NEW TOWN

China New Town Development Company Limited
中國新城鎮發展有限公司

Hong Kong Stock Code: 1278
Singapore Stock Code: D4N.si

合縱連橫 穩中致勝

推進新型城鎮化建設

2015
Annual Report

CORPORATE PROFILE

Overview

China New Town Development Company Limited (Stock code: D4N.si or 1278.hk) (the "Company" or "CNTD") is dual-listed on the main board of The Singapore Exchange Securities Trading Limited ("SGX") and The Stock Exchange of Hong Kong Limited ("HKEx") since 14 November 2007 and 22 October 2010 respectively.

In March 2014, China Development Bank International Holdings Limited ("CDBIH"), a wholly-owned subsidiary of China Development Bank Capital Corporation Limited ("CDBC" or "CDB Capital") completed its subscription of CNTD's 54.3% shares. China Development Bank Corporation ("CDB") is one of the biggest policy Banks in China and has been continuously supporting the urbanization construction in China since its establishment. CDB Capital, as a wholly owned subsidiary of CDB, has a national network layout in the business segment of new town development business. To this point, the Company has officially become the one and only listed platform of CDB and CDB Capital in the business segment of new urbanization. In the future, we will leverage the advantage of controlling shareholder's resources and experience, and integrate the opportunities arising from the new urbanization policy actively promoted by China, to build a national leading brand as a comprehensive new-town-developing operator.

We are a pioneer in China's new-type of urbanization. We have established industry leadership through over ten years of solid track record since 2002, and are among the very first players to engage to primary land development. Through the process of continuous development and open up of new-type of urbanization, the Company is gradually reforming, exploring and planning the blueprint of urbanization, while shaping development concepts and strategies. Going on with the basis to follow the guidelines of national policy, we will take charge of urban layout planning with focus on creating new-type cities and towns featuring "city-industry integration". By constructing high-quality facilities, introducing superior brands, exploiting downstream developments and cultivating the long-term value of urbanization in the industry, we aim at building a sustainable level of profitability over the long run.

Currently, CNTD has projects including Nanjing Yuhuatai District Two Bridges Project, Yangzhou Airport New Town, Danyang Xinmeng River Project, Shanghai Luodian and Shenyang Lixiang. Among them, Shanghai Luodian and Shenyang Lixiang, with a remaining salable areas of 859mu and 17,760mu respectively, are the inventory projects before the acquisition, in which we share part of the interest in the proceeds from the sale of land use right. For the Nanjing, Yangzhou and Danyang projects, through direct equity participation, PPP model, setting up special funds and other methods, we are entitled to a generous annualized fixed income according to the investment amount and receive credit enhancements on our investments such as including the returns into the local government's annual fiscal budget. What's more, the Group entered the Nanjing and Yangzhou projects with an investment model featuring steady and measurable fixed income, to further identify and select opportunities in the value-added section of the downstream value chain in the process of urbanization development, through participating in areas including industry introduction, secondary land development and smart-city operation to boost follow-up investment opportunities for excessive returns, as well as to implement "city-industry integration" in the true sense aiming at creating a leading new brand in the field of new-type of urbanization.

Under the background of the national policy which supports new urbanization, we have confidence to realize the steady upgrade of the Company's scale of assets and operating results by fully integrating the resource advantage of controlling shareholders and the rich experience of project teams.

GOAL

Our Goal is to be the best new town developer in China achieving long-term sustainable growth whilst we continue to strive for short to medium term profitability in order to deliver the greatest value to our shareholders.

MISSION

Our Mission is to build a conscience corporation embracing the value of social ethics, environment and people.

CONTENTS

OUR BUSINESS

Introduction

We started to enter the new town development industry since 2002, so far has accumulated more than 13 years' experiences in the operation of development. In the previous project development, we accumulated a complete operational experience in the industry chain of new town development, including preliminary planning, land consolidation and supporting construction of infrastructure facilities, achieve a value appreciation for the resources introduced in the region, and so on.

Upon becoming a subsidiary of CDB Capital, we will make good use of these operating experience, together with the national resources advantage of controlling shareholder, to actively make an optimization of project operation mode, identified the business mode of "primary land development+downstream operation development", rapidly expanded the business scale, to achieve a good scale effect and build brand advantage. Based on the primary land development, we actively focus on the value-added service processes, such as design of regional planning, resource introduction, city operation and management, and etc., in the new urbanization business chain, taking the lead to engage in the investment of quality land resources with an investment model featuring steady and measurable fixed income and leveraging the opportunities for intensive cooperation with local governments as well as the strong background and business networks of shareholders in jointly promoting a variety of business opportunities in areas including industrial parks, cultural tourism, primary and secondary synergies, equity investment and asset management. At the same time, in accordance with the Company's development plans, we will optimize the investment and financing structure to cope with the Company's business development funding needs with the hope of bringing lucrative return to shareholders.

Taking Nanjing two bridges project as an example, the cooperative period with the government is five years and the capital contribution is RMB490 million. During the cooperative period, we are entitled to an annual 17.1% investment income on the capital contribution (about 12.8% after-tax). In September 2015, the Company successfully reached an agreement with Jiangsu Hong-tu Software Venture Capital Investment Ltd., a company controlled by Shenzhen Capital Group Co., Ltd. (SCGC), on cooperation in the development of land parcel A5 of Software Valley in Nanjing's Yuhuatai District, which is a full reflection of the advanced "industrial investment + park development" model under which the rich industrial resources of China Development Bank Corporation (CDB) and SCGC will be introduced on top of Software Valley 's quality industrial land resources to form a complete industry chain so that land value will be enhanced and accordingly the Group will obtain added value and investment return on property development, hence achieving long-term town planning and urban operations and a win-win sustainable future.

At the end of 2015, the Company's investment in the "low-risk and high-return" fixed income projects amounted to approximately RMB1.4 billion, showing signs of gaining scale as well as laying the foundation for a fixed income of nearly RMB200 million in the coming year. In addition, the Group is active in financing exploration and innovation, drawing credit support from the parent company for overseas low-cost bond issuance and financing on one hand and establishing partnerships with bank funds for higher investment return on high leverage on the other hand.

Fully supported by the resource advantages of CDB and China Development Bank Capital, going forward we will intensively explore urban development investment opportunities along the downstream industry chain and, combining with low-cost financing channels, integrate a wide range of resources and optimize investments and structures to promote sustained growth in the Company's assets and results.

LAND DEVELOPMENT PROJECTS

Nanjing Yuhua New Town

- Total site area of 21.4 sq. km.
- Two Bridge Area (from Tiexin Bridge to Xishan Bridge) is located in the center of Yuhuatai District, the Software Valley, which will become the CBD of the district in the future. It undertakes an important responsibility for connecting the integrated development in the southern part of Nanjing
- Currently Two bridges Area lag behind in terms of development, isolated from surrounding area, and gradually became the center of subsidence. It is imperative for the area to perform a reformation , to which has been attached great importance by the municipal government and the district government
- Innovative business mode employed in the project: fixed investment return in primary development plus a linkage of primary development and secondary develop, which embodies the resources advantages of, and the great support from, CDB capital

Danyang Projects

- Danyang, located in Shanghai economic circle and corridor within Yangtze River Delta, is one of the economies with the fastest economic growth and the greatest financial strength in Jiangsu province, and has a good economic strength.
- Yangtze River Delta region is one of the regions in China which has the greatest potential and vitality in the economic development, also is one of the target areas into which the Group will expand its business, and full of a large number of construction opportunities in urbanization projects, which provides an opportunity for the Group to diversify its investment.

Yangzhou Airport New Town Project:

- An industrial new town established around Yangtai international airport, which is located in Jiangdu district, Yangzhou city. Yangtai airport has been approved by the State Council as the national first-class port in the year, currently it has more than 20 domestic large and medium-sized cities air routes and more international routes, including South Korea, Taiwan, Hong Kong and various regions in the southeast Asia.
- The region has a planning control area of 77 square kilometers, which is located in the middle of Jiangsu province, an important geographical location, exposed to the double radiation from Shanghai and Nanjing metropolitan circle, and covering over 10 million people. It enjoys a very convenient transportation in the region, where airport, highway, port and railway have been built, and it enjoys an integration synergy advantage in terms of "port, road and airport". The region will focus on the development of 4 industries, namely, airport logistics, electronic information, general aviation, high-end business services, the establishment of airport economic industry center and the creation of a model for the development of industry linked with city.

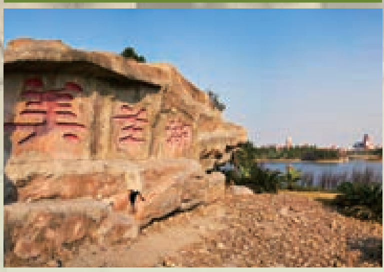
PROJECT LIST

Shanghai Luodian New Town (72.63% equity interests)

- Total site area of 6.80 sq. km.
- Located at Baoshan District, connected to downtown Shanghai by metroline #7 (with two stops at Luodian), around 30 minutes ride to downtown Shanghai
- Selected as permanent site to co-host the National Urbanization Forum with the National Development and Reform Commission of the PRC
- Also features a Five-star Crowne Plaza Hotel, two 18-holes PGA standard golf courses (the site of Lake Malaren BMW Masters Tournament), an European-styled retail street with over 72,000 sq.m. of rental space, an international convention centre, and Lake Malaren Maternity Hospital (provisional name)
- Substantially completed (96.62% completion)
- Approximately 575,520 sqm of remaining land available for sale representing 25% of total, available for sale up to year 2016

Shenyang Lixiang New Town (90% equity interests)

- Site area of 20.55 sq. km.
- Located at Dongling District, close proximity to Shenyang city centre and adjacent to Shenyang Taoxian International Airport
- In the Dahunnan area where is planned to be transformed into “New Centre, New Landmark, New Hub and New Energy” under the Government’s strategic plan; host of the 2013 National Games
- Approximately 45% completed of development
- Approximately 11.84 million sq.m. of remaining land inventory available for sale representing 96% of total, available for sale up to year 2038



OUR STRENGTHS & STRATEGIES

Strategic Positioning

- CDB and CDB Capital's sole listed platform in new urbanization.
- As CDB capital's operation platform in urbanization business, the Company is committed to strengthening CDB capital's core competitiveness in the field of urbanization development and operation, and to form a national leading urban development and operation group covering financing, investment, development and operation.

Business Strategy

- With the guidance of "investment in township + downstream business cultivation" business development strategy, leverage the close relationship between CDB and CDB Capital and government and their huge customer resources, choose high quality project across the country, improve the quality of the Company's assets and improve profitability.
- Transform the current model of "deep plowing individual project" into a mode of "Multiple projects going hand in hand", achieve economies of scale.
- Build first-class development capacity in the areas, such as primary land development, introduction of city resource urban comprehensive operation, urbanization of asset management.
- Take advantage of its own capacity in development and operation and CDB Capital's financial investment strength, to provide new integrated solutions for urbanization.

Financing Strategy

- Leverage the advantage of CDB and CDB Capital in the field of credit background, enhance investor confidence, and build the Company's overseas financing channel.
- Use a variety of innovative financing method on project oriented loans to further strengthen the Company's financial strength.
- Benefiting from the various sources of fundraising options of the listed platform to enhance CNTD's overall financial leverage and return on equity.

Core Competitiveness

- Continuously supplement and improve the Group's organization structure with CDBC's management expertise.
- Rapidly accumulate external resources such as new town development alliance and completion of joint projects.
- Standardize project flows to enhance accumulation and continuity of the relevant knowledge and experience.

BOARD OF DIRECTORS

Executive Directors

Mr. Liu Heqiang *(Chief Executive Officer)*
Ms. Yang Meiyu
Mr. Ren Xiaowei

Non-executive Directors

Mr. Fan Haibin *(Chairman)*
Mr. Zuo Kun *(Vice Chairman)*
Mr. Li Yao Min *(Vice Chairman)*
Mr. Xie Zhen

Independent Non-executive Directors

Mr. Henry Tan Song Kok
(Lead Independent Non-executive Director)
Mr. Kong Siu Chee
Mr. Zhang Hao
Mr. E Hock Yap

AUDIT COMMITTEE

Mr. Henry Tan Song Kok *(Chairman)*
Mr. Zhang Hao
Mr. E Hock Yap

NOMINATING COMMITTEE

Mr. E Hock Yap *(Chairman)*
Mr. Henry Tan Song Kok
Mr. Kong Siu Chee

REMUNERATION COMMITTEE

Mr. Kong Siu Chee *(Chairman)*
Mr. Henry Tan Song Kok
Mr. E Hock Yap

COMPANY SECRETARY

Ms. Chan Sau Ling

BOARD SECRETARIES

Mr. Teo Meng Keong
Ms. Chen Rong

BUSINESS ADDRESS

Suites 4506-4509
Two International Finance Centre
No. 8 Finance Street
Central, Hong Kong
Telephone: (852) 3759 8300
Facsimile: (852) 3144 9663
Website: www.china-newtown.com

REGISTERED OFFICE

2/F Palm Grove House
P.O. Box 3340
Road Town, Tortola
British Virgin Islands

BVI PRINCIPAL SHARE REGISTRAR

Tricor Services (BVI) Limited
P.O. Box 3340, Road Town
Tortola, British Virgin Islands

SINGAPORE SHARE TRANSFER AGENT

Tricor Barbinder Share Registration Services
80 Robinson Road
#02-00, Singapore 068898

HONG KONG BRANCH SHARE REGISTRAR

Tricor Investor Services Limited
Level 22, Hopewell Centre
183 Queen's Road East, Hong Kong

LEGAL ADVISORS

Harry Elias Partnership LLP
WongPartnership LLP
Herbert Smith Freehills
Freshfields Bruckhaus Deringer
Zhonglun W&D Law Firm
Global Law Office
King & Wood Mallesons
City Development Law Firm

AUDITOR

Ernst & Young
22/F, CITIC Tower, 1 Tim Mei Avenue, Central
Hong Kong SAR
Auditor's Date of Appointment: 20 November 2007
Partner-in-charge: Mr Terence Ho Siu Fung
Partner-in-charge Since: 9 November 2011

STOCK EXCHANGE LISTED

ISIN Code: VGG2156N1006

Singapore Exchange Securities Trading Limited

Stock Name: CHINA NEW TOWN
Stock Code: D4N.si

The Stock Exchange of Hong Kong Limited

Stock Name: ChinaNewTown
Stock Code: 1278

PRINCIPAL BANKERS

CITIC Bank International Limited
The Agricultural Bank of China
United Overseas Bank Limited
Shanghai Pudong Development Bank
Bank of Communication Co., Ltd.

DEAR SHAREHOLDERS,

On behalf of the Board of Directors of China New Town Development Company Limited, I present the Chairman Report of 2015.

2015 is a year mixed with challenges and opportunities to China's macro-economy. Affected by the global macroeconomic environment, the Chinese economy has been gradually facing the arrival of "Lewisian turning point" since 2008. It is facing diminishing demographic dividend, worsening resource and environmental constraints, the gradually sliding resources-and-energy-intensive heavy industries from peak time, infrastructure reaching capacity limit at some areas, among other factors. The growth rates at major economic zones flatten, with potential economic growth rate evidently shrinks. Under the environment and facing the pressure of economic downturn, while structurally reforming the economy is a critical test to China's tough economic transition, it also brings along new opportunities for future development.

Follow national policies, face the challenges and seize development opportunities

In the Central Economic Working Conference held in December 2015, the CPC Central Committee General Secretary, State President and Central Military Commission Chairman Xi Jinping mapped out the economic work plans for 2016, focusing on the implementation of proposed requirements of the "Thirteenth Five-Year Plan", to promote structural reforms and sustainable healthy development of the economy. The five major tasks including overcapacity curbing, de-inventorying, de-leveraging, lowering costs, and remedying shortages were clearly mentioned in the conference. It is further emphasized that urbanization forms a major part of the process for completing these five tasks.

New-type urbanization, being a major driving force for economic development and repeatedly emphasized by the new government, has been raised to the level of national policy. In the beginning of 2014, the CPC Central Committee and the State Council published the "New National Urbanization Plan (2014-2020)" which provided a macro, strategic and fundamental plan to guide the healthy development of urbanization across the country for the foreseeable future. It emphasized that urbanization is not only crucial to releasing domestic demand as a long-term growth engine, but also plays a practically significant and milestone setting role in the comprehensive building of a prosperous society and accelerating the modernization of socialism.

Fan Haibin
Chairman

China Development Bank ("CDB"), the largest development financial institution in China, has been aiming for "strengthening national standings and improving people's livelihood", serving national development strategies. It firmly executes national macro-economic policies, actively making the impact of development finance in key fields, weak links, and in critical periods. CDB plays a unique role in raising and guiding social capital and committing to providing mid to long-term investment and financial backing to promote key market formations. Therefore, urbanization as a pillar field identified by the national policy, has always been CDB's principal business focus.

In 2014, CDB received a cash injection of RMB1 trillion from the People's Bank of China and established the housing finance division, focusing on providing mid to long-term financing support to the transformation of shanty-towns and urban villages across the country. Specifically, in 2014 CDB has accumulatively lent out RMB408.6 billion worth of loans to transform shanty-towns and RMB1.11 trillion to urbanization, in support of the implementation of most recent national urbanization plan, which accounted for 60% of RMB loans issued during the year. In the first half of 2015, CDB has accumulatively lent RMB729 billion to the urbanization sector, accounting for 68% of the RMB loans issued in the same period. The increase of percentage fully reflects the unique role of CDB in the new-type urbanization field.

In the coming year, the entire CDB system will continue to implement the national policy unswervingly, shouldering greater responsibility and investing in the country's future, especially by exerting its unique functions in strategic areas of industrial-township integrated growth and new-type urbanization.

Formulate clear strategy, adopt innovative models, establish a leading position in the field of investment and operation in new-type urbanization

Based on this strategic plan, CNTD was officially acquired by CDB and CDB Capital on 28 March 2014, becoming the only listed platform of CDB system in urbanization and targeting to consolidate the strategic resources of the CDB system in the operations of new-type urbanization and establish a unique operating platform and brand within the industry.

2015 represents the second year after the completion of acquisition. The Company's management has strategically focused on strengthening the investment in new-type urbanization projects. Leveraging on shareholder CDB's abundant resources and network, the Company rolled out smooth project cooperation with local governments which in turn opened up opportunities to cultivate the downstream investment opportunities of new-type urbanization. Leveraging the industry impact of CDB through investing in high quality urbanization projects nationwide, the Company accelerates establishing its own investment strategy and characteristics and continues to grow towards fulfilling the role of the core operating platform in new-type urbanization of CDB and CDB Capital. This will change investment mode from the previously deeply and capital intensively engaging in a single project to a diversified mode of investment, so that the Company establishes a brand new business model while securing a better return to shareholders.

In September 2015, the Company and Shenzhen Venture Capital Group Co., Ltd. Entered into a "Strategic Cooperative Agreement" to establish long-term strategic partnership, under which Nanjing Yuhuatai Software Valley A5 Project was launched as the premiere project. This fully reflects the advanced business model of "industry investment + industrial park development" and introducing the respective abundant resources of CDB and Shenzhen Venture Capital Group to the Software Valley's industrial land resource to form a comprehensive industrial chain and thus enhancing the land value and ensuring positive spillovers to the related downstream industries. In addition, the Company is actively involved in Yangzhou Airport New Town Project, aiming to explore deep high-quality investment opportunities in the Yangtze River Delta region through the participation in the project development, to ultimately enhance the Company's brand value in new-type urbanization segments. In the meantime, the Company participated and contributed capital to the CDB-BOFCOMM New-type Urbanization Fund, which enabled the Company to inherit CDB and CDB Capital's strong financial investment experience and project sourcing channels, and constantly launched new projects in relation to urbanization.

Breakthrough in opening up financing channels, optimize the asset allocations, create attractive value for shareholders

Concurrently with efforts in exploring project investment, the Company also constantly opens up financing channels and continues to boost its business development. With the great support from CDB and CDB Capital, the Company issued an offshore RMB bond with total issuance size at RMB1.3 billion with interest rate of 5.5% in 2015. This attempt not only established a good corporate image of the Company, CDB and CDB Capital in the offshore capital market, but also optimized the financing costs and created value for the Company in terms securing visible profit on investment business in the future. In addition, the Company initiated the establishment of a 5 billion urbanization fund in early 2016, aiming to provide stable funding support to the launching of a series of new-type urbanization projects with this one-stop financing solutions with clear cost advantages.

2016 will be the new stage that the Company continues to grow and optimize its business allocation. Under the guidance of the Central Government who continuously implements new-type urbanization policies and maximizing the benefits of the controlling shareholder CDB's core strategic advantages in terms of project development, financial investment and financing, the Company will continue to cultivate business opportunities along the urbanization value chain, to enrich its business model and to explore innovative investment and financing channels. The objective is to achieve growth in operating profits and the expansion of asset scale, strengthening the Company's position as the core operating platform in the new-type urbanization business segment of CDB and CDB Capital and eventually becoming the industry leader and create better value for shareholders.

At the end, on behalf of the Board of Directors I would like to thank our shareholders, investors, financial institutions and business partners for their unconditional support to the Company in the past year, and to extend my sincere gratitude for the hardwork of all directors, management and employees. We will, as always, continue to strive to create long-term value for our respected shareholders.

Fan Haibin
Chairman

11 March 2016

CEO STATEMENT

Dear shareholders:

2015 marks the second year after the successful acquisition of China New Town Development Company Limited ("CNTD" or the "Company", together with its subsidiaries, the "Group") by CDB Capital. Building on the results achieved by effort into solidifying the Group's business throughout 2014, we formulated our business development strategy and established the business model of "investment in township development + downstream business cultivation" in the field of new town development. We strategically deployed our business across the nation and stepped up our execution effort. In order to achieve solid results on our execution, on one hand we took advantage of our insights of the policies governing the industry and adhered closely to the national policy, constantly rolling over our investment in township development across the country and exploring downstream development opportunities. Our business mix has become more diversified. As a result, we secured new project investments amounting to RMB1 billion through 2015, generating strong investment return for the Group. On the other hand, we devoted to improving the operating efficiency of the Group, optimizing our financing channels and steadily advancing the development progress of our project portfolio. We set a series of milestones during the year, including financial turnaround for the Group, fully preparing ourselves for the exciting opportunities emerging from the industry.

FORMULATE BUSINESS DEVELOPMENT STRATEGY AND ACCELERATE PROJECT LAUNCH

Overall taking into a number of factors including the industry development trends of new town development and policy environment, building on the foundation of our investment into the Nanjing Yuhuatai District Two Bridges Shanty-town Redevelopment Project in 2014, the Group formulated its future development strategy as the complementary combination of "investment in primary land development" with "downstream business cultivation and operation", affirming that investment in township development is the Group's principal activity. Furthermore, we proactively explored downstream operations in strategic locations, accumulating scarce quality assets in tier-one and tier-two cities. These moves fundamentally evolved the Group's revenue model from the historical model of purely relying on sharing land sale proceeds and continuously improve the asset mix and profitability of the Group.

During 2015, using Nanjing as the regional center and leveraging the overall strategic resources of the CDB system, we strategically focused on exploring project opportunities in the Yangtze River Delta region. While we accumulated considerable fixed return from investment, we also achieved solid progress in terms of exploring diversified downstream business opportunities and special investment opportunities such as those under the PPP model. In the future, the Group will remain fully committed to strengthening its investment business. We expect investment return will become an increasingly important profit driver of the Group in the near future, and emerge as a core part of its principal business.

In 2015, the Group's business development progress can be summarized as follows:

Liu Heqiang
CEO

1. In-depth exploration of business opportunities in Nanjing and securing another showcase project at Yangzhou Airport New Town

Near the end of 2014, the Group secured the flagship project in Nanjing Yuhuatai District Two Bridges Region and Software valley, setting the foundation and template for the Group's future development. In this project, apart from securing the attractive investment return of 17.1% per annum on pre-tax basis, the Group has the potential of nurturing this new town into a new-type urbanization showcase featuring high-end industries as well as integrated functionalities across commercial and recreational, cultural and tourism, and livelihood ancillary facilities.

The Two Bridges Project is located at the geographical center of Yuhuatai District and at the heart of Nanjing Software Valley, one of the largest communication software engineering parks in China. It is the pivot of Nanjing South Development Golden Corridor and fuels the coordinated development of the region. In September 2015, building on the close relationship with the local government at primary land development, the Group further reached out its business by acquiring the 13.9% equity interest of Jiangsu Hongtu Venture Capital Company Limited, a company controlled by the Shenzhen Venture Capitalist Group, at total consideration of RMB37.5 million. Through this transaction, the Group gets to participate in the development of land parcel A5 in Nanjing Yuhuatai District Software Valley, a valuable business opportunity. Furthermore, the Group entered into strategic cooperative framework agreement with the Shenzhen Venture Capitalist Group and established long-term strategic cooperative relationship. With this, the Group is well positioned to continue to leverage its deep root in the Yangtze River Delta to tap into investment opportunities in secondary land development and other downstream sectors so as to profit from various value add components along the urbanization value chain.

