



**YANLORD LAND
GROUP LIMITED**

ANNUAL REPORT
2015

MAKING OUR

M A R K



Contents

4
Chairman's
Statement

12
Project
Showcase

26
Operations
Review

35
Development
Schedule
Summary

40
Operational
Highlights

41
Financial
Highlights

42
Board of
Directors

46
Key
Management

48
Corporate
Information

49
Financial
Statements

138
Interested
Person
Transactions

139
Shareholding
Statistics

141
Corporate
Governance
Statement

154
Notice of
Annual General
Meeting

Proxy Form

PROJECTS SHOWN ON COVER, FROM TOP

Yanlord Riverside Gardens, Tianjin 天津仁恒河滨花园 • Hai Tang Bay, Sanya 三亚海棠湾
Oasis New Island Gardens, Nanjing 南京绿洲新岛花园 • Yanlord Lakeview Bay, Suzhou
苏州仁恒双湖湾 • Yanlord Marina Centre, Zhuhai 珠海仁恒滨海中心

Yanlord Yangtze Riverbay Town, Nanjing
南京仁恒江湾城



MISSION STATEMENT

MANAGING WITH
BENEVOLENCE
AND INTEGRITY,
ACHIEVING
PERPETUITY
THROUGH
PERSEVERANCE

ABOUT US

Yanlord develops high quality properties that distinguish themselves amidst the localities that they are in. Properties developed by us are characterised by outstanding architectural design and quality construction. With a track record in developments located at prime locations, our brand name, just like the properties we build, is an icon in itself.



BUILDING LANDMARKS SHAPING CITYSCAPES

Leveraging on our strategy to focus on key high-growth cities, Yanlord has continued to play an active role in building distinctive properties that shape multiple cityscapes in the PRC. It is our aim to continue enhancing the cityscape of established cities, creating iconic landmarks that will inspire greater skylines in the region.

+127.0%
INCREASE IN
PRE-SALES

+41.3%
REVENUE
IN FY 2015

RMB 4,555
MILLION
GROSS PROFIT
IN FY2015

Tianjin Yanlord Riverside Gardens
天津仁恒河滨花园

CHAIRMAN'S STATEMENT



“FY 2015 was an exciting year for the Group as we mark the start of our 10th anniversary of listing with a record setting 127.0% increase in pre-sales to RMB28.887 billion in FY 2015 as compared to FY 2014.”

ZHONG SHENG JIAN

Dear Shareholders

It is with great pleasure that I present to you Yanlord Land Group Limited's ("Yanlord" and together with its subsidiaries, the "Group") annual report for the financial year ended 31 December 2015 ("FY 2015").

FY 2015 was an exciting year for the Group as we mark the start of our 10th anniversary of listing with a record setting 127.0% increase in pre-sales to RMB28.887 billion in FY 2015 as compared to FY 2014. This strong growth in pre-sales was achieved on the back of the recovery of market sentiments in the 1st and 2nd tier cities of the People's Republic of China ("PRC") as well as our strategic direction to enhance asset churn while maintaining the high-quality of our developments.

As mentioned in my FY 2014 message, the real estate sector remains a cornerstone in China's economic development. Against the backdrop of China's continued urbanisation and progressive easing of austerity measures, Yanlord, with our dedicated management team and our healthy pipeline of project launches in prime locations within the 1st and 2nd tier cities of the PRC stands poised to benefit from the recovery of market sentiments.

▼ Yanlord Rosemite,
Shenzhen
深圳仁恒峦山美地
花园

Looking ahead, we remain confident about the outlook for the PRC real estate sector and I would like to take this opportunity to share my views on the sector as well as the Group's sustainable growth strategy and future development plans.

DEDICATED TEAM PAVING THE WAY FOR GREATER MARKET TRACTION

Buoyed by the positive market environment in the Group's core markets of Shanghai, Tianjin, Suzhou, Shenzhen and Nanjing, gross floor area ("GFA") delivered rose 39.6% to approximately 590,000 square metre ("sqm") in FY 2015 as compared to FY 2014. In tandem with the increased delivery, recognised revenue for the Group rose 41.3% to RMB16.581 billion in FY 2015. Underscored by the Group's strategic focus on high value developments within the key areas of high growth 1st and 2nd tier cities, core profit attributable to owners of the Company excluding the fair value gain on investment properties and net foreign exchange effects leapt 59.0% to RMB1.095 billion in FY 2015 from RMB689 million in FY 2014. Against the backdrop of this strong core profit growth, the Group continues to maintain one of the lowest net debt to equity ratio within the PRC property sector of 2.9%. Average selling prices ("ASP") of our developments grew steadily in FY 2015, in particular, our projects in Shenzhen witnessed a greater than 50.0% jump in ASP within a year of launch on strong buyer demand.



“Capitalising on our track record and comparative advantages in the development of quality projects, sizable landbank in prime locations within high-growth cities in PRC coupled with our healthy financial position, we are well poised to tap on the long-term growth prospects of the PRC real estate sector to generate greater returns for our stakeholders.”

▼ Sino-Singapore
Nanjing Eco
Hi-tech Island
中新南京生态科技岛

Since FY 2014, we have embarked on a series of initiatives to enhance our asset turnover. I am happy to report that following our initial success with Oasis New Island Gardens in Nanjing, we have again replicated the model with our Tang Yue Bay Gardens in Suzhou by successfully launching the project for pre-sale within a year of acquisition. In addition, our initiatives have enabled us to consecutively launch four multi-phase developments in Shanghai and have garnered us over RMB10.900 billion in pre-sales in Shanghai in FY 2015.

INVESTMENT PROPERTY PORTFOLIO

Developing a stable recurring revenue stream is a strategic initiative undertaken by the Group to grow a core business segment that incorporates hotels, serviced apartments, commercial and office offerings to complement our revenue from property development. While weaker market sentiments in the PRC have affected retail and hospitality sales in FY 2015, the positioning of our centrally located malls and hospitality offerings coupled with our recently unveiled community business centres provide our clients with a unique offering that continues to generate satisfactory returns.





OUTLOOK

FY 2015 was a year whereby the PRC real estate sector displayed very diverse and localised market sentiments. While 3rd and 4th tier cities continue to be burdened by an inventory overhang, land and property prices in the core cities rose steadily on a healthy market recovery. Building on our strategy to focus on core areas within high-growth cities, we have benefited from the healthy market recovery and continued our lead as the developer with one of the highest ASP in the PRC real estate space.

While the Company's high-quality developments continue to enjoy significant brand equity in the PRC, the ability to replenish our prime landbank at fair cost will be imperative to our future development. Building on our strategy to focus on key high-growth cities, we continue to

▲ Yanlord
Riverbay, Chengdu
成都仁恒滨河湾

play an active role in the primary redevelopment market through our showcase Sino-Singapore Nanjing Eco Hi-tech Island – a flagship economic collaboration program developed under the auspices of the Singapore Jiangsu Cooperation Council, as well as our Haimen Yangtze Eco Hi-tech City. We also endeavor to play an active role in enhancing the cityscape of established cities such as our redevelopment projects in the Shenzhen Longgang District. Through these initiatives, we have established a stable platform to further facilitate our landbanking requirements.

Looking ahead, we remain positive on the outlook of the PRC real estate sector. While uncertainties in the global economies coupled with China's on-going economic reforms may lead to some market volatilities, but continued traction in China's urbanisation drive coupled with the wealth creation effect of the country's expanding middle class, will undoubtedly drive demand for high-quality residential developments. Capitalising on our track record and comparative advantages in the development of quality projects, sizable landbank in prime locations within high-growth cities in PRC coupled with our healthy financial position, we are well poised to tap on the long-term growth prospects of the PRC real estate sector to generate greater returns for our stakeholders.

IN APPRECIATION

On behalf of the Board of Directors, I would like to express our sincere gratitude to our shareholders for their trust and support. In appreciation of our loyal shareholders, the Board has proposed the payment of a first and final dividend of 1.52 Singapore cents (equivalent to 6.90 Renminbi cents) per ordinary share for FY 2015, amounting to a dividend payout ratio of approximately 9.2% of FY 2015 profit attributable to owners of the Company. Looking ahead, we will continue to build on our proven business strategies and endeavour to increase shareholder value through better operational and financial performance.

ZHONG SHENG JIAN
Chairman and CEO

主席致辞

尊敬的各位股东：

得益于一二线城市市场回暖，也得益于集团前两年的系统管理逐步完善，实现不但能做好产品，也能快速产出产品的结果，2015年仁恒置地集团的销售业绩创下上市10年新高。集团2015年的合约销售金额相比2014年全年激增127.0%至288.87亿元。

如本人在去年年报中所阐明，在城市化背景下，房地产仍旧是中国经济的重要支柱，且随着限购、限贷等调控措施的放开，仁恒必有优异的市场表现，既源于仁恒管理层对一二线城市市场基本规律的认识，也是仁恒执行团队努力工作的结果。本人在此向各位股东提报集团2015年诸项业绩之时，也愿将本人的思考与各位做一分享。

市场趋势与团队作为

去年仁恒置地集团确认的销售业绩近人民币165.81亿，同比增长41.3%，交付面积增长也同比增长39.6%至约59万平米。在保持2.9%的健康净负债率环境下，撇除投资性房地产公允价值变动盈利及汇兑净影响，集团2015年股东应占核心净利润相比2014年之人民币6.89亿元激增59.0%达人民币10.95亿元。这多项指标同时取得大幅增长其实并非偶然。在去年地产涨幅居于前列的中国城市中，仁恒多有布局，特别是仁恒一路以来着力扩大土地储备的一二线城市，如上海、天津、苏州、深圳、南京，集中进入项目销售，这几个中心城市为集团贡献了大部分销售，深圳公司也抓住市场良机，一年之内，实现每平方米的物业平均售价达过半倍的增长。由此观之，仁恒坚持布局核心城市的发展策略，使得我们在整体行业库存高筑之时，得以实现量价双升。

自2014年，仁恒各地开发团队显示了把握市场机遇的强大执行能力，继南京绿洲新岛花园之后，苏州棠悦湾花园也实现拿地之后一年开盘。上海公司则同时推4个高端楼盘入市，并在2015年上海楼市里成功创造了10.900亿元的销售佳绩，在展示强大开发和推广能力的同时，也彰显了仁恒在上海高端市场的影响力。

投资物业

开发一个稳定的经常性收入来源是集团的一个战略，以发展及结合集团的投资物业包含酒店式公寓、购物商场、社区商业街及写字楼的核心业务板块，以补充物业发展的收入。受整体零售行业与旅馆业低迷影响，2015年集团所持的综合商业地产项目的经营业绩同比小幅下滑，但依托已建成项目的社区商业表现出色，回报亦非常可观。本人认为，社区配套商业也是仁恒价值链的延伸，是提高客户满意度的重要一环。

“我们通过全方位参与中国城市化建设，团队的整体运营能力和多业态物业的管理能力得以提升，这种综合能力是仁恒持续发展的重要保障。未来，仁恒仍将坚持在核心城市建设高品质物业，满足客户的改善需求，与城市共成长，从而为股东创造更大的价值。”

► Yanlord Riverside Gardens, Tianjin
天津仁恒河滨花园





未来展望

2015年是中国城市房地产市场加剧分化的一年，但仁恒每平方米的物业平均售价还是保持行业均价最高之一，主要源于集团之前对市场的判断。区域核心城市地价、房价节节上升，而三、四线城市则深受高库存拖累，量价停滞的状态短期难以改观。仁恒坚持布局核心城市，乃是基于对中国城市化趋势的认识。仁恒作为地产市场的品质代表与价格风向标，选择人才与财富集聚的核心城市，既可以降低发展风险，也是提高投资效率的明智之举。

尽管世界经济的起落影响了中国经济的发展，而中国也面对着自身的问题如产品生产过剩等，但由于中国几十年的发展，培育出大量的中产阶级，而大城的巨大人口也让人民累计了相当财富，足以支持优质房地产市场的实际需求。由此，仁恒一向为高端人士打造的产品，还有很长的时间可为中产阶级作贡献，而这个阶层也比较有抗风险能力。

中国的城市一直通过新城拓展和旧城改造来扩大城市空间、优化土地利用，仁恒目前既参与了中新南京生态科技岛这样的标志性新城建设，也

▲ Sino-Singapore
Nanjing Eco
Hi-tech Island
中新南京生态科技岛

拥有深圳龙岗等转型城区的旧改项目以及如海门长江生态科技城项目，我们通过全方位参与中国城市化建设，团队的整体运营能力和多业态物业的管理能力得以提升，这种综合能力是仁恒持续发展的重要保障。

未来，仁恒仍将坚持在核心城市建设高品质物业，满足客户的改善需求，与城市共成长，从而为股东创造更大的价值。

致谢

本人及仁恒管理团队感谢股东的关心与支持，为回馈股东，集团董事局建议每股派发新元1.52分（等值人民币6.90分）的首次及末期股息，派息率为2015年公司股东应占利润的约9.2%。未来我们将更加勤勉地工作，以更好的业绩回报股东。

钟声坚

集团董事局主席兼总裁

59.0%
GROWTH IN
FY 2015 CORE
PROFIT

2.9%
NET DEBT TO
TOTAL EQUITY
GEARING RATIO

RMB28.887
BILLION IN
PRE-SALES FOR
FY 2015

Hai Tang Bay, Sanya
三亚海棠湾





SETTING
BENCHMARKS
RAISING STANDARDS

FY2015 was a milestone year for Yanlord, as we set new benchmarks with a 127.0% increase in pre-sales to RMB28.887 billion. The strong growth was achieved on the back of recovery market sentiments in the PRC, as well as our strategic direction to enhance asset churn while maintaining the high quality of our developments.

PROJECT SHOWCASE

[SHANGHAI]

YANLORD EASTERN GARDENS 仁恒东邑雅苑 >>

Located within the Tangzhen district of Pudong which has been earmarked for the development of Shanghai's fifth large-scale international residential district. With a planned GFA of approximately 180,000 sqm, the project will offer unparalleled waterfront views coupled with a 25,000 sqm central feature garden and recreational facilities. To better cater to the different lifestyle needs of our customers, the project will offer a comprehensive mix of unit types ranging from 90 to 238 sqm. Following the success of the initial launch of apartment units in FY 2014, the Group secured RMB3.316 billion of pre-sales from Yanlord Eastern Gardens in FY 2015.

[SHANGHAI]

YANLORD WESTERN GARDENS 仁恒西郊雅苑 >>

Located in Shanghai's traditional upscale residential area of Xujing, the site resides in an area with one of the highest concentration of international schools in Shanghai and is in close proximity to the Hongqiao Transportation Hub. With key infrastructures such as Hongqiao Airport in operation and the new metro lines to be progressively completed, the site will benefit from the excellent connectivity to become a leading international community in the area. With a site area of approximately 137,000 sqm, the 247,000 sqm GFA development will have a building density of 30% and approximately 40% greenery coverage.



[SHANGHAI]

YANLORD SUNLAND GARDENS 仁恒森兰雅苑

Located within the tranquil environment of the Shanghai Senlan International Community District, Yanlord Sunland Gardens builds on the Group's design concepts to seamlessly blend the natural beauty of lush greenery and flowing creeks with the convenience of a comprehensive suite of modern amenities. Benefiting from excellent connectivity via the city's transportation network and the approximately 336,000 sqm GFA, Yanlord Sunland Gardens will feature high quality, fully-fitted apartments and duplexes that target discerning buyers from the various multi-national corporations ("MNCs") and Fortune 500 companies operating out of the key commercial districts nearby such as the Waigaoqiao Free Trade Zone and Jinqiao Export Processing Zone.





[SHANGHAI]

YANLORD ON THE PARK 仁恒世纪公寓

Ideally situated in close proximity to the Lujiazui Financial District within the key residential area of the Shanghai Century Park International Community District, Yanlord on the Park has a GFA of approximately 148,000 sqm and is bordered by the city's arterial thoroughfares such as Jin Kang Road, Pujian Road and the Yanggao South Road. Encapsulating the best of city centre living with a comprehensive suite of amenities such as the lush natural surroundings of the million square metre Century Park, the Shanghai Oriental Arts Centre and the Shanghai Science and Technology Museum. The project will capitalise on the continued eastward expansion of the Lujiazui Financial District and offers our discerning residents with homes that will meet both the requirements of their busy business schedules as well as their recreational needs. On 8 November 2015, the Group launched the inaugural batch of apartments at Yanlord on the Park. Opening to strong buyers' support, 147 of the 188 apartment units launched were pre-sold on the opening day, generating sales value of approximately RMB2.195 billion.



[ZHUHAI]

YANLORD MARINA CENTRE 仁恒滨海中心

Yanlord Marina Centre, located along Qinglu Road (South) near the sea coast, is to be developed into a landmark of Zhuhai City. Lying adjacent to Gongbei Customs Checkpoint to Macau, the project will enjoy easy access to the entrance of the planned Hong Kong-Zhuhai-Macau Bridge as well as the transport interchange of the light rail connecting Zhuhai and Guangzhou. Yanlord Marina Centre, upon completion, will be a showcase development of Zhuhai City. The total GFA of Yanlord Marina Centre will be approximately 217,000 sqm. Construction commenced in 2009. The project comprises a 5-star hotel, high-grade residences, offices and retail shops. The Group signed a management contract with the InterContinental Group to manage the hotel in 2010. The sea-view hotel, residential apartments, offices and the shopping arcades are slated to be key highlights of Zhuhai's future skyline.



[SHENZHEN]

YANLORD ROSEMITE 仁恒峦山美地花园 >>

Yanlord Rosemite is the Group's maiden venture into the vibrant city of Shenzhen. Ideally situated along the crossing of the Baohe Road and Danhe Road in the Longgang District of Shenzhen, the project enjoys seamless connectivity to Shenzhen's bustling city centre via the city's major thoroughfares. Surrounded by a comprehensive suite of amenities coupled with lush natural surroundings such as the 50 square kilometre Maluan Hill Country Park and key recreational facilities including the Genzon golf club. The project benefits from the Shenzhen government's initiative to develop the Longgang district into a secondary city centre and prime residential district.



[SUZHOU]

YANLORD LAKEVIEW BAY 仁恒双湖湾 ^

Located within the Suzhou Industrial Park, Yanlord Lakeview Bay is located between the scenic Jinji Lake and Dushu Lake. With enchanting natural surroundings and picturesque water features, the approximately 389,000 sqm GFA Yanlord Lakeview Bay is the first residential project in Suzhou designed in accordance with the 3A standards of the national Housing and Urban & Rural Development Ministry and will be developed into a prime international community that comprises townhouses, fully-fitted apartments and commercial facilities to meet the needs of its residents.





[CHENGDU]

YANLORD LANDMARK 仁恒置地广场

Yanlord Landmark is a key investment property project of Yanlord in Western China. Located at the heart of Chengdu's Central Business District along major arterial roads, the project neighbours top-grade office buildings, 5-star hotels and luxury department stores. It is ideally situated with the Metro line No. 1 and other business resources in close vicinity. Yanlord Landmark has a GFA of approximately 166,000 sqm above ground and incorporates office areas, serviced apartments and a high-end shopping mall offering retail, conference, residence, and other business and recreation facilities. It is positioned to be a top-end property that represents the highest technical and service standards and caters to the needs of MNCs which plan to locate their regional headquarters in Chengdu. Yanlord Landmark is designed by world renowned architectural consultants ensuring that the project excels in all aspects ranging from engineering and landscaping to business operation. Commencing its operations in 2010, Yanlord Landmark continues to contribute to Chengdu's integration into the global business arena and has successfully attracted numerous international MNCs such as Mitsubishi, Novartis and Royal Dutch Shell. Managed by Fraser Hospitality from Singapore, the serviced apartment tower in Yanlord Landmark began its operations in December 2010 and offers premier levels of luxury and comfort that target the demands of high-end business travelers. Yanlord Landmark is also the epitome of the retail market of Chengdu, showcasing the latest fashion from the flagship stores of many international luxury brands including Louis Vuitton, Prada, Ermenegildo Zegna and Miu Miu.

[TIANJIN]

YANLORD RIVERSIDE GARDENS 仁恒河滨花园

Located within the downtown Hebei District of Tianjin, Yanlord Riverside Gardens is situated at the confluence of the Xinkai and Ziya Rivers and features an unobstructed river view. With a planned GFA of approximately 326,000sqm, Yanlord Riverside Gardens benefits from a comprehensive suite of recreational and educational amenities surrounding the development. Amalgamating modern living with the lush natural environment, Yanlord Riverside Gardens' environmentally conscious architectural designs have won the approval of the PRC Ministry for Housing and Urban-Rural Development and was awarded the Green Development (Grade III) for its design.



[NANJING]

OASIS NEW ISLAND GARDENS 绿洲新岛花园

Ideally situated within the Sino-Singapore Nanjing Eco Hi-tech Island – a flagship economic collaboration program developed under the auspices of the Singapore Jiangsu Cooperation Council – Oasis New Island Gardens rests along the island's idyllic riverfront offering an unobstructed view of the Yangtze River and is in close proximity to the New One North Science Park. Well connected via planned key thoroughfares running through the island as well as the adjacent metro station of the No. 10 metro line. Oasis New Island Gardens has an approximate prime residential GFA of 273,000 sqm. The Group will further develop additional serviced apartments, offices and retail shops with an approximate GFA of 113,000 sqm on-site to cater to the needs of its residents. Building on the success of its initial launch in 2014, the second phase of apartments were launched in 2015. Oasis New Island Gardens generated additional pre-sales of approximately RMB3.117 billion in FY 2015.



[NANJING]

YANLORD YANGTZE RIVERBAY TOWN 仁恒江湾城

Located along the Yangtze River in Hexi New Area, Nanjing, Yanlord Yangtze Riverbay Town occupies a land area of approximately 303,000 sqm, which will be developed into a total GFA of approximately 717,000 sqm. The project is divided into five phases of which the first, second and third phases have been delivered. In August 2015, the Group launched the inaugural batch of apartments at Yanlord Yangtze Riverbay Town (Phase 4). Opening to strong support from home buyers, the Group sold 225 of the 297 apartment units launched on the opening day, deriving approximately RMB2.344 billion of pre-sales. Building on the strong momentum achieved, a second batch of apartments was launched on November 7, 2015 which saw 118 of the 126 units launched sold on the opening day, deriving approximately RMB1.242 billion in additional pre-sales.



DEFINING HALLMARKS UPHOLDING EXCELLENCE

Our ongoing pursuit of excellence and unwavering commitment to deliver quality has enabled Yanlord to maintain its lead as the developer with one of the highest average selling prices in the PRC real estate sector. This defining hallmark would not have been achieved without the hard work and dedication of our people. Moving forward as one, we will strive to uphold the highest standards and develop distinguished properties, thereby propelling us to build a stronger brand and create greater value for our stakeholders.



590,170

SQM GFA
DELIVERED IN
FY 2015

RMB 17.517

BILLION
CASH AND CASH
EQUIVALENTS AS AT
31 DECEMBER 2015

RMB 22.101

BILLION
ACCUMULATED
PRE-SALES PENDING
RECOGNITION AS AT
31 DECEMBER 2015

Oasis New Island Gardens, Nanjing
南京绿洲新岛花园



OPERATIONS REVIEW

THE PRC PROPERTY SECTOR EXPERIENCED A HEALTHY RECOVERY IN FY 2015 FROM ITS FY 2014 TROUGH LEAD BY POSITIVE MARKET SENTIMENTS AND FAVOURABLE REGULATORY POLICIES THAT INCLUDED REDUCTIONS IN INTEREST RATES, RELAXATIONS ON HOME PURCHASE RESTRICTIONS AS WELL AS THE EASING OF THE ELIGIBILITY CRITERIA FOR FIRST-HOME MORTGAGES.

Buoyed by the positive market environment in the Group's core markets, pre-sale of properties and car parks leapt to approximately RMB28.887 billion in FY 2015 from RMB12.726 billion in FY 2014 while accumulated pre-sales pending recognition as at 31 December 2015 stood at RMB22.101 billion compared to RMB10.263 billion as at 31 December 2014.

Recognised revenue of the Group in FY 2015 rose 41.3% to RMB16.581 billion from RMB11.736 billion in FY 2014. Increases in both GFA delivery (up 39.6%) to 590,170 sqm and ASP (up 2.1%) to RMB27,303 per sqm for delivered projects underscored the healthy revenue growth.

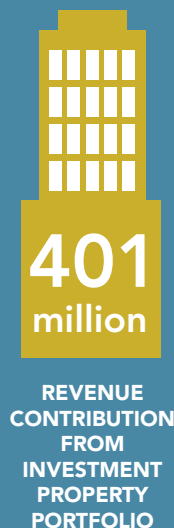
Leveraging on our business strategies and comparative advantages in the development of quality residential apartments in prime locations within high growth PRC cities, the Group witnessed healthy buyer demand in its various project launches. For instance, the Group successfully launched the inaugural batch of apartments at Yanlord Yangtze Riverbay Town (Phase 4) in Nanjing in August 2015. Opening to strong response from the market, Yanlord sold approximately 75.8% of the apartment units launched on the opening day, deriving approximately RMB2.344 billion of pre-sales. Building on the strong momentum, the Group

successfully launched the inaugural batch of apartments at Yanlord on the Park in Shanghai in November 2015. Garnering strong market support, we sold approximately 78.2% or 147 of the 188 apartment units launched on the opening day, deriving approximately RMB2.195 billion of pre-sales with an ASP of approximately RMB86,292 per sqm for the transacted units. Propelled by the strong demand for the Group's quality developments across markets, Yanlord achieved cumulative pre-sales of over RMB10 billion and RMB7 billion in Shanghai and Nanjing respectively.

INVESTMENT PROPERTY

Conceptualised to be a recurring revenue source, our investment property portfolio has expanded over the years into a key business segment for the Group. Revenue contribution from our investment property portfolio in FY 2015 was marginally weaker at RMB401 million owing to softer sentiments in the PRC retail and hospitality segments.

During the year, the Group actively sought to streamline leasing processes and strengthen cost controls as well as resource sharing initiatives to better enhance the management and development of the Group's investment property portfolio. Capitalising on the success of our earlier community business centres which provide convenience retailing to residents at our residential developments, we added an additional 11,420 sqm of leasable community retail space in FY 2015 to our investment property portfolio which will further augment our future revenue streams.



Looking ahead, we will seek to further develop the performance of our investment properties through initiatives such as those targeted at enhancing the consumer experience as well as to opportunistically grow our investment portfolio.

PROJECT DEVELOPMENT

Pace of development was steady in FY 2015 with total GFA under construction of 2.42 million sqm as at 31 December 2015.

In FY 2015, the Group initiated construction works across seven projects namely, Yanlord Riverbay (Phase 3) in Chengdu, Oasis New Island Gardens (Phase 2 and 3), Yanlord Yangtze Riverbay Town - Land Parcel 5 in Nanjing, Tang Yue Bay Gardens, Yanlord Lakeview Bay - Land Parcels A1 in Suzhou and Jinnan Land (Phase 3) in Tianjin.

A total of 6 new projects were launched in FY 2015, adding significantly to residential resources available for sale. Located in prime areas of their respective cities, the launches of these projects namely, Oasis New Island Gardens (Phase 2), Yanlord Yangtze Riverbay Town (Phase 4) in Nanjing, Yanlord on the Park in Shanghai, Tang Yue Bay Gardens, Yanlord Lakeview Bay - Land Parcels A1 and A3 in Suzhou, were key drivers for the Group's pre-sales in FY 2015.

“Adhering to our corporate philosophy “to develop the land with devotion and building quality accommodations with passion”, we continue to strive for excellence in our developments which have won the recognition of both our clients and industry peers.”

Adhering to our corporate philosophy “to develop the land with devotion and building quality accommodations with passion”, we continue to strive for excellence in our developments which have won the recognition of both our clients and industry peers. In-line with our commitments to both customers and stakeholders, the Group has undertaken key initiatives to further enhance quality control which includes increased reviews to on-site progress and safety as well as targeted research on “minimal-defect” delivery to our customers through enhancements to processes such as water-proofing and design and construction of common and sales areas.

▼ Yanlord on the Park, Shanghai
上海仁恒世纪公寓



OPERATIONS REVIEW

Testament to our efforts, we were awarded 10 new provincial level awards for product and engineering excellence, namely, Yanlord Yangtze Riverbay Town (Phase 3) in Nanjing was awarded the “Yangtze Cup”, Yanlord Riverbay (Phase 1) in Chengdu was awarded the “Tianfu Cup” and Yanlord Riverside Gardens (Phase 2) in Tianjin was awarded the “Haihe Cup”. Six new awards for outstanding projects, namely Yanlord Riverbay (Phase 2) in Chengdu, Yanlord Eastern Gardens, Yanlord on the Park, Yanlord Sunland Gardens (Phase 2) and Yanlord Western Gardens in Shanghai, Tang Yue Bay Gardens in Suzhou, as well as a special award for landscaping for Yanlord Sunland Gardens (Phase 2) in Shanghai by the respective city authorities.

LAND ACQUISITIONS

Land markets in the PRC continue to be volatile in FY 2015. Capitalising on Yanlord’s position as a leading real estate developer in the PRC, we actively monitor the market for opportunities to replenish and potentially expand our landbank holdings. To mitigate against the rising cost of land acquisition through the open tender process, we have actively sought out alternative methods such as acquiring or partnering with other development companies with quality landbank to satisfy our landbanking needs. We are hopeful that some of these initiatives will bear fruit in FY 2016.

39.6%
GFA DELIVERY
590,170 SQM

2.1%
ASP
RMB27,303
PER SQM

▼ Tang Yue Bay
Gardens, Suzhou
苏州棠悦湾花园

In September 2015, Yanlord successfully acquired a 136,732 sqm GFA prime residential site in Nantong (namely Four Seasons Gardens) for RMB186 million. The site has an area of 62,151 sqm and a plot ratio of 2.2 times.

Subsequent to the end of the year, Yanlord announced in January 2016 that it proposed to acquire 75% of a development which has the development rights to a 333,280 sqm GFA in Shenzhen Longgang District for RMB1.585 billion. The site has an area of 68,157 sqm.

The Group maintains a healthy landbank in core locations within high growth cities that will meet our developmental needs for the next three to five years. As at 31 December 2015, the Group has approximately 4.07 million sqm of land reserves located in the cities of Shanghai, Nanjing, Suzhou, Zhuhai, Shenzhen, Chengdu, Tianjin, Nantong and Sanya.

Sentiments towards the PRC real estate markets remain sanguine for FY 2015. Strong population influx into first and second tier cities owing to the rapid urbanisation of China provides a unique opportunity that Yanlord, with its established brand presence and high-quality, city centric landbank, can leverage on to further grow its business. To better capitalise on the market opportunities, we have put into motion





4.07 MILLION SQM

LAND RESERVES LOCATED IN
SHANGHAI, NANJING, SUZHOU,
ZHUHAI, SHENZHEN, CHENGDU,
TIANJIN, NANTONG AND SANYA

key initiatives to accelerate the asset turn and sales of projects, to seek out land acquisition opportunities either through land tender, project collaborations or acquisitions and to further expand existing funding channels to serve as the necessary foundation for the Group's sustainable development.

PROPERTY MANAGEMENT

The Group is a pioneer in the introduction of international property management concepts to the PRC market. Building on our extensive experience, Yanlord actively sought to enhance our service offerings by streamlining existing processes and encouraging the sharing of best practices between business units across the country. To further enhance the workflow processes across the Group's property management operations, we successfully incorporated Yanlord Property Service Management (China) Co., Ltd. in FY 2015.

An integral part of the "Yanlord" experience, our property management services continues to grow in tandem with the increasing scale of our property development business. By the end of 2015, Yanlord's property management services spans across cities such as Shanghai, Nanjing, Suzhou, Zhuhai, Shenzhen, Chengdu, Guiyang and Tianjin. The Group currently operates two national Grade 1 property management companies in Shanghai and Nanjing, four national Grade 2 property management companies in Zhuhai, Chengdu, Tianjin and Shenzhen.

An integral part of the "Yanlord" experience, our property management services continues to garner strong support and recognition from both customers and our industry peers. Reflecting the achievements of our property management business, various local business units were respectively recognised by the respective national and local authorities. Accolades received in FY 2015 are as follows:

- 2015 China's Property Management - Best Growth Company
- 2015 China's Top 100 Best Brands for Property Management
- 2015 China's Golden Key Award – 6S Concierge Management Innovation Award
- Shanghai City Property Management Industry – AAA Grade Company
- Shanghai City User Satisfaction Award – Residential Property Management
- Jiangsu Province Property Management Association – Excellence in Property Management (Gold Award)
- Shanghai Property Management Association – Outstanding Business Unit
- Tianjin City Brands of Excellence for Property Management

Looking ahead, our property management business will continue to be a key business segment for the Group. Driven by the commitment to provide a comfortable and endearing living environment for our customers, the Group will seek to continually optimise our property management model through the adoption of the latest technology and quality assurance standards.

“In-line with our mission statement of “Managing with benevolence and integrity, achieving perpetuity through perseverance”, we believe in treating our employees with trust and understanding and respecting them as a partner of the organisation.”

HUMAN RESOURCE

We regard our human resource as one of our most valuable intangible assets and a key contributor to the Group’s continued success. In-line with our mission statement of “Managing with benevolence and integrity, achieving perpetuity through perseverance”, we believe in treating our employees with trust and understanding and respecting them as a partner of the organisation. We aim to create a positive working environment and platform for employees to demonstrate their own individual capabilities, offering opportunities for them to develop their potential and to progress further in their career development, thereby creating a win-win situation for both the Group and our employees. To better support the continued expansion of the Group, we have actively sought to enhance competencies and synergies within our existing talent pool with the completion of 2nd phase of talents development programme, as well as strategically introduced external talents to further complement our knowledge base in FY 2015. Looking ahead, we will continue to review and refine processes to enhance performance assessments and to encourage closer collaboration within the Group to cement a stronger foundation on which we can propel the Group to its next level of development.

▼ Yanlord
Western Gardens,
Shanghai
上海仁恒西郊雅苑

INVESTOR RELATIONS AND CORPORATE SOCIAL RESPONSIBILITY

Corporate transparency and timely disclosure of information to shareholders is of key importance to Yanlord. We endeavor to maintain the highest standards of corporate governance and proactively seek to engage the investment community to facilitate the understanding of our Group’s business strategies and growth potentials. Quarterly financial reports as well as

announcements and press releases pertaining to any relevant operational updates on the Group are also promptly released on the SGX website, ensuring that investors receive timely and accurate information.

To further enhance communication with the investment community, the Group participated in 20 global investor conferences across Singapore, Hong Kong and Japan in FY 2015, sharing insights and investment merits in Yanlord with over 1,000 investors and fund managers.

Moving forward, the Group will continue to maintain regular interactions with the investment community and endeavor to deliver high standards in investor relations.

In addition to achieving high standards of investor relations, good corporate citizenry is another key focus of the company. Building on our commitment to delivering quality homes to our discerning customers, we continue to focus on environmental conservation through developing eco-friendly developments. Our corporate social responsibilities also extend to student and youth engagement programs such as grants and donations to educational institutes as well as enrichment programs for students. For example, to enhance understanding of the Chinese business environment amongst Singapore students, the Group has in FY 2015 welcomed 4 batches comprising over 200 students and staff from Ngee Ann Polytechnic to our residential and commercial developments in Chengdu.



业绩概要



◀ Yanlord Yangtze Riverbay Town, Nanjing
南京仁恒江湾城

2015年, 中国房地产市场由于年内对限购及信贷的放宽, 经历了一场前低后高, 先紧后放的走势, 行业总体表现强劲。尤其是在年底, 更是上演了全国上涨的大行情。

在此市场行情下, 仁恒置地集团物业销售全面完成各项指标。2015年全年销售收入取得41.3%的增长, 达至人民币165.81亿元。另外, 2015年总交付面积为590,170平方米, 同比增长39.6%; 而均价也呈现稳健增长2.1%达每平方米人民币27,303元。全年住宅及车位预售金额从2014年的约人民币127.26亿元提升至约人民币288.87亿元。

仁恒专业创新的产品设计和人性温馨的小区物业管理水平获得了市场和消费者的双重口碑, 仁恒成熟稳重的经营管理能力赢得市场持续认可。

凭借集团专业及优秀团队的成熟运作和精准的市场定位, 2015年仁恒物业销售佳绩不断, 上海公园世纪首次开盘达到人民币21.95亿元, 均价超过每平方米人民币80,000元; 南京江湾城四期于2015年8月开盘当天热销约人民币23.44亿元, 去化率约达75.8%, 两个项目在豪宅市场取得很不错的成绩。上海单个城市销售额超过人民币100亿元, 南京销售额超过人民币70亿元。

投资物业

2015年集团自持投资性房地产业务因受奢侈品市场低迷等情况的影响, 旗下高端商场的营业收入出现小幅下滑。集团总物业出租营业收入达人民币4.01亿元, 另2015年底新增商业经营面积11,420平方米。

商业方面, 集团将进一步完善商业管理体系, 强化各层面高效协同作用, 深入研究客户需求, 继续提升消费体验, 保持优质服务优势, 为客人提供满意、舒适的个性化消费场所。自持投资性房地产业务是集团的未来重要业务板块, 集团将有计划地稳步增加优质自持项目, 提升品牌影响力, 做到商业与地产板块的相互促进, 持续强化企业竞争力。

项目开发

2015年集团项目开发走势趋于平稳, 年末在建建筑面积242万平方米。

2015年有7个项目顺利开工, 总面积约72万平方米, 包括成都仁恒滨河湾三期、南京绿洲新岛花园二、三期、南京仁恒江湾城5号地块、苏州棠悦湾花园、苏州仁恒双湖湾A1地块和天津景新花园三期。

业绩概要



▲ Yanlord Riverbay, Chengdu
成都仁恒滨河湾

销售方面, 2015年新开盘项目6个, 包括南京绿洲新岛花园二期、南京仁恒江湾城四期、上海仁恒世纪公寓、苏州棠悦湾花园和苏州仁恒双湖湾A1及A3地块。

集团2015年通过完善流程制度、优化第三方评估和加强工程巡查等手段持续推进质量管理体系建设, 从第三方实体检测数据来看同比提升。

各地工程再迎殊荣, 其中有省市级综合质量奖3项, 包括南京仁恒江湾城三期获江苏省“扬子杯”、成都仁恒滨河湾一期获四川省“天府杯”、天津仁恒河滨花园二期获天津市“海河杯”; 省市级优质结构奖6项, 包括成都仁恒滨河湾二期、上海仁恒东邑雅苑、上海仁恒世纪公寓、上海仁恒森兰雅苑二期、上海仁恒西郊雅苑和苏州棠悦湾花园; 专项奖1项, 上海仁恒森兰雅苑二期获上海市“园林杯”优质工程。

土地储备

2015年, 集团密切跟踪中国土地政策和市场变化, 考虑到通过招拍挂等公开市场拿地的成本较高, 集团重点加强通过股权收购方式获取土地, 并主要围绕集团深耕已进入城市的开发理念, 积极实施土地拓展, 按需补充土地储备。

2015年9月, 集团以人民币1.86亿元成功竞得南通四季花园, 地块面积62,151平方米, 容积率2.2, 计容建面136,732平方米。

2016年1月, 集团建议以人民币15.85亿元收购深圳回龙埔项目75%的权益。该项目占地面积68,157平方米, 规划计容建面约33万平方米。

此外, 集团还以联合拿地、股权收购等方式参与了部分地块或项目的前期工作, 预计2016年上半年会有拿地结果。

截止2015年末, 集团现有土地储备约407万平方米, 能够满足集团未来3-5年的开发和增长需求。这些土地储备分布在上海、南京、苏州、珠海、深圳、成都、天津、南通和三亚等九个经济高速增长城市的核心地段。

土地储备约
407万
平方米

2016年,考虑到中国房地产市场预期总体继续维持积极的发展态势,政府重大利好频频颁布,集团将加快现有项目开发速度、加快资金回笼、提升销售价格和创造更高溢价,积极拓宽融资渠道,充分利用仁恒在现有城市建立的品牌知名度和资源条件,借力中国加快推进城镇化的良好契机,按照加快周转的要求,致力通过招拍挂、股权合作等多种形式积极扩充土地储备,为后续做大规模奠定坚实基础。

物业管理

2015年是仁恒物业集团化管理关键的一年,也是集团物业管理持续发展、稳步前进和探索创新的一年;期间,仁恒物业成立了仁恒物业服务管理(中国)有限公司,加强了专业化和集约化整合,各地区物业公司在着重做好基础服务的同时,围绕架构梳理、人才培养、业务提升、企业文化建设和开拓创新等也开展各项服务管理工作。截止2015年末,仁恒物业已拥有上海及南京两家一级资质企业;珠海、成都、天津和深圳四家二级资质企业。在认真做好预算和成本控制的同时,

也采取调整架构、节能减支、资源整合、外部拓展和多种经营等措施,确保了物业管理活动的良性运作。

在继续巩固管理服务成果的同时,仁恒物业按照市场需求,不断提高及完善物业服务品质和物业经营管理,品牌效应不断扩大且受到行业的广泛认可。并在2015年获得了以下殊荣:“2015物业管理最具成长性企业”、“2015物业管理综合实力百强企业”、“中国金钥匙服务精选物业6S管理创新奖”、“上海市物业管理行业诚信承诺AAA级企业”、“上海市实施用户满意工程先进单位称号(住宅类物业服务)”、“江苏省名优金牌物业管理服务单位”、“上海市物业管理行业协会优秀会员单位”、“天津市优秀物业公司”以及各物业公司所在地的奖项与肯定等,展示了仁恒物业在全国范围内的影响力。

随着房地产业和物业服务的发展,在2016年将迎来更多的机遇和挑战,定必继续守成创新、励精图治、以客为先,把每一项工作做强落实,把仁恒物业品牌推向更高的台阶!

