. Lijiang Jinmao Richmond Town was granted the "Most Expected China Cultural Travel and Commercial New Landmark Award for 2016" (2016年最期待中國文化旅遊商業新地標大獎) and the "Best Region of China Cultural Travel Award for 2015" (2015年度中國文化旅遊最佳區域大獎) as landmark representative of tourism and real estate industry in Lijiang. As for commercial leasing, the high-end office market in Beijing, Shanghai and Nanjing maintained good growth momentum with high occupancy rate and growing rental level. Two office buildings in Beijing and Jin Mao Tower in Shanghai recorded a year-on-year increase in rental level with nearly full occupancy. As for retail operations, Nanjing Jinmao Place, the first city shopping mall of the Company, had its grand opening and became the spotlight of Nanjing. The Group actively explored new model in community business taking Chongqing Daping Jinmao Residence as the pilot to establish the first property fund in China investing in community business. As for hotel operations, faced with market downturn, the Group actively coped with the impacts of the policies, flexibly adjusted the pricing strategy and kept on expanding sales channels. At the same time, the results of strict cost control began to bear fruit. The average revenue per available room of Hyatt Regency Chongming, Renaissance Beijing Wangfujing and Lijiang Grant Hyatt which were opened in 2014 gradually increased. Grand Hyatt Lijiang-Snow Mountain Scenic Hotel was officially opened in September 2015, and other established hotels maintained a leading position in their respective markets.

In September 2015, the name of the Company was officially changed from Franshion Properties (China) Limited to China Jinmao Holdings Group Limited. The Company also upgraded from a "two-wheel driven" operating strategy to a "two-wheel and two-wing driven" operating strategy where the Company focused on the two wings of "finance + services" in addition to its existing strategy of "development + holding" with a view to transforming from a property developer to an city integrated developer and operator.

In 2015, the Group continued to seize market opportunities and secured quality land parcels and capital funding. As for land acquisition, the Group acquired a number of quality land parcels in Beijing, Hangzhou, Nanjing, Ningbo and Qingdao, which continued to replenish its land reserves. As for capital funding, the Group seized the market windows and issued domestic corporate bonds with the principal amount of RMB2,200 million for the first time with coupon rate fixed at a low level in the industry. The introduction of strategic investors through placing of new shares not only further optimised the capital structure, but also enhanced the capital strength of the Company.

City and property development segment

During the year, overall sales revenue recognised in the city and property development segment amounted to HK$17,896.6 million, representing a decrease of 30% compared with that in 2014. As of 29 February 2016, accumulative contracted sales of properties (excluding sales of primary land development) not yet delivered and settled by the Group amounted to approximately HK$33,700 million.

Sales revenue from city and property development segment for the past three years (HK$ million)

2013	**2014**	**2015**
16,867.7	25,545.2	17,896.6

Commercial leasing and retail operations segment

During the year, the occupancy rate of the commercial leasing and retail operations segment stood at high levels and the rental level grew steadily.

Occupancy rate of office buildings (%)

	Chemsunny World Trade Centre	**Sinochem Tower**	**Jin Mao Tower**	**Nanjing Xuanwu Lake Jinmao Plaza**	**Changsha Meixi Lake International R&D Centre**
2015	**99.3%**	**100%**	**97.6%**	**99.9%**	**97.6%**
2014	98.9%	96.8%	97.9%	100%	100%

Hotel operations segment

During the year, faced with market downturn and the overall decrease of the average room rate, the Group adopted flexible strategies to enhance the average occupancy rate. Meanwhile, the operating results of Hyatt Regency Chongming, Renaissance Beijing Wangfujing and Lijiang Grant Hyatt which were opened in 2014 gradually increased.

