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TOP SPRING INTERNATIONAL HOLDINGS LIMITED

萊蒙國際集團有限公司

(Incorporated in the Cayman Islands with limited liability)

(Stock Code: 03688)

ANNOUNCEMENT OF CONSOLIDATED ANNUAL RESULTS FOR THE YEAR ENDED 31 DECEMBER 2015

HIGHLIGHTS

- For the year ended 31 December 2015, the Group achieved contracted sales plus subscribed pre-sales of approximately HK\$8,519.9 million. The Group recorded an aggregate of contracted sales of properties and contracted sales of car park units of approximately HK\$8,015.3 million. The contracted sales of properties was approximately HK\$7,824.4 million with contracted saleable GFA of approximately 396,453 sq.m. and ASP of approximately HK\$19,736.0 per sq.m., representing a decrease of approximately 20.2%, a decrease of approximately 27.8% and an increase of approximately 10.5%, respectively, as compared with 2014. The Group has set a target of HK\$8.3 billion for the total contracted sales in 2016 with reference to its saleable resources with value estimated at approximately HK\$12.9 billion.
- As at 31 December 2015, the Group had a total of 24 projects over 12 cities in various stages of development with a total estimated net saleable/leasable GFA of approximately 4,717,976 sq.m. Excluding Shanghai Shama Century Park (an operational serviced apartments project), Shenzhen Fashion Mark, Shenzhen Buji Market Project, Shenzhen Smart Venture Valley and Shenzhen Junan Project (all are redevelopment projects) and Hong Kong Yuen Long Project (agricultural lots), the remaining estimated land bank of the Group of approximately 3,096,302 sq.m. has an average land cost of approximately RMB2,321.2 per sq.m. (equivalent to approximately HK\$2,771.3 per sq.m.).
- Revenue for the year ended 31 December 2015 increased by approximately 50.9% to approximately HK\$10,519.7 million from approximately HK\$6,971.0 million for the year ended 31 December 2014.

- For the year ended 31 December 2015, the Group generated recurring rental income of approximately HK\$323.7 million (2014: approximately HK\$340.9 million) from its investment properties which mainly comprised shopping malls, community commercial centres, retail shops, serviced apartments and car park units. As at 31 December 2015, the investment property portfolio (inclusive of investment properties classified as held for sale) had a total leasable GFA of approximately 448,491 sq.m. and a fair value of approximately HK\$8,332.9 million, representing approximately 24.5% of the Group's total asset value.
- Gross profit margin decreased to approximately 30.4% for the year ended 31 December 2015 from approximately 41.9% for the year ended 31 December 2014.
- For the year ended 31 December 2015, the net profit and core net profit of the Group recorded increases of approximately 4.8% and 11.2%, respectively.
- Basic earnings per Share attributable to equity shareholders of the Company and the holders of PCSs for the year ended 31 December 2015 was approximately HK\$0.55, representing a decrease of approximately 15.4% as compared with 2014.
- Net assets per Share attributable to equity shareholders of the Company and the holders of PCSs as at 31 December 2015 was approximately HK\$4.4 (as at 31 December 2014: approximately HK\$4.3).
- As at 31 December 2015, the net gearing ratio of the Group was reduced to approximately 72.5% from approximately 81.6% as at 31 December 2014.
- The Board has recommended the payment of a final dividend of HK22 cents per Share attributable to equity shareholders of the Company and the holders of PCSs for the year ended 31 December 2015 (for the year ended 31 December 2014: HK11 cents per Share). The dividend payout ratio for the year ended 31 December 2015 was approximately 40.4% (for the year ended 31 December 2014: approximately 33.6%).

CONSOLIDATED ANNUAL RESULTS

The board (the “**Board**”) of directors (the “**Directors**”) of Top Spring International Holdings Limited (the “**Company**”) is pleased to announce the consolidated annual results of the Company and its subsidiaries (collectively the “**Group**”) for the year ended 31 December 2015 as follows:

CONSOLIDATED INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2015

	<i>Note</i>	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Revenue	2&3	10,519,689	6,971,024
Direct costs		<u>(7,324,878)</u>	<u>(4,050,764)</u>
Gross profit		3,194,811	2,920,260
Valuation gains on investment properties and investment properties classified as held for sale		458,981	416,301
Other revenue	4	233,361	251,898
Other net loss	5	(121,260)	(39,517)
Selling and marketing expenses		(243,960)	(309,355)
Administrative expenses		<u>(658,953)</u>	<u>(561,777)</u>
Profit from operations		2,862,980	2,677,810
Finance costs	6(a)	(509,340)	(652,594)
Share of profits less losses of associates		(49,820)	11,892
Share of losses of joint ventures		<u>(6,997)</u>	<u>(779)</u>
Profit before taxation	6	2,296,823	2,036,329
Income tax	7	<u>(1,243,072)</u>	<u>(1,030,472)</u>
Profit for the year		<u>1,053,751</u>	<u>1,005,857</u>
Attributable to:			
Equity shareholders of the Company		773,443	921,603
Non-controlling interests		<u>280,308</u>	<u>84,254</u>
Profit for the year		<u>1,053,751</u>	<u>1,005,857</u>
Earnings per share (HK\$)	8		
Basic		<u>0.55</u>	<u>0.65</u>
Diluted		<u>0.54</u>	<u>0.65</u>

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2015**

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Profit for the year	1,053,751	1,005,857
Other comprehensive income for the year (after tax and reclassification adjustments)		
Items that may be reclassified subsequently to profit or loss:		
Exchange differences on translation of financial statements of foreign subsidiaries	(577,436)	(168,486)
Share of other comprehensive income of associates and joint ventures	(20,125)	(17,044)
	(597,561)	(185,530)
Total comprehensive income for the year	456,190	820,327
Attributable to:		
Equity shareholders of the Company	249,150	760,025
Non-controlling interests	207,040	60,302
Total comprehensive income for the year	456,190	820,327

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 31 DECEMBER 2015**

		2015	2014
	Note	HK\$'000	HK\$'000
Non-current assets			
Investment properties		7,116,034	9,298,671
Other property, plant and equipment		362,090	425,138
Interests in leasehold land held for own use under operating leases		3,881	4,330
		<u>7,482,005</u>	<u>9,728,139</u>
Interest in associates		21,095	163,030
Interest in joint ventures		230,580	350,067
Other financial assets		24,143	194,246
Restricted and pledged deposits		11,939	194,955
Deferred tax assets		<u>545,727</u>	<u>501,953</u>
		<u>8,315,489</u>	<u>11,132,390</u>
Current assets			
Inventories		15,752,308	20,336,578
Other financial assets		253,701	125,047
Trade and other receivables	10	2,496,253	1,720,448
Prepaid tax		283,132	48,951
Restricted and pledged deposits		1,847,879	3,133,318
Cash and cash equivalents		<u>3,789,854</u>	<u>6,374,760</u>
		<u>24,423,127</u>	<u>31,739,102</u>
Investment properties classified as held for sale		<u>1,216,821</u>	<u>–</u>
		<u>25,639,948</u>	<u>31,739,102</u>
Current liabilities			
Trade and other payables	11	10,042,749	15,106,242
Bank and other borrowings		6,615,267	8,487,467
Tax payable		<u>4,830,203</u>	<u>4,288,902</u>
		<u>21,488,219</u>	<u>27,882,611</u>
Net current assets		<u>4,151,729</u>	<u>3,856,491</u>
Total assets less current liabilities		<u>12,467,218</u>	<u>14,988,881</u>

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AT 31 DECEMBER 2015 (CONTINUED)**

	<i>Note</i>	2015 <i>HK\$'000</i>	<i>HK\$'000</i>	2014 <i>HK\$'000</i>	<i>HK\$'000</i>
Non-current liabilities					
Bank and other borrowings		2,938,677		6,653,577	
Note payable		1,167,406		—	
Deferred tax liabilities		1,058,260		1,377,701	
			5,164,343		8,031,278
NET ASSETS			7,302,875		6,957,603
CAPITAL AND RESERVES					
Share capital			118,143		116,073
Reserves			6,107,708		6,000,462
Total equity attributable to equity shareholders of the Company			6,225,851		6,116,535
Non-controlling interests			1,077,024		841,068
TOTAL EQUITY			7,302,875		6,957,603

NOTES:

1 GENERAL INFORMATION AND BASIS OF PRESENTATION

The Company was incorporated in the Cayman Islands as an exempted company with limited liability on 25 August 2009 under the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands. The shares of the Company (the “**Shares**”) were listed on the Main Board of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) on 23 March 2011.

The principal activity of the Company is investment holding and the principal activities of the Group are property development, property investment, hotel operations and provision of property management and related services in the People’s Republic of China (the “**PRC**”).

The consolidated annual results set out in this announcement do not constitute the Group’s consolidated financial statements for the year ended 31 December 2015 but are extracted from those financial statements.

The financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards (“**HKFRSs**”), which collective term includes all applicable individual 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 the Hong Kong Companies Ordinance. The financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange (the “**Listing Rules**”).

The HKICPA has issued the following amendments to HKFRSs that are first effective for the current accounting period of the Group and the Company:

- *Annual Improvements to HKFRSs 2010-2012 Cycle*
- *Annual Improvements to HKFRSs 2011-2013 Cycle*

None of these developments has had a material effect on how the Group’s results and financial position for the current or prior periods have been prepared or presented.

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period.

2 SEGMENT REPORTING

The Group manages its businesses by divisions, which are organised by business lines (product and services). In a manner consistent with the way in which information is reported internally to the Group's most senior executive management for the purposes of resource allocation and performance assessment, the Group has presented the following four reportable segments. No operating segments have been aggregated to form the following reportable segments.

- Property development: this segment develops and sells residential and retail properties.
- Property investment: this segment leases shopping arcades, club houses, serviced apartments and car park units to generate rental income and to gain from the appreciation in the properties' values in the long term. Currently, the Group's investment property portfolio is located entirely in the PRC.
- Hotel operations: this segment operates hotels to provide hotel services to general public.
- Property management and related services: this segment mainly provides property management and related services to purchasers and tenants of the Group's self-developed residential and retail properties, and decoration services to group companies.

(a) Segment results, assets and liabilities

For the purposes of assessing segment performance and allocating resources between segments, the Group's senior executive management monitors the results, assets and liabilities attributable to each reportable segment on the following bases:

Segments assets include all tangible, non-current and current assets with the exception of interest in associates and joint ventures, investments in financial assets, prepaid tax, deferred tax assets and other corporate assets. Segment liabilities include trade and other payables attributable to the operating activities of the individual segments and bank and other borrowings managed directly by the segments.

Revenue and expenses are allocated to the reportable segments with reference to revenues generated by those segments and the expenses incurred by those segments.

The measure used for reporting segment profit is "adjusted EBITDA" i.e. "adjusted earnings before interests, taxes, depreciation and amortisation", where "depreciation and amortisation" is regarded as including impairment losses on non-current assets. To arrive at "adjusted EBITDA", the Group's earnings are further adjusted for items which are non-recurring or not specifically attributed to individual segments, such as share of profits less losses of associates and joint ventures, directors' and auditors' remuneration, and other head office or corporate administration costs.

In addition to receiving segment information concerning adjusted EBITDA, management is provided with segment information concerning revenue (including inter-segment sales), interest income and expense from cash balances and borrowings managed directly by the segments, depreciation and amortisation, provision on inventories, impairment losses on non-current assets, valuation changes on investment properties and investment properties classified as held for sale and additions to non-current segment assets used by the segments in their operations.

2 SEGMENT REPORTING (CONTINUED)

(a) Segment results, assets and liabilities (continued)

Information regarding the Group's reportable segments as provided to the Group's most senior executive management for the purposes of resource allocation and assessment of segment performance for the year is set out below.