After the successful experience of adopting an integrated model of investment and operation at the Nanjing Yuhuatai District Two Bridges Project, in December 2015, CNTD, Yangzhou Airport New Town Administrative Committee and Hengfeng Bank entered into the Comprehensive Cooperative Agreement, pursuant to which the Group will, by way of direct equity investment and establishing a special purpose fund, to contribute an aggregate of RMB300 million in instalments and enjoy attractive fixed investment return. Such fixed investment return benefits from credit enhancement measures from Yangzhou Jiangdu District Government by way of listing the return and relevant capital exit arrangements into annual fiscal budget and providing commensurate collaterals. Furthermore, the Group will provide operational management support and introduce its network of strategic partners to accelerate the industrial development pace and execution quality at the new town, in turn the Group shall be entitled to sharing potential economic benefits with the government. In addition, the Group also plans to establish a joint venture to be controlled by us to participate in secondary land development in the region, and overall engage in the development and subsequent long-term operation and maintenance of high-end ancillary facilities such as intelligence system and new energy system.

The Nanjing and Yangzhou projects are both large-scale and long-term development projects within the core municipal areas of leading Yangtze River Delta cities. The Group enters these projects with a prudent fixed return investment model featuring highly visible profit profile, and subsequently deploys a management team to closely involve in the development stage, so as to timely discover and selectively participate in the value-add components of downstream township development. On one hand this will generate enormous amount of follow-up investment opportunities and enhance our return to shareholders, on the other hand it helps the Group rapidly enhance its capabilities to pursue business cooperation and strategic resources integration, taking a key step to building a strong brand and industry leader in the field of new-type urbanization.

2. Integrating industry nurturing with township development and enhance downstream business opportunities

New-type urbanization as currently advocated by the national policy is vastly different from the previous model of urbanization, driven mainly by property development. Emphasis is particularly attributed to optimizing industry planning, reasonably fueling economic growth and employment, which is seen as a sustainable mode of growth focusing on and for the people. On the backdrop of such macro environment, the launching of the Nanjing Yuhuatai Project and Yangzhou Airport New Town evidences how the Group is able to take advantage of and integrate the strategic resources of the network of regional branches of China Development Bank and secure projects. Meanwhile the China Development Strategic Alliance of CDB Capital equips the Group with top-notched business network and partners, propelling the Group's development. This is crucial for the Group to secure more high quality integrated industrial nurturing and township development projects and strengthen the Group's project portfolio.

Specifically, the development of land parcel A5 of Nanjing reflects the advanced integrated model of "industry investment with industrial park development". Through bringing in the respective resources of China Development Bank and the Shenzhen Venture Capitalist Group to the quality industrial land, comprehensively completing the business value chain and subsequently promoting the value of land, the Group will in turn enjoy value creation and investment returns from property development. Similarly, in the Yangzhou Airport New Town Project, the objectives are to coordinate investment from the strategic cooperative alliance, bringing logistics and high-end manufacturing businesses to the airport new town, so as to promote the acceleration and quality of its industrial development and lay a solid foundation for the Group to tap into downstream operations. This type of "industry investment + industry park development" can be replicated in other industrial parks around the country, and therefore the business model of industrial investment and operation potentially can be constructive in terms of improving the Group's asset quality and return to shareholders.

On 27 May 2015, the Group and Sino IC Capital Management Company Limited entered into Strategic Cooperative Framework Agreement, pursuant to which the Group and Sino IC Capital will cooperate intersectional value chains of the integrated circuit industry and township development, including the development of new industrial parks, upgrade of industrial parks, integrated services, strategic alliance and procuring industrial players to locate their businesses to the industrial parks developed or operated by the Group. Sino IC Capital is the sole manager of the National Integrated Circuit Industry Fund with funds under management exceeding RMB120 billion, and it has the mandate under the national policy of attracting social capital and leading technology to invest and promote the integrated circuit industry growth across the nation. With the full support from CDB Capital, the Group gets to explore comprehensive cooperation with an industry powerhouse and combine the mutual core competencies and take advantage of the business synergies, it is expected that we can achieve breakthroughs in business segments such as primary land development for industrial parks, industrial park development and operation, business merchandizing etc.. This is critical for the Group to rapidly improve its business scale and profitability, as well as to expand its business network.

In the future, the Group will roll out investment, development and operating businesses for various type of industrial parks in regions with excellent industrial foundations such as the Yangtze River Delta, the Pearl River Delta and Pan Bohai Zone. In promoting the coordinated industrial growth and township development, we plan to adhere to the national policy on new-type urbanization.

3. Promote the PPP model advocated by the State Council and secure stable urbanization investment income

In July 2015, the Group first announced its first investment in new-type urbanization development project adopting the public-private-partnership model ("**PPP model**") in adherence to the national policy. The Group participated in Danyang municipal water conservancy infrastructure development in Jiangsu Province as the private sector investor in the transaction. Pursuant to the agreed terms, the Group gets to enjoy investment return subsidies at 13% per annum on its invested capital of RMB200 million, with the municipal government committing to provide such guaranteed return subsidies and repurchase the equity interest held by the Group at the end of investment period so that the Group can fully redeem its original investment amount. In December of the same year, as a continuation of the previous investment, the Group funded another RMB200 million investment in phase II of the Danyang Water Conservancy project, which served as a good example of tap-on investment opportunity to an existing project within the same year. The Danyang projects benefit from dedicated PPP loan facilities provided by China Development Bank at the project level and fully evidences the systematic synergies between the Group's investment business with the lending capabilities of CDB. It serves as a template project with excellent replicability in the field.

Building our business around national policies and inheriting the principal businesses from CDB and CDB Capital, the Group is dedicated to seeking investment opportunities in the fields of shanty-town redevelopment and urban village redevelopment in tier-one and tier-two cities, with the objective of securing attractive investment returns for providing one-stop solutions in financing and operations for business partners, with a particular emphasis on prudent risk management. As of the end of 2015, the Group has entered into investment agreements of urbanization projects amounting to approximately RMB1.4 billion. With a steadily growing scale, this project portfolio secures nearly RMB200 million of fixed investment income for the coming year.

OPEN UP ONSHORE AND OFFSHORE FINANCING CHANNELS AND ENHANCE RETURN THROUGH EFFECTIVE USE OF LEVERAGE

To support the constructive progress of our investment business, during 2015, the Group proactively explored onshore and offshore financing channels, in particular those suiting the needs of the Group's unique business model, steadily bringing in cashflow for the Group and ensures the competitiveness of the Group in terms of funding costs.

1. Offshore debt issuance to match deployment of project investments

The Group successfully issued a 3-year unrated offshore RMB senior guaranteed notes in the first half of 2015. The final issuance amount was RMB1.3 billion and securing the interest cost at 5.5% per annum. This offshore bond issuance represents a significant breakthrough of the Group in offshore financing. Its significance is not only shown in the optimized cost of financing, but also the excellent corporate image of the Group and CDB Capital established in the offshore capital markets through the transaction and that it evidences the unweaving support from CDB Capital on the Group's development. Proceeds from the transaction were mainly deployed in new project investments of the Group. By supporting an accelerated investment progress, it was crucial in solidifying the Group's new business model with stable investment returns and timely expanded the Group's asset scale.

2. Establishing onshore investment partnership and effective use of leverage at investment level

In terms of onshore financing, the Group proactively seek innovative solutions based on the Group's unique investment model at its projects. In June 2015, with the capacity as the Junior-tranche Limited Partner, the Group committed to invest RMB150 million into CDB-BOCOMM New-type Urbanization Development Fund, an RMB10 billion investment partnership principally engaged in fixed return investments in nationwide shanty-town redevelopment and urbanization projects. Within this investment partnership, the aggregate capital contributed from CDB associates amounted to RMB2 billion, which was further boosted by RMB8 billion of low cost capital, or equivalently 4 times financial gearing, to drive its investment business.

This innovative township development fund structure inherits the strategic advantage of prudent investment style of CDB Capital while allowing reasonable use of gearing in business areas with relatively high level of safety. As a result, it enables the Group to participate in nationwide shanty-town redevelopment while creating excellent return on capital for CNTD. Based on the return on investments by the investment partnership so far, the return on the Group's junior-tranche limited partnership investment exceeds 30%. The Group accumulatively contributed over RMB65 million of capital through the investment partnership in 10 projects in 2015, such capital contribution is expected to generate annualized investment return in excess of RMB25 million for the Group.

As a continuation of this innovative financing structure, in 2016, the Group plans to independently raise and manage its own CDB New Town New-type Urbanization Development Fund. The proposed aggregate committed capital is RMB5 billion, which, through introducing low cost capital from senior-tranche limited partners, provides a one-stop financing solution at competitive cost for the Group's development and accelerated investment deployment, ultimately to create better investment returns for shareholders. This transaction will benefit from the backing by CDB Capital by way of investing with the capacity as the intermediate-tranche limited partner, effectively using the enormous industry impact and excellent track record of CDB Capital to secure optimal financing terms for the Group. The investment partnership to be managed by the Group has an investment period of 8 years, among which the first 4 years are investment deployment period. It is envisaged that leveraging the Group's investment experience in the field of urbanization and its project pipelines, the investment partnership will maintain a relatively fast and steady capital deployment pace and strengthen the Group's leading position in new-type urbanization investment.

REVITALIZE EXISTING PROJECTS AND OPTIMIZE ASSET MIX

While stepping up our efforts in launching new investments, the Group remained committed to revitalizing its existing projects with particular focus on unlocking the cash value from those projects. Subsequent to disposal of the Group's equity interest in the Wuxi project company in 2014, in November 2015 the Group announced the disposal of the 30% equity interest in Changchun New Town Automobile Industry Development Company Limited held by the Group to Changchun Kaida, the then minority shareholder of the project company, with the consideration of RMB66.28 million. Immediately subsequent to the disposal, the Group's shareholding interest in the project company falls to 50% and Changchun New Town ceases being the Group's subsidiary company going forward. The joint venture partners further agree to explore various business opportunities pertaining to new town development in Changchun with an evolved investment model and investment focus, with the ultimate goal to fully revitalize the Group's historical investments in the region and generate profits and cashflows for the Group.

Time approaches 28 March 2016, the deadline for fulfilling the obligations set out in the Disposal Master Agreement entered into between the Group and SREI. As the agreed payments for disposal considerations of the transaction were delayed several times, out of prudence, the Group's controlling shareholder CDBIH entered into separate share charge agreement with SREI, pursuant to which SREI pledges all its shareholding interests in the Group and the relevant property rights herein to CDBIH as security arrangement for, among other things, its obligations to the Group under the Disposal Master Agreement.

OUTLOOK FOR 2016

While management dedication to improve performance of the Group certainly was crucial to the positive developments of the Group in 2015, on the other hand the Group's breakthroughs were inseparable from the strategic resources of the CDB Group as a whole, in particular, the strong support from CDB Capital to the Group's development in terms of opening project pipelines and providing credit enhancement measures for the Group's offshore debt financing and onshore bank financing arrangements. This evidences the strategic importance of the Group in CDB Capital's urbanization business.

Building on such strong foundation from 2015, looking ahead into 2016, the management commits to raise the performance bar further, both in terms of strategic planning and execution. In the short to medium term, we plan to continue executing the core strategy of the Group with a particular focus on delivering results and achieve profits for shareholders, the primary objectives being to substantially improve the Group's top line growth and return on equity. In terms of longer term strategic planning, we will firmly stick to national policy and strategically deploy around selected segments along the urbanization value chains offering fundamental opportunities and/or attractive profit prospects, for example, segments highly related to township livelihood as well as industry-township integrated development.

Specifically:

1. Accelerate the growth of the Group's business

The Group will closely follow the series of policies promulgated by the Central Government in relation to shanty-town redevelopment, industry-township integrated development, and continue to step up managerial efforts to source for new investment opportunities in these areas. At the same time, taking into account the current regional economic imbalances in the PRC economy, we will prudently choose the regions for our project deployment, especially focusing on breakthroughs in the Yangtze River Delta economic zone, while also exploring other leading economic zones such as the "Beijing-Tianjin-Hebei Zone" and city clusters around tier-one and tier-two cities of the nation.

In terms of investment model, during 2016 we plan to continue the principal strategy of fixed income investment model. On the basis of securing stable cashflow and investment return for the Group, we plan to further explore investment and operation business opportunities from various downstream segments and diversify the nature of our investment business. Furthermore, we plan to further consolidate the core competency of the CDB system, especially over the unmatched financing background and business network of our parent group in the field of shanty-town redevelopment, as well as nationwide development opportunities in industry-township integrated development. We will strive to achieve breakthrough in high value-add operational segments such as industrial parks, education and tourism, to improve the Group's operating profits as well as market value for shareholders.

Stepping up from the RMB1 billion new investment amount secured in 2015, it is envisaged that through our independently funded projects and capital contributions to projects through the CDB New Town Urbanization Development Fund, the Group targets to deploy RMB1.5 billion to 2.0 billion of new investments in the year of 2016. This will further strengthen the asset base of the Group. We will also uphold our risk control philosophy and target projects on the best risk-reward frontier.

In 2016 we estimate that about half of our new investments will be deployed into fixed income investments, with the rest deployed over investments into operational downstream assets. We believe our existing projects provide the best shot for achieving breakthroughs in the exploration of downstream business opportunities, including for example, in Nanjing where we have foundation of primary land development business, we plan to deepen our cooperation with the district government and launch downstream businesses in the field of culture and tourism, industrial parks, integrated primary and secondary land development; in our Yangzhou Airport New Town, we seek to earn service fees on our merchandizing services; we plan to deepen the cooperation with Sino IC Capital pursuant to our strategic cooperative agreement and proactively seek to launch an integrated circuit industrial park. We will also seek to step up our business presence in top cities such as Beijing and Shanghai, with an objective to own and operate a considerable amount of assets, so as to substantially improve the overall asset quality and valuation of the Group.

2. Improve financial standings and profitability

Through dedicated new project launches, the asset mix of the Group has been continuously improving. On the basis of financial turnaround in 2015, we commit to further improve the financial standings of the Group, including to diversify the sources of revenue to include investment income and a widened source of operational income from downstream businesses, increase the percentage composition of profitable assets, to achieve sustainable improvements in both of the Group's reported profit and business profitability prospect, and ultimately to create better return for shareholders.

In 2016, the Group will devote to resuming land sale at the Shanghai Luodian project, so as to generate considerable profit from the Group's existing land portfolio and unlocking the hidden value in our historical investments. In addition, through the accumulation of newly launched investment projects, it is expected that the percentage composition of effective assets will be substantially increased to achieve better operational economy of scale overall.

Specifically, in terms of new deployment in fixed income type investments, the Group will preferentially invest into those with relatively high safety margins and use reasonable financial gearing to enhance return on our investment; in terms of downstream businesses, we will commit to fully leverage the development platforms we established at each project company and our abundant strategic resources to explore lucrative investment and operational business opportunities and derive profit from high value-added segments along the industry value chain.

3. Gradual deployment of longer time strategies

In the longer term, in terms of asset allocations, the Group will gradually step up investment into quality assets to be held under the Group's control and ownership. With the premise of prudent risk management, we will proactively seek to acquire quality assets and lay the foundation for long term value accretion for the Group. Correspondingly, the Group seeks to simultaneously grow its fixed income type investments. This will not only secure stable cash inflow to the Group, but also enable the Group to through time convert a certain percent of fixed income type projects into quality assets held under the Group's ownership. Overall, the Group aims at striking the balance between satisfying short term growth needs while accomplishing longer term strategic accumulation of high quality and high yielding assets.

In terms of regions, the Group will focus on acquiring assets in tier-one and tier-two cities, to accumulate sustainable and visible operating profits and improve the value of the Group. And in terms of segment selection, the Group plans to through investment and mergers enter downstream product segments and replicate them on the project portfolio of the Group. This will nurture the regional land value and in turn enhances the Group's core competencies in operational capabilities and brand value.

4. Complete asset restructuring as soon as possible

The Group will continue to improve its asset portfolio, retrieve cash values and move on from historical burdens. As time approaches the expiry time of the Disposal Master Agreement, we will take proactive measures against the breach of terms by SREI and devise contingency plans to protect the interest of the Group and all shareholders. We will also push for the completion of disposal of the Wuxi project and receive the remaining balance of disposal considerations.

5. Open up financing channels

While making use of the CDB New Town Urbanization Development Fund, to be established in the beginning of 2016, to provide financing support and drive our fixed income type investments, the Group will continue to explore financing channels both onshore and offshore, including to study the feasibility of taking advantage of the relatively loose monetary environment onshore and the low interest cost as a result and arranging an onshore financing transaction at excellent financing cost.

Building on the solid foundation laid through 2015, in 2016, the management team is confident that the Group will be able to leverage its development experience and its overseas financing and investment platform, to make the most out of our talent pool, to maximize our core competencies, to seek breakthrough among stable results, to improve the execution quality and efficiency and to remain full steam ahead on our business development, and ultimately, to maximize the value of shareholders!

Liu Heqiang
Chief Executive Officer

11 March 2016

A summary of the consolidated results and assets and liabilities of the Company and its subsidiaries (the "Group") of the last five financial years, as extracted from the published audited financial statements and reclassified as appropriate, is set out below.

	For the year ended 31 December				
RMB'000	**2015**	2014	2013	2012	2011
Continuing operations					
Revenue	**67,022**	56,813	608,256	689,994	546,570
Cost of sales	**(12,445)**	(651,195)	(353,552)	(430,764)	(229,924)
Gross profit/(loss)	**54,577**	(594,382)	254,704	259,230	316,646
Other income	**143,815**	56,401	32,799	1,379	23,100
Selling and distribution costs	–	(8,857)	(73,060)	(18,461)	(24,353)
Administrative expenses	**(97,745)**	(82,403)	(70,082)	(63,390)	(74,955)
Other expenses	**(3,521)**	(847)	(18,535)	(9,094)	(200,760)
Operating profit/(loss)	**97,126**	(630,088)	125,826	169,664	39,678
Finance costs	**(69,230)**	(85,923)	(114,730)	(40,329)	(10,608)
Gain on disposal of subsidiaries and joint venture	**60,378**	616,091	–	–	–
Share of loss of a joint venture	**(51)**	–	–	–	–
Profit/(loss) before tax from continuing operations	**88,223**	(99,920)	11,096	129,335	29,070
Income tax	**5,254**	44,941	(33,282)	(39,369)	(51,238)
Profit/(loss) after tax from continuing operations	**93,477**	(54,979)	(22,186)	89,966	(22,168)
Discontinued operations					
Loss after tax from discontinued operations	**(125,359)**	(154,191)	(237,077)	(44,233)	(211,012)
Gain after tax on partial disposal of assets and liabilities relating to discontinued operations	**67,683**	3,990	–	–	–
Profit/(loss) for the period	**35,801**	(205,180)	(259,263)	45,733	(233,180)
Non-controlling interests	**(29,340)**	(143,776)	(46,271)	31,292	(32,453)
Profit/(loss) attributable to equity owners of the parent	**65,141**	(61,404)	(212,992)	14,441	(200,727)
Assets and liabilities					
Total assets	**10,885,616**	9,812,131	11,563,384	11,761,087	10,616,030
Total liabilities	**7,001,194**	5,964,695	8,584,100	8,520,540	7,590,384
Total equity	**3,884,422**	3,847,436	2,979,284	3,240,547	3,025,646
Equity attributable to equity owners of the parent	**3,590,957**	3,525,816	2,457,188	2,670,180	2,488,571
Non-controlling interests	**293,465**	321,620	522,096	570,367	537,075
Total equity	**3,884,422**	3,847,436	2,979,284	3,240,547	3,025,646

FINANCIAL REVIEW

OPERATING RESULTS

Our results of operations are primarily driven by the frequency and achieved selling prices of public auction of land use rights, which are affected by various factors and not within the complete control of the Group. In 2015, the Group's revenue increased by 18% as compared with the same period of 2014, primarily because the development progress of Shanghai Luodian Project increased from 96.17% to 96.62% during the year, resulting in a corresponding revenue recognition of RMB30.92 million. In addition, Shanghai Luodian Project recognized ancillary facilities revenue of RMB36.10 million in the year.

In the full year of 2015, while the Group's revenue increased by 18%, cost of sales dropped 98% as compared with the same period of 2014, which is mainly because the Shanghai Luodian Project recorded RMB605 million of impairment provision on land development for sale in December 2014 whilst there is no such impairment provision in this financial year.

OPERATING EXPENSES

Selling and distribution costs

In the full year of 2015, no selling and distribution cost was incurred. The selling and distribution costs of RMB8.86 million in 2014 were mainly due to the total expenses of hosting the China Urbanization International Forum amounted to RMB8 million, while there was no such forum held during 2015.

Administrative expenses

In the full year of 2015, administrative expenses incurred amounted to RMB97.74 million, representing an increase of RMB15.34 million as compared with the same period of 2014. It was due to office rental expenses and property management fees after the relocation of the Group's administrative center to Beijing, as well as the additional staff costs and other administrative expenses in relation to CDBC New Town (Beijing) Management Consulting Company Limited and CDBC New Town (Beijing) Asset Management Company Limited, companies newly established during the year.

Other income

In the full year of 2015, other income amounted to RMB143.82 million, an increase of RMB87.42 million as compared with the same period of 2014. It was mainly due to: i) an increase in net income of RMB70.74 million from investment classified as receivables for the Nanjing Two Bridges Project during the year as compared to the same period of 2014; and ii) the net income of RMB10.36 million from investment classified as receivables for the newly launched Danyang Flood Discharge and Canal Regulation Project in accordance with the PPP (Public-Private-Partnership) model.

Other expenses

In the full year of 2015, other expenses of RMB3.52 million increased by RMB2.67 million from the same period of 2014. Such increase in expenses was mainly due to the bad debt provision on other receivables amounting to RMB2.80 million.

NON-OPERATING ACTIVITIES

Finance costs

In the full year of 2015, the Group recorded net finance costs of RMB69.23 million, including interest expenses on bank and other borrowings of RMB19.78 million which was a reduction of RMB66.14 million as compared with 2014. Such reduction was mainly due to a reduction in the average balance on bank and other borrowings as well as a lower bank loan rate during the year. In addition, the issuance of RMB senior guaranteed notes in 2015 resulted in interest expenses of RMB49.45 million during the year. The aggregate net finance costs impact of the above was reduced by RMB16.69 million.

Gain on disposal of subsidiaries

In the full year of 2015, the Group disposed of 30% equity interest in the subsidiary Changchun New Town, resulting in a gain of RMB60.38 million. In the fourth quarter of 2014, the Group disposed the Wuxi Project Group to Wuxi Xinfa Group in stages, resulting in a gain on disposal of subsidiaries and a joint venture, which were not relating to Disposal Assets, of RMB616 million.

Taxation

In the full year of 2015, the Group recorded an income tax credit of RMB5.25 million, such income tax credit mainly attributable to: i) deferred tax asset of RMB14.61 million recognized from the loss at the Shanghai Luodian Project; ii) withholding tax payable of RMB2.40 million arising from the investment gain associated with the disposal of subsidiaries during the year; iii) withholding tax of RMB5.36 million arising from the investment gain recognized from the investments in the Nanjing Two Bridges Project, Danyang Project, etc. by our offshore company during the year; and iv) income tax of RMB1.61 million incurred at CDBC Nanjing during the year.

Financial Position

Investment in a joint venture

The balance as at 31 December 2015 increased by RMB10.60 million as compared with the balance as at the end 2014, mainly because of the disposal of 30% equity interest in the subsidiary Changchun New Town, subsequent to which the Group only holds 50% of equity interest of Changchun New Town, and accounted for joint venture.

Other assets

The balance as at 31 December 2015 increased by RMB10.74 million as compared with the balance as at the end of 2014. Such asset was mainly attributable to the renovation expenses of the Group's administrative center, amounting to RMB9.35 million. Furthermore, there was an addition of intangible assets such as office software and financial software amounting to RMB1.69 million.

Available-for-sale financial asset

The balance as at 31 December 2015 increased by RMB32 million as compared with the balance as at the end of 2014. This was due to the equity investment of CDBC Nanjing Investment-Development Company Limited into Jiangsu Hongtu Software Venture Capital Investment Company Limited during the year. In 2015, the Group participated in the development of project A5 at Nanjing with an equity stake of 13.89%. The investment amount during the year of RMB32 million was recorded as available-for-sale financial asset.

Investment classified as loans and receivables (non-current assets)

The 2015 year-end balance of investment classified as loans and receivables amounted to RMB690 million, an increase of RMB200 million as compared with the balance as at the end of 2014. This was due to the Group's investment into the Danyang Flood Discharge and Canal Regulation Project in 2015 in accordance with the PPP model amounting to RMB200 million.