Average room rate (RMB), average occupancy rate and average revenue per available room (RMB) of each hotel for 2015

	Grand Hyatt Shanghai	Hilton Sanya Resort & Spa	The Ritz-Carlton, Sanya	Westin Beijing, Chaoyang	JW Marriott Shenzhen	Westin Nanjing	Hyatt Regency Chongming	Renaissance Beijing Wangfujing	Grand Hyatt Lijiang
Average room rate	1,515	1,433	2,453	1,179	1,028	790	982	751	867
Average occupancy rate	69.8%	68.7%	72.3%	79.9%	78.8%	62.9%	47.9%	65.5%	37.9%
Average revenue per available room	1,057	984	1,772	943	811	497	470	492	329

Average room rate (RMB), average occupancy rate and average revenue per available room (RMB) of each hotel for 2014

	Grand Hyatt Shanghai	Hilton Sanya Resort & Spa	The Ritz-Carlton, Sanya	Westin Beijing, Chaoyang	JW Marriott Shenzhen	Westin Nanjing	Hyatt Regency Chongming	Renaissance Beijing Wangfujing	Grand Hyatt Lijiang
Average room rate	1,572	1,529	2,661	1,215	1,060	861	892	668	875
Average occupancy rate	63.7%	70.7%	70.0%	77.9%	77.0%	66.8%	42.4%	34.7%	15.8%
Average revenue per available room	1,001	1,081	1,864	946	817	576	378	232	139

Future prospects

Looking forward, we are confident about the long-term development of the property market in China and we have formulated a feasible mid- and long-term plan for 2016-2025 to support our business development in the future. We will continue to strive to be a well-respected quality real estate leader, fully capitalise our strengths in areas of primary and secondary land development, complex development as well as property holding and operations to gradually establish our overall position as city operator, and endeavour to create a new city core by leveraging on our integrated competencies of planning and guidance, sector cultivation, residential development and ancillary facility construction. Based on our "two-wheel driven" operating strategy, we will further reinforce our two core business segments of property development and holding, and actively develop property services and finance innovation and effectively promote the upgrade of our "two-wheel and two-wing driven" operating strategy with a view to becoming the industry landmark displaying the features of "appropriate scale, high efficiency, leading quality and outstanding services".

FINANCIAL REVIEW

REVIEW ON OVERALL RESULTS OF THE COMPANY

For the year ended 31 December 2015, profit attributable to owners of the parent amounted to HK$3,789.2 million, representing a decrease of 28% compared with HK$5,296.1 million in 2014. Excluding the effect of fair value gains on investment properties, net of deferred tax, the profit attributable to owners of the parent would be HK$2,874.2 million, representing a decrease of 20% compared with HK$3,610.3 million in 2014.

REVENUE

For the year ended 31 December 2015, the revenue of the Group was HK$22,110.3 million, representing a decrease of 25% compared with HK$29,548.2 million in 2014.

Revenue by business segments

	For the year ended 31 December				
	2015		2014		
		Percentage of the total revenue		Percentage of the total revenue	Year-on-year change
	HK$ million	**(%)**	*HK$ million*	*(%)*	*(%)*
City and property development	**17,896.6**	**81**	25,545.2	86	(30)
Commercial leasing and retail operations	**1,491.1**	**7**	1,398.5	5	7
Hotel operations	**2,257.5**	**10**	2,126.7	7	6
Others	**465.1**	**2**	477.8	2	(3)
Total	**22,110.3**	**100**	29,548.2	100	(25)

In 2015, revenue from city and property development of the Group decreased by 30% over that of 2014 to approximately HK$17,896.6 million and accounted for 81% of the total revenue, which was mainly attributable to the decrease in sales properties delivered and settled as compared with that of last year. Revenue from commercial leasing and retail operations grew by 7% compared with that of last year and accounted for 7% of the total revenue, which was primarily due to the performance growth of a number of the Group's office buildings. Revenue from hotel operations increased by 6% from 2014 and accounted for 10% of the total revenue, which was primarily attributable to the revenue contribution from the newly opened Hyatt Regency Chongming, Renaissance Beijing Wangfujing and Grand Hyatt Lijiang. Others (primarily including the property-related revenues arising from the observation deck on the 88th floor of Jin Mao Tower, property management and building decoration) accounted for 2% of the total revenue, representing a decrease of 3% over that of last year, which was mainly due to the decrease in revenue from the building decoration business.

COST OF SALES AND GROSS PROFIT MARGIN

Cost of sales of the Group for the year ended 31 December 2015 was approximately HK$13,561.1 million (2014: HK$17,989.4 million) and the overall gross profit margin of the Group in 2015 was 39%, which remained the same as compared with that of last year.

The gross profit margin of city and property development and hotel operations decreased as compared with that of 2014; the gross profit margin of commercial leasing and retail operations remained the same as compared with that of 2014. Gross profit margin of other business sectors decreased as compared with that of last year.