2014

	Property development <i>HK\$'000</i>	Property investment <i>HK\$'000</i>	Hotel operations <i>HK\$'000</i>	Property management and related services <i>HK\$'000</i>	Total <i>HK\$'000</i>
Revenue from external customers	6,422,060	340,851	56,025	152,088	6,971,024
Inter-segment revenue	–	29,047	–	277,573	306,620
Reportable segment revenue	6,422,060	369,898	56,025	429,661	7,277,644
Reportable segment profit/ (loss) (adjusted EBITDA)	2,058,193	228,475	12,769	(69,921)	2,229,516
Interest income from bank deposits	115,716	2,200	–	1,563	119,479
Interest expenses	(526,388)	(38,565)	–	(87,641)	(652,594)
Depreciation and amortisation for the year	(18,459)	(810)	(21,935)	(1,707)	(42,911)
Provision on inventories	(70,690)	–	–	–	(70,690)
Impairment loss on hotel properties	–	–	(10,906)	–	(10,906)
Valuation gains on investment properties	–	416,301	–	–	416,301
Reportable segment assets	31,322,529	9,613,984	290,984	166,958	41,394,455
Additions to non-current segment assets during the year	1,055	44,094	13,641	4,242	63,032
Reportable segment liabilities	(28,377,850)	(1,570,338)	(14,267)	(91,313)	(30,053,768)

2 SEGMENT REPORTING (CONTINUED)

(a) Segment results, assets and liabilities (continued)

2015

	Property development HK\$'000	Property investment HK\$'000	Hotel operations HK\$'000	Property management and related services HK\$'000	Total HK\$'000
Revenue from external customers	9,988,246	323,686	55,671	152,086	10,519,689
Inter-segment revenue	–	41,261	–	146,858	188,119
Reportable segment revenue	9,988,246	364,947	55,671	298,944	10,707,808
Reportable segment profit/ (loss) (adjusted EBITDA)	2,393,351	140,267	1,457	(61,925)	2,473,150
Interest income from bank deposits	80,352	2,190	–	1,245	83,787
Interest expenses	(470,386)	(38,618)	–	(336)	(509,340)
Depreciation and amortisation for the year	(25,622)	(2,529)	(24,115)	(1,576)	(53,842)
Provision on inventories	(314,994)	–	–	–	(314,994)
Valuation gains on investment properties and investment properties classified as held for sale	–	458,981	–	–	458,981
Reportable segment assets	22,995,148	9,003,574	274,697	145,847	32,419,266
Additions to non-current segment assets during the year	9,657	40,236	121	2,022	52,036
Reportable segment liabilities	(18,850,627)	(1,528,923)	(12,778)	(95,539)	(20,487,867)

2 SEGMENT REPORTING (CONTINUED)

(b) Reconciliations of reportable segment revenue, profit or loss, assets and liabilities

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Revenue		
Reportable segment revenue	10,707,808	7,277,644
Elimination of inter-segment revenue	(188,119)	(306,620)
Consolidated revenue (<i>Note 3</i>)	<u>10,519,689</u>	<u>6,971,024</u>
Profit		
Reportable segment profit derived from Group's external customers	2,473,150	2,229,516
Share of profits less losses of associates	(49,820)	11,892
Share of losses of joint ventures	(6,997)	(779)
Other revenue and net loss	112,101	212,381
Depreciation and amortisation	(56,281)	(47,658)
Finance costs	(509,340)	(652,594)
Valuation gains on investment properties and investment properties classified as held for sale	458,981	416,301
Unallocated head office and corporate expenses	(124,971)	(132,730)
Consolidated profit before taxation	<u>2,296,823</u>	<u>2,036,329</u>
Assets		
Reportable segment assets	32,419,266	41,394,455
Interest in associates	21,095	163,030
Interest in joint ventures	230,580	350,067
Other financial assets	277,844	319,293
Prepaid tax	283,132	48,951
Deferred tax assets	545,727	501,953
Unallocated head office and corporate assets	177,793	93,743
Consolidated total assets	<u>33,955,437</u>	<u>42,871,492</u>
Liabilities		
Reportable segment liabilities	(20,487,867)	(30,053,768)
Tax payable	(4,830,203)	(4,288,902)
Deferred tax liabilities	(1,058,260)	(1,377,701)
Unallocated head office and corporate liabilities	(276,232)	(193,518)
Consolidated total liabilities	<u>(26,652,562)</u>	<u>(35,913,889)</u>

(c) Geographic information

No geographic information has been presented as the Group's operating activities are largely carried out in the PRC.

3 REVENUE

Revenue represents income from sale of properties, rental income, income from hotel operations and income from provision of property management and related services earned during the year, net of business tax and other sales related taxes and discounts allowed, and is analysed as follows:

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Sale of properties	9,988,246	6,422,060
Rental income	323,686	340,851
Hotel operations	55,671	56,025
Property management and related services income	152,086	152,088
	<u>10,519,689</u>	<u>6,971,024</u>

4 OTHER REVENUE

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Bank interest income	108,067	183,840
Other interest income	67,505	24,317
Construction management service income	16,038	10,594
Rental income from operating leases, other than those relating to investment properties	15,219	9,867
Government grant	–	2,476
Other service income	4,361	–
Others	22,171	20,804
	<u>233,361</u>	<u>251,898</u>

5 OTHER NET LOSS

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Net gain on disposal of subsidiaries	15,353	12,710
Net loss on disposal of partial interest in an associate	(35)	–
Net gain on disposal of available-for-sale investments and wealth management products	113,905	–
Net exchange gain/(loss)	60,115	(31,389)
Net loss on sale of other property, plant and equipment	(456)	(1,513)
Net gain on sale of investment properties and investment properties classified as held for sale	41,518	54,204
Provision on inventories	(314,994)	(70,690)
Impairment loss on available-for-sale investments	(36,428)	–
Impairment loss on hotel properties	–	(10,906)
Others	(238)	8,067
	<u>(121,260)</u>	<u>(39,517)</u>

6 PROFIT BEFORE TAXATION

Profit before taxation is arrived at after charging/(crediting):

	2015 HK\$'000	2014 HK\$'000
(a) Finance costs		
Interest on bank and other borrowings	829,165	1,179,898
Interest on loans from joint ventures	–	15,340
Interest on amounts due to non-controlling shareholders	14,211	13,584
Interest on note payable	70,149	–
Other borrowing costs	61,557	96,602
	<u>975,082</u>	<u>1,305,424</u>
Less: Amount capitalised (<i>Note</i>)	<u>(465,742)</u>	<u>(652,830)</u>
	<u>509,340</u>	<u>652,594</u>
<i>Note:</i> The borrowing costs have been capitalised at rates ranging from 4.57% to 12.00% (2014: 6.40% to 12.00%) per annum for the year ended 31 December 2015.		
(b) Staff costs		
Salaries, wages and other benefits	216,967	226,972
Contributions to defined contribution retirement plans	28,455	24,865
Equity settled share-based payment expenses	23,455	14,948
	<u>268,877</u>	<u>266,785</u>
(c) Other items		
Depreciation and amortisation	57,332	48,863
Less: Amount capitalised	<u>(1,051)</u>	<u>(1,205)</u>
	<u>56,281</u>	<u>47,658</u>
Cost of properties sold	7,066,683	3,810,337
Rental income from investment properties (<i>Note</i>)	<u>(323,686)</u>	<u>(340,851)</u>
Less: Direct outgoings	<u>30,285</u>	<u>24,297</u>
	<u>(293,401)</u>	<u>(316,554)</u>
Auditors' remuneration		
– audit services	6,213	6,117
– other services	2,665	1,512
Operating lease charges:		
– minimum lease payments for land and buildings	<u>35,712</u>	<u>37,605</u>

Note: Included contingent rental income of HK\$15,567,000 (2014: HK\$13,749,000) for the year ended 31 December 2015.

7 INCOME TAX

Income tax in the consolidated income statement represents:

	2015 <i>HK\$'000</i>	2014 <i>HK\$'000</i>
Current tax		
Provision for PRC Corporate Income Tax (“CIT”)	675,239	297,317
Provision for Land Appreciation Tax (“LAT”)	817,738	471,906
Withholding tax	84,380	49,368
	<u>1,577,357</u>	<u>818,591</u>
Deferred tax		
Origination and reversal of temporary differences	<u>(334,285)</u>	<u>211,881</u>
	<u>1,243,072</u>	<u>1,030,472</u>

Pursuant to the rules and regulations of the British Virgin Islands (the “BVI”) and the Cayman Islands, the Group is not subject to any income tax in the BVI and the Cayman Islands.

No provision was made for Hong Kong Profits Tax as the Group’s Hong Kong subsidiaries did not earn any assessable profits subject to Hong Kong Profits Tax for the years ended 31 December 2014 and 2015.

The provision for CIT is based on the respective applicable CIT rates on the estimated assessable profits of the PRC subsidiaries within the Group as determined in accordance with the relevant income tax rules and regulations of the PRC. The applicable CIT rate was 25% for the year ended 31 December 2015 (2014: 25%).

LAT is levied on properties developed and investment properties held by the Group in the PRC for sale, at progressive rates ranging from 30% to 60% on the appreciation of land value, which under the applicable regulations is calculated based on the proceeds of sale of properties less deductible expenditures including lease charges of land use right, borrowing costs and all qualified property development expenditures.

Withholding taxes are levied on dividend distributions arising from profit of the PRC subsidiaries within the Group earned after 1 January 2008, rental income earned and proceeds from the sale of investment properties in the PRC by a Hong Kong subsidiary at the applicable tax rates.

8 EARNINGS PER SHARE

(a) Basic earnings per share

The calculation of basic earnings per share is based on the profit attributable to equity shareholders of the Company of HK\$773,443,000 (2014: HK\$921,603,000) and the weighted average number of 1,414,035,000 shares (2014: 1,407,573,000 shares) in issue during the year, calculated as follows:

	2015 '000	2014 '000
Weighted average number of shares		
Issued ordinary shares	1,160,734	1,155,303
Effect of share options exercised and bonus perpetual subordinated convertible securities ("PCSs") converted	9,964	3,175
Effect of bonus issue of shares (with PCSs as an alternative)	<u>243,337</u>	<u>249,095</u>
Weighted average number of shares	<u>1,414,035</u>	<u>1,407,573</u>

(b) Diluted earnings per share

The calculation of diluted earnings per share is based on the profit attributable to equity shareholders of the Company of HK\$773,443,000 (2014: HK\$921,603,000) and the weighted average number of 1,424,994,000 shares (2014: 1,418,222,000 shares) in issue during the year, calculated as follows:

	2015 '000	2014 '000
Weighted average number of shares (diluted)		
Weighted average number of shares	1,414,035	1,407,573
Effect of deemed issue of shares under the Company's share option schemes for nil consideration	<u>10,959</u>	<u>10,649</u>
Weighted average number of shares (diluted)	<u>1,424,994</u>	<u>1,418,222</u>

9 DIVIDENDS

Dividends payable to equity shareholders of the Company and the holders of PCSs attributable to the year

	2015 HK\$'000	2014 HK\$'000
No interim dividend declared and paid in respect of the interim period (2014: HK11 cents per ordinary share and unit of PCSs)	–	154,951
Final dividend proposed after the end of the reporting period of HK22 cents (2014: HK11 cents) per ordinary share and unit of PCSs	<u>312,397</u>	<u>154,983</u>
	<u>312,397</u>	<u>309,934</u>

The final dividend proposed after the end of the reporting period has not been recognised as a liability at the end of the reporting period.

10 TRADE AND OTHER RECEIVABLES

	2015 HK\$'000	2014 HK\$'000
Debtors, prepayments and deposits	1,887,497	1,331,169
Amount due from an associate (<i>Note (i)</i>)	5,842	14,133
Amount due from a joint venture (<i>Note (ii)</i>)	47,756	–
Amounts due from non-controlling shareholders (<i>Note (iii)</i>)	<u>555,158</u>	<u>375,146</u>
	<u>2,496,253</u>	<u>1,720,448</u>

Notes:

- (i) The balance is unsecured, interest-free and recoverable on demand. The balance is neither past due nor impaired.
- (ii) The balance is unsecured, interest-bearing at 12.5% per annum and recoverable within one year. The balance is neither past due nor impaired.
- (iii) Apart from the amount due from a non-controlling shareholder of HK\$2,388,000 (2014: HK\$5,000) which is interest-free, all of the balances are unsecured, interest-bearing at 3% or 12.5% (2014: 3%) per annum and recoverable on demand or within one year. The balances are neither past due nor impaired.
- (iv) Included in trade and other receivables are trade debtors (net of allowance for doubtful debts) with the following ageing analysis based on due date at the end of the reporting period:

	2015 HK\$'000	2014 HK\$'000
Current or under 1 month overdue	41,299	66,378
More than 1 month overdue and up to 3 months overdue	617	16
More than 3 months overdue and up to 6 months overdue	212	7,519
More than 6 months overdue and up to 1 year overdue	2,111	129
More than 1 year overdue	<u>3,258</u>	<u>3,126</u>
	<u>47,497</u>	<u>77,168</u>

- (v) The Group maintains a defined credit policy and the exposures to the credit risks are monitored on an ongoing basis. In respect of rental income from leasing properties, sufficient rental deposits are held to cover potential exposure to credit risk. An ageing analysis of the receivables is prepared on a regular basis and is closely monitored to minimise any credit risk associated with these receivables.
- (vi) The Group's certain rental receivables were pledged to secure bank loans.