Financial assets designated at fair value through profit or loss and the change in fair value of which is recorded to other income

The balance as at 31 December 2015 increased by RMB68.87 million as compared with the balance as at the end of 2014. This was due to CDBC New Town (Beijing) Asset Management Company Limited invested in CDBC (Beijing) New-type Urbanization Development Fund Phase II (Limited Partnership) as a junior-tranche limited partner during the year and accumulatively invested RMB65.95 million in 2015. The year-end valuation of this investment recognizes a fair value gain of RMB2.92 million, resulting in the year-end balance of financial assets measured at fair value of RMB68.87 million and the change in fair value of which is recorded to other income of RMB2.92 million.

Other receivables

The balance as at 31 December 2015 decreased by RMB490 million as compared with the balance as at the end of 2014, mainly because of receipt of consideration payment for the disposal of the Wuxi project amounting to RMB608 million and accruing RMB75.04 million of investment return on loans and receivables during the year.

Investment classified as Loans and receivables (current assets)

There was an increased amount of RMB570 million in Investment classified as loans and receivables in 2015, mainly attributable to: i) the Group's investment into the Danyang Xinmeng River Project amounting to RMB200 million in 2015; and ii) the Group offered new entrusted loans to Yangzhou Xinhang Construction-Investment Company Limited amounting to RMB100 million in 2015.

Senior guaranteed notes

The balance as at 31 December 2015 increased by RMB1,290 million as compared with the balance as at the end of 2014. This increase was because of the issuance of RMB-denominated senior guaranteed notes during 2015. The issuance amount was RMB1,300 million, with issuance costs of RMB11.94 million and the interest expense adjustment on the senior guaranteed notes during the year was RMB13.40 million, resulting in an increase in the balance of RMB1,290 million categorized as non-current liabilities.

Interest-bearing bank and other borrowings (non-current liabilities)

The balance as at 31 December 2015 increased by RMB309 million as compared with the balance as at the end of 2014. This balance comprises four batches of new borrowings, all of them benefit from the guarantee by CDB Capital: the first loan was of principal amount of RMB245 million, with effective term of 20 May 2015 through 20 May 2020 and interest rate of 4.95%; the second loan was of principal amount of RMB30 million, with effective term of 22 September 2015 through 20 October 2020 and interest rate of 4.635%; the third loan was of principal amount of RMB20 million, with effective term of 10 November 2015 through 20 October 2020 and interest rate of 4.41%; the fourth loan was of principal amount of RMB20 million, with effective term of 21 December 2015 through 20 October 2020 and interest rate of 4.41%.

Interest-bearing bank and other borrowings (current liabilities)

The balance as at 31 December 2015 decreased by RMB531 million as compared with the balance as at the end of 2014. Such reduction was mainly due to the repayment of an interest-bearing loan from a related party amounting to RMB500 million and the repayment of a loan from the Agricultural Bank of China Corporation Limited amounting to RMB246 million during 2015. In addition, in 2015 we increased a new short term borrowing of RMB200 million from Xiamen International Bank Corporation Limited with effective term of 6 September 2015 through 1 September 2016, which was pledged by a cash deposit and the corresponding interest income by China New Town Holding Company Limited at the pledgee (Xiamen International Bank Corporation Limited Beijing Branch). The aggregate effect of the above was a reduction in year-end balance in 2015 as compared with 2014.

Trades payables

The balance as at 31 December 2015 reduced by RMB11.59 million as compared with the balance as at the end of 2014. This reduction was mainly attributable to settling of trade payables balance recorded at the end of 2014 during 2015, which mainly included the payment of Luodian relocation costs of RMB7 million and other construction costs of RMB4.59 million.

Other payables and accruals

The balance as at 31 December 2015 increased by RMB154 million as compared with the balance as at the end of 2014. This movement was mainly due to the disposal of subsidiaries in 2015 pursuant to the Disposal Master Agreement resulting in other payables amounting to RMB101.41 million, interest payables of RMB10.97 million arising from the senior guaranteed notes issuance and payables to the joint venture Changchun New Town, which is no longer a subsidiary of the Group, amounting to RMB31.59 million.

Advances received for the settlement of Disposal Assets

The balance as at 31 December 2015 was RMB14.57 million lower than the balance as at the end of 2014. Pursuant to the Disposal Master Agreement, relevant consideration was received from Black Eagle (Shanghai). However, delayed by approval progresses of relevant authorities, the Disposal was not completed by the year end, thereby the consideration received is recognized as advances received for the settlement of Disposal Assets. The reduction in year-end balance was mainly due to the completion of disposal of 5 companies, resulting in a corresponding offset in the advances received for the settlement of Disposal Assets.

Deferred revenue arising from land development

The balance as at 31 December 2015 decreased by RMB30.92 million from the balance as at the end of 2014. Such reduction was mainly due to the development progress at the Shanghai Luodian Project during the year, leading to deferred income recognized as revenue.

Current tax liabilities

The balance as at 31 December 2015 was income tax payable and was RMB23.21 million lower than the balance as at the end of 2014. Such reduction was mainly due to the RMB23.49 million income tax payment made by the Shanghai Luodian Company in 2015.

Cash and bank balances

Overall, cash and cash equivalents (excluding restricted cash) for the year increased by RMB497 million as compared with the balance as at the end of 2014, with a total balance of RMB1.37 billion as at 31 December 2015, mainly due to net operating cash inflow of RMB193 million, net financing cash inflow of RMB492 million, and partly offset by net investing cash outflow of RMB188 million during the full year of 2015.

Gearing ratio (defined as net debt/the sum of shareholders equity and net debt) as at 31 December 2015 modestly increased in comparison with the gearing ratio as at 31 December 2014, mainly because of the issuance of senior guaranteed notes during the year leading to an increase in debt level.

Discontinued operations

On 10 October 2013, the Company, CDBIH and SREI entered into share subscription agreement ("Subscription Agreement"), pursuant to the terms and conditions of which CDBIH agreed to subscribe for 5,347,921,071 new shares of the Company (the "Subscription"). The Subscription was completed on 28 March 2014 and the relevant shares were issued.

As a schedule of the Subscription Agreement, the Company and SREI entered into the Disposal Master Agreement pursuant to the terms and conditions of which the Company agreed to dispose the Disposal Assets, and SREI agreed to purchase the Disposal Assets at total consideration of RMB2,069,832,594, the relevant consideration of which shall be paid in several cash instalments. The Disposal is expected to complete within 24 months from 28 March 2014. As at 31 December 2015, the Disposal Assets are classified as assets held for sale in the financial statements and deemed discontinued operations of the Group. The Company's entitled cash consideration in relation to disposing such assets has been fixed and shall not be affected by its operating results associated with such assets.

Important Events

The 2015 National Economic Review published by the National Statistics Bureau showed that urban population accounted for 56.1% of total population, 1.33 percentage points higher than the urbanization rate of 54.77% in 2014. This shows China's urbanization is still on an excellent upward trend. On the backdrop of favorable economic trend and policy environment promoting nationwide new-type urbanization, the Group remained fully committed to exploring business opportunities in the field of new-type urbanization. In November 2014 the Group started cooperation on the Two Bridges township upgrade project with the Nanjing Yuhuatai district government. During 2015 this project contributed RMB83.63 million of gross investment income to the Group, or 17.1% return on our investment. Since this project, the business model of the Group is extended from a pure land premium proceeds sharing model to include investment-driven model within the fields of new-type urbanization and primary land development, enriching the Group's revenue model and project pipeline. Riding on this, during the year of 2015, the Group continued to launch new investment projects under the new business model and secured a series of projects, including the PPP project in Danyang city of Jiangsu Province, Yangzhou Airport New Town Project and Zhengzhou Urban Village Re-development Project. Apart from contributing solid cashflow, these projects constitute a more diverse base of project nature, covering for example PPP and airport industrial new town development. More importantly, building on our investments into these projects, the Company is able to open up downstream business opportunities in quality locations strategically through the land development platform. In 2016 we intend to proactively explore downstream business along the entire value chain of comprehensive new town development so as to provide sustainable profit growth engine for the Group.

Concurrent with our new project launch, the Group was also fully committed to restructuring and improving its current asset portfolio, in particular, to exit projects located in regions with relatively unclear future prospects and recovered the relevant cash value. In November 2015, the Company disposed of 30% equity interest in the project company in Changchun New Town with a total consideration of RMB66.28 million, recording a gain of RMB60.38 million. This evidences the Company's determination to restructure its asset portfolio, improve its asset quality, as well as unlock cash values and re-deploy them into new investments.

During the 2015 financial year, the Group also proactively explored onshore and offshore financing channels so as to use relatively attractive financing cost to drive our leveraged return to shareholders. In May 2015, with the comprehensive credit enhancement measures by our controlling shareholder CDB Capital, we successfully closed our first offshore RMB bond issuance with total amount of RMB1.3 billion and at a 5.5% interest rate. The bond received good demand from the market. In June, with the capacity as a junior-tranche limited partner, the Company committed to invest RMB150 million into the RMB10 billion CDB (Beijing) -BOCOMM New-type Urbanization Development Fund raised and managed by CDB Capital, to efficiently use leverage to substantially increase the investment return on new-type urbanization projects of fixed investment return nature. The Company funded 10 shanty town and urban village reformation projects through the investment partnership which is expected to achieve an average return on investment of over 30% for the Company in its capacity as a junior-tranche limited partner. With the fixed investment return from urbanization projects invested in 2015 and a competitive financing cost, the Group achieved turnaround in its finance and recorded a net profit for the year.

Since the completion of the Subscription on 28 March 2014, the Group has been actively exploring the new business opportunities in urbanization to fully leverage the controlling shareholder's advantage, and to alter the business model that simply relies on the return of the profit shared from land auction. By the end of 2015, the Group has carried out more than RMB1 billion investments in fixed-return type of urbanization projects, which has contributed steady cash flow to the Group, and it's a standing evidence of the advantages in national-wide network and resources inherited from the controlling shareholder. Meanwhile, the Group has been sourcing other value-added downstream business of urbanization on this foundation, in order to create more profit for the shareholders. In the future, the Group will consistently operate under this business model that is obtaining robust cash flow through fixed return investments in urbanization projects, and furthering other downstream operations. The Group will obtain multiple sources of income through the continuous effort in exploring the revenue growth along the urbanization value chain.

An indication of likely future developments in the business of the Company and its subsidiaries

Looking ahead into 2016, we stay in the national policy of the new urbanization model as the foundation. CDB continues to dedicate to nationwide shanty-town reformation. The Company continues to adhere to the national policy and rely on the strategic resources of its controlling shareholder, adequately use of existing land reserves, cultivate the business opportunities from the downstream of its industrial chain, enhance its business structure and model as well as form a unique and competitive industry pioneer, so as to create sustainable return for shareholders.

PROFILES OF DIRECTORS AND SENIOR MANAGEMENT

BOARD OF DIRECTORS

Chairman and Non-executive Director
Mr. Fan Haibin

Vice Chairman and Non-Executive Director
Mr. Zuo Kun

Vice Chairman and Non-Executive Director
Mr. Li Yao Min

Chief Executive Officer and Executive Director
Mr. Liu Heqiang

Non-Executive Director
Mr. Xie Zhen

Executive Director
Ms. Yang Meiyu

Executive Director
Mr. Ren Xiaowei

Lead Independent Non-Executive Director
Mr. Henry Tan Song Kok

Independent Non-Executive Director
Mr. Kong Siu Chee

Independent Non-Executive Director
Mr. Zhang Hao

Independent Non-Executive Director
Mr. E Hock Yap

DIRECTORS

Mr. Fan Haibin,

aged 61, was appointed as a Non-executive Director and the Chairman of the board of directors (the "Board") on 28 March 2014. Mr. Fan holds a bachelor degree in electric system engineering from Northeast Dianli University. Mr. Fan currently is the chief investment officer of CDB and the president of CDBC, and both CDB and CDBC are controlling shareholders of the Company. Mr. Fan has an extensive experience in the energy investment and financial industry. From 1982 onwards, Mr. Fan worked for the Ministry of Water and Power, State Resources Investment Corporation (國家能源投資公司) and CDB. Mr. Fan has become the chief investment officer of CDB and the president of CDBC since November 2013. From 2010 to 2013, Mr. Fan was the Chief Appraisal Officer of CDB. From 1994 to 2010, Mr. Fan had been working at, in chronological order, the Electricity Credit Bureau, First Project Appraisal Bureau, Shijiazhuang Branch, Hebi Branch, and Appraisal Management Bureau of CDB. Before joining CDB, Mr. Fan worked as director of project management division at State Resources Investment Corporation. Mr. Fan is responsible for formulating, developing and reassessing the Group's strategies and policies.

Mr. Zuo Kun,

aged 41, was appointed as a Non-executive Director and the Vice Chairman of the Board on 28 March 2014. Mr. Zuo holds a bachelor degree in economics from China Institute of Finance. Mr. Zuo currently is the vice president of CDBC, a controlling shareholder of the Company. Mr. Zuo has an extensive experience in the investment and financial industry. Mr. Zuo joined CDBC in 2009 and has been the vice president of CDBC since March 2011. From 2001 to September 2009, Mr. Zuo had been working at, in chronological order, the International Finance Bureau, Lanzhou Branch, and Executive Office of CDB. Mr. Zuo will be responsible for the duties in absence of the Chairman of the Board and the execution of the Group's business strategies and plans.

Mr. Li Yao Min,

aged 65, was appointed to our Board on 11 January 2007 and has been the Executive Vice Chairman of our Company since 1 April 2007. Mr. Li was previously appointed as Co-Vice Chairman on 1 December 2008 and has subsequently been re-designated as Chief Executive Officer and Co-Vice Chairman since 7 January 2010 and as Chief Executive Officer and Co-Chairman on 1 July 2011. Mr. Li was re-designated as a Non-executive Director and the Vice Chairman of the Board on 28 March 2014. From 1992 to 1993, he was attached to Shanghai Golden World Commercial Building Co., Ltd. as a General Manager, responsible for the overall management and development of commercial property. He has over 20 years of experience in business management and the property development industry, including over 12 years' experience in new town development in PRC. Mr. Li is also a founder of SRE Group Limited ("SRE", 1207.hk), and was reappointed as the co-chairman and executive director of SRE on 29 August 2013, and resigned on 5 February 2015.

Mr. Liu Heqiang,

aged 46, was appointed as an Executive Director and the chief executive officer on 28 March 2014. Mr. Liu graduated from University of Science and Technology Beijing with a master degree in industrial engineering. Mr. Liu has an extensive experience in banking and investment industry. From December 2009 to 1 April 2015, Mr. Liu was the general manager of the Direct Investment Division III of CDBC, a controlling shareholder of the Company, where he was responsible for the investment in urban development related areas.. From 1992 to 2009, Mr. Liu had been working at, in chronological order, in State Raw Materials Investment Corporation (國家原材料投資公司), and Northeast Credit Department (東北信貸局), Tianjian Branch, and the Market and Investment Business Bureau, of CDB. Mr. Liu is the president of the Company and is responsible for the management of the business of the Group.

Mr. Xie Zhen,

Mr. Xie Zhen (解軫), aged 43, was appointed as a Non-executive Director on 5 December 2015. Mr. Xie graduated from Tsinghua University and Chinese Academy of Sciences in thermal engineering. Mr. Xie currently is the general manager of the international business of CDBC, a controlling shareholder of the Company. Mr. Xie has an extensive experience in the banking and investment industry. Mr. Xie has been appointed as the general manager of International Business Department of CDBC since December 2014, where he principally engages in international business and related areas of investment business. From 1998 to 2014, Mr. Xie had been working at, in chronological order, in PB Electrical and Mechanical Engineering Technology Co., Ltd.(柏誠機電工程技術有限公司), China Development Bank Appraisal Board (國開行評審管理局) and China Development Bank Hong Kong Branch.

Ms. Yang Meiyu,

aged 33, was appointed as an Executive Director on 28 March 2014. Ms. Yang graduated from Peking University with a master degree in finance. Ms. Yang joined CDBC in December 2009, where she was responsible for urban development related investment. From December 2009 to 1 April 2015, Ms. Yang had been the senior manager of the Direct Investment Division III of CDBC, a controlling shareholder of the Company. Currently, she also acts as directors and supervisors of various subsidiaries of CDBC. Prior to the joining CDBC, Ms. Yang worked as an investment manager at China Reits Investment where she was involved in various fund raising and land development projects. Ms. Yang is the vice president of the Company and is responsible for, among other things, corporate financing, investment and investors' relation management.

Mr. Ren Xiaowei,

aged 44, was appointed as an Executive Director on 28 March 2014. Mr. Ren graduated from Beijing Machinery and Industrial College (北京機械工業學院) with a bachelor degree in engineering. Mr. Ren joined CDBC, a controlling shareholder of the Company in December 2009. Mr. Ren worked as assistant general manager and chief operating officer of China Development Caofeidian Investment Company Limited (國開曹妃甸投資有限公司), the vice president and chief investment supervisor of China Development Jilin Investment Company Limited. From December 2009 to 1 April 2015, Mr. Ren had been the senior manager of the Direct Investment Division III of CDBC. Mr. Ren has extensive experience in import and export industry. Prior to joining CDBC, Mr. Ren worked as department manager of China National Machinery Import & Export Corporation (中國機械進出口公司) from 1995 to 2003 and as managing director of Bidwiin Tech from 2003 to 2009. Mr. Ren is the vice president of the Company and is responsible for, among other things, the management of urban development projects and construction projects.

Mr. Henry Tan Song Kok,

aged 51, was appointed to our Board on 25 September 2007. He is the Lead Independent Non-executive Director and the Chairman of the Audit Committee of the Company and a member of the Nominating and Remuneration Committees of our Company.

Mr. Tan obtained a bachelor's degree in accountancy with first class honours from the National University of Singapore. He is a fellow of the Institute of Singapore Chartered Accountants, a fellow of the Institute of Chartered Accountants in Australia, a fellow of CPA Australia and a fellow of Singapore Institute of Directors and a member of the Institute of Internal Auditors Inc (Singapore Chapter). Mr. Tan is currently the Managing Director of Nexia TS Public Accounting Corporation and the Chairman of Nexia China. His previous roles include Asia Pacific Chairman and Board member of Nexia International. He served as President of Spirit of Enterprise from October 2006 to October 2008, a charity organization. Mr. Tan sits on the boards of Raffles Education Corporation Limited and YHI International Limited, all being companies listed on the SGX-ST. Mr. Tan has been appointed to Nanyang Technological University's newly-formed Nanyan Business School Alumni Advisory Board on 10 March 2015.

Mr. Kong Siu Chee,

aged 69, was appointed to our Board on 30 November 2006. He is the Independent Non-executive Director and also the Chairman of the Remuneration Committee and a member of the Nominating Committee. Mr. Kong obtained a bachelor's degree in arts from the University of Hong Kong in November 1969 and a master degree in business administration from the Chinese University of Hong Kong in December 1980. He is an associate of The Chartered Institute of Bankers in the United Kingdom. Mr. Kong began his career in 1969 with Standard Chartered Bank, where he served in various managerial positions for 24 years. In 1993, he pursued his new business interest in the telecommunications sector and was a director of Champion Technology Holdings Limited from 1993 to 1994 and a director of Kantone U.K. Ltd. from 1994 to 1996. Between 1999 and 2005, he served as a director, Executive Vice President and Alternate Chief Executive Officer of CITIC Ka Wah Bank Limited (renamed as CITIC Bank International Limited in May 2010), and was also a director and the Managing Director of CITIC International Financial Holdings Limited from 2002 to 2005. Mr. Kong has been appointed as an independent non-executive director of Harbin Bank Co. Ltd since October 2013, and an independent non-executive director of Chinney Kin Wing Holdings Ltd since 11 Nov 2015.

Mr. Zhang Hao,

aged 56, was appointed to our Board on 13 February 2012. He is the Independent Non-executive Director and also a member of the Audit Committee. He is currently the vice director and part-time professor of the Yangtze River Basin Development Institute of the East China Normal University. Mr. Zhang graduated from the Department of Economics of the Nanjing University in August 1990. He then obtained a master degree in business administration from the Shanghai Jiao Tong University in March 2005. He had previously served in various departments of the provincial government of the People's Republic of China for over 29 years. From August 1981 to August 1996, he worked first as the senior staff member in the Planning Commission of Chongming County and then as the superintendent of the Seawall Project Management of Chongming County. From August 1996 to December 2010, he held various positions including as a senior staff member of the Cooperation Office of the Shanghai Municipal Government, a cadre of the department of district and county economy of the Shanghai Municipal Development Planning Commission and a senior staff member for the department of district and county economy of the Shanghai Municipal Development and Reform Commission.

Mr. E Hock Yap,

aged 60, was appointed to our Board on 29 May 2012. He is the Independent Non-executive Director and also the Chairman of the Nominating Committee and a member of the Audit and Remuneration Committees. He obtained a bachelor's degree in Chemical Engineering at the University of Sheffield, United Kingdom in 1978. He is also a member of the Institute of Chartered Accountants in England and Wales and a member of the Hong Kong Institute of Certified Public Accountants. He started his career with the London office of KPMG as an auditor specializing in insolvency from August 1978 to May 1983. From May 1983 to January 1987, he worked at Chase Manhattan Bank as an investment banker and in various investment banks in the region. He later took up management roles in several financial services companies in the Asia Pacific Region. He served as the Chief Executive Officer and as the Managing Director of Prime Credit Limited during the period from August 1999 to December 2007. He currently works in an investment company which invests in special situations. Mr. Yap had also served as an independent non-executive director of SRE during the period from 28 September 2004 to 29 May 2012.

SENIOR MANAGEMENT

Mr. Mao Yiping,

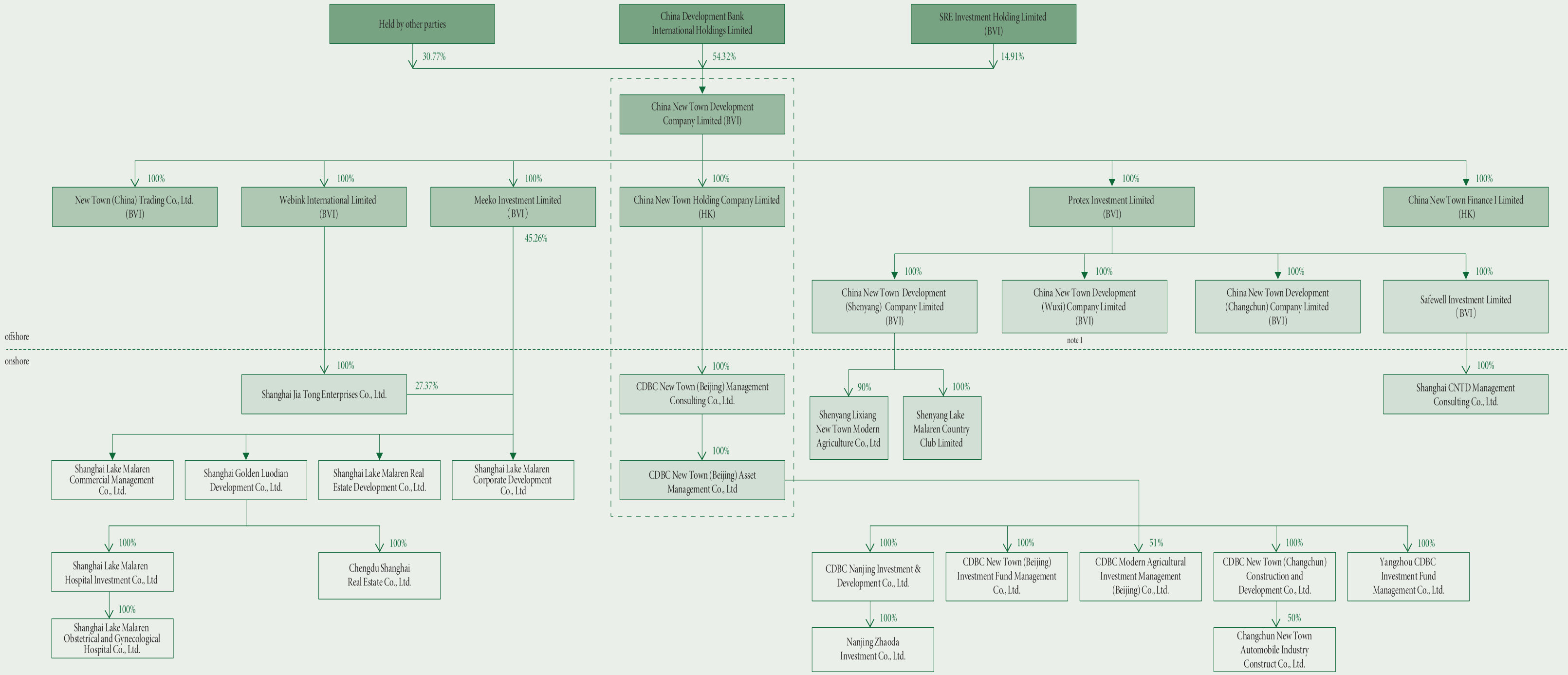
aged 47, joined SRE in 1993. He subsequently joined our Group in November 2006 and was appointed as an Executive Director on 30 November 2006 and was appointed as Vice President on 22 November 2007. He has been the General Manager for the new town project located in Shenyang Lixiang District ("Shenyang Project") since 1 April 2007 and is responsible for overseeing the development of the Shenyang Project. Mr. Mao obtained a bachelor's degree in mechanical engineering from the Shanghai Jiao Tong University in July 1991 and a master's degree in business administration from the City University of Hong Kong in November 2003. He resigned as an Executive Director on 28 March 2014, and was designated as Vice President of the Company with effect from 28 April 2014.