▲ Yanlord Rosemite,
Shenzhen
深圳仁恒峦山美地
花园



业绩概要

“公司坚持并倡导“仁信治业、持之以恒”的企业精神，善待土地，善待员工，通过良好的职业发展平台和优秀的企业文化吸引和保留人才。通过一系列措施有效实现对团队的选、用、育、留，多年来一直保持员工队伍的相对稳定和不断成长。”

人力资源

公司坚持并倡导“仁信治业、持之以恒”的企业精神，善待土地，善待员工，通过良好的职业发展平台和优秀的企业文化吸引和保留人才。仁恒一贯将人才战略列为集团发展战略的重要组成部分，集团设有人才培训发展领导小组和人才培训中心，组织实施“优才计划”，系统性推动公司人才战略。仁恒视员工为企业的合作伙伴，信任、理解并善待员工；视人才为企业发展的核心，注重团队培养，通过一系列措施有效实现对团队的选、用、育、留，多年来一直保持员工队伍的相对稳定和不断成长。2015年，集团一方面加大内部潜力人才的培养力度，完成优才二期培养计划，并辅以外部优秀人才的引进，以确保足够核心人才配合企业的发展所需。同时，通过绩效体系的推进来进行团队业绩评估激励，结合绩效与发展潜力双维度进行人才盘点，优胜劣汰，根据企业经营

▼ Yanlord
Lakeview Bay,
Suzhou
苏州仁恒双湖湾

及长久发展持续优化人才结构，从而进一步提升企业效率。

投资关系及企业社会责任

集团十分重视企业的透明度及企业管治水平，并通过与投资市场的主动沟通，使各方更了解仁恒的业务发展策略及增长潜力。

集团注重向投资者提供及时、准确的讯息披露，并建立了一系列有系统的沟通管道，向股东、投资者及分析员提供定期及可靠的讯息。季度业绩报告及各项公告和新闻稿均通过新加坡证券交易所的官方网站公告及仁恒置地集团网站及时发布。

2015年，仁恒参与了20项分别在新加坡、香港及日本举办的国际投资者论坛会，与近千名的投资者及基金经理会面并介绍仁恒的运作及投资优点。

除了建立良好的投资者沟通渠道，仁恒也进行了不少社会责任计划，比如我们已开发和正在开发的一些建筑项目，就含有大量的绿色建筑计划，从设计、建设到管理的每个环节，我们都有较为详细的绿色促进规划。同时，公司每年也会从事社会捐赠等福利活动及向教育等事业提供了支持。例如在2015年里我们配合了义安理工学院的要求在成都的仁恒置地广场及仁恒滨河湾接待了4批共200名到中国考察的学生与导师。



DEVELOPMENT SCHEDULE SUMMARY

COMPLETED DEVELOPMENT PROPERTIES

| Project | Description | Interest Attributable | Site Area (sqm) | GFA (sqm) | Type |
|---|---------------------------------------|-----------------------|-----------------|-----------|-------|
| Chengdu | | | | | |
| Hengye International Plaza ⁽¹⁾ 恒业国际广场 ⁽¹⁾ | 226 units | 51% | 26,473 | 40,655 | S |
| Hengye Star Gardens 恒业星园 | 814 units | 51% | 23,036 | 83,943 | R,S |
| Yanlord Landmark ⁽¹⁾ 仁恒置地广场 ⁽¹⁾ | 425 units (S, H) and 32-storey (O) | 100% | 19,166 | 165,755 | O,S,H |
| Yanlord Riverbay (Phase 1) 仁恒滨河湾, 一期 | 526 units | 70% | 44,428 | 125,280 | R |
| Guiyang | | | | | |
| Xintian Centre 新天商业中心 | 123 units | 67% | 18,820 | 14,376 | S |
| Yanlord Villas 仁恒别墅 | 92 units | 67% | 53,541 | 36,131 | R |
| Nanjing | | | | | |
| Bamboo Gardens 翠竹园 | 2770 units | 100% | 233,000 | 394,310 | R |
| Orchid Mansions ⁽¹⁾ 玉兰山庄 ⁽¹⁾ | 259 units | 100% | 94,134 | 69,649 | R |
| Plum Mansions, including Lakeside Mansions 梅花山庄.湖畔之星 | 1943 units | 100% | 113,182 | 327,667 | R |
| Yanlord G53 Apartments ⁽¹⁾ 仁恒G53公寓 ⁽¹⁾ | 921 units | 60% | 46,640 | 97,728 | R,S |
| Yanlord International Apartments, Tower A ⁽¹⁾ 仁恒国际公寓, A栋 ⁽¹⁾ | 210 units | 100% | 3,337 | 43,567 | H |
| Yanlord International Apartments, Tower B 仁恒国际公寓, B栋 | 254 units | 100% | 25,078 | 67,683 | R |
| Yanlord Yangtze Riverbay Town (Phase 1) ⁽¹⁾ 仁恒江湾城, 一期 ⁽¹⁾ | 855 units | 60% | 56,428 | 124,601 | R,S |
| Yanlord Yangtze Riverbay Town (Phase 2) ⁽¹⁾ 仁恒江湾城, 二期 ⁽¹⁾ | 1272 units | 60% | 81,729 | 189,897 | R,S |
| Yanlord Yangtze Riverbay Town (Phase 3) 仁恒江湾城, 三期 | 1028 units | 60% | 86,956 | 199,947 | R |
| Shanghai | | | | | |
| Bayside Gardens 御澜湾苑 | 764 units | 51% | 117,459 | 116,408 | R,S |
| Yanlord Apartments 仁恒公寓 | 95 units | 67% | 4,146 | 13,579 | R |
| Yanlord Gardens 仁恒滨江园 | 1943 units | 67% | 138,802 | 415,360 | R |
| Yanlord Plaza 仁恒广场 | 411 units (R) and 4-storey (O) | 67% | 10,845 | 53,049 | R,O |
| Yanlord Riverside City ⁽¹⁾ 仁恒河滨城 ⁽¹⁾ | 4216 units (R) and 9-storey (S) | 67% | 306,406 | 741,417 | R,S |
| Yanlord Riverside Gardens 仁恒河滨花园 | 1663 units | 57% | 128,895 | 319,756 | R |
| Yanlord Sunland Gardens ⁽¹⁾ 仁恒森兰雅苑 ⁽¹⁾ | 1627 units | 60% | 202,851 | 336,038 | R,S,H |

DEVELOPMENT SCHEDULE

COMPLETED DEVELOPMENT PROPERTIES (Cont'd)

| Project | Description | Interest Attributable | Site Area (sqm) | GFA (sqm) | Type |
|--|-----------------------------------|-----------------------|------------------|------------------|------|
| Shanghai | | | | | |
| Yanlord Town 仁恒家园 | 428 units | 50% | 94,174 | 75,573 | R |
| Yanlord Townhouse 仁恒怡庭 | 269 units | 100% | 54,208 | 65,572 | R |
| Yanlord Western Gardens 仁恒西郊雅苑 | 776 units | 60% | 76,078 | 137,464 | R |
| Yunjie Riverside Gardens 运杰河滨花园 | 1712 units | 51% | 210,566 | 253,048 | R,S |
| Shenzhen | | | | | |
| Yanlord Rosemite 仁恒峦山美地花园 | 1550 units | 100% | 46,777 | 148,424 | R,S |
| Suzhou | | | | | |
| Suzhou Wuzhong Area C1 Land - Villas 苏州吴中区C1地块 - 别墅 | 22 units | 100% | 57,857 | 22,614 | R |
| Yanlord Lakeview Bay - Land Parcel A2 仁恒双湖湾, A2地块 | 202 units | 60% | 135,524 | 88,263 | R |
| Yanlord Lakeview Bay - Land Parcel A4 仁恒双湖湾, A4地块 | 206 units | 60% | 48,779 | 56,276 | R |
| Yanlord Lakeview Bay - Land Parcel A5 仁恒双湖湾, A5地块 | 206 units | 60% | 60,217 | 61,702 | R |
| Yanlord Lakeview Bay - Land Parcel A6 ⁽¹⁾ 仁恒双湖湾, A6地块 ⁽¹⁾ | 539 units | 60% | 37,257 | 78,456 | R,S |
| Yanlord Lakeview Bay - Land Parcel A7 ⁽¹⁾ 仁恒双湖湾, A7地块 ⁽¹⁾ | 429 units | 60% | 34,806 | 64,602 | R,S |
| Yanlord Peninsula (Apartment) 星屿仁恒 | 704 units | 100% | 78,310 | 100,342 | R |
| Yanlord Peninsula (Townhouse) 星岛仁恒 | 350 units | 100% | 168,000 | 91,963 | R |
| Tianjin | | | | | |
| Yanlord Riverside Gardens (Phase 1) 仁恒河滨花园, 一期 | 1000 units | 80% | 48,134 | 162,633 | R |
| Yanlord Riverside Gardens (Phase 2) 仁恒河滨花园, 二期 | 1184 units | 80% | 82,655 | 163,129 | R |
| Yanlord Riverside Plaza (Phase 1) ⁽¹⁾ 仁恒海河广场, 一期 ⁽¹⁾ | 971 units (R) and 7-storey (S) | 100% | 43,605 | 224,426 | R,S |
| Yanlord Riverside Plaza (Phase 2) 仁恒海河广场, 二期 | 544 units | 100% | 27,629 | 87,675 | R |
| Zhuhai | | | | | |
| Yanlord Marina Centre - Section B 仁恒滨海中心, B标段 | 101 units | 95% | 8,079 | 33,170 | R |
| Yanlord New City Gardens ⁽¹⁾ 仁恒星园 ⁽¹⁾ | 2696 units | 90% | 229,931 | 413,012 | R,S |
| Total | | | 3,377,938 | 6,305,140 | |

R = Residential O = Office S = Shop & Retail H = Hotel & Serviced Apartment

⁽¹⁾ Consists of properties held for investment with unexpired terms of lease between 28-59 years as at 31 December 2015

PROPERTIES UNDER DEVELOPMENT

| Project | Description | Interest Attributable | Estimated Completion Date | Site Area (sqm) | GFA (sqm) | Percentage of Completion | Type |
|---|-------------|-----------------------|---------------------------|-----------------|-----------|--------------------------|------|
| Chengdu | | | | | | | |
| Yanlord Riverbay (Phase 2) 仁恒滨河湾, 二期 | 1096 units | 70% | December 2016 | 37,641 | 138,174 | 50% | R |
| Yanlord Riverbay (Phase 3) 仁恒滨河湾, 三期 | 670 units | 70% | 3rd Quarter 2019 | 36,974 | 129,081 | 7% | R |
| Nanjing | | | | | | | |
| Oasis New Island Gardens (Phase 1) 绿洲新岛花园, 一期 | 868 units | 100% | August 2016 | 40,756 | 102,164 | 56% | R |
| Oasis New Island Gardens (Phase 2) 绿洲新岛花园, 二期 | 718 units | 100% | 3rd Quarter 2017 | 37,911 | 94,025 | 27% | R |
| Oasis New Island Gardens (Phase 3) 绿洲新岛花园, 三期 | 662 units | 100% | 4th Quarter 2017 | 30,800 | 76,954 | 7% | R |
| Yanlord Yangtze Riverbay Town (Phase 4) 仁恒江湾城, 四期 | 727 units | 60% | December 2016 | 65,421 | 183,467 | 66% | R |
| Yanlord Yangtze Riverbay Town - Land Parcel 5 仁恒江湾城 - 5 号地块 | 4-storey | 60% | 2nd Quarter 2017 | 12,845 | 19,338 | 19% | S |
| Sanya | | | | | | | |
| Sanya Hai Tang Bay - Land Parcel 9 ⁽¹⁾ 三亚海棠湾 - 9 号地块 ⁽¹⁾ | 599 units | 100% | 2nd Quarter 2017 | 193,772 | 75,592 | 42% | R,H |
| Shanghai | | | | | | | |
| Yanlord Eastern Gardens 仁恒东邑雅苑 | 1194 units | 100% | 3rd Quarter 2017 | 128,532 | 180,448 | 89% | R |
| Yanlord on the Park 仁恒世纪公寓 | 717 units | 50% | 3rd Quarter 2017 | 55,776 | 148,163 | 29% | R |
| Yanlord Western Gardens 仁恒西郊雅苑 | 694 units | 60% | October 2016 | 60,860 | 109,967 | 40% | R |
| Suzhou | | | | | | | |
| Tang Yue Bay Gardens 棠悦湾花园 | 1366 units | 100% | 4th Quarter 2017 | 77,820 | 172,947 | 37% | R |
| Yanlord Lakeview Bay - Land Parcel A1 仁恒双湖湾, A1 地块 | 66 units | 60% | October 2016 | 34,458 | 24,299 | 32% | R |
| Yanlord Lakeview Bay - Land Parcel A3 仁恒双湖湾, A3 地块 | 51 units | 60% | June 2016 | 17,063 | 15,024 | 62% | R |

DEVELOPMENT SCHEDULE

PROPERTIES UNDER DEVELOPMENT (Cont'd)

| Project | Description | Interest Attributable | Estimated Completion Date | Site Area (sqm) | GFA (sqm) | Percentage of Completion | Type |
|---|---|-----------------------|---------------------------|------------------|------------------|--------------------------|-------|
| Tianjin | | | | | | | |
| Tianjin Jinnan Land (Phase 1) 景新花园, 一期 | 758 units | 60% | June 2016 | 50,155 | 94,171 | 89% | R |
| Tianjin Jinnan Land (Phase 2) 景新花园, 二期 | 638 units | 60% | June 2016 | 47,793 | 75,564 | 86% | R |
| Tianjin Jinnan Land (Phase 3) 景新花园, 三期 | 2012 units | 60% | 4th Quarter 2017 | 67,864 | 199,243 | 25% | R |
| Yanlord Riverside Plaza (Phase 2) ⁽²⁾ 仁恒海河广场, 二期 ⁽²⁾ | 29-storey office tower and retail shops | 100% | December 2016 | 24,043 | 76,296 | 64% | O,S |
| Zhuhai | | | | | | | |
| Yanlord Marina Centre - Section A ⁽¹⁾⁽²⁾ 仁恒滨海中心 - A标段 ⁽¹⁾⁽²⁾ | 462 units | 95% | 3rd Quarter 2017 | 10,482 | 86,446 | 24% | O,S,H |
| Yanlord Marina Centre - Section B ⁽²⁾ 仁恒滨海中心 - B标段 ⁽²⁾ | 302 units | 95% | 3rd Quarter 2017 | 23,642 | 97,062 | 68% | R,S |
| Yanlord Marina Peninsula Gardens (Phase 1) 仁恒滨海半岛花园, 一期 | 995 units | 57% | 1st Quarter 2017 | 62,285 | 154,395 | 73% | R,S |
| Yanlord Marina Peninsula Gardens (Phase 2) 仁恒滨海半岛花园, 二期 | 1043 units | 57% | 2nd Quarter 2018 | 62,674 | 162,603 | 28% | R,S |
| Total | | | | 1,179,567 | 2,415,423 | | |

R = Residential O = Office S = Shop & Retail H = Hotel & Serviced Apartment

⁽¹⁾ Consists of GFA of 100,148 sqm under construction-in-progress in property, plant and equipment

⁽²⁾ Consists of properties held for investment with unexpired terms of lease between 30-59 years as at 31 December 2015

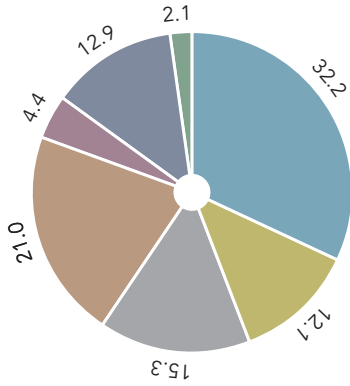
PROPERTIES HELD FOR FUTURE DEVELOPMENT

| Project | Description | Interest Attributable | Site Area (sqm) | GFA (sqm) | Type |
|--|---|-----------------------|-----------------|------------------|-------|
| Nanjing | | | | | |
| Nanjing Eco Hi-tech Island - Land Parcel G73 南京生态科技岛 - G73地块 | Multi-purpose complexes | 100% | 45,067 | 112,668 | O,S,H |
| Four Seasons Gardens 四季花园 | 1056 units (R) coupling with retail shops | 60% | 62,151 | 136,732 | R,S |
| Shanghai | | | | | |
| Shanghai San Jia Gang Land Plot 仁恒滨海度假村 | Villa | 67% | 71,662 | 35,831 | R |
| Shenzhen | | | | | |
| Shenzhen Longgang District Economic Residential Housing 深圳龙岗区 - 经济适用房 | Under planning | 75% | 48,021 | 144,064 | R |
| Shenzhen Longgang District Redevelopment Project 深圳龙岗区 - 城中村改造项目 | 4329 units | 75% | 130,000 | 390,000 | R |
| Zhuhai | | | | | |
| Yanlord Marina Peninsula Gardens (Phase 3) 仁恒滨海半岛花园, 三期 | 1470 units | 57% | 102,725 | 187,906 | R |
| Total | | | 459,626 | 1,007,201 | |

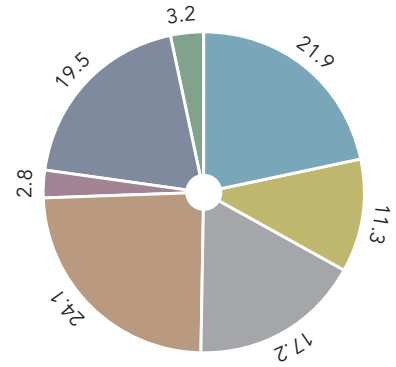
R = Residential O = Office S = Shop & Retail H = Hotel & Serviced Apartment

OPERATIONAL HIGHLIGHTS

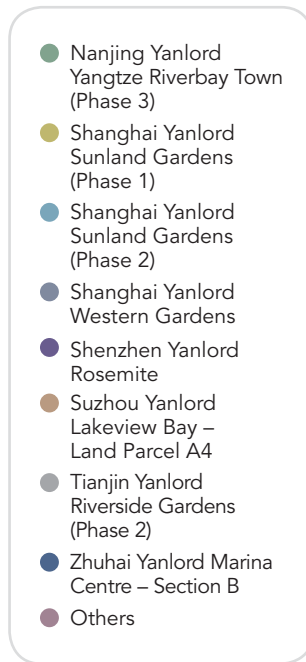
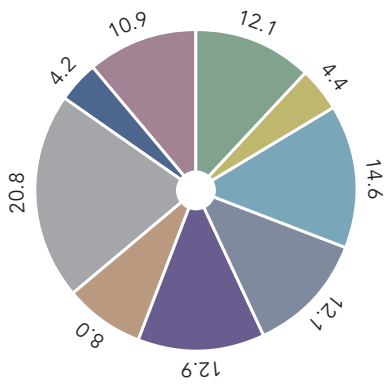
Property Sales Contribution by City in FY 2015 (%)



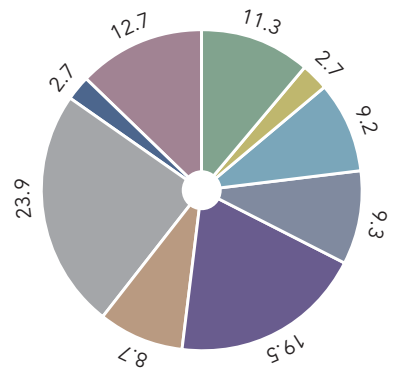
GFA Contribution by City in FY 2015 (%)



Property Sales Contribution by Project in FY 2015 (%)

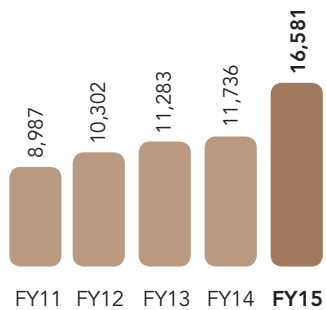


GFA Contribution By Project in FY 2015 (%)

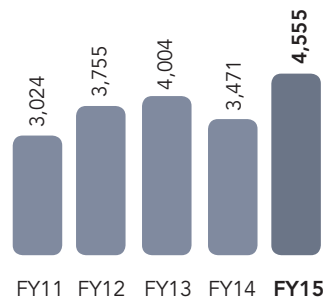


FINANCIAL HIGHLIGHTS

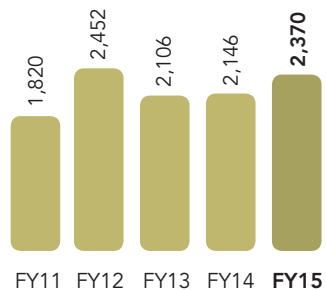
Revenue
(RMB Million)



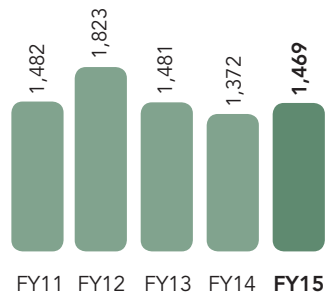
Gross Profit
(RMB Million)



Profit for the Year
(RMB Million)



Profit Attributable to Owners of the Company
(RMB Million)



Credit Ratios (%)

| As at 31 December | 2011 | 2012 | 2013 | 2014 | 2015 |
|--|------|------|------|------|-----------|
| Net Debt / Equity ⁽¹⁾ | 52 | 38 | 38 | 46 | 3 |
| Total Debt / Equity ⁽¹⁾ | 70 | 51 | 64 | 68 | 60 |
| Total Debt / Capitalisation ⁽²⁾ | 41 | 34 | 39 | 41 | 38 |

⁽¹⁾ Equity = Equity attributable to owners of the Company + Non-controlling interests

⁽²⁾ Capitalisation = Total debt + Equity attributable to owners of the Company + Non-controlling interests

BOARD OF DIRECTORS



Seated from Left:

Ng Jui Ping, Zhong Sheng Jian, Ng Ser Miang

Standing from Left:

Zhong Siliang, Chan Yiu Ling, Ronald Seah Lim Siang, Ng Shin Ein and Hong Zhi Hua

MR. ZHONG SHENG JIAN

Chairman and CEO

Mr. Zhong Sheng Jian is the founder, Chairman and CEO of Yanlord Land Group Limited and was first appointed to our Board of Directors on February 13, 2006. His last re-election as our Director was on April 28, 2015. He is the uncle of Mr. Zhong Siliang, our Executive Director. He is responsible for the overall management and strategy development of Yanlord Land Group Limited. Since the 1980s, Mr. Zhong has founded and established a number of businesses in trading, manufacturing and real estate spanning China, Singapore and Hong Kong. He started our property development business in the early 1990s through the setting up of our offices in Shanghai and Nanjing, which are now part of the SGX Mainboard listed Yanlord Land Group Limited.

Due to his investments in and contribution to various parts of China, Mr. Zhong has been awarded Honorary Citizenships in Nanjing, Zhuhai, Shanwei and Suzhou in the PRC. In 2005, he was also awarded the White Magnolia Award in Shanghai for his contributions to the Municipal City of Shanghai.

Mr. Zhong is a member of several Singapore-China investment and trade committees, including Singapore-Sichuan Trade and Investment Committee, Singapore-Tianjin Economic & Trade Council, Singapore-Jiangsu Cooperation Council and Singapore-Guangdong Collaboration Council. He is also a member of the Tianjin People's Political Consultative Conference Standing Committee, Honorary President of Teochew Poit Ip Huay Kuan, Council Member of the Singapore Chinese Chamber of Commerce & Industry, Director of Business China, Vice-President of the Singapore Federation of Chinese Clan Associations, Director of the Sun Yat Sen Nanyang Memorial Hall, Member of the Board of Trustees of the Chinese Development Assistance Council and Vice Chairman of the Singapore Chinese Cultural Centre.

In 2010, Mr. Zhong was named and awarded the Singapore Businessman of the Year 2009. In August 2015, Mr. Zhong also received the Public Service Medal (Pingat Bakti Masyarakat), a Singapore National Day Award, by the Singapore Government.

MR. ZHONG SILIANG

Executive Director

Mr. Zhong Siliang is our Executive Director and was first appointed on May 11, 2006. His last re-election as our Director was on April 25, 2014. He is the nephew of Mr. Zhong Sheng Jian, our Chairman and CEO. Since October 2005, he has held the position of Assistant General Manager of our Investments Department and in this capacity, Mr. Zhong Siliang assists in the evaluation of new business developments and conducts feasibility studies on potential property transactions for investments.

Mr. Zhong Siliang is responsible for establishing relations with architectural firms, real estate consultants and the district and national government officials, for the execution of our investments in the PRC. He also works closely with our Chairman and CEO, Mr. Zhong Sheng Jian, and assists in other group decisions. In addition, Mr Zhong Siliang assists in the overall management of Yanlord Land (Shenzhen) Co., Ltd. and is also the Deputy Director of our operations in the Group since 2007.

Mr. Zhong Siliang holds a Master's Degree from the Washington University-Fudan University EMBA programme and a Bachelor's Degree in Business Administration from the University of Portsmouth, England.

MS. CHAN YIU LING

Executive Director

Ms. Chan Yiu Ling is our Executive Director and was first appointed on May 11, 2006. Her last re-election as our Director was on April 26, 2013. Since 1999, she has been assisting our Chairman and CEO, Mr. Zhong Sheng Jian, and is responsible for various administrative functions of our Group. Prior to that, she was the Sales Manager of Yanlord Industrial Ltd., where she managed its sales and marketing department for close to 10 years. Ms. Chan has approximately eight years of administration experience working as an Administration Executive in various companies before joining us. Ms. Chan graduated with a diploma from the Chinese YMCA Secretarial Course in 1982.

BOARD OF DIRECTORS

MR. HONG ZHI HUA*Executive Director*

Mr. Hong Zhi Hua is our Executive Director and was first appointed on September 20, 2006. His last re-election as our Director was on April 28, 2015. Mr. Hong has also been our Executive Vice-President since May 2005 and is responsible for the Group's corporate and administration matters. In addition, Mr. Hong also oversees the planning and strategic development of Sino-Singapore Nanjing Eco Hi-tech Island and urban redevelopment of Haimen. Prior to joining our Group, he was the Vice-President of Shanghai Waigaoqiao Free Zone Holdings, Assistant General Manager of Shanghai Lujiazui Financial District Holdings and a Director and CEO of Shanghai Hua Hong Investment Management Co., Ltd.. From 1992 to 1999, he was the Deputy Department Head of Shanghai Pudong New District Economics and Trade Commission and was responsible for boosting trade in the area and attracting investments. From 1985 to 1992, he was the Honorary Secretary for the Youth Division of the Shanghai Communications Bureau, where he was involved in the administration of the Youth Division and its related educational institute.

Mr. Hong holds a Doctorate in Business Administration from the University of South Australia and a Master's Degree in Business Administration from La Trobe University. In 1997, he graduated with a Bachelor's Degree in Business Administration from the Shanghai University, PRC.

MR. RONALD SEAH LIM SIANG*Lead Independent Director*

Mr. Ronald Seah Lim Siang is our Lead Independent Director and was first appointed on May 11, 2006. His last re-election as our Director was on April 25, 2014. Over a 26-year period between 1980 and 2005, he held various senior positions within the AIG Group in Singapore, initially as AIA Singapore's Vice-President and Chief Investment Officer managing the investment portfolio of AIA Singapore and later as Vice-President, Direct Investments of AIG Global Investment Corporation (Singapore) Ltd. Between 2001 and 2005, Mr. Seah was also Chairman of the Board of Directors of AIG Global Investment Corporation (Singapore) Ltd.

From 1978 to 1980, Mr. Seah managed the investment portfolio of Post Office Savings Bank as Deputy Head of the Investment and Credit

Department. Prior to that, he worked at Singapore Nomura Merchant Bank as an Assistant Manager with responsibilities covering the sale of bonds and securities and offshore (ACU) loan administration for the bank. Between 2002 and 2003, Mr. Seah served on the panel of experts of the Commercial Affairs Department of Singapore. He served on the Investment Committee of the National Council of Social Service between 1996 and 2014.

Mr. Seah serves on the boards of other listed companies namely, Global Investments Limited, Telechoice International Limited and PGG Wrightson Limited (listed on the New Zealand Stock Exchange). Mr Seah is also an Independent Director on the boards of M&C REIT Management Limited (as manager of CDL Hospitality Real Estate Investment Trust) and M&C Business Trust Management Limited (as trustee-manager of CDL Hospitality Business Trust). He is currently Chairman of Nucleus Connect Pte. Ltd. and sole proprietor of Softcapital SG, a business consultancy.

Mr. Seah graduated with a Bachelor of Arts and Social Sciences (Second Class Upper Honours in Economics) from the then University of Singapore in 1975.

MR. NG SER MIANG*Independent Director*

Mr. Ng Ser Miang is our Independent Director and was first appointed on May 11, 2006. His last re-election as our Director was on April 25, 2014. He is a member of the International Olympic Committee (IOC) and the Chairman of the IOC Finance Commission. He is also the Chairman of Rowsley Ltd. and an Independent Director of Singapore Press Holdings Limited. Mr. Ng was the Chairman of WBL Corporation Limited and also the Chairman of NTUC Fairprice Co-operative Limited.

Mr. Ng is the Chairman of Network China and has served as a member of the Asia Pacific Economic Cooperation (APEC) Business Advisory Committee (ABAC) from 2001 to September 2008. He is on the Resource Panel (Chinese Newspaper Division) of the Singapore Press Holdings Limited and was the Chairman of the Singapore Sports Council from 1991 to 2002. Mr. Ng was appointed a Justice of the Peace in September 2005 and was a Nominated Member of Parliament from June 2002 to January 2005. In 2010, he was conferred the Meritorious Service Medal (Pingat Jasa Gemilang), a National

Day Award, by the Singapore Government in addition to the Public Service Star in 1999. He received the Outstanding Chief Executive of the Year Award (Singapore Business Awards) in 1992. Mr. Ng graduated with a Bachelor's Degree in Business Administration (Honours) from the then University of Singapore and is also a Fellow of the Chartered Institute of Transport (FCIT).

MS. NG SHIN EIN
Independent Director

Ms. Ng Shin Ein is our Independent Director and was first appointed on May 11, 2006. Her last re-election as our Director was on April 28, 2015.

Ms. Ng Shin Ein is the Managing Partner of Gryphus Capital, a pan-Asian private equity investment firm founded by professionals with legal, investment management and operational backgrounds. Ms. Ng also leads a network of investors to take proprietary stakes in companies and co-invests with other family offices and private equity firms. Pursuant to such investments, she engages actively with portfolio companies, focusing on strategic development and innovation.

Prior to Gryphus Capital, Ms. Ng spent a number of years at the Singapore Exchange, where she was responsible for developing Singapore's capital market and bringing foreign companies to list in Singapore. Additionally, she was part of the Singapore Exchange's IPO Approval Committee, where she contributed industry perspectives and also acted as a conduit between the marketplace and regulators.

Ms. Ng also sits on the board of NTUC Fairprice and is its youngest ever director. Additionally, she serves on the boards of First Resources Limited, Eu Yan Sang International Limited and UPP Holdings Limited, companies listed on the mainboard of the Singapore Exchange, and Sabana Real Estate Investment Management Pte. Ltd.. Ms. Ng was also an adjunct research fellow at the National University of Singapore, where she focused on her areas of interest, philanthropy and social enterprises.

Admitted as an advocate and solicitor of the Singapore Supreme Court, Ms. Ng started her career as a corporate lawyer in Messrs Lee & Lee. Whilst at Messrs Lee & Lee, she advised clients on joint ventures, mergers and acquisitions and fundraising exercises.

Ms. Ng holds a Degree in LLB (Honours) from Queen Mary and Westfield College, University of London.

LIEUTENANT-GENERAL (RET) NG JUI PING
Independent Director

Lieutenant-General (Ret) Ng is our Independent Director and was first appointed on September 20, 2006. His last re-election as our Director was on April 26, 2013.

General Ng has a distinguished 30-year military career culminating in the position of Chief of Defence Force, Singapore, from which he retired in 1995. He was also Chief of Army and Chief of Staff (General Staff). He has been conferred the Meritorious Service Medal (Military) and the Public Administration Medal (Gold), among other national honours, for distinguished service to Singapore. He has also been conferred prestigious awards by regional countries for his contributions.

Following his retirement from the Singapore Armed Forces, General Ng took up the entrepreneurial route. He listed the company he co-founded on the SGX-ST in January 2000 and exited via a share sale in late 2004. He is currently Chairman of August Asia Consulting Pte. Ltd., a wholly-owned business advisory. He is an Independent Director on the SGX-ST listed boards of Pacific Andes Resources Development Limited and Singapore Shipping Corporation Limited.

General Ng held various positions including Deputy Chairman of the Central Provident Fund Board, Singapore; Director of PSA International Pte Ltd and Chairman of its China and North East Asia Grouping; Director of NTUC Income; Chairman of Singapore Technologies Automotive Ltd and Chartered Industries of Singapore Pte Ltd; Corporate Advisor to Singapore Technologies Pte. Ltd. and Singapore Technologies Engineering Ltd; and Chairman Asia Pacific of AGT International, a global public safety and security corporation. He was Advisor to Aldar, the largest Abu Dhabi property developer, and to Chesterton International Property Consultants Pte. Ltd.

General Ng is a Master of Arts (History) from Duke University, USA and a graduate of the Advanced Management Programme, Harvard Business School, USA.

KEY MANAGEMENT

MR. ZHANG HAO NING

Executive Vice-President

Mr. Zhang Hao Ning has been our Executive Vice-President since May 2012 and is responsible for project development. Prior to that, he was the General Manager of our Nanjing operations since 2005 and was responsible for the overall management of our business in Nanjing. He was our Assistant General Manager of our Nanjing operations between 2000 and 2005, and the Manager of our Nanjing operations department from 1994 to 2000. Prior to joining us, he worked as a Cost Engineer in the Architecture Design Institute, Nanjing and Hong Kong Changjiang Pte. Ltd., Nanjing between 1990 and 1994, and was responsible for the management of their engineering budgets and was also involved in the design work of the Architecture Design Institute. Mr. Zhang obtained a Master's Degree in Economics from the Nanjing University in the PRC in 1995. He is also a registered Cost Engineer with the Jiangsu Department of Personnel since 1998.

MR. CHEN PING

Executive Vice-President

Mr. Chen Ping has been our Executive Vice-President since January 2013 and is responsible for the Group's property management business. Prior to this, Mr. Chen was the General Manager of Shanghai Yanlord Property Management Co., Ltd. between 2004 and January 2013. Between 1994 and 2004, Mr. Chen was a Sales Manager of Shanghai Yanlord Property Co., Ltd. Before joining the Group, Mr. Chen was an Engineer of Shanghai Xin Hu Steel Factory. Mr. Chen graduated from Tongji University, Shanghai, majoring in Civil and Industrial Engineering.

MR. JIM CHAN CHI WAI

Group Financial Controller

Mr. Jim Chan Chi Wai has been our Group Financial Controller since 2003. He is responsible for our day-to-day finance and accounting functions and is also involved in the supervision of our finance staff. He has more than 10 years of experience as an auditor and accountant. Prior to joining Yanlord, he was the Financial Controller of Komark Hong Kong Co., Ltd, a subsidiary of KomarkCorp Berhad, a multinational company listed in Malaysia, for approximately two years. He was also a Senior Accountant at Cathay International Limited, a multinational company with investments in the United Kingdom and the PRC from 1997 to 2001 and Senior Audit Accountant at PricewaterhouseCoopers from 1993 to 1997. Mr. Chan graduated with a Bachelor of Arts in Accountancy with Second Class Honours, Upper Division, from the City

University of Hong Kong in 1993. He is a Certified Public Accountant registered with the Hong Kong Institute of Certified Public Accountants and a fellow of the Association of Chartered Certified Accountants, Hong Kong.