11 TRADE AND OTHER PAYABLES

	2015 HK\$'000	2014 HK\$'000
Creditors and accrued charges	4,322,821	4,965,273
Rental and other deposits	133,729	127,830
Receipts in advance	4,953,225	9,248,237
Amounts due to non-controlling shareholders (<i>Note (i)</i>)	587,960	750,522
Amount due to a related company (<i>Note (ii)</i>)	45,014	14,380
	<u>10,042,749</u>	<u>15,106,242</u>

Notes:

- (i) Apart from the amounts due to non-controlling shareholders of HK\$368,118,000 (2014: HK\$510,340,000) which are interest-free, all of the balances are unsecured, interest-bearing at 20% (2014: 20%) above the 1-year RMB benchmark lending rate as determined by the People's Bank of China and repayable within one year or on demand.
- (ii) The balance is unsecured, interest-free and repayable on demand.
- (iii) Included in trade and other payables are trade creditors with the following ageing analysis based on due date at the end of the reporting period:

	2015 HK\$'000	2014 HK\$'000
Due within 1 month or on demand	1,640,249	1,891,230
Due after 1 month but within 3 months	213,409	5,806
Due after 3 months but within 6 months	8,319	370,738
Due after 6 months but within 1 year	133,632	96,453
Due after 1 year	15,400	149,336
	<u>2,011,009</u>	<u>2,513,563</u>

12 CAPITAL COMMITMENTS

	2015 HK\$'000	2014 HK\$'000
Contracted for	2,632,406	4,656,726
Authorised but not contracted for	2,183,670	3,304,346
	<u>4,816,076</u>	<u>7,961,072</u>

Capital commitments were mainly related to development expenditure for the Group's properties under development.

MANAGEMENT DISCUSSION AND ANALYSIS

Review of Business in 2015

(1) Contracted Sales

In 2015, the Group recorded an aggregate of contracted sales of properties and contracted sales of car park units of approximately HK\$8,015.3 million (of which approximately HK\$7,824.4 million was from contracted sales of properties), representing a decrease of approximately 22.3% over 2014. The contracted saleable gross floor area (“GFA”) was approximately 396,453 square metres (“sq.m.”), representing a decrease of approximately 27.8% over 2014. The average selling price (“ASP”) of the Group’s contracted sales of properties in 2015 was approximately HK\$19,736.0 per sq.m. (2014: approximately HK\$17,856.8 per sq.m.), representing an increase of approximately 10.5% as compared with 2014. The increase in the Group’s overall ASP was mainly due to large proportions of contracted sales of properties generated from contracted sales of serviced apartments and residential units in various projects situated in Shanghai, Nanchang and Nanjing, which generally yielded a higher overall ASP. In addition, the Group’s contracted sales of car park units in 2015 was approximately HK\$190.9 million from the sale of 1,435 car park units. The Group has set a target of HK\$8.3 billion for the total contracted sales in 2016 with reference to its saleable resources with value estimated at approximately HK\$12.9 billion.

A breakdown of the total contracted sales of the Group during the year ended 31 December 2015 is set out as follows:

City	Project and Type of Project	Contracted Saleable GFA		Contracted Sales		Contracted ASP HK\$/sq.m.
		sq.m.	%	HK\$ million	%	
Shenzhen	The Spring Land – Shenzhen					
	– residential	793	0.2	25.3	0.3	31,904.2
	– retail	238	0.1	31.6	0.4	132,773.1
Sub-total		1,031	0.3	56.9	0.7	55,189.1
Shanghai	Shanghai Shama Century Park – serviced apartments	25,293	6.4	1,795.0	22.9	70,968.3
Nanchang	Nanchang Fashion Mark					
	– residential	26,859	6.8	465.2	6.0	17,320.1
	– retail	47,613	12.0	875.0	11.2	18,377.3
	– office	7,585	1.9	159.0	2.0	20,962.4
Sub-total		82,057	20.7	1,499.2	19.2	18,270.2
Nanjing	The Spring Land – Nanjing					
	– residential	1,375	0.3	37.1	0.5	26,981.8
	– retail	398	0.1	24.3	0.3	61,055.3
Sub-total		1,773	0.4	61.4	0.8	34,630.6

City	Project and Type of Project	Contracted Saleable GFA		Contracted Sales		Contracted ASP
		<i>sq.m.</i>	<i>%</i>	<i>HK\$ million</i>	<i>%</i>	<i>HK\$/sq.m.</i>
Nanjing	The Sunny Land – Nanjing					
	– residential	85,024	21.5	1,509.4	19.3	17,752.6
	– retail	3,351	0.8	98.1	1.2	29,274.8
Sub-total		88,375	22.3	1,607.5	20.5	18,189.5
Nanjing	Nanjing Fashion Mark – retail	3,278	0.8	99.9	1.3	30,475.9
Sanhe	Beijing Top Spring Shunze Flower Garden – residential	76,704	19.3	1,150.6	14.7	15,000.5
Hangzhou	The Spring Land – Hangzhou					
	– residential	12,264	3.1	331.9	4.3	27,062.9
	– retail	5,312	1.3	158.6	2.0	29,856.9
Sub-total		17,576	4.4	490.5	6.3	27,907.4
Hangzhou	Hangzhou Hidden Valley – residential	7,030	1.8	119.2	1.5	16,955.9
Huizhou	Huizhou Hidden Bay – residential	47,494	12.0	518.4	6.6	10,915.1
Changzhou	Changzhou Fashion Mark					
	– residential	3,372	0.9	31.0	0.4	9,193.4
	– retail	1,046	0.3	28.0	0.4	26,768.6
Sub-total		4,418	1.2	59.0	0.8	13,354.5
Changzhou	Changzhou Le Leman City					
	– residential	19,885	5.0	139.2	1.8	7,000.3
	– retail	5,996	1.5	94.4	1.2	15,743.8
Sub-total		25,881	6.5	233.6	3.0	9,025.9
Tianjin	Tianjin Le Leman City					
	– residential	15,189	3.8	129.4	1.7	8,519.3
	– retail	354	0.1	3.8	0.0	10,734.5
Sub-total		15,543	3.9	133.2	1.7	8,569.8
Total		396,453	100.0	7,824.4	100.0	19,736.0

City	Project	Number of Contracted Sales of Car Parks		Contracted Sales		Contracted ASP
		unit	%	HK\$ million	%	HK\$/unit
Shenzhen	The Spring Land – Shenzhen	3	0.2	0.4	0.2	133,333.3
Shanghai	Shanghai Shama Century Park	129	9.0	37.9	19.8	293,798.4
Nanchang	Nanchang Fashion Mark	396	27.6	77.1	40.4	194,697.0
Nanjing	The Spring Land – Nanjing	27	1.9	4.9	2.6	181,481.5
Hangzhou	The Spring Land – Hangzhou	123	8.6	28.0	14.7	227,642.3
Changzhou	Changzhou Fashion Mark	9	0.6	1.0	0.5	111,111.1
Changzhou	Changzhou Le Leman City	748	52.1	41.6	21.8	55,615.0
		<u>1,435</u>	<u>100.0</u>	<u>190.9</u>	<u>100.0</u>	133,031.4

(2) *Projects Completed, Delivered and Booked in 2015*

For the year ended 31 December 2015, the Group completed constructions of Nanchang Fashion Mark (high rise residential in Lot North and Lot South), The Spring Land – Nanjing (remaining portion), The Spring Land – Hangzhou and Changzhou Le Leman City Phase 8 (5-B) with total saleable and leasable GFA of approximately 499,797 sq.m.

For the year ended 31 December 2015, the Group's property development business in Shenzhen, Nanchang, Nanjing, Hangzhou, Huizhou, Changzhou and Tianjin achieved a turnover from sale of properties (excluding sale of car park units), after deduction of sales return, of approximately HK\$9,449.5 million with saleable GFA of approximately 568,920 sq.m. being recognised, increased by approximately 48.6% and 77.2%, respectively, over the year ended 31 December 2014. The recognised ASP for the sale of properties was approximately HK\$16,609.5 per sq.m. for the year ended 31 December 2015, representing a decrease of approximately 16.2% compared with approximately HK\$19,811.9 per sq.m. for the year ended 31 December 2014.

For the year ended 31 December 2015, the Group delivered and recognised the sale of car park units, after deduction of sales return, with a total recognised sales amount and ASP of approximately HK\$538.7 million and HK\$153,826.4 per unit, respectively, from the sale of 3,502 car park units.

Details of the projects' completion, and sale of properties and car park units of the Group recognised in 2015 are listed below:

City	Project and Type of Project	Saleable/ leasable GFA of Properties Completed <i>sq.m.</i>	Saleable GFA Booked <i>sq.m.</i>	Sale of Properties Recognised <i>HK\$ million</i>	Recognised ASP <i>HK\$/sq.m.</i>
Shenzhen	The Spring Land – Shenzhen – residential	–	881	25.3	28,717.4
Nanchang	Nanchang Fashion Mark – residential	259,319	235,380	3,379.2	14,356.4
	– retail and office	25,501	6,536	227.3	34,776.6
Sub-total		284,820	241,916	3,606.5	14,908.1
Nanjing	The Spring Land – Nanjing – residential	47,480	62,534	1,876.0	29,999.7
	– retail	3,973	5,772	263.0	45,564.8
Sub-total		51,453	68,306	2,139.0	31,315.0
Hangzhou	The Spring Land – Hangzhou – residential	114,544	79,792	1,966.2	24,641.6
Hangzhou	Hangzhou Hidden Valley – residential	–	13,151	241.4	18,356.0
Huizhou	Huizhou Hidden Bay – residential	–	85,055	864.2	10,160.5
Changzhou	Changzhou Fashion Mark – residential	–	3,066	30.3	9,882.6
	– retail	–	737	19.7	26,730.0
Sub-total		–	3,803	50.0	13,147.5
Changzhou	Changzhou Le Leman City – residential	48,980	65,098	450.9	6,926.5
	– retail	–	6,641	72.4	10,902.0
Sub-total		48,980	71,739	523.3	7,294.5
Tianjin	Tianjin Le Leman City – residential	–	4,613	37.2	8,064.2

City	Project and Type of Project	Saleable/ leasable GFA of Properties Completed <i>sq.m.</i>	Saleable GFA Booked <i>sq.m.</i>	Sale of Properties Recognised <i>HK\$ million</i>	Recognised ASP <i>HK\$/sq.m.</i>
Less: Sales return					
Changzhou	Changzhou Le Leman City – residential	–	(336)	(3.6)	10,714.3
Total		499,797	568,920	9,449.5	16,609.5

City	Project	Number of Car Park Units Booked <i>unit</i>	Sale of Car Park Units Recognised <i>HK\$ million</i>	Recognised ASP <i>HK\$/unit</i>
Shenzhen	The Spring Land – Shenzhen	2	0.4	200,000.0
Nanchang	Nanchang Fashion Mark	1,726	304.0	176,129.8
Nanjing	The Spring Land – Nanjing	735	129.4	176,054.4
Hangzhou	The Spring Land – Hangzhou	318	66.6	209,434.0
Changzhou	Changzhou Le Leman City	724	38.8	53,591.2
Sub-total		3,505	539.2	153,837.4
Less: Sales return				
Shenzhen	The Spring Land – Shenzhen	(3)	(0.5)	166,666.7
Total		3,502	538.7	153,826.4

(3) *Investment Properties (inclusive of investment properties classified as held for sale)*

In addition to the sale of properties developed by the Group, the Group has also leased out or expects to lease out its investment property portfolio comprising mainly shopping malls, community commercial centres, retail shops, serviced apartments and car park units in The Spring Land – Shenzhen, Changzhou Fashion Mark, Changzhou Le Leman City, Dongguan Landmark, Hangzhou Landmark, Shenzhen Water Flower Garden, Chengdu Fashion Mark, Nanchang Fashion Mark and Shanghai Shama Century Park in the PRC. As at 31 December 2015, the total fair value of the investment properties of the Group was approximately HK\$8,332.9 million, representing approximately 24.5% of the Group's total asset value. The Group's investment property portfolio had a total leasable GFA of approximately 448,491 sq.m. of which investment properties under operation with a leasable GFA of approximately 251,041 sq.m. had a fair value of approximately HK\$7,109.1 million. A supermarket at Changzhou Le Leman City Phase 9 (2-B) – Fashion Walk, which was completed but yet to operate as at 31 December 2015, had leasable GFA of approximately 21,450 sq.m. and a fair value of approximately HK\$185.1 million. The investment property comprising a shopping mall, retail shops and serviced apartments of Nanchang Fashion Mark, which was under development as at 31 December 2015, had leasable GFA of approximately 176,000 sq.m., and a fair value of approximately HK\$1,038.7 million. The Group recorded approximately HK\$215.9 million (net of deferred tax) (for the year ended 31 December 2014: approximately HK\$337.7 million) as gain in fair value of its investment properties for the year ended 31 December 2015.