Mr. Wu Haijun,

aged 43, joined our Company in April 2014 and was appointed as Vice President on 28 April 2014, he is mainly responsible for the Administration Department and the human resources department. From July 2008 to November 2011, he was the General Manager of the Jilin City Construction Holding Group Co., Ltd.; he also served as General Manager of the Jilin Investment Limited of CDB from April 2011 to April 2012. Mr. Wu obtained a master's degree in business administration from the Jilin University in June 2006.

Mr. Wu Jubo,

aged 50, has been appointed as CFO on 11 March 2015. Mr. Wu graduated from the University of Science and Technology Beijing with a bachelor degree of accounting in January 2005. Mr. Wu holds a PRC professional qualification certificate in accounting and has over 31 years of experience in accounting and finance management. Prior to joining the Company, he was the Chief Accountant at Yangzhou subsidiary of CITIC Pacific Special Steel Group from 1 May 2013 to 1 April 2014. He also worked as the director and financial controller at Kazakhstan KMK Oil Joint Stock and the deputy general manager at Wuxi Heng Yuan Investment Company Limited from 1 May 2010 to 1 May 2013. During the period from 4 April 2004 to 1 May 2010, Mr. Wu was the head of the finance department of CITIC Pacific (Hong Kong) Investment Company Limited, Chief Accountant at Xing Cheng Special Steel Co., Ltd., and director and company secretary of Daye Special Steel Co., Ltd. Mr. Wu would be responsible for matters relating to corporate finance, corporate development and assists in strategic planning, as well as other financial management duties.



1 Except as otherwise expressly stated, all companies within the group are incorporated in the People's Republic of China.
2 Except as otherwise expressly stated, all companies in this corporate structure are wholly-owned by their respective holding companies.
3 Name of accounting firm of the significant subsidiaries as defined in Rule 717 of Listing Manual.
4 The onshore subsidiary has entered into an equity transfer agreement for Wuxi project, which is in the process of change in business registration.

Name of significant subsidiaries	Name of accounting firms
Shanghai CNTD Management Consulting Co., Ltd.	Shanghai Shenzhou Datong Certified Public Accountants
Shanghai Jiatong Enterprises Co., Ltd.	Shanghai Shenzhou Datong Certified Public Accountants
Shanghai Golden Luodian Development Co., Ltd.	Shanghai Shenzhou Datong Certified Public Accountants
Shenyang Lake Malaren Country Club Ltd.	Liao Ning Zheng De Certified Public Accountants
Shenyang Lixiang New Town Modern Agriculture Co., Ltd.	Liao Ning Tian Xin Certified Public Accountants (General Partner)
Changchun New Town Automobile Industry Construct Co., Ltd.	Ji Lin Dian Hua Certified Public Accountants

Note: Local accounting firms are engaged to carry out audits, in accordance with PRC accounting and reporting standards for annual PRC statutory audit. These audits are mainly for annual business registration and tax reporting purposes.

CORPORATE GOVERNANCE REPORT

The board of directors (the "Board") and management are committed to maintaining a high standard of corporate governance principles and practices so as to promote corporate transparency and accountability. Good corporate governance is an integral element of a sound corporation to protect and enhance shareholders' value.

The Board has reviewed its corporate governance practices and confirmed that the Company has complied with all principles and guidelines as set out in the Code of Corporate Governance 2012 (the "Singapore Code") and the code provisions of the Corporate Governance Code and Corporate Governance Report (the "HK Code") as set out in Appendix 14 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "HKEx") (the "HK Listing Rules") (the HK Code together with the Singapore Code are collectively referred to as the "Codes") throughout the financial year ended 31 December 2015 (the "Financial Year") except for Guideline 10.3 of the Singapore Code and code provision C.1.2 of the HK Code regarding monthly performance updates to directors of the Company (the "Directors") for the reasons that, after careful consideration, the management considered that quarterly updates by way of detailed financial results announcement is sufficient for Directors to understand and well note the business performance of the Company. Furthermore, the Company has a unique business model with major revenue arise from land sales. Such sales are expected to be executed in relatively long spans of time given the application of land auctions is required to be in line with the government's land grant quota and schedule. Details of each land sale together with its implication on the Company's performance would be timely communicated to the Directors at early stage and announcements in relation to land auctions would be published immediately after listing and completion of sale of land use rights.

BOARD MATTERS

The Board

The Board has overall responsibility for the proper conduct of the Company's businesses. The Board's primary role is to provide entrepreneurial leadership, set strategic aim and ensure that the necessary financial and human resources are in place for the Group to meet its objectives as well as to protect and enhance long-term shareholders' values. It sets the overall strategy for the Group and reviews management performance. To fulfill this role, the Board is responsible for the overall corporate governance of the Group including establishing a framework of prudent and effective controls, setting its strategic direction, establishing goals for management and monitoring the achievement of these goals.

Board Committees established by the Board include the Audit Committee, Nominating Committee and Remuneration Committee and they assist the Board in discharging of its duties. The effectiveness of each Committee is also constantly monitored.

The Board meets at least four times a year at approximately quarterly intervals for review of the financial performance, results of each period, material investments and other significant matters of the Group. The Articles of Association of the Company provides for the convening of the Board or Board Committee meetings by way of telephonic or similar communications.

The attendance records of the Directors at the meetings of the Board, the Board Committees and the Annual General Meeting ("AGM") for the Financial Year are set out below:

	Attendance/Number of Meetings (during director's tenure)				
Name	**Board Meeting**	**Audit Committee**	**Nominating Committee**	**Remuneration Committee**	**AGM**
Executive Directors					
Liu Heqiang	5/6	–	–	–	1/1
Yang Meiyu	5/6	–	–	–	1/1
Ren Xiaowei	5/6	–	–	–	1/1
Shi Jian[1]	0/6	–	–	–	0/1
Non-executive Directors					
Fan Haibin	3/6	–	–	–	1/1
Zuo Kun	4/6	–	–	–	1/1
Li Yao Min	6/6	–	–	–	1/1
Zhang Yan[2]	4/6	–	–	–	1/1
Xie Zhen[3]	0/0	–	–	–	0/0
Independent Non-executive Directors					
Henry Tan Song Kok (Lead)	6/6	6/6	2/2	2/2	1/1
Kong Siu Chee	6/6	–	2/2	2/2	1/1
Zhang Hao	6/6	6/6	–	–	0/1
E Hock Yap	6/6	6/6	2/2	2/2	1/1

1 *Mr. Shi Jian ceased to be the Vice Chairman and Executive Director on 5 December 2015.*

2 *Mr. Zhang Yan ceased to be the Non-executive Director on 12 November 2015.*

3 *Mr. Xie Zhen was appointed as Non-executive Director on 5 December 2015.*

Apart from regular Board meetings, the Chairman also held a meeting with Independent Non-executive Directors ("INED") without the presence of Executive Directors during the Financial Year.

Delegation by the Board

The Board's approval is required for matters such as corporate restructuring, mergers and acquisitions, major investments, material acquisitions and disposals of assets, major corporate policies on key areas of operations, the release of the Group's quarterly and annual results, interested person transactions of a material nature, declaration of interim dividends and proposal of final dividends.

All other matters are delegated to the Board Committees whose actions are reported to and monitored by the Board while the day-to-day operations are delegated to the executive management and carried out under the supervision of the chief executives. All management and staff have defined roles and responsibilities and are subject to the Code of Conduct as set out in the Employee Manual which imposes on them specific obligations to our business.

Corporate Governance Functions

The Board is responsible for performing the functions set out in Code Provision D.3.1 of the HK Code.

The Board reviewed the Company's corporate governance policies and practices, training and continuous professional development of Directors and senior management, the Company's policies and practices on compliance with legal and regulatory requirements, the compliance of the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the HK Listing Rules and written guidelines for securities transactions by employees of the Company, and the Company's compliance with the Codes and disclosure in this Corporate Governance Report.

Chairman, Vice Chairmen and Chief Executive Officer

Mr. Fan Haibin is the Chairman of the Board and responsible for ensuring the effectiveness of Board matters, the formulating, developing and reassessing the Group's strategies and policies. Mr. Zuo Kun and Mr. Li Yao Min are also the Vice Chairmen of the Board. Mr. Zuo will be responsible for the duties in absence of the Chairman of the Board and the execution of the Group's business strategies and plans; while Mr. Li is responsible for advising the development of the Group. In addition, Mr. Liu Heqiang is the Chief Executive Officer ("CEO") of the Company and is responsible for overseeing the development of each new town projects and operations of the Company as a whole.

All major decisions made by the Chairman, Vice Chairmen and the CEO are reviewed by the Board. As Mr. Fan Haibin is not an independent director and hence Mr. Henry Tan Song Kok was appointed as Lead INED who will be available to shareholders when they have concerns and when the contact through normal channels has failed to resolve or for which such contact is inappropriate.

Board Composition and Balance

As at 31 December 2015, the Board comprised eleven (11) members: three (3) Executive Directors, four (4) Non-executive Directors and four (4) INEDs. The Board is able to exercise independent judgment on corporate affairs and provide management with a diverse and objective perspective on issues and no individual or small group should be allowed to dominate the Board's decision making. There is no alternate director appointed in the Board.

The list of Directors and positions held by each Director is set out in the Profiles of Directors and Senior Management on pages 20 to 24 of this Annual Report. The INEDs are expressly identified in all corporate communications pursuant to the HK Listing Rules.

During the Financial Year, the Board met the requirements of having at least four INEDs with at least two INEDs possessing appropriate professional qualifications or accounting or related financial management expertise being appointed under the Codes.

The criterion of independence is based on the definition given in the Codes and Rule 3.13 of the HK Listing Rules. The Board considers an "independent" director as one who has no relationship with the Company, its related companies, its 10% shareholders or its officers who can interfere, or be reasonably perceived to interfere, with the exercise of independent judgment of the conduct of the Group's affairs by director.

The composition of the Board is determined in accordance with the following principles:

- the Board should comprise a sufficient number of Directors to fulfill its responsibilities and act as a group to provide core competencies such as accounting or finance, business or management experience, industry knowledge, strategic planning experience and customer-based experience or knowledge (The number of Directors may be increased where it is considered that additional expertise is required in specific areas, or when an outstanding candidate is identified); and

- the Board should have enough Directors to serve on various committees of the Board without over-burdening the Directors or making them difficult to fully discharge their duties.

The INEDs exercise no management functions in the Company or any of its subsidiaries. Although every Director has equal responsibility for the performance of the Group, the role of the INEDs is particularly important in reviewing and monitoring the performance of executive management in meeting the Group's agreed goals and objectives and ensuring that the strategies proposed by the executive management are fully discussed and rigorously examined taking into account the long-term interests, not only of the shareholders but also of the employees, customers, suppliers and many communities in which the Group conducts businesses. The INED also meet regularly without management present. The Board considers its INEDs to be of sufficient caliber and number and their views to be of sufficient weight that no individual or small group can dominate the Board's decision-making processes. The INEDs have no financial or contractual interests in the Group other than by way of their fees and shareholdings as set out in the Report of the Directors.

The Board is of the view that its current composition of eleven Directors is appropriate taking into account the scope and nature of the operations of the Company and of the Group.

Insurance cover in respect of legal proceedings and other claims against Directors arising from their offices and execution of their powers, duties and responsibilities has been arranged. During the Financial Year, no legal action was made against any of our Directors in relation to their duties performed for the Company.

Profiles of the Directors and other relevant information are set out on pages 20 to 24 of this Annual Report.

Induction and Training of Directors

Upon appointment, each Director receives appropriate induction training and coaching to develop individual skills as required. The Directors are also provided with updates on the relevant new laws, regulations and changing commercial risks in the Group's operating environment through regular presentations and meetings. They also have the opportunity to visit the Group's operational facilities and meet with management to gain a better understanding of business operations and governance practices.

The Directors confirmed that they have complied with the Code Provision A.6.5 of the HK Code on Directors' training. During the Financial Year, all current Directors have participated in continuous professional development by attending seminars, in-house briefing or reading materials on the following topics to develop and refresh their knowledge and skills and provided their records of training to the Company.

Name of Director	**Topics of training covered** Note
MR FAN HAIBIN *(Chairman and Non-executive Director)*	2, 3, 4
MR ZUO KUN *(Vice Chairman and Non-executive Director)*	1, 2, 3, 4
MR LI YAO MIN *(Vice Chairman and Non-executive Director)*	2, 3, 4
MR LIU HEQIANG *(Chief Executive Officer and Executive Director)*	1, 2, 3, 4
MR XIE ZHEN *(Non-executive Director)*	2, 3, 4
MS YANG MEIYU *(Executive Director)*	1, 2, 4
MR REN XIAOWEI *(Executive Director)*	2, 3, 4
MR HENRY TAN SONG KOK *(Lead Independent Non-executive Director)*	1, 2, 3
MR KONG SIU CHEE *(Independent Non-executive Director)*	1, 2, 3
MR ZHANG HAO *(Independent Non-executive Director)*	1, 2, 3, 4
MR E HOCK YAP *(Independent Non-executive Director)*	2, 3, 4

Note: 1 Corporate governance
2 Regulatory updates
3 Finance and accounting
4 Industry updates

NOMINATION MATTERS

Board Membership and Nominating Committee

As at 31 December 2015, the Nominating Committee ("NC") comprises three members, all of whom including the Chairman are INEDs. The chairman and members of the NC during the Financial Year were as follows:

Mr. E Hock Yap – Chairman
Mr. Kong Siu Chee – Member
Mr. Henry Tan Song Kok – Member

The NC adopted its terms of reference on 13 November 2013 and its principle functions are to:

1. review the structure, size and composition (including skills, knowledge and experience) of the Board on a regular basis and make recommendations to the Board regarding any proposed changes;

2. identify, review and assess individuals suitably qualified to become Board members and select or make recommendations to the Board on the selection of, individuals nominated for directorships;

3. assess the independence of Directors, in particular INEDs, on an annual basis;

4. make recommendations to the Board having regard to the Director's contribution and performance (for instance, attendance, preparedness, participation and candour) on relevant matters relating to the appointment or re-appointment of Directors (including INEDs) in accordance with the Company's Article of Association and succession planning for Directors in particular the Chairman of the Board and the CEO;

5. review the Board diversity policy on a regular basis and recommend revisions, if any, to the Board for consideration and approval; and

6. assess whether or not a director is able to and has been adequately carry out his duties as a director.

The Company has received written annual confirmation from each Director and reviewed the independence of each INED pursuant to the definition provided by the Codes and the HK Listing Rules and was of the view that Messrs Henry Tan Song Kok, Kong Siu Chee, E Hock Yap and Zhang Hao are independent.

Mr. Kong Siu Chee has served as the INED of the Company for more than nine years from his date of first appointment to the Board.

At the annual assessment carried out by the NC and with the concurrence of the Board, it was concluded that the contributions of Mr. Kong towards the Board remain objective and independent in expressing his view and in participating in the deliberations and decision making of the Board and Board Committees. The Board holds the view that a Director's independence cannot be determined arbitrarily with reference to a set period of service. The Company has benefited from Mr. Kong's service in terms of his knowledge of the Company's businesses and he has proven his commitment, experience and competence to effectively provide core competencies and independent advice to the Company. The Board also noted that the current new management started only in 2014. The NC further confirmed that neither Mr. Kong nor his associates have any business dealings with the Company.

The NC has reviewed the training and professional development programs participated by the Directors and Company Secretaries. The NC has also reviewed each Director's time of involvement in the Company and considered that it is appropriate taking into consideration of the Directors' board representations held in other listed companies and other major appointments or principal commitments. The NC has reviewed and recommended the Board diversity policy ("Board Diversity Policy") which was adopted by the Board in the Board meeting held on 13 August 2013 for assessing the Board composition. The NC would take into account various aspects set out in the Board Diversity Policy, including but not limited to gender, age, cultural and educational background, professional qualifications, skills, knowledge and industry and regional experience. The NC would discuss and agree on measurable objectives for achieving diversity on the Board, where necessary, and recommend them to the Board for adoption. In identifying and selecting suitable candidates for directorships, the NC would consider the candidate's character, qualifications, experience, independence and other relevant criteria necessary to complement the corporate strategy and achieve Board diversity, where appropriate, before making recommendation to the Board. The Board, in the Board meeting held on 26 February 2015 accepted recommendation by the NC that the maximum number of listed company board representations which any Director of the Company may hold is eight and all Directors have complied.

Appointment, Re-election and Removal of Directors

The procedures and processes of appointment, re-election and removal of Directors are laid down in the Articles of Association of the Company. Recommendations for appointments and re-appointments of Directors and appointments of the members of various Board Committees are made by the NC and considered by the Board as a whole. The Articles of Association of the Company provides that one-third of the Directors (including Non-executive Directors) for the time being (or, if the number is not a multiple of three, the number nearest to but not less than one-third), who have been longest in office since their last re-election or appointment, shall retire from office by rotation at each AGM of the Company. Each Director should retire at least once every three years. A retiring Director is eligible for re-election by the shareholders of the Company at the AGM. In addition, any Director appointed by the shareholders of the Company or the Board, as the case may be, either to fill a vacancy or as an additional director, shall retire at the next AGM of the Company and shall then be eligible for re-election at that meeting.

On 12 November 2015, Mr. Zhang Yan ceased being the Non-executive Director. Mr. Shi Jian ceased being the Vice Chairman and Executive Director on 5 December 2015. At the appointment side, Mr. Xie Zhen was appointed as Non-executive Director on 5 December 2015.

The dates of initial appointment, last re-election/re-appointment and other board representations of each of the Directors of the current Board members are set out below:

Name of Directors	Date of first appointment	Date of last re-election	Nature of Appointment	Membership of Board Committee	Directorship/chairmanship both present and those held over the preceding three years in other listed company
Fan Haibin	28 March 2014	30 April 2014	Non-executive Chairman	None	None
Zuo Kun	28 March 2014	30 April 2014	Non-executive Vice Chairman	None	None
Li Yao Min	11 January 2007	24 April 2015	Non-executive Vice Chairman	None	Executive director and co-chairman of SRE (from 29 August 2013 to 5 February 2015)
Liu Heqiang	28 March 2014	30 April 2014	Executive CEO	None	None
Xie Zhen	5 December 2015	Not Applicable	Non-executive Director	None	None
Yang Meiyu	28 March 2014	30 April 2014	Executive Director	None	None
Ren Xiaowei	28 March 2014	30 April 2014	Executive Director	None	None

Name of Directors	Date of first appointment	Date of last re-election	Nature of Appointment	Membership of Board Committee	Directorship/chairmanship both present and those held over the preceding three years in other listed company
Henry Tan Song Kok	25 September 2007	30 April 2014	Lead Independent Non-executive Director	Chairman of Audit Committee, a member of Nominating Committee and Remuneration Committee	INED of Raffles Education Corporation Limited and YHI International Limited, INED of Pertama Holdings Limited until 10 January 2014, INED of Chosen Holdings Limited until 16 October 2015, INED of Ascendas Funds Management (S) Limited until 31 October 2015
Kong Siu Chee	30 November 2006	30 April 2014	Independent Non-executive Director	Chairman of Remuneration Committee and a member of Nominating Committee	INED of Global Strategic Group Limited (formerly known as DIGITALHONGKONG.COM) from 28 March 2014 – 26 October 2014 INED of Harbin Bank Co. Ltd. INED of Chinney Kin Wing Holdings Ltd
Zhang Hao	13 February 2012	24 April 2015	Independent Non-executive Director	A member of Audit Committee	–
E Hock Yap	29 May 2012	24 April 2015	Independent Non-executive Director	Chairman of Nominating Committee, a member of Audit Committee and Remuneration Committee	INED of SRE from 28 September 2004 to 29 May 2012

Each of the Non-executive Director and INEDs is appointed for a specific term, subject to retirement by rotation once every three years. Appointment letters were issued to each of the Non-executive Director and INEDs respectively and its terms are set out in the Report of the Directors.

Pursuant to Article 86(1) of the Articles of Association, Mr. Zuo Kun, Mr. Liu Heqiang, Mr. Ren Xiaowei and Mr. Henry Tan Song Kok and pursuant to Article 85(7) of the Articles of Association, Mr. Xie Zhen shall retire from office and, being eligible, shall offer themselves for re-election at the forthcoming AGM. The NC recommends re-election of the retiring Directors after assessing their contribution and performance.

Board Performance

The Company believes that the Board's performance is ultimately reflected in the performance of the Company. The Board should ensure compliance with applicable laws and Board members should act in good faith, with due diligence and care and in the best interests of the Company and its shareholders. In addition to these fiduciary duties, the Board is charged with two key responsibilities: setting strategic directions and ensuring that the Company is ably led. The measure of the Board's performance is also tested through its ability to give support to management especially in times of crisis and to steer the Company in the right direction.

The Board through the delegation of its authority to the NC, has used its best efforts to ensure that Directors appointed to the Board possess the integrity, background, experience, knowledge and skills relevant to the Company's business and that each Director with his/her special contribution brings to the Board an independent and objective perspective to enable balanced and well-considered decisions to be made.

The NC has an annual Board performance evaluation to assess the effectiveness of the Board as a whole and the contribution of individual Directors to the effectiveness of the Board by having the Directors complete a questionnaire. The processes identify weaker areas where improvements can be made. The Board and individual Directors can thus direct more effort in those areas to further enhance the effectiveness of the Board.

Access to Information

Annual meeting schedules and agenda of each meeting are normally made available to Directors in advance.

Notice of routine Board meetings is served to all Directors at least 14 days before the meetings. For ad-hoc Board and committee meetings, reasonable notice period is provided.

Meeting materials together with all appropriate, complete, relevant and reliable information are sent to all Directors at least 3 days before each Board meeting or committee meeting to keep Directors apprised of the latest developments and financial position of the Company as well as ongoing reports and to enable them to make informed decisions.

All Directors have unrestricted access to the Company's records and information and received detailed financial and operational reports from senior management during the Financial Year to enable them to carry out their duties. Directors also liaise with senior management as required, and may consult other employees and seek additional information on request.

All Directors have separate and independent access to the company secretaries. The duly appointed secretaries administer, attend, prepare and keep minutes of the Board and Board Committee meetings. The company secretaries also assist the Chairman in ensuring that the Board procedures are followed and reviewed so that the Board functions effectively, and in compliance with the Company's Articles of Association and relevant rules and regulations including requirements of the SGX-ST and HKEx. Draft minutes are normally circulated to Directors for comment within a reasonable time after each meeting and final versions are open for Directors' inspection.

The appointment and the removal of the Company Secretory is a matter for the Board as a whole.

The Company's Articles of Association contain provisions requiring Directors to abstain from voting and not to be counted in the quorum at meetings for approving transactions in which such Directors or any of their associates have a material interest.

Should Directors, whether as a group or individually, need independent professional advice in the furtherance of their duties, the cost of such professional advice will be borne by the Company.

REMUNERATION MATTERS

Procedures for Developing Remuneration Policies

As at 31 December 2015, the Remuneration Committee ("RC") comprises three members, all of whom including the Chairman are INEDs. The chairman and members of the RC during the Financial Year were as follows:

Mr. Kong Siu Chee – Chairman
Mr. Henry Tan Song Kok – Member
Mr. E Hock Yap – Member

The RC adopted its terms of reference on 13 November 2013 and its principle functions are to:

1. implement and administer any performance incentive schemes of the Company;

2. make recommendations to the Board on the Company's policy and structure for all remuneration of Directors and senior management and on the establishment of a formal and transparent procedure for developing policy on such remuneration; and

3. review and determine the specific remuneration packages for all Executive Directors and senior management.

In carrying out their duties, the RC may obtain independent external legal and other professional advise as mentioned above, as it deems necessary, relating to the remuneration policy and in determining the level and mix of remuneration for Directors and key management personnel. The expenses of such advice shall be borne by the Company.