MR. ZHOU YIQUN

General Manager - Shanghai

Mr. Zhou Yiqun was appointed the General Manager of our Shanghai operations in December 2015 and is responsible for the overall management of our business in Shanghai. Mr. Zhou has more than 10 years of operation experience in real estate development. Prior to this appointment, Mr. Zhou served as our Group's Investment and Operation Director and the Executive Director of our Shanghai subsidiary. Before joining Yanlord, Mr. Zhou served in various managerial positions of Hong Kong based RK Properties. Mr. Zhou was the General Manager of RK Group's Shanghai subsidiary from 2009 to 2014. He was the Executive Deputy General Manager of RK Group's Jinan subsidiary from 2007 to 2009. Mr. Zhou was working as the Assistant to General Manager at Sunco Group's Wuxi subsidiary and Senior Manager of the Sunco's Strategic Development Center from 2005 to 2007. Mr. Zhou graduated from Suzhou University with a Master's Degree in Management. He also completed his EMBA program (2014-2015) at Cheung Kong Graduate School of Business.

MR. ZHONG BAILING

General Manager - Shanghai

Mr. Zhong Bailing was the General Manager of our Shanghai operations from November 2012 to December 2015 and is currently responsible for the Group's regional business development. Prior to that, he was the General Manager of our Shenzhen operations since March 2010 and was responsible for the overall management of our business in Shenzhen. From December 2006 to March 2010, Mr. Zhong was the Executive Vice General Manager of our Zhuhai subsidiary, taking charge of architectural design, engineering, marketing and property management. Between February 1999 and December 2006, Mr. Zhong was a Senior Manager of IPC Corporation Ltd. of Singapore and was responsible for the company's project development and marketing in Zhuhai. From May 1996 to February 1998, Mr. Zhong was a Project Manager with Zhuhai International Engineering Consulting Co., Ltd. Mr. Zhong obtained his Bachelor's and Master's Degrees in Engineering from Tsinghua University in 1993 and 1996 respectively. From February 1998 to March 1999, he was a visiting scholar at Nanyang Technological University in Singapore. Mr. Zhong is a member of China Institute of Real Estate Appraisers and Agents.

MR. LAM CHING FUNG

General Manager – Zhuhai

Mr. Lam Ching Fung has been the General Manager of our operations in Zhuhai since 2005 and is responsible for the overall management of our business in Zhuhai. He was previously a Director of the Zhuhai Special Economic Zone Longshi Bottle Capping Factory and was also responsible for the overall management of the business. Mr. Lam has completed an executive course in Advanced Business Management conducted by Qinghua University, Zhuhai.

MR. ZHOU CHENG

General Manager – Suzhou

Mr. Zhou Cheng is the General Manager of our Suzhou operations and is responsible for the overall management of our business in Suzhou. Mr. Zhou joined Yanlord in April 2000 as a Project Manager in the Group's Nanjing subsidiary and has assumed numerous roles including the Manager of the Engineering Department at our Nanjing subsidiary before assuming the role as the Vice General Manager of our Suzhou subsidiary in 2005. Between 1999 and April 2000, Mr. Zhou was the Project Manager and Civil & HVAC Engineer at Pepsi Cola Nanjing. Between 1989 and 1999, Mr. Zhou was Project Manager at Nanjing Steel Group. Mr. Zhou graduated from Xi'an University of Architecture and Technology in 1989 with a Degree in Industrial and Civil Engineering.

MR. HUANG ZHONG XIN

General Manager – Chengdu

Mr. Huang Zhong Xin has been the General Manager of our Chengdu operations since 2005 and is responsible for the overall management of our operations in Chengdu. Since 2002, he served as the Assistant General Manager and later the General Manager of Yanlord Land (Chengdu) Co., Ltd. He was involved in day to day operations of the company. Mr. Huang has been with Yanlord since 1989. He was first involved in the international trading business of Yanlord Holdings until 1993. Subsequently, he was the Assistant General Manager of Yanlord Industrial (Shenzhen) Co., Ltd. and was responsible for setting up of industrial centres for two years. From 1994 to 2002, he was the Assistant General Manager at Yanlord Investment (Nanjing) Co., Ltd. and Acting General Manager of Yanlord Property Management Co., Ltd. and was involved in the marketing, project planning and property management functions of these companies.

MR. GAO YONGJUN

General Manager – Nanjing and Sanya

Mr. Gao Yongjun was appointed General Manager of our Nanjing operations in May 2012 and has been the General Manager of our Sanya operations since March 2010. He is responsible for the overall management of our businesses in Nanjing and Sanya. Mr. Gao joined Yanlord in March 1998 and worked as Project Manager, Director of Engineering Department and Assistant General Manager of our Nanjing subsidiary over the years, taking charge of project development and landscaping. Between December 2006 and March 2010, Mr. Gao was the Vice General Manager of our Nanjing subsidiary. Mr. Gao graduated from Yangzhou University in 1993 and majored in Industrial and Civil Engineering.

MR. LIU HAN

General Manager – Tianjin

Mr. Liu Han was appointed the General Manager of our Tianjin operations in November 2013. Prior to joining Yanlord, Mr. Liu served as the Managing Director of Hong Kong based RK Properties and oversaw the operations of its Tianjin and Shandong subsidiaries. During his tenure with RK Properties from 2007 to 2013, Mr Liu served as a member of RK Properties' management and marketing committees, an Associate Director on the Board as well as the General Manager of RK properties' Changzhou subsidiary and its Jiangsu property management company. Prior to joining RK Properties, Mr. Liu worked at Sunco Group between July 1997 and December 2006, specializing in marketing and sales before assuming the responsibilities of General Manager of Sunco Development (Tianjin) and Regional General Manager for Tianjin of Sunco Group in March 2003. From March 2006 to December 2006, Mr. Liu was also the Vice-President (Marketing) of Sunco Group. Mr. Liu is a certified Senior Civil Engineer and graduated from Nankai University with a Bachelor's Degree in Economics in 1995.

MR. RUAN XIN KUN

General Manager – Haimen

Mr. Ruan Xin Kun was appointed the General Manager of our Haimen operations in April 2014 and is responsible for the overall management of our business in Haimen. Mr. Ruan was the Assistant General Manager of our Suzhou operations from 2003 to 2014 and was responsible for cost management, finance, sales and business development. Prior to joining Yanlord, Mr. Ruan served as a Department Manager of Chuxiong Renheng Fertilizer Co., Ltd. and as an Executive Director of Suzhou Renheng QingLing Motor Trading Co., Ltd.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Zhong Sheng Jian
Chairman and Chief Executive Officer

Zhong Siliang
Executive Director

Chan Yiu Ling
Executive Director

Hong Zhi Hua
Executive Director

Ronald Seah Lim Siang
Lead Independent Director

Ng Ser Miang
Independent Director

Ng Shin Ein
Independent Director

Ng Jui Ping
Independent Director

AUDIT COMMITTEE

Ronald Seah Lim Siang, *Chairman*
Ng Shin Ein
Ng Jui Ping

NOMINATING COMMITTEE

Ng Ser Miang, *Chairman*
Ronald Seah Lim Siang
Zhong Sheng Jian

REMUNERATION COMMITTEE

Ng Jui Ping, *Chairman*
Ronald Seah Lim Siang
Ng Shin Ein

RISK MANAGEMENT COMMITTEE

Ng Shin Ein, *Chairman*
Ng Ser Miang
Ng Jui Ping
Zhong Sheng Jian

COMPANY SECRETARY

Lim Poh Choo

GROUP FINANCIAL CONTROLLER

Jim Chan Chi Wai

REGISTERED OFFICE

9 Temasek Boulevard
#36-02 Suntec Tower Two
Singapore 038989
Tel: (65) 6336 2922
Fax: (65) 6238 6256
Registration No.: 200601911K

WEBSITE

<http://www.yanlordland.com>

AUDITORS

Deloitte & Touche LLP
6 Shenton Way, OUE Downtown 2
#33-00
Singapore 068809
Partner-in-charge:
Tay Hwee Ling
(Appointed on October 14, 2013)

SHARE REGISTRAR AND TRANSFER OFFICE

Boardroom Corporate & Advisory
Services Pte. Ltd.
50 Raffles Place
Singapore Land Tower #32-01
Singapore 048623
(Appointed on March 7, 2006)

PRINCIPAL BANKERS

China Merchant Bank
Bank of Shanghai
The Hongkong and Shanghai
Banking Corporation Ltd
Hang Seng Bank Limited
DBS Bank Ltd
Standard Chartered Bank Limited
Bank of China

STOCK EXCHANGE LISTING

Singapore Exchange Securities
Trading Limited

DATE AND COUNTRY OF INCORPORATION

February 13, 2006, Singapore

**Financial
Statements**

50
Directors’
Statement

55
Independent
Auditors’
Report

56
Statements of
Financial
Position

58
Consolidated
Statement of
Profit or Loss

59
Consolidated
Statement of
Comprehensive
Income

60
Statements of
Changes in
Equity

63
Consolidated
Statement of
Cash Flows

65
Notes to
Financial
Statements

DIRECTORS' STATEMENT

The directors present their statement together with the audited consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company for the financial year ended December 31, 2015.

In the opinion of the directors, the consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company as set out on pages 56 to 137 are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at December 31, 2015, and the financial performance, changes in equity and cash flows of the Group and changes in equity of the Company for the financial year then ended and at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debt when they fall due.

1 DIRECTORS

The directors of the Company in office at the date of this statement are:

Zhong Sheng Jian
Zhong Siliang
Chan Yiu Ling
Hong Zhi Hua
Ronald Seah Lim Siang
Ng Ser Miang
Ng Shin Ein
Ng Jui Ping

2 ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE BENEFITS BY MEANS OF THE ACQUISITION OF SHARES AND DEBENTURES

Neither at the end of the financial year nor at any time during the financial year did there subsist any arrangement whose object is to enable the directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate, except for the options mentioned in paragraph 4 of the Directors' Statement.

DIRECTORS' STATEMENT

3 DIRECTORS' INTERESTS IN SHARES AND DEBENTURES

The directors of the Company holding office at the end of the financial year had no interests in the shares in, or debentures of, the Company and related corporations as recorded in the register of directors' shareholdings kept by the Company under Section 164 of the Singapore Companies Act ("Act") except as follows:

| Name of directors and companies in which interests are held | Holdings registered in the name of directors | | Holdings in which directors are deemed to have an interest | |
|--|---|-------------------|---|-------------------|
| | At beginning of year | At end of year | At beginning of year | At end of year |

The Company

a) Ordinary shares

| | | | | |
|---------------------------------|-----------|------------|---------------|---------------|
| Zhong Sheng Jian ⁽¹⁾ | 9,067,000 | 17,860,200 | 1,278,390,000 | 1,278,390,000 |
| Zhong Siliang | 320,000 | 320,000 | – | – |
| Chan Yiu Ling ⁽²⁾ | 720,000 | 720,000 | 25,000 | 25,000 |
| Hong Zhi Hua ⁽³⁾ | 40,000 | 40,000 | – | – |
| Ronald Seah Lim Siang | 20,000 | 20,000 | – | – |
| Ng Ser Miang | 705,000 | 705,000 | – | – |
| Ng Shin Ein | 118,000 | 118,000 | – | – |
| Ng Jui Ping | 100,000 | 100,000 | – | – |

b) Senior notes due 2017 (S\$'000)

| | | | | |
|-------------|-------|-------|---|---|
| Ng Shin Ein | 3,000 | 5,000 | – | – |
|-------------|-------|-------|---|---|

⁽¹⁾ Zhong Sheng Jian is deemed to be interested in 1,278,390,000 (2014 : 1,278,390,000) ordinary shares in the Company held by Yanlord Holdings Pte. Ltd. ("YHPL"). YHPL is a company which is owned by Zhong Sheng Jian (95% shareholding interest) and his spouse (5% shareholding interest).

⁽²⁾ 25,000 shares in the Company held by the spouse of Chan Yiu Ling.

⁽³⁾ Interest held via nominee account.

DIRECTORS' STATEMENT

52

3 DIRECTORS' INTERESTS IN SHARES AND DEBENTURES (Cont'd)

The directors' beneficial interest in other related corporations' shares and debentures were as follows:

| Name of directors and companies in which interests are held | Holdings registered in the name of directors | | Holdings in which directors are deemed to have an interest | |
|--|---|-------------------|---|-------------------|
| | At beginning of year | At end of year | At beginning of year | At end of year |
| <u>Immediate holding company</u> | | | | |
| <u>Yanlord Holdings Pte. Ltd.</u> (Ordinary shares) | | | | |
| Zhong Sheng Jian | 95,000,000 | 95,000,000 | 5,000,000 | 5,000,000 |
| <u>Subsidiary</u> | | | | |
| <u>Yanlord Land (HK) Co., Limited</u> Senior notes due 2016 (RMB'000) | | | | |
| Ng Shin Ein | - | 2,000 | - | - |
| <u>Related corporations</u> | | | | |
| (i) <u>Yanlord Capital Pte. Ltd.</u> (Ordinary shares) | | | | |
| Zhong Sheng Jian | - | - | 1 | 1 |
| (ii) <u>Yanlord Industries Pte. Ltd.</u> (Ordinary shares) | | | | |
| Zhong Sheng Jian | - | - | 1 | 1 |

By virtue of Section 7 of the Act, Zhong Sheng Jian is deemed to have an interest in the Company and all the related corporations of the Company.

23,079,500 ordinary shares in the Company were purchased by Zhong Sheng Jian from the period after year end to January 21, 2016. Except from disclosed above, the directors' interests in the shares and senior notes of the Company as at January 21, 2016 were the same as at December 31, 2015.

DIRECTORS' STATEMENT

4 SHARE OPTIONS

Yanlord Land Group Share Option Scheme 2006 ("ESOS 2006")

The ESOS 2006 will provide eligible participants with the opportunity to participate in the equity of the Company and motivate them towards better performance through increased dedication and loyalty. The aggregate number of shares that may be issued or issuable under the plan at any time may not exceed 15% of the then issued share capital.

The Remuneration Committee ("RC") comprises 3 independent directors, and they are Ng Jui Ping, Ronald Seah Lim Siang and Ng Shin Ein. The RC administers the ESOS 2006.

Options may be granted to employees and directors of the Company or any of the related entities, which include the subsidiaries or any entities in which the Company holds a substantial ownership interest, including any such employees or directors who are associates of the controlling shareholder. The controlling shareholder is not eligible to participate in the ESOS 2006.

In general, the plan administrator determines the exercise price of an option. The exercise price may be a fixed or variable price related to the fair market value of the ordinary shares. The term of each award will be stated in the award agreement. The term of an award will not exceed 10 years from the date of the grant, or five years from the date of grant in the case of options granted to non-executive directors or employees of related entities other than subsidiaries. In general, the plan administrator determines, or the award agreement specifies, the vesting schedule.

The Board of Directors may at any time amend, suspend or terminate the ESOS 2006. Amendments to the plan are subject to shareholder approval to the extent required by law, or stock exchange rules or regulations. Additionally, shareholder approval is specifically required to increase the number of shares available for issuance under the plan or to extend the term of an option beyond 10 years. Unless terminated earlier, the plan will expire and no further awards may be granted after the tenth anniversary of the shareholder's approval of the plan.

This scheme will continue to be in force at the discretion of the RC subject to a maximum period of 10 years commencing on the date the ESOS 2006 was adopted by the Company in general meeting. However, ESOS 2006 may continue beyond the above stipulated period with the approval of shareholders by ordinary resolution in general meeting and of any relevant authorities that may then be required.

During the financial year, no option was granted under the ESOS 2006.

5 OPTIONS EXERCISED

During the financial year, no share of the Company or any corporation in the Group was allotted and issued by virtue of the exercise of options to take up unissued shares of the Company or any corporation in the Group.

6 UNISSUED SHARES UNDER OPTIONS

There was no option granted by the Company or any corporation in the Group to any person to take up unissued shares of the Company or any corporation in the Group as at the end of the financial year.

DIRECTORS' STATEMENT

7 **AUDIT COMMITTEE**

At the date of this report, the Audit Committee comprises the following members:

| | |
|-----------------------|--|
| Ronald Seah Lim Siang | Chairman and Lead Independent Director |
| Ng Jui Ping | Independent Director |
| Ng Shin Ein | Independent Director |

The Audit Committee carried out its functions in accordance with Section 201B(5) of the Act.

The Audit Committee has recommended to the directors the nomination of Deloitte & Touche LLP, Singapore for re-appointment as external auditors of the Company at the forthcoming Annual General Meeting of the Company.

8 **AUDITORS**

The auditors, Deloitte & Touche LLP, Singapore, have expressed their willingness to accept re-appointment.

ON BEHALF OF THE DIRECTORS

Zhong Sheng Jian

Chan Yiu Ling

March 29, 2016

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF YANLORD LAND GROUP LIMITED

Report on the Financial Statements

We have audited the accompanying financial statements of Yanlord Land Group Limited (the "Company") and its subsidiaries (the "Group") which comprise the consolidated statement of financial position of the Group and the statement of financial position of the Company as at December 31, 2015, and the consolidated statement of profit or loss, statement of comprehensive income, statement of changes in equity and statement of cash flows of the Group and the statement of changes in equity of the Company for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 56 to 137.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Singapore Companies Act (the "Act") and Singapore Financial Reporting Standards, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements of the Group and the statement of financial position and statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the financial position of the Group and of the Company as at December 31, 2015 and the financial performance, changes in equity and cash flows of the Group and changes in equity of the Company for the year ended on that date.

Report on Other Legal and Regulatory Requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company and by those subsidiary corporations incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

Deloitte & Touche LLP
Public Accountants and
Chartered Accountants
Singapore

March 29, 2016

STATEMENTS OF FINANCIAL POSITION

December 31, 2015

| | Note | GROUP | | | COMPANY | |
|---|------|----------------------|-----------------------|-----------------------|----------------------|----------------------|
| | | December 31, 2015 | December 31, 2014 | January 1, 2014 | December 31, 2015 | December 31, 2014 |
| | | RMB'000 | RMB'000 (Restated) | RMB'000 (Restated) | RMB'000 | RMB'000 |
| ASSETS | | | | | | |
| Non-current assets | | | | | | |
| Property, plant and equipment | 7 | 1,549,547 | 1,057,490 | 748,792 | - | - |
| Investment properties | 8 | 11,566,890 | 10,244,250 | 8,764,770 | - | - |
| Properties for development | 9 | 4,115,661 | 8,515,971 | 9,476,226 | - | - |
| Investments in subsidiaries | 10 | - | - | - | 2,364,026 | 2,390,874 |
| Investment in an associate | 11 | - | - | - | - | - |
| Investments in joint ventures | 12 | 1,093,544 | 1,108,771 | 1,038,163 | - | - |
| Other receivables | 17 | 529,704 | 304,876 | - | - | - |
| Non-trade amounts due from: | | | | | | |
| Joint venture | 12 | - | - | 200,000 | - | - |
| Non-controlling shareholders of subsidiaries | 13 | 383,115 | 210,642 | 158,367 | - | - |
| Intangible asset | 14 | 613 | 613 | 613 | - | - |
| Deferred tax assets | 15 | 501,444 | 370,340 | 211,232 | - | - |
| Derivative financial instruments | 16 | - | 1,426 | 20,402 | - | - |
| Total non-current assets | | 19,740,518 | 21,814,379 | 20,618,565 | 2,364,026 | 2,390,874 |
| Current assets | | | | | | |
| Inventories | | 58,726 | 44,793 | 40,830 | - | - |
| Completed properties for sale | 9 | 7,269,346 | 5,221,147 | 4,324,410 | - | - |
| Properties under development for sale | 9 | 31,287,170 | 31,148,309 | 27,973,593 | - | - |
| Trade receivables | | 30,551 | 39,118 | 39,213 | - | - |
| Other receivables and deposits | 17 | 2,619,672 | 578,725 | 409,915 | 1 | 1 |
| Non-trade amounts due from: | | | | | | |
| Subsidiaries | 5 | - | - | - | 12,461,137 | 12,542,828 |
| Associate | 11 | 434 | 366 | 354 | - | - |
| Joint ventures | 12 | 522,372 | 426,376 | 136,747 | - | - |
| Non-controlling shareholders of subsidiaries | 13 | 261,627 | 512,601 | 376,380 | - | - |
| Other related parties | 6 | 587 | 562 | 551 | - | - |
| Income tax prepayment | | 518,545 | 323,062 | - | - | - |
| Held-for-trading investment | 18 | 19,510 | 13,610 | 11,056 | - | - |
| Pledged bank deposits | 19 | 51,367 | 29,842 | 29,643 | - | - |
| Cash and cash equivalents | 19 | 17,516,991 | 6,556,843 | 6,969,390 | 10,687 | 3,535 |
| Total current assets | | 60,156,898 | 44,895,354 | 40,312,082 | 12,471,825 | 12,546,364 |
| Total assets | | 79,897,416 | 66,709,733 | 60,930,647 | 14,835,851 | 14,937,238 |

STATEMENTS OF FINANCIAL POSITION

December 31, 2015

| | Note | GROUP | | | COMPANY | |
|---|------|-------------------|-------------------|-------------------|-------------------|-------------------|
| | | December 31, | December 31, | January 1, | December 31, | December 31, |
| | | 2015 | 2014 | 2014 | 2015 | 2014 |
| | | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 |
| | | | (Restated) | (Restated) | | |
| EQUITY AND LIABILITIES | | | | | | |
| Capital, reserves and non-controlling interests | | | | | | |
| Share capital | 20 | 7,261,726 | 7,261,726 | 7,261,726 | 7,261,726 | 7,261,726 |
| Reserves | | 13,073,343 | 11,937,865 | 10,679,681 | (594,366) | (659,157) |
| Equity attributable to owners of the Company | | 20,335,069 | 19,199,591 | 17,941,407 | 6,667,360 | 6,602,569 |
| Non-controlling interests | | 10,199,385 | 9,862,213 | 9,578,616 | - | - |
| Total equity | | 30,534,454 | 29,061,804 | 27,520,023 | 6,667,360 | 6,602,569 |
| Non-current liabilities | | | | | | |
| Bank loans – due after one year | 22 | 8,022,065 | 11,480,881 | 7,535,512 | 264,894 | 273,651 |
| Senior notes | 24 | 4,401,192 | 6,243,882 | 6,185,391 | 4,401,192 | 4,258,493 |
| Deferred tax liabilities | 15 | 1,959,037 | 1,648,103 | 1,363,647 | - | - |
| Non-trade amount due to a non-controlling shareholder of subsidiaries | 13 | - | 20,000 | 20,000 | - | - |
| Total non-current liabilities | | 14,382,294 | 19,392,866 | 15,104,550 | 4,666,086 | 4,532,144 |
| Current liabilities | | | | | | |
| Bank loans – due within one year | 22 | 3,971,322 | 2,081,398 | 3,262,391 | - | 14,674 |
| Convertible notes | 23 | - | - | 326,261 | - | - |
| Senior notes | 24 | 1,867,109 | - | - | - | - |
| Trade payables | 25 | 7,747,525 | 5,285,820 | 4,925,052 | - | - |
| Other payables | 26 | 17,956,456 | 7,688,456 | 6,589,528 | 96,241 | 86,820 |
| Non-trade amounts due to: | | | | | | |
| Subsidiary | 5 | - | - | - | 3,382,080 | 3,679,754 |
| Ultimate holding company | 5 | - | - | 133,741 | - | - |
| Directors | 6 | 24,134 | 21,277 | 23,382 | 24,084 | 21,277 |
| Joint venture | 12 | - | - | 1 | - | - |
| Non-controlling shareholders of subsidiaries | 13 | 157,169 | 189,753 | 153,348 | - | - |
| Other related parties | 6 | 9,854 | 1,996 | - | - | - |
| Income tax payable | | 3,101,863 | 2,986,363 | 2,892,370 | - | - |
| Derivative financial instruments | 16 | 145,236 | - | - | - | - |
| Total current liabilities | | 34,980,668 | 18,255,063 | 18,306,074 | 3,502,405 | 3,802,525 |
| Total equity and liabilities | | 79,897,416 | 66,709,733 | 60,930,647 | 14,835,851 | 14,937,238 |

See accompanying notes to financial statements.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

Financial year ended December 31, 2015

| | Note | GROUP | |
|--|------|---------------------|-------------------------------|
| | | 2015 RMB'000 | 2014 RMB'000 (Restated) |
| Revenue | 27 | 16,581,357 | 11,735,970 |
| Cost of sales | | (12,026,205) | (8,265,104) |
| Gross profit | | 4,555,152 | 3,470,866 |
| Other operating income | 28 | 1,087,664 | 1,111,749 |
| Selling expenses | | (340,518) | (253,115) |
| Administrative expenses | | (742,304) | (513,574) |
| Other operating expenses | | (6,728) | (4,069) |
| Finance cost | 29 | (206,893) | (236,566) |
| Share of (loss) profit of joint ventures | 12 | (29,260) | 44,288 |
| Profit before income tax | | 4,317,113 | 3,619,579 |
| Income tax | 30 | (1,946,690) | (1,473,268) |
| Profit for the year | 31 | 2,370,423 | 2,146,311 |
| Profit attributable to: | | | |
| Owners of the Company | | 1,468,539 | 1,372,400 |
| Non-controlling interests | | 901,884 | 773,911 |
| | | 2,370,423 | 2,146,311 |
| Earnings per share (cents) | 32 | | |
| - Basic | | 75.36 | 70.43 |
| - Diluted | | 75.36 | 70.08 |

See accompanying notes to financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Financial year ended December 31, 2015

| | Note | GROUP | |
|---|------|------------------|-------------------------------|
| | | 2015 RMB'000 | 2014 RMB'000 (Restated) |
| Profit for the year | 31 | 2,370,423 | 2,146,311 |
| Other comprehensive income: | | | |
| <u>Items that may be reclassified subsequently to profit or loss:</u> | | | |
| Currency translation difference | | (190,440) | 22,753 |
| Cash flow hedge | 21 | (29,267) | (11,872) |
| Other comprehensive (expense) income for the year, net of tax | | (219,707) | 10,881 |
| Total comprehensive income for the year | | 2,150,716 | 2,157,192 |
| Total comprehensive income attributable to: | | | |
| Owners of the Company | | 1,248,832 | 1,383,281 |
| Non-controlling interests | | 901,884 | 773,911 |
| | | 2,150,716 | 2,157,192 |

See accompanying notes to financial statements.

STATEMENTS OF CHANGES IN EQUITY

Financial year ended December 31, 2015

| | Note | Share capital RMB'000 | Currency translation reserve RMB'000 | Equity reserve RMB'000 | Statutory reserve RMB'000 | Merger deficit RMB'000 | Hedging reserve RMB'000 | Other reserve RMB'000 | Accumulated profits RMB'000 | Attributable to owners of the Company RMB'000 | Non-controlling interests RMB'000 | Total RMB'000 |
|---|------|--------------------------|---|---------------------------|------------------------------|---------------------------|----------------------------|--------------------------|--------------------------------|--|--------------------------------------|------------------|
| | | | (Restated) | | | | (Note 21) | | (Restated) | (Restated) | (Restated) | (Restated) |
| GROUP | | | | | | | | | | | | |
| Balance at January 1, 2014, as previously reported | | 7,261,726 | (110,114) | 181,505 | 963,718 | (1,834,019) | 4,778 | (337,230) | 11,799,215 | 17,929,579 | 9,928,798 | 27,858,377 |
| Effects of changes in investment classification (Note 38) | | - | (534) | - | - | - | - | - | 12,362 | 11,828 | (350,182) | (338,354) |
| Balance at January 1, 2014, as restated | | 7,261,726 | (110,648) | 181,505 | 963,718 | (1,834,019) | 4,778 | (337,230) | 11,811,577 | 17,941,407 | 9,578,616 | 27,520,023 |
| Total comprehensive income for the year: | | | | | | | | | | | | |
| Profit for the year | | - | - | - | - | - | - | - | 1,372,400 | 1,372,400 | 773,911 | 2,146,311 |
| Other comprehensive income for the year | | - | 22,753 | - | - | - | (11,872) | - | - | 10,881 | - | 10,881 |
| Total | | - | 22,753 | - | - | - | (11,872) | - | 1,372,400 | 1,383,281 | 773,911 | 2,157,192 |
| Transactions with owners, recognised directly in equity: | | | | | | | | | | | | |
| Transfer on redemption of convertible notes due 2014 | 23 | - | - | (181,505) | - | - | - | - | 181,505 | - | - | - |
| Capital injection by non-controlling shareholders | | - | - | - | - | - | - | - | - | - | 138,037 | 138,037 |
| Dividends | 33 | - | - | - | - | - | - | - | (125,097) | (125,097) | - | (125,097) |
| Dividends declared to non-controlling shareholders | | - | - | - | - | - | - | - | - | - | (628,351) | (628,351) |
| Appropriations | | - | - | - | 111,773 | - | - | - | (111,773) | - | - | - |
| Total | | - | - | (181,505) | 111,773 | - | - | - | (55,365) | (125,097) | (490,314) | (615,411) |
| Balance at December 31, 2014 | | 7,261,726 | (87,895) | - | 1,075,491 | (1,834,019) | (7,094) | (337,230) | 13,128,612 | 19,199,591 | 9,862,213 | 29,061,804 |

STATEMENTS OF CHANGES IN EQUITY

Financial year ended December 31, 2015

| | Note | Share capital RMB'000 | Currency translation reserve RMB'000 | Equity reserve RMB'000 | Statutory reserve RMB'000 | Merger deficit RMB'000 | Hedging reserve RMB'000 | Other reserve RMB'000 | Accumulated profits RMB'000 | Attributable to owners of the Company RMB'000 | Non-controlling interests RMB'000 | Total RMB'000 |
|--|------|--------------------------|---|---------------------------|------------------------------|---------------------------|----------------------------|--------------------------|--------------------------------|--|--------------------------------------|------------------|
| (Note 21) | | | | | | | | | | | | |
| GROUP | | | | | | | | | | | | |
| Balance at January 1, 2015, as previously reported | | 7,261,726 | (87,400) | - | 1,075,491 | (1,834,019) | (7,094) | (337,230) | 13,103,297 | 19,174,771 | 10,198,470 | 29,373,241 |
| Effect of changes in investment classification (Note 38) | | - | (495) | - | - | - | - | - | 25,315 | 24,820 | (336,257) | (311,437) |
| Balance at January 1, 2015, as restated | | 7,261,726 | (87,895) | - | 1,075,491 | (1,834,019) | (7,094) | (337,230) | 13,128,612 | 19,199,591 | 9,862,213 | 29,061,804 |
| Total comprehensive income for the year: | | | | | | | | | | | | |
| Profit for the year | | - | - | - | - | - | - | - | 1,468,539 | 1,468,539 | 901,884 | 2,370,423 |
| Other comprehensive expense for the year | | - | (190,440) | - | - | - | (29,267) | - | - | (219,707) | - | (219,707) |
| Total | | - | (190,440) | - | - | - | (29,267) | - | 1,468,539 | 1,248,832 | 901,884 | 2,150,716 |
| Transactions with owners, recognised directly in equity: | | | | | | | | | | | | |
| Change of interest in subsidiary | | - | - | - | - | - | - | 34 | - | 34 | (34) | - |
| Capital injection by non-controlling shareholders | | - | - | - | - | - | - | - | - | - | 11,400 | 11,400 |
| Dividends | 33 | - | - | - | - | - | - | - | (113,388) | (113,388) | - | (113,388) |
| Dividends declared to non-controlling shareholders | | - | - | - | - | - | - | - | - | - | (576,078) | (576,078) |
| Appropriations | | - | - | - | 168,543 | - | - | - | (168,543) | - | - | - |
| Total | | - | - | - | 168,543 | - | - | 34 | (281,931) | (113,354) | (564,712) | (678,066) |
| Balance at December 31, 2015 | | 7,261,726 | (278,335) | - | 1,244,034 | (1,834,019) | (36,361) | (337,196) | 14,315,220 | 20,335,069 | 10,199,385 | 30,534,454 |

STATEMENTS OF CHANGES IN EQUITY

Financial year ended December 31, 2015

| | Note | Share capital RMB'000 | Currency translation reserve RMB'000 | Equity reserve RMB'000 | Accumulated losses RMB'000 | Total RMB'000 |
|---|------|-----------------------------|---|------------------------------|----------------------------------|------------------|
| COMPANY | | | | | | |
| Balance at January 1, 2014 | | 7,261,726 | (289,082) | 181,505 | (238,513) | 6,915,636 |
| Total comprehensive expense for the year: | | | | | | |
| Profit for the year | | - | - | - | 28,283 | 28,283 |
| Other comprehensive expense for the year | | - | (216,253) | - | - | (216,253) |
| Total | | - | (216,253) | - | 28,283 | (187,970) |
| Transactions with owners, recognised directly in equity: | | | | | | |
| Transfer on redemption of convertible notes due 2014 | 23 | - | - | (181,505) | 181,505 | - |
| Dividends | 33 | - | - | - | (125,097) | (125,097) |
| Total | | - | - | (181,505) | 56,408 | (125,097) |
| Balance at December 31, 2014 | | 7,261,726 | (505,335) | - | (153,822) | 6,602,569 |
| Total comprehensive expense for the year: | | | | | | |
| Profit for the year | | - | - | - | 237,689 | 237,689 |
| Other comprehensive expense for the year | | - | (59,510) | - | - | (59,510) |
| Total | | - | (59,510) | - | 237,689 | 178,179 |
| Transaction with owners, recognised directly in equity: | | | | | | |
| Dividends | 33 | - | - | - | (113,388) | (113,388) |
| Total | | - | - | - | (113,388) | (113,388) |
| Balance at December 31, 2015 | | 7,261,726 | (564,845) | - | (29,521) | 6,667,360 |

See accompanying notes to financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

Financial year ended December 31, 2015

| | Note | GROUP | |
|--|------|-----------------|-------------------------------|
| | | 2015 RMB'000 | 2014 RMB'000 (Restated) |
| Operating activities | | | |
| Profit before income tax | | 4,317,113 | 3,619,579 |
| Adjustments for: | | | |
| Depreciation of property, plant and equipment | | 35,093 | 29,723 |
| Dividend income from held-for-trading investment | | (93) | (208) |
| Fair value gain on investment properties | | (919,865) | (991,491) |
| Fair value gain on held-for-trading investment | | (4,985) | (2,460) |
| Finance cost | | 206,893 | 236,566 |
| Interest income | | (119,239) | (81,626) |
| Net gain on disposal of property, plant and equipment | | (29) | (303) |
| Net gain on disposal of investment properties | | (4,962) | (1,202) |
| Share of loss (profit) of joint ventures | | 29,260 | (44,288) |
| Operating cash flows before movements in working capital | | 3,539,186 | 2,764,290 |
| Properties for development | | (399,634) | (3,292,546) |
| Inventories | | (13,747) | (3,682) |
| Completed properties for sale | | 3,632,749 | 1,841,877 |
| Properties under development for sale | | (169,801) | (823,564) |
| Trade and other receivables and deposits | | (2,234,052) | (415,288) |
| Trade and other payables | | 12,705,481 | 1,416,537 |
| Cash generated from operations | | 17,060,182 | 1,487,624 |
| Interest paid | | (1,261,693) | (1,333,726) |
| Income tax paid | | (1,846,525) | (1,576,990) |
| Net cash from (used in) operating activities | | 13,951,964 | (1,423,092) |

CONSOLIDATED STATEMENT OF CASH FLOWS

Financial year ended December 31, 2015

| | Note | GROUP | |
|---|------|-------------------|-------------------------------|
| | | 2015 RMB'000 | 2014 RMB'000 (Restated) |
| Investing activities | | | |
| Dividend received from held-for-trading investment | | 93 | 208 |
| Interest received | | 92,271 | 48,869 |
| Increase in pledged bank deposits | | (21,525) | (199) |
| Proceeds on disposal of property, plant and equipment | | 973 | 2,079 |
| Proceeds on disposal of investment properties | | 49,593 | 10,204 |
| Payment for property, plant and equipment | | (510,694) | (246,191) |
| Payment for investment properties | | (207,367) | (232,647) |
| Advance to an associate | | (68) | (12) |
| Advance to joint ventures | | (95,973) | (86,836) |
| Repayment from (Advance to) non-controlling shareholders of subsidiaries | | 108,815 | (62,610) |
| Net cash used in investing activities | | (583,882) | (567,135) |
| Financing activities | | | |
| Dividends paid | 33 | (113,388) | (125,097) |
| Dividends paid to non-controlling shareholders of subsidiaries | | (655,402) | (596,022) |
| Net proceeds on issue of senior notes | | - | 1,966,685 |
| Proceeds from bank loans | | 3,769,800 | 8,630,158 |
| Repayment of bank loans | | (5,526,974) | (5,887,395) |
| Redemption of convertible notes | | - | (348,208) |
| Repurchase and redemption of senior notes | | (128,940) | (1,938,765) |
| Repayment to joint ventures | | - | (1) |
| Advance from directors | | 3,178 | 19,374 |
| Repayment to ultimate holding company | | - | (166,707) |
| Advance from non-controlling shareholders of subsidiaries | | 21,196 | 3,750 |
| Advance from other related parties | | 7,858 | 1,996 |
| Cash injection from non-controlling shareholders of subsidiaries | | 11,400 | 55,537 |
| Net cash (used in) from financing activities | | (2,611,272) | 1,615,305 |
| Net increase (decrease) in cash and cash equivalents | | 10,756,810 | (374,922) |
| Cash and cash equivalents at beginning of year | 19 | 6,556,843 | 6,969,390 |
| Effect of exchange rate changes on the balance of cash held in foreign currencies | | 203,338 | (37,625) |
| Cash and cash equivalents at end of year | 19 | 17,516,991 | 6,556,843 |

See accompanying notes to financial statements.

NOTES TO FINANCIAL STATEMENTS

December 31, 2015

1 GENERAL

The Company (Registration No. 200601911K) is incorporated in the Republic of Singapore with its principal place of business and registered office at 9 Temasek Boulevard, #36-02 Suntec Tower Two, Singapore 038989. The Company is listed on the Singapore Exchange Securities Trading Limited. The financial statements are expressed in Renminbi (“RMB”).

The principal activity of the Company is to carry on the business of an investment holding company and procurer of funds.

The principal activities of the subsidiaries are disclosed in Note 10 to the financial statements.

The consolidated financial statements of the Group and statement of financial position and statement of changes in equity of the Company for the financial year ended December 31, 2015 were authorised for issue by the Board of Directors on March 29, 2016.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF ACCOUNTING – The financial statements are prepared in accordance with the historical cost basis except as disclosed in the accounting policies below, and are drawn up in accordance with the provisions of the Singapore Companies Act and Singapore Financial Reporting Standards (“FRS”).

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability which market participants would take into account when pricing the asset or liability at the measurement date. Fair value for measurement and / or disclosure purposes in these consolidated financial statements is determined on such a basis, except for leasing transactions that are within the scope of FRS 17 *Leases*, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in FRS 2 *Inventories* or value in use in FRS 36 *Impairment of Assets*.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

ADOPTION OF NEW AND REVISED STANDARDS – On January 1, 2015, the Group adopted all the new and revised FRSs and Interpretations of FRS (“INT FRS”) that are effective from that date and are relevant to its operations. The adoption of these new / revised FRSs and INT FRS does not result in changes to the Group’s and the Company’s accounting policies and has no material effect on the amounts reported for the current or prior years.