The Group carefully plans and selects tenants based on factors such as a project's overall positioning, market demand in surrounding areas, market levels of rent and development needs of tenants. The Group attracts large-scale anchor tenants which assist in enhancing the value of its projects. The Group enters into longer-term and more favourable lease contracts with such anchor and reputable tenants which include well-known brands, chain cinema operators, reputable restaurants and top operators of catering businesses. As at 31 December 2015, the GFA taken up by these anchor and reputable tenants, whose leased GFA was over 10.0% of the total leasable GFA of a single investment property, made up approximately 35.8% (as at 31 December 2014: approximately 45.4%) of the Group's total leasable area in its investment properties under operation.

For the year ended 31 December 2015, despite the fact that the occupancy rate decreased from approximately 94.0% as at 31 December 2014 to 81.9% as at 31 December 2015 mainly due to the launch of pre-sale of Shanghai Shama Century Park since April 2015, the Group still managed to generate steady recurring rental income of approximately HK\$323.7 million, representing a decrease of approximately 5.0% from approximately HK\$340.9 million for the year ended 31 December 2014. The average monthly rental income of the Group's investment properties under operation for the year ended 31 December 2015 was approximately HK\$131.2 per sq.m. (for the year ended 31 December 2014: approximately HK\$115.0 per sq.m.). The increase in the average monthly rental income was partly attributable to the increased rental rates of the Group's existing investment properties under operation, especially The Spring Land – Shenzhen – Fashion Walk.

The Group's investment property under development as at 31 December 2015, Nanchang Fashion Mark, is expected to complete construction and shall commence operation in 2018.

Details of the Group's investment properties as at 31 December 2015 and the Group's rental income for the year ended 31 December 2015 are set out as follows:

Investment Properties (inclusive of investment properties classified as held for sale)	Leasable GFA as at 31 December 2015 (Note 7) sq.m.	Fair Value as at 31 December 2015 HK\$ million	Rental Income for the year ended 31 December 2015 HK\$ million	Average Monthly Rental Income per sq.m. for the year ended 31 December 2015 HK\$/sq.m.	Occupancy Rate as at 31 December 2015 %
Investment properties under operation					
Changzhou Fashion Mark Phases 1 and 2 (Shopping mall and car park units)	77,581	1,478.0	65.7	72.0	98.0
Dongguan Landmark (Shopping mall and car park units)	20,172	538.4	33.2	138.8	98.8
Hangzhou Landmark (Shopping mall)	24,667	389.2	31.6	107.6	99.2
Shenzhen Water Flower Garden (Retail assets)	4,992	255.5	20.0	333.9	100.0
The Spring Land – Shenzhen Phase 1 – Fashion Walk (Retail assets) (Note 1)	3,356	187.4	9.2	298.9	76.4
The Spring Land – Shenzhen Phase 3 – Fashion Walk (Retail assets and car park units)	22,393	662.6	22.2	83.1	99.4
The Spring Land – Shenzhen Phase 5 – Fashion Walk (Retail assets)	3,521	199.4	11.2	322.6	82.2
The Spring Land – Shenzhen Phase 6A – Fashion Walk (Retail assets) (Note 2)	1,291	68.1	7.4	477.7	100.0
The Spring Land – Shenzhen Phase 6B – Fashion Walk (Retail assets) (Note 3)	2,893	150.4	1.8	63.4	81.8
Changzhou Le Leman City Phase 11 (Retail asset) (Note 4)	16,858	127.8	0.9	16.9	26.2
Chengdu Fashion Mark (Shopping mall and car park units)	38,285	802.3	28.4	133.2	46.4
Shanghai Shama Century Park (Serviced apartments and car park units) (Note 5)	35,032	2,250.0	92.1	288.9	75.8
Sub-total	251,041	7,109.1	323.7	131.2	81.9
Investment property completed but yet to operate					
Changzhou Le Leman City Phase 9 (2-B) – Fashion Walk (Retail asset)	21,450	185.1	–		

			Rental Income for the year ended	Average Monthly Rental Income per sq.m. for the year ended	Occupancy Rate as at
Investment Properties (inclusive of investment properties classified as held for sale)	Leasable GFA as at 31 December 2015 (Note 7) sq.m.	Fair Value as at 31 December 2015 HK\$ million	31 December 2015 HK\$ million	31 December 2015 HK\$/sq.m.	31 December 2015 %
<i>Investment property under development</i>					
Nanchang Fashion Mark (Shopping mall, retail shops and serviced apartments) (Note 6)	176,000	1,038.7	–		
Total	448,491	8,332.9	323.7		

Note 1: The unoccupied areas of the retail assets in The Spring Land – Shenzhen Phase 1 – Fashion Walk mainly represent the sales centre of The Spring Land – Shenzhen with leasable GFA of approximately 791 sq.m. which the Group intends to lease out in the future.

Note 2: As at 31 December 2015, leasable GFA of approximately 238 sq.m. of the retail assets of The Spring Land – Shenzhen Phase 6A – Fashion Walk was sold and delivered.

Note 3: The retail assets of The Spring Land – Shenzhen Phase 6B – Fashion Walk commenced operation in the first half of 2015.

Note 4: The retail asset represents a habilitation and recreation centre of Changzhou Le Leman City Phase 11 for leasing purpose.

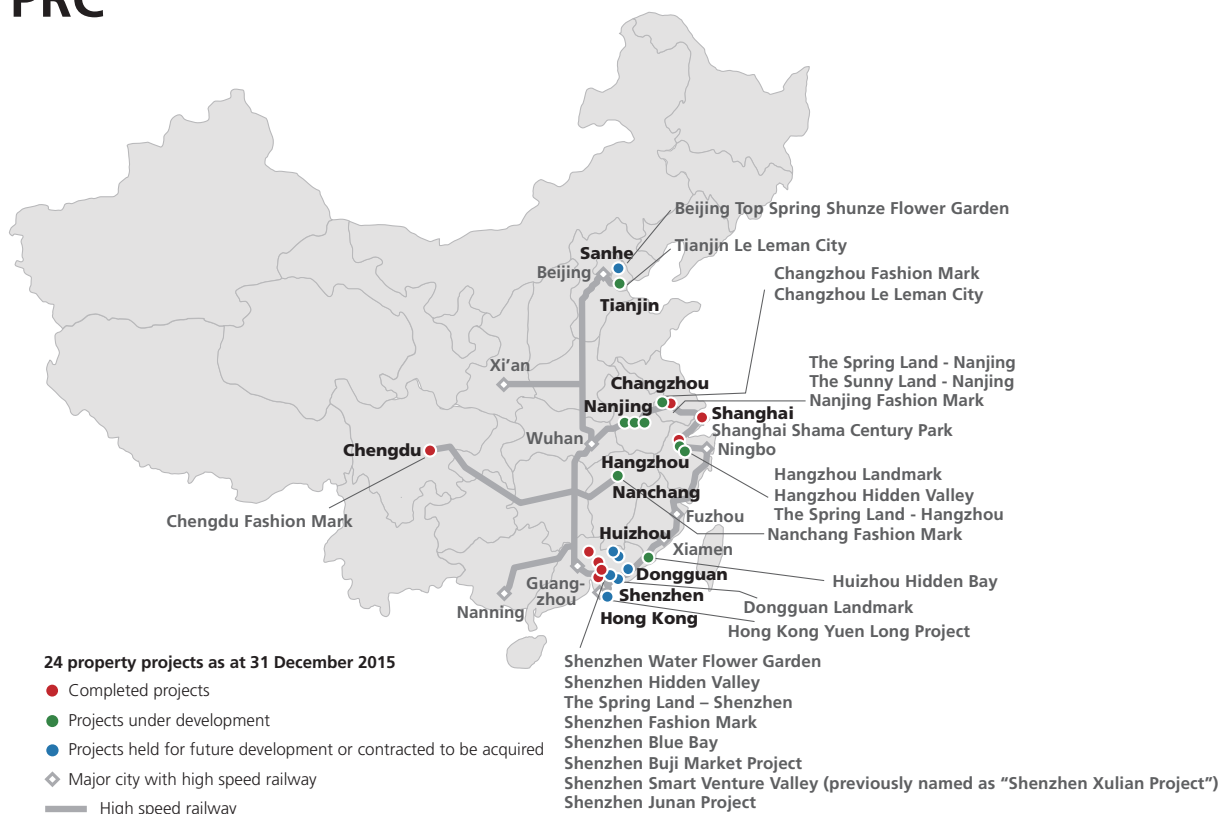
Note 5: As at 31 December 2015, leasable GFA of approximately 25,293 sq.m. of Shanghai Shama Century Park was sold through pre-sale and approximately 14,325 sq.m was delivered.

Note 6: The land use rights certificates of the investment property of Nanchang Fashion Mark were obtained in June 2013. The investment property is expected to complete construction and shall commence operation in 2018. This investment property is planned to comprise a shopping mall, retail shops and serviced apartments for leasing purpose with leasable GFA of approximately 118,000 sq.m., 38,000 sq.m. and 20,000 sq.m., respectively.

Note 7: The leasable GFA as at 31 December 2015 excluded car park units.

(4) Land Bank as at 31 December 2015

PRC



The Group is specialising in the development and operation of urban mixed-use communities and the development and sale of residential properties in the Pearl River Delta, the Yangtze River Delta, the Central China, the Beijing-Tianjin and the Chengdu-Chongqing regions in the PRC.

As at 31 December 2015, the Group had a total of 24 projects over 12 cities in various stages of development, including an estimated net saleable/leasable GFA of completed projects of approximately 520,403 sq.m., an estimated net saleable/leasable GFA of projects under development of approximately 469,817 sq.m., an estimated net saleable/leasable GFA of projects held for future development of approximately 2,187,463 sq.m. and an estimated net saleable/leasable GFA of projects contracted to be acquired or under application for change in land use of approximately 1,540,293 sq.m., totalling an estimated net saleable/leasable GFA of approximately 4,717,976 sq.m.

As at 31 December 2015, the Group had a total of 24 projects over 12 cities in various stages of development with a total estimated net saleable/leasable GFA of approximately 4,717,976 sq.m. Excluding Shanghai Shama Century Park (an operational serviced apartments project), Shenzhen Fashion Mark, Shenzhen Buji Market Project, Shenzhen Smart Venture Valley and Shenzhen Junan Project (all are redevelopment projects) and Hong Kong Yuen Long Project (agricultural lots), the remaining estimated land bank of the Group of approximately 3,096,302 sq.m. has an average land cost of approximately RMB2,321.2 per sq.m. (equivalent to approximately HK\$2,771.3 per sq.m.).

Project no.	City	Project	Type of Property	Estimated Net Saleable/Leasable GFA sq.m.	Interest Attributable to the Group %
Completed Projects					
1	Shenzhen	Shenzhen Hidden Valley	Residential	4,976	100
2	Shenzhen	The Spring Land – Shenzhen	Residential/ Commercial	33,592	100
3	Shenzhen	Shenzhen Water Flower Garden	Commercial	4,992	100
4	Changzhou	Changzhou Fashion Mark	Residential/ Commercial	84,931	100
5	Changzhou	Changzhou Le Leman City	Residential/ Commercial	97,168	100
6	Dongguan	Dongguan Landmark	Commercial	20,172	100
7	Hangzhou	Hangzhou Landmark	Commercial	26,264	100
8	Hangzhou	Hangzhou Hidden Valley	Residential	30,573	100
9	Chengdu	Chengdu Fashion Mark	Commercial	38,285	100
10	Shanghai	Shanghai Shama Century Park	Serviced apartments	35,032	70
11	Tianjin	Tianjin Le Leman City	Residential/ Commercial	15,281	58
12	Huizhou	Huizhou Hidden Bay	Residential/ Commercial	49,974	100
13	Nanchang	Nanchang Fashion Mark	Residential/ Commercial	43,391	70
14	Nanjing	The Spring Land – Nanjing	Residential/ Commercial	1,020	100
15	Hangzhou	The Spring Land – Hangzhou	Residential/ Commercial/ Office	34,752	100
Sub-total				520,403	