Level and Mix of Remuneration

The RC makes recommendations to the Board on remuneration packages of the Executive Directors and senior management taking into account the performance of the Group, as well as the pay and employment conditions in the same industry and comparable companies, while aligning the Executive Directors' interests with those of shareholders and linking rewards to corporate and individual performance.

The INEDs receive directors' fees in accordance with their contributions and taking into account factors such as efforts, time involvement and responsibilities of the INEDs. Directors' fees are subject to approval of the shareholders at the Company's AGM.

The remuneration of the Executive Directors and the key senior executives comprises a basic salary component and a variable component. The variable component comprises a variable bonus linking to the Company's and individual performance and other variable components including the grant of share options. Details of the remuneration of Directors are set out in the Report of the Directors.

The annual review of the remuneration packages of the Directors is carried out by the RC and recommendation if any is made to the Board with an aim to ensure the remuneration of the Executive Directors and senior management is commensurate with their performance, giving due regard to the financial and commercial health and business needs of the Group. No Director should involve in deciding his/her own remuneration.

During the Financial Year, the RC met to review and recommend the remuneration of the Executive Directors and fees payable to INEDs.

Disclosure on Remuneration

Details of the Directors' and top 5 key executives' remuneration paid or payable for the Financial Year are set out below:

Directors	Total '000 (S$)	Fixed Salaries	Bonus	Directors' Fees	Mandatory Provident Fund	Band Notes
Executive Directors						
Liu Heqiang[4]	202	49%	51%			Band A
Yang Meiyu[4]	123	56%	44%			Band A
Ren Xiaowei[4]	157	57%	43%			Band A
Shi Jian (removed from office on 5 December 2015)	126	100%				Band A
Non-executive Directors						
Fan Haibin[4]	–	0				Band A
Zuo Kun[4]	–	0				Band A
Li Yao Min	131	100%				Band A
Zhang Yan[4] (resigned on 12 November 2015)	–	0				Band A
Xie Zhen (appointed on 5 December 2015)	–	0				Band A
Independent Non-executive Directors						
Henry Tan Song Kok	83			100%		Band A
Kong Siu Chee	73			100%		Band A
Zhang Hao	46			100%		Band A
E Hock Yap	59			100%		Band A
	1,000					

The exchange rate is calculated on monthly average basis.

Top 5 Key Executives	Fixed Salaries	Bonus	Other Allowances	Band Notes
Mao Yiping (Vice President)	48%	48%	4%	Band B
Wu Haijun (Vice President)	48%	52%		Band B
Pun Pak Ho (Vice General Manager of capital market Department)	59%	36%	5%	Band B
Wu Jubo (Chief Financial Officer)	46%	54%		Band A
Hui Yipeng (General Manager of Operation Management Department)	64%	36%		Band A

The exchange rate is calculated on monthly average basis.

Notes:

1. Remuneration band

   Band A: Below S$250,000
   Band B: S$250,000 or more

2. All share options under the Management Grant were granted on 27 November 2012 and disclosed on Annual Report 2012.

3. Details of the remuneration of the Directors are set out in the financial statements for the Financial Year on pages 117 to 119 of this Annual Report.

4. Directors and key executive's remuneration paid on pro-rated basis. The aggregate amount of the total remuneration paid to the top 5 key executives (who are not also Directors or the CEO is S$1,263,056).

ACCOUNTABILITY AND AUDIT

Accountability

The Board aims to ensure that the quarterly and annual financial statements and results announcements are presented in a manner which provides a balanced and understandable assessment of the Group's performance, position and prospect. The Directors acknowledge their responsibility for preparing the financial statements of the Company for the Financial Year.

The financial statements for the Financial Year have been prepared in accordance with the International Financial Reporting Standards and give a true and fair view of the state of affairs including operations and finances of the Group and of the Company and effective risk management and sound internal control systems are in place. The Board has received assurance confirming the same from CEO and financial controller. It seeks to present a balanced and informed assessment of the Company's performance, position and prospects. The Board is not aware of any material uncertainties relating to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern.

Risk Management

The Board have in place a risk management process and assessment framework.

The Management regularly reviews the Group's business and operational activities to identify areas of potential business risk, which includes the identification and assessment of business risks and take appropriate measures to mitigate these risks. The Group's internal auditor PricewaterhouseCoopers conducts the update based on the latest condition of the market and the Company and assist the Management with appropriate measures to control and mitigate these risks. The Management and internal auditor reviews all significant control policies and procedures and will highlight any significant potential matters to the Board and the Audit Committee (the "AC").

Internal Control

The Board recognizes the importance of sound internal controls and risk management practices to good corporate governance. The Board is responsible for the overall internal controls system and risk management of the Group, and for reviewing the adequacy and integrity of those systems on an annual basis.

The Board has engaged PricewaterhouseCoopers to conduct the internal audit review of the internal controls and prepare the reports, monitor and assist the Management to rectify the problem detected in time. The AC reviews the Group's system of internal controls, including financial, operational, compliance, information technology controls, and risk management policies and systems established by the Management. This ensures that such systems are sound and adequate to provide reasonable assurance of the integrity, effectiveness and efficiency of the Company in safeguarding shareholders' investments and the Company's assets.

The system of internal controls provides reasonable, but not absolute assurance that the Group will not be adversely affected by any event that can be reasonably foreseen as it strives to achieve its business objectives.

However, the Board also notes that no system of internal controls can provide absolute assurance in this regard, or absolute assurance against the occurrence of material errors, poor judgement in decision making, human error, losses, fraud or other irregularities. The Board believes that further improvements can be performed in the current internal control systems and the Company is continuously working towards enhancing the Group's internal control systems. The Board oversees that Management maintains a sound system of risk management and internal controls to safeguard shareholder's interest and Company's assets.

Based on the internal control systems and ERM framework established and maintained by the Group, work performed by the internal auditors and reviews performed by the Management, the Board, with the concurrence of the AC, is of the opinion that the Group's internal control systems and with management systems addressing financial, operational, compliance and information technology risks were adequate as at 31 December 2015. The Board received assurance in writing from CEO and financial controller that financial records have been properly maintained and financial statements of the Company give a true and fair view of the Company's operations and finance. The assurance from CEO and financial controller also includes effectiveness of the Company's risk management and internal control systems.

Audit Committee

As at 31 December 2015, the AC comprises three members, all of whom including the Chairman are INEDs. The chairman and members of the AC during the Financial Year were as follows:

Mr. Henry Tan Song Kok – Chairman
Mr. Zhang Hao – Member
Mr. E Hock Yap – Member

Mr. Henry Tan Song Kok possesses accounting and related financial management expertise and experience. The Board considers that Mr. Zhang Hao has sufficient financial knowledge and experience to discharge his responsibilities as a member of the AC.

The AC adopted its new terms of reference on 24 February 2016 which is applicable to the Company's accounting periods beginning on or after 1 January 2016 and its principal functions are to:

(a) review the financial reporting process, management of financial risks and the audit process;

(b) review the audit plans and results of the external auditors' examination and evaluation of the Group's systems of internal accounting control and any matters which the external auditors wish to discuss (in the absence of management where necessary);

(c) review the scope and results of the internal audit procedures;

(d) review the financial statements of the Company and the consolidated financial statements of the Group before their submission to the Board and the external auditors' report on those financial statements;

(e) review the quarterly, interim and annual announcements on the results and financial position of the Company and of the Group;

(f) review the co-operation and assistance given by the management to the Group's external auditors;

(g) evaluate the cost effectiveness, independence and objectivity of the external auditors and the nature and extent of the non-audit services provided by them;

(h) make recommendation to the Board on the appointment, re-appointment and remuneration of the external auditor of the Company;

(i) evaluate the adequacy and adherence of the risk management and internal control systems including administrative, operating and internal accounting control of the Group; and

(j) review interested person transactions and connected transactions to ensure that they are on normal commercial terms and not prejudicial to the interests of the Company or its shareholders.

The AC is authorised to investigate any matter within its terms of reference, and has full access to the management and resources which are necessary to enable it to discharge its functions properly. It also has full discretion to invite any Director or executive management to attend its meetings. The AC meets with the internal auditors and the external auditors separately, at least twice a year, without the presence of management, to discuss the reasonableness of the financial reporting process, to monitor and review the adequacy of audit arrangements with particular emphasis on the observatories and recommendations of the external auditors.

During the Financial Year, the AC has reviewed the scope and quality of audit by the Company's external auditor, Ernst & Young ("EY") and the independence and objectivity of EY as well as the cost effectiveness. The AC also reviewed the service fee to EY. During the Financial Year, the Company engaged EY for other services relating to the transaction with CDBIH for the share subscription and the disposal of Disposal Assets. The details of audit service fee and non-audit services fee to EY for the financial years ended 31 December 2014 and 2015 are set out below:

RMB'000	2015	2014
Audit service fee	3,600	4,050
Non-audit services fee	250	–
Total	3,850	4,050

The Company through the AC, has an appropriate and transparent relationship with EY. In the course of audit of the Group's financial statements, EY has highlighted to the AC matters that require the AC's attention. EY is invited to attend meetings of the AC for purposes of presenting their audit plan and report and for presenting their comments on the audited financial statements.

The Company's annual results for the Financial Year have been reviewed by the AC.

EY's audit opinion on the consolidated financial statements of the Group for the Financial Year is set out in the "Independent Auditors' Report" on page 51 of this Annual Report.

The AC is satisfied that the Company's external auditor, EY is able to meet the audit obligations of the Company and recommends to the Board the re-appointment of EY as the Company's external auditor subject to the approval of the shareholders at the forthcoming AGM of the Company.

The Group has appointed different external auditors for its subsidiaries in PRC in order to meet its local statutory regulations. The Board and AC are satisfied that the appointment does not compromise the standard and effectiveness of the audit of the Company. The Company confirms that it is in compliance with Rules 712 and 715 of the Listing Manual of the Singapore Exchange Securities Trading Limited. The AC members takes measures to keep abreast of the changes to accounting standards and issues which have a direct impact on financial statements through attendance at training and update on recent developments to accounting standards provided by professionals.

Whistle Blowing Policy

The Company has adopted a whistle blowing policy which provides a channel for employees to report serious concerns relating to financial reporting and unethical or illegal conduct.

Throughout the Financial Year, there was no whistle blowing report received.

Internal Audit

To assist the Board in maintaining a sound system of internal control for the purposes of safeguarding shareholders' investment and the Group's assets, the AC has also appointed an internal audit function team to enhance our internal controls. The internal audit function team' reports to the Chairman of the AC on any material weakness and risks identified in the course of the audit are also communicated to the management. The management will accordingly update the AC the status of the remedial action plans.

The AC reviews and approves the annual internal audit plans and reviews the scope and the results of the internal audit according to the procedures issued by the internal audit function team.

COMPANY SECRETARIES

Ms. Low Siew Tian of Tricor WP Corporate Services Pte Ltd, the external service provider, has been engaged by the Company as Joint Company Secretary for the period from 1 January 2015 to 4 December 2015 and Ms. Chan Sau Ling of Tricor Services Limited, another external service provider, has been engaged by the Company as Joint Company Secretary during the Financial Year. Their primary contact person at the Company during the engagement period was Mr. Liu Heqiang, the CEO of the Company.

Ms. Low Siew Tian resigned as the Joint Company Secretary and Mr. Teo Meng Keong was appointed by the Board as the board secretary of the Company acting in compliance with the Listing Manual of the Singapore Exchange Securities Trading Limited on 4 December 2015. Details of the said change of company secretary were set out in the Company's announcements dated 4 December 2015 and 17 December 2015.

COMMUNICATION WITH SHAREHOLDERS

The Group acknowledges the importance of timely and equal dissemination of material information to the shareholders, investors and public at large. Where there is inadvertent disclosure made to a selected group, the Company will make the same disclosure publicly as soon as practicable.

The Company's AGM remains the principal forum for dialogue with shareholders. Shareholders are encouraged to participate in the proceedings and ask questions about the resolutions being proposed at the AGM and the operations of the Group.

Under Rule 730A(1) of the Listing Manual of the SGX-ST, an issuer primary-listed on the SGX-ST shall hold all its general meetings in Singapore, unless prohibited by relevant laws and regulations in the jurisdiction of its incorporation, and given that the shareholders of the Company are in both Singapore and Hong Kong, Shareholders in both locations should be accorded an opportunity of equal access to meet-in-person the directors of the Company at AGM, the Company had made an application to the SGX-ST for a waiver from compliance with the rule, and has been granted the waiver by the SGX-ST.

The Company organized a roadshow for the issuance of bonds in April 2015 in Hong Kong, the shareholders and the management and directors of the Company held a meeting and communicated well with each other. The Company conducted roadshow quarterly in Singapore and Hong Kong for business update and accompanied the shareholders to have site visit to the business in Shanghai and Nanjing. Since the shareholders based in Hong Kong were given the opportunity of access to meet-in-person the directors and senior management of the Company at last year's AGM, the shareholders based in Singapore should be given the same opportunity at this year's AGM, therefore, 2016 AGM will be held in Singapore. In this regard, going forward, the Company intends to alternate yearly the venue of its AGMs between Singapore and Hong Kong.

The Company's Articles of Association allows a member entitled to attend and vote at the meeting of the Company to appoint one or more proxies to attend and vote on behalf of him/her and also provides that a proxy need not be a member of the Company. Voting in absentia by facsimile or email is not currently permitted to ensure proper authentication of the identity of shareholders and their voting intentions. The Company has not made any changes to its Memorandum and Articles of Association during the Financial Year. An up to date version of the Company's Memorandum and Articles of Association is also available on the Company's and HKEx's websites.

The Chairmen of the AC, RC and NC are usually available at the Company's AGM to answer any questions from the shareholders relating to the work of these Committees. The Company's external auditor is invited to attend the Company's AGM and will assist the Directors in addressing queries from shareholders relating to the conduct of the audit and the preparation and content of the auditors' report.

During the Financial Year, notice of at least 20 clear business days was given to the shareholders for the 2015 AGM held on 24 April 2015. Sufficient notice was given in accordance with the Company's Articles of Association, the laws of British Virgin Islands, the SGX Listing Manual and the HK Code.

To safeguard shareholders' interests and rights, a separate resolution is proposed for each substantial issue at shareholders' meetings, including the election of individual Director. All resolutions put forward at shareholders' meetings will be voted by poll pursuant to the HK Listing Rules and poll results will be posted on the websites of the Company, SGX-ST and HKEx after each shareholder's meeting.

No dividends are paid or payable for the financial year ended 31 December 2015 as the Company financial results only just improved in 2015, and intend to use the proceeds for re-investment.

Minutes of general meetings include substantial and relevant queries or comments from shareholders relating to the agenda of meeting and responses from the Board and management. These minutes would be available to shareholders upon their request.

The Company organises briefings and meetings with analysts and fund managers regularly to provide them a better understanding of the businesses. In the year, the Company organized investors and shareholders to have a field visit to the projects in Shanghai and Nanjing. In addition, the Company also appointed Aries Consulting Limited as its investor relations consultant to promote investor awareness for the Company.

The Group maintains a corporate website at www.china-newtown.com which contains the Company's publicly disclosed financial information, annual reports, news releases, announcements and corporate developments.

Shareholders and potential investors are welcome to communicate with the Company or put forward enquiries to the Board by any of the following ways:

Email	:	ir@china-newtown.com
Contact Number	:	+852 3759 8300
Fax	:	+852 3144 9663
Address	:	Suites 4506-4509, Two International Finance Centre, No. 8 Finance Street, Central, Hong Kong

SHAREHOLDERS' RIGHTS TO CONVENE AND PUT FORWARD PROPOSALS AT EXTRAORDINARY GENERAL MEETING

Pursuant to the Company's Articles of Association, extraordinary general meetings may be convened by the Board on requisition of shareholders in writing holding not less than one-twentieth of the total voting rights of the matter for which the meeting is being requested. The written requisition shall be made to the Board or the company secretaries of the Company at the business address or registered office address which are set out in Corporate Information of this Annual Report, to request an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition; and such meeting shall be held within two months after the deposit of such requisition. If within twenty-one days of such deposit the Board fails to proceed to convene such meeting the requisitionists themselves may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company.

COMPLIANCE WITH MODEL CODE AND SECURITIES TRADING

The Company has adopted the Model Code and Rule 1207(19) of the SGX Listing Manual as the code of conduct regarding securities transactions by Directors. The Directors have confirmed, following specific enquiries by the Company that they have complied with the required standard set out in the Model Code and SGX Listing Manual throughout the Financial Year.

The Company has also established written guidelines with more onerous requirements than the Model Code for securities dealings by employees who are likely to be in possession of unpublished price-sensitive information of the Company. It prohibits the Directors and employees from dealing in the Company's shares on short-term considerations and during the period commencing 30 days before the publication of the Company's financial results for each of the first three quarters of its financial year and 60 days before the publication of the Company's full year financial results (or, if shorter, the period from the end of the relevant financial period or year up to the publication date of the results).

No incident of non-compliance of the written guidelines by the employees was noted by the Company.

MATERIAL CONTRACTS

Save as the service agreements between the Directors and the Company, there were no material contracts entered by the Company or its subsidiaries involving the interests of the CEO, any Director or controlling shareholders subsisting at the end of the Financial Year.

INTERESTED PERSON TRANSACTIONS

The Group has established procedures to ensure that all transactions with interested persons are reported on a timely manner to the AC and that the transactions are carried out on normal commercial terms and is not prejudicial to the interests of the Company and its minority shareholders.

The following disclosures have been made in compliance with Rule 907 of the SGX-ST Listing Manual. The aggregate value of all interested person transactions (excluding any transactions less than S$100,000) during the financial year ended 31 December 2015 are as follows:

RMB'000	**Financial year ended 31 December 2015**	
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) RMB'000**	**Aggregate value of all IPTs conducted under shareholder's mandate pursuant to Rule 920 (excluding transactions less than S$100,000) RMB'000**
China Development Bank Capital Corporation Limited (CDB Capital) CDB Development Funds, which is under CDB Capital's management and CDB Capital's wholly-owned subsidiary CDB Investment-Development Fund Management (Beijing) Company Limited	150,000	NA
CDB Longquanyi Company Limited	24,323.2	NA

As CDB Capital is the controlling shareholder of the Company, CDB Capital, CDB Development Funds, which is under CDB Capital's management and CDB Capital's wholly-owned subsidiary CDB Investment-Development Fund Management (Beijing) Company Limited are deemed the Company's interested persons under the Singapore Listing Manual. On 16 June 2015, CDBC New Town, the Company's wholly-owned subsidiary, entered into a partnership agreement with CDB Capital, CDB Development Funds and CDB Investment-Development Fund regarding the establishment of the CDB (Beijing) – BOCOMM New-Type Urbanization Development Fund. The total amount under the partnership was agreed at RMB10 billion, among which CDBC New Town as the junior-tranche limited partner committed to contribute RMB150 million. For further information, please refer to the announcement by the Company dated 16 June 2015.

CDB Longquanyi is a company with 51% interest held by the People's Government of Chengdu and 49% interest held by CDB Capital, and is therefore deemed the Company's interested person under Singapore Listing Manual. On 1 December 2015, CDBC New Town (Beijing) Asset Management Company Limited, Chengdu Felsted Agricultural Development Company Limited and CDB Longquanyi Company Limited entered into cooperative agreement regarding the establishment of CDB Modern Agriculture Investment Management Company Limited whereby the Company committed to invest RMB24.3232 million into this entity. For further information, please refer to the announcement by the Company dated 1 December 2015.

CONCLUSION

The Company recognizes the importance of good corporate governance practices for maintaining and promoting investor confidence. The Board will continue to review and improve its corporate governance practices on an ongoing basis.

The directors of the Company (the "Directors") are pleased to present the Annual Report together with the audited consolidated financial statements for the financial year ended 31 December 2015 (the "Financial Year").

PRINCIPAL ACTIVITIES

The Group is mainly engaged in large-scale new town planning and development in PRC. The principal activities of its principal subsidiaries are set out in note 3 to the audited consolidated financial statements on pages 85 to 91 of this Annual Report.

BUSINESS REVIEW

For the detailed review of the Company's business, principal risks and uncertainties facing the Company, important events affecting the Company that have occurred since the end of the previous financial year, the likely future development in the Company's business and analysis using financial key performance indicators, please refer to the section headed "FINANCIAL REVIEW" of this Annual Report.

Environmental Policies and Performance

The Company complied with the relevant environmental laws, regulations and policies in the PRC during the year ended 31 December 2015.

Compliance with the relevant laws and regulations that have a significant impact on the Company

The Company complied with the relevant laws and regulations that have a significant impact on the Company in the PRC during the year ended 31 December 2015.

Relationships with Employees, Customers, Suppliers and Others

The Company has good relationships with its employees, customers and suppliers. Ongoing professional development is important to the employees given the competitive business environment in which the Company operated. To ensure employees continue to cultivate skills and knowledge for the fulfillment of their duties and responsibilities, the Company has provided various training programs to its staff. Information about their remuneration package is set out in the paragraph headed "PENSION SCHEMES" in this Report of the Directors.

Major Customers and Suppliers

We operate on a distinctive business model and the usual concept of customers under the HK Listing Rules is not applicable to us. We receive a significant portion of the land premium from the relevant PRC land authorities when they sell land use rights over the land we develop to third party property developers through public auction, tender or listing.

During the Financial Year, purchases from our single largest supplier accounted for approximately 54% of our total purchases, while purchases from our five largest suppliers accounted for approximately 99% of our total purchases. The Directors were not aware of any interests of any Directors, their associates or any substantial shareholders (including any Director who held more than 5% of the Company's issued share capital) in the 5 largest suppliers or customers.

PERMITTED INDEMNITY PROVISION

Insurance cover in respect of legal proceedings and other claims against Directors arising from their offices and execution of their powers, duties and responsibilities has been arranged and in force.

RESULTS AND APPROPRIATIONS

The Group's results for the Financial Year are set out in the consolidated statement of profit or loss and other comprehensive income on page 52 of this Annual Report.

The Directors resolved not to recommend any payment of final dividend for the Financial Year.

RESERVES

Movements in the reserves of the Group and the Company during the Financial Year are set out in note 25 to the audited consolidated financial statements on page 113 to 114 of this Annual Report.

SHARE CAPITAL

Details of movements in the share capital of the Company during the Financial Year are set out in note 24 to the audited consolidated financial statements on page 113 of this Annual Report.

PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the Company's Articles of Association which would oblige the Company to offer new shares of the Company on a pro-rata basis to the existing shareholders.

TAXATION IN THE BRITISH VIRGIN ISLANDS ("BVI")

A BVI business company is exempt from all provisions of the Income Tax Ordinance of the BVI (including with respect to all dividends, interests, rents, royalties, compensations and other amounts payable by the company to persons who are not resident in the BVI). Capital gains realized with respect to any shares, debt obligations or other securities of the company by persons who are not resident in the BVI are also exempt from all provisions of the Income Tax Ordinance of the BVI.

No estate, inheritance, succession or gift tax is payable by persons who are not resident in the BVI with respect to any shares, debt obligations or other securities of the company, save for interest payable to or for the benefit of an individual resident in the European Union.

DONATIONS

During the Financial Year, the Group has not made any donation.

FIXED ASSETS

Details of the movements of the Group during the Financial Year for:

- Investment properties are set out in note 13.C to the audited consolidated financial statements on page 103 of this Annual Report

- Property, plant and equipment are set out in note 17 to the audited consolidated financial statements on page 107 of this Annual Report

GROUP FINANCIAL SUMMARY

A summary of the results of the Group for the Financial Year is set out from page 16 to page 19 of this Annual Report.

PURCHASE, SALE OR REDEMPTION OF SECURITIES OF THE COMPANY

Neither the Company nor any of its subsidiaries has purchased, sold or redeemed any of the Company's listed securities during the Financial Year.

MOVEMENT IN SECURITIES

On 31 December 2015, the Company's total number of issued shares were 9,846,119,747 shares.

PUBLIC FLOAT

Based on the information that is publicly available to the Company and within the knowledge of the Directors as at the date of this Annual Report, the Company has maintained a sufficient public float as required under the Rules Governing the Listing of Securities on the HKEx (the "HK Listing Rules") during the Financial Year. The details are set out in the Analysis of Shareholdings on page 132 of this Annual Report.

DIRECTORS

The Directors of the Company in office during the Financial Year were:

Executive Directors

Liu Heqiang
Yang Meiyu
Ren Xiaowei
Shi Jian *(removed on 5 December 2015)*

Non-executive Directors

Fan Haibin
Zuo Kun
Li Yao Min
Xie Zhen *(appointed on 5 December 2015)*
Zhang Yan *(resigned on 12 November 2015)*

Independent Non-executive Directors

Henry Tan Song Kok
Kong Siu Chee
Zhang Hao
E Hock Yap

Pursuant to Article 86(1) of the Company's Articles of Association, Mr. Zuo Kun, Mr. Liu Heqiang, Mr. Ren Xiaowei and Mr. Henry Tan Song Kok and pursuant to Article 85(7) of the Company's Articles of Association, Mr. Xie Zhen will be retiring at the forthcoming Annual General Meeting ("AGM"). Therefore, the Nominating Committee recommends re-election of Mr. Zuo Kun, Mr. Liu Heqiang, Mr. Ren Xiaowei, Mr. Xie Zhen and Mr. Henry Tan Song Kok after assessing their contribution and performance.