Gross profit margin by business segments

	For the year ended 31 December	
	2015	2014
	Gross profit margin	Gross profit margin
	(%)	*(%)*
Overall	**39**	39
City and property development	**34**	36
Commercial leasing and retail operations	**90**	90
Hotel operations	**46**	48
Others	**16**	19

OTHER INCOME AND GAINS

Other income and gains of the Group for the year ended 31 December 2015 decreased by 5% from HK$2,855.0 million in 2014 to approximately HK$2,724.9 million. The decrease was mainly due to the decrease in the fair value gain of investment properties arising from the investment properties held by the Group. The fair value gain on investment properties arising from the investment properties held by the Group amounted to HK$1,238.3 million, representing a decrease of 46% as compared with HK$2,286.5 million in 2014.

SELLING AND MARKETING EXPENSES

Selling and marketing expenses of the Group for the year ended 31 December 2015 increased by 7% to HK$979.6 million from HK$914.6 million in 2014, mainly due to the increase in selling and marketing expenses of Qingdao China-Europe International City Project, Chongqing Panlong Jinmao Residence Project, Guangzhou Nansha Jinmao Harbour Project and Ningbo Nantang Jinmao Palace Project. Selling and marketing expenses comprise primarily the advertising expenses, commissions paid to the relevant sales agencies and other expenses in relation to market promotion incurred in the Group's daily operations. Selling and marketing expenses accounted for 4% (2014: 3%) of the Group's total revenue.

ADMINISTRATIVE EXPENSES

Administrative expenses of the Group for the year ended 31 December 2015 amounted to HK$1,537.7 million, representing a decrease of 8% from HK$1,678.7 million in 2014. The decrease was mainly attributable to the Group's effective cost control during 2015. Administrative expenses mainly comprise staff costs, consultancy fees, entertainment expenses, general office expenses and depreciation expenses. Administrative expenses accounted for 7% (2014: 6%) of the Group's total revenue.

FINANCE COSTS

Total interest expense of the Group for the year ended 31 December 2015 was HK$2,757.2 million, representing an increase of 7% from HK$2,572.0 million in 2014, mainly attributable to the new issuance of bonds and increase in loans during the year. For the year ended 31 December 2015, interest expense capitalised by the Group amounted to HK$2,189.4 million, representing an increase of 62% from HK$1,350.1 million in 2014, mainly due to the increase in capitalisation of interest expense on general borrowings during the year. Accordingly, finance cost for the year ended 31 December 2015 amounted to HK$567.9 million, representing a decrease of 54% from HK$1,221.9 million from last year.

INCOME TAX EXPENSE

The Group had an income tax expense of HK$2,870.6 million for the year ended 31 December 2015, representing a decrease of 26% from HK$3,884.0 million in 2014. The decrease in income tax expense was primarily attributable to the decrease in the PRC corporate income tax expenses (current and deferred) due to the decrease in the profit before tax during the year. The Group's effective income tax rate for 2015 was 36% (2014: 37%), which decreased slightly from last year.

PROFIT ATTRIBUTABLE TO OWNERS OF THE PARENT

For the year ended 31 December 2015, profit attributable to owners of the parent amounted to HK$3,789.2 million, representing a decrease of 28% compared with HK$5,296.1 million in 2014. Profit attributable to owners of the parent excluding fair value gains on investment properties, net of deferred tax, amounted to HK$2,874.2 million, a decrease of 20% compared with HK$3,610.3 million in 2014.

The decrease in the profit attributable to owners of the parent was primarily attributable to the decrease in the sales properties delivered and settled in 2015 as compared to that of last year. Such decrease is mainly due to the in-depth adjustment of the real estate industry in 2014 which resulted in market volatility and the slump in the price and sales volume of the properties in a number of cities.

Basic earnings per share for the year were HK38.13 cents, a decrease of 34% compared with HK57.86 cents in 2014. The decrease in basic earnings per share was primarily attributable to the decrease in the profit attributable to owners of the parent for the year and the increase in weighted average number of ordinary shares in issue during the year used in the calculation of basic earnings per share. Basic earnings per share excluding fair value gains on investment properties, net of deferred tax, was HK28.92 cents (2014: HK39.44 cents).