Project no.	City	Project	Type of Property/ Land Use	Estimated Net Saleable/ Leasable GFA <i>sq.m.</i>	Interest Attributable to the Group %
Projects Under Development					
5	Changzhou	Changzhou Le Leman City	Residential	54,583	100
11	Tianjin	Tianjin Le Leman City	Commercial	33,839	58
12	Huizhou	Huizhou Hidden Bay	Residential	56,541	100
13	Nanchang	Nanchang Fashion Mark	Residential/ Commercial	121,458	70
16	Nanjing	The Sunny Land – Nanjing	Residential/ Commercial	160,501	100
17	Nanjing	Nanjing Fashion Mark	Residential/ Commercial	42,895	100
Subtotal				469,817	
Projects Held For Future Development					
5	Changzhou	Changzhou Le Leman City	Residential/ Commercial	60,934	100
8	Hangzhou	Hangzhou Hidden Valley	Residential	278,903	100
11	Tianjin	Tianjin Le Leman City	Commercial	800,465	58
12	Huizhou	Huizhou Hidden Bay	Residential	318,102	100
13	Nanchang	Nanchang Fashion Mark	Commercial/ Office	345,959	70
18	Shenzhen	Shenzhen Blue Bay	Residential	15,000	92
19	Shenzhen	Shenzhen Buji Market Project	Commercial	46,349	55
20	Sanhe	Beijing Top Spring Shunze Flower Garden	Residential/ Commercial	321,751	51
Subtotal				2,187,463	
Projects Contracted To Be Acquired or Under Application For Change in Land Use					
19	Shenzhen	Shenzhen Buji Market Project	Commercial	202,828	55
21	Shenzhen	Shenzhen Fashion Mark	Residential/ Commercial/ Office	1,139,280	100
22	Shenzhen	Shenzhen Smart Venture Valley	Industrial/ Commercial	104,507	100
23	Shenzhen	Shenzhen Junan Project	Industrial	83,300	40
24	Hong Kong	Hong Kong Yuen Long Project	Agricultural	10,378	100
Subtotal				1,540,293	
Total				4,717,976	

Details of land bank in major cities are set out below:

Region	Estimated Net Saleable/ Leasable GFA sq.m.	Average land cost⁽¹⁾ HK\$/sq.m.
Shenzhen and surrounding regions (including Dongguan and Huizhou)	2,079,613	1,208.5
Shanghai	35,032	N/A ⁽²⁾
Nanchang	510,808	2,906.6
Nanjing	204,416	9,633.3
Sanhe	321,751	2,659.5
Hangzhou	370,492	7,245.3
Changzhou	297,616	699.9
Tianjin	849,585	829.6
Chengdu	38,285	1,703.0
Hong Kong	10,378	N/A ⁽²⁾
Total	4,717,976	2,771.3⁽¹⁾

Notes:

- (1) The average land cost excludes Shanghai Shama Century Park, Shenzhen Fashion Mark, Shenzhen Buji Market Project, Shenzhen Smart Venture Valley, Shenzhen Junan Project and Hong Kong Yuen Long Project and is based on the remaining estimated land bank of the Group of approximately 3,096,302 sq.m.
- (2) N/A means not applicable.

Details of the new projects acquired or extra interests acquired and interest agreed to be disposed of in existing projects from 1 January 2015 to the date of this announcement are set out below:

New projects acquired from 1 January 2015 to the date of this announcement

New projects acquired:

City, Country	Project	Total Consideration	Estimated Saleable/ Leasable GFA	Estimated Number of Car Park Units	Interest Attributable to the Group %
Hong Kong, PRC	Hong Kong Yuen Long Project ⁽¹⁾	HK\$99,000,000	10,378 sq.m.	TBC ⁽⁴⁾	100
Shanghai, PRC	Shanghai Puxing Project ⁽²⁾	RMB752,751,900.76	57,353 sq.m.	315	85
Shanghai, PRC	Shanghai Grand Pujian Residence ⁽³⁾	US\$88,086,976.14	25,961 sq.m.	43	100

Notes:

- (1) On 9 October 2015, the Group entered into a sale and purchase agreement with an independent third party, pursuant to which the Group conditionally agreed to purchase the respective entire issued share capital of Wealth Channel Holdings Limited and Great Billion Corporation Limited which directly own Hong Kong Yuen Long Project at a consideration of HK\$99,000,000. The completion of the transaction took place on 31 December 2015.

- (2) On 4 March 2016, the Group entered into a sale and purchase agreement pursuant to which the Group agreed to purchase 85% of the equity interest in 上海環建投資有限公司 (Shanghai Huanjian Investment Company Limited*) from an independent third party and 0.85% of the equity interest in 上海環唐文化傳播有限公司 (Shanghai Huantang Cultural Communication Company Limited*) from another independent third party which owns Shanghai Puxing Project, at a total consideration of RMB752,751,900.76 (equivalent to approximately HK\$893,591,781.39). For details, please refer to the Company's announcement dated 7 March 2016.
- (3) On 15 March 2016, the Group entered into a share purchase agreement with an independent third party, pursuant to which the Group agreed to purchase and assume the entire issued share capital of Unique Prosper International Limited (宇興國際有限公司) which indirectly owns Shanghai Grand Pujian Residence, and the shareholder loan, respectively. The aggregate value of the consideration is US\$88,086,976.14 (equivalent to approximately HK\$683,554,935) which comprises (i) the share consideration in the amount of US\$33,036,976.14 (equivalent to approximately HK\$256,366,935) which is inclusive of the working capital in the amount of US\$825,465.37 (equivalent to approximately HK\$6,405,611); and (ii) the shareholder loan consideration in the amount of US\$55,050,000 (equivalent to approximately HK\$427,188,000). For details, please refer to the Company's announcement dated 15 March 2016.
- (4) TBC means to be confirmed.

The Group intends to continue to leverage its experience in identifying land with investment potential at advantageous times and acquiring land reserves which are or will be well connected with transportation and infrastructure developments. Moreover, the Group intends to continue to acquire new land or project in locations with vibrant economies and strong growth potential, in particular, Shenzhen, Shanghai, Nanjing and Nanchang of the PRC.

Land reserves disposed of from 1 January 2015 to the date of this announcement

Pursuant to a share transfer agreement dated 18 November 2015, the Group conditionally agreed to (i) sell the entire issued share capital in Top Spring International (UK) Limited (“TSIUK”) which directly owned 25% of the issued share capital of Fairbrair Real Estate Limited which indirectly owned the freehold property known as Middlewood Locks, Salford, the United Kingdom, and the freehold property known as Milliner's Wharf, Manchester, the United Kingdom, and (ii) sell or assign, or procure the sale or assignment of the loans outstanding owed by TSIUK to the Group as at the date of completion of the transaction at an aggregate consideration of approximately £15,069,987 (equivalent to approximately HK\$176,318,848) to an independent third party. The completion of the transaction took place on 10 December 2015 and this resulted in a net gain on disposal of interest in a subsidiary of approximately HK\$15,132,000. For details, please refer to the Company's announcement dated 18 November 2015.

Land reserves agreed to be disposed of:

On 12 January 2016, the Group entered into a supplemental cooperation agreement with the People's Government of Jinghai District, Tianjin Municipal (“**Jinghai Government**”), pursuant to which the Group shall surrender three parcels of land of the Group's Tianjin Le Leman City (the “**Land**”) to Jinghai Government and Jinghai Government shall compensate the Group for an aggregate compensation amount of RMB316,047,700 (equivalent to approximately HK\$376,096,763) for the surrender of the Land in accordance with the land surrender agreements entered into between the Group, the Bureau of Land Resources of Jinghai District, and Tianjin Jinghai District Land Centre. As at 12 January 2016, the total site area of the Land was approximately 369,057 sq.m. For details, please refer to the Company's announcement dated 12 January 2016.

(5) *Expected Project Commencement and Completion in 2016*

In 2016, the Group intends to commence construction of five projects with a total estimated saleable/leasable GFA of approximately 618,218 sq.m.

Details of the projects expected to commence construction in 2016 are set out below:

City	Project	Estimated Saleable/ Leasable GFA sq.m.
Shenzhen	Shenzhen Junan Project	83,300
Nanchang	Nanchang Fashion Mark	343,435
Sanhe	Beijing Top Spring Shunze Flower Garden	111,212
Huizhou	Huizhou Hidden Bay	56,349
Tianjin	Tianjin Le Leman City	23,922
Total		<u>618,218</u>

The Group also intends to complete the construction of five projects with a total estimated saleable/leasable GFA of approximately 414,199 sq.m. in 2016.

Details of the projects with expected completion in 2016 are set out below:

City	Project	Estimated Saleable/ Leasable GFA sq.m.
Nanchang	Nanchang Fashion Mark	118,709
Nanjing	The Sunny Land – Nanjing	160,501
Huizhou	Huizhou Hidden Bay	56,541
Changzhou	Changzhou Le Leman City	54,583
Tianjin	Tianjin Le Leman City	23,865
Total		<u>414,199</u>

BUSINESS REVIEW

“Integrity, Innovation, Quality and Efficiency” was the Group’s development guiding principle in 2015. Looking back in 2015, it was a year full of difficulties and challenges for the Group. From the aspects of property sales, operation, expansion and financing, the Group had finally gone through all the barriers and achieved decent results despite encountering various difficulties in the progress. First of all, from the microscopic view of the real estate market in the PRC in 2015, according to the information from the National Bureau of Statistics of the PRC, the saleable GFA of commodity properties sold in the PRC amounted to approximately 1.29 billion sq.m. while the sales revenue amounted to approximately RMB8.7 trillion, representing an increase of approximately 6.5% and approximately 14.4%, respectively, as compared with 2014. The sales revenue of the commodity properties in the PRC grew faster than the saleable GFA primarily due to the increase in sales proportion of first- and second-tier cities, which proved that certain property developers cease to centralise or expand their development focus and investment in cities other than first- and second-tier cities. In addition, the newly constructed property GFA in the PRC was approximately 1.54 billion sq.m. in 2015, representing a decrease of 14.0% as compared with 2014. This showed a year-on-year decrease in respect of the new property construction GFA in the market of the PRC for the second consecutive year with a larger decrease as in 2014. This proves that it would be difficult for the future property construction GFA to grow on an ongoing basis and the developers are getting pressure to clear inventory. From the macroscopic view of the PRC’s real economy in 2015, the expected GDP growth rate decreased from high-single-digit to mid-single-digit and high-land premium transactions in certain first- and second-tier cities which represents that there could be no more high growth and high gross profit investment projects in the PRC property market. As a result, the PRC government is required to continue a moderate loose monetary and regulatory policies on the PRC property market in order to maintain market competitiveness. However, the currency circulation was extremely high throughout 2015 as the People’s Bank of China conducted interest rate cuts for five times and deposit base interest rate cuts for five times with an aggregate decrease of 1.25 percentage points and an aggregate decrease of 2.75 percentage points, respectively. Undoubtedly, these would enhance the desire and demand for domestic consumers to purchase property, resulting in a steady development for domestic property market.

As the value of saleable resources dropped as compared with last year and the proportion of residential properties to the total saleable resources decreased substantially, the Group faced more difficulties in sales of properties in 2015. During 2015, the Group carried out property sales across nine cities in the PRC with 13 projects in total. The annual contracted sales from the sale of properties and car park units amounted to approximately HK\$8.02 billion (excluding the subscribed pre-sales amounted to approximately HK\$505 million), representing a decrease of approximately 22.3% as compared with 2014. Fortunately, the ASP of the Group’s overall contracted sales in 2015 increased as compared with last year. The ASP amounted to approximately HK\$19,736.0 per sq.m., representing an increase of approximately 10.5% as compared with last year. Benefited from the initial launch of pre-sale of Shanghai Shama Century Park, which is located in Lujiazui, Pudong New District, Shanghai in April 2015, which received positive feedback from the market, the serviced apartments available for sale for this project in 2015 generated approximately HK\$1.8 billion of contracted sales, with

average selling price of approximately HK\$70,968.3 per sq.m., which is higher than that of the other second-hand properties in the same district. Other than the domestic real estate property sales, the Group achieved favourable investment returns through two batches of equity transfer of companies. For instance, in February 2015, the Group disposed of its 3.0558% equity interest in 上海楓丹麗舍房地產開發有限公司 (Shanghai Fengdan Lishe Real Estate Development Co., Ltd.*), a domestic company which owns a parcel of land located at the eastern suburb, Unit 5, Tangzhen New Town, the Pudong New District, Shanghai, the PRC, to an indirect wholly-owned subsidiary of Sunac China Holdings Limited and recognised other net income of approximately HK\$108.0 million. Furthermore, in November 2015, the Group successfully sold 25% interest in two real estate projects in Manchester, United Kingdom, to an independent third party, at an aggregate consideration of approximately HK\$176 million. This disposal of equity interests also resulted in favourable investment return to the Group (rate of investment return of which amounted up to approximately 30%).