BIOGRAPHICAL DETAILS OF DIRECTORS AND SENIOR MANAGEMENT

Biographical details of Directors and senior management are set out from page 21 to page 24 of this Annual Report.

MANAGEMENT CONTRACTS

No contracts, other than employment contracts, concerning the management and administration of the whole or any substantial part of the Company's business were entered into or existed during the Financial Year.

DIRECTOR'S INTEREST IN COMPETING BUSINESS

From the beginning of the year of 2015 to the date of this Annual Report, none of the Directors is considered to have an interest in the businesses, which compete or are likely to compete, either directly or indirectly, with the businesses of the Group pursuant to the HK Listing Rules.

INTERESTS IN SIGNIFICANT CONTRACTS OF DIRECTORS, SUBSIDIARIES OF THE COMPANY AND CONTROLLING SHAREHOLDERS

Save as disclosed above and under the section headed "Interested Person Transactions" and "Continuing Connected Transactions" of this Annual Report, none of the Directors, chief executives (direct or indirectly), subsidiaries of the Company or controlling shareholder of the Company and its subsidiaries has entered into any significant contract with the Group during the Financial Year.

PENSION SCHEMES

In Hong Kong, we operate a defined contribution retirement benefits scheme under the Mandatory Provident Fund Schemes Ordinance (Chapter 485 of the Laws of Hong Kong) for all of our employees in Hong Kong. Contributions are made based on a percentage of the employees' basic salaries and are charged to our profit and loss account as they become payable. Our contributions as employer vest fully with the employees when we contribute to the scheme. We contribute 5% of the relevant monthly salary to such scheme and our employees contribute the lower of HK$1,250 or 5% of their monthly salary to such scheme as employee mandatory contributions.

In the PRC, we participate in the relevant social insurance contribution plans organized by the relevant local governmental bodies. In accordance with relevant PRC laws, members of our Group operating in the PRC are required to pay a monthly social insurance premium covering pension insurance, medical insurance, unemployment insurance, occupational injury insurance and maternity (where applicable) for their relevant employees. We are also required by the relevant PRC regulations to register with a competent housing provident fund management center and make contributions to the respective housing provident funds for our employees.

Details of the employer's pension cost for the Financial Year are set out in note 30 of the audited consolidated financial statements on page 117 of this Annual Report.

CORPORATE GOVERNANCE

The Corporate Governance Report for the Financial Year is set out from page 26 to page 41 of this Annual Report.

INTERESTED PERSON TRANSACTIONS

The Interested Person Transactions is set out on page 41 of this Annual Report under the section headed "Interested Person Transactions".

CONNECTED TRANSACTIONS

On 16 June 2015, CDB New Town, a wholly-owned subsidiary of the Company, entered into the Agreement in relation to the setting up of an investment partnership, CDB (Beijing)-BOCOMM New-Type Urbanization Development Fund (國開(北京）– 交行新型城鎮化發展基金) with a total amount of RMB10 billion, CDB New Town committed to fund RMB150 million.

CDB Capital, which has an indirect interest in 5,347,921,071 ordinary shares in the Company, representing 54.32% of the issued share capital of the Company, is a controlling shareholder of the Company. CDB Capital is a connected person of the Company under the HK Listing Rules. As the wholly-owned subsidiary of the Company, CDB New Town under Rule 14.07 of the Listing Rules is a connected person of the Company. The Agreement and the transactions contemplated thereunder therefore constitute a connected transaction of the Company. For details, please refer to the announcement published by the Company on 16 June 2015.

Save as disclosed, none of the directors, controlling or substantial shareholders of the Company has any interest, direct or indirect, in the Agreement and/or Transaction. For good corporate governance practice, Mr. Fan Haibin, Mr. Zuo Kun, Mr. Liu Heqiang, Mr. Zhang Yan, Ms. Yang Meiyu and Mr. Ren Xiaowei have abstained from voting on the resolutions of the Board approving the Agreement.

On 1 December 2015, CDB New Town, a wholly-owned subsidiary of the Company, entered into the Agreement regarding the establishment of CDB Agriculture with Chengdu Felsted and CDB Longquanyi. According to the Agreement, CDB New Town shall contribute the amount of RMB22,155,700 to CDB Agriculture.

CDB Capital owns 49% share capital of CDB Longquanyi, which is a connected person of the Company under the HK Listing Rules. The Agreement and Transaction contemplated thereunder therefore constitute a connected transaction of the Company. For details, please refer to the announcement published by the Company on 1 December 2015.

Save as disclosed, none of the directors, controlling or substantial shareholders of the Company has any interest, direct or indirect, in the Agreement and/or Transaction. For good corporate governance practice, Mr. Fan Haibin, Mr. Zuo Kun, Mr. Liu Heqiang, Ms. Yang Meiyu and Mr. Ren Xiaowei have abstained from voting on the resolutions of the Board approving the Agreement.

CONTINUING CONNECTED TRANSACTIONS

There were no continuing connected transactions between the Group and its connected persons (as defined under the HK Listing Rules) which are subject to the reporting, announcement and the independent shareholders' approval requirement under the HK Listing Rules for the year ended 31 December 2015.

DIRECTORS' RIGHTS TO ACQUIRE SHARES AND DEBENTURES

Neither at the end of nor at any time during the Financial Year was the Company a party to any arrangement whose objects are, or one of whose object is, to enable the Directors to acquire benefits by means of the acquisition of shares or debentures of the Company or any other body corporate.

SECURITIES INTERESTS OF DIRECTORS AND CHIEF EXECUTIVE

As at 31 December 2015, the interests and short positions of the Directors and the chief executive of the Company in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")), as recorded in the register required to be kept under section 352 of the SFO, or as otherwise notified to the Company and the HKEx pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 to the HK Listing Rules were as follows:

Long Position in shares of the Company (the "Shares")

	Number of ordinary shares				
Name of Director	Personal interests	Family interests	Corporate interests	Total	Approximate percentage of the issued share capital
Li Yao Min	8,352,672	–	–	8,352,672	0.085%
Henry Tan Song Kok	600,000	–	–	600,000	0.006%

Save as disclosed above, as at 31 December 2015, none of the Directors or chief executive of the Company had any interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the HKEx pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which were taken or deemed to have been taken under such provisions of the SFO) or the Model Code or which were required to be entered in the register required to be kept under section 352 of the SFO.

SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS IN SECURITIES

Save as disclosed below, the Directors are not aware of any other person (other than a Director or chief executive of the Company or his/her respective associate(s)) who, as at 31 December 2015, had an interest or short position in the shares or underlying shares of the Company which would fall to be disclosed to the Company pursuant to section 336 of the SFO:

Long Position in the shares of the Company

Please refer to Page 132 for details.

CNTD SHARE OPTION SCHEME (THE "SCHEME")

(a) Purpose of the Scheme

The purpose of the Scheme is to provide the participants working for the interest of the Group with an opportunity to obtain equity interest in the Company, thus linking their interests with the interests of the Group and thereby providing them with incentives to work better for the interests of the Group and/or rewards for their contribution and support to the Group's success and development.

(b) Participants and Eligibility

The Remuneration Committee (the "RC") may, at its discretion, invite any executive or non-executive Directors including Independent Non-executive Directors or any employees (whether full-time or part-time) of any member of the Group or the parent group to take up share options to subscribe for Shares and in determining the basis of eligibility of the participants, the RC would take into account such factors as the RC may at its discretion consider appropriate and recommend to the Board for approval.

Controlling shareholders and their spouse, child, adopted child, step-child, brother, sister and parent shall not be eligible to participate in the Scheme.

(c) Maximum Number of Shares Available for Subscription

The Company shall not grant share options in aggregate exceed 984,611,974 shares of the Company, representing 10.0% of the total number of shares in issue as at the date of this Annual Report, unless the Company obtains an approval from its shareholders.

Notwithstanding the provision above, all outstanding options granted and yet to be exercised under the Scheme and any other share option schemes of the Company must not exceed 15.0% of the Shares in issue from time to time.

(d) Maximum Entitlement of Shares of Each Participant

The total number of Shares issued and to be issued upon exercise of the options granted to each participant (including both exercised and outstanding options) in any 12-month period shall not exceed 1.0% of the total number of Shares in issue. The total number of Shares issued and to be issued upon exercise of the options granted for any participant who is a substantial shareholder or an Independent Non-executive Director, or any of their respective associates, in the 12-month period shall not representing in aggregate more than 0.1% of the total number of Shares in issue on the relevant date and having an aggregate value, based on the closing price of the Shares as stated in the HKEx's daily quotations sheet on the relevant date, in excess of HKD5 million.

(e) Period for Taking up an Option

The Scheme is subject to the administration of the RC. The RC would take into account the factors in compliance with the listing requirements and the provision of the Scheme as the RC may at its discretion consider appropriate. As at the date of this Annual Report, the RC did not grant any option nor consider the terms and conditions of the grant of options since the adoption of the Scheme.

(f) Minimum Period for Holding an Option before Exercise

Subject to the terms and conditions upon which such option was granted, an option may be exercised by the original participant ("Grantee") at any time during the period to be determined by the RC at its absolute discretion and notified by the RC to each Grantee as being the period during which an option may be exercised and in any event, such period shall not commence until after the first anniversary of the date on which an offer is made to a participant ("Offer Date") and shall not be longer than 10 years from the Offer Date.

(g) Amount Payable on Acceptance of the Option

The option to which the offer relates shall be deemed to have been granted and to have taken effect when the duplicate of the offer letter comprising acceptance of the offer duly signed by the Grantee together with a remittance in favor of the Company of HKD1.00 by way of consideration for the granting thereof is received by the Company within the acceptance period. Such remittance shall in no circumstances be refundable or be considered as part of the subscription price.

(h) Exercise Price

The subscription price in respect of each Share issued pursuant to the exercise of options granted shall be a price solely determined by the RC and shall be at least the highest of:

– The closing price of the Shares as stated in the daily quotations sheet of the HKEx or the SGX-ST on the offer date (whichever is higher); and

– A price being the average of the closing prices of the Shares as stated in the daily quotations sheet of the HKEx or the SGX-ST for the 5 business days immediately preceding the offer date (whichever is higher).

(i) Duration of the Scheme

The Scheme shall be valid and effective for a period of 10 years commenced since the adoption date of 3 September 2010. During the Financial Year, no option of the Company or any corporation in the Group was granted under the Scheme.

DIRECTORS RECEIPT AND ENTITLEMENT TO CONTRACTUAL BENEFITS

Since the beginning of the Financial Year, no Director has received or become entitled to receive a benefit by reason of a contract made by the Company or a related corporation with the Director or with a firm of which he is a member or with a company in which he has a substantial financial interest, except as disclosed in the financial statements and except that Mr. Fan Haibin, Mr. Zuo Kun, Mr. Xie Zhen, Mr. Shi Jian, Mr. Li Yao Min, Mr. Liu Heqiang, Mr. Zhang Yan, Ms. Yang Meiyu and Mr. Ren Xiaowei, have an employment relationship with the Company, and have received remuneration in that capacity. The particulars of the service agreements and the appointment letters are set out below:

Name of Director	Date of service agreement(s)/ appointment letter(s)	Term	Fixed annual remuneration	Termination notice period/ payment in lieu of notice
Executive Directors				
Liu Heqiang	14 August 2015	28 March 2015 to 27 March 2016*	HKD1.16 million	6 months
Yang Meiyu	14 August 2015	28 March 2015 to 27 March 2016*	HKD0.83 million	6 months
Ren Xiaowei	14 August 2015	28 March 2015 to 27 March 2016*	HKD0.83 million	6 months
Shi Jian(1)	30 December 2014	22 October 2014 to 21 October 2015	HKD1 million	6 months
Non-executive Directors				
Fan Haibin	14 August 2015	28 March 2015 to 27 March 2016*	–	1 month
Zuo Kun	14 August 2015	28 March 2015 to 27 March 2016*	–	1 month
Li Yao Min	14 August 2015	22 October 2015 to 21 October 2016	HKD0.8 million	1 month
Zhang Yan(2)	14 August 2015	28 March 2015 to 27 March 2016	–	1 month
Xie Zhen(3)	–	–	–	
Independent Non-executive Directors				
Henry Tan Song Kok	14 August 2015	22 October 2014 to 21 October 2015	SGD80,000 plus a meeting allowance of SGD2,800	1 month
Kong Siu Chee	14 August 2015	22 October 2014 to 21 October 2015	SGD70,000 plus a meeting allowance of SGD2,800	1 month
Zhang Hao	14 August 2015	22 October 2014 to 21 October 2015	HKD0.26 million	1 month
E Hock Yap	14 August 2015	22 October 2014 to 21 October 2015	HKD0.33 million	1 month

* *Renewal of service will be arranged immediately upon the expiry of his or her term as a director on 27 March 2016.*

(1) *Mr. Shi Jian ceased to be the Vice Chairman and Executive Director on 5 December 2015.*

(2) *Mr. Zhang Yan ceased to be the Non-executive Director on 12 November 2015.*

(3) *Mr. Xie Zhen was appointed as Non-executive Director on 5 December 2015, and has not entered into any service contract with the Company. The service contract will be arranged after his re-election on the Annual General Meeting.*

AUDIT COMMITTEE

The Audit Committee (the "AC") comprises the following members:

Henry Tan Song Kok	*(Lead Independent Non-executive Director and Chairman of the AC)*
Zhang Hao	*(Independent Non-executive Director)*
E Hock Yap	*(Independent Non-executive Director)*

The AC has recommended to the Board the nomination of Ernst and Young ("EY") for re-appointment as the Company's external auditor at the forthcoming AGM of the Company.

The functions performed by the AC are detailed in the Corporate Governance Report.

AUDITORS

The consolidated financial statements for the Financial Year have been audited by EY who will retire and, being eligible, offer themselves for re-appointment at the 2016 AGM. A resolution to re-appoint EY as the external auditor of the Company and to authorise the Directors to fix their remuneration will be proposed at the 2016 AGM.

On behalf of the Board

Fan Haibin
Non-executive Chairman

Liu Heqiang
Chief Executive Officer

11 March 2016

INDEPENDENT AUDITORS' REPORT

To the shareholders of China New Town Development Company Limited
(Incorporated in the British Virgin Islands with limited liability)

We have audited the consolidated financial statements of China New Town Development Company Limited (the "Company") and its subsidiaries set out on page 52 to 130, which comprise the consolidated statement of financial position as at 31 December 2015, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

DIRECTORS' RESPONSIBILITY FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors of the Company are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards and the disclosure requirements of the Hong Kong Companies Ordinance, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. Our report is made solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

We conducted our audit in accordance with International 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation of consolidated 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 the directors, as well as evaluating the overall presentation of the consolidated 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 give a true and fair view of the financial position of the Company and its subsidiaries as at 31 December 2015, and their financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

Ernst & Young
Certified Public Accountants
Hong Kong
11 March 2016

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

For the financial year ended 31 December 2015
(All amounts expressed in RMB'000 unless otherwise specified)

	Notes	2015	2014
Continuing operations			
Revenue	5	**67,022**	56,813
Cost of sales	6	**(12,445)**	(651,195)
Gross profit/(loss)		**54,577**	(594,382)
Other income	5	**143,815**	56,401
Selling and distribution costs	6	**–**	(8,857)
Administrative expenses	6	**(97,745)**	(82,403)
Other expenses	5	**(3,521)**	(847)
Operating profit/(loss)		**97,126**	(630,088)
Finance costs	7	**(69,230)**	(85,923)
Gain on disposal of subsidiaries	8	**60,378**	616,091
Share of loss of a joint venture	4	**(51)**	–
Profit/(loss) before tax from continuing operations		**88,223**	(99,920)
Income tax	9	**5,254**	44,941
Profit/(loss) after tax from continuing operations		**93,477**	(54,979)
Discontinued operations			
Loss after tax from discontinued operations	13	**(125,359)**	(154,191)
Gain after tax on partial disposal of assets and liabilities relating to discontinued operations	8	**67,683**	3,990
Profit/(loss) for the year		**35,801**	(205,180)
Other comprehensive income, net of tax		**–**	–
Total comprehensive profit/(loss), net of tax		**35,801**	(205,180)
Attributable to:			
Equity holders of the parent		**65,141**	(61,404)
Non-controlling interests		**(29,340)**	(143,776)
		35,801	(205,180)
Earnings/(loss) per share (RMB per share):			
Basic and diluted, profit/(loss) for the year attributable to ordinary equity holders of the parent	12	**0.0066**	(0.0072)
Earnings per share for continuing operations (RMB per share):			
Basic and diluted, profit from continuing operations attributable to ordinary equity holders of the parent	12	**0.0108**	0.0063

The accompanying accounting policies and explanatory notes are an integral part of the consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2015
(All amounts expressed in RMB'000 unless otherwise specified)

	Notes	2015	2014
Assets			
Non-current assets			
Investment in a joint venture	4	**10,595**	–
Loans and receivables	14	**690,000**	490,000
Available-for-sale financial assets	15	**32,000**	–
Financial assets designated at fair value through profit or loss	16	**68,874**	–
Property, plant and equipment	17	**39,792**	41,350
Prepaid land lease payments	18	**11,657**	12,034
Deferred tax assets	9	**56,191**	41,149
Other assets		**10,744**	–
Total non-current assets		**919,853**	584,533
Current assets			
Land development for sale	19	**1,546,483**	1,549,079
Prepayments	20	**1,675**	8,539
Other receivables	21	**1,415,727**	1,906,439
Trade receivables	22	**59,218**	63,853
Loans and receivables	14	**570,488**	–
Cash and bank balances	23	**1,568,656**	795,451
Assets classified as held for sale	13	**4,803,516**	4,904,237
Total current assets		**9,965,763**	9,227,598
Total assets		**10,885,616**	9,812,131
Equity and liabilities			
Equity			
Equity holders of the parent:			
Share capital	24	**4,110,841**	4,110,841
Other reserves	25	**579,270**	579,270
Accumulated losses		**(1,099,154)**	(1,164,295)
		3,590,957	3,525,816
Non-controlling interests		**293,465**	321,620
Total equity		**3,884,422**	3,847,436

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2015
(All amounts expressed in RMB'000 unless otherwise specified)

	Notes	2015	2014
Non-current liabilities			
Senior guaranteed notes	26	**1,290,490**	–
Interest-bearing bank and other borrowings	27	**309,030**	–
Deferred tax liabilities	9	**21,151**	21,151
Total non-current liabilities		**1,620,671**	21,151
Current liabilities			
Interest-bearing bank and other borrowings	27	**365,000**	896,000
Trade payables	29	**149,942**	161,534
Other payables and accruals	29	**270,964**	116,883
Advances received for the settlement of Disposal Assets	13	**538,975**	553,549
Deferred revenue arising from land development	28	**352,794**	383,716
Current income tax liabilities		**336,628**	359,841
Liabilities directly associated with assets classified as held for sale	13	**3,366,220**	3,472,021
Total current liabilities		**5,380,523**	5,943,544
Total liabilities		**7,001,194**	5,964,695
Total equity and liabilities		**10,885,616**	9,812,131
Net current assets		**4,585,240**	3,284,054
Total assets less current liabilities		**5,505,093**	3,868,587

The accompanying accounting policies and explanatory notes are an integral part of the consolidated financial statements.

Fan Haibin
Non-executive Chairman

Liu Heqiang
Chief Executive Officer

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the financial year ended 31 December 2015
(All amounts expressed in RMB'000 unless otherwise specified)

		Attributable to equity holders of the parent					
	Notes	Share capital	Other reserves	Accumulated losses	Total	Non-controlling interests	Total equity
As at 1 January 2014	24/25	2,980,809	579,270	(1,102,891)	2,457,188	522,096	2,979,284
Total comprehensive loss		–	–	(61,404)	(61,404)	(143,776)	(205,180)
Placing of 5,347,921,071 new shares		1,130,032	–	–	1,130,032	–	1,130,032
Disposal of subsidiaries		–	–	–	–	(56,700)	(56,700)
As at 31 December 2014 and 1 January 2015	24/25	4,110,841	579,270	(1,164,295)	3,525,816	321,620	3,847,436
Total comprehensive income/(loss)		**–**	**–**	**65,141**	**65,141**	**(29,340)**	**35,801**
Disposal of subsidiaries		**–**	**–**	**–**	**–**	**1,185**	**1,185**
As at 31 December 2015	24/25	**4,110,841**	**579,270**	**(1,099,154)**	**3,590,957**	**293,465**	**3,884,422**

The accompanying accounting policies and explanatory notes are an integral part of the consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the financial year ended 31 December 2015
(All amounts expressed in RMB'000 unless otherwise specified)

	Notes	2015	2014
Cash flows from operating activities			
Profit/(loss) before tax from continuing operations		**88,223**	(99,920)
Loss before tax from discontinued operations		**(53,954)**	(139,574)
Profit/(loss) before tax		**34,269**	(239,494)
Adjustments for:			
Impairment provision of land development for sale	6	**–**	604,798
Bad debt provision/(reversal) of impairment of other receivables	5	**1,303**	(5,800)
Depreciation of property, plant and equipment		**2,260**	22,524
Amortisation of prepaid land lease payments	18	**377**	3,826
Amortisation of intangible assets		**126**	–
Gain on disposal of property, plant and equipment		**(2,507)**	(4,902)
Fair value gain on completed investment properties	13.c	**–**	(8,674)
Gain on financial assets designated at fair value through profit or loss	5	**(2,925)**	–
Gain on disposal of subsidiaries and a joint venture	8	**(128,061)**	(621,039)
Share of loss from an associate and a joint venture	4	**51**	158
Interests from loans and receivables	5	**(96,940)**	(7,770)
Interests from bank deposits		**(38,106)**	(29,447)
Interest expense on bank and other borrowings		**95,671**	190,993
Interest expense on senior guaranteed notes	7	**49,447**	–
Foreign exchange gain	5	**(1,483)**	(12,424)
		(86,518)	(107,251)
Decrease in land development for sale		**2,596**	41,461
Increase in properties under development for sale		**(30,580)**	(168,987)
Decrease in prepaid land lease payments		**13,703**	67,953
Decrease in inventories		**473**	655
Decrease in prepayments		**29,621**	7,718
Increase in other receivables and other current assets		**(344,421)**	(127,113)
(Increase)/decrease in trade receivables		**(81,007)**	80,393
(Increase)/decrease in prepaid income tax		**(11,550)**	3,872
Decrease in deferred revenue arising from sale of golf club memberships		**(16,811)**	(16,101)
(Decrease)/increase in deferred revenue arising from land development		**(30,922)**	2,262
Increase/(decrease) in advances from customers		**36,722**	(23,309)
Increase in trade and other payables		**737,252**	342,846
		218,558	104,399
Income tax paid		**(25,592)**	–
Net cash inflow from operating activities		**192,966**	104,399

For the financial year ended 31 December 2015
(All amounts expressed in RMB'000 unless otherwise specified)

	Notes	2015	2014
Cash flows from investing activities			
Purchases/construction of property, plant and equipment		**(33,965)**	(29,783)
Proceeds from disposal of property, plant and equipment		**53**	1,766
Payments for investment properties		**(4,723)**	(4,261)
Payments for intangible assets		**(1,814)**	–
Disposal of subsidiaries and joint venture		**667,716**	(6,278)
Investment in available-for-sale financial assets		**(32,000)**	–
Investments in loans and receivables	14	**(770,488)**	(490,000)
Interest received from loans and receivables		**20,158**	–
Investments in financial assets designated at fair value through profit or loss		**(65,949)**	–
Advances received for the settlement of Disposal Assets		**–**	553,549
Interest received from bank deposits		**38,106**	19,447
Payments of expenses incurred for the transaction cost of the Disposal		**(4,987)**	(6,452)
Net cash (outflow)/inflow from investing activities		**(187,893)**	37,988
Cash flows from financing activities			
Proceeds from issuance of senior guaranteed notes		**1,288,057**	–
Proceeds from placing of new shares of the Company		**–**	1,138,979
Proceeds from bank and other borrowings		**572,500**	237,780
Repayment of bank and other borrowings		**(547,629)**	(1,284,059)
Proceeds from borrowing from a related party		**–**	500,000
Repayment of borrowing from a related party		**(500,000)**	–
Cash released from restricted deposits in relation to interest payments for bank borrowings		**–**	195,500
Cash placed as restricted deposits in relation to bank borrowings		**(206,186)**	–
Interest paid		**(114,950)**	(191,126)
Net cash inflow from financing activities		**491,792**	597,074
Net increase in cash and cash equivalents		**496,865**	739,461
Cash and cash equivalents at beginning of year		**876,294**	136,833
Cash and cash equivalents at end of year	23	**1,373,159**	876,294

The accompanying accounting policies and explanatory notes are an integral part of the consolidated financial statements.