In October 2010, the Group issued perpetual convertible securities in the amount of US$600 million, resulting in a dilution of earnings per share. Upon dilution, earnings per share of the Company amounted to HK32.56 cents (2014: HK48.96 cents).

Comparison of profit attributable to owners of the parent before and after fair value gains on investment properties, net of deferred tax

	For the year ended 31 December		
	2015	2014	Year-on-year change
	(HK$ million)	*(HK$ million)*	*(%)*
Profit attributable to owners of the parent	**3,789.2**	5,296.1	(28)
Less: fair value gains on investment properties, net of deferred tax	**(915.0)**	(1,685.8)	(46)
Profit attributable to owners of the parent excluding fair value gains on investment properties, net of deferred tax	**2,874.2**	3,610.3	(20)
Basic earnings per share (in HK cents)	**38.13**	57.86	(34)
Basic earnings per share excluding fair value gains on investment properties, net of deferred tax (in HK cents)	**28.92**	39.44	(27)

PROPERTY, PLANT AND EQUIPMENT

As at 31 December 2015, property, plant and equipment amounted to HK$14,607.6 million, representing an increase of 18% from HK$12,423.3 million as at 31 December 2014, primarily due to the capital expenditure of hotels under construction and owner-occupied office premises.

PREPAID LAND LEASE PAYMENTS

As at 31 December 2015, prepaid land lease payments amounted to HK$2,834.5 million, representing an increase of 47% from HK$1,929.1 million as at 31 December 2014, primarily due to the increase in prepaid land lease payments of hotels under construction and owner-occupied office premises.

INVESTMENT PROPERTIES

As at 31 December 2015, investment properties of the Group comprised the Central and West Towers and some floors of the East Tower of Beijing Chemsunny World Trade Centre, offices of Jinmao Tower (for lease), Sinochem Tower, office portion of Nanjing Xuanwu Lake Jinmao Plaza and Nanjing Jinmao Place, Changsha Meixi Lake International R&D Centre and Lijiang J•Life. Investment properties increased from HK$24,356.1 million as at 31 December 2014 to HK$25,165.0 million as at 31 December 2015. The increase was mainly due to the appreciation of investment properties.

PROPERTIES UNDER DEVELOPMENT

As at 31 December 2015, the current portion of properties under development comprised property development costs incurred by properties under development which have been pre-sold or are intended for sale and expected to be completed within one year from the end of the reporting period, whereas the non-current portion of properties under development comprised property development costs incurred by properties under development which have not yet been pre-sold and are expected to be completed after one year from the end of the reporting period.

As at 31 December 2015, the properties under development (current and non-current) amounted to HK$45,622.1 million, which was substantially the same as compared with HK$46,078.6 million as at 31 December 2014.

INVESTMENTS IN JOINT VENTURES

The investments in joint ventures increased from HK$119.2 million as at 31 December 2014 to HK$1,161.4 million as at 31 December 2015, mainly attributable to the increase in investment in Guangzhou Zhujiang Jinmao Palace Project during 2015.

INVESTMENTS IN ASSOCIATES

As at 31 December 2015, the investments in associates mainly refer to the Group's 36% interest in Shanghai Daning Jinmao Palace Project.

PROPERTIES HELD FOR SALE

As at 31 December 2015, the properties held for sale amounted to HK$7,539.9 million, which was substantially the same as compared with HK$7,618.9 million as at 31 December 2014.

LAND UNDER DEVELOPMENT

The land under development (current and non-current) increased from HK$12,960.1 million as at 31 December 2014 to HK$18,382.3 million as at 31 December 2015, mainly attributable to the land costs of Nanjing Qinglong Mountain International Ecological New City Project.

TRADE RECEIVABLES

As at 31 December 2015, trade receivables amounted to HK$3,040.5 million, representing a decrease of 15% from HK$3,593.2 million as at 31 December 2014, which was primarily attributable to the receipt of receivables from property sales during the year.

TRADE PAYABLES

As at 31 December 2015, trade payables were HK$13,815.6 million, representing an increase of 70% compared with HK$8,130.6 million as at 31 December 2014, which was mainly due to the increase in land premium payable and construction cost as a result of the Group's business expansion.

INTEREST-BEARING BANK AND OTHER BORROWINGS

As at 31 December 2015, interest-bearing bank and other borrowings (including current and non-current) were HK$48,977.8 million, representing an increase of 5% over HK$46,759.3 million as at 31 December 2014. The increase in interest-bearing bank and other borrowings was primarily due to the increase in external loans used for new project development and issue of domestic corporate bonds.