In 2015, the Group's rental income from investment properties slightly decreased from approximately HK\$340.9 million in 2014 to approximately HK\$323.7 million in 2015, representing a decrease of approximately 5.0%. This was mainly due to the decrease of total leasable GFA from approximately 262,711 sq.m. as at 31 December 2014 to approximately 251,041 sq.m. as at 31 December 2015. Due to the Group's disposal of Shanghai Shama Century Park and The Spring Land – Shenzhen Phase 6A – Fashion Walk (retail assets) in 2015 which resulted in a decrease of the total leasable GFA, the total rental income decreased accordingly. It is noted that the overall average monthly rental income of the Group's operating investment property portfolio for the year ended 31 December 2015 increased substantially as compared with 2014, from approximately HK\$115.0 per sq.m. per month in 2014 to approximately HK\$131.2 per sq.m. per month in 2015. It proves that the fixed rental income of the Group is rising. As at 31 December 2015, the Group's operating investment property portfolio of 251,041 sq.m., together with the investment properties that are completed but yet to operate or to be developed in the next two years, the future total leasable GFA of the Group's investment property portfolio will reach up to approximately 448,491 sq.m. Its fair value as at 31 December 2015 was approximately HK\$8.33 billion, representing approximately 24.5% of the Group's total asset value.

As at 31 December 2015, the land bank (that is, the net saleable/leasable GFA) of the Group was approximately 4,717,976 sq.m. In terms of land bank strategy, the Group will focus on the first- and second-tier cities in China, such as Shenzhen, Shanghai and Nanjing and the core cities in Jiangxi Province such as Nanchang, where working population is increasing, the transportation network is effective, high speed rail, metro network and expressway are in operation or under construction, and economic growth potential is strong. As usual, the Group continues to maintain a prudent land bank strategy to look for new land and new project acquisition opportunities. The Group expects its current land bank will be sufficient for its development and operation for the next five to eight years. In 2015, the Group acquired a total of three projects in Shenzhen, one of which the Group indirectly acquired a parcel of land that will be demolished and reconstructed under the urban renewal project in Longgang, Shenzhen, through acquiring 60% equity interests in a company in Shenzhen during the first half of 2015. The site area of such project was approximately 88,763.79 sq.m. Furthermore, in the second

half of 2015, the Group also acquired two projects in Shenzhen for redevelopment of old villages located in Jianshang Village, Longhua New District and Nanyue Village, Longgang Town, Longgang District, Shenzhen, where the development and construction site area of both projects are approximately 26,900 sq.m. and approximately 3,382 sq.m., respectively. As at 31 December 2015, the expected saleable GFA of such projects was not included in the land bank of the Group as the relevant project companies are applying to become the principal redeveloper of such project. Further, the project plan of Shenzhen Fashion Mark of the Group achieved a great breakthrough and was approved by the Urban Planning Land and Resources Commission of Shenzhen Municipality in August 2015. Its plot ratio GFA is approximately 1,172,500 sq.m. The approval of the project plan of Shenzhen Fashion Mark facilitated the Group to implement its strategy to develop Shenzhen as its primary base in the future. In addition, as at 31 December 2015, the Group acquired a total of three parcels of land in Yuen Long, Hong Kong (which is currently for agricultural use and located next to Tai Tong Road and Shap Pat Heung Road) through a transfer of the respective entire share capital of two companies and the land premium will be paid in the future to change the usage of land to residential. It is expected that its total GFA will be approximately 10,378 sq.m.

In 2015, the Group commenced the construction on five projects with saleable/leasable GFA of approximately 577,000 sq.m., representing an increase of approximately 49.8% as compared with 2014. In particular, Shenzhen Smart Venture Valley, the first “Industrial land modification” project of the Group (that is, it will require demolition of the existing industrial buildings and the redevelopment of new buildings for upgrading and reformation in the industrial zone), formally commenced its construction in the first half of 2015 and it is planned to be launched for sale in the second half of 2016. As at 31 December 2015, the Group completed five projects with saleable/leasable GFA of approximately 499,797 sq.m., representing a decrease of approximately 1.8% as compared with 2014.

In the new strategic planning of the Group, new business sector will be an integral part of our principal business in the future, same as the property development business. Based on the new structure, new business had remarkable performance in six major aspects during 2015. Firstly, the Group facilitated the establishment of 深圳市綠膳谷農業創新發展有限公司 (Shenzhen Green Port Agricultural Development Co., Ltd*) with 深圳市農產品股份有限公司 (Shenzhen Agricultural Products Co., Ltd*). Such company is located in 深圳海吉星國際農產品物流園片區 (Shenzhen Haijixing International Agricultural Logistics Zone*) with site area of approximately 87,000 sq.m. It targets at household consumption of urban high-end consumers with high regards in food safety and health. It creates and combines innovative agriculture, healthy food experience, trendy catering, global high-end food and creative venture on the basis of internet online transaction and offline real experience. It is also the first creative complex in Shenzhen, the first creative agriculture complex in the PRC and a major project proposed by Shenzhen Municipal Government in respect of the industry transformation and upgrade. Currently, it has facilitated the construction of Taiwan Stadium, New Zealand Stadium, Korea Stadium, Yunnan Stadium and Heilongjiang Stadium with successful attraction of investment. It is expected to officially open in the second half of 2016. Secondly, the Group entered into contracts with several renowned branding manufacturers in Taiwan, aiming at introducing the mode of experience, remarkable experience and excellent brands of the Taiwan Tourism Factory to the PRC and replicating them in the first- and

second-tier cities in the PRC. The first project, 綠膳谷台灣館 (Green Port Taiwan Stadium*) is planned to be opened in the second half of 2016. Thirdly, as for the healthcare sector, the Group and 愛康國賓集團公司 (iKang Guobin Healthcare Group, Inc.*) (NASDAQ:KANG, the second largest health check corporation in the PRC) jointly completed the capital increase in New China Life Excellent Health Investment Management Co., Ltd., a wholly-owned health check chain corporation established by New China Life Insurance Company Ltd. (Stock Code: 601336.SH) in 2011. The Group acquired 10% of its equity interests after the capital injection. In the future, the Group will deepen the industry synergies with its other health and medical business in this regard. Fourthly, 深圳市中央大廚房物流配送有限公司 (Shenzhen Green Port Co., Ltd*) (“**Green Port**”), an associate of the Group, formally started fresh food e-commerce and central kitchen business in 2015. As at the end of 2015, fresh food e-commerce business recorded over 1,000 orders while central kitchen was making profit for two consecutive years. Fifthly, we organised marine-based strategy for Huizhou Hidden Bay in Huidong. Located at the coastal area of our Huizhou Hidden Bay and with support of famous fishing experts, coaches and college professors in the PRC, we built a fishing service base in Huidong. This project was recognized as “廣東省海洋漁業休閒與垂釣協會副會長單位” (“Leisure and Fishing Association Vice-President Unit of Guangdong Marine Fishery”*), “廣東省休閒漁業示範基地” (“Demonstration Base of Guangdong Leisure Fishing”*), and “廣東省休閒海釣基地” (“Guangdong Leisure Fishing Base”*). Due to this fishing project, the sales amount of the property of Huizhou Hidden Bay in 2015 increased by around 100% as compared with 2014. Sixthly, the Group regarded leisure tourism as one of the important aspects of the new business. The Group will attempt to establish itself as a leading tourism platform operator in the PRC with the help of extensive tourism resources of 雲南省城市建設投資集團有限公司 (Yunnan Metropolitan Construction Investment Group Co., Ltd.*) (“**YMCI Group**”), in Yunnan Province. Currently, the Group is preparing the plan assisted by professional institutions.

To conclude, in 2015, other than the decrease in property contracted sales, the overall business performance of the Group including revenue from sale of properties, efficiency of leasing (the efficiency of leasing was assessed by the rental income generated per sq.m. of the property leased) and consolidated financial results were improved as compared with 2014. The Group made much effort in improving the management execution abilities (particularly in staff rightsizing, optimising operation structure, raising work quality, increasing customer satisfactory level and various cost control measures), product innovations and design as well as sales strategy and model. All these create better values for the Group’s products. At last, the Group, by virtue of its good creditworthiness, issued a three-year RMB note in principal amount of RMB990 million (with 10.595% interest rate per annum) and entered into an agreement for subscription of three-year convertible bonds in the aggregate principal amount of US\$200 million (with 6.00% interest rate per annum) on 29 May 2015 and 28 December 2015, respectively. The successful issue of these two tranches of bonds implies an increase in the flexibility on the Group’s fund utilisation, which is able to optimise the long-term and short-term corporate debt structure and provides the Group with sufficient funding for its quality land acquisitions and projects in the future.

FUTURE OUTLOOK

2016: Chinese economy is expected to develop steadily while sound and flexible currency policy would benefit property market. The key mission of developers for this year is still inventory clearance

The Group expects that the PRC property market (particularly in the first- and second-tier cities) will continue to develop steadily in 2016. On 5 March 2016, Premier Mr Li Keqiang, at the 4th meeting of the 12th National People's Congress, stated in the government work report that the target of economic growth for this year is expected to be 6.5% to 7%. Taking into account of fulfilling the target to establish a fully well-off society, the purpose of steady growth is primarily for safeguarding employment and benefiting livelihood. Premier Mr Li Keqiang also stated that a sound currency policy requires flexibility and moderation. The Group believes the PRC government will continue to support the key industry – the property sector. On the basis of relaxing currency policy for several times recently by the Central Government and easing pressure on property market, the main focus of property policy has been tuned from “suppressing” to “activating”. Chinese citizens will be benefited from continuous interest rate cuts policy which leads to a gradual decrease in the cost of property mortgages, hence they will be able to purchase houses for self-occupation or investment. Certain property developers may even enhance and accelerate investments due to the decrease in finance costs. On 2 February 2016, the Central Bank and China Banking Regulatory Commission jointly announced to reduce the down payment proportion of individual property mortgage in response to the requirement of inventory clearance proposed by the Central Economic Work Conference by the end of 2015. This is the first favourable policy announced in 2016, which facilitates inventory clearance for property developers. However, the Group is of the view that under the tough operating environment experienced by some property developers, including increasing inventories, continual slowing down of the real economy, lower profit margin for project development and high gearing ratio, some domestic property enterprises are urged to exercise caution in their future development plans, and to consider appropriate adjustments on their operating models.

Profit maximisation: The Group will regard property value enhancement and cost control as the top priority and will not adopt price-cut strategy to boost its property sales while the future development will focus on first- and second-tier cities (with Shenzhen, Shanghai, Nanjing and Nanchang as the key focuses)

The Group formulates a principle of “profit maximisation” to conduct sales of its existing and potential projects based on profit maximisation for shareholders. Unless there is an issue on capital sufficiency or high inventory level, the Group will not apply price-cut strategy to its property sales. The Group's sales target for 2016 is RMB7.0 billion (equivalent to approximately HK\$8.3 billion) while its saleable resources will be approximately RMB12.9 billion (equivalent to approximately HK\$15.4 billion) with a total saleable GFA of approximately 670,000 sq.m., of which the value of saleable resources of the newly launched project will be approximately RMB7.2 billion (equivalent to approximately HK\$8.6 billion) with a total saleable GFA of approximately 350,000 sq.m. These saleable resources, which comprise residential and retail properties, offices and car park units, are expected to be launched for sale in the market in 2016 and will be a great challenge to the Group in achieving its annual sales target.

In light of the volatility of the PRC stock market in the first half of 2015, the Group believes that some investors may take this opportunity to change their investment portfolio and invest in the real estate market in first- and second-tier cities with higher stability and transparency. The Group predicts that the demand of properties in those cities, in particular, Shenzhen (a city full of energy with a large number of urban immigrant population with financial capability), Shanghai, Nanjing and the core cities in Jiangxi Province such as Nanchang, will increase in the coming years and the increase in demand will have a positive impact on the property price. Leveraging on the Group's ongoing effort on property development in Shenzhen, its sound brand image for years, good financing relationship with financial institutions and the excellent and experienced team, the Group expects to increase its land reserves in Shenzhen so as to achieve its business goal in the future. In addition, from 1 January 2016 to the date of this announcement, the Group has enhanced its investment in Shanghai through transfer of equity interests and acquired two sizeable projects in respect of commercial offices and serviced apartments in Pudong New District, Shanghai, which are expected to be launched for sale in the market in 2016 in batches.

To be a “service provider engages in property + international healthcare sector”

The Group will continue to grow in line with the concept of a “service provider engages in property + international healthcare sector”. As for the property development, in 2016, the Group aims to acquire more high-quality projects in the core cities which it operates. Meanwhile, in order to achieve mid-to-long term sustainable development of the Group, the Group intends to co-operate with other third-party enterprises for resources integration (such as joint participation in land auctions and projects acquisitions, joint developments of land or acquisitions of non-controlling equity interest in project companies) to increase its quality of land reserves and projects.