1. CORPORATE INFORMATION

China New Town Development Company Limited (the "Company") was incorporated on 4 January 2006 in the British Virgin Islands (the "BVI"). After a series of reorganisations, on 14 November 2007, the Company was listed on the Main Board of the Singapore Exchange Securities Trading Limited (the "SGX-ST"). On 22 October 2010, the Company was listed on the Main Board of The Stock Exchange of Hong Kong Limited (the "HKEx") by way of introduction. As a result, the Company is dual-listed on the Main Boards of both the SGX-ST and the HKEx.

The Company with its subsidiaries (the "Group") is a new town developer in Mainland China and is principally engaged in planning and developing large-scale new towns in China's largest cities, among which the activities include designing the master plan, relocating and resettling incumbent residents and businesses, clearing and preparing the land and installing infrastructure. Land use rights to the residential parcels in the new towns developed by the Group are then sold by the relevant land authorities to real estate property developers, the proceeds from which are apportioned to the Group on specified bases. From 2014, the Group also entered into arrangements with local governments to work on projects whereby it will be compensated based on a fixed return. The Group also develops or manages some residential and commercial properties in those new towns.

The Company used to be a subsidiary of SRE Group Limited ("SRE"), a company listed on the HKEx since September 2009. During 2012, SRE disposed of its entire holding of shares in the Company to SRE's own shareholders via a special dividend in the form of a distribution in species. Upon completion of that distribution, in October 2012, SRE no longer holds any shares in the Company and ceased to be the parent of the Company. As a result of that distribution, SRE Investment Holding Limited ("SREI"), the parent of SRE, became the largest shareholder of the Company.

On 10 October 2013, the Company, China Development Bank International Holdings Limited ("CDBIH") and SREI entered into a share subscription agreement (the "Subscription Agreement") pursuant to which CDBIH has agreed to subscribe for 5,347,921,071 new shares of the Company subject to the terms and conditions contained therein (the "Subscription"). The Subscription was completed in the first quarter of 2014. As a result, CDBIH, a wholly-owned subsidiary of China Development Bank Capital Corporation Limited ("CDB Capital"), became the largest shareholder of the Company.

As an appendix to the Subscription Agreement, there was a disposal master agreement (the "Disposal Master Agreement") between the Company and SREI to dispose of the specified assets and liabilities not relating to the Group's main principal business of planning and development of new town projects in Mainland China (the "Disposal Assets"). Details of the Disposal Master Agreement and execution of the Disposal Assets are included in Notes 8 and 13.

In the opinion of the directors of the Company (the "Directors"), since the completion of the share subscription of CDBIH, the Company's ultimate holding company is CDB Capital, which holds 54.32% of the issued share capital of the Company.

Subsidiaries

The principal activities of the subsidiaries are disclosed in Note 3 below.

2.1 BASIS OF PREPARATION

The consolidated financial statements of the Group and the statements of financial position and statement of changes in equity of the Company have been prepared in accordance with International Financial Reporting Standards ("IFRSs") as issued by the International Accounting Standards Board (the "IASB").

The financial statements have been prepared under the historical cost convention, except for available-for-sale financial assets, financial assets designated at fair value through profit or loss and investment properties which have been measured at fair value. Disposal groups held for sale are stated at the lower of their carrying amounts and fair values less costs to sell as further explained in Note 13. The financial statements are presented in Renminbi ("RMB") and all values are rounded to the nearest thousand ('000) unless otherwise indicated.

(a) Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries for the year ended 31 December 2015. The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. The results of subsidiaries are consolidated from the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

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

(b) Operating cycle

The operating cycle of the Group is the time between the acquisition of assets for processing and their realisation in cash or cash equivalents. Due to the nature of the Group's business, the Group's normal operating cycle is longer than twelve months. The Group's current assets include assets (such as land development for sale) that are sold, consumed or realised as part of the normal operating cycle even when they are not expected to be realised within twelve months after the end of the reporting period, in accordance with IFRSs.

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

Amended standards and interpretations

The Group has adopted the following revised IFRSs for the first time for the current year's financial statements. Though in certain cases, giving rise to new or revised accounting policies, the adoption of these new and revised IFRSs currently has had no significant impact on these financial statements.

IAS 19 Defined Benefit Plans (Revised): Employee Contributions

The Group has adopted IAS 19 Defined Benefit Plans (Revised): Employee Contributions in 2015. The amendments require an entity to consider contributions from employees or third parties when accounting for defined benefit plans and require such contributions that are linked to service to be attributed to periods of service as a negative benefit. The amendments clarify that, if the amount of the contributions is independent of the number of years of service, an entity is permitted to recognise such contributions as a reduction in the service cost in the period in which the service is rendered, instead of allocating the contributions to the periods of service. The amendments did not have a significant impact on the Group's financial statements.

For the financial year ended 31 December 2015
(All amounts expressed in RMB'000 unless otherwise specified)

2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (continued)

Amended standards and interpretations (continued)

IFRS-Annual Improvements 2010-2012 and 2011-2013 Cycles

In 2015, the Group has adopted the Annual Improvements to IFRSs 2010-2012 and 2011-2013 Cycles.

IFRS 2 – Share-based Payment

The amendment clarifies on "vesting conditions" and adds definitions of performance condition and service condition. The amendment must be applied prospectively. The amendment did not have a significant impact on the Group's financial statements.

IFRS 3 – Business Combinations

All contingent consideration arrangements classified as liabilities (or assets) arising from a business combination must be subsequently measured at fair value through profit or loss whether or not they fall within the scope of IFRS 9 or IAS 39. IFRS 3 is not applicable to the accounting for joint ventures. The amendment must be applied prospectively. The amendment did not have a significant impact on the Group's financial statements.

IFRS 8 – Operating Segments

The amendments require 1) an entity must disclose the judgements made by management in applying the aggregation criteria of operating segments, including a brief description of operating segments that have been aggregated and the economic criteria used to assess whether the segments possess "similar economic characteristics" and; 2) the reconciliation of segment assets to total assets is required to be disclosed only if the reconciliation is reported to the chief operating decision maker, similar to the required disclosure for segment liabilities. The amendments must be applied prospectively. The amendments did not have a significant impact on the Group's financial statements.

IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets

The amendments are applied retrospectively and clarifies in IAS 16 and IAS 38 that the asset may be revalued by reference to observable data by either adjusting the gross carrying amount of the asset to market value or by determining the market value of the carrying value and adjusting the gross carrying amount proportionately so that the resulting carrying amount equals the market value. In addition, the accumulated depreciation or amortisation is the difference between the gross and carrying amounts of the asset. The amendments did not have a significant impact on the Group's financial statements.

IAS 24 – Related Party Disclosures

The amendment clarifies that a management entity – an entity that provides key management personnel services – is a related party subject to the related party disclosures. In addition, an entity that uses a management entity is required to disclose the expenses incurred for management services. The amendment must be applied retrospectively. The amendment did not have a significant impact on the Group's financial statements.

IFRS 13 – Fair Value Measurement

The amendment clarifies that the scope of the portfolio exception for measuring the fair value of financial assets and financial liabilities on a net basis is applicable to all contracts that are within the scope of IFRS 9 or IAS 39. The amendment did not have a significant impact on the Group's financial statements.

IAS 40 – Investment Property

The amendment clarifies that ancillary services in IAS 40 differentiates between an investment property and an owner-occupied property. IFRS 3 should be referred to determine if the investment property is the purchase of an asset or business combination. The amendment must be applied prospectively. The amendment did not have a significant impact on the Group's financial statements.

The Group has not early adopted any standard, interpretation or amendment that was issued but is not yet effective.

2.3 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the financial statements requires management to make estimates and assumptions that affect the reported amounts of revenue, expenses, assets and liabilities and the disclosure of contingent liabilities at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require material adjustment to the carrying amount of the assets or liabilities affected in future periods.

In the process of applying the Group's accounting policies, management has made the following judgement, which has the most significant effect on the amounts recognised in the financial statements:

Judgements

Classification between investment properties and owner-occupied properties

The Group determines whether a property qualifies as an investment property and has developed criteria in making that judgement. Investment property is a property held to earn rentals or for capital appreciation or both. Therefore, the Group considers whether a property generates cash flows largely independently of the other assets held by the Group.

Estimates and assumptions

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 disclosed below:

(i) Estimate of fair value of investment properties

Investment properties were revalued at the end of each reporting period using the income approach on the basis of capitalisation of net rental income derived from the existing tenancies with due allowance for reversionary income potential of the property interest by independent professionally qualified valuers. Such valuations were based on certain assumptions, which are subject to uncertainty and might materially differ from the actual results. In making the estimate, the Group considers information from current prices in an active market for similar properties and uses assumptions that are mainly based on market conditions existing at the end of each reporting period.

For details of change in fair values of investment properties in 2015, please see Note 13.c.

(ii) Carrying amount of land development for sale and properties under development for sale

The Group's land development for sale and properties under development for sale are stated at the lower of cost and net realisable value.

Based on the Group's recent experience and the nature of the subject land development, the Group makes estimates of cost allocated to each parcel of land infrastructure and attributable to ancillary public facilities and infrastructure, and its net realisable value, i.e., the revenue to be derived from the sale of land development for sale by government authorities, less costs to completion and the costs to be incurred in realising the revenue from the sale of land development for sale based on prevailing market conditions.

2.3 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (continued)

Estimates and assumptions (continued)

(ii) Carrying amount of land development for sale and properties under development for sale (continued)

The costs of properties under development for sale comprise specifically identified cost, including acquisition costs, development expenditures and borrowing costs and other related expenditure directly attributable to the development of such properties. Net realisable value is based on the estimated selling price in the ordinary course of business as determined by management with reference to the prevailing market conditions, less further costs expected to be incurred to complete, and net of selling and marketing costs.

If the cost is higher than the estimated net realisable value, provision for the excess of cost of land development for sale and properties under development for sale over their net realisable values should be made. Such provision would require the use of judgement and estimates. Where the expectation is different from the original estimate, the carrying value and provision for land development for sale and properties under development for sale in the periods in which such estimate is changed will be adjusted accordingly.

(iii) Deferred tax assets and liabilities

Deferred tax assets are recognised for deductible temporary differences, carryforward of unused tax credits and unused tax losses to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward of unused tax credits and unused tax losses can be utilised. Deferred tax liabilities are recognised for taxable temporary differences. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies. Where the actual or expected tax positions of the relevant companies of the Group in future are different from the original estimates, such differences will impact on the recognition of deferred tax assets and liabilities and income tax charge in the period in which such estimate has been changed. For details of deferred tax assets and liabilities, please see Note 9.

(iv) Impairment of receivables

Impairment of receivables is made based on assessment of the recoverability of receivables. The identification of impairment of receivables requires management's judgements and estimates. Where the actual outcome or expectation in future is different from the original estimation, such difference will have an impact on the carrying value of the receivables and the impairment of receivables or reversal of impairment in the period in which such estimate has been changed. For details of the estimated impairment of receivables, please see Notes 21 and 22.

For the financial year ended 31 December 2015
(All amounts expressed in RMB'000 unless otherwise specified)

2.3 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (continued)

Estimates and assumptions (continued)

(v) Useful lives and impairment of property, plant and equipment

The Group's management determines the estimated useful lives and related depreciation charges for its items of property, plant and equipment. This estimate is based on the historical experience of the actual useful lives of items of property, plant and equipment of similar nature and functions. Such estimates could change significantly as a result of technical innovations and competitor actions in response to severe industry cycles. Management will increase the depreciation charges where useful lives are less than previously estimated lives, or management will write off or write down technically obsolete assets that have been abandoned.

The carrying value of an item of property, plant and equipment is reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable in accordance with the accounting policy as disclosed in Note 2.4. The recoverable amount of an item of property, plant and equipment is calculated as the higher of its fair value less costs to sell and the value in use, the calculation of which involves the use of estimates.

For details of the estimated balance of impairment of property, plant and equipment, please see Note 17.

(vi) Measurement of revenue from land development

Revenue from the development of land infrastructure and ancillary public facilities (owned by the local governments) within the districts where the Group runs its businesses is allocated and recognised separately. The allocation of revenue from the land development to land infrastructure and ancillary public facilities is based on their relative fair values of the construction works, determined by reference to the relative estimated construction costs of each component, as the nature of construction works for the components is similar.

Revenue attributable to land infrastructure is recognised in full upon the sale of the relevant land use rights and the specific construction works are completed. However, revenue attributable to ancillary public facilities is recognised for the portions of ancillary public facilities completed at the sale of the land. The remaining revenue attributable to uncompleted portions of ancillary public facilities is recognised as deferred revenue as a current liability in the statements of financial position, and will be recognised as revenue when the related construction works are completed.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Subsidiaries

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

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

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

(b) rights arising from other contractual arrangements; and

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

The results of subsidiaries are included in the Company's statement of profit or loss and other comprehensive income to the extent of dividends received and receivable. The Company's investments in subsidiaries that are not classified as held for sale in accordance with IFRS 5 are stated at cost less any impairment losses.

Investment in a joint venture

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. 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 considerations made in determining joint control are similar to those necessary to determine control over subsidiaries.

The Group's investment in its joint venture is accounted for using the equity method.

Under the equity method, the investment in a joint venture is initially recognised at cost. The carrying amount of the investment is adjusted to recognise changes in the Group's share of net assets of the joint venture since the acquisition date less any impairment losses. Goodwill, if any, relating to the joint venture is included in the carrying amount of the investment and is neither amortised nor individually tested for impairment.

The statement of profit or loss and other comprehensive income reflects the share of the results of operations of the joint venture. Any change in OCI of those investees is presented as part of the Group's OCI. In addition, where there has been a change recognised directly in the equity of the joint venture, the Group recognises its share of any changes, when applicable, in the statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the joint venture are eliminated to the extent of the investment in the joint venture.

The aggregate of the Group's share of profit or loss of a joint venture is shown on the face of the consolidated statement of profit or loss and other comprehensive income outside operating profit and represents profit or loss after tax and non-controlling interests in the subsidiaries of the joint venture.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Investment in a joint venture (continued)

The financial statements of the joint venture are prepared for the same reporting period as the investor. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

After application of the equity method, the Group determines whether it is necessary to recognise an impairment loss on its investment in its joint venture. At each reporting date, the Group determines whether there is objective evidence that the investment in the joint venture is impaired. If there is such evidence, the Group calculates the amount of impairment as the difference between the recoverable amount of the joint venture and its carrying value, then recognises the loss as 'Share of loss of a joint venture' in the statement of profit or loss and other comprehensive income.

Upon loss of joint control over the joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the joint venture upon loss of joint control and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

Current versus non-current classification

The Group presents assets and liabilities in the statement of financial position based on current/non-current classification. An asset as current when it is:

- Expected to be realised or intended to sold or consumed in the normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in the normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Group classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fair value measurement

The Group measures financial instruments, such as available-for-sale financial assets, and non-financial assets such as investment properties, at fair value at the end of each reporting period. Also, the fair values of financial instruments measured at amortised cost are disclosed in Note 36.

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. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or

- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible to by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities

- Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

- Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial assets

Financial assets are classified, at initial recognition, as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, available-for-sale financial assets, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at fair value through profit or loss
- Loans and receivables
- Held-to-maturity investments
- Available-for-sale financial investments

(a) *Financial assets at fair value through profit or loss*

Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated upon initial recognition at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments as defined by IAS 39. Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value presented as other income in the statement of profit or loss and other comprehensive income.

Derivatives embedded in host contracts are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not held for trading or designated at fair value through profit or loss. These embedded derivatives are measured at fair value with changes in fair value recognised in profit or loss. Reassessment only occurs if there is a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss.

(b) *Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method, less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation and the losses arising from impairment are recognised in the statement of profit or loss and other comprehensive income.

This category generally applies to loans and receivables, trade receivables and other receivables. For more information on loans and receivables, refer to Notes 14, 21 and 22.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial assets (continued)

(c) Held-to-maturity investments

Non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as held to maturity when the Group has the positive intention and ability to hold them to maturity. After initial measurement, held to maturity investments are measured at amortised cost using the EIR, less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation and the losses arising from impairment are recognised in the statement of profit or loss and other comprehensive income as finance costs.

(d) Available-for-sale (AFS) financial investments

AFS financial investments include equity and debt securities. Equity investments classified as AFS are those that are neither classified as held for trading nor designated at fair value through profit or loss. Debt securities in this category are those which are intended to be held for an indefinite period of time and which may be sold in response to needs for liquidity or in response to changes in the market conditions.

After initial measurement, AFS financial investments are subsequently measured at fair value with unrealised gains or losses recognised as OCI and credited in the AFS financial investments reserve until the investment is derecognised, at which time the cumulative gain or loss is recognised in other operating income, or the investment is determined to be impaired, when the cumulative loss is reclassified from the AFS financial investments reserve to the statement of profit or loss and other comprehensive income in finance costs. Interest earned whilst holding AFS financial investments is reported as interest income using the EIR method.

The Group evaluates whether the ability and intention to sell its AFS financial assets in the near term is still appropriate. When, in rare circumstances, the Group is unable to trade these financial assets due to inactive markets, the Group may elect to reclassify these financial assets if the management has the ability and intention to hold these assets for foreseeable future or until maturity.

For a financial asset reclassified from the AFS category, the fair value carrying amount at the date of reclassification becomes its new amortised cost and any previous gain or loss on that asset that has been recognised in equity is amortised to profit or loss over the remaining life of the investment using the EIR. Any difference between the new amortised cost and the maturity amount is also amortised over the remaining life of the asset using the EIR. If the asset is subsequently determined to be impaired, the amount recorded in equity is reclassified to profit or loss.

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statement of financial position) when:

- the rights to receive cash flows from the asset have expired; or

- the Group has transferred its rights to receive cash flows or from the asset or has assumed an obligation to pay them in full without material delay to a third party under a "pass-through" arrangement; and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Where the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of financial assets

The Group assesses at the end of each reporting period whether there is any objective evidence that a financial asset or a group of financial assets is impaired. An impairment exists if one or more events that occurred since the initial recognition of the asset (an incurred "loss event") and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that a debtor or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and observable data indicating that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

(a) Financial assets carried at amortised cost

For financial assets carried at amortised cost, the Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current EIR.

The carrying amount of the asset is reduced through the use of an allowance account and the loss is recognised in profit or loss. Interest income continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded in the statement of profit or loss and other comprehensive income. Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Group. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a write-off is later recovered, the recovery is credited in the statement of profit or loss and other comprehensive income.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Impairment of financial assets (continued)

(b) Available-for-sale (AFS) financial investments

For AFS financial investments, the Group assesses at each reporting date whether there is objective evidence that an investment or a group of investments is impaired.

In the case of equity investments classified as AFS, objective evidence would include a significant or prolonged decline in the fair value of the investment below its cost. 'Significant' is evaluated against the original cost of the investment and 'prolonged' against the period in which the fair value has been below its original cost. When there is evidence of impairment, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognised in the statement of profit or loss and other comprehensive income – is removed from OCI and recognised in the statement of profit or loss and other comprehensive income. Impairment losses on equity investments are not reversed through profit or loss; increases in their fair value after impairment are recognised in OCI.

In the case of debt instruments classified as AFS, the impairment is assessed based on the same criteria as financial assets carried at amortised cost. However, the amount recorded for impairment is the cumulative loss measured as the difference between the amortised cost and the current fair value, less any impairment loss on that investment previously recognised in the statement of profit or loss and other comprehensive income.

Future interest income continues to be accrued based on the reduced carrying amount of the asset, using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded as part of finance income. If, in a subsequent year, the fair value of a debt instrument increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in the statement of profit or loss and other comprehensive income, the impairment loss is reversed through the statement of profit or loss and other comprehensive income.

Financial liabilities at amortised cost

Financial liabilities at amortised cost including trade payables, senior guaranteed notes and interest-bearing loans and borrowings are initially stated at fair value less directly attributable transaction costs and are subsequently measured at amortised cost, using the effective interest method unless the effect of discounting would be immaterial, in which case they are stated at cost. The related interest expense is recognised within "finance costs" in profit or loss.

Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the amortisation process.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are acquired for the purpose of sale in the near term. Separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on liabilities held for trading are recognised in profit or loss. The net fair value gain or loss recognised in profit or loss does not include any interest charged on these financial liabilities.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in profit or loss.

Property, plant and equipment and depreciation

Property, plant and equipment, other than construction in progress ("CIP"), are stated at cost less accumulated depreciation and any impairment losses.

The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use. Such cost includes the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located. Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to profit or loss in the period in which it is incurred. In situations where it can be clearly demonstrated that the expenditure has resulted in an increase in the future economic benefits expected to be obtained from the use of an item of property, plant and equipment, and where the cost of the item can be measured reliably, the expenditure is capitalised as an additional cost of that asset or as a replacement.

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value (10% of the cost) over its estimated useful life. The estimated useful lives for this purpose are as follows:

Hotel properties	Building 30 years, equipment 10 years, fixtures and fittings 5 years
Golf operational assets	Golf course between 40 and 50 years, club buildings 30 years, club equipment 10 years, club fixtures and fittings 5 years
Other buildings	20 years
Furniture, fixtures and equipment	5 years
Motor vehicles	5 years

When parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately.

Residual values, useful lives and the depreciation method are reviewed, and adjusted prospectively if appropriate, at the end of each reporting period.

For the financial year ended 31 December 2015
(All amounts expressed in RMB'000 unless otherwise specified)

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Property, plant and equipment and depreciation (Continued)

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in profit or loss in the year the asset is derecognised is the difference between the fair value less cost to sell and the carrying amount of the relevant asset.

CIP represents buildings under construction and is stated at cost less any impairment in value, and is not depreciated. Cost mainly comprises the direct costs during the period of construction and capitalised interest. CIP is reclassified to the appropriate category of property, plant and equipment when completed and ready for use.

Investment properties

Investment property comprises completed property and property under construction or re-development held to earn rentals or for capital appreciation or both. Property held under a lease is classified as investment property when the definition of an investment property is met and it is accounted for as a finance lease.

Investment property is measured initially at cost including transaction costs. Transaction costs include transfer taxes, professional fees for legal services and initial leasing commissions to bring the property to the condition necessary for it to be capable of operating. The carrying amount also includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met.

Subsequent to initial recognition, investment property is stated at fair value. Gains or losses arising from changes in the fair values are included in the statement of profit or loss and other comprehensive income in the year in which they arise.

Investment properties under construction are stated at fair value with changes in fair values recognised in profit or loss.

Investment property is derecognised when it has been disposed of or permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of investment property are recognised in profit or loss in the year of retirement or disposal.

Gains or losses on the disposal of investment property are determined as the difference between net disposal proceeds and the carrying value of the asset in the previous full period financial statements.

Transfers are made to investment property when, and only when, there is a change in use, evidenced by the end of owner occupation or commencement of an operating lease. Transfers are made from investment property when, and only when, there is a change in use, evidenced by commencement of owner occupation or commencement of development with a view to sale.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Land development for sale

Development cost of land development for sale comprises the aggregate cost of development, materials and supplies, capitalised borrowing costs on related borrowing funds during the period of construction and other costs directly attributable to such land development for sale.

Land development for sale is stated at the lower of cost and net realisable value. Net realisable value takes into account the Group's share of proceeds derived from the sale of land development for sale by government authorities, less costs to completion and the costs to be incurred in realising the revenue derived from the sale of land development for sale based on prevailing market conditions.

Any excess of cost over the net realisable value of individual items of land development for sale is recognised as an allowance.

Properties under development for sale

Properties under development for sale are included in current assets at the lower of cost and net realisable value.

The costs of properties under development for sale comprise specifically identified cost, including acquisition costs, development expenditures and borrowing costs and other related expenditure directly attributable to the development of such properties. Net realisable value is based on estimated selling price in the ordinary course of business as determined by management with reference to the prevailing market conditions, less further costs expected to be incurred to completion and selling and marketing costs.

Any excess of cost over the net realisable value of individual items of properties under development is recognised as an allowance.

Inventories

Inventories, which mainly refer to supplies and low-value consumables used in hotel and golf course operations, are accounted for at cost when purchased. Cost of supplies is determined using the first-in, first-out method. Low-value consumables relating to golf course and hotel operations are expensed in full when issued for use.

Inventories are valued at the lower of cost and net realisable value at the end of the reporting period. Net realisable value is the estimated selling price in the ordinary course of business, less estimated expenses and related taxes necessary to make the sales. The net realisable value is determined based on contract prices or market prices.