NOTES TO FINANCIAL STATEMENTS

December 31, 2015

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

At the date of authorisation of these financial statements, the following new / revised FRSs, INT FRS and amendments to FRS that are relevant to the Group and the Company were issued but not effective:

- FRS 109 *Financial Instruments*¹
- FRS 115 *Revenue from Contracts with Customers*¹
- Amendments to FRS 1 *Presentation of Financial Statements: Disclosure Initiative*²

¹ Applies to annual periods beginning on or after January 1, 2018, with early application permitted.

² Applies to annual periods beginning on or after January 1, 2016, with early application permitted.

Consequential amendments were also made to various standards as a result of these new / revised standards.

The management anticipates that the adoption of the above FRSs, INT FRS and amendments to FRS in future periods will not have a material impact on the financial statements of the Group and the Company in the period of their initial adoption except for the following:

FRS 109 *Financial Instruments*

FRS 109 was issued in December 2014 to replace FRS 39 *Financial Instruments: Recognition and Measurement* and introduced new requirements for (i) the classification and measurement of financial assets and financial liabilities (ii) general hedge accounting (iii) impairment requirements for financial assets.

Key requirements of FRS 109:

- All recognised financial assets that are within the scope of FRS 39 are now required to be subsequently measured at amortised cost or fair value through profit or loss (FVTPL). Specifically, debt investments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal outstanding are generally measured at amortised cost at the end of subsequent accounting periods. Debt instruments that are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets, and that have contractual terms that give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured at fair value through other comprehensive income (FVTOCI). All other debt investments and equity investments are measured at FVTPL at the end of subsequent accounting periods. In addition, under FRS 109, entities may make an irrevocable election, at initial recognition, to measure an equity investment (that is not held for trading) at FVTOCI, with only dividend income generally recognised in profit or loss.
- With some exceptions, financial liabilities are generally subsequently measured at amortised cost. With regard to the measurement of financial liabilities designated as at FVTPL, FRS 109 requires that the amount of change in fair value of the financial liability that is attributable to changes in the credit risk of that liability is presented in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch to profit or loss. Changes in fair value attributable to a financial liability's credit risk are not subsequently reclassified to profit or loss.
- In relation to the impairment of financial assets, FRS 109 requires an expected credit loss model, as opposed to an incurred credit loss model under FRS 39. The expected credit loss model requires an entity to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition. In other words, it is no longer necessary for a credit event to have occurred before credit losses are recognised.

NOTES TO FINANCIAL STATEMENTS

December 31, 2015

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

- The new general hedge accounting requirements retain the three types of hedge accounting mechanisms currently available in FRS 39. Under FRS 109, greater flexibility has been introduced to the types of transactions eligible for hedge accounting, specifically broadening the types of instruments that qualify for hedging instruments and the types of risk components of non-financial items that are eligible for hedge accounting. In addition, the effectiveness test has been overhauled and replaced with the principle of an 'economic relationship'. Retrospective assessment of hedge effectiveness is also no longer required. Enhanced disclosure requirements about an entity's risk management activities have also been introduced.

Management anticipates that the initial application of the new FRS 109 may not result in any material changes to the accounting policies relating to financial instruments. Additional disclosures may be made with respect of trade and other receivables, including any significant judgement and estimation made. Management has commenced an assessment of the possible impact of implementing FRS 109. It is currently impracticable to disclose any further information on the known or reasonably estimable impact to the Group's financial statements in the period of initial application as the management has yet to complete its detailed assessment. Management does not plan to early adopt the new FRS 109.

FRS 115 Revenue from Contracts with Customers

In November 2014, FRS 115 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. FRS 115 will supersede the current revenue recognition guidance including FRS 18 *Revenue*, FRS 11 *Construction Contracts* and the related Interpretations when it becomes effective.

The core principle of FRS 115 is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the Standard introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer.
- Step 2: Identify the performance obligations in the contract.
- Step 3: Determine the transaction price.
- Step 4: Allocate the transaction price to the performance obligations in the contract.
- Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation.

Under FRS 115, an entity recognises revenue when (or as) a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in FRS 115 to deal with specific scenarios. Furthermore, extensive disclosures are required by FRS 115.

Management anticipates that the initial application of the new FRS 115 may not result in material changes to the accounting policies relating to revenue recognition. Additional disclosures will be made with respect of revenue and deferred revenue, including information about contracts with customers, contract balances and performance obligation. Management has commenced an assessment of the possible impact of implementing FRS 115. It is currently impracticable to disclose any further information on the known or reasonably estimable impact to the Group's financial statements in the period of initial application as the management has yet to complete its detailed assessment. The management does not plan to early adopt the new FRS 115.

NOTES TO FINANCIAL STATEMENTS

December 31, 2015

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Amendments to FRS 1 Presentation of Financial Statements: Disclosure Initiative

The amendments have been made to the following:

- Materiality and aggregation – An entity shall not obscure useful information by aggregating or disaggregating information and materiality considerations apply to the primary statements, notes and any specific disclosure requirements in FRSs.
- Statement of financial position and statement of profit or loss and other comprehensive income – The list of line items to be presented in these statements can be aggregated or disaggregated as relevant. Guidance on subtotals in these statements has also been included.
- Presentation of items of other comprehensive income (“OCI”) arising from equity-accounted investments – An entity’s share of OCI of equity-accounted associates and joint ventures should be presented in aggregate as single items based on whether or not it will subsequently be reclassified to profit or loss.
- Notes – Entities have flexibility when designing the structure of the notes and guidance is introduced on how to determine a systematic order of the notes. In addition, unhelpful guidance and examples with regard to the identification of significant accounting policies are removed.

Management anticipates that the initial application of the Amendments to *FRS 1 Presentation of Financial Statements: Disclosure Initiative* may result in changes to the presentation of financial statements. Management has commenced an assessment of the possible impact of implementing the Amendments to FRS 1. It is currently impracticable to disclose any further information on the known or reasonably estimable impact to the Group’s financial statements in the period of initial application as the management has yet to complete its detailed assessment. Management does not plan to early adopt the Amendments to FRS 1.

BASIS OF CONSOLIDATION – The consolidated financial statements incorporate the financial statements of the Company and entities (including structured entities) controlled by the Company and its subsidiaries. Control is achieved when the Company:

- Has power over the investee;
- Is exposed, or has rights, to variable returns from its involvement with the investee; and
- Has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

NOTES TO FINANCIAL STATEMENTS

December 31, 2015

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- The size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- Potential voting rights held by the Company, other vote holders or other parties;
- Rights arising from other contractual arrangements; and
- Any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

Changes in the Group's ownership interests in existing subsidiaries

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, a gain or loss is recognised in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified / permitted by applicable FRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under FRS 39, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

In the Company's financial statements, investments in subsidiaries are carried at cost less any impairment in net recoverable value that has been recognised in profit or loss.

NOTES TO FINANCIAL STATEMENTS

December 31, 2015

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

BUSINESS COMBINATIONS – The acquisition of subsidiaries from a common controlling shareholder is accounted for using the merger accounting method. Under this method, the Company has been treated as the holding company of the subsidiaries for the financial years presented rather than from the date of acquisition of the subsidiaries.

The acquisition of subsidiaries from a party other than a common controlling shareholder is accounted for using the acquisition method. The consideration for each acquisition is measured at the aggregate of the acquisition date fair values of assets given, liabilities incurred by the Group to the former owners of the acquiree, and equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in profit or loss as incurred.

Where applicable, the consideration for the acquisition includes any asset or liability resulting from a contingent consideration arrangement, measured at its acquisition-date fair value. Subsequent changes in such fair values are adjusted against the cost of acquisition where they qualify as measurement period adjustments (see below). The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates at fair value, with change in fair value recognised in profit or loss.

Where a business combination is achieved in stages, the Group's previously held interests in the acquired entity are remeasured to fair value at the acquisition date (i.e. the date the Group attains control) and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss, where such treatment would be appropriate if that interest were disposed of.

The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under the FRS are recognised at their fair value at the acquisition date, except that:

- Deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with FRS 12 *Income Taxes* and FRS 19 *Employee Benefits* respectively;
- Liabilities or equity instruments related to share-based payment transactions of the acquiree or the replacement of an acquiree's share-based payment awards transactions with share-based payment awards transactions of the acquirer in accordance with the method in FRS 102 *Share-based Payment* at the acquisition date; and
- Assets (or disposal groups) that are classified as held for sale in accordance with FRS 105 *Non-current Assets Held for Sale and Discontinued Operations* are measured in accordance with that Standard.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at fair value or, when applicable, on the basis specified in another FRS.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see below), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

NOTES TO FINANCIAL STATEMENTS

December 31, 2015

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

The measurement period is the period from the date of acquisition to the date the Group obtains complete information about facts and circumstances that existed as of the acquisition date and is subject to a maximum of one year from acquisition date.

FINANCIAL INSTRUMENT – Financial assets and financial liabilities are recognised on the Group's statement of financial position when the Group becomes a party to the contractual provisions of the instrument.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial instrument and of allocating interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts or payments (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial instrument, or where appropriate, a shorter period. Income and expense are recognised on an effective interest basis for debt instruments other than those financial instruments "at fair value through profit or loss".

Financial assets

All financial assets are recognised and de-recognised on a trade date where the purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at fair value, plus transaction costs except for those financial assets classified as at fair value through profit or loss which are initially measured at fair value.

Financial assets are classified into the following specified categories: "financial assets at fair value through profit or loss" and "loans and receivables". The classification depends on the nature and purpose of financial assets and is determined at the time of initial recognition.

Financial assets at fair value through profit or loss (FVTPL)

Financial assets are classified as at FVTPL where the financial asset is either held-for-trading or it is designated as at FVTPL.

A financial asset is classified as held-for-trading if:

- it has been acquired principally for the purpose of selling in the near future; or
- it is a part of an identified portfolio of financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

Financial assets at FVTPL are stated at fair value, with any resultant gain or loss recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset and is included in "other operating income" or "other operating expense" line in the consolidated statement of profit or loss. Fair value is determined in the manner described in Note 4 (c) (vi).

NOTES TO FINANCIAL STATEMENTS

December 31, 2015

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Loans and receivables

Trade receivables, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as "loans and receivables". Loans and receivables are measured at amortised cost using the effective interest method less impairment. Interest is recognised by applying the effective interest method, except for short-term receivables when the effect of discounting is immaterial.

Impairment of financial assets

Financial assets, other than those at fair value through profit or loss, are assessed for indicators of impairment at the end of each reporting period. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted.

Objective evidence of impairment could include:

- Significant financial difficulty of the issuer or counterparty; or
- Default or delinquency in interest or principal payments; or
- It becoming probable that the borrower will enter bankruptcy or financial re-organisation.

For certain categories of financial assets, such as trade receivables, assets that are assessed not to be impaired individually are, in addition, assessed for impairment on a collective basis. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period, as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade and other receivables where the carrying amount is reduced through the use of an allowance account. When a trade or other receivable is uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment loss was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the financial asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

NOTES TO FINANCIAL STATEMENTS

December 31, 2015

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

Financial liabilities and equity instruments

Classification as debt or equity

Financial liabilities and equity instruments issued by the Group are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments are recorded at the proceeds received, net of direct issue costs.

Financial liabilities

Trade and other payables are initially measured at fair value, net of transaction costs, and are subsequently measured at amortised cost, using the effective interest method, with interest expense recognised on an effective yield basis.

Interest-bearing bank loans and senior notes are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest method. Interest expense calculated using the effective interest method is recognised over the term of the borrowings in accordance with the Group's accounting policy for borrowing costs (see below).

Financial guarantee contract liabilities are measured initially at their fair values and, if not designated as FVTPL, subsequently at the higher of the amount of obligation under the contract recognised as a provision in accordance with FRS 37 *Provisions, Contingent Liabilities and Contingent Assets* and the amount initially recognised less cumulative amortisation in accordance with FRS 18 *Revenue*.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire.

NOTES TO FINANCIAL STATEMENTS

December 31, 2015

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Convertible notes

Convertible notes are regarded as compound instruments, consisting of a liability component and an equity component. The components of compound instruments are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangement. At the date of issue, the fair value of the liability component is estimated using the prevailing market interest rate for a similar non-convertible instrument. This amount is recorded as a liability on an amortised cost basis until extinguished upon conversion or at the instrument's maturity date. The equity component is determined by deducting the amount of the liability component from the fair value of the compound instrument as a whole. This is recognised and included in equity reserve, net of income tax effects, and is not subsequently remeasured.

The equity component, representing the option to convert the liability component into ordinary shares of the Company, will remain in equity reserve until the embedded option is exercised in which case the balance stated in equity reserve will be transferred to share capital. When the conversion option remains unexercised at the expiry date or the maturity date of the convertible notes, the balance recognised in equity will be transferred to accumulated profits. No gain or loss is recognised in profit or loss upon conversion or expiry of the option.

Derivative financial instruments and hedge accounting

The Group enters into derivative financial instruments to manage its exposure to foreign exchange rate risk. Further details of derivative financial instruments are disclosed in Note 16 to the financial statements.

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship. The Group designates certain derivatives as hedges of foreign currency risk of firm commitments (cash flow hedges).

A derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and it is not expected to be realised or settled within 12 months.

Embedded derivatives

Derivatives embedded in other financial instruments or other host contracts are treated as separate derivatives when their risks and characteristics are not closely related to those of the host contracts and the host contracts are not measured at fair value with changes in fair value recognised in profit or loss.

An embedded derivative is presented as a non-current asset or a non-current liability if the remaining maturity of the hybrid instrument to which the embedded derivative relates is more than 12 months and it is not expected to be realised or settled within 12 months. Other embedded derivatives are presented as current assets or current liabilities.

NOTES TO FINANCIAL STATEMENTS

December 31, 2015

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Hedge accounting

The Group designates certain hedging instruments of derivatives as cash flow hedges. Hedges of foreign exchange risk on firm commitments are accounted for as cash flow hedges.

At the inception of the hedge relationship the entity documents the relationship between the hedging instrument and hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Group documents whether the hedging instrument that is used in a hedging relationship is highly effective in offsetting changes in fair values or cash flows of the hedged item.

Note 16 contain details of the fair values of the derivative instruments used for hedging purposes. Movements in the hedging reserve in other comprehensive income are also detailed in Note 21.

Cash flow hedge

The effective portion of changes in fair value of derivatives that are designed and qualify as cash flow hedges are recognised in other comprehensive income. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss as part of other gains and losses.

Amounts recognised in other comprehensive income and accumulated in equity are reclassified to profit or loss in the periods when the hedged item is recognised in profit or loss in the same line of the consolidated statement of profit or loss and consolidated statement of comprehensive income as the recognised hedged item. However, when the forecast transaction that is hedged results in the recognition of a non-financial asset or a non-financial liability, the gains and losses previously accumulated in equity are transferred from equity and included in the initial measurement of the cost of the asset or liability.

Hedge accounting is discontinued when the Group revokes the hedging relationship, the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. Any gain or loss accumulated in equity at that time remains in equity and when the forecast transaction is ultimately recognised in profit or loss, such gains and losses are recognised in profit or loss, or transferred from equity and included in the initial measurement of the cost of the asset or liability as described above. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was accumulated in equity is recognised immediately in profit or loss.

Offsetting arrangements

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when the Company and the Group has a legally enforceable right to set off the recognised amounts; and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously. A right to set-off must be available today rather than being contingent on a future event and must be exercisable by any of the counterparties, both in the normal course of business and in the event of default, insolvency or bankruptcy.

LEASES – Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

NOTES TO FINANCIAL STATEMENTS

December 31, 2015

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

The Group as lessor

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease unless another systematic basis is more representative of the time pattern in which use benefit derived from the leased asset is diminished. Initial direct costs incurred in negotiating and arranging an operating lease are recognised on a straight-line basis over the lease term on the same basis as the leased income.

The Group as lessee

Rentals payable under operating leases are charged to profit or loss on a straight-line basis over the term of the relevant lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

PROPERTIES FOR DEVELOPMENT – Properties for development are mainly vacant leasehold land for future development in respect of which physical construction is not expected to commence within twelve months from the end of the reporting period. They are stated at cost less allowance for any impairment in value.

PROPERTIES UNDER DEVELOPMENT FOR SALE – Properties under development for sale are stated at lower of cost and net realisable value. Net realisable value takes into account the price ultimately expected to be realised and the anticipated costs to completion. Cost of property under development comprises land cost, development costs and borrowing costs capitalised during the development period. When completed, the units held for sale are classified as completed properties for sale.

Properties under development for sale include properties in respect of which concrete planning and preparatory activities have been approved by management and have commenced, and physical construction is expected to commence within twelve months from the end of the reporting period.

COMPLETED PROPERTIES FOR SALE – Completed properties for sale are stated at lower of cost or net realisable value. Cost is determined by apportionment of the total land cost, development costs and capitalised borrowing costs based on floor area of the unsold properties. Net realisable value is determined by reference to sale proceeds of properties sold in the ordinary course of business less all estimated selling expenses; or is estimated by management in the absence of comparable transactions after taking into consideration prevailing market conditions.

PROPERTY, PLANT AND EQUIPMENT – Property, plant and equipment are stated at cost less accumulated depreciation and any accumulated impairment losses.

Construction-in-progress consists of land cost, construction costs and capitalised borrowing costs incurred during the period of construction.

Depreciation is charged so as to write off the cost of property, plant and equipment, other than construction-in-progress, over their estimated useful lives, using the straight-line method on the following bases:

| | | |
|-----------------------------------|---|------------|
| Leasehold land and buildings | – | 2% to 5% |
| Motor vehicles | – | 10% to 25% |
| Furniture, fixtures and equipment | – | 20% |

NOTES TO FINANCIAL STATEMENTS

December 31, 2015

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

The estimated useful lives, residual values and depreciation method are reviewed at each year end, with the effect of any changes in estimate accounted for on a prospective basis.

Fully depreciated property, plant and equipment still in use are retained in the financial statements.

The gain or loss arising on the disposal or retirement of a property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

INVESTMENT PROPERTIES – Investment properties are properties held to earn rental income and / or for capital appreciation and properties under construction for such purposes. They are measured initially at cost, including transaction costs and subsequent to initial recognition, measured at fair value. Professional valuations are obtained at least once every year. Gains or losses arising from changes in the fair value of investment property are included in profit or loss for the period in which they arise. Where there is an inability to determine fair value reliably when comparable market transactions are infrequent and alternative reliable estimates of fair value are not available, the investment property is measured at cost.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognised.

INTANGIBLE ASSET – This relates to a club membership held on a long-term basis and is stated at cost less any impairment loss.

IMPAIRMENT OF TANGIBLE AND INTANGIBLE ASSETS – At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets other than investment properties, derivative financial instruments and held-for-trading investment carried at fair value, to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss.

NOTES TO FINANCIAL STATEMENTS

December 31, 2015

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss.

ASSOCIATE AND JOINT VENTURES – An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The results and assets and liabilities of associates or joint ventures are incorporated in these consolidated financial statements using the equity method of accounting. Under the equity method, an investment in an associate or a joint venture is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate or joint venture. When the Group's share of losses of an associate or a joint venture exceeds the Group's interest in that associate or joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate or joint venture), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture.

Investment in an associate or a joint venture is accounted for using the equity method from the date on which the investee becomes an associate or a joint venture. On acquisition of the investment in an associate or a joint venture, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired.

The requirements of FRS 39 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in an associate or a joint venture. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with FRS 36 *Impairment of Assets* as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount, any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with FRS 36 to the extent that the recoverable amount of the investment subsequently increases.

NOTES TO FINANCIAL STATEMENTS

December 31, 2015

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

The Group discontinues the use of the equity method from the date when the investment ceases to be an associate or a joint venture, or when the investment is classified as held for sale. When the Group retains an interest in the former associate or joint venture and the retained interest is a financial asset, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition in accordance with FRS 39. The difference between the carrying amount of the associate or joint venture at the date the equity method was discontinued, and the fair value of any retained interest and any proceeds from disposing of a part interest in the associate or joint venture is included in the determination of the gain or loss on disposal of the associate or joint venture. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate or joint venture on the same basis as would be required if that associate or joint venture had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associate or joint venture would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when the equity method is discontinued.

The Group continues to use the equity method when investment in an associate becomes investment in a joint venture or investment in a joint venture becomes investment in an associate. There is no remeasurement to fair value upon such changes in ownership interests.

When the Group reduces its ownership interest in an associate or a joint venture but the Group continues to use the equity method, the Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities.

When a group entity transacts with an associate or a joint venture of the Group, profits and losses resulting from the transactions with the associate or joint venture are recognised in the Group's consolidated financial statements only to the extent of interests in the associate or joint venture that are not related to the Group.

PROVISIONS – Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

NOTES TO FINANCIAL STATEMENTS

December 31, 2015

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

MERGER DEFICIT – Merger deficit arises from combination of entities under common control accounted for using merger accounting method (see “Business Combinations”). The merger reserve represents the difference between the aggregate nominal amounts of the share capital of the subsidiaries at the date on which they were acquired by the Group and the nominal amount of the share capital issued by the Company as consideration for the acquisition.

STATUTORY RESERVE – Statutory reserve represents the amount transferred from profit after tax of the subsidiaries incorporated in the People’s Republic of China (“PRC”) (excluding Hong Kong) in accordance with the PRC requirement. The statutory reserve cannot be reduced except where approval is obtained from the relevant PRC authority to apply the amount towards setting off any accumulated losses or increasing capital.

OTHER RESERVE – The negative balance in other reserve represents the net excess of purchase consideration over the carrying amount of non-controlling interests acquired in the subsidiaries at the date of acquisition.

REVENUE RECOGNITION – Revenue is measured at the fair value of the consideration received or receivable.

Sale of properties developed

Revenue from properties developed for sale is recognised when the legal title passes to the buyer or when the equitable interest in the property vests in the buyer upon release of the handover notice of the respective property to the buyer, whichever is the earlier. Payments received from buyers prior to this stage are recorded as advances received from customers for sales of properties and are classified as current liabilities.

Rendering of services

Management fee income and service income are recognised over the period when services are rendered.

Interest income

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

Dividend income

Dividend income from investments is recognised when the shareholders’ rights to receive payment have been established.

Rental income

Rental income from investment properties is recognised on a straight-line basis over the term of the relevant lease.

GOVERNMENT SUBSIDIES – Government subsidies are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and the subsidies will be received. Government subsidies are recognised as income over the periods necessary to match them with the related costs. Government subsidies related to expense items are recognised in the same period as those expenses are charged to the profit or loss and are reported separately as “other operating income”.

NOTES TO FINANCIAL STATEMENTS

December 31, 2015

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

BORROWING COSTS – Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of these assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

RETIREMENT BENEFIT COSTS – Payments to defined contribution retirement benefit plans are charged as an expense when employees have rendered the services entitling them to the contributions. Payments made to state-managed retirement benefit schemes, such as the Singapore Central Provident Fund, are dealt with as payments to defined contribution plans where the Group's obligations under the plans are equivalent to those arising in a defined contribution retirement benefit plan.

Pursuant to the relevant regulations of the PRC government, the PRC subsidiaries of the Group ("PRC Subsidiaries") have participated in central pension schemes ("the Schemes") operated by local municipal governments whereby the PRC Subsidiaries are required to contribute a certain percentage of the basic salaries of their employees to the Schemes to fund their retirement benefits. The local municipal governments undertake to assume the retirement benefit obligations of all existing and future retired employees of the PRC Subsidiaries. The only obligation of the PRC Subsidiaries with respect to the Schemes is to pay the ongoing required contributions under the Schemes mentioned above. Contributions under the Schemes are charged as expense when incurred.

EMPLOYEE LEAVE ENTITLEMENT – Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the end of the reporting period.

INCOME TAX – Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the consolidated statement of profit or loss because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are not taxable or tax deductible. The Group's liability for current tax is calculated using tax rates (and tax laws) that have been enacted or substantively enacted in countries where the Company and subsidiaries operate by the end of the reporting period.

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

NOTES TO FINANCIAL STATEMENTS

December 31, 2015

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at tax rates that are expected to apply in the period when the liability is settled or the asset realised based on the tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. Except for investment properties measured using the fair value model, the measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

For the purposes of measuring deferred tax liabilities and deferred tax assets for investment properties that are measured using the fair value model, the carrying amounts of such properties are presumed to be recovered through sale, unless the presumption is rebutted. The presumption is rebutted when the investment property is depreciable and is held within a business model of the Group whose business objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale. The Group has rebutted the presumption that the carrying amount of the investment properties will be recovered entirely through sale.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax are recognised as an expense or income in profit or loss, except when they relate to items credited or debited outside profit or loss (either in other comprehensive income or directly in equity), in which case the tax is also recognised outside profit or loss (either in other comprehensive income or directly in equity), or where they arise from the initial accounting for a business combination. In the case of a business combination, the tax effect is taken into account in calculating goodwill or determining the excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over cost.

FOREIGN CURRENCY TRANSACTIONS AND TRANSLATION – The individual financial statements of each Group entity are measured and presented in the currency of the primary economic environment in which the entity operates (its functional currency). The presentation currency for the consolidated financial statements of the Group and the statement of financial position of the Company is RMB.

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency are recorded at the rates of exchange prevailing on the date of the transaction. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at the end of each reporting period. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on retranslation of monetary items are included in profit or loss for the period. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised in other comprehensive income. For such non-monetary items, any exchange component of that gain or loss is also recognised directly in other comprehensive income.

NOTES TO FINANCIAL STATEMENTS

December 31, 2015

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont'd)

Exchange differences on foreign currency borrowings relating to assets under construction for future productive use, are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings.

Exchange differences on transactions entered into in order to hedge certain foreign currency risks are described in the hedge accounting policies above.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the entities in the Group which do not have RMB as the functional currency (including comparatives) are expressed in RMB using exchange rates prevailing at the end of each reporting period. Income and expense items (including comparatives) are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are classified as other comprehensive income and transferred to the Group's currency translation reserve.

CASH AND CASH EQUIVALENTS IN THE CONSOLIDATED STATEMENT OF CASH FLOWS – Cash and cash equivalents in the consolidated statement of cash flows comprise cash on hand, cash at bank and fixed deposits and are subject to an insignificant risk of changes in value.

3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in Note 2 above, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgements in applying the Group's accounting policies

The following are the critical judgements, apart from those involving estimations (see below), that management has made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the financial statements.

Taxation

The Group accounts for income taxes under the provisions of FRS 12 *Income Taxes*. The Group has recorded deferred tax assets on tax losses of RMB1.301 billion (2014 : RMB898 million) because the management believes it is more likely than not that such tax losses can be utilised (Note 15). Should future taxable profits not be sufficient to utilise the tax losses, an adjustment to the Group's deferred tax assets would decrease the Group's income in the period where such determination is made. Likewise, if the management determines that the Group is able to utilise all or part of the Group's tax losses of RMB358 million (2014 : RMB886 million), which is currently not expected to be utilised in the future, it would result in future recognition of additional deferred tax assets and increase the Group's income after tax in the period where such determination is made. The Group records deferred tax at the rates that have been enacted by the end of the reporting period.

NOTES TO FINANCIAL STATEMENTS

December 31, 2015

3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (Cont'd)

Land Appreciation Tax ("LAT")

Income from sale of properties in the PRC is subject to LAT at progressive rates under the PRC tax laws and regulations. The management estimates and provides for LAT in accordance with the PRC tax laws and regulations. The management has assessed and considers the provision of LAT as at the end of the reporting period to be adequate.

Control over entity for which the Group does not have more than 50% ownership interest and voting rights

Note 10 describes that Shanghai Renpin Property Development Co., Ltd. is subsidiary of the Group even though the Group has only a 50% ownership interest and voting rights in this entity.

The management of the Company assessed whether or not the Group has control over this entity based on whether the Group has the practical ability to direct the relevant activities of this entity unilaterally. In making their judgement, the management considered the Group's rights arising from the contractual arrangements. After assessment, the management concluded that the Group has a sufficiently dominant voting interest and power to direct the relevant activities of this entity and therefore the Group has control over this entity.

Classification of Singapore Intelligent Eco Island Development Pte. Ltd. as joint venture

Singapore Intelligent Eco Island Development Pte. Ltd. is a Singapore-incorporated company whose legal form confers separation between the parties to the joint arrangement and the company itself. Furthermore, there is no contractual arrangement or any other facts and circumstances that indicate that the parties to the joint arrangement have rights to the assets and obligations for the liabilities of the joint arrangement. Accordingly, Singapore Intelligent Eco Island Development Pte. Ltd. is classified as a joint venture of the Group.

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

Carrying amounts of properties for development, completed properties for sale and properties under development for sale

The aggregate carrying amount of these properties totalled RMB42.672 billion as at December 31, 2015 (2014 : RMB44.885 billion), details of which are disclosed in Note 9. They are stated at cost less allowance for impairment in value or at the lower of cost and net realisable values, assessed on an individual project basis.

When it is probable that the total project costs will exceed the total projected revenue net of selling expenses, i.e. net realisable value, the amount in excess of net realisable value is recognised as an expense immediately.

The process of evaluating the net realisable value for each property is subject to management's judgement and the effect of assumptions in respect of development plans, timing of sale and the prevailing market conditions. Management performs cost studies for each project, taking into account the costs incurred to date, the development status and costs to complete each development project. Any future variation in plans, assumptions and estimates can potentially impact the carrying amounts of the respective properties.

NOTES TO FINANCIAL STATEMENTS

December 31, 2015

3 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY (Cont'd)

Valuation of investment properties

As disclosed in Note 8, investment properties are stated at fair value based on the valuation performed by an independent professional valuer. In determining the fair values, the valuer has made reference to both the comparable sales transactions as available in the relevant market of these properties and the capitalisation of the existing and reversionary rental income potential.

The estimated value from capitalisation of the existing and reversionary rental income potential is used as an estimate of fair value, and the estimate is dependent on several variable parameters and projections including projected rental income, occupancy rate, rental yield, discount rate and terminal yield.

Any change in the variable parameters and projections will result in change in fair value estimate for the investment properties which can potentially be significant.

In relying on the independent professional valuation report, management considered the method of valuation and the Group's marketing strategy and is of the view that the estimated values are reasonable.

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISK MANAGEMENT

(a) Categories of financial instruments

The following table sets out the financial instruments as at the end of the reporting period:

| | GROUP | | COMPANY | |
|--|-----------------|-----------------|-----------------|-----------------|
| | 2015 RMB'000 | 2014 RMB'000 | 2015 RMB'000 | 2014 RMB'000 |
| | | (Restated) | | |
| Financial assets | | | | |
| Fair value through profit or loss: | | | | |
| Held-for-trading investment | 19,510 | 13,610 | - | - |
| Derivative financial instruments: | | | | |
| In designated hedge accounting relationships | - | 1,426 | - | - |
| Loans and receivables (including cash and cash equivalents) | 19,861,783 | 8,247,904 | 12,471,824 | 12,546,363 |
| Financial liabilities | | | | |
| Derivative financial instruments: | | | | |
| In designated hedge accounting relationships | 145,236 | - | - | - |
| Amortised cost | 26,966,674 | 25,885,108 | 8,168,491 | 8,334,669 |

NOTES TO FINANCIAL STATEMENTS

December 31, 2015

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISK MANAGEMENT (Cont'd)

(b) Financial instruments subject to offsetting, enforceable master netting arrangements and similar agreements

Financial assets

| Type of financial assets | Gross amounts of recognised financial assets RMB'000 | Gross amounts of recognised financial liabilities set off in the statement of financial position RMB'000 | Net amounts of financial assets presented in the statement of financial position RMB'000 |
|--------------------------|---|---|---|
|--------------------------|---|---|---|

GROUP

2015

| | | | |
|---|---------|-----------|---------|
| Non-trade amounts due from non-controlling shareholders of subsidiaries | 825,048 | (180,306) | 644,742 |
|---|---------|-----------|---------|

2014

| | | | |
|---|-----------|-----------|---------|
| Non-trade amounts due from non-controlling shareholders of subsidiaries | 1,212,899 | (489,656) | 723,243 |
|---|-----------|-----------|---------|

Financial liabilities

| Type of financial liability | Gross amounts of recognised financial liabilities RMB'000 | Gross amounts of recognised financial assets set off in the statement of financial position RMB'000 | Net amounts of financial liabilities presented in the statement of financial position RMB'000 |
|-----------------------------|--|--|--|
|-----------------------------|--|--|--|

GROUP

2015

| | | | |
|---|---------|-----------|---------|
| Non-trade amounts due to non-controlling shareholders of subsidiaries | 337,475 | (180,306) | 157,169 |
|---|---------|-----------|---------|

2014 (Restated)

| | | | |
|---|---------|-----------|---------|
| Non-trade amounts due to non-controlling shareholders of subsidiaries | 699,409 | (489,656) | 209,753 |
|---|---------|-----------|---------|

NOTES TO FINANCIAL STATEMENTS

December 31, 2015

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISK MANAGEMENT (Cont'd)

(b) Financial instruments subject to offsetting, enforceable master netting arrangements and similar agreements (Cont'd)

In reconciling the 'Net amounts of financial assets and financial liabilities presented in the statement of financial position' to the line item amounts presented in the statement of financial position, the above amounts represent only those which are subject to offsetting, enforceable master netting arrangements and similar agreements.

The Group does not have any related amounts subject to enforceable master netting arrangements and similar arrangements which have not been set off in the statement of financial position.

The Company does not have any financial instruments which are subject to offsetting, enforceable master netting arrangements or similar netting agreements.

(c) Financial risk management policies and objectives

The management of the Group monitors and manages the financial risks relating to the operations of the Group to ensure appropriate measures are implemented in a timely and effective manner. These risks include market risk (foreign exchange risk, interest rate risk, equity price risk), credit risk and liquidity risk.

The Group uses derivative financial instruments to manage its exposure to foreign currency risk relating to its foreign currency denominated senior notes.

The Group does not hold or issue derivative financial instruments for speculative purposes.

NOTES TO FINANCIAL STATEMENTS

December 31, 2015

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISK MANAGEMENT (Cont'd)

(c) Financial risk management policies and objectives (Cont'd)

There has been no change to the Group's exposure to these financial risks or the manner in which it manages and measures the risks. Market risk exposures are measured using sensitivity analysis indicated below.

(i) *Foreign exchange risk management*

The Group enters into transactions in various foreign currencies, including the United States ("US") dollar, Hong Kong ("HK") dollar, Singapore ("SG") dollar and Renminbi ("RMB") and therefore is exposed to foreign exchange risk.

At the end of the reporting period, the carrying amounts of monetary assets and monetary liabilities denominated in currencies other than the respective entities' functional currencies are as follows:

| | GROUP | | | | COMPANY | | | |
|-----------|-------------|------------|-----------|-----------|-------------|-----------|---------|---------|
| | Liabilities | | Assets | | Liabilities | | Assets | |
| | 2015 | 2014 | 2015 | 2014 | 2015 | 2014 | 2015 | 2014 |
| | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 |
| | (Restated) | | | | | | | |
| US dollar | 3,377,822 | 3,177,325 | 496,703 | 468,456 | 2,648,186 | 2,488,441 | 42 | 765 |
| HK dollar | 26,879 | 25,310 | 47,083 | 39,684 | - | - | 61 | 121 |
| SG dollar | 12,573,688 | 12,658,667 | 3,383,984 | 3,683,287 | - | - | - | - |
| RMB | 2,063,178 | 2,202,619 | 246,957 | 235,062 | - | - | 235 | 168 |

Further details on the derivative financial instruments are found in Note 16 to the financial statements.

Foreign currency sensitivity

The following table details the sensitivity to a 3% increase in the exchange rate of the functional currency of each entity of the Group against the relevant foreign currencies. 3% is the sensitivity rate used by key management personnel in assessing foreign currency risk and represents management's assessment of the possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the year end for a 3% change in foreign currency rates. The sensitivity analysis includes external loans, cash and cash equivalents, held-for-trading investment, as well as intercompany loans within the Group where they gave rise to an impact on the Group's profit or loss and / or other equity. A positive number below indicates an increase in profit before income tax and other equity when the functional currency of each Group entity strengthens by 3% against the relevant foreign currencies.

NOTES TO FINANCIAL STATEMENTS

December 31, 2015

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISK MANAGEMENT (Cont'd)

(c) Financial risk management policies and objectives (Cont'd)

(i) *Foreign exchange risk management (Cont'd)*

Foreign currency sensitivity (Cont'd)

For a 3% weakening of the functional currency of each Group entity against the relevant foreign currencies, there would be an equal and opposite impact on the profit before income tax and other equity.

| | US dollar impact | | HK dollar impact | | SG dollar impact | | RMB impact | |
|--|------------------|---------|------------------|---------|------------------|---------|------------|---------|
| | 2015 | 2014 | 2015 | 2014 | 2015 | 2014 | 2015 | 2014 |
| | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 |
| | (Restated) | | | | (Restated) | | | |

GROUP

| | | | | | | | | |
|--|--------|--------|-------|-------|---------|---------|---------|---------|
| Increase (Decrease) in profit before income tax ⁽¹⁾ | 83,916 | 78,899 | (588) | (419) | 3,229 | 3,276 | (6,874) | (6,507) |
| Increase (Decrease) in other equity | - | - | - | - | 264,433 | 258,143 | 5,392 | 5,988 |

| | US dollar impact | | HK dollar impact | | SG dollar impact | | RMB impact | |
|--|------------------|---------|------------------|---------|------------------|---------|------------|---------|
| | 2015 | 2014 | 2015 | 2014 | 2015 | 2014 | 2015 | 2014 |
| | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 | RMB'000 |
| | (Restated) | | | | (Restated) | | | |

COMPANY

| | | | | | | | | |
|---|--------|--------|-----|-----|---|---|-----|-----|
| Increase (Decrease) in profit before income tax | 77,130 | 72,457 | (2) | (4) | - | - | (7) | (5) |
|---|--------|--------|-----|-----|---|---|-----|-----|

⁽¹⁾ Excludes the foreign currency impact on RMB denominated senior notes due in 2016 as a result of the effects of adopting hedge accounting.

(ii) *Interest rate risk management*

Summary quantitative data of the Group's interest-bearing financial instruments can be found in Section (v) of this Note. The Group's policy is to obtain fixed rate borrowings to reduce volatility. However, it may borrow at variable rates when considered economical to do so.

Interest rate sensitivity

The sensitivity analysis below has been determined based on the exposure to interest rates for non-derivative instruments at the end of the reporting period and the stipulated change taking place at the beginning of the financial year and held constant throughout the reporting year in the case of instruments that have floating rates. A 100 basis point increase or decrease is used when assessing interest rate risk and represents the management's assessment of the possible change in interest rates.

NOTES TO FINANCIAL STATEMENTS

December 31, 2015

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISK MANAGEMENT (Cont'd)

(c) Financial risk management policies and objectives (Cont'd)

(ii) Interest rate risk management (Cont'd)

If interest rates had been 100 basis points higher or lower and all other variables were held constant, the Group's:

- Profit before income tax for the year ended December 31, 2015 would decrease / increase respectively by RMB106 million (2014 : decrease / increase respectively by RMB126 million). The Group's sensitivity to interest rates has increased during the current year due to the increase in the carrying amount of variable rate debt instruments.
- It is the Group's accounting policy to capitalise borrowing costs relevant to property development. Hence, the above mentioned interest rate fluctuation may not fully impact the profit in the year where interest expense is incurred and capitalised but may affect profit in future financial years.