To become international healthcare service provider, the Group will take advantage of the opportunities created by transformation of Chinese society and its economy, and the huge market demands. An emphasis is placed on the development of healthcare business to explore possible diversification for the Group in the future. We will focus on three tasks in respect of new business. Firstly, the Group targets at successfully implementing projects including 綠膳谷國際農業創意文化綜合體 (Green Port International Agricultural Creative Culture Complex*) and 台灣觀光工廠集合館 (Taiwan Tourism Factory Complex*). Secondly, the Group will initiate operation of tourism platform, including establishment of tourism industry investment fund, construction and operation of tourism complex with features of tourism distribution centre, investment in online tourism platform and acquisition of quality tourism attraction. Thirdly, as for fresh food, healthcare industry and leisure tourism, the Group will build comprehensive strategic and business partnership with large-scale domestic property developers and leading enterprises in relation to new business. These new businesses are collectively for establishing the Group as an “international healthcare and leisure service provider” and providing extensive leisure activities. The above new business projects aim to offer comprehensive ancillary facilities, to add value to the Group's property development business and to create new channels for the Group's profit growth so as to achieve the ultimate target of capital appreciation in the future.

Corporate values in respect of “Duty • Simplicity • Innovation • Sharing”, talent development and management

The existing values of the Group are “Duty • Simplicity • Innovation • Sharing”. Duty represents parity of authority and responsibility, and to take responsibility without hesitation. Simplicity represents simple process and relationship without complication. Innovation represents innovative business and management. Sharing represents sharing of both achievement and benefits. The Group will provide training for employees to enhance their knowledge in corporate values and culture and to implement them thoroughly. Meanwhile, the Group accelerates development of young leaders and adopts them early in establishing study-oriented teams and keeps them abreast of updated knowledge and timely development.

To conclude, the Group will continue to adopt prudent financial and operating policies and to make full use of the strengths combined with resources and existing financing channels of YMCI Group, our shareholder and a state-owned enterprise in the PRC, to provide the Group with larger scale and more competitive financing facilities in the future. In light of the impacts on the financial market created by the recent depreciation and volatility of Renminbi (“RMB”), the Group will actively seek domestic financing to minimise the exchange rate risk and the overall finance costs. Furthermore, the Group will continue to strengthen its competitiveness in existing real estate market and to explore new business models for maximising interests of its shareholders. The Group expects to enhance its corporate values and investment returns through its new business sectors in the future.

FINANCIAL REVIEW

In 2015, the Group’s consolidated revenue and profit attributable to equity shareholders of the Company reached approximately HK\$10,519.7 million and HK\$773.4 million, respectively, increased by approximately 50.9% and decreased by approximately 16.1%, respectively, as compared with 2014. For the year ended 31 December 2015, the Group’s basic earnings per Share decreased by approximately 15.4% as compared with 2014 to approximately HK\$0.55. Net assets per Share attributable to equity shareholders of the Company and the holders of PCSs increased by approximately 2.3% as compared with approximately HK\$4.3 as at 31 December 2014 to approximately HK\$4.4 as at 31 December 2015.

In order to maintain a stable dividend policy, the Board has recommended the payment of a final dividend of HK22 cents per Share attributable to equity shareholders of the Company and the holders of PCSs for the year ended 31 December 2015 (for the year ended 31 December 2014: HK11 cents per Share), subject to the approval by shareholders of the Company (the “**Shareholders**”) at the forthcoming annual general meeting of the Company. The dividend payout ratio for the year ended 31 December 2015 was approximately 40.4% (for the year ended 31 December 2014: approximately 33.6%).

Revenue

Revenue represents income from sale of properties, rental income, income from hotel operations, and income from provision of property management and related services earned during the period, net of business tax and other sales related taxes and discounts allowed.

Revenue for the year ended 31 December 2015 increased by approximately 50.9% to approximately HK\$10,519.7 million from approximately HK\$6,971.0 million for the year ended 31 December 2014. This increase was primarily due to an increase in the Group's income from sale of properties. The Group recognised property sales of approximately HK\$9,988.2 million, represented approximately 94.9% of the revenue. The remaining approximately 5.1% represented rental income, income from hotel operations, and property management and related services income.

Revenue from the Group's sale of properties increased by approximately 55.5% in 2015 as compared with 2014 primarily due to an increase of approximately 77.2% in the Group's total saleable GFA sold and delivered (excluding sale of car park units), after deduction of sales return, from approximately 321,029 sq.m. in 2014, to approximately 568,920 sq.m. in 2015. The Group's rental income decreased primarily due to certain investment properties under operation were sold and delivered leading to a decrease in the leasable GFA of the Group's investment properties under operation for the year ended 31 December 2015. Income from the Group's hotel operations and property management and related services remained stable as compared with 2014.

Direct costs

The principal component of direct costs is the cost of completed properties sold, which consists of land premium, construction and other development costs, capitalised borrowing costs during the construction period, the cost of rental income, the cost of hotel operations and the cost of property management and related services. The Group recognises the cost of completed properties sold for a given period to the extent that revenue from such properties has been recognised in such period.

The Group's direct costs increased to approximately HK\$7,324.9 million for the year ended 31 December 2015 from approximately HK\$4,050.8 million for the year ended 31 December 2014. This increase was primarily attributable to the increase in saleable GFA of the Group's properties completed and delivered for the year ended 31 December 2015.

Gross profit

The Group's gross profit increased by approximately 9.4% to approximately HK\$3,194.8 million for the year ended 31 December 2015 from approximately HK\$2,920.3 million for the year ended 31 December 2014. The Group reported a gross profit margin of approximately 30.4% for the year ended 31 December 2015 as compared with approximately 41.9% for the year ended 31 December 2014. The decrease in gross profit margin was primarily due to a higher proportion of properties sold and delivered from The Spring Land – Hangzhou, Huizhou Hidden Bay and Changzhou Le Leman City in 2015 which offered relatively lower gross profit margin.

Other revenue

Other revenue decreased by approximately HK\$18.5 million, or approximately 7.4%, to approximately HK\$233.4 million in 2015 from approximately HK\$251.9 million in 2014. The decrease was primarily attributable to the construction management service income of approximately HK\$16.0 million recognised, offset by the decrease in bank and other interest income of approximately HK\$32.6 million due to a decrease in overall bank balances.

Other net loss

Other net loss increased from approximately HK\$39.5 million in 2014 to approximately HK\$121.3 million in 2015. The increase was primarily attributable to the provision on inventories of approximately HK\$315.0 million, offset by the recognition of a net gain on the disposal of half of the Group's interest in an available-for-sale investment and investment properties of approximately HK\$108.0 million and HK\$41.5 million, respectively in 2015.

Selling and marketing expenses

Selling and marketing expenses decreased by approximately 21.1% to approximately HK\$244.0 million for the year ended 31 December 2015 from approximately HK\$309.4 million for the year ended 31 December 2014. The decrease was primarily attributable to the reductions in advertising expenses and show flat set up cost incurred in 2015 as compared with 2014. Selling and marketing expenses accounted for approximately 3.0% of contracted sales in 2015 (2014: approximately 3.0%).

Administrative expenses

Administrative expenses increased by approximately 17.3% to approximately HK\$659.0 million for the year ended 31 December 2015 from approximately HK\$561.8 million for the year ended 31 December 2014. The increase was due to the recognition of other taxes arising from delivering the investment properties classified as held for sale of approximately HK\$56.4 million for the year ended 31 December 2015.

Valuation gains on investment properties and investment properties classified as held for sale

Valuation gains on investment properties and investment properties classified as held for sale increased by approximately 10.3% to approximately HK\$459.0 million for the year ended 31 December 2015 from approximately HK\$416.3 million for the year ended 31 December 2014. During the year ended 31 December 2015, the Group launched the sale of Shanghai Shama Century Park, which is an operational serviced apartments with a fair value gain of approximately HK\$323.8 million recognised during the year as driven by the high contracted ASP achieved which was one of the key factors adopted in the valuation of Shanghai Shama Century Park.

Finance costs

Finance costs decreased by approximately 22.0% to approximately HK\$509.3 million for the year ended 31 December 2015 from approximately HK\$652.6 million for the year ended 31 December 2014. The decrease was primarily attributable to the decrease in total borrowings.

Income tax

Income tax expenses increased by approximately 20.6% to approximately HK\$1,243.1 million for the year ended 31 December 2015 from approximately HK\$1,030.5 million for the year ended 31 December 2014. The increase was mainly attributable to the increase in taxable profit generated for the year ended 31 December 2015. Consequently, there was an increase in the provision for CIT and LAT by approximately HK\$377.9 million and HK\$345.8 million, respectively.

Net profit margin and core net profit

The net profit margin of the Group (profit for the year to revenue) decreased from approximately 14.4% in 2014 to approximately 10.0% in 2015. The core net profit^(note), however, increased by approximately 11.2% from approximately HK\$699.6 million for the year ended 31 December 2014 to approximately HK\$777.8 million for the year ended 31 December 2015.

Note: The core net profit is defined as profit for the year excluding the valuation gains on investment properties, investment properties classified as held for sale (net of deferred tax) and net exchange gain or loss recognised in the consolidated income statement of the Group.

Non-controlling interests

The profit attributable to non-controlling interests was approximately HK\$280.3 million for the year ended 31 December 2015 (for the year ended 31 December 2014: approximately HK\$84.3 million). The change was primarily due to a net profit of approximately HK\$876.6 million and approximately HK\$253.2 million which was mainly generated from sale of properties and valuation gain of Nanchang Fashion Mark and Shanghai Shama Century Park, respectively, in which 30% of their respective equity interests, is attributable to the non-controlling interest, offset by the losses incurred by other non-wholly owned subsidiaries for the year ended 31 December 2015.

LIQUIDITY, FINANCIAL AND CAPITAL RESOURCES

Cash position

As at 31 December 2015, the carrying amount of the Group's cash and bank deposits was approximately HK\$5,649.7 million (as at 31 December 2014: approximately HK\$9,703.0 million), representing a decrease of approximately 41.8% as compared with that as at 31 December 2014.

Borrowings and charges on the Group's assets

The Group had an aggregate borrowings (including bank and other borrowings, note payable and amounts due to non-controlling shareholders) as at 31 December 2015 of approximately HK\$10,941.2 million, of which approximately HK\$6,835.1 million is repayable within 1 year, approximately HK\$3,696.6 million is repayable after 1 year but within 5 years and approximately HK\$409.5 million is repayable after 5 years. As at 31 December 2015, the Group's bank loans of approximately HK\$7,620.4 million (as at 31 December 2014: approximately HK\$12,214.0 million) were secured by certain investment properties (inclusive of investment properties classified as held for sale), hotel properties, other land and buildings, leasehold land held for development for sale, properties under development for sale, completed properties for sale, pledged deposits and rental receivables of the Group with total carrying values of approximately HK\$18,145.5 million (as at 31 December 2014: approximately HK\$21,213.1 million). As at 31 December 2015, the Group's other borrowings of approximately HK\$823.9 million (as at 31 December 2014: approximately HK\$2,522.5 million) and note payable of approximately HK\$1,167.4 million were secured by certain investment properties, properties under development for sale and equity interests in a subsidiary within the Group. The carrying amounts of all the Group's bank and other borrowings were denominated in RMB except for certain borrowings with an aggregate amount of approximately HK\$2,254.5 million (as at 31 December 2014: approximately HK\$1,330.0 million) and HK\$932.1 million (as at 31 December 2014: approximately HK\$2,969.4 million) as at 31 December 2015 which were denominated in Hong Kong dollars and US dollars, respectively.

As at 31 December 2015, the Group's interest in a joint venture with a carrying amount of HK\$50.8 million was pledged as a security for a bank loan granted to the joint venture.

RMB990,000,000 unlisted note due 2018 (the "Note")

On 29 May 2015, the Company entered into the subscription agreement with Hwabao Trust Co., Ltd as the subscriber, pursuant to which the Company conditionally agreed to issue, and the subscriber conditionally agreed to subscribe for, the Note in the principal amount of RMB990,000,000 (equivalent to approximately HK\$1,247,400,000). The Note bears interest from and including 15 June 2015, being the date of issue of the Note, at the rate of 10.595% per annum, payable quarterly in arrears, up to the date of redemption of the Note. For details, please refer to the Company's announcement dated 29 May 2015.

As at 31 December 2015, the Group had bank borrowings of approximately HK\$1,285.4 million and other borrowings of approximately HK\$1,873.9 million which bore fixed interest rates ranging from 1.55% to 12.0% per annum.

Cost of borrowings

The Group's average cost of borrowings (calculated by dividing total interest expenses expensed and capitalised by average borrowings during the year) was approximately 7.4% in 2015 (2014: approximately 8.2%).