Analysis of interest-bearing bank and other borrowings

	As at 31 December		
	2015	2014	Year-on-year change
	(HK$ million)	*(HK$ million)*	*(%)*
Interest-bearing bank and other borrowings (including current and non-current)	**48,977.8**	46,759.3	5
Less: pledged deposits	**–**	(6.3)	–
Interest-bearing bank and other borrowings, net of pledged deposits	**48,977.8**	46,753.0	5

GEARING RATIO

The Group monitors its capital on the basis of the net debt-to-adjusted capital ratio. This ratio is calculated as net debt divided by adjusted capital. Net debt is calculated as total interest-bearing bank and other borrowings less other financial assets (financial products), restricted bank balances, pledged deposits and cash and cash equivalents. Adjusted capital comprises all components of equity as well as the amounts due to related parties. The Group aims to maintain the net debt-to-adjusted capital ratio at a reasonable level. The net debt-to-adjusted capital ratio as at 31 December 2015 and 31 December 2014 were as follows:

	As at 31 December	
	2015	2014
	(HK$ million)	*(HK$ million)*
Interest-bearing bank and other borrowings (including current and non-current)	**48,977.8**	46,759.3
Less: cash and cash equivalents	**(13,126.1)**	(12,454.6)
restricted bank balances and pledged deposits	**(3,291.2)**	(1,598.3)
other financial assets – financial products	**(47.7)**	–
Net debt	**32,512.8**	32,706.4
Total equity	**58,902.6**	56,332.6
Add: amounts due to related parties	**5,107.9**	2,104.9
Adjusted capital	**64,010.5**	58,437.5
Net debt-to-adjusted capital ratio	**51%**	56%

LIQUIDITY AND CAPITAL RESOURCES

The Group's cash is primarily used to pay for capital expenditure, construction costs, land costs (principally the payment of land grant fees and relocation costs), infrastructure costs, consulting fees paid to architects and designers and finance costs, as well as the Group's indebtedness, amounts due to and loans from related parties, and fund working capital and normal recurring expenses. The Group has financed its liquidity requirements primarily through internal resources, bank and other borrowings, issue of perpetual convertible securities, issue of senior notes, issue of domestic corporate bonds and issue of new shares.

As at 31 December 2015, the Group had cash and cash equivalents of HK$13,126.1 million, mainly denominated in RMB, HK dollar and US dollar (as at 31 December 2014: HK$12,454.6 million).

As at 31 December 2015, the Group had total interest-bearing bank and other borrowings of HK$48,977.8 million compared to HK$46,759.3 million as at 31 December 2014. An analysis of the interest-bearing bank and other borrowings of the Group is set out as follows:

	As at 31 December	
	2015	2014
	(HK$ million)	*(HK$ million)*
By term:		
Within 1 year	**8,574.7**	4,072.5
In the second year	**14,200.4**	6,515.4
In the third to fifth years, inclusive	**17,553.7**	27,621.7
Over five years	**8,649.0**	8,549.7
Total	**48,977.8**	46,759.3

Interest-bearing bank and other borrowings of approximately HK$8,574.7 million were repayable within one year and shown under current liabilities. All of the Group's borrowings are denominated in RMB, HK dollar and US dollar. As at 31 December 2015, save as interest-bearing bank and other borrowings of approximately HK$20,084.6 million that bore interest at fixed rates, other interest-bearing bank and other borrowings bore interest at floating rates. There is no material seasonal effect on the Group's borrowing requirements.

As at 31 December 2015, the Group had banking facilities of HK$55,569.1 million denominated in RMB, HK dollar and US dollar. The amount of banking facilities utilised was HK$29,713.1 million.

The Group's net cash inflow of HK$1,205.5 million for the year ended 31 December 2015 consisted of:

A net cash inflow of HK$9,158.9 million from operating activities, which was mainly attributable to the proceeds derived from the sales of properties, property rental and revenue from hotel operations etc., was partially offset by payment of land and construction costs, marketing expenses, administrative expenses and tax charge.

A net cash outflow of HK$12,116.8 million from investing activities, which was mainly attributable to the investment expenditure, advances of loans to joint ventures and associates and expenditure on construction of property, plant and equipment.