If interest rates had been 100 basis points higher or lower and all other variables were held constant, the Company's profit before income tax for the year ended December 31, 2015 would decrease / increase respectively by RMB3 million (2014 : decrease / increase respectively by RMB3 million). The Company's sensitivity to interest rates has decreased during the current year due to the decrease in variable rate debt instruments.

(iii) Equity price risk management

The Group is exposed to equity price risk arising from equity investment classified as held-for-trading.

Further details of equity investments can be found in Note 18 to the financial statements.

The management is of the view that the equity price risk is not significant for the Group due to the relatively small amount of such investments carried. Hence no price sensitivity analysis is presented.

NOTES TO FINANCIAL STATEMENTS

December 31, 2015

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISK MANAGEMENT (Cont'd)

(c) Financial risk management policies and objectives (Cont'd)

(iv) Credit risk management

Credit risk refers to the risk that a counterparty may default on its contractual obligations resulting in financial loss to the Group. The Group has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral where appropriate, as a means of mitigating the risk of financial loss from defaults. For sales of properties, sales proceeds are fully settled concurrent with delivery of properties.

The Group does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics except for non-trade amounts due from non-controlling shareholders of subsidiaries. Part of the amounts due from non-controlling interests are covered by undistributed retained earnings of the subsidiary yet to be distributed as dividends and future earnings that are expected to be distributed by the subsidiary to the non-controlling shareholders (Note 13). Information on credit risk relating to other receivables are disclosed in Note 17. The credit risk on cash and cash equivalents is limited because the counterparties are banks with high credit-ratings assigned by international credit rating agencies.

The Group's maximum exposure to credit risk comprise (i) the sum of the carrying amounts of financial assets recorded in the financial statements, grossed up for any allowances for losses; and (ii) credit risk relating to guarantees of approximately RMB7.577 billion (2014 : RMB2.515 billion) to banks for the benefit of the Group's customers in respect of mortgage loans provided by the banks to these customers for the purchase of the Group's development properties, as elaborated in Note 37 to the financial statements.

(v) Liquidity risk management

The Group maintains cash and cash equivalents, obtains external bank loans and issues senior notes with staggered repayment dates. The Group also minimises liquidity risk by keeping committed credit lines available. At December 31, 2015, the Group had available RMB7.124 billion (2014 : RMB10.181 billion) of undrawn committed bank credit facilities in respect of which all precedent conditions had been met.

In managing liquidity risk, the management prepares cash flow forecasts using various assumptions and monitors the cash flows of the Group.

NOTES TO FINANCIAL STATEMENTS

December 31, 2015

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISK MANAGEMENT (Cont'd)

(c) Financial risk management policies and objectives (Cont'd)

(v) Liquidity risk management (Cont'd)

Liquidity and interest risk analyses

Non-derivative financial liabilities

The following tables detail the remaining contractual maturity for non-derivative financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Group and Company can be required to pay. The table includes both interest and principal cash flows. The adjustment column represents the estimated future interest attributable to the instrument included in the maturity analysis which is not included in the carrying amount of the financial liabilities on the statement of financial position.

| | Weighted average effective interest rate % | On demand or within 1 year RMB'000 | More than 1 year to 2 years RMB'000 | More than 2 years to 5 years RMB'000 | More than 5 years RMB'000 | Adjustments RMB'000 | Total RMB'000 |
|------------------------------------|--|--|--|---|---------------------------------|------------------------|-------------------|
| GROUP | | | | | | | |
| 2015 | | | | | | | |
| Non-interest bearing | - | 8,674,986 | - | - | - | - | 8,674,986 |
| Variable interest rate instruments | 5.3 | 3,503,486 | 3,694,800 | 3,119,380 | 1,655,170 | (1,453,949) | 10,518,887 |
| Fixed interest rate instruments | 8.0 | 3,046,906 | 2,867,120 | 2,859,275 | - | (1,000,500) | 7,772,801 |
| Total | | 15,225,378 | 6,561,920 | 5,978,655 | 1,655,170 | (2,454,449) | 26,966,674 |
| 2014 (Restated) | | | | | | | |
| Non-interest bearing | - | 6,058,947 | 20,000 | - | - | - | 6,078,947 |
| Variable interest rate instruments | 6.3 | 2,191,266 | 5,427,555 | 5,054,882 | 2,081,954 | (2,268,378) | 12,487,279 |
| Fixed interest rate instruments | 8.1 | 536,823 | 3,087,018 | 5,207,209 | - | (1,512,168) | 7,318,882 |
| Total | | 8,787,036 | 8,534,573 | 10,262,091 | 2,081,954 | (3,780,546) | 25,885,108 |

NOTES TO FINANCIAL STATEMENTS

December 31, 2015

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISK MANAGEMENT (Cont'd)

(c) Financial risk management policies and objectives (Cont'd)

(v) Liquidity risk management (Cont'd)

In 2015, the maximum amount that the Group could be obliged to settle under the financial guarantee contracts related to bank loans of buyers is RMB7.577 billion (2014 : RMB2.515 billion) (Note 37). The earliest period that the guarantees could be called is within 1 year (2014 : 1 year) from the end of the reporting period. As mentioned in Note 37, the management considers that the likelihood of these guarantees being called upon is low.

In 2015, the maximum contingent amount that the Company could be obliged to settle under the financial guarantee contracts related to senior notes issued by a subsidiary, loan facilities granted to subsidiaries and an interest-free current advance to a subsidiary is RMB7.400 billion (2014 : RMB6.911 billion) (Note 37). Out of the maximum contingent amount of RMB7.400 billion (2014 : RMB6.911 billion), RMB5.475 billion (2014 : RMB5.005 billion) is jointly guaranteed by the Company and five of its subsidiaries. The earliest period that the guarantees could be called is within 1 year (2014 : 1 year) from the end of the reporting period.

| | Weighted average effective interest rate % | On demand or within 1 year RMB'000 | More than 1 year to 2 years RMB'000 | More than 2 years to 5 years RMB'000 | Adjustments RMB'000 | Total RMB'000 |
|--|--|--|--|---|------------------------|------------------|
|--|--|--|--|---|------------------------|------------------|

COMPANY

2015

| | | | | | | |
|---------------------------------------|-----|------------------|------------------|------------------|------------------|------------------|
| Non-interest bearing | - | 3,502,405 | - | - | - | 3,502,405 |
| Variable interest rate instruments | 5.6 | - | 14,060 | 294,628 | (43,794) | 264,894 |
| Fixed interest rate instruments | 9.3 | 409,311 | 2,131,091 | 2,649,575 | (788,785) | 4,401,192 |
| Total | | 3,911,716 | 2,145,151 | 2,944,203 | (832,579) | 8,168,491 |

2014

| | | | | | | |
|---------------------------------------|-----|------------------|----------------|------------------|--------------------|------------------|
| Non-interest bearing | - | 3,787,851 | - | - | - | 3,787,851 |
| Variable interest rate instruments | 5.5 | 15,481 | 303,753 | - | (30,909) | 288,325 |
| Fixed interest rate instruments | 9.3 | 396,040 | 396,040 | 4,619,628 | (1,153,215) | 4,258,493 |
| Total | | 4,199,372 | 699,793 | 4,619,628 | (1,184,124) | 8,334,669 |

NOTES TO FINANCIAL STATEMENTS

December 31, 2015

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISK MANAGEMENT (Cont'd)

(c) Financial risk management policies and objectives (Cont'd)

(v) Liquidity risk management (Cont'd)

Non-derivative financial assets

The following tables detail the expected maturity for non-derivative financial assets. The tables below have been drawn up based on the undiscounted contractual maturities of the financial assets including interest that will be earned on those assets except where the Group and the Company anticipate that the cash flows will occur in a different period.

| | Weighted average effective interest rate % | On demand or within 1 year RMB'000 | More than 1 year to 2 years RMB'000 | More than 2 years to 5 years RMB'000 | More than 5 years RMB'000 | Adjustments RMB'000 | Total RMB'000 |
|--|--|--|--|---|---------------------------------|------------------------|------------------|
|--|--|--|--|---|---------------------------------|------------------------|------------------|

GROUP

2015

| | | | | | | | |
|---------------------------------|-----|-------------------|----------------|----------|----------------|------------------|-------------------|
| Non-interest bearing | - | 16,995,730 | 529,704 | - | 4,577 | - | 17,530,011 |
| Fixed interest rate instruments | 3.3 | 2,015,919 | 177,600 | - | 354,691 | (196,928) | 2,351,282 |
| Total | | 19,011,649 | 707,304 | - | 359,268 | (196,928) | 19,881,293 |

2014 (Restated)

| | | | | | | | |
|---------------------------------|-----|------------------|----------------|----------|----------------|------------------|------------------|
| Non-interest bearing | - | 6,678,252 | 304,876 | - | 28,388 | - | 7,011,516 |
| Fixed interest rate instruments | 4.3 | 1,102,646 | - | - | 298,168 | (150,816) | 1,249,998 |
| Total | | 7,780,898 | 304,876 | - | 326,556 | (150,816) | 8,261,514 |

In 2015 and 2014, the Company's non-derivative financial assets are mainly non-interest bearing with expected maturity within a year.

Derivative financial instruments

The Group's derivative financial liabilities comprise of cross currency swaps (Note 16) amounting to RMB145 million (2014 : derivative financial assets of RMB1 million) with contracted cash flows due within 1 year (2014 : due more than 1 year to 2 years).

NOTES TO FINANCIAL STATEMENTS

December 31, 2015

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISK MANAGEMENT (Cont'd)

(c) Financial risk management policies and objectives (Cont'd)

(vi) Fair value of financial assets and financial liabilities

The Group determines fair values of various financial assets and financial liabilities in the following manner:

Fair value of the Group's financial assets and financial liabilities that are measured at fair value on a recurring basis

Some of the Group's financial assets and financial liabilities are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets and financial liabilities are determined.

| Financial assets / (liabilities) | Fair value as at | | Fair value hierarchy | Valuation technique(s) and key input(s) | Significant unobservable input(s) | Relationship of unobservable inputs to fair value |
|-------------------------------------|------------------|---------|----------------------------|--|---|--|
| | 2015 | 2014 | | | | |
| | RMB'000 | RMB'000 | | | | |
| GROUP | | | | | | |
| Held-for- trading investment | <u>19,510</u> | 13,610 | Level 1 | Quoted bid prices in an active market | N/A | N/A |
| Cross currency swaps | <u>(145,236)</u> | 1,426 | Level 2 | Discounted cash flow. Future cash flows are estimated based on forward exchange rates (from observable forward exchange rates at the end of the reporting period) and contract forward rates, discounted at a rate that reflects the credit risk of various counterparties | N/A | N/A |

The Company had no financial assets or liabilities carried at fair value in 2015 and 2014.

There were no significant transfers between Level 1 and Level 2 of the fair value hierarchy in the period.

NOTES TO FINANCIAL STATEMENTS

December 31, 2015

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISK MANAGEMENT (Cont'd)

(c) Financial risk management policies and objectives (Cont'd)

(vi) *Fair value of financial assets and financial liabilities (Cont'd)*

Fair value of the Group's financial assets and financial liabilities that are not measured at fair value on a recurring basis (but fair value disclosures are required)

Except as detailed in the following table, management considers that the carrying amounts of financial assets and financial liabilities of the Group and the Company recorded at amortised cost in the financial statements approximate their fair values:

| | 2015 | | 2014 | |
|------------------------------|----------------------------|-----------------------|----------------------------|-----------------------|
| | Carrying amount RMB'000 | Fair value RMB'000 | Carrying amount RMB'000 | Fair value RMB'000 |
| <u>GROUP</u> | | | | |
| Financial Liabilities | | | | |
| Senior notes | 6,268,301 | 6,443,632 | 6,243,882 | 6,380,666 |
| <u>COMPANY</u> | | | | |
| Financial Liabilities | | | | |
| Senior notes | 4,401,192 | 4,577,249 | 4,258,493 | 4,435,666 |

NOTES TO FINANCIAL STATEMENTS

December 31, 2015

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISK MANAGEMENT (Cont'd)

(c) Financial risk management policies and objectives (Cont'd)

(vi) *Fair value of financial assets and financial liabilities (Cont'd)*

| | Fair value hierarchy | | | Total RMB'000 |
|------------------------------|----------------------|--------------------|--------------------|------------------|
| | Level 1 RMB'000 | Level 2 RMB'000 | Level 3 RMB'000 | |
| GROUP | | | | |
| 2015 | | | | |
| Financial Liabilities | | | | |
| Senior notes | – | 6,443,632 | – | 6,443,632 |
| 2014 | | | | |
| Financial Liabilities | | | | |
| Senior notes | – | 6,380,666 | – | 6,380,666 |
| COMPANY | | | | |
| 2015 | | | | |
| Financial Liabilities | | | | |
| Senior notes | – | 4,577,249 | – | 4,577,249 |
| 2014 | | | | |
| Financial Liabilities | | | | |
| Senior notes | – | 4,435,666 | – | 4,435,666 |

(d) Capital risk management policies and objectives

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance.

The Group monitors capital on the basis of the net debt to equity ratio. This ratio is calculated as total debt less cash and cash equivalents divided by equity. Total debt include bank loans, senior notes and certain non-trade amounts due to non-controlling shareholders of subsidiaries. Equity for this purpose comprises equity attributable to owners of the Company, comprising issued capital, reserves and accumulated profits, as well as non-controlling interests as shown in the consolidated statement of financial position.

NOTES TO FINANCIAL STATEMENTS

December 31, 2015

4 FINANCIAL INSTRUMENTS, FINANCIAL RISKS AND CAPITAL RISK MANAGEMENT (Cont'd)

(d) Capital risk management policies and objectives (Cont'd)

The net debt to equity ratios as at December 31, 2015 and 2014 were as follows:

| | GROUP | |
|---------------------------|-----------------|-------------------------------|
| | 2015 RMB'000 | 2014 RMB'000 (Restated) |
| Total debt | 18,387,793 | 19,896,722 |
| Cash and cash equivalents | (17,516,991) | (6,556,843) |
| Net debt | 870,802 | 13,339,879 |
| Equity | 30,534,454 | 29,061,804 |
| Net debt to equity ratio | 2.9% | 45.9% |

The Group's overall strategy remains unchanged from 2014. In addition, the Group also specifically monitors the financial ratios of its debt covenants stated in the agreements in respect of senior notes issued by the Company and its subsidiary and borrowings with the financial institutions providing the facilities to the Group.

5 ULTIMATE HOLDING COMPANY AND RELATED COMPANY TRANSACTIONS

The Company is a subsidiary of Yanlord Holdings Pte. Ltd., incorporated in the Republic of Singapore, which is also the Company's ultimate holding company. Related companies in these financial statements refer to members of the ultimate holding company's group of companies.

Transactions between the Company and its subsidiaries, which are related companies of the Company, have been eliminated on consolidation and are not disclosed in this note. The intercompany balances are unsecured, interest-free and repayable on demand unless otherwise stated.

During the year, the Group and the Company entered into the following transactions with its ultimate holding company:

| | GROUP AND COMPANY | |
|--|-------------------|-----------------|
| | 2015 RMB'000 | 2014 RMB'000 |
| Interest expense to ultimate holding company (Note 29) | 1,883 | 3,462 |

NOTES TO FINANCIAL STATEMENTS

December 31, 2015

6 OTHER RELATED PARTY TRANSACTIONS

Some of the Group's transactions and arrangements are with related parties and the effect of these on the basis determined between the parties is reflected in these financial statements. The balances with related parties are unsecured, interest-free and repayable on demand unless otherwise stated.

During the year, the Group entered into the following transactions with related parties:

| | GROUP | |
|--|-----------------|-------------------------------|
| | 2015 RMB'000 | 2014 RMB'000 (Restated) |
| Sale of properties to key management personnel and close members of their families | (69,423) | (13,971) |
| Interest income from a joint venture | (17,437) | (11,918) |
| Other income from joint ventures | (4,548) | (6,158) |
| Rental expenses to a director and a company in which the director has control over | 9,292 | 9,222 |

At the end of the reporting period, the Group has outstanding commitments of RMB22 million (2014 : RMB22 million) to a director and a company in which the director has control over, under non-cancellable operating leases in respect of land and buildings for its office premises and staff accommodation. The Group has contracted with a joint venture for future minimum lease receipts of RMB1 million (2014 : RMB2 million).

At the end of the reporting period, the Group has pre-sales of properties totaling RMB19 million (2014 : RMB17 million) to key management and close members of their families. As at December 31, 2015, advances amounting to RMB50,000 (2014 : RMB Nil) and RMB9 million (2014 : RMB2 million) have been received from a director as well as key management and close members of their families respectively in relation to the pre-sales of properties.

As at December 31, 2015, a bank loan of the Company amounting to RMB265 million (2014 : RMB288 million) drawn for general working capital of the Group is secured by a legal charge extended by the Company's ultimate holding company and a personal guarantee from a director.

Compensation of directors and key management personnel

The remuneration of directors and other members of key management during the year was as follows:

| | GROUP | |
|--------------------------|-----------------|-----------------|
| | 2015 RMB'000 | 2014 RMB'000 |
| Short-term benefits | 54,815 | 51,999 |
| Post-employment benefits | 857 | 799 |
| | 55,672 | 52,798 |

NOTES TO FINANCIAL STATEMENTS

December 31, 2015

100

7 PROPERTY, PLANT AND EQUIPMENT

| | Leasehold land and buildings RMB'000 | Motor vehicles RMB'000 | Furniture, fixtures and equipment RMB'000 | Construction- in-progress RMB'000 | Total RMB'000 |
|---|---|------------------------------|--|---|------------------|
| GROUP | | | | | |
| Cost: | | | | | |
| At January 1, 2014 (Restated) | 166,168 | 78,768 | 140,168 | 547,665 | 932,769 |
| Additions (Restated) | 39,291 | 9,826 | 11,189 | 185,331 | 245,637 |
| Transfer from completed properties for sale (Restated) | 39,894 | - | - | - | 39,894 |
| Transfer from properties under development for sale | 56,648 | - | - | - | 56,648 |
| Disposals | - | (11,018) | (1,279) | - | (12,297) |
| Exchange difference | - | 1 | 1 | - | 2 |
| At December 31, 2014 (Restated) | 302,001 | 77,577 | 150,079 | 732,996 | 1,262,653 |
| Additions | 13,748 | 6,608 | 11,717 | 478,621 | 510,694 |
| Transfer from properties under development for sale | 19,512 | - | - | - | 19,512 |
| Disposals | - | (6,749) | (1,595) | - | (8,344) |
| Exchange difference | - | 24 | 35 | - | 59 |
| At December 31, 2015 | 335,261 | 77,460 | 160,236 | 1,211,617 | 1,784,574 |
| Accumulated depreciation: | | | | | |
| At January 1, 2014 (Restated) | 38,199 | 52,908 | 92,870 | - | 183,977 |
| Depreciation for the year (Restated) | 6,286 | 8,485 | 16,934 | - | 31,705 |
| Eliminated on disposals | - | (9,384) | (1,137) | - | (10,521) |
| Exchange difference | - | 1 | 1 | - | 2 |
| At December 31, 2014 (Restated) | 44,485 | 52,010 | 108,668 | - | 205,163 |
| Depreciation for the year | 13,761 | 7,798 | 15,657 | - | 37,216 |
| Eliminated on disposals | - | (5,955) | (1,445) | - | (7,400) |
| Exchange difference | - | 24 | 24 | - | 48 |
| At December 31, 2015 | 58,246 | 53,877 | 122,904 | - | 235,027 |
| Carrying amount: | | | | | |
| At end of year | 277,015 | 23,583 | 37,332 | 1,211,617 | 1,549,547 |
| At beginning of year (Restated) | 257,516 | 25,567 | 41,411 | 732,996 | 1,057,490 |

In 2015, depreciation for the year includes an amount of RMB2 million (2014 : RMB2 million) capitalised in the Group's properties for development and properties under development for sale. The carrying amount of construction-in-progress pledged to banks to secure bank loans is disclosed in Note 22.

NOTES TO FINANCIAL STATEMENTS

December 31, 2015

8 INVESTMENT PROPERTIES

| | GROUP | |
|---|-----------------|-----------------|
| | 2015 RMB'000 | 2014 RMB'000 |
| At fair value: | | |
| Balance as at beginning of year | 10,244,250 | 8,764,770 |
| Additions | 207,367 | 226,763 |
| Transfer from properties under development for sale | 223,535 | 270,228 |
| Transfer from completed properties for sale | 16,504 | - |
| Change in fair value (Notes 28 and 31) | 919,865 | 991,491 |
| Disposals | (44,631) | (9,002) |
| Balance as at end of year | 11,566,890 | 10,244,250 |

These include the following related to investment properties classified under Level 3 of the fair value hierarchy:

| | | |
|--|---------|---------|
| Gain from fair value adjustment included in profit or loss | 919,865 | 991,491 |
|--|---------|---------|

The fair value of investment properties at December 31, 2015 and 2014 have been determined on the basis of valuations carried out at the respective year end dates by an independent valuer having recognised professional qualification and recent experience in the location and category of the properties being valued, and not related to the Group. The fair value was determined based on the direct comparison approach that reflects recent transaction prices or current asking prices for similar properties, the income capitalisation approach where the market rentals of all lettable units of the properties are assessed by reference to the rentals achieved in the lettable units as well as other lettings of similar properties in the neighbourhood and the residual approach whereby the fair value is determined by taking into consideration the projected total development value, costs incurred, expected cost to completion and developer's profit. The capitalisation rate adopted is made by reference to the yield rates observed by the valuers for similar properties in the locality and adjusted based on the valuers' knowledge of the factors specific to the respective properties. In estimating the fair value of the properties, the highest and best use of the properties is their current use. There has been no change to the valuation technique during the year.

Details of the Group's investment properties and information about the fair value hierarchy as at December 31, 2015 and 2014 are as follows:

| | Level 1 | Level 2 | Level 3 | Fair value as at |
|--|---------|---------|------------|------------------------|
| | RMB'000 | RMB'000 | RMB'000 | December 31 RMB'000 |
| GROUP | | | | |
| 2015 | | | | |
| Investment properties located in the PRC | - | - | 11,566,890 | 11,566,890 |
| 2014 | | | | |
| Investment properties located in the PRC | - | - | 10,244,250 | 10,244,250 |

NOTES TO FINANCIAL STATEMENTS

December 31, 2015

102

8 INVESTMENT PROPERTIES (Cont'd)

There were no transfers between the respective levels during the year.

The following table shows the significant unobservable inputs used in the valuation model:

| Description | Fair value as at December 31 RMB'000 | Valuation technique(s) | Significant unobservable input(s) | Range | |
|---|--|-------------------------------|--|---|----------------|
| 2015 | | | | | |
| Completed investment properties | 9,188,300 ⁽¹⁾ | Direct comparison approach | price per square meter ⁽²⁾ | RMB15,058 – RMB46,463 | |
| | | | Income capitalisation approach | market rent per square meter per month ⁽²⁾ | RMB30 – RMB419 |
| | | | capitalisation rate ⁽³⁾ | 5.8% – 12.0% | |
| Car parking spaces | 404,590 | Direct comparison approach | price per unit ⁽²⁾ | RMB64,672 – RMB256,000 | |
| Investment properties under construction | 1,974,000 | Residual approach | price per square meter ⁽²⁾ | RMB26,112 – RMB38,842 | |
| 2014 | | | | | |
| Completed investment properties | 7,946,800 ⁽¹⁾ | Direct comparison approach | price per square meter ⁽²⁾ | RMB8,270 – RMB41,060 | |
| | | | Income capitalisation approach | market rent per square meter per month ⁽²⁾ | RMB98 – RMB463 |
| | | | capitalisation rate ⁽³⁾ | 5.8% – 11.5% | |
| Car parking spaces | 438,050 | Direct comparison approach | price per unit ⁽²⁾ | RMB63,300 – RMB236,000 | |
| Investment properties under construction | 1,859,400 | Residual approach | price per square meter ⁽²⁾ | RMB23,212 – RMB38,395 | |

⁽¹⁾ Out of the completed investment properties, some of the properties were based on either the Direct Comparison Approach (“DCA”), or the Income Capitalisation Approach (“ICA”), and the other properties were based on the combined approach of DCA and ICA.

⁽²⁾ Any significant isolated increases (decreases) in these inputs would result in a significantly higher (lower) fair value measurement.

⁽³⁾ Any significant isolated increases (decreases) in these inputs would result in a significantly lower (higher) fair value measurement.

NOTES TO FINANCIAL STATEMENTS

December 31, 2015

8 INVESTMENT PROPERTIES (Cont'd)

The carrying amounts of investment properties pledged to banks to secure the bank loans granted to the Group are disclosed in Note 22.

The rental income earned by the Group from its investment properties amounted to RMB369 million (2014 : RMB412 million). Direct operating expenses arising on the investment properties in the year amounted to RMB5 million (2014 : RMB4 million).

9 PROPERTIES FOR DEVELOPMENT / COMPLETED PROPERTIES FOR SALE / PROPERTIES UNDER DEVELOPMENT FOR SALE

| | GROUP | |
|--|-------------------|-------------------------------|
| | 2015 RMB'000 | 2014 RMB'000 (Restated) |
| At cost: | | |
| Properties for development (Non-current assets) | 4,115,661 | 8,515,971 |
| Completed properties for sale (Current assets) | 7,269,346 | 5,221,147 |
| Properties under development for sale (Current assets) | 31,287,170 | 31,148,309 |
| | 42,672,177 | 44,885,427 |

Properties for development, completed properties for sale and properties under development for sale are located in the PRC.

Up to the end of the reporting period, total interest capitalised is as follows:

| | GROUP | |
|---------------------------------------|-----------------|-------------------------------|
| | 2015 RMB'000 | 2014 RMB'000 (Restated) |
| Properties for development | 126,171 | 218,507 |
| Completed properties for sale | 482,207 | 395,019 |
| Properties under development for sale | 2,227,690 | 2,220,919 |

The carrying amounts of properties pledged to banks to secure bank loans granted to the Group are disclosed in Note 22.

10 INVESTMENTS IN SUBSIDIARIES

| | COMPANY | |
|---------------------------------|-----------------|-----------------|
| | 2015 RMB'000 | 2014 RMB'000 |
| Unquoted equity shares, at cost | 2,364,026 | 2,390,874 |

NOTES TO FINANCIAL STATEMENTS

December 31, 2015

104

10 INVESTMENTS IN SUBSIDIARIES (Cont'd)

Details of the Company's significant subsidiaries are as follows:

| Name of subsidiary | Country of incorporation (or residence) | Proportion of ownership interest and voting power held | | Principal activities |
|---|---|--|-----------|-------------------------------------|
| | | 2015 % | 2014 % | |
| <u>Held by the Company</u> | | | | |
| Yanlord Commercial Property Investments Pte. Ltd. ^(a) 仁恒商业地产投资有限公司 | Singapore | 100 | 100 | Investment holding |
| Yanlord Land Pte. Ltd. ^(a) 仁恒置地有限公司 | Singapore | 100 | 100 | Investment holding |
| Yanlord Land (HK) Co., Ltd. ^(b) 仁恒地产(香港)有限公司 | Hong Kong | 100 | 100 | Management service |
| <u>Held by Yanlord Land Pte. Ltd. and its subsidiaries</u> | | | | |
| Palovale Pte Ltd ^(a) 柏龙威有限公司 | Singapore | 67 | 67 | Investment holding |
| Yanlord Property Pte. Ltd. ^(a) 仁恒地产有限公司 | Singapore | 60 | 60 | Investment holding |
| Yanlord Real Estate Pte. Ltd. ^(a) 仁恒置业发展有限公司 | Singapore | 95 | 95 | Investment holding |
| East Hero Investment Ltd. ^(b) 东亨投资有限公司 | Hong Kong | 100 | 100 | Investment holding |
| Successful Global Consultancy Co., Ltd. ^(b) 成顺环球咨询有限公司 | Hong Kong | 100 | 100 | Management service |
| Chengdu Everrising Asset Management Co., Ltd. ^(b) 成都市恒业东升资产经营管理有限公司 | PRC | 51 | 51 | Property development and investment |
| Chengdu Yanlord Investment Management Co., Ltd. ^(b) 成都仁恒投资管理有限公司 | PRC | 100 | 100 | Management service and investment |
| Chengdu Yanlord Property Management Co., Ltd. ^(b) 成都仁恒物业管理有限公司 | PRC | 100 | 100 | Property management |

NOTES TO FINANCIAL STATEMENTS

December 31, 2015

10 INVESTMENTS IN SUBSIDIARIES (Cont'd)

| Name of subsidiary | Country of incorporation (or residence) | Proportion of ownership interest and voting power held | | Principal activities |
|---|---|--|-----------|--|
| | | 2015 % | 2014 % | |
| <u>Held by Yanlord Land Pte. Ltd. and its subsidiaries</u> | | | | |
| Xinfu Trade (Chengdu) Co., Ltd. ^(b) 信富商贸(成都)有限公司 | PRC | 100 | 100 | Investment holding |
| Yanlord Hotel Management (Chengdu) Co., Ltd. ^(b) 仁恒酒店管理(成都)有限公司 | PRC | 100 | 100 | Hotel and serviced apartment management |
| Yanlord Land (Chengdu) Co., Ltd. ^(b) 仁恒置地(成都)有限公司 | PRC | 100 | 100 | Property development |
| Yanlord Real Estate (Chengdu) Co., Ltd. ^(b) 仁恒置业(成都)有限公司 | PRC | 70 | 70 | Property development and management |
| Guiyang Yanlord Property Management Co., Ltd. ^(b) 贵阳仁恒物业管理有限公司 | PRC | 100 | 100 | Property management |
| Sino-Singapore Yanlord (Haimen) Yangtze Eco Hi-Tech City Co., Ltd. ^(b) 中新仁恒(海门)长江生态科技城有限公司 | PRC | 55 | 55 | Investment holding |
| Sino-Singapore Yanlord Haimen Yangtze Eco Hi-Tech City Investment and Development Co., Ltd. ^(b) 中新仁恒海门长江生态科技城投资发展有限公司 | PRC | 55 | 55 | Property development |
| Lhasa Xinfu Trading Co., Ltd. ^(b) 拉萨信富商贸有限公司 | PRC | 100 | 100 | Trading of building materials and hardware |
| Nanjing Renyuan Investment Co., Ltd. ^(b) 南京仁远投资有限公司 | PRC | 100 | 100 | Management service and investment |
| Nanjing Yanlord Commercial Management Co., Ltd. ^(b) 南京仁恒商业管理有限公司 | PRC | 60 | 60 | Property development and investment |

NOTES TO FINANCIAL STATEMENTS

December 31, 2015

106

10 INVESTMENTS IN SUBSIDIARIES (Cont'd)

| Name of subsidiary | Country of incorporation (or residence) | Proportion of ownership interest and voting power held | | Principal activities |
|--|---|--|-----------|---|
| | | 2015 % | 2014 % | |
| <u>Held by Yanlord Land Pte. Ltd. and its subsidiaries</u> | | | | |
| Nanjing Yanlord Hotel Management Co., Ltd. ^(b) 南京仁恒酒店管理有限公司 | PRC | 100 | 100 | Hotel and serviced apartment management |
| Nanjing Yanlord Jiangzhou Property Development Co., Ltd. ^(b) 南京仁恒江洲房地产开发有限公司 | PRC | 100 | 100 | Property development and management |
| Nanjing Yanlord Property Management Co., Ltd. ^(b) 南京仁恒物业管理有限公司 | PRC | 100 | 100 | Property management |
| Nanjing Yanlord Real Estate Co., Ltd. ^(b) 南京仁恒置业有限公司 | PRC | 60 | 60 | Property development |
| Nanjing Yanlord Tourism Development Co., Ltd. ^(b) 南京仁恒旅游发展有限公司 | PRC | 100 | 100 | Tourism investment and asset management |
| Nanjing Yu Dian Landscape Development Co., Ltd. ^(b) 南京御典园林发展有限公司 | PRC | 100 | 100 | Landscaping and gardening |
| Yanlord Investment (Nanjing) Co., Ltd. ^(b) 仁恒投资(南京)有限公司 | PRC | 100 | 100 | Investment holding |
| Yanlord Land (Nantong) Co., Ltd. ^{(1)(b)} 仁恒置地(南通)有限公司 | PRC | 60 | – | Property development |
| Shenzhen Long Wei Xin Investment Co., Ltd. ^(b) 深圳市龙威信投资实业有限公司 | PRC | 75 | 75 | Property development |
| Shenzhen Yanlord Property Management Co., Ltd. ^(b) 深圳市仁恒物业管理有限公司 | PRC | 100 | 100 | Property management |
| Yanlord Land (Shenzhen) Co., Ltd. ^(b) 仁恒置地(深圳)有限公司 | PRC | 100 | 100 | Property development and management |

NOTES TO FINANCIAL STATEMENTS

December 31, 2015

10 INVESTMENTS IN SUBSIDIARIES (Cont'd)

| Name of subsidiary | Country of incorporation (or residence) | Proportion of ownership interest and voting power held | | Principal activities |
|--|---|--|------|---|
| | | 2015 | 2014 | |
| | | % | % | |
| <u>Held by Yanlord Land Pte. Ltd. and its subsidiaries</u> | | | | |
| Shanghai Gusheng Construction Intelligent Engineering Co., Ltd. ^(b) 上海固盛建筑智能化工程有限公司 | PRC | 60 | 60 | Construction engineering |
| Shanghai Hong Ming Ge Food & Beverage Service Management Co., Ltd. ^(b) 上海宏名阁餐饮服务管理有限公司 | PRC | 60 | 60 | Restaurant operation |
| Shanghai Pudong New District Private Yanlord Kindergarten ^{(2)(b)} 上海市浦东新区民办仁恒幼儿园 | PRC | 50 | 50 | Kindergarten operation |
| Shanghai Renjie Hebin Garden Property Co., Ltd. ^(b) 上海仁杰河滨园房地产有限公司 | PRC | 51 | 51 | Property development |
| Shanghai Renpin Property Development Co., Ltd. ^{(3)(b)} 上海仁品房地产开发有限公司 | PRC | 50 | 50 | Property development and management |
| Shanghai Yanlord Elevator Co., Ltd. ^(b) 上海仁恒电梯有限公司 | PRC | 100 | 100 | Sale, installation, repair and maintenance of elevators |
| Shanghai Yanlord Gaoqiao Property Co., Ltd. ^{(2)(b)} 上海仁恒高乔房地产有限公司 | PRC | 50 | 50 | Property development |
| Shanghai Yanlord Hongqiao Property Co., Ltd. ^(b) 上海仁恒虹桥房地产有限公司 | PRC | 60 | 60 | Property development and management |
| Shanghai Yanlord Investment Management Co., Ltd. ^(b) 上海仁恒投资管理有限公司 | PRC | 100 | 100 | Management service and investment |
| Shanghai Yanlord Property Co., Ltd. ^(b) 上海仁恒房地产有限公司 | PRC | 67 | 67 | Property development |

NOTES TO FINANCIAL STATEMENTS

December 31, 2015

108

10 INVESTMENTS IN SUBSIDIARIES (Cont'd)

| Name of subsidiary | Country of incorporation (or residence) | Proportion of ownership interest and voting power held | | Principal activities |
|--|---|--|-----------|-------------------------------------|
| | | 2015 % | 2014 % | |
| <u>Held by Yanlord Land Pte. Ltd. and its subsidiaries</u> | | | | |
| Shanghai Yanlord Property Management Co., Ltd. ^(b) 上海仁恒物业管理有限公司 | PRC | 67 | 67 | Property management |
| Shanghai Yanlord Real Estate Co., Ltd. ^(b) 上海仁恒置业发展有限公司 | PRC | 57 | 57 | Property development |
| Shanghai Yanlord Senlan Real Estate Co., Ltd. ^(b) 上海仁恒森兰置业有限公司 | PRC | 60 | 60 | Property development |
| Shanghai Yanlord Xing Tang Real Estate Co., Ltd. ^(b) 上海仁恒兴唐置业有限公司 | PRC | 100 | 100 | Property development and management |
| Shanghai Yanlord Yangpu Property Co., Ltd. ^(b) 上海仁恒杨浦房地产有限公司 | PRC | 100 | 100 | Property development |
| Shanghai Zhongting Property Development Co., Ltd. ^(b) 上海中庭房地产开发有限公司 | PRC | 100 | 100 | Property development |
| Yanlord Equity Investment Management (Shanghai) Co., Ltd. ^(b) 仁恒股权投资管理(上海)有限公司 | PRC | 100 | 100 | Investment management |
| Yanlord Land Investment Management (Shanghai) Co., Ltd. ^(b) 仁恒置地投资管理(上海)有限公司 | PRC | 100 | 100 | Management service |
| Yanlord Property Service Management (China) Co., Ltd. ^{(1)(b)} 仁恒物业服务管理(中国)有限公司 | PRC | 100 | – | Property and investment management |
| Sanya Yanlord Real Estate Co., Ltd. ^(b) 三亚仁恒置业有限公司 | PRC | 100 | 100 | Property development and management |
| Suzhou Yinghan Property Development Co., Ltd. ^(b) 苏州鹰汉房地产开发有限公司 | PRC | 100 | 100 | Property development |

NOTES TO FINANCIAL STATEMENTS

December 31, 2015

10 INVESTMENTS IN SUBSIDIARIES (Cont'd)

| Name of subsidiary | Country of incorporation (or residence) | Proportion of ownership interest and voting power held | | Principal activities |
|---|---|--|-----------|-------------------------------------|
| | | 2015 % | 2014 % | |
| <u>Held by Yanlord Land Pte. Ltd. and its subsidiaries</u> | | | | |
| Suzhou Zhonghui Property Development Co., Ltd. ^(b) 苏州中辉房地产开发有限公司 | PRC | 100 | 100 | Property development |
| Yanlord Property Development (Suzhou) Co., Ltd. ^(b) 仁恒置业(苏州)有限公司 | PRC | 100 | 100 | Property development and management |
| Yanlord Property (Suzhou) Co., Ltd. ^(b) 仁恒地产(苏州)有限公司 | PRC | 60 | 60 | Property development |
| Tangshan Yanlord Property Management Co., Ltd. ^{(4) (b)} 唐山仁恒物业服务有限公司 | PRC | 100 | – | Property management |
| Tianjin Yanlord Beiyang Real Estate Co., Ltd. ^(b) 天津仁恒北洋置业有限公司 | PRC | 60 | 60 | Property development and management |
| Tianjin Yanlord Garden Co., Ltd. ^(b) 天津仁恒园林有限公司 | PRC | 100 | 100 | Landscaping and gardening |
| Tianjin Yanlord Haihe Development Co., Ltd. ^(b) 天津仁恒海河开发有限公司 | PRC | 80 | 80 | Property development |
| Tianjin Yanlord Property Management Co., Ltd. ^(b) 天津仁恒物业服务有限公司 | PRC | 100 | 100 | Property management |
| Yanlord Development (Tianjin) Co., Ltd. ^(b) 仁恒发展(天津)有限公司 | PRC | 100 | 100 | Property development |
| Zhuhai Yanlord Commercial Operation and Management Co., Ltd. ^{(1) (b)} 珠海仁恒商业经营管理有限公司 | PRC | 90 | – | Management service and investment |
| Zhuhai Yanlord Heyou Land Co., Ltd. ^(b) 珠海仁恒和由置地有限公司 | PRC | 57 | 57 | Property development and management |

NOTES TO FINANCIAL STATEMENTS

December 31, 2015

110

10 INVESTMENTS IN SUBSIDIARIES (Cont'd)

| Name of subsidiary | Country of incorporation (or residence) | Proportion of ownership interest and voting power held | | Principal activities |
|--------------------|---|--|------|----------------------|
| | | 2015 | 2014 | |
| | | % | % | |

Held by Yanlord Land Pte. Ltd. and its subsidiaries

| | | | | |
|---|-----|----|----|----------------------|
| Zhuhai Yanlord Industrial Ltd. ^(b) 珠海仁恒实业有限公司 | PRC | 95 | 95 | Property development |
| Zhuhai Yanlord Property Management Co., Ltd. ^(b) 珠海仁恒物业管理有限公司 | PRC | 90 | 90 | Property management |
| Zhuhai Yanlord Real Estate Development Co., Ltd. ^(b) 珠海仁恒置业发展有限公司 | PRC | 90 | 90 | Property development |

⁽¹⁾ Incorporated during the year.