Net gearing ratio

The net gearing ratio is calculated by dividing the Group's net borrowings (total borrowings net of cash and cash equivalents, and restricted and pledged deposits) by the total equity. The Group's net gearing ratio decreased from approximately 81.6% as at 31 December 2014 to approximately 72.5% as at 31 December 2015. The net gearing ratio decreased as a result of the increase in the total equity due to the increase in the Group's retained earnings.

Foreign exchange risk

As at 31 December 2015, the Group had cash balances denominated in RMB of approximately RMB4,317.9 million (equivalent to approximately HK\$5,155.1 million), and in US dollars of approximately US\$1.7 million (equivalent to approximately HK\$13.0 million).

Almost all of the Group's operating activities are carried out in the PRC with most of the transactions denominated in RMB. The Group is exposed to foreign currency risk arising from the exposure of RMB against Hong Kong dollars as a result of its investment in the PRC and the settlement of certain general and administrative expenses and other borrowings in Hong Kong dollars or US dollars. In addition, RMB is not freely convertible into foreign currencies and the conversion of RMB into foreign currencies is subject to rules and regulations of the foreign exchange control promulgated by the PRC Government. The Group does not have a foreign currency hedging policy. However, the Directors monitor the Group's foreign exchange exposure closely and may, depending on the circumstances and trend of foreign currency, consider adopting significant foreign currency hedging policy in the future.

NET ASSETS PER SHARE

Net assets per Share of the Company as at 31 December 2015 and 31 December 2014 are calculated as follows:

	As at 31 December 2015	As at 31 December 2014
Net assets attributable to equity shareholders of the Company (HK\$'000)	6,225,851	6,116,535
Number of issued ordinary Shares ('000)	1,181,433	1,160,734
Number of outstanding PCSs ('000)	238,553	248,201
Number of Shares for the calculation of net assets per Share ('000)	1,419,986	1,408,935
Net assets per Share attributable to equity shareholders of the Company and the holders of PCSs (HK\$) (Note)	4.4	4.3

Note: The net assets per share attributable to equity shareholders of the Company and the holders of PCSs is calculated as if the holders of PCSs have converted the PCSs into Shares as at 31 December 2015 and 31 December 2014.

CONTINGENT LIABILITIES

As at 31 December 2015, save for the guarantees of approximately HK\$3,876.5 million (as at 31 December 2014: approximately HK\$4,101.2 million) given to financial institutions for mortgage loan facilities granted to purchasers of the Group's properties, and guarantee in the amount of RMB500 million (equivalent to approximately HK\$596.9 million) provided to a bank for a loan granted by the bank to a joint venture of the Group, the Group had no other material contingent liabilities as at 31 December 2015.

Pursuant to the mortgage contracts, banks require the Group to guarantee its purchasers' mortgage loans until it completes the relevant properties and the property ownership certificates and certificates of other interests with respect to the relevant properties are delivered to its purchasers. If a purchaser defaults on a mortgage loan, the Group may have to repurchase the underlying property by paying off the mortgage. If the Group fails to do so, the mortgagee bank may auction the underlying property and recover any shortfall from the Group as the guarantor of the mortgage loan.

MATERIAL ACQUISITIONS AND DISPOSALS OF ASSETS

During the year ended 31 December 2015, the Group did not have any material acquisitions or disposals of assets save as disclosed in this announcement.

EMPLOYEES AND REMUNERATION POLICY

As at 31 December 2015, the Group employed a total of approximately 1,711 employees (as at 31 December 2014: 1,800 employees) in the PRC and Hong Kong. Of which, approximately 106 were under the headquarters team, approximately 426 were under the property development division and approximately 1,179 were under the retail operation and property management division. For the year ended 31 December 2015, the total staff costs incurred was approximately HK\$268.9 million (for the year ended 31 December 2014: approximately HK\$266.8 million). The remuneration of the employees was based on their performance, work experience, skills, knowledge and the prevailing market wage level. The Group remunerated the employees by means of basic salaries, fringe benefits, cash bonus and equity settled share-based payment.

The Company adopted a pre-IPO share option scheme and a share award scheme on 2 December 2010 under which the Company granted share options and awarded Shares to certain eligible employees. During the year ended 31 December 2015, 7,572,499 (for the year ended 31 December 2014: 2,186,000) share options had been exercised by the grantees and a total number of 432 (for the year ended 31 December 2014: 7,690,664) share options had been lapsed upon the resignation of certain grantees. As a result, 13,011,594 (as at 31 December 2014: 20,584,525) share options were outstanding as at 31 December 2015 under the pre-IPO share option scheme.

The Company has also adopted a post-IPO share option scheme on 28 February 2011 for the purpose of recognising and acknowledging the contribution that eligible employees have

made or may make to the Group. On 26 June 2012, 20 June 2013, 28 April 2015, 8 September 2015 and 23 October 2015, the Group granted 15,720,000 share options (Lot 1), 14,000,000 share options (Lot 2), 82,650,000 share options (Lot 3), 3,000,000 share options (Lot 4) and 10,000,000 share options (Lot 5), respectively, under the post-IPO share option scheme at the exercise prices of HK\$2.264 per Share (adjusted), HK\$4.14 per Share, HK\$3.3 per Share, HK\$3.65 per Share and HK\$3.45 per Share, respectively, to certain Directors, senior management and selected employees of the Group.

Movement of the outstanding share options under the post-IPO share option scheme for the year ended 31 December 2015 is as follows:

	As at 1 January 2015	Share options granted	Share options exercised	Share options cancelled	Share options lapsed	As at 31 December 2015
Lot 1	16,310,000	–	(3,478,500)	–	(728,000)	12,103,500
Lot 2	10,600,000	–	–	–	(2,450,000)	8,150,000
Lot 3	–	82,650,000	–	(10,000,000)	(3,000,000)	69,650,000
Lot 4	–	3,000,000	–	–	(300,000)	2,700,000
Lot 5	–	10,000,000	–	–	–	10,000,000
	<u>26,910,000</u>	<u>95,650,000</u>	<u>(3,478,500)</u>	<u>(10,000,000)</u>	<u>(6,478,000)</u>	<u>102,603,500</u>

ANNUAL GENERAL MEETING

An annual general meeting (the “**AGM**”) of the Company is scheduled to be held on Monday, 23 May 2016, notice of which will be published and despatched to the Shareholders as soon as practicable in accordance with the Company’s articles of association (the “**Articles**”) and the Listing Rules.

FINAL DIVIDEND

The Board has recommended the payment of a final dividend of HK22 cents per Share attributable to equity shareholders of the Company and the holders of PCSs for the year ended 31 December 2015 (for the year ended 31 December 2014: HK11 cents) to Shareholders and holders of PCSs whose names appear on the register of members or the register of holders of PCSs of the Company on Friday, 10 June 2016. Upon approval by the Shareholders at the AGM, it is expected that the final dividend will be payable on Friday, 17 June 2016.

CLOSURE OF REGISTER OF MEMBERS AND REGISTER OF HOLDERS OF THE PCSs

For the purposes of determining the eligibility of the Shareholders to attend and vote at the AGM and their entitlements to the proposed final dividend, the register of members and the register of holders of the PCSs of the Company will be closed as set out below:

- (i) For determining the eligibility of the Shareholders to attend and vote at the AGM or any adjournment of such meeting:

The register of members and the register of holders of the PCSs of the Company will be closed from Thursday, 19 May 2016 to Monday, 23 May 2016 (both days inclusive), during which period no transfer of the Shares and PCSs will be effected.

In order to qualify for attending and voting at the AGM or any adjournment of such meeting, (a) in the case of the Shares, all transfers of Shares accompanied by the relevant share certificates must be lodged with the Company's branch share registrar ("**Hong Kong Share Registrar**"), Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong by no later than 4:30 p.m. on Wednesday, 18 May 2016; and (b) in the case of the PCSs, the notice of conversion in prescribed form, together with the relevant certificate of the PCSs and confirmation that any amounts required to be paid by the holder of the PCSs have been so paid, must be duly completed, executed and deposited with the Company at Rooms 04–08, 26th Floor, Shui On Centre, 6–8 Harbour Road, Wanchai, Hong Kong not later than 4:30 p.m. on Wednesday, 11 May 2016.

The record date for such purposes is Monday, 23 May 2016.

- (ii) For determining the entitlement of the Shareholders and the holders of PCSs to the proposed final dividend:

The register of members and the register of holders of the PCSs of the Company will be closed from Tuesday, 7 June 2016 to Friday, 10 June 2016 (both days inclusive), during which period no transfer of the Shares and PCSs will be effected.

In order to qualify for the proposed final dividend, (a) in the case of the Shares, all transfers of Shares accompanied by the relevant share certificates must be lodged with the Hong Kong Share Registrar at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong by no later than 4:30 p.m. on Monday, 6 June 2016; and (b) in the case of the PCSs, all transfers of the PCSs accompanied by the relevant certificate of the PCSs must be lodged with the Company at Rooms 04–08, 26th Floor, Shui On Centre, 6–8 Harbour Road, Wanchai, Hong Kong not later than 4:30 p.m. on Monday, 30 May 2016.

The record date for such purposes is Friday, 10 June 2016.

PURCHASE, SALE OR REDEMPTION OF COMPANY'S LISTED SECURITIES

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the year ended 31 December 2015.

CORPORATE GOVERNANCE PRACTICES

In the opinion of the Directors, the Company has complied with all the Code Provisions set out in the Corporate Governance Code contained in Appendix 14 to the Listing Rules (the “**CG Code**”) during the year ended 31 December 2015 and, where appropriate, adopted the Recommended Best Practices set out in the CG Code, except for the following deviations:

Under Code Provision A.2.1 of the CG Code, the roles of the chairman and the chief executive officer should be separated and should not be performed by the same individual. During the year ended 31 December 2015, Mr WONG Chun Hong performed his duties as the chairman and the chief executive officer of the Company during the period between 1 January 2015 and 30 September 2015, and as the chairman and the co-chief executive officer of the Company during the period between 1 October 2015 and 31 December 2015. The Board believes that the serving by the same individual as the chairman and the chief executive officer, and the chairman and the co-chief executive officer for the relevant periods during the rapid development of the business is beneficial to the consistency of business plans and decision-making of the Company. The Board will continue to review the current management structure from time to time and shall make changes where appropriate and inform the investors of the Company accordingly.

Under the Code Provision E.1.2 of the CG Code, the chairman of the board should attend the annual general meeting. The chairman of the Board, Mr WONG Chun Hong, was unable to attend the annual general meeting of the Company held on 22 May 2015 due to other business engagement. However, another executive Director, who was present at the annual general meeting, took the chair of that meeting in accordance with Article 63 of the Company.

The Directors are committed to upholding the corporate governance of the Company to ensure that formal and transparent procedures are in place to protect and maximise interests of the Shareholders.

Details of the Company’s corporate governance practices will be set out in the Company’s 2015 annual report.

MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 to the Listing Rules (the “**Model Code**”) as its code of conduct for securities transactions by the Directors. After having made specific enquiries with all Directors, all Directors have confirmed that they have complied with the required standards set out in the Model Code during the year ended 31 December 2015.

REVIEW OF CONSOLIDATED ANNUAL RESULTS BY THE AUDIT COMMITTEE

The audit committee of the Board has reviewed the accounting principles and practice adopted by the Group and has reviewed the consolidated annual results of the Group for the year ended 31 December 2015. The audit committee of the Board comprises three independent non-executive Directors, namely Mr CHENG Yuk Wo (Chairman), Mr BROOKE Charles Nicholas and Professor WU Si Zong.

The financial figures in respect of the preliminary announcement of the Group's results for the year ended 31 December 2015 have been compared by the Company's auditor, KPMG, Certified Public Accountants, to the amounts set out in the Group's draft consolidated financial statements for the year and the amounts were found to be in agreement. The work performed by KPMG in this respect did not constitute an audit, review or other assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by the auditor.

PUBLICATION OF RESULTS ANNOUNCEMENT AND ANNUAL REPORT

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

By Order of the Board
TOP SPRING INTERNATIONAL HOLDINGS LIMITED
WONG Chun Hong
Chairman

Hong Kong, 22 March 2016

As at the date of this announcement, the executive Directors are Mr WONG Chun Hong, Ms LI Yan Jie, Mr CHEN Feng Yang and Mr WANG Tian Ye; the non-executive Directors are Mr XU Lei, Mr CHIANG Kok Sung Lawrence and Mr LEE Sai Kai David; and the independent non-executive Directors are Mr BROOKE Charles Nicholas, Mr CHENG Yuk Wo, Professor WU Si Zong and Mr LEUNG Kwong Choi.

Note: Certain amounts and percentage figures included in this announcement have been subject to rounding adjustments. Accordingly, figures shown as total sums in certain tables may not be an arithmetic aggregation of figures preceding them.