A net cash inflow of HK$4,163.3 million from financing activities, which was mainly attributable to the issuance of domestic corporate bonds by the Group, contribution from non-controlling shareholders, new bank loans and other borrowings, proceeds from exercise of share options and issuance of new shares, was partially offset by repayments of bank and other borrowings, payment of interests, payment of dividends for 2014 and acquisition of non-controlling interests.

PLEDGE OF ASSETS

As at 31 December 2015, the Group's interest-bearing bank and other borrowings were secured by the Group's property, plant and equipment of HK$3,183.7 million, properties under development of HK$17,671.7 million, properties held for sale of HK$222.1 million, land use rights of HK$1,132.6 million, investment properties of HK$14,194.0 million and trade receivables of HK$15.0 million.

CONTINGENT LIABILITIES

As at 31 December 2015, the Group has provided guarantees in respect of mortgage facilities for certain purchasers of the Group's properties amounting to approximately HK$14,538.7 million (2014: HK$8,409.9 million).

MARKET RISK

The Group's assets are predominantly in the form of land use rights, land under development, properties under development, properties held for sale and investment properties. In the event of a severe downturn in the property market in Mainland China, these assets may not be readily realised.

INTEREST RATE RISK

The Group is exposed to interest rate risk resulting from fluctuations in interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's long term debt obligations. Increase in interest rates will increase the interest expenses relating to the Group's outstanding floating rate borrowings and increase the cost of new debt. Fluctuations in interest rates may also lead to significant fluctuations in the fair value of the Group's debt obligations. The Group does not currently use any derivative instruments to manage the interest rate risk.

FOREIGN EXCHANGE EXPOSURE RISK

Substantially all of the Group's revenue and costs are denominated in RMB. The Group reports its financial results in HK dollars. As a result, the Group is exposed to the risk of fluctuations in foreign exchange rates. The Group has not currently engaged in hedging to manage its currency risk. To the extent the Group decides to do so in the future, the Group cannot assure that any future hedging activities will protect the Group from fluctuations in exchange rates.

OTHER INFORMATION

Corporate Governance Code

Since its establishment, the Company has committed to enhancing its corporate governance levels. The Company has adopted its own code on corporate governance practice which sets out all code provisions, except as described below, and most of the recommended best practices set out in the Corporate Governance Code in Appendix 14 to the Rules Governing the Listing of securities on the Stock Exchange of Hong Kong ("Corporate Governance Code"). The Company will continue to improve its corporate governance practices focusing on maintenance and enhancement of a quality board, sound internal control and high transparency to shareholders, so as to increase the confidence of shareholders in the Company. The Company believes that good corporate governance is crucial to maintain its long-term healthy and sustainable development and is vital for the interests of its shareholders.

Code provision A.4.2 of the Corporate Governance Code stipulates that a Director appointed to fill a casual vacancy shall be subject to re-election by shareholders at the first general meeting after the appointment, while the Articles of Association of the Company provides that such a Director may be elected by the shareholders at the first annual general meeting after the appointment. There is minor difference between the practices of the Company and that of the Corporate Governance Code, and the Company believes that the election by the shareholders at the first annual general meeting after the appointment of the Directors who fill casual vacancy will not affect adversely the normal operations of the Company.

In 2015, the Company complied with all provisions of its own code on corporate governance.

Final Dividend

The Board recommended the payment of a final dividend of HK8.0 cents per ordinary share for the year ended 31 December 2015. The proposed final dividend shall be subject to approval of shareholders at the forthcoming annual general meeting. No interim dividend was paid for the period ended 30 June 2015. The Company will give a notice of closure of its register of members in relation to the entitlement to the final dividend and the right to attend and vote at the annual general meeting once the date of the annual general meeting is determined.

Purchase, Sale or Redemption of Listed Securities of the Company

In 2015, save as disclosed below, none of the Company or any of its subsidiaries purchased, sold or redeemed any of the Company's listed securities.