⁽²⁾ The proportion of ownership interest and voting power held by the Group is 50.2%.

⁽³⁾ Although the Group does not effectively own more than 50% of the equity shares of this entity, it has sufficiently dominant voting interest and power to direct the relevant activities of this entity and therefore the Group has control over this entity and hence regards this entity as subsidiary.

⁽⁴⁾ Acquisition of additional interest and reclassified from joint venture to subsidiary during the year.

Notes on auditors

^(a) Audited by Deloitte & Touche LLP, Singapore.

^(b) Audited by Deloitte Touche Tohmatsu Certified Public Accountants LLP, Shanghai, PRC for consolidation purposes.

Details of non wholly-owned subsidiaries that have material non-controlling interests to the Group are disclosed below:

| Name of subsidiary | Place of incorporation and principal place of business | Proportion of ownership interest and voting power held by non-controlling interests | | Profit attributable to non-controlling interests | | Accumulated non-controlling interests | |
|---|--|---|------|--|---------|---------------------------------------|-----------|
| | | 2015 | 2014 | 2015 | 2014 | 2015 | 2014 |
| | | % | % | RMB'000 | RMB'000 | RMB'000 | RMB'000 |
| Nanjing Yanlord Real Estate Co. Ltd 南京仁恒置业有限公司 | PRC | 40 | 40 | 205,806 | 348,460 | 1,025,408 | 1,108,528 |
| Shanghai Yanlord Senlan Real Estate Co. Ltd 上海仁恒森兰置业有限公司 | PRC | 40 | 40 | 224,942 | 241,780 | 1,535,926 | 1,515,408 |
| Individually immaterial subsidiaries with non-controlling interests | | | | 471,136 | 183,671 | 7,638,051 | 7,238,277 |
| | | | | 901,884 | 773,911 | 10,199,385 | 9,862,213 |

NOTES TO FINANCIAL STATEMENTS

December 31, 2015

10 INVESTMENTS IN SUBSIDIARIES (Cont'd)

Summarised financial information in respect of each of the Group's subsidiaries that has material non-controlling interests is set out below. The summarised financial information below represents amounts before intragroup eliminations.

| | Nanjing Yanlord Real Estate Co., Ltd. 南京仁恒置业有限公司 | | Shanghai Yanlord Senlan Real Estate Co., Ltd. 上海仁恒森兰置业有限公司 | |
|---|---|------------------|---|------------------|
| | 2015 RMB'000 | 2014 RMB'000 | 2015 RMB'000 | 2014 RMB'000 |
| Non-current assets | 4,874 | 5,107 | 374,379 | 68,204 |
| Current assets | 6,824,173 | 5,358,340 | 4,421,655 | 4,678,815 |
| Non-current liabilities | – | (200,000) | (3,016) | (200,000) |
| Current liabilities | (4,265,528) | (2,392,128) | (953,204) | (758,498) |
| Total equity | 2,563,519 | 2,771,319 | 3,839,814 | 3,788,521 |
| Equity attributable to: | | | | |
| Owners of the Company | 1,538,111 | 1,662,791 | 2,303,888 | 2,273,113 |
| Non-controlling interests | 1,025,408 | 1,108,528 | 1,535,926 | 1,515,408 |
| Revenue | 1,893,104 | 3,094,269 | 2,989,807 | 3,319,509 |
| Profit for the year, representing total comprehensive income for the year | 514,514 | 871,150 | 562,356 | 604,449 |
| Total comprehensive income attributable to: | | | | |
| Owners of the Company | 308,708 | 522,690 | 337,414 | 362,669 |
| Non-controlling interests | 205,806 | 348,460 | 224,942 | 241,780 |
| Net cash inflow (outflow) from: | | | | |
| – Operating activities | 2,257,018 | 690,709 | 2,167,918 | 1,101,647 |
| – Investing activities | 614,409 | (759,302) | 23,688 | (418,594) |
| – Financing activities ⁽¹⁾ | (909,903) | (490,608) | (711,063) | (1,078,152) |
| Net cash inflow (outflow) | 1,961,524 | (559,201) | 1,480,543 | (395,099) |
| ⁽¹⁾ Dividends paid to non-controlling interests | – | – | 194,204 | 222,105 |

NOTES TO FINANCIAL STATEMENTS

December 31, 2015

112

11 INVESTMENT IN AN ASSOCIATE

| | GROUP | |
|--|-----------------|-----------------|
| | 2015 RMB'000 | 2014 RMB'000 |
| Cost of investment in associate | 2,441 | 2,441 |
| Share of post-acquisition loss | (2,441) | (2,441) |
| | - | - |
| Non-trade amount due from an associate (Current assets) (Note 6) | 434 | 366 |

Information of the Group's associate that is not individually material

The Group's share of the associate's loss from continuing operations and total comprehensive income for the year is zero as the Group discontinues recognising further losses when the Group's share of loss of the associate exceeds its interest in the associate. The Group's share of unrecognised losses of the associate for the financial year and the accumulated losses at the end of the reporting period amounted to RMB17,000 (2014 : RMB20,000) and RMB105,000 (2014 : RMB88,000) respectively. The aggregate carrying amount of the Group's interest in the associate as at December 31, 2015 and 2014 is RMB Nil.

12 INVESTMENTS IN JOINT VENTURES

| | GROUP | |
|---|-----------------|-------------------------------|
| | 2015 RMB'000 | 2014 RMB'000 (Restated) |
| Cost of investments in joint ventures | 892,433 | 892,433 |
| Deemed investment in a joint venture | 127,847 | 113,814 |
| Share of post-acquisition profit | 73,264 | 102,524 |
| | 1,093,544 | 1,108,771 |
| Non-trade amounts due from joint ventures (Current assets) (Note 6) | 522,372 | 426,376 |

Non-trade amounts due from joint ventures include loan receivable of RMB520 million (2014 : RMB400 million), interest receivable of RMB1 million (2014 : RMB24 million), and advances to joint ventures of RMB1 million (2014 : RMB2 million). The loan receivable, which bears interest at 4.35% per annum (2014 : ranging from 5.38% to 5.64% per annum), is unsecured and repayable within 1 year (2014 : 1 year) from the end of the reporting period.

Aggregate information of the Group's joint ventures that are not individually material

| | GROUP | |
|--|-----------------|-------------------------------|
| | 2015 RMB'000 | 2014 RMB'000 (Restated) |
| Group's share of (loss) profit from continuing operations, representing its share of total comprehensive (expense) income for the year | (29,260) | 44,288 |
| Aggregate carrying amount of the Group's interests in these joint ventures | 1,093,544 | 1,108,771 |

NOTES TO FINANCIAL STATEMENTS

December 31, 2015

13 NON-TRADE AMOUNTS DUE FROM / TO NON-CONTROLLING SHAREHOLDERS OF SUBSIDIARIES

Amounts due from non-controlling shareholders of subsidiaries are interest-free, unsecured and repayable on demand except for the following:

- a) Amounts of RMB53 million and RMB31 million (2014 : RMB50 million and RMB30 million) which bear interest at 5.0% and 5.6% per annum (2014 : 5.0% and 6.0% per annum) respectively and are secured by the non-controlling shareholder's shares in a subsidiary and undistributed retained earnings of a subsidiary yet to be distributed as dividends to the non-controlling shareholder of that subsidiary. The amount is repayable on demand (2014: within 1 year from the end of reporting period).
- b) Amount of RMB229 million (2014 : RMB182 million) which bears interest at 10.6% per annum (2014 : 10.6% per annum), is secured by expected future earnings that will be distributed by a subsidiary to the non-controlling shareholders of that subsidiary and repayable within 5 years (2014 : over 5 years) from the end of the reporting period.
- c) Amount of RMB4 million (2014 : RMB29 million) which is interest-free, is secured by expected future earnings that will be distributed by a subsidiary to the non-controlling shareholders of that subsidiary and repayable within 5 years (2014 : over 5 years) from the end of the reporting period.
- d) Amount of RMB150 million (2014 : RMB100 million) which bears interest at 7.0% per annum (2014 : 7.0% per annum), is unsecured and repayable within 2 years from the end of reporting period (2014: repayable on demand).
- e) As at December 31, 2014, amount of RMB154 million which bore interest at 6.2% per annum, was unsecured and repayable within 1 year from the end of the reporting period. The amount has been fully collected during the current year.
- f) As at December 31, 2014, amount of RMB14 million which was interest-free, unsecured and repayable within 1 year from the end of the reporting period. The amount has been fully collected during the current year.

As at December 31, 2015, current amounts due to non-controlling shareholders of subsidiaries are interest-free, unsecured and repayable on demand except for amount of RMB96 million (2014 : RMB91 million) which is guaranteed by the Company as well as amount of RMB30 million (2014 : RMB Nil) which bears interest at 4.6% per annum (2014 : Nil%) and repayable within 1 year from the end of the reporting period.

As at December 31, 2014, non-current amount of RMB20 million due to a non-controlling shareholder of subsidiaries was interest-free, unsecured and had no fixed repayment terms. Management was of the view that the non-controlling shareholder of subsidiaries would not demand repayment of RMB20 million within 12 months from the end of the reporting period. This amount has been fully repaid during the current year.

NOTES TO FINANCIAL STATEMENTS

December 31, 2015

114

14 INTANGIBLE ASSET

| | GROUP | |
|-----------------|-----------------|-----------------|
| | 2015 RMB'000 | 2014 RMB'000 |
| Club membership | 613 | 613 |

At December 31, 2015 and 2014, the management assessed the marketable value of the club membership and determined that it was in excess of its carrying amount.

15 DEFERRED TAXATION

| | GROUP | |
|--------------------------|-----------------|-----------------|
| | 2015 RMB'000 | 2014 RMB'000 |
| Deferred tax assets | 501,444 | 370,340 |
| Deferred tax liabilities | (1,959,037) | (1,648,103) |
| | (1,457,593) | (1,277,763) |

The following are the major deferred tax assets and liabilities recognised by the Group and movements thereon during the current and prior reporting year.

| | Revaluation of investment properties RMB'000 | Accelerated tax depreciation and excess of tax deductible expenses RMB'000 | Withholding tax RMB'000 | Tax losses RMB'000 | Unpaid development costs and others RMB'000 | Total RMB'000 |
|--|---|---|-------------------------------|-----------------------|--|------------------|
| <u>Group</u> | | | | | | |
| At January 1, 2014 (restated) | (1,228,326) | 34,766 | (135,321) | 140,842 | 35,624 | (1,152,415) |
| (Charge) Credit to profit or loss for the year (restated) (Note 30) | (291,355) | 8,003 | (76,009) | 83,778 | 67,327 | (208,256) |
| Transfer to income tax payable | - | - | 82,908 | - | - | 82,908 |
| At December 31, 2014 (restated) | (1,519,681) | 42,769 | (128,422) | 224,620 | 102,951 | (1,277,763) |
| (Charge) Credit to profit or loss for the year (Note 30) | (271,107) | 41,795 | (111,158) | 88,635 | 356 | (251,479) |
| Transfer to income tax payable | - | - | 71,331 | - | - | 71,331 |
| Exchange differences | - | - | - | 318 | - | 318 |
| At December 31, 2015 | (1,790,788) | 84,564 | (168,249) | 313,573 | 103,307 | (1,457,593) |

NOTES TO FINANCIAL STATEMENTS

December 31, 2015

15 DEFERRED TAXATION (Cont'd)

Pursuant to PRC and Hong Kong tax regulations, at the end of the reporting period, the Group has unutilised tax losses of RMB1.659 billion (2014 : RMB1.784 billion) available for offset against future profits. A deferred tax asset of RMB314 million (2014 : RMB225 million) has been recognised in respect of RMB1.301 billion (2014 : RMB898 million) of such losses at the tax rates range from 15% to 25%. No deferred tax asset has been recognised in respect of the remaining RMB358 million (2014 : RMB886 million) due to the unpredictability of future profit streams. Tax losses may be carried forward for 5 years from the year after the losses are incurred, subject to the conditions imposed by law including the retention of majority shareholders as defined.

16 DERIVATIVE FINANCIAL INSTRUMENTS

| | GROUP | |
|--|-----------------|-----------------|
| | 2015 RMB'000 | 2014 RMB'000 |
| Cross currency swaps, designated in hedge accounting relationships | (145,236) | 1,426 |
| Analysed as: | | |
| Current | (145,236) | - |
| Non-current | - | 1,426 |
| | (145,236) | 1,426 |

The Group uses cross currency swaps to hedge the foreign currency risks arising from the interest and principal payments of its RMB denominated senior notes. Contracts with nominal values of RMB2 billion have fixed interest payments denominated in US dollars at 4.325% per annum and fixed interest receipts denominated in RMB at 5.375% per annum.

All of the Group's cross currency swaps are designated and effective as cash flow hedges and the fair value loss of these cross currency swaps, amounting to RMB147 million (2014 : RMB19 million) has been recognised in other comprehensive income. Amount of RMB117 million (2014 : RMB7 million) has been reclassified from equity to profit or loss during the year.

The cross currency swaps settle on a semi-annual basis, with maturity on May 23, 2016. All cross currency swap contracts exchanging RMB denominated interest and principal payments for US dollar denominated interest and principal payments are designated as cash flow hedges in order to reduce the Group's cash flow exposure resulting from the fluctuation of RMB against US dollar over the tenure of the senior notes. The cross currency swaps and the interest and principal payments on the senior notes occur simultaneously and the amount recognised in other comprehensive income is reclassified from equity to profit or loss over the tenure of the senior notes.

NOTES TO FINANCIAL STATEMENTS

December 31, 2015

116

17 OTHER RECEIVABLES AND DEPOSITS

| | GROUP | | COMPANY | |
|--|------------------|-----------------|-----------------|-----------------|
| | 2015 RMB'000 | 2014 RMB'000 | 2015 RMB'000 | 2014 RMB'000 |
| | | (Restated) | | |
| Advances to suppliers | 11,892 | 13,208 | - | - |
| Deposits for projects | 1,590,711 | 130,711 | - | - |
| Staff loans | 14,727 | 8,903 | - | - |
| Prepayments | 11,290 | 42,568 | 1 | 1 |
| Business tax prepayment | 440,744 | 225,560 | - | - |
| Interest receivables | 11,511 | 11,526 | - | - |
| Payments for resettlement ⁽¹⁾ | 529,704 | 304,876 | - | - |
| Other receivables | 538,797 | 146,249 | - | - |
| | 3,149,376 | 883,601 | 1 | 1 |
| Analysed as: | | | | |
| Current | 2,619,672 | 578,725 | 1 | 1 |
| Non-current | 529,704 | 304,876 | - | - |
| | 3,149,376 | 883,601 | 1 | 1 |

⁽¹⁾ This relates to payments for resettlement of land parcels in Chengdu.

The management considers the credit risk on other receivables and deposits to be limited because the counterparties are government agents or third parties with long business relationships with the Group.

18 HELD-FOR-TRADING INVESTMENT

| | GROUP | |
|---------------------------------------|-----------------|-----------------|
| | 2015 RMB'000 | 2014 RMB'000 |
| Quoted equity security, at fair value | 19,510 | 13,610 |

Held-for-trading investment presents the Group with opportunities for return through dividend income and fair value gains. This investment has no fixed maturity or coupon rate. The fair value of this security is based on the closing quoted market price on the last market day of the financial year.

NOTES TO FINANCIAL STATEMENTS

December 31, 2015

19 PLEDGED BANK DEPOSITS AND CASH AND CASH EQUIVALENTS

| | GROUP | | COMPANY | |
|---------------------------|-----------------|-----------------|-----------------|-----------------|
| | 2015 RMB'000 | 2014 RMB'000 | 2015 RMB'000 | 2014 RMB'000 |
| | (Restated) | | | |
| Pledged bank deposits | 51,367 | 29,842 | - | - |
| Cash on hand | 1,858 | 2,038 | 30 | 8 |
| Cash at bank | 15,936,988 | 5,849,864 | 10,657 | 3,527 |
| Fixed deposits | 1,578,145 | 704,941 | - | - |
| Cash and cash equivalents | 17,516,991 | 6,556,843 | 10,687 | 3,535 |

Pledged bank deposits represent deposits pledged to banks to secure certain mortgage loans provided by banks to customers for the purchase of the Group's development properties and as security for construction contracts required by the PRC local authority.

20 SHARE CAPITAL

| | GROUP AND COMPANY | | | |
|------------------------------|---------------------------|--------------|-----------------|-----------------|
| | 2015 '000 | 2014 '000 | 2015 RMB'000 | 2014 RMB'000 |
| | Number of ordinary shares | | | |
| Issued and paid up: | | | | |
| At beginning and end of year | 1,948,736 | 1,948,736 | 7,261,726 | 7,261,726 |

Fully paid up ordinary shares, which have no par value, carry one vote per share and a right to dividends as and when declared by the Company.

21 HEDGING RESERVE

The hedging reserve represents hedging gains and losses recognised on the effective portion of cash flow hedges. The cumulative deferred gain or loss on the hedge recognised in other comprehensive income and accumulated in hedging reserves is reclassified to profit or loss when the hedged transaction impacts the profit or loss.

Movement in hedging reserve:

| | GROUP | |
|--|-----------------|-----------------|
| | 2015 RMB'000 | 2014 RMB'000 |
| At January 1 | (7,094) | 4,778 |
| Change in fair value of cross currency swaps | (146,662) | (18,976) |
| Reclassification to profit or loss | 117,395 | 7,104 |
| At December 31 | (36,361) | (7,094) |

NOTES TO FINANCIAL STATEMENTS

December 31, 2015

118

22 BANK LOANS

| | GROUP | | COMPANY | |
|---|-------------------|-------------------|-----------------|-----------------|
| | 2015 RMB'000 | 2014 RMB'000 | 2015 RMB'000 | 2014 RMB'000 |
| The bank loans are repayable as follows: | | | | |
| On demand or within one year | 3,971,322 | 2,081,398 | - | 14,674 |
| More than one year but not exceeding two years | 3,991,012 | 5,386,759 | 12,644 | 273,651 |
| More than two years but not exceeding five years | 2,803,424 | 4,660,397 | 252,250 | - |
| More than five years | 1,227,629 | 1,433,725 | - | - |
| | 11,993,387 | 13,562,279 | 264,894 | 288,325 |
| Less: Amount due for settlement within 12 months (shown under current liabilities) | (3,971,322) | (2,081,398) | - | (14,674) |
| Amount due for settlement after 12 months | 8,022,065 | 11,480,881 | 264,894 | 273,651 |
| Secured: | | | | |
| - Current bank loans | 3,238,630 | 1,305,170 | - | - |
| - Non-current bank loans | 3,980,732 | 7,533,815 | - | - |
| | 7,219,362 | 8,838,985 | - | - |
| Unsecured: | | | | |
| - Current bank loans | 732,692 | 776,228 | - | 14,674 |
| - Non-current bank loans | 4,041,333 | 3,947,066 | 264,894 | 273,651 |
| | 4,774,025 | 4,723,294 | 264,894 | 288,325 |
| | 11,993,387 | 13,562,279 | 264,894 | 288,325 |

The following assets are pledged for the above secured bank loans and undrawn loan facilities:

| | GROUP | |
|---------------------------------------|-----------------|-----------------|
| | 2015 RMB'000 | 2014 RMB'000 |
| Properties for development | - | 250,139 |
| Completed properties for sale | 1,071,448 | 698,732 |
| Properties under development for sale | 16,279,376 | 21,237,304 |
| Investment properties | 6,911,000 | 6,543,000 |
| Construction-in-progress | 1,211,617 | 732,996 |

NOTES TO FINANCIAL STATEMENTS

December 31, 2015

23 CONVERTIBLE NOTES

The convertible notes issued on July 13, 2009 (“Notes 2014”) matured on July 13, 2014. The Notes 2014 accrued interest at 5.85% per annum with interest payable on January 13 and July 13 of each year, commencing on January 13, 2010. The conversion price was initially S\$2.6208 per share, and had been adjusted to S\$2.5200 and S\$2.4900 per share on May 16, 2013 and June 6, 2014 respectively as a result of dividends declared by the Company. The conversion price could be further adjusted for certain specified dilutive and other events. The Company could, at any time on or after July 13, 2011 but before July 3, 2014, mandatorily convert all of the Notes 2014 if the volume weighted average price of the Company’s shares was at least 130% of the conversion price in effect on the date of notice. The holders had the right to require the Company to redeem all or some of the Notes 2014 on July 13, 2012.

On July 13, 2012, the holders of S\$305 million (equivalent to RMB1.516 billion) outstanding Notes 2014 exercised the option to redeem the outstanding Notes 2014.

On July 14, 2014, the Company fully redeemed the remaining S\$70 million (equivalent to RMB348 million) outstanding Notes 2014 in accordance with the terms set out in the Trust Deed dated July 13, 2009. In addition, the equity reserve of Notes 2014 amounting to S\$39 million (equivalent to RMB182 million) was reclassified to accumulated profits in 2014.

24 SENIOR NOTES

The senior notes comprise notes issued in 2010, 2011, 2013 and 2014.

- (a) The senior notes issued on May 4, 2010 (“9.5% Notes 2017”) would mature on May 4, 2017. The senior notes bore interest at 9.5% per annum with interest payable on May 4 and November 4 of each year, commencing on November 4, 2010. The senior notes were denominated in US dollars. In 2014, the Company fully redeemed the 9.5% Notes 2017 in accordance with the terms set out in the Indenture dated May 4, 2010.
- (b) The senior notes issued on March 29, 2011 (“Notes 2018”) will mature on March 29, 2018. The senior notes bears interest at 10.625% per annum with interest payable on March 29 and September 29 of each year, commencing on September 29, 2011. Prior to the maturity of the senior notes, the Company may redeem the notes, in whole or in part, based on the stipulated redemption price at the point of redemption. The senior notes are denominated in US dollars.
- (c) The senior notes issued on May 23, 2013 (“Notes 2016”) will mature on May 23, 2016. The senior notes bears interest at 5.375% per annum with interest payable on May 23 and November 23 of each year, commencing on November 23, 2013. Prior to the maturity of the senior notes, the issuer, which is a wholly-owned subsidiary of the Company, may redeem the notes, in whole or in part, based on the stipulated redemption price at the point of redemption. During the year, the Company re-purchased certain amounts of Notes 2016 and RMB1.871 billion principal remain outstanding as at December 31, 2015. The senior notes are denominated in RMB.

NOTES TO FINANCIAL STATEMENTS

December 31, 2015

24 SENIOR NOTES (Cont'd)

- (d) The senior notes issued on May 8, 2014 ("6.2% Notes 2017") will mature on May 8, 2017. The senior notes bears interest at 6.2% per annum with interest payable on May 8 and November 8 of each year, commencing on November 8, 2014. Prior to the maturity of the senior notes, the Company may redeem the notes, in whole or in part, based on the stipulated redemption price at the point of redemption. The senior notes are denominated in SG dollars.

| | GROUP | | COMPANY | |
|--|--------------------|-----------------|--------------------|-----------------|
| | 2015 RMB'000 | 2014 RMB'000 | 2015 RMB'000 | 2014 RMB'000 |
| Nominal value of senior notes issued | 6,193,709 | 8,160,600 | 4,193,709 | 6,160,600 |
| Transaction costs ⁽¹⁾ | (98,031) | (147,835) | (67,895) | (117,699) |
| At date of issue ⁽²⁾ | 6,095,678 | 8,012,765 | 4,125,814 | 6,042,901 |
| Cumulative interest accrued | 1,718,992 | 2,038,654 | 1,417,028 | 1,849,951 |
| Cumulative interest paid | (1,560,516) | (1,775,732) | (1,294,125) | (1,614,040) |
| Repurchase and redemption | (127,582) | (1,808,641) | - | (1,808,641) |
| Exchange difference | 239,835 | (128,196) | 239,835 | (128,196) |
| Total | 6,366,407 | 6,338,850 | 4,488,552 | 4,341,975 |
| Interest payable within one year included in other payables (Note 26) | (98,106) | (94,968) | (87,360) | (83,482) |
| Liability at end of year | 6,268,301 | 6,243,882 | 4,401,192 | 4,258,493 |
| Analysed as | | | | |
| Current | 1,867,109 | - | - | - |
| Non current | 4,401,192 | 6,243,882 | 4,401,192 | 4,258,493 |
| | 6,268,301 | 6,243,882 | 4,401,192 | 4,258,493 |

⁽¹⁾ Transaction costs included non-audit fees of RMB5 million (2014 : RMB7 million) paid to the auditors of the Company in connection with the issuance of senior notes of the Company (Note 31).

⁽²⁾ Changes in amount at date of issue relative to the preceding year's amount include the effect of translation to the presentation currency and have been included in the currency translation reserve.

The cumulative interests accrued on 9.5% Notes 2017, Notes 2018, Notes 2016 and 6.2% Notes 2017 are calculated by applying effective interest rates of Nil% (2014 : 10.3%), 11.3% (2014 : 11.3%), 6.0% (2014 : 6.0%) and 6.8% (2014 : 6.8%) per annum respectively.

The management estimates the fair value of Notes 2018, Notes 2016 and 6.2% Notes 2017 at December 31, 2015 to be approximately RMB2.731 billion, RMB1.866 billion and RMB1.847 billion (2014 : RMB2.558 billion, RMB1.945 billion and RMB1.878 billion) respectively. These fair values are based on the prices obtained from banks' publications.

NOTES TO FINANCIAL STATEMENTS

December 31, 2015

24 SENIOR NOTES (Cont'd)

In 2011, six of its subsidiaries provided a joint guarantee in respect of Notes 2018 issued by the Company amounting to RMB2.520 billion (equivalent to US\$400 million) for a term of seven years up to March 29, 2018. The joint guarantee approximates RMB2.597 billion (2014 : RMB2.448 billion), the equivalent of US\$400 million as at the end of 2015. Additionally, shares in six of its subsidiaries are charged in favour of the global security agent and trustee of Notes 2018.

In 2013, the Company and five of its subsidiaries provided a joint guarantee in respect of Notes 2016 issued by a wholly-owned subsidiary of the Company amounting RMB2.000 billion for a term of three years up to May 22, 2016 (Note 37). The joint guarantee approximates RMB1.871 billion (2014 : RMB2.000 billion) as at the end of 2015. Additionally, shares in five of its subsidiaries are charged in favour of the global security agent and trustee of Notes 2016.

In 2014, six of its subsidiaries provided a joint guarantee in respect of 6.2% Notes 2017 issued by the Company amounting to RMB1.856 billion (equivalent to S\$400 million) for a term of three years up to May 8, 2017. The joint guarantee approximates RMB1.835 billion (2014 : RMB1.856 billion), the equivalent of S\$400 million as at the end of 2015. Additionally, shares in six of its subsidiaries are charged in favour of the global security agent and trustee of 6.2% Notes 2017.

25 TRADE PAYABLES

| | GROUP | |
|---|-----------------|-------------------------------|
| | 2015 RMB'000 | 2014 RMB'000 (Restated) |
| Non-controlling shareholder of a subsidiary | 1,411,435 | 1,717,434 |
| Outside parties | 6,336,090 | 3,568,386 |
| | 7,747,525 | 5,285,820 |

The average credit period for trade payables is 173 days (2014 : 186 days).

26 OTHER PAYABLES

| | GROUP | | COMPANY | |
|----------------------------------|-----------------|-------------------------------|-----------------|-----------------|
| | 2015 RMB'000 | 2014 RMB'000 (Restated) | 2015 RMB'000 | 2014 RMB'000 |
| Advances received from customers | 17,092,892 | 7,085,440 | - | - |
| Accrued expenses | 63,250 | 80,906 | 2,153 | 2,355 |
| Business tax payable | 97,260 | 42,915 | - | - |
| Interest payable | 133,417 | 132,354 | 94,088 | 84,465 |
| Other payables | 569,637 | 346,841 | - | - |
| | 17,956,456 | 7,688,456 | 96,241 | 86,820 |

NOTES TO FINANCIAL STATEMENTS

December 31, 2015

122

27 REVENUE

| | GROUP | |
|--|-----------------|-------------------------------|
| | 2015 RMB'000 | 2014 RMB'000 (Restated) |
| Gross income from property development | 16,778,376 | 11,559,222 |
| Less: Business tax | (945,223) | (651,234) |
| Net income from property development | 15,833,153 | 10,907,988 |
| Gross income from property investment | 459,504 | 514,395 |
| Less: Business tax | (58,957) | (66,527) |
| Net income from property investment | 400,547 | 447,868 |
| Gross income from others | 376,037 | 404,732 |
| Less: Business tax | (28,380) | (24,618) |
| Net income from others | 347,657 | 380,114 |
| Total | 16,581,357 | 11,735,970 |

28 OTHER OPERATING INCOME

| | GROUP | |
|---|-----------------|-------------------------------|
| | 2015 RMB'000 | 2014 RMB'000 (Restated) |
| Dividend income from held-for-trading investment | 93 | 208 |
| Fair value gain on investment properties (Note 8) | 919,865 | 991,491 |
| Fair value gain on held-for-trading investment | 4,985 | 2,460 |
| Interest income | 119,239 | 81,626 |
| Net gain on disposal of property, plant and equipment | 29 | 303 |
| Net gain on disposal of investment properties | 4,962 | 1,202 |
| Government subsidies | 23,497 | 14,914 |
| Others | 14,994 | 19,545 |
| Total | 1,087,664 | 1,111,749 |

NOTES TO FINANCIAL STATEMENTS

December 31, 2015

29 FINANCE COST

| | GROUP | |
|---|-----------|-------------|
| | 2015 | 2014 |
| | RMB'000 | RMB'000 |
| Interest on bank loans | 806,420 | 825,149 |
| Interest on convertible notes | – | 19,089 |
| Interest on senior notes | 489,169 | 641,568 |
| Interest to ultimate holding company (Note 5) | 1,883 | 3,462 |
| Interest to non-controlling shareholders of subsidiaries | 141 | 1,072 |
| Total borrowing costs | 1,297,613 | 1,490,340 |
| Less: Interest capitalised in | | |
| – properties for development | (69,558) | (96,950) |
| – properties under development for sale | (999,235) | (1,116,017) |
| – properties for development and properties under development for sale in joint venture | (21,927) | (40,807) |
| Net | 206,893 | 236,566 |

30 INCOME TAX

| | GROUP | |
|------------------------------------|-----------|------------|
| | 2015 | 2014 |
| | RMB'000 | RMB'000 |
| | | (Restated) |
| Current | 993,344 | 794,928 |
| Deferred income tax (Note 15) | 140,321 | 132,247 |
| Deferred withholding tax (Note 15) | 111,158 | 76,009 |
| Land appreciation tax (“LAT”) | 677,154 | 461,288 |
| Under provision in prior years | 24,713 | 8,796 |
| Total | 1,946,690 | 1,473,268 |

No provision for Singapore taxation has been made as the majority of the Group's income neither arises in, nor is derived from Singapore.

In 2015 and 2014, most of the taxation arising in the PRC is calculated at the prevailing rate of 25%.

NOTES TO FINANCIAL STATEMENTS

December 31, 2015

30 INCOME TAX (Cont'd)

The income tax expense varied from the amount of income tax expense determined by applying the above income tax rate to profit before income tax as a result of the following differences:

| | GROUP | |
|---|-----------------|-------------------------------|
| | 2015 RMB'000 | 2014 RMB'000 (Restated) |
| Profit before income tax | 4,317,113 | 3,619,579 |
| Income tax expense at PRC applicable tax rate of 25%* (2014 : 25%*) | 1,079,278 | 904,895 |
| Non-deductible items | 270,089 | 184,443 |
| Non-taxable items | (23,234) | (65,885) |
| Effect of unutilised tax losses not recognised as deferred tax assets | 87,151 | 65,412 |
| Effect of different tax rates for certain subsidiaries | 11,416 | 8,953 |
| LAT | 677,154 | 461,288 |
| Effect of tax deduction on LAT | (169,288) | (115,322) |
| Withholding tax incurred | 111,158 | 76,009 |
| Under provision in prior years | 24,713 | 8,796 |
| Others | (121,747) | (55,321) |
| Total income tax expense | 1,946,690 | 1,473,268 |

* These are the applicable tax rates for most of the Group's taxable profits.

Income tax for overseas subsidiaries is calculated at the rates prevailing in the respective jurisdiction.

According to a PRC tax circular of State Administration of Taxation, Guoshuihan (2008) No.112, dividend distributed out of the profits generated since January 1, 2008 held by the PRC entity to non-resident investors shall be subject to PRC withholding income tax. Deferred tax liability of RMB111 million (2014 : RMB76 million) on the undistributed earnings of the PRC subsidiaries has been charged to the consolidated statement of profit or loss of the year.

LAT

As disclosed in the prior years' audited consolidated financial statements, provision for the LAT with respect to properties sold in Shanghai Pudong New District prior to October 1, 2006 were not made as the directors of the Company, after taking into account legal advice received and consultation with the local Shanghai Pudong Tax Bureau, were of the opinion that the relevant tax authority is not likely to impose any LAT on a retrospective basis.

As at December 31, 2014, the tax settlement process for a completed project and a phase of a project with properties sold in Shanghai Pudong New District prior to October 1, 2006 had been completed, with additional LAT payments made by the Group. For the projects with properties sold in Shanghai Pudong New District subsequent to October 1, 2006, the tax settlement amount determined by the tax authorities for a phase of a project which has commenced the tax settlement process was lower than what the Group has previously provided for based on the tax laws. Management has assessed and considers that the provision for LAT made by the Group relating to the above projects for which the tax settlement process had commenced or completed was adequate to meet the tax settlement amount determined by the tax authorities.

NOTES TO FINANCIAL STATEMENTS

December 31, 2015

30 INCOME TAX (Cont'd)

Management is of the view that it is not probable that the tax authority will impose further LAT tax payments on the above projects located in Shanghai Pudong New District in excess of the provision previously made by the Group. The additional LAT tax exposure in the event of future re-assessment by the tax authorities has been estimated by management to be approximately RMB598 million (2014 : RMB599 million) (before effects of deductibility for income tax assessment purpose and adjustment for non-controlling interests) as at December 31, 2015. The amount has been disclosed as part of the Group's contingent liabilities in accordance with FRS 37 *Provisions, Contingent Liabilities and Contingent Assets* (Note 37).

The actual Group's LAT liabilities are subject to the determination by the tax authorities upon completion of the property development projects.

31 PROFIT FOR THE YEAR

Profit for the year has been arrived at after charging (crediting):

| | GROUP | |
|---|-----------------|-------------------------------|
| | 2015 RMB'000 | 2014 RMB'000 (Restated) |
| Depreciation of property, plant and equipment | 35,093 | 29,723 |
| <u>Employee benefits expense (including directors' remuneration):</u> | | |
| Retirement benefit scheme contributions | 62,155 | 51,520 |
| Salaries and other short-term benefits | 552,599 | 474,602 |
| Total employee benefits expense | 614,754 | 526,122 |
| Directors' fees | 1,817 | 1,945 |
| Directors' remuneration: | | |
| – of the Company | 23,253 | 21,696 |
| – of the subsidiaries | 6,949 | 7,253 |
| | 30,202 | 28,949 |
| Fair value gain on investment properties (Note 8) | (919,865) | (991,491) |
| Fair value gain on held-for-trading investment | (4,985) | (2,460) |
| Net gain on disposal of property, plant and equipment | (29) | (303) |
| Net gain on disposal of investment properties | (4,962) | (1,202) |
| Net foreign exchange loss | 222,759 | 38,957 |
| Cost of completed properties for sale recognised as expenses | 11,676,078 | 7,879,337 |
| Audit fees: | | |
| – paid to auditors of the Company | 3,851 | 3,839 |
| – paid to other auditors | 1,709 | 1,457 |
| Total audit fees | 5,560 | 5,296 |

NOTES TO FINANCIAL STATEMENTS

December 31, 2015

126

31 PROFIT FOR THE YEAR (Cont'd)

| | GROUP | |
|--|-----------------|-------------------------------|
| | 2015 RMB'000 | 2014 RMB'000 (Restated) |
| Non-audit fees: | | |
| – paid to auditors of the Company ⁽¹⁾ | 115 | 148 |
| – paid to other auditors | 662 | 1,417 |
| Total non-audit fees | 777 | 1,565 |
| Aggregate amount of fees paid to auditors | 6,337 | 6,861 |

⁽¹⁾ In 2014, total non-audit fees paid to auditors of the Company in connection with the issuance of senior notes by the Group had been capitalised in the carrying amount of the senior notes (Note 24).

32 EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share attributable to the ordinary owners of the Company is based on the following data:

| | GROUP | |
|--|-----------------|-------------------------------|
| | 2015 RMB'000 | 2014 RMB'000 (Restated) |
| <u>Earnings</u> | | |
| Earnings for the purposes of basic earnings per share (profit for the year attributable to owners of the Company) | 1,468,539 | 1,372,400 |
| Effect of dilutive potential ordinary shares due to interests on convertible notes ⁽¹⁾ | – | 3,518 |
| Earnings for the purposes of diluted earnings per share | 1,468,539 | 1,375,918 |

| | GROUP | |
|--|--------------|--------------|
| | 2015 '000 | 2014 '000 |

Number of shares

| | | |
|--|-----------|-----------|
| Weighted average number of ordinary shares for the purposes of basic earnings per share | 1,948,736 | 1,948,736 |
| Effect of dilutive potential ordinary shares due to convertible notes ⁽¹⁾ | – | 14,722 |
| Weighted average number of ordinary shares for the purposes of diluted earnings per share | 1,948,736 | 1,963,458 |

⁽¹⁾ As disclosed in Note 23, convertible notes were fully redeemed during the previous year and there are no outstanding convertible notes as at December 31, 2014 and 2015.

NOTES TO FINANCIAL STATEMENTS

December 31, 2015

32 EARNINGS PER SHARE (Cont'd)

| | GROUP | |
|--------------------------------------|-------|--------------------|
| | 2015 | 2014 (Restated) |
| Earnings per share (Renminbi cents): | | |
| Basic | 75.36 | 70.43 |
| Diluted | 75.36 | 70.08 |

33 DIVIDENDS

In 2015, approximately RMB113 million of dividends was paid in respect of a first and final one-tier tax exempt dividend of 5.82 Renminbi cents (equivalent to 1.30 Singapore cents) per ordinary share declared for the financial year ended December 31, 2014.

In 2014, approximately RMB125 million of dividends was paid in respect of a first and final one-tier tax exempt dividend of 6.42 Renminbi cents (equivalent to 1.30 Singapore cents) per ordinary share declared for the financial year ended December 31, 2013.

In respect of the current year, the directors proposed a first and final one-tier tax exempt dividend of 6.90 Renminbi cents (equivalent to 1.52 Singapore cents) per ordinary share amounting to approximately RMB135 million. The dividend is subject to approval by shareholders at the Annual General Meeting and has not been included as a liability in these financial statements.

34 SEGMENT INFORMATION

The Group's reportable operating segments are as follows:

- (i) Property development: Development of residential, commercial and other properties.
- (ii) Property investment: Leasing of properties to generate rental income and to gain from the appreciation in the value of the properties in the long term.
- (iii) Others: Provision of property management, ancillary services, advance purchase of construction materials, investment holding and others.

Information regarding the operations of each reportable segments are included below. The management monitors the operating results of each operating segment for the purpose of making decisions on resource allocation and performance assessment.

The Group's operations are located in the PRC, hence no analysis by geographical area of operations is provided.

NOTES TO FINANCIAL STATEMENTS

December 31, 2015

128

34 SEGMENT INFORMATION (Cont'd)

Segment revenue and results

The following is an analysis of the Group's revenue and results by reportable segment:

| | GROUP | | | |
|----------------------|-------------------|-------------------|---------------------------------|------------------|
| | Revenue | | Profit (loss) before income tax | |
| | 2015 | 2014 | 2015 | 2014 |
| | RMB'000 | RMB'000 | RMB'000 | RMB'000 |
| | | (Restated) | | (Restated) |
| Property development | 15,833,153 | 10,907,988 | 3,751,095 | 2,680,210 |
| Property investment | 400,547 | 447,868 | 1,003,499 | 1,092,393 |
| Others | 347,657 | 380,114 | (437,481) | (153,024) |
| Total | 16,581,357 | 11,735,970 | 4,317,113 | 3,619,579 |

Segment profit represents the profit earned by each segment as determined using the Group's accounting policy. This is the measure reported to the chief operating decision maker for the purposes of resources allocation and assessment of segment performance.

Segment assets

| | GROUP | |
|----------------------|-------------------|-------------------|
| | 2015 | 2014 |
| | RMB'000 | RMB'000 |
| | | (Restated) |
| Property development | 64,890,660 | 53,010,646 |
| Property investment | 12,155,324 | 11,290,939 |
| Others | 2,851,432 | 2,408,148 |
| Total assets | 79,897,416 | 66,709,733 |

All assets are allocated to reportable segments. Liabilities are not allocated as they are not monitored by the chief operating decision maker for the purposes of resource allocation and assessment of segment performance.

Other segment information

| | GROUP | | | |
|----------------------|---------------|---------------|---------------------------------|------------------|
| | Depreciation | | Additions to non-current assets | |
| | 2015 | 2014 | 2015 | 2014 |
| | RMB'000 | RMB'000 | RMB'000 | RMB'000 |
| | | (Restated) | | (Restated) |
| Property development | 20,360 | 16,362 | 482,276 | 3,446,504 |
| Property investment | 8,052 | 10,281 | 696,882 | 420,179 |
| Others | 8,804 | 5,062 | 5,393 | 10,908 |
| Total | 37,216 | 31,705 | 1,184,551 | 3,877,591 |

NOTES TO FINANCIAL STATEMENTS

December 31, 2015

35 OPERATING LEASE ARRANGEMENTS

The Group as lessee

| | GROUP | |
|--|---------------|------------|
| | 2015 | 2014 |
| | RMB'000 | RMB'000 |
| | | (Restated) |
| Minimum lease payments under operating leases recognised as an expense in the year | 18,690 | 16,820 |

At the end of the reporting period, the Group has outstanding commitments under non-cancellable operating leases, which fall due as follows:

| | GROUP | |
|---------------------------------------|---------------|---------|
| | 2015 | 2014 |
| | RMB'000 | RMB'000 |
| Within one year | 18,051 | 16,698 |
| In the second to fifth year inclusive | 22,485 | 28,212 |
| More than five years | 17,531 | 15,737 |
| | 58,067 | 60,647 |

Operating lease payments substantially represent rental payables by the Group in respect of land and buildings for its office premises and staff accommodation. Leases are negotiated for an average term of less than 3 years (2014 : less than 2 years).

The Group as lessor

The Group rents out its investment properties and certain completed properties for sale in the PRC under operating leases. Property rental income earned during the year was RMB380 million (2014 : RMB424 million).

At the end of the reporting period, the Group has contracted with tenants for the following future minimum lease receipts:

| | GROUP | |
|---------------------------------------|------------------|------------|
| | 2015 | 2014 |
| | RMB'000 | RMB'000 |
| | | (Restated) |
| Within one year | 285,126 | 304,177 |
| In the second to fifth year inclusive | 607,570 | 605,904 |
| More than five years | 602,870 | 654,594 |
| | 1,495,566 | 1,564,675 |

36 CAPITAL EXPENDITURE COMMITMENTS

Estimated amounts committed for future capital expenditure but not provided for in the financial statements:

| | GROUP | |
|-----------------------|----------------|---------|
| | 2015 | 2014 |
| | RMB'000 | RMB'000 |
| Investment properties | 113,310 | 166,360 |

NOTES TO FINANCIAL STATEMENTS

December 31, 2015

130

37 CONTINGENCIES AND GUARANTEES

As at December 31, 2015, the Group has provided guarantees of approximately RMB7.577 billion (2014 : RMB2.515 billion) to banks for the benefit of its customers in respect of mortgage loans provided by the banks to these customers for the purchase of the Group's development properties. Should such guarantees be called upon, there would be an outflow of cash (previously collected by the Group) from the Group to the banks to discharge the obligations. The management has made enquiries with the banks and considered the profile of customers who bought the Group's properties and concluded that the likelihood of these guarantees being called upon is low. These guarantees provided by the Group to the banks would be released upon receiving the building ownership certificate of the respective properties by the banks from the customers as security for the mortgage loan granted.

As described in Note 30, the additional LAT tax exposure in the event of future re-assessment by the tax authorities has been estimated by management to be approximately RMB598 million (2014 : RMB599 million) (before effects of deductibility for income tax assessment purpose and adjustment for non-controlling interests).

As at December 31, 2015, the Company, together with five of its subsidiaries, has provided a joint guarantee in respect of senior notes issued by a wholly-owned subsidiary amounting to RMB1.871 billion (2014 : RMB2.000 billion) for a remaining term of less than one year up to May 22, 2016.

As at December 31, 2015, the Company, together with five of its subsidiaries, has provided joint guarantees to banks in respect of the following loan facilities granted to a subsidiary:

- A loan facility amounting to RMB2.500 billion (equivalent to US\$385 million) (2014 : RMB2.356 billion (equivalent to US\$385 million)) for a remaining term of less than two years up to June 23, 2017. As at December 31, 2015, an amount of RMB2.156 billion (equivalent to US\$332 million) (2014 : RMB1.909 billion (equivalent to US\$312 million)) has been drawn down.
- A loan facility amounting to RMB1.104 billion (equivalent to US\$170 million) (2014 : RMB Nil) for a remaining term of less than three years up to May 4, 2018. The loan facility was fully drawn down as at the end of 2015.

As at December 31, 2014, the Company, together with five of its subsidiaries, had provided a joint guarantee to banks in respect of the following loan facility granted to a subsidiary:

- A loan facility amounting to RMB404 million (equivalent to US\$66 million) for a remaining term of less than one year up to May 13, 2015. The loan facility was fully drawn down as at the end of 2014. On May 13, 2015 the loan and interest payable were fully repaid and the loan facility was cancelled accordingly.
- A loan facility amounting to RMB 245 million (equivalent to US\$40 million) for a remaining term of less than one year up to December 30, 2015. The loan facility was fully drawn down as at the end of 2014. On May 13, 2015, the loan and interest payable were fully repaid and the loan facility was cancelled accordingly.

As at December 31, 2015, the Company has provided a guarantee to a bank in respect of a loan facility granted to a subsidiary amounting to RMB230 million (equivalent to S\$50 million) (2014 : RMB116 million (equivalent to S\$25 million)) for a remaining term of less than three years up to March 30, 2018. As at December 31, 2015, an amount of RMB115 million (equivalent to S\$25 million) (2014 : RMB116 million (equivalent to S\$25 million)) has been drawn down.

NOTES TO FINANCIAL STATEMENTS

December 31, 2015

37 CONTINGENCIES AND GUARANTEES (Cont'd)

As at December 31, 2015, the Company has provided a guarantee to a bank in respect of a loan facility granted to a subsidiary amounting to RMB1.599 billion (2014 : RMB1.699 billion) for a remaining term of less than seven years up to July 26, 2022. The loan facility was fully drawn down as at the end of 2015 and 2014.

As at December 31, 2015, the Company has provided a guarantee to a non-controlling shareholder of subsidiaries in respect of an interest-free current advance to a subsidiary amounting to RMB96 million (equivalent to US\$15 million) (2014 : RMB91 million (equivalent to US\$15 million)).

As at December 31, 2015, the joint venture Singapore Intelligent Eco Island Development Pte. Ltd. ("SIEID") has pledged its shares in the joint venture Sino-Singapore Nanjing Eco Hi-tech Island Development Co., Ltd. ("SSNEHID") to banks as security for credit facilities used by a wholly-owned subsidiary of SSNEHID for property development. SIEID's contingent liability under this pledge of its shareholding in SSNEHID is limited to an amount of RMB217 million (2014 : RMB361 million). A subsidiary of the Company has provided guarantee of RMB165 million (2014 : RMB275 million) for the same credit facilities.

As at December 31, 2015, a subsidiary of the Company has provided joint guarantees to banks in respect of the following loan facilities granted to a wholly-owned subsidiary of SSNEHID:

- A loan facility for a remaining term of less than three years up to September 25, 2018. The loan facility was fully drawn down as at the end of 2015 and 2014. The subsidiary's contingent liability as at December 31, 2015 for this joint guarantee is limited to an amount of RMB159 million (2014 : RMB171 million).
- A loan facility for a remaining term of less than five years up to January 15, 2020. The loan facility was fully drawn down as at the end of 2015. The subsidiary's contingent liability as at December 31, 2015 for this joint guarantee is limited to an amount of RMB388 million (2014 : RMB Nil).
- A loan facility for a remaining term of less than five years up to July 1, 2020. The loan facility was fully drawn down as at the end of 2015. The subsidiary's contingent liability as at December 31, 2015 for this joint guarantee is limited to an amount of RMB342 million (2014 : RMB Nil).

The management is of the view that the fair value of the financial guarantees provided by the Group and the Company are not significant.

NOTES TO FINANCIAL STATEMENTS

December 31, 2015

38 PRIOR YEAR'S ADJUSTMENTS AND RECLASSIFICATIONS

In current financial year, the Group re-assessed the control over a joint-investment with third party and concluded that the Group does not have unilateral control under the joint venture agreement over the entity despite having more than half of the board seats. Hence, the joint-investment (including two of its wholly-owned subsidiaries) has been reclassified to investments in joint ventures. Accordingly, certain comparatives have been restated.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

| | December 31, 2014 | | |
|---|---------------------------|------------------|-------------------|
| | As previously reported | Adjustment | As restated |
| | RMB'000 | RMB'000 | RMB'000 |
| ASSETS | | | |
| Non-current assets | | | |
| Property, plant and equipment | 1,065,073 | (7,583) | 1,057,490 |
| Investment properties | 10,244,250 | - | 10,244,250 |
| Properties for development | 8,958,369 | (442,398) | 8,515,971 |
| Investment in an associate | - | - | - |
| Investments in joint ventures | 694,013 | 414,758 | 1,108,771 |
| Other receivables | 304,876 | - | 304,876 |
| Non-trade amount due from non-controlling shareholders of subsidiaries | 210,642 | - | 210,642 |
| Intangible asset | 613 | - | 613 |
| Deferred tax assets | 370,340 | - | 370,340 |
| Derivative financial instruments | 1,426 | - | 1,426 |
| Total non-current assets | 21,849,602 | (35,223) | 21,814,379 |
| Current assets | | | |
| Inventories | 44,793 | - | 44,793 |
| Completed properties for sale | 5,221,147 | - | 5,221,147 |
| Properties under development for sale | 32,116,714 | (968,405) | 31,148,309 |
| Trade receivables | 39,118 | - | 39,118 |
| Other receivables and deposits | 583,587 | (4,862) | 578,725 |
| Non-trade amounts due from: | | | |
| Associate | 366 | - | 366 |
| Joint ventures | - | 426,376 | 426,376 |
| Non-controlling shareholders of subsidiaries | 512,601 | - | 512,601 |
| Other related parties | 562 | - | 562 |
| Income tax prepayment | 324,619 | (1,557) | 323,062 |
| Held-for-trading investment | 13,610 | - | 13,610 |
| Pledged bank deposits | 29,842 | - | 29,842 |
| Cash and cash equivalents | 6,590,084 | (33,241) | 6,556,843 |
| Total current assets | 45,477,043 | (581,689) | 44,895,354 |
| Total assets | 67,326,645 | (616,912) | 66,709,733 |

NOTES TO FINANCIAL STATEMENTS

December 31, 2015

38 PRIOR YEAR'S ADJUSTMENTS AND RECLASSIFICATIONS (Cont'd)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Cont'd)

| | December 31, 2014 | | |
|--|--------------------------------------|-----------------------|------------------------|
| | As previously reported RMB'000 | Adjustment RMB'000 | As restated RMB'000 |
| EQUITY AND LIABILITIES | | | |
| Capital, reserve and non-controlling interests | | | |
| Share capital | 7,261,726 | - | 7,261,726 |
| Reserves | 11,913,045 | 24,820 | 11,937,865 |
| Equity attributable to equity holders of the Company | 19,174,771 | 24,820 | 19,199,591 |
| Non-controlling interests | 10,198,470 | (336,257) | 9,862,213 |
| Total equity | 29,373,241 | (311,437) | 29,061,804 |
| Non-current liabilities | | | |
| Bank loans – due after one year | 11,480,881 | - | 11,480,881 |
| Senior notes | 6,243,882 | - | 6,243,882 |
| Deferred tax liabilities | 1,648,103 | - | 1,648,103 |
| Non-trade amount due to a non-controlling shareholder of subsidiaries | 20,000 | - | 20,000 |
| Total non-current liabilities | 19,392,866 | - | 19,392,866 |
| Current liabilities | | | |
| Bank loans – due within a year | 2,081,398 | - | 2,081,398 |
| Trade payables | 5,496,168 | (210,348) | 5,285,820 |
| Other payables | 7,788,290 | (99,834) | 7,688,456 |
| Non-trade amounts due to: | | | |
| Directors | 21,277 | - | 21,277 |
| Non-controlling shareholders of subsidiaries | 189,833 | (80) | 189,753 |
| Other related parties | 1,996 | - | 1,996 |
| Income tax payable | 2,981,576 | 4,787 | 2,986,363 |
| Total current liabilities | 18,560,538 | (305,475) | 18,255,063 |
| Total equity and liabilities | 67,326,645 | (616,912) | 66,709,733 |

NOTES TO FINANCIAL STATEMENTS

December 31, 2015

134

38 PRIOR YEAR'S ADJUSTMENTS AND RECLASSIFICATIONS (Cont'd)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Cont'd)

| | January 1, 2014 | | |
|--|-----------------------------------|-----------------------|------------------------|
| | As previously reported RMB'000 | Adjustment RMB'000 | As restated RMB'000 |
| ASSETS | | | |
| Non-current assets | | | |
| Property, plant and equipment | 757,334 | (8,542) | 748,792 |
| Investment properties | 8,764,770 | - | 8,764,770 |
| Properties for development | 9,960,451 | (484,225) | 9,476,226 |
| Investment in an associate | - | - | - |
| Investments in joint ventures | 600,486 | 437,677 | 1,038,163 |
| Non-trade amounts due from: | | | |
| Joint venture | - | 200,000 | 200,000 |
| Non-controlling shareholders of a subsidiary | 158,367 | - | 158,367 |
| Intangible asset | 613 | - | 613 |
| Deferred tax assets | 219,707 | (8,475) | 211,232 |
| Derivative financial instruments | 20,402 | - | 20,402 |
| Total non-current assets | 20,482,130 | 136,435 | 20,618,565 |
| Current assets | | | |
| Inventories | 40,830 | - | 40,830 |
| Completed properties for sale | 4,324,410 | - | 4,324,410 |
| Properties under development for sale | 28,640,895 | (667,302) | 27,973,593 |
| Trade receivables | 39,213 | - | 39,213 |
| Other receivables and deposits | 411,268 | (1,353) | 409,915 |
| Non-trade amounts due from: | | | |
| Associate | 354 | - | 354 |
| Joint ventures | 230 | 136,517 | 136,747 |
| Non-controlling shareholders of subsidiaries | 376,380 | - | 376,380 |
| Other related parties | 551 | - | 551 |
| Income tax prepayment | - | - | - |
| Held-for-trading investment | 11,056 | - | 11,056 |
| Pledged bank deposits | 29,643 | - | 29,643 |
| Cash and cash equivalents | 7,082,045 | (112,655) | 6,969,390 |
| Total current assets | 40,956,875 | (644,793) | 40,312,082 |
| Total assets | 61,439,005 | (508,358) | 60,930,647 |

NOTES TO FINANCIAL STATEMENTS

December 31, 2015

38 PRIOR YEAR'S ADJUSTMENTS AND RECLASSIFICATIONS (Cont'd)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (Cont'd)

| | January 1, 2014 | | |
|--|--------------------------------------|-----------------------|------------------------|
| | As previously reported RMB'000 | Adjustment RMB'000 | As restated RMB'000 |
| <u>EQUITY AND LIABILITIES</u> | | | |
| Capital, reserve and non-controlling interests | | | |
| Share capital | 7,261,726 | - | 7,261,726 |
| Reserves | 10,667,853 | 11,828 | 10,679,681 |
| Equity attributable to equity holders of the Company | 17,929,579 | 11,828 | 17,941,407 |
| Non-controlling interests | 9,928,798 | (350,182) | 9,578,616 |
| Total equity | 27,858,377 | (338,354) | 27,520,023 |
| Non-current liabilities | | | |
| Bank loans – due after one year | 7,535,512 | - | 7,535,512 |
| Senior notes | 6,185,391 | - | 6,185,391 |
| Deferred tax liabilities | 1,363,647 | - | 1,363,647 |
| Non-trade amount due to a non-controlling shareholder of subsidiaries | 20,000 | - | 20,000 |
| Total non-current liabilities | 15,104,550 | - | 15,104,550 |
| Current liabilities | | | |
| Bank loans – due within a year | 3,262,391 | - | 3,262,391 |
| Convertible notes | 326,261 | - | 326,261 |
| Trade payables | 5,077,788 | (152,736) | 4,925,052 |
| Other payables | 6,608,820 | (19,292) | 6,589,528 |
| Non-trade amounts due to: | | | |
| Ultimate holding company | 133,741 | - | 133,741 |
| Directors | 23,382 | - | 23,382 |
| Joint venture | - | 1 | 1 |
| Non-controlling shareholders of subsidiaries | 153,427 | (79) | 153,348 |
| Other related parties | - | - | - |
| Income tax payable | 2,890,268 | 2,102 | 2,892,370 |
| Total current liabilities | 18,476,078 | (170,004) | 18,306,074 |
| Total equity and liabilities | 61,439,005 | (508,358) | 60,930,647 |

NOTES TO FINANCIAL STATEMENTS

December 31, 2015

136

38 PRIOR YEAR'S ADJUSTMENTS AND RECLASSIFICATIONS (Cont'd)

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

| | December 31, 2014 | | |
|-----------------------------------|-----------------------------------|-----------------------|------------------------|
| | As previously reported RMB'000 | Adjustment RMB'000 | As restated RMB'000 |
| Revenue | 11,733,334 | 2,636 | 11,735,970 |
| Cost of Sales | (8,302,184) | 37,080 | (8,265,104) |
| Gross profit | 3,431,150 | 39,716 | 3,470,866 |
| Other operating income | 1,100,206 | 11,543 | 1,111,749 |
| Selling expenses | (260,284) | 7,169 | (253,115) |
| Administrative expenses | (525,767) | 12,193 | (513,574) |
| Other operating expenses | (4,069) | - | (4,069) |
| Finance cost | (236,566) | - | (236,566) |
| Share of profit of joint ventures | 93,527 | (49,239) | 44,288 |
| Profit before income tax | 3,598,197 | 21,382 | 3,619,579 |
| Income tax | (1,478,764) | 5,496 | (1,473,268) |
| Profit for the year | 2,119,433 | 26,878 | 2,146,311 |
| Profit attributable to: | | | |
| Owners of the Company | 1,359,447 | 12,953 | 1,372,400 |
| Non-controlling interests | 759,986 | 13,925 | 773,911 |
| | 2,119,433 | 26,878 | 2,146,311 |
| Earnings per share (cents) | | | |
| - Basic | 69.76 | 0.67 | 70.43 |
| - Diluted | 69.42 | 0.66 | 70.08 |

NOTES TO FINANCIAL STATEMENTS

December 31, 2015

38 PRIOR YEAR'S ADJUSTMENTS AND RECLASSIFICATIONS (Cont'd)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

| | December 31, 2014 Group | | |
|---|--------------------------------------|-----------------------|------------------------|
| | As previously reported RMB'000 | Adjustment RMB'000 | As restated RMB'000 |
| Profit for the year | 2,119,433 | 26,878 | 2,146,311 |
| Other comprehensive income: | | | |
| <u>Items that may be reclassified subsequently to profit or loss:</u> | | | |
| Currency translation difference | 22,714 | 39 | 22,753 |
| Cash flow hedge | (11,872) | - | (11,872) |
| Other comprehensive income for the year, net of tax | 10,842 | 39 | 10,881 |
| Total comprehensive income for the year | 2,130,275 | 26,917 | 2,157,192 |
| Total comprehensive income attributable to: | | | |
| Owners of the Company | 1,370,289 | 12,992 | 1,383,281 |
| Non-controlling interests | 759,986 | 13,925 | 773,911 |
| | 2,130,275 | 26,917 | 2,157,192 |

39 EVENTS AFTER THE REPORTING PERIOD

Subsequent to year end, the Group acquired two land parcels in Tainjin Haihe Academic Park for a total consideration of RMB1.97 billion in two public land auctions.

INTERESTED PERSON TRANSACTIONS

The details of interested person transactions (“IPTs”) entered into during the financial year under review were as follows:-

| Name of interested person | Aggregate value of all IPTs during the financial year under review (excluding transactions less than S\$100,000 and transactions conducted under shareholders’ mandate pursuant to Rule 920) FY 2015 | Aggregate value of all IPTs conducted under shareholders’ mandate pursuant to Rule 920 (excluding transactions less than S\$100,000) FY 2015 |
|---|--|--|
| Yanlord Holdings Pte. Ltd. ¹ | RMB12,129,758 | Not applicable |
| Zhong Hai Sheng ² | RMB22,943,582 | Not applicable |
| Zhong Ming ² | RMB42,636,244 | Not applicable |
| Zheng Hong Tu ² | RMB4,296,325 | Not applicable |
| Zhong Sheng Jian | RMB8,082,000 | Not applicable |
| Total | RMB90,087,909 | Not applicable |

Note:

¹ Associate (as defined in the SGX Listing Manual) of Zhong Sheng Jian, director and controlling shareholder of the Company.

² Relatives (as defined in the SGX Listing Manual) of Zhong Sheng Jian, director and controlling shareholder of the Company.

The Group does not have a shareholders’ general mandate for IPTs.

Save as disclosed above, there was no material contract entered into by the Company and its subsidiaries involving the interests of the chief executive officer or any director or controlling shareholder, either still subsisting at the end of the financial year or entered into since the end of the previous financial year.

SHAREHOLDING STATISTICS

As at 11 March 2016

| | | |
|----------------------------------|---|---|
| Number of Shares Issued | : | 1,948,736,476 |
| Class of Shares | : | Ordinary shares with one vote per share |
| Issued and Paid-up Share Capital | : | S\$1,482,552,080 |
| Number of Treasury Shares | : | Nil |

| Size of Shareholdings | No. of Shareholders | Percentage (%) | No. of Shares | Percentage (%) |
|-----------------------|---------------------|----------------|----------------------|----------------|
| 1 – 99 | 14 | 0.21 | 280 | 0.00 |
| 100 – 1,000 | 458 | 7.05 | 443,333 | 0.02 |
| 1,001 – 10,000 | 4,278 | 65.85 | 24,072,143 | 1.24 |
| 10,001 – 1,000,000 | 1,716 | 26.41 | 73,162,863 | 3.75 |
| 1,000,001 AND ABOVE | 31 | 0.48 | 1,851,057,857 | 94.99 |
| TOTAL | 6,497 | 100.00 | 1,948,736,476 | 100.00 |

TWENTY LARGEST SHAREHOLDERS

| Name | No. of Shares | Percentage (%) |
|--|----------------------|----------------|
| YANLORD HOLDINGS PTE. LTD. | 1,035,390,000 | 53.13 |
| UOB KAY HIAN PRIVATE LIMITED | 275,985,558 | 14.16 |
| DBS NOMINEES (PRIVATE) LIMITED | 123,838,938 | 6.35 |
| HL BANK NOMINEES (SINGAPORE) PTE LTD | 106,781,400 | 5.48 |
| BNP PARIBAS SECURITIES SERVICES SINGAPORE BRANCH | 80,871,116 | 4.15 |
| CITIBANK NOMINEES SINGAPORE PTE LTD | 71,309,415 | 3.66 |
| HSBC (SINGAPORE) NOMINEES PTE LTD | 30,832,183 | 1.58 |
| RAFFLES NOMINEES (PTE) LIMITED | 22,959,927 | 1.18 |
| MORGAN STANLEY ASIA (SINGAPORE) SECURITIES PTE LTD | 22,760,680 | 1.17 |
| DBSN SERVICES PTE. LTD. | 16,351,121 | 0.84 |
| UNITED OVERSEAS BANK NOMINEES (PRIVATE) LIMITED | 16,291,600 | 0.84 |
| DBS VICKERS SECURITIES (SINGAPORE) PTE LTD | 6,649,300 | 0.34 |
| WANG NANHUA | 5,737,200 | 0.29 |
| DB NOMINEES (SINGAPORE) PTE LTD | 5,259,442 | 0.27 |
| PHILLIP SECURITIES PTE LTD | 2,822,614 | 0.14 |
| LEE PINEAPPLE COMPANY PTE LTD | 2,500,000 | 0.13 |
| ONG ENG LOKE | 2,400,000 | 0.12 |
| ZHENG XI | 2,361,000 | 0.12 |
| BNP PARIBAS NOMINEES SINGAPORE PTE LTD | 2,025,000 | 0.10 |
| TAN SHOOK YNG | 1,852,000 | 0.10 |
| TOTAL | 1,834,978,494 | 94.15 |

SHAREHOLDING STATISTICS

As at 11 March 2016

140

SUBSTANTIAL SHAREHOLDERS

As Stated in the Register of Substantial Shareholders

| Name | Direct Interest | | Deemed Interest | | Total Interest | |
|---|-----------------|----------------|-----------------|----------------|----------------|----------------|
| | No. of Shares | Percentage (%) | No. of Shares | Percentage (%) | No. of Shares | Percentage (%) |
| YANLORD HOLDINGS PTE. LTD. ¹ | 1,278,390,000 | 65.60 | – | – | 1,278,390,000 | 65.60 |
| ZHONG SHENG JIAN ¹ | 40,939,700 | 2.10 | 1,278,390,000 | 65.60 | 1,319,329,700 | 67.70 |
| ABERDEEN ASSET MANAGEMENT PLC ² | – | – | 116,557,600 | 5.98 | 116,557,600 | 5.98 |

Notes:

- Zhong Sheng Jian is a substantial shareholder of the Company via his deemed interest of 1,278,390,000 ordinary shares in the Company held by Yanlord Holdings Pte. Ltd. ("YHPL"). YHPL is a company which is owned by Zhong Sheng Jian (95% shareholding interest) and his spouse (5% shareholding interest). The total no. of 1,319,329,700 ordinary shares are held directly and via nominee accounts.
- Aberdeen Asset Management PLC ("AAM") is deemed to have an interest in the shares of the Company held by the accounts managed or advised by AAM.

Based on the information available to the Company as at 11 March 2016, approximately 24% of the issued ordinary shares of the Company is held by the public and accordingly, Rule 723 of the Listing Manual issued by the Singapore Exchange Securities Trading Limited has been complied with.

CORPORATE GOVERNANCE STATEMENT

Yanlord Land Group Limited (“Company” and its group of companies, “Group”) is committed to complying with the Code of Corporate Governance 2012 (“Code”) so as to safeguard the interests of the shareholders (“Shareholders”). This statement outlines the Company’s corporate governance processes and activities that were in place during the financial year.

BOARD MATTERS

PRINCIPLE 1: BOARD’S CONDUCT OF AFFAIRS

Disclosure Guide (“DG”): Guideline 1.5

DG: Guideline 1.6

The principal functions of the board of directors of the Company (“Board”) include, among others, supervising the overall management and performance of the business and affairs of the Group and approving the Group’s corporate and strategic policies and direction. Recognising the need for balance between the commercial needs of our customers and environmental preservation, the Group continues to introduce environmental initiatives through developing eco-friendly developments as and when appropriate. The Group’s social responsibilities further extend to include donations to certain non-profit organisations.

Matters which are specifically reserved for the Board’s approval include, among others, significant corporate matters, major undertakings and all matters and transactions listed in the SGX’s Listing Manual (“Listing Manual”) that require Board’s approval. The Board dictates the strategic direction and management of the Company through quarterly reviews of the financial performance of the Group. To facilitate effective management, certain functions of the Board have been delegated to various Board’s committees namely, the Audit Committee (“AC”), the Nominating Committee (“NC”), the Remuneration Committee (“RC”) and the Risk Management Committee (“RMC”) (collectively, “Board Committees”).

The Company’s Memorandum and Articles of Association (“Constitution”) are sufficiently flexible to allow a director to participate at a meeting via telephone, video conference or by means of similar communication equipment. In the course of the financial year under review, the details of the number of meetings held and attended by each of the members of the Board and Board Committees are set out below:

| Director | Board Meeting | | AC Meeting | | NC Meeting | | RC Meeting | | RMC Meeting | |
|-----------------------|---------------|------------|------------|------------|------------|------------|------------|------------|-------------|------------|
| | Held* | Attendance | Held* | Attendance | Held* | Attendance | Held* | Attendance | Held* | Attendance |
| Zhong Sheng Jian | 4 | 4 | - | - | 1 | 1 | - | - | 1 | 1 |
| Zhong Siliang | 4 | 4 | - | - | - | - | - | - | - | - |
| Chan Yiu Ling | 4 | 4 | - | - | - | - | - | - | - | - |
| Hong Zhi Hua | 4 | 3 | - | - | - | - | - | - | - | - |
| Ronald Seah Lim Siang | 4 | 4 | 4 | 4 | 1 | 1 | 1 | 1 | - | - |
| Ng Ser Miang | 4 | 4 | - | - | 1 | 1 | - | - | 1 | 1 |
| Ng Shin Ein | 4 | 4 | 4 | 4 | - | - | 1 | 1 | 1 | 1 |
| Ng Jui Ping | 4 | 4 | 4 | 4 | - | - | 1 | 1 | 1 | 1 |

Notes:

* Reflects the number of meetings held during the time that the director held office.

- Indicates that the director was not a member of that committee during the year.

CORPORATE GOVERNANCE STATEMENT

A director, upon appointment, would be given information on the Group's business, structure and corporate and briefed of strategic direction. The directors may visit the development sites of the Group as and when necessary. The directors are also provided with further explanation and information on any aspect of the Company's operation or business issues from the management of the Company ("Management") at quarterly board meetings or as and when so requested by the directors and receive relevant briefings and updates, particularly on relevant new laws and regulations and changing commercial risks, from time to time, if necessary.

PRINCIPLE 2: BOARD COMPOSITION AND GUIDANCE

DG: Guideline 2.1

DG: Guideline 2.3

DG: Guideline 2.4

DG: Guideline 2.6

The Board comprises:

- | | | |
|----|------------------------|--------------------------------------|
| 1. | Zhong Sheng Jian: | Chairman and Chief Executive Officer |
| 2. | Zhong Siliang: | Executive Director |
| 3. | Chan Yiu Ling: | Executive Director |
| 4. | Hong Zhi Hua: | Executive Director |
| 5. | Ronald Seah Lim Siang: | Lead Independent Director |
| 6. | Ng Ser Miang: | Independent Director |
| 7. | Ng Shin Ein: | Independent Director |
| 8. | Ng Jui Ping: | Independent Director |

The Board determines, at the recommendation of the NC, the independence of each independent director adopting, inter alia, the independence test as recommended by the Code. The NC and the Board note the need for progressive refreshing of the Board and the need to conduct rigorous review on the independence of each independent director who has served on the Board beyond nine years from his first appointment. For the independence test, each director is required to endorse an independent test form, content of which is in accordance with the guidelines as set out in the Code to declare his independency. Each independent director is abstained from assessing and determining his own independence in such review. Taking into consideration the complexity of doing business in China and that these independent directors have continued to demonstrate strong independence in judgment in the discharge of their responsibilities as an independent director of the Company and that they have objectively raised issues and sought clarification as and when necessary from the Board, Management and the Group's external advisers on matters pertaining to their area of responsibilities whether on Board or on the Board Committees and that the Company has also benefited from their years of experience in their respective fields of expertise, the NC and the Board are of the view that all the four independent directors who have served the Board beyond nine years from the respective date of their first appointments remain independent and none of the independent directors has a relationship as stated in Guideline 2.3 of the Code that would otherwise deem him / her not to be independent. Accordingly, there is a strong and independent element on the Board, with independent directors making up half of the Board.

The Board believes that the current size and composition of the Board, their experience and core competencies in various fields are appropriate, effective and provides adequate diversity to the Board, taking into consideration the scope and nature of operations of the Group, the requirements of the business and the need to avoid undue disruptions from changes to the composition of the Board and Board Committees. The Board comprising two female directors in recognition of the importance and value of gender diversity. Assessments of the Board and Board Committees conducted annually allowing the Board to ensure, inter alia, the balance and diversity of the Board and Board Committees necessary to maximise effectiveness.

CORPORATE GOVERNANCE STATEMENT

PRINCIPLE 3: CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Zhong Sheng Jian currently fulfills the roles as the Chairman of the Board (“Chairman”) and the Chief Executive Officer (“CEO”) of the Company. The Board has not adopted the recommendation of the Code to have separate directors appointed as the Chairman and the CEO. This is because the Board is of the view that there is a sufficiently strong independent element on the Board to enable independent exercise of objective judgment on the corporate affairs of the Group. Pursuant to the recommendation in the Code, the Company has also appointed Ronald Seah Lim Siang as its lead independent director.

The Chairman and the CEO is responsible for, among others, exercising control over the quality, quantity and timeliness of the flow of information within the Board and between the Board and the Management, and assisting in ensuring compliance with the Company’s guidelines on corporate governance. The independent directors may meet without the presence of the executive directors from time to time, when necessary.

PRINCIPLE 4: BOARD MEMBERSHIP

PRINCIPLE 5: BOARD PERFORMANCE

DG: Guideline 4.4

DG: Guideline 4.6

DG: Guideline 5.1

NOMINATING COMMITTEE (“NC”)

The NC makes recommendations to the Board on all board appointments. The majority of the members of the NC, including its chairman, are independent. The chairman of the NC is Ng Ser Miang and the other members are Zhong Sheng Jian and our lead independent director, Ronald Seah Lim Siang. The NC is guided by its terms of reference which set out its responsibilities. The NC’s responsibilities include:

- (a) reviewing and recommending the nomination and re-election of our directors having regard to the director’s contribution and performance;
- (b) determining on an annual basis whether or not a director is independent; and
- (c) assessing the performance of our Board, Board Committees as well as contribution of the Chairman and each director to the effectiveness of the Board.

A new director shall be appointed by the Board after taking into consideration the recommendation made by the NC. Selection of candidates to be considered for appointment as directors is facilitated through recommendations from reliable sources. The NC, in considering the appointment and re-appointment of any director, evaluates the criteria of the new directors and performance of the existing directors. The assessment parameters for the new directors include integrity, diversity of competencies and expertise of the new directors. The assessment parameters for the existing directors include attendance records at meetings, intensity of participation at meetings and the quality of interventions.

CORPORATE GOVERNANCE STATEMENT

The Constitution requires new directors appointed during the year to submit themselves for re-election at the next Annual General Meeting (“AGM”) of the Company. The Constitution also requires one-third of the Board to retire by rotation at every AGM. This means that no director may stay in office for more than three years without being re-elected by Shareholders. The Board values the importance of succession planning and progressive renewal of the Board. In this regard, on an annual basis, the NC reviews and makes recommendation on the list of directors who are subject to retire by rotation and whether the composition of the Board shall remain unchanged taking into consideration, among others, each director’s competencies, commitment, contribution and performance. Such recommendations will then be submitted to the Board for Board’s consideration thereafter. The NC is of the view that although some of the directors have multiple board representations in other listed entities, such multiple board representations do not hinder them from carrying out their duties as directors. Instead, these directors’ participation in other listed entities would widen the experience of the Board and give it a broader perspective. The NC shall make recommendation to the Board for the Board to consider adopting the recommendation of the Code to determine the maximum number of listed company board representations which any director may hold as and when necessary.