As stated in the announcements of the Company dated 9 June 2015 and 17 June 2015, pursuant to the general mandate granted to the Directors at the 2013 annual general meeting of the Company, the Company and the placing agents entered into a placing agreement on 9 June 2015, and completed the placing on 17 June 2015. A total of 1,600,000,000 placing shares (representing approximately 14.99% of the issued share capital of the Company as enlarged by the placing) have been allotted and issued to the placees (i.e. New China Life Insurance Company Ltd., GIC Private Limited, Earn Max Enterprises Limited and Dynasty Hill Holdings Limited) at the placing price of HK$2.73 per share. The net proceeds from the placing amounted to approximately HK$4,348 million, which are intended to be used as general working capital of the Group and for potential investments to be identified and to refinance outstanding debt. Upon completion of the placing, the total issued share capital of the Company increased from 9,071,180,009 ordinary shares to 10,671,180,009 ordinary shares. The Company applied for trading halt on 9 June 2015 when the placing agreement was entered into. The closing price of the shares of the Company as at 8 June 2015 was HK$3.03 per share.

The net proceeds from the placing amounted to approximately HK$4,348 million. As of the date of this announcement, the proceeds were mainly used for payment of the 2014 final dividend of the Company of approximately HK$1,030 million and repayment of bank loans of approximately HK$3,179 million.

Issuance of Guaranteed Notes

Issue of domestic corporate bonds

As stated in the announcements of the Company dated 1 December 2015, 7 December 2015 and 11 December 2015, Jinmao Investment Management (Shanghai) Co., Ltd. (formerly known as Franshion Properties Investment Management (Shanghai) Co., Ltd.) (金茂投資管理（上海）有限公司，前稱為方興地產投資管理(上海)有限公司), a wholly-owned subsidiary of the Company incorporated in the PRC, completed the issue of five-year domestic corporate bonds with an aggregate principal amount of RMB2,200,000,000 to qualified investors on 10 December 2015. The corporate bonds are guaranteed by the Company. The final coupon rate of the corporate bonds was fixed at 3.55% based on the book-building process with the lead underwriters. The Company intends to use the proceeds from the issue of corporate bonds for repayment of loans of its subsidiaries from financial institutions and for replenishment of its general working capital. The securities were listed and traded on the Shanghai Stock Exchange with effect from 28 December 2015. During the year, the Group did not redeem/cancel any of these corporate bonds.

Issue of perpetual capital securities

As stated in the announcements of the Company dated 1 February 2016, 2 February 2016 and 4 February 2016, the Company and Franshion Brilliant Limited (as the issuer), a wholly-owned subsidiary of the Company, entered into a placing agency agreement with Standard Chartered Bank on 29 January 2016 in connection with the placement of the 6% subordinated guaranteed perpetual capital securities with the aggregate principal amount of US$350,000,000, and entered into a placing agency agreement on 2 February 2016 in connection with the placement of the additional 6% subordinated guaranteed perpetual capital securities with the aggregate principal amount of US$150,000,000. The securities are irrevocably guaranteed by the Company. The issue was completed on 4 February 2016. The net proceeds of the issue of the securities by the Company, after deduction of underwriting commissions and other estimated expenses, amounted to approximately US$499.4 million, which were intended to be used for refinancing of outstanding indebtedness, working capital and other general corporate purposes.

Review by Audit Committee

The Audit Committee has reviewed with the management and the auditors of the Company the accounting principles and practices adopted by the Company and the financial statements for 2015, and discussed with them the audit, internal control and financial reporting matters of the Company.

Publication of Results Announcement and Annual Report on the Website of the Stock Exchange and the Website of the Company

This annual results announcement has been posted on the website of the Stock Exchange and the website of the Company (www.chinajinmao.cn), and the annual report of the Company for the year ended 31 December 2015 will be posted on the websites of the Company and the Stock Exchange on or before 30 April 2016.

APPRECIATION

On behalf of the Board, I would like to take this opportunity to express our sincere gratitude to all our customers, business partners, shareholders and various local governments for their long-term support and trust, and to all the employees for their assiduous efforts.

By order of the Board
China Jinmao Holdings Group Limited
Executive Director and
Chief Executive Officer
LI Congrui

Hong Kong, 22 March 2016

As at the date of this announcement, the Directors of the Company are Mr. LI Congrui and Mr. JIANG Nan as Executive Directors; Mr. YANG Lin, Mr. CUI Yan and Mr. AN Hongjun as Non-executive Directors; Mr. LAU Hon Chuen, Ambrose, Mr. SU Xijia and Mr. GAO Shibin as Independent Non-executive Directors.