The Company has in place a system to assess the performance of the Board as a whole, its Board Committee and the contribution by the Chairman to the effectiveness of the Board on an annual basis (“Performance Assessment”). In carrying out the Performance Assessment, the NC and Board take into consideration the views of each individual director. Each director shall complete a questionnaire setting out their respective views on the performance of the Board, Board Committees and Chairman based on various aspects such as the structure of Board and Board Committees, conduct of meetings, corporate strategy and planning, risk management and internal controls and Company’s performance. When assessing the overall performance of the Board, the NC and Board also take into account the directors’ number of listed company board representations and other principal commitments as defined in the Code to determine if a director is able to and has been adequately carrying out his duties as a director of the Company. The contribution of the Chairman is assessed taking into consideration the role of Chairman as prescribed by the Code. The Chairman abstained from participating in his own assessment. The results of the completed questionnaires are compiled into a summary report and the same is tabled for review by the NC and circulated to the Board for consideration thereafter. The Board, having satisfied with its performance, would resolve to retain the current composition of the Board taking into consideration, among others, adequate diversity of the Board, each director’s competencies, commitment, contribution and performance.

The NC also assessed the performance of individual directors on an annual basis based on factors such as the director’s attendance record at the meetings of Board and Board Committees, intensity of participation at meetings and the quality of interventions. Recommendation in respect of the contribution of each individual director to the effectiveness of the Board will be made to the Board thereafter.

Key information regarding the directors is set out in this Annual Report (“2015 Annual Report”) under the heading entitled “Board of Directors”.

PRINCIPLE 6: ACCESS TO INFORMATION

DG: Guideline 6.1

The Board is provided with financial information, as well as relevant background information and documents relating to items of business to be discussed at Board meetings prior to the scheduled meetings. The directors may (whether individually or as a group), in the furtherance of their duties, take independent professional advice (e.g. auditors), if necessary, at the Company’s expense.

The Board has separate and independent access to the Management and Company Secretary at all times. The directors are entitled to request from the Management and be provided with such additional information as needed to make informed decisions in a timely manner.

CORPORATE GOVERNANCE STATEMENT

The Company Secretary attends all Board and Board Committees meetings. The role of the Company Secretary includes responsibility for ensuring that Board procedures are followed and applicable rules and regulations are complied with. Under the direction of the Chairman, the Company Secretary also ensures good information flows within the Board and Board Committees and between the Management and independent directors.

REMUNERATION MATTERS

PRINCIPLE 7: PROCEDURE FOR DEVELOPING REMUNERATION POLICIES

PRINCIPLE 8: LEVEL AND MIX OF REMUNERATION

PRINCIPLE 9: DISCLOSURE OF REMUNERATION

DG: Guideline 9.2

DG: Guideline 9.3

DG: Guideline 9.4

DG: Guideline 9.6

REMUNERATION COMMITTEE (“RC”)

The RC comprises 3 members, all of whom are independent and non-executive directors. The chairman of the RC is Ng Jui Ping and the other 2 members are Ronald Seah Lim Siang and Ng Shin Ein.

The RC is guided by its terms of reference which set out its responsibilities. The RC recommends to the Board, a framework of remuneration for the directors and reviews the remuneration packages for each director and key management personnel. The recommendations of the RC are submitted for endorsement by the Board. All aspects of remuneration, including but not limited to directors’ fees, salaries, annual performance incentives and other benefits including benefits in kind are reviewed by the RC. The RC also administers the Company’s Share Option Scheme 2006. The RC had also reviewed the Company’s obligations arising in the event of termination of the executive directors’ and key management personnel’s contracts of service and opined that such contracts of service contain fair and reasonable termination clauses which are not overly generous.

No director or member of the RC has been involved in deciding his own remuneration package. The total remuneration mix for the CEO, executive directors and top 5 key executive officers (who are not also directors or the CEO) (“Top 5 Key Management Personnel”) of the Group comprises three key components namely, basic salary, annual performance incentive and other benefits including benefits in kind. A significant and appropriate proportion of executive directors’ and Key Management Personnel’s remuneration is structured so as to link rewards to corporate and individual performance. Such performance-related remuneration is aligned with the interests of Shareholders and promotes the long-term success of the Company. Performance conditions to which entitlement to such incentives are met include benchmarking performance to business operation expectations and performance that exceeds such expectations, as well as measuring performance based on the Company’s financial performance vis-à-vis industry performance. The extent to which the performance conditions have been met was taken into account in determining the actual quantum of variable component of remuneration. Whilst the Company currently does not make use of contractual provisions to allow the Company to reclaim incentive components of remuneration paid to its executive directors and Key Management Personnel in exceptional circumstances of misstatement of financial results, or of misconduct resulting in financial loss to the Company, it will consider adopting such contractual provisions, as and when appropriate.

Save for directors’ fees, which have to be approved by the Shareholders at every AGM, the independent directors do not receive any other remuneration from the Company.

CORPORATE GOVERNANCE STATEMENT

Taking into consideration the competitive human resource environment which is especially pronounced in the Group's segment of property market in China, it is proposed that the remuneration of the directors be disclosed in the 2015 Annual Report in bands of S\$250,000 instead of disclosing such figures to the nearest thousand as required by the Code.

1. Remuneration of Directors for FY2015

The remuneration (which includes basic salaries, annual performance incentives, directors' fees and other benefits including benefits in kind, if any) paid or payable to each of the directors for FY2015, in bands of S\$250,000, are as follows:

| Remuneration Band | Basic Salary | Annual Performance Incentives | Directors' Fees | Other benefits including benefits in kind | Total |
|-------------------------------------|--------------|-------------------------------|-----------------|---|-------|
| S\$5,000,000 to S\$5,249,999 | | | | | |
| Zhong Sheng Jian | 5.08% | 94.8% | – | 0.12% | 100% |
| S\$500,000 to S\$749,999 | | | | | |
| Hong Zhi Hua | 75% | 25% | – | – | 100% |
| Zhong Siliang | 72% | 28% | – | – | 100% |
| S\$250,000 to S\$499,999 | | | | | |
| Chan Yiu Ling | 75% | 25% | – | – | 100% |
| Below S\$250,000 | | | | | |
| Ronald Seah Lim Siang | – | – | 100% | – | 100% |
| Ng Ser Miang | – | – | 100% | – | 100% |
| Ng Shin Ein | – | – | 100% | – | 100% |
| Ng Jui Ping | – | – | 100% | – | 100% |

2. Remuneration of the Top 5 Key Management Personnel for FY2015

The remuneration (which includes basic salaries, annual performance incentives and other benefits including benefits in kind, if any) paid or payable to each of the following personnel for FY2015, based on their respective employment periods served in FY2015, in bands of S\$250,000, are as follows:

| Remuneration Band | Basic Salary | Annual Performance Incentives | Directors' Fees | Other benefits including benefits in kind | Total |
|---------------------------------|--------------|-------------------------------|-----------------|---|-------|
| S\$500,000 to S\$749,999 | | | | | |
| Zhang Hao Ning | 75% | 25% | – | – | 100% |
| Chen Ping | 75% | 25% | – | – | 100% |
| Lam Ching Fung | 72% | 28% | – | – | 100% |
| Zhou Cheng | 69% | 31% | – | – | 100% |
| Zhong Bailing | 69% | 31% | – | – | 100% |

The total remuneration paid to the Top 5 Key Management Personnel for FY2015 was S\$3,219,472.

CORPORATE GOVERNANCE STATEMENT

3. Remuneration of employees who are immediate family members (i.e. spouse, child, adopted child, step-child, brother, sister and parent) of a director or the CEO, and whose remuneration exceed S\$50,000 during the year

| Remuneration Band | Position | Relationship | Basic Salary | Annual Performance Incentive | Directors' Fees | Other benefits including benefits in kind | Total |
|---|--|--|--------------|------------------------------|-----------------|---|-------|
| S\$450,000 to S\$499,999 Zheng Xi | Vice-Chairman of Yanlord Investment (Nanjing) Co., Ltd. | Brother of our Chairman & CEO, Zhong Sheng Jian | 80% | 20% | – | – | 100% |
| S\$200,000 to S\$249,999 Zhong Si Nuo | Assistant to our Chairman & CEO, Zhong Sheng Jian | Daughter of our Chairman & CEO, Zhong Sheng Jian | 86% | 14% | – | – | 100% |
| S\$150,000 to S\$199,999 Chung Chiu Yan | Director of Yanlord Investment (Nanjing) Co., Ltd. | Brother of our Chairman & CEO, Zhong Sheng Jian | 100% | – | – | – | 100% |
| Zhong Ming | Assistance General Manager of Shanghai Renpin Property Development Co., Ltd. | Son of our Chairman & CEO, Zhong Sheng Jian | 82% | 18% | – | – | 100% |
| Zhong Si Li | Assistant to General Manager of Shenzhen Long Wei Xin Investment Co., Ltd. | Brother of Zhong Siliang, our Executive Director | 79% | 21% | – | – | 100% |
| S\$100,000 to S\$149,999 Zhong Si Min | Finance Manager of Shanghai Yanlord Xing Tang Real Estate Co., Ltd. | Brother of Zhong Siliang, our Executive Director | 84% | 16% | – | – | 100% |

The Company has a share option scheme namely, Yanlord Land Group Share Option Scheme 2006 (“ESOS 2006”). Details of the ESOS 2006 are set out in the Directors’ Statement found in the 2015 Annual Report.

CORPORATE GOVERNANCE STATEMENT

ACCOUNTABILITY AND AUDIT

PRINCIPLE 10: ACCOUNTABILITY

The Board understands its accountability to the Shareholders for the Group's performance, and Management understands its role in providing all members of the Board with financial accounts and such explanation and information to enable the Board to make a balanced and informed assessment of the Group's performance, financial position and prospects.

The Management is accountable to the Board and presents to the Board, quarterly and full year financial results after the same are reviewed by the AC. The Board reviews and approves the results and authorises the release of results to the public via SGXNET.

PRINCIPLE 11: RISK MANAGEMENT AND INTERNAL CONTROLS

DG: Guideline 11.3

The Board is responsible for the governance of risk. The Board ensures that a sound system of risk management and internal controls to safeguard Shareholders' interests and the Company's assets is maintained by the Management. The internal controls are intended to provide reasonable but not absolute assurance against material misstatements or losses and include the safeguarding of assets, maintenance of proper accounting records, reliability of financial information, compliance with appropriate legislations, regulations and best practices, and the identification and containment of business risks.

Based on the internal controls established and maintained by the Group, work performed by internal and external auditors, and reviews performed by Management, various Board Committees and the Board, the Board, with the concurrence of the AC, are of the opinion that the Group's internal controls, including financial, operational, compliance and information technology controls, and risk management systems, were adequate and effective as at 31 December 2015.

The Board has received assurance from the Chairman and CEO and the Group Financial Controller as well as the internal auditors that for the financial year under review, the financial records have been properly maintained and the financial statements give a true and fair view of the Company's operations and finances; and regarding the effectiveness of the Company's risk management and internal control systems.

RISK MANAGEMENT COMMITTEE ("RMC")

The RMC comprises 4 members. The chairman of the RMC is Ng Shin Ein and the other 3 members are Zhong Sheng Jian, Ng Ser Miang and Ng Jui Ping. The RMC is guided by its terms of reference which set out its responsibilities including:

- (a) identifying, measuring, managing and controlling risks that may have a significant impact on the Group's property development activities;
- (b) reviewing and assessing the Group's risk related policies and methodologies; and
- (c) considering and reviewing matters that may have a significant impact on the stability and integrity of the property market in the People's Republic of China.

The Board, with the assistance of the RMC, determines the Company's levels of risk tolerance and risk policies, and oversee the Management in the design, implementation and monitoring of the risk management system.

CORPORATE GOVERNANCE STATEMENT

PRINCIPLE 12: AUDIT COMMITTEE (“AC”)

DG: Guideline 12.6

The AC comprises 3 independent and non-executive directors. The chairman of the AC is Ronald Seah Lim Siang and the other 2 members are Ng Shin Ein and Ng Jui Ping. The AC is guided by its terms of reference which set out its responsibilities.

The AC assists the Board in discharging its responsibility to safeguard the Group’s assets, maintain adequate accounting records, and develop and maintain effective systems of internal control, with the overall objective of ensuring that the Management creates and maintains an effective control environment in the Group. The AC provides a channel of communication between the Board, the Management and the external auditors on matters relating to audit.

The duties of the AC include:

- (a) review with the external auditors and where applicable, our internal auditors, their audit plans, their evaluation of the system of internal accounting controls, their letters to Management and the Management’s response;
- (b) review quarterly and annual financial results announcements before submission to the Board for approval, focusing in particular on changes in accounting policies and practices, major risk areas, significant adjustments resulting from the audit, compliance with accounting standards and compliance with the Listing Manual and any other relevant statutory or regulatory requirements;
- (c) review and report to the Board the adequacy and effectiveness of the internal controls, including financial, operational, compliance and information technology controls and ensure co-ordination between the external auditors and the Management, and review the assistance given by the Management to the auditors, and discuss issues and concerns, if any, arising from audits, and any matters which the auditors may wish to discuss (in the absence of the Management, where necessary);
- (d) review and discuss with the external auditors any suspected fraud or irregularity, or suspected infringement of any relevant laws, rules or regulations, which has or is likely to have a material impact on the Group’s operating results or financial position, and the Management’s response;
- (e) consider and recommend the appointment or re-appointment of the external auditors and matters relating to the resignation or dismissal of the auditors;
- (f) review interested person transactions (if any) falling within the scope of Chapter 9 of the Listing Manual;
- (g) review potential conflicts of interest, if any;
- (h) undertake such other reviews and projects as may be requested by the Board, and report to the Board its findings from time to time on matters arising and requiring the attention of the AC; and
- (i) generally undertake such other functions and duties as may be required by statute or the Listing Manual, or by such amendments as may be made thereto from time to time.

The AC meets, at a minimum, on a quarterly basis. In the event that a member of the AC is interested in any matter being considered by the AC, he would abstain from reviewing that particular transaction or voting on that particular resolution. If necessary, the AC also meets with the internal and external auditors without the presence of Management. The internal and external auditors have unrestricted access to the AC and vice versa. The AC has been given full access to and co-operation of the Management and has reasonable resources to enable it to discharge its function properly.

CORPORATE GOVERNANCE STATEMENT

The Group incurred an aggregate amount of fees of approximately RMB3.8 million (excluding out of pocket expenses and goods and services tax and converted at a rate of SGD1 = RMB4.57) to the external auditors, Deloitte & Touche LLP, Singapore and Deloitte Touche Tohmatsu Certified Public Accountants LLP, Shanghai, PRC (collectively, “Deloitte”), comprising audit fees of approximately RMB3.7 million and non-audit services fee of approximately RMB0.1 million for the year under review. In compliance with Rule 1207(6)(b) of the Listing Manual, the AC confirmed that it has undertaken a review of all non-audit services provided by Deloitte and they would not, in the AC’s opinion, affect the independence of Deloitte.

The Group has complied with Rules 712 and 715 of the Listing Manual in appointing the audit firms for the Group, its foreign subsidiaries and associated companies.

The AC held 4 meetings (other than passing of resolutions by way of circulations) during the year and carried out its duties as set out within its terms of reference including matters such as reviewing and recommending the relevant financial results to the Board before the same are released on SGXNET, reviewing the internal audit reports and reviewing the re-appointment of external auditors and the audit fees. The AC will also be briefed and updated of any changes to accounting standards and issues which may have direct impact on financial statements from time to time where necessary.

The Company has in place a whistle-blowing policy which provides an avenue for employees of the Group and any other persons to raise concerns about possible improprieties in matters of financial reporting, accounting or auditing, internal controls or internal accounting controls and other operational matters (“Complaint”). The Company believes that it is in the best interests of the Group to promote a working environment conducive for employees and any other persons to raise or report their concerns. Every Complaint raise shall be lodged with the Internal Audit Manager of the Company. The internal audit department maintains a complaint register for the purposes of recording details of such Complaints. The whistle-blowing procedure is set out below:-

1. Definitions

The following words as used shall have the meanings ascribed here:

- 1.1 “Possible Malpractice” means any activity, breach of business conduct and ethics or omission by an employee of the Group or any concerns regarding accounting or auditing matters, internal controls or internal accounting controls and other operational matters that are either questionable or not in accordance with accepted accounting practices and / or trade practices prescribed by the Group.
- 1.2 “Complaint” means any complaint alleging either Possible Malpractices or Retaliatory Action.
- 1.3 “Retaliatory Action” means the use or attempted use of force, authority, intimidation, threat, undue pressure of any kind or any other negative or other inappropriate action, by any employee or officer of the Group, against any person who has filed a Complaint.

2. Reporting of Possible Malpractices

The Company believes that it is in the best interests of the Group to promote a working environment conducive for employees and any other persons to raise or report genuine concerns about Possible Malpractices in matters of financial reporting or other matters in strict confidence, (please refer to item 1.1) they may encounter, without fear of Retaliatory Action.

CORPORATE GOVERNANCE STATEMENT

3. Procedure

3.1 Lodging a Complaint

3.1.1 Every Complaint shall be lodged with the Internal Audit Manager of the Company by the following means:-

1) By Email

Email address: patrick@yanlord.com.hk
Attention: The Internal Audit Manager

OR

2) By Mail

Attention: The Internal Audit Manager
Address: 38F Far East Finance Centre, 16 Harcourt Road, Hong Kong.

(Mark envelope "Private and Confidential")

All correspondence shall be treated with the strictest confidence.

3.1.2 The complainant must provide his particulars ("Particulars") as follows:

3.1.2.1 In the case of employee of the Group:-

- (a) Name;
- (b) Department / Company;
- (c) Contact Number; and
- (d) Email if available.

3.1.2.2 In the case of any other person:-

- (a) Name;
- (b) Correspondence Address / Company;
- (c) Contact Number; and
- (d) Email if available.

The Complaint would not be attended to if the Particulars are not stated. Each complainant is required to provide the Particulars to allegations because appropriate follow-up questions and investigations may not be possible unless the source of the information is identified. By providing the Particulars to the Company, each complainant agrees for the Company to use and disclose the Particulars for purposes of the Complaint.

3.2 Confidentiality of Identity

Every effort will be made to protect the complainant's identity. The identity of the complainant shall be confidential save where:

3.2.1 the identity of the complainant, in the opinion of the AC, is material to any investigation;

CORPORATE GOVERNANCE STATEMENT

- 3.2.2 it is required by law, or by the order or directive of a court of law, regulatory body or by the Singapore Exchange or such other body that has the jurisdiction and authority of the law to require such identity to be revealed;
- 3.2.3 the AC with the concurrence of the Board of Directors opined that it would be in the best interests of the Group to disclose the identity;
- 3.2.4 it is determined that the Complaint was frivolous, in bad faith, or in abuse of these policies and procedures and lodged with malicious or mischievous intent; or
- 3.2.5 the identity of such complainant is already in the public domain.

PRINCIPLE 13: INTERNAL AUDIT

DG: Guideline 13.1

The Group has an in-house internal audit function (“Internal Audit”) that is independent of the activities it audits. The Internal Audit is also staffed with persons of relevant qualifications and experience. The Internal Audit reports directly to the AC chairman, and administratively to the Chairman and CEO. The internal auditors have unfettered access to all the Group’s documents, records, properties and personnel, including access to the AC.

The key role of the Internal Audit is to promote effective internal controls in the Group and to monitor the performance and effective application of internal controls procedures. The Internal Audit carries out its function according to the standard set by internationally recognised professional bodies. The AC is satisfied that the Company’s internal audit function is adequately resourced and effective.

SHAREHOLDER RIGHTS AND RESPONSIBILITIES

PRINCIPLE 14: SHAREHOLDER RIGHTS

All Shareholders are treated fairly and equitably to facilitate the exercise of their ownership rights.

In-line with continuous disclosure obligations of the Company, the Board’s policy is that Shareholders be informed promptly of any major development that may have a material impact on the Group’s performance and affect the price or value of the Company’s shares. Information is communicated to Shareholders on a timely basis, through annual reports that are to be issued to all Shareholders within the mandatory period, quarterly financial statements announcements, press releases and other relevant announcements via SGXNET. The Company does not practice selective disclosure.

All the general meetings of Shareholders are held in Singapore to ensure that Shareholders have the opportunity to participate and vote at the general meetings. Shareholders are informed of the relevant rules including procedures that govern general meetings of Shareholders.

CORPORATE GOVERNANCE STATEMENT

PRINCIPLE 15: COMMUNICATION WITH SHAREHOLDERS

DG: Guideline 15.4

DG: Guideline 15.5

The Company has a team of investor relations staff to promote regular, effective and fair communication with Shareholders and investors. In addition to disclosing relevant information of the Group via SGXNET as set out above, the Company also operates its corporate website at www.yanlordland.com through which Shareholders will be able to access updated information on the Group. The website provides corporate announcements, press releases and other information of the Group. The Group participated in activities such as global investor conferences, analyst briefings and roadshows to solicit and understand the views of the Shareholders and investors. A brief write-up of the Group's investor relations activities can be found in the 2015 Annual Report.

Declaration of dividends, if any, are clearly communicated to Shareholders and where dividends are not paid, explanations are given to the Shareholders too. Such communications with Shareholders are made via SGXNET announcements.

PRINCIPLE 16: CONDUCT OF SHAREHOLDER MEETINGS

All registered Shareholders are invited to participate and given the right to vote on resolutions at general meetings. Proxy form is sent with notice of general meeting to all Shareholders in accordance with the provision of the Constitution. If any individual Shareholder is unable to attend the general meeting in person, he may appoint not more than two proxies in accordance with the provision of the Constitution for the proxies to attend and vote on his behalf at the general meeting. A member of the Company who is a relevant intermediary (as defined in Section 181(6) of the Companies Act, Cap. 50) is entitled to appoint more than two proxies to attend and vote in general meetings pursuant to Section 181(1C) of the Companies Act, Cap. 50. At the general meetings, Shareholders will be given the opportunity to express their views and make enquiries regarding the business and operations of the Group. Voting in absentia by mail, facsimile or email is currently not allowed as such voting methods would need to be cautiously evaluated for feasibility to ensure that there is no compromise to the integrity of the information and the authenticity of the Shareholders' identity. Separate resolutions are proposed for substantially separate issues at the general meetings. The results of all general meetings are disclosed by way of an announcement through SGXNET.

In FY2015, all directors including our four independent directors and the external auditors attended the annual general meeting of the Company held on 28 April 2015. The directors always strive to attend all general meetings of Shareholders to address Shareholders' queries.

All resolutions at its all general meetings shall be voted by poll in accordance with the relevant rules and regulations and the Company shall make relevant disclosure of the voting outcomes in accordance with the prescribed format pursuant to Chapter 7 of the Listing Manual.

DEALINGS IN SECURITIES

The Company has adopted and implemented an internal compliance code to provide guidance to its directors and key employees in relation to the dealings in its securities issued by the SGX. Directors and key employees who have access to material price sensitive information are prohibited from dealing in securities of the Company prior to the announcement of such information. They are also prohibited from dealing in the Company's securities one month prior to the announcement of the Company's full year financial statements and two weeks before the announcement of the Company's financial statements for each of the first three quarters of its financial year, and are further prohibited from dealing in the Company's securities on short-term considerations.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that an Annual General Meeting (“AGM”) of Yanlord Land Group Limited (“Company” or “Yanlord”) will be held on Thursday, 28 April 2016 at 2.00 p.m. at Capricorn and Leo, Marina Mandarin Singapore, Level 1, 6 Raffles Boulevard, Marina Square, Singapore 039594 to transact the following business:

AS ROUTINE BUSINESS

1. To receive and adopt the directors’ statement and the audited financial statements for the financial year ended 31 December 2015 together with the auditors’ report thereon. **(Resolution 1)**
2. To declare a first and final (one-tier) tax-exempt dividend of 1.52 Singapore cents (equivalent to approximately 6.90 Renminbi cents) per ordinary share for the year ended 31 December 2015. **(Resolution 2)**
3. To approve the payment of Directors’ Fees of S\$400,000 (equivalent to approximately RMB1,816,830) for the year ended 31 December 2015 (FY2014: S\$400,000, equivalent to approximately RMB1,948,553). **(Resolution 3)**
4. To re-elect the following Directors, each of whom will retire pursuant to Article 91 of the Articles of Association of the Company and who, being eligible, offer themselves for re-election:
 - a) Chan Yiu Ling **(Resolution 4a)**
 - b) Ng Jui Ping **(Resolution 4b)**
 - c) Zhong Siliang **(Resolution 4c)**

(Detailed information on these Directors can be found in the Company’s Annual Report 2015 under the section entitled “Board of Directors”.)

5. To re-appoint Messrs Deloitte & Touche LLP, Singapore as Auditors of the Company and to authorise the Directors to fix their remuneration. **(Resolution 5)**

AS SPECIAL BUSINESS

6. To consider and, if thought fit, to pass with or without any amendments, the following resolutions as Ordinary Resolutions:
 - 6A. That pursuant to Section 161 of the Companies Act, Cap. 50 (“Act”) and the Listing Manual of the Singapore Exchange Securities Trading Limited (“SGX-ST”), authority be and is hereby given to the Directors of the Company to:-
 - (a) (i) allot and issue shares in the capital of the Company (“Shares”) whether by way of rights, bonus or otherwise; and / or
 - (ii) make or grant offers, agreements or options (collectively, “Instruments” and each, an “Instrument”) that might or would require Shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) warrants, debentures or other instruments convertible into Shares,

at any time and upon such terms and conditions and for such purposes and to such persons as the Directors may, in their absolute discretion, deem fit; and
 - (b) (notwithstanding the authority conferred by this Resolution may have ceased to be in force) issue Shares in pursuance of any Instrument made or granted by the Directors while this Resolution was in force,

NOTICE OF ANNUAL GENERAL MEETING

provided that:

- (1) the aggregate number of Shares to be issued pursuant to this Resolution (including Shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed fifty per cent. (50%) of the total number of issued Shares excluding treasury shares in the capital of the Company (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of Shares to be issued other than on a pro rata basis to shareholders of the Company (including Shares to be issued in pursuance of Instruments made or granted pursuant to this Resolution) does not exceed twenty per cent. (20%) of the total number of issued Shares excluding treasury shares in the capital of the Company (as calculated in accordance with sub-paragraph (2) below);
- (2) (subject to such manner of calculation as may be prescribed by SGX-ST) for the purpose of determining the aggregate number of Shares that may be issued under sub-paragraph (1) above, the percentage of the total number of issued Shares excluding treasury shares shall be based on the total number of issued Shares excluding treasury shares in the capital of the Company at the time this Resolution is passed, after adjusting for:-
 - (i) new Shares arising from the conversion or exercise of any convertible securities or share options on issue at the time this Resolution is passed; and
 - (ii) any subsequent bonus issue, consolidation or subdivision of Shares;
- (3) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Act, the Listing Manual of SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST) and the Memorandum and Articles of Association for the time being of the Company; and
- (4) (unless revoked or varied by the Company in general meeting) the authority conferred by this Resolution shall continue in force until the conclusion of the next AGM of the Company or the date by which the next AGM is required by law to be held, whichever is earlier. **(Resolution 6)**

6B. That:-

- (1) for the purposes of sections 76C and 76E of the Act, the exercise by the Directors of the Company of all the powers of the Company to purchase or acquire issued and fully paid Shares not exceeding in aggregate the Maximum Percentage (as defined below), at such price or prices as may be determined by the Directors from time to time up to the Maximum Price (as defined below), whether by way of:-
 - (a) market purchases on the SGX-ST ("Market Purchase"); and / or
 - (b) off-market purchases (if effected otherwise than on the SGX-ST) in accordance with any equal access scheme(s) as may be determined or formulated by the Directors as they consider fit, which scheme(s) shall satisfy all the conditions prescribed by the Act ("Off-Market Purchase"),

and otherwise in accordance with all other laws, regulations and rules of the SGX-ST as may for the time being applicable, be and is hereby authorised and approved generally and unconditionally ("Share Buyback Mandate");

NOTICE OF ANNUAL GENERAL MEETING

- (2) unless varied or revoked by the members of the Company in general meeting, the authority conferred on the Directors of the Company pursuant to the Share Buyback Mandate may be exercised by the Directors at any time and from time to time during the period commencing from the date of the passing of this Resolution and expiring on the earlier of:-
- (a) the date on which the next AGM of the Company is held; or
 - (b) the date by which the next AGM of the Company is required by law to be held.

In this Resolution:-

“Maximum Percentage” means that number of issued Shares representing not more than 10% of the total number of issued Shares as at date of the passing of this Resolution (excluding any Shares which are held as treasury shares as at that date);

“Maximum Price” in relation to a Share to be purchased or acquired, means the purchase price (excluding brokerage, commission, applicable goods and services tax, stamp duties, clearance fees and other related expenses) not exceeding:-

- (i) in the case of a Market Purchase, 105% of the Average Closing Price of the Shares; and
- (ii) in the case of an Off-Market Purchase, 120% of the Average Closing Price of the Shares;

“Average Closing Price” means the average of the closing prices of a Share over the last five (5) market days on which the Shares are transacted on the SGX-ST or, as the case may be, such securities exchange on which the Shares are listed or quoted, immediately preceding the date of the Market Purchase by the Company or, as the case may be, the date of the making of the offer pursuant to the Off-Market Purchase, and deemed to be adjusted, in accordance with the rules of the SGX-ST, for any corporate action that occurs after the relevant five-day period; and

“date of the making of the offer” means the date on which the Company makes an offer for the purchase or acquisition of Shares from shareholders, stating therein the relevant terms of the equal access scheme for effecting the Off-Market Purchase.

- (3) the Directors of the Company and / or any of them be and are hereby authorised to complete and do all such acts and things (including executing all such documents as may be required) as they and / or he may consider expedient or necessary or in the interests of the Company to give effect to the transactions contemplated and / or authorised by this Resolution. **(Resolution 7)**
7. To transact any other ordinary business which may properly be transacted at an annual general meeting.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE OF BOOKS CLOSURE AND DIVIDEND PAYMENT DATES

NOTICE IS ALSO HEREBY GIVEN THAT the Share Transfer Book and Register of Members of the Company will be closed on 20 May 2016, for the purpose of determining the shareholders' entitlements to the first and final (one-tier) tax-exempt dividend of 1.52 Singapore cents (equivalent to approximately 6.90 Renminbi cents) per ordinary share for the year ended 31 December 2015 ("Proposed Dividend") to be proposed at the AGM of the Company to be held on 28 April 2016.

Duly completed registrable transfers in respect of Shares of the Company received by the Company's Share Registrar, Boardroom Corporate & Advisory Services Pte. Ltd., of 50 Raffles Place, Singapore Land Tower #32-01, Singapore 048623 up to 5.00 p.m. on 19 May 2016 will be registered to determine shareholders' entitlements to the Proposed Dividend. Shareholders whose securities accounts with the Central Depository (Pte) Limited are credited with Shares as at 5.00 p.m. on 19 May 2016 will be entitled to the Proposed Dividend.

The Proposed Dividend, if approved at the forthcoming AGM, will be paid on 3 June 2016.

BY ORDER OF THE BOARD

Lim Poh Choo
Company Secretary

8 April 2016
Singapore

NOTICE OF ANNUAL GENERAL MEETING

Notes to Notice of AGM:

- (i) A member of the Company who is not a Relevant Intermediary and entitled to attend and vote at the AGM is entitled to appoint not more than two proxies to attend and vote on his behalf.
- (ii) A member of the Company who is a Relevant Intermediary and entitled to attend and vote at the AGM is entitled to appoint more than two proxies to attend and vote, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member's form of proxy appoints more than two proxies, the number and class of Shares in relation to which each proxy has been appointed shall be specified in the form of proxy.

"Relevant Intermediary" has the meaning ascribed to it in Section 181 of the Act.
- (iii) A proxy need not be a member of the Company.
- (iv) The instrument appointing a proxy must be deposited at the registered office of the Company at 9 Temasek Boulevard #36-02 Suntec Tower Two Singapore 038989 not less than 48 hours before the time fixed for holding the AGM.
- (v) Resolution 4b: Ng Jui Ping who is an independent director will, upon re-appointment as a Director of the Company, remain as Chairman of the Remuneration Committee and member of the Audit Committee and Risk Management Committee.
- (vi) Resolution 6, if passed, is to empower the Directors from the date of the AGM to be held on 28 April 2016 until the date of next AGM, to issue Shares and to make or grant instruments (such as warrants or debentures) convertible into Shares, and to issue Shares in pursuance of such instruments, up to a number not exceeding in total fifty per cent. (50%) of the total number issued Shares excluding treasury shares in the capital of the Company with a sub-limit of twenty per cent. (20%) for issues other than on a pro-rata basis to shareholders (calculated as described above).
- (vii) Resolution 7 relates to the renewal of the Share Buyback Mandate which was originally approved by shareholders on 2 April 2009. Please refer to Appendix I to this Notice of AGM for details.

Personal Data Privacy:

By attending the AGM and / or any adjournment thereof and / or submitting an instrument appointing a proxy(ies) and / or representative(s) to attend, speak and vote at the AGM and / or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents or service providers) for the purpose of the processing and administration by the Company (or its agents or service providers) of proxies and representatives appointed for the AGM (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the AGM (including any adjournment thereof), and in order for the Company (or its agents or service providers) to comply with any applicable laws, listing rules, regulations and / or guidelines (collectively, the "Purposes"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and / or representative(s) to the Company (or its agents or service providers), the member has obtained the prior consent of such proxy(ies) and / or representative(s) for the collection, use and disclosure by the Company (or its agents or service providers) of the personal data of such proxy(ies) and / or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

YANLORD LAND GROUP LIMITED

(Incorporated in the Republic of Singapore)
Company Registration No. 200601911K

IMPORTANT:

1. A Relevant Intermediary may appoint more than two proxies to attend and vote at the Annual General Meeting (Please refer to Note 3 for the details).
2. This Proxy Form is not valid for use by CPF / SRS Investors and shall be ineffective for all intents and purposes if used or purported to be used by them. CPF / SRS investors should contact their respective Agent Banks If they have any queries regarding their appointment as proxies.

PROXY FORM

ANNUAL GENERAL MEETING

I/We _____ (Name)

of _____ (Address)

being a member / members of Yanlord Land Group Limited (the "Company" or "Yanlord") hereby appoint:

| Name | Address | NRIC / Passport Number | Proportion of Shareholdings (%) | |
|------|---------|------------------------|---------------------------------|---|
| | | | No. of Shares | % |
| (a) | | | | |

and / or (delete as appropriate)

| Name | Address | NRIC / Passport Number | Proportion of Shareholdings (%) | |
|------|---------|------------------------|---------------------------------|---|
| | | | No. of Shares | % |
| (b) | | | | |

or failing him / her, the Chairman of the annual general meeting of the Company ("AGM") to be held at Capricorn and Leo, Marina Mandarin Singapore, Level 1, 6 Raffles Boulevard, Marina Square, Singapore 039594 on Thursday, 28 April 2016 at 2.00 p.m. and at any adjournment thereof, as my / our proxy / proxies to attend and vote for me / us on my / our behalf at the AGM.

Note: In compliance with Rule 730A(2) of the SGX Mainboard Listing Rules, the Chairman of the AGM will be exercising his right under Article 61(i) of the Articles of Association of the Company to demand a poll in respect of each of the resolutions to be put to the vote of members of the Company at the AGM and at any adjournment thereof. Accordingly, each resolution at the AGM will be voted on by way of a poll.

| No. | Ordinary Resolutions | No. of Votes | |
|-----|--|--------------|----------|
| | | For* | Against* |
| | ROUTINE BUSINESS | | |
| 1 | Adoption of Reports and Accounts | | |
| 2 | Declaration of Dividend | | |
| 3 | Approval of Directors' Fees | | |
| 4 | (a) Re-election of Chan Yiu Ling as Director | | |
| | (b) Re-election of Ng Jui Ping as Director | | |
| | (c) Re-election of Zhong Siliang as Director | | |
| 5 | Re-appointment of Auditors | | |
| | SPECIAL BUSINESS | | |
| 6 | Authority for Directors to issue shares and convertible securities | | |
| 7 | Renewal of Share Buyback Mandate | | |

* If you wish to exercise all your votes "For" or "Against", please tick (✓) within the relevant box provided. Alternatively, please indicate the number of votes as appropriate. In the absence of specific directions, each proxy will vote or abstain as the proxy deems fit.

Dated this _____ day of _____ 2016

Total number of Shares held

Signature(s) or Common Seal of Member(s)**IMPORTANT: PLEASE READ NOTES TO PROXY FORM ON THE REVERSE**

PROXY FORM

Affix
Stamp
Here

**THE COMPANY SECRETARY
YANLORD LAND GROUP LIMITED**
9 Temasek Boulevard
#36-02 Suntec Tower Two
Singapore 038989

Fold here

Fold here

NOTES TO PROXY FORM:

1. Please insert the total number of shares held by you. If you have shares entered against your name in the Depository Register (as defined in Section 81SF of the Securities and Future Act, Cap. 289), you should insert that number. If you have shares registered in your name in the Register of Members of the Company, you should insert that number. If you have shares entered against your name in the Depository Register and registered in your name in the Register of Members, you should insert the aggregate number. If no number is inserted, this form of proxy will be deemed to relate to all the shares held by you.
2. A member of the Company who is not a Relevant Intermediary and entitled to attend and vote at the AGM is entitled to appoint not more than two proxies to attend and vote on his behalf. Where a member appoints more than one proxy, the appointments shall be invalid unless he specifies the proportion of his holding (expressed as a percentage of the whole) to be represented by each proxy.
3. A member of the Company who is a Relevant Intermediary and entitled to attend and vote at the AGM is entitled to appoint more than two proxies to attend and vote, but each proxy must be appointed to exercise the rights attached to a different share or shares held by such member. Where such member's form of proxy appoints more than two proxies, the number and class of shares in relation to which each proxy has been appointed shall be specified in the form of proxy.
"Relevant Intermediary" has the meaning ascribed to it in Section 181 of the Companies Act, Cap. 50.
4. A proxy need not be a member of the Company.
5. The instrument appointing a proxy or proxies shall, in the case of an individual, be signed by the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its common seal or signed on its behalf by an attorney or a duly authorised officer of the corporation.
6. Where an instrument appointing a proxy is signed on behalf of the appointor by an attorney, the letter or power of attorney or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument of proxy, failing which the instrument may be treated as invalid.
7. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the AGM, in accordance with Section 179 of the Companies Act, Cap 50.
8. The Company shall be entitled to reject an instrument appointing a proxy / proxies which is incomplete, improperly completed, illegible or where the true intentions of the appointor is not ascertainable from the instructions of the appointor contained in the instrument of proxy. In addition, in the case of shares entered in the Depository Register, the Company may reject an instrument of proxy if the member, being the appointor, is not shown to have shares entered against his name in the Depository Register as at 72 hours before the time fixed for holding the AGM, as certified by The Central Depository (Pte) Limited to the Company.
9. The instrument appointing a proxy or proxies must be deposited at the Company's registered office at 9 Temasek Boulevard #36-02 Suntec Tower Two Singapore 038989 not less than 48 hours before the time fixed for the AGM.
10. By submitting an instrument appointing a proxy(ies) and / or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of AGM dated 8 April 2016.



仁恒
YANLORD

Yanlord Land Group Limited
仁恒置地集团有限公司

Registration No. 200601911K

9 Temasek Boulevard
#36-02 Suntec Tower Two
Singapore 038989
Tel: (65) 6336 2922
Fax: (65) 6238 6256

www.yanlordland.com