Any excess of cost over the net realisable value of individual items of inventories is recognised as an allowance.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Cash and cash equivalents

For the purpose of the statements of cash flows, cash and cash equivalents comprise cash on hand and demand deposits, and short-term highly liquid investments that are readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired.

For the purpose of the statements of financial position, cash and bank balances comprise cash on hand and at banks, including term deposits, and assets similar in nature to cash, which are not restricted to use.

Provisions

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the effect of discounting is material, the amount recognised for a provision is the present value at the end of the reporting period of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in the statement of profit or loss and other comprehensive income.

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than land development for sale, inventories, deferred tax assets, financial assets, investment properties), the asset's recoverable amount is estimated. An asset's recoverable amount is calculated as the higher of the asset's or cash-generating unit's value in use and its fair value less costs to sell, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. 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.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than certain financial assets is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to profit or loss in the period in which it arises.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Operating leases

Leases where substantially all the rewards and risks of ownership of assets remain with the lessor are accounted for as operating leases. Where the Group is the lessor, assets leased by the Group under operating leases are included in assets, and rentals receivable under the operating leases are credited to profit or loss on the straight-line basis over the lease terms. Where the Group is the lessee, rentals payable under operating leases are charged to profit or loss on the straight-line basis over the lease terms.

Prepaid land lease payments under operating leases are initially stated at cost. The subsequent measurement of prepaid land lease payments is as follows:

i) Prepaid land lease payments incurred for properties other than investment properties and investment properties under construction (after the adoption of IAS 40 revised), they are amortised over the lease terms on the straight-line basis. The amortisation during the period of construction of the properties is capitalised as the cost of properties under development. The amortisation during the period before the commencement and after the completion of the construction of the properties is expensed in profit or loss.

ii) Prepaid land lease payments included in investment properties and investment properties under construction (after the adoption of IAS 40 revised) are not amortised as they are stated at fair value.

Non-current assets held for sale and discontinued

The Group classifies non-current assets and disposal groups as held for sale if their carrying amounts will be recovered principally through a sale rather than through continuing use. Such non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. The criteria for held for sale classification is regarded as met only when the sale is highly probable and the asset or disposal group is available for immediate sale in its present condition.

Property, plant and equipment and intangible assets are not depreciated or amortised once classified as held for distribution. Assets and liabilities classified as held for sale are presented separately as current items in the statement of financial position.

A disposal group qualifies as discontinued operation if it is a component of an entity that either has been disposed of, or is classified as held for sale, and:

- represents a separate major line of business or geographical area of operations
- is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations, or
- is a subsidiary acquired exclusively with a view to resale

Discontinued operations are excluded from the results of continuing operations and are presented as a single amount as profit or loss after tax from discontinued operations in the consolidated statement of profit or loss and other comprehensive income.

Additional disclosures are provided in Note 13. All other notes to the financial statements include amounts for continuing operations, unless otherwise mentioned.

For the financial year ended 31 December 2015
(All amounts expressed in RMB'000 unless otherwise specified)

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue recognition

Revenue is recognised when it is probable that the economic benefits will flow to the Group and when the revenue can be measured reliably, on the following bases:

Revenue from land development for sale

The Group is given the right to carry out construction and preparation works in respect of land infrastructure and ancillary public facilities (owned by the local governments) within the districts where the Group runs its businesses. When the parcels of land are sold by the local governments to land buyers through public auction, tender or listing, the Group is entitled to receive from the local governments a proportion of the proceeds from land sales (including related public utilities fees, if any). As ancillary public facilities are separately identifiable from land infrastructure, such proceeds to be received by the Group are allocated between land infrastructure and ancillary public facilities based on their relative fair values.

Revenue from land development for sale is recognised upon the transfer of risks and rewards in connection with the land development for sale and when the amount of revenue can be measured reliably, which occurs upon the completion of related construction works as well as the sale of land. Accordingly, at the time of the sale of land, proceeds allocated to the completed land infrastructure and completed ancillary public facilities are recognised as revenue, and proceeds allocated to uncompleted construction works are deferred and recognised as revenue when the related construction works are completed.

Sale of development properties

Revenue from the sale of properties is recognised upon completion of a sale agreement, which refers to the time when properties are completed and delivered to the buyers. Deposits and instalments received on properties sold prior to the completion of the respective sale agreements are included as advances received from the pre-sale of properties under development. The revenue from property development is recognised in discontinued operations.

Hotel operations revenue

Hotel operations revenue represents the income from hotel and convention centre rooms and conference facilities, and the sale of related food and beverages, which is recognised when the services are rendered or the goods are sold. The revenue from hotel operations is recognised in discontinued operations.

Golf course operations revenue

Golf course operations revenue represents the income from annual fees, the usage of golf courses and ancillary equipment, the provision of golf services, and the provision of golf equipment, food and beverages, etc., which is recognised when the services are rendered or the goods are sold. The revenue from golf operations is recognised in discontinued operations.

Golf club membership revenue

Golf club membership entitles the members to golf operations related services provided during the membership period or to purchase goods or services at prices lower than those charged to non-members. Golf club membership revenue is recognised on the straight-line basis which reflects the expected period when the benefits are provided. The revenue from golf operations is recognised in discontinued operations.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue recognition (continued)

Operating lease income

Operating lease income from investment properties is recognised on the straight-line basis over the lease term, which is the non-cancellable period for which the lessee has contracted to lease the properties together with any further terms for which the lessee has the option to continue to lease the properties, with or without further payments, when at the inception of the lease, it is reasonably certain that the lessee will exercise the option. The revenue from investment property leasing is recognised in discontinued operations.

Property management revenue

Property management revenue is recognised in the periods when the services are rendered. The revenue from property management is recognised in discontinued operations.

Interest income

Interest income is recognised on a time proportion basis using the effective interest rate, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument to the net carrying amount of the financial instrument.

Dividend income

Dividend income is recognised when the shareholders' right to receive payment has been established, which is generally when the shareholders approve the dividend.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, that is, assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. The capitalisation of such borrowing costs ceases when 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 capitalised. Other borrowing costs are recognised as expenses when incurred.

Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of fund. The interest capitalised is calculated using the Group's weighted average cost of borrowings after adjusting for borrowings associated with specific developments. Where borrowings are associated with specific developments, the amounts capitalised is the gross interest incurred on those borrowings less any investment income arising on their temporary investment. Interest is capitalised as from the commencement of the development work until the date of practical completion. The capitalisation of finance costs is suspended if there are prolonged periods when development activity is interrupted. Interest is also capitalised on the purchase cost of a set of properties acquired specifically for redevelopment but only where activities necessary to prepare the asset for redevelopment are in progress.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

Deferred tax is provided, using the liability method, on all temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- when the deferred tax liability arises from goodwill or the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of taxable temporary differences associated with investments in subsidiaries and associates, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carryforward of unused tax credits and unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of deductible temporary differences associated with investments in subsidiaries and associates, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

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 profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate the same taxable entity and the same taxation authority.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Dividends

When dividends have been approved by the directors and shareholders and declared, they are recognised as a liability.

Employee retirement benefits

Pursuant to the relevant regulations of the PRC government, the companies comprising the Group operating in Mainland China (the "PRC group companies") have participated in a local municipal government retirement benefit scheme (the "Scheme"), whereby the PRC group companies are required to contribute a certain percentage of the salaries of their employees to the Scheme to fund their retirement benefits. The only obligation of the Group with respect to the Scheme is to pay the ongoing contributions under the Scheme. Contributions under the Scheme are charged to profit or loss as incurred.

In Hong Kong, the Group operates a defined contribution retirement benefit scheme under the Mandatory Provident Fund Schemes Ordinance (Chapter 485 of the Laws of Hong Kong) for all of employees in Hong Kong. Contributions are made based on a percentage of the employees' basic salaries and are charged to profit or loss as they become payable. The Group's contributions as employer vest fully with the employees when the Group contribute to the scheme. The Group contributes 5% of the relevant monthly salaries to such scheme and the Group's employees contribute the lower of HK$1,250 or 5% of their monthly salaries to such scheme as employee mandatory contributions.

Share-based payments

The Company operates a share option scheme for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Employees (including senior executives) of the Group receive remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments ("equity-settled transactions").

The cost of equity-settled transactions with employees is measured by reference to the fair value at the date on which they are granted. The fair value is determined by the Company with assistance from the valuer using an appropriate pricing model.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award (the "vesting date"). The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The charge or credit to profit or loss for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition, which are treated as vesting irrespective of whether or not the market condition is satisfied, provided that all other performance conditions are satisfied.

When the terms of an equity-settled award are modified, the minimum expense recognised is the expense as if the terms had not been modified. An additional expense is recognised for any modification, which increases the total fair value of the share-based payments, or is otherwise beneficial to the employee as measured at the date of modification.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of earnings per share, where appropriate.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Foreign currency translation

These financial statements are presented in RMB which is the Company's functional and presentation currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. All transactions in foreign currencies are measured in the respective functional currencies of the Company and its subsidiaries and are recorded on initial recognition in the functional currencies at exchange rates approximating to those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the end of the reporting period. All differences arising on settlement or translation of monetary items are recognised in profit or loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. The gain or loss arising on retranslation of non-monetary items is treated in line with the recognition of gain or loss on change in fair value of the item (i.e., translation difference on the item whose fair value gain or loss is recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit or loss, respectively).

Contingencies

A contingent liability or asset is a possible obligation or asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of uncertain future events not wholly within the control of the Group. Contingent liabilities and assets are not recognised on the statement of financial position of the Group.

Government grants

Government grants (including non-monetary grants) are recognised at their fair value where there is reasonable assurance that the grants will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the costs, which it is intended to compensate, are expensed. When the grant relates to an asset, the grant is deducted from the relevant asset before arriving at the carrying amount of the asset. The grant is recognised in the statement of profit or loss and other comprehensive income over the time of asset realisation by way of a reduced cost of assets' charge. Grants received in connection with the Group's role in planning and constructing the ancillary public facilities are deducted from the development cost of the ancillary public facilities and would be recognised indirectly in the form of an increased profit margin over the course of recognising revenue in connection with the ancillary public facility services.

2.5 STANDARDS ISSUED BUT NOT YET EFFECTIVE

The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Group's financial statements are disclosed below. The Group intends to adopt these standards, if applicable, when they become effective.

IFRS 9 Financial Instruments

In July 2014, the IASB issued the final version of IFRS 9 Financial Instruments which reflects all phases of the financial instruments project and replaces IAS 39 Financial Instruments: Recognition and Measurement and all previous versions of IFRS 9. The standard introduces new requirements for classification and measurement, impairment, and hedge accounting. IFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early application permitted. Retrospective application is required, but comparative information is not compulsory. Early application of previous versions of IFRS 9 (2009, 2010 and 2013) is permitted if the date of initial application is before 1 February 2015. The Group is in the process of making an assessment of the impact of the new standard.

IFRS 14 Regulatory Deferral Accounts

IFRS 14 is an optional standard that allows an entity, whose activities are subject to rate-regulation, to continue applying most of its existing accounting policies for regulatory deferral account balances upon its first-time adoption of IFRS. Entities that adopt IFRS 14 must present the regulatory deferral accounts as separate line items on the statement of financial position and present movements in these account balances as separate line items in the statement of profit or loss and other comprehensive income. The standard requires disclosures on the nature of, and risks associated with, the entity's rate-regulation and the effects of that rate-regulation on its financial statements. IFRS 14 is effective for annual periods beginning on or after 1 January 2016. Since the Group is an existing IFRS preparer, this standard would not apply.

IFRS 15 Revenue from Contracts with Customers

IFRS 15 was issued in May 2014 and establishes a new five-step model that will apply to revenue arising from contracts with customers. Under IFRS 15 revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in IFRS 15 provide a more structured approach to measuring and recognising revenue. The new revenue standard is applicable to all entities and will supersede all current revenue recognition requirements under IFRS. Either a full or modified retrospective application is required for annual periods beginning on or after 1 January 2018 when the IASB finalises their amendments to defer the effective date of IFRS 15 by one year. Early adoption is permitted. The Group is in the process of making an assessment of the impact of the new standard.

For the financial year ended 31 December 2015
(All amounts expressed in RMB'000 unless otherwise specified)

2.5 STANDARDS ISSUED BUT NOT YET EFFECTIVE (continued)

Amendments to IFRS 11 Joint Arrangements: Accounting for Acquisitions of Interests in Joint Operations

The amendments to IFRS 11 require that a joint operator accounting for the acquisition of an interest in a joint operation, in which the activity of the joint operation constitutes a business must apply the relevant IFRS 3 principles for business combinations accounting. The amendments also clarify that a previously held interest in a joint operation is not remeasured on the acquisition of an additional interest in the same joint operation while joint control is retained. In addition, a scope exclusion has been added to IFRS 11 to specify that the amendments do not apply when the parties sharing joint control, including the reporting entity, are under common control of the same ultimate controlling party. The amendments apply to both the acquisition of the initial interest in a joint operation and the acquisition of any additional interests in the same joint operation and are prospectively effective for annual periods beginning on or after 1 January 2016, with early adoption permitted. It is not expected that these amendments would have a significant impact on the Group's financial statements.

Amendments to IAS 16 and IAS 38: Clarification of Acceptable Methods of Depreciation and Amortisation

The amendments clarify the principle in IAS 16 and IAS 38 that revenue reflects a pattern of economic benefits that are generated from operating a business (of which the asset is part) rather than the economic benefits that are consumed through use of the asset. As a result, a revenue-based method cannot be used to depreciate property, plant and equipment and may only be used in very limited circumstances to amortise intangible assets. The amendments are effective prospectively for annual periods beginning on or after 1 January 2016, with early adoption permitted. These amendments are not expected to have any impact to the Group given that the Group has not used a revenue-based method to depreciate its non-current assets.

Amendments to IAS 16 and IAS 41 Agriculture: Bearer Plants

The amendments change the accounting requirements for biological assets that meet the definition of bearer plants. Under the amendments, biological assets that meet the definition of bearer plants will no longer be within the scope of IAS 41. Instead, IAS 16 will apply. After initial recognition, bearer plants will be measured under IAS 16 at accumulated cost (before maturity) and using either the cost model or revaluation model (after maturity). The amendments also require that produce that grows on bearer plants will remain in the scope of IAS 41 measured at fair value less costs to sell. For government grants related to bearer plants, IAS 20 Accounting for Government Grants and Disclosure of Government Assistance will apply. The amendments are retrospectively effective for annual periods beginning on or after 1 January 2016, with early adoption permitted. These amendments are not expected to have any impact on the Group as the Group does not have any bearer plants.

Amendments to IAS 27: Equity Method in Separate Financial Statements

The amendments will allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements. Entities already applying IFRS and electing to change to the equity method in its separate financial statements will have to apply that change retrospectively. For first-time adopters of IFRS electing to use the equity method in its separate financial statements, they will be required to apply this method from the date of transition to IFRS. The amendments are effective for annual periods beginning on or after 1 January 2016, with early adoption permitted. These amendments will not have any significant impact on the Group's consolidated financial statements.

2.5 STANDARDS ISSUED BUT NOT YET EFFECTIVE (continued)

Amendments to IAS 1 Disclosure Initiative

In December 2014, the IASB issued amendments to IAS 1 to further encourage companies to apply professional judgement in determining what information to disclose and how to structure it in their financial statements. The amendments to IAS 1 include narrow-focus improvements in the following five areas: materiality, disaggregation and subtotals, notes structure, disclosure of accounting policies, and presentation of items of other comprehensive income (OCI) arising from equity accounted investments. The amendments are effective for annual periods beginning on or after 1 January 2016. These amendments will not have any significant impact on the Group's consolidated financial statements.

Amendments to IFRS 10 and IAS 28 Sale or Contribution of Assets between an Investor and its Associate and Joint Venture

The amendments address an acknowledged inconsistency between the requirements in IFRS 10 and those in IAS 28 (2011), in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The main consequence of the amendments is that a full gain or loss is recognised when a transaction involves a business (whether it is housed in a subsidiary or not). A partial gain or loss is recognised when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary.

Currently, it is expected that the amendments would have no significant impact on the Group's financial statements.

Amendments to IFRS 10, IFRS 12 and IAS 28 Investment Entities: Applying the Consolidation Exception

The amendments to IFRS 10 Consolidated Financial Statements, IFRS 12 Disclosure of Interests in Other Entities and IAS 28 Investments in Associates and Joint Ventures introduce minor clarifications to the requirements when accounting for investment entities. The amendments also provide relief in particular circumstances, which will reduce the costs of applying the standards.

The amendments can be applied immediately, and become mandatory for annual periods beginning on or after 1 January 2016. Currently, it is expected that the amendments would have no significant impact on the Group's financial statements.

Annual Improvements to IFRSs 2012-2014 Cycle

In September 2014, the IASB issued Annual Improvements to IFRSs 2012-2014 Cycle, which contains five amendments to four standards, excluding consequential amendments. The amendments affect IFRS 5, IFRS 7, IAS 19 and IAS 34. The amendments are effective for annual periods beginning on or after 1 January 2016. Currently, it is expected that the amendments would have no significant impact on the Group's financial statements.

2.5 STANDARDS ISSUED BUT NOT YET EFFECTIVE (continued)

IFRS 16 Leases

In January 2016, the IASB issued IFRS 16 Leases, which requires lessees to initially recognise a lease liability for the obligation to make lease payments and a right-of-use asset for the right to use the underlying asset for the lease term.

The lease liability is measured at the present value of the lease payments to be made over the lease term. The right-of-use asset is initially measured at the amount of the lease liability, adjusted for lease prepayments, lease incentives received, the lessee's initial direct costs (e.g., commissions) and an estimate of restoration, removal and dismantling costs. Lessees are permitted to make an accounting policy election, by class of underlying asset, to apply a method like IAS 17's operating lease accounting and not recognise lease assets and lease liabilities for leases with a lease term of 12 months or less (i.e., short-term leases). Lessees also are permitted to make an election, on a lease-by-lease basis, to apply a method similar to current operating lease accounting to leases for which the underlying asset is of low value (i.e., low-value assets).

IFRS 16 will be effective for annual periods beginning on or after 1 January 2019. Early application is permitted, provided the new revenue standard, IFRS 15 Revenue from Contracts with Customers, has been applied, or is applied at the same date as IFRS 16. Currently, it is expected that IFRS 16 would have no significant impact on the Group's financial statements.

Amendments to IAS 12 Recognition of Deferred Tax Assets for Unrealised Losses

The amendments to IFRS 12 clarify the requirements on recognition of deferred tax assets for unrealised losses, to address diversity in practice. If tax law restricts the utilisation of losses to deduction against income of a specific type, a deductible temporary difference is assessed in combination only with other deductible temporary differences of the appropriate type.

Entities are required to apply the amendments for annual periods beginning on or after 1 January 2017. Earlier application is permitted. Currently, it is expected that the amendments would have no significant impact on the Group's financial statements.

Amendments to IAS 7 Statement of Cash Flows

The amendments to IAS 7 requires an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes.

An entity shall apply those amendments for annual periods beginning on or after 1 January 2017. Earlier application is permitted. Currently, it is expected that the amendments would have no significant impact on the Group's financial statements.

For the financial year ended 31 December 2015
(All amounts expressed in RMB'000 unless otherwise specified)

3. INVESTMENTS IN SUBSIDIARIES

Company

	Notes	2015	2014
Unlisted shares, at cost		**2,024,561**	2,024,561
Less: Allowance for impairment	(a)	**(787,000)**	(787,000)
Advances to subsidiaries, net	(c)	**1,816,583**	1,753,698
		3,054,144	2,991,259

(a) As at 31 December 2015, the Company reassessed the impairment on the investment in Shanghai Golden Luodian Development Co., Ltd. ("SGLD") and determined that the carrying amount (net of allowance for impairment) was close to the recoverable amount (the value in use based on estimated future cash flows discounted at a rate of 13% per annum (2014: 13% per annum)). As a result, the Company neither further provided for nor reversed the impairment loss in the Company's separate financial statements for the year ended 31 December 2015.

The allowance for impairment on the investment in SGLD, as reported in the Company's separate financial statements, did not affect the consolidated financial statements, as the investment in SGLD has been fully eliminated upon consolidation and all operating results of SGLD were included in the consolidated financial statements.

(b) As at 31 December 2015 and 2014, the Group's direct or indirect interests in all subsidiaries are set out below:

Directly held by the Company

Name	Place and date of incorporation	Cost of investment	Proportion of ownership interest (%) 2015	2014	Principal activities
Meeko Investment Limited ("Meeko")	British Virgin Islands 19 August 2005	1,230,300	**100.00**	100.00	Investment holding
Weblink International Limited ("Weblink")	British Virgin Islands 17 November 2005	794,261	**100.00**	100.00	Investment holding
Protex Investment Limited	British Virgin Islands 18 October 2006	–	**100.00**	100.00	Investment holding
New Town (China) Trading Co., Ltd.	British Virgin Islands 31 July 2007	–	**100.00**	100.00	Investment holding
China New Town Holding Co., Ltd. ("CNTD Holding")	Hong Kong Special Administrative Region 17 July 2014	–	**100.00**	100.00	Investment holding
China New Town Finance I Limited ("Finance I")	British Virgin Islands 11 March 2015	–	**100.00**	–	Investment holding
		2,024,561			

For the financial year ended 31 December 2015
(All amounts expressed in RMB'000 unless otherwise specified)

3. INVESTMENTS IN SUBSIDIARIES (continued)

(b) As at 31 December 2015 and 2014, the Group's direct or indirect interests in all subsidiaries are set out below: (continued)

Indirectly held by the Company

Ultimately held through	Name	Place and date of incorporation/ establishment and issued capital	Proportion of ownership interest (%) 2015	Proportion of ownership interest (%) 2014	Effective equity interest (%) 2015	Effective equity interest (%) 2014	Principal activities
Meeko and Weblink	SGLD	PRC 26 September 2002 RMB208,100,000	**72.63**	72.63	**72.63**	72.63	Land development
	Shanghai Lake Malaren Hospital Investment Co., Ltd.	PRC 16 March 2009 RMB200,000,000	**100.00**	100.00	**72.63**	72.63	Hospital investment and health consultation
	Chengdu Shanghai Real Estate Co., Ltd.	PRC 20 December 2010 RMB20,000,000	**100.00**	100.00	**72.63**	72.63	Real estate development
	Shanghai Lake Malaren Obstetrical and Gynecological Hospital Co., Ltd.	PRC 17 October 2013 RMB10,000,000	**100.00**	100.00	**72.63**	72.63	Gynaecology and obstetrics
	Shanghai Lake Malaren Corporate Development Co., Ltd.	PRC 8 April 2014 RMB70,000,000	**72.63**	72.63	**72.63**	72.63	Real estate rental
	Shanghai Lake Malaren Commercial Management Co., Ltd.	PRC 8 April 2014 RMB70,000,000	**72.63**	72.63	**72.63**	72.63	Real estate rental and conference service
	Shanghai Lake Malaren Real Estate Development Co., Ltd.	PRC 8 April 2014 RMB200,000,000	**72.63**	72.63	**72.63**	72.63	Property management and hotel service

For the financial year ended 31 December 2015
(All amounts expressed in RMB'000 unless otherwise specified)

3. INVESTMENTS IN SUBSIDIARIES (continued)

(b) As at 31 December 2015 and 2014, the Group's direct or indirect interests in all subsidiaries are set out below: (continued)

Indirectly held by the Company (continued)

Ultimately held through	Name	Place and date of incorporation/ establishment and issued capital	Proportion of ownership interest (%) 2015	2014	Effective equity interest (%) 2015	2014	Principal activities
Weblink	Shanghai Jia Tong Enterprises Co., Ltd. ("Shanghai Jiatong")	PRC 12 April 2006 RMB1,000,000	**100.00**	100.00	**100.00**	100.00	Consultation services
Protex Investment Limited	China New Town Development (Changchun) Company Limited ("CNTD Changchun")	British Virgin Islands 7 September 2006	**100.00**	100.00	**100.00**	100.00	Investment holding
	China New Town Development (Wuxi) Company Limited ("CNTD Wuxi")	British Virgin Islands 18 October 2006	**100.00**	100.00	**100.00**	100.00	Investment holding
	China New Town Development (Shenyang) Company Limited ("CNTD Shenyang")	British Virgin Islands 18 October 2006	**100.00**	100.00	**100.00**	100.00	Investment holding
	Safewell Investment Limited	British Virgin Islands 14 February 2007	**100.00**	100.00	**100.00**	100.00	Investment holding
	Shenyang Lixiang New Town Modern Agriculture Co., Ltd. ("Shenyang Lixiang")	PRC 6 March 2007 RMB747,666,613	**90.00**	90.00	**90.00**	90.00	Land development
	Shanghai CNTD Management Consulting Co., Ltd.	PRC 21 June 2007 RMB1,512,720	**100.00**	100.00	**100.00**	100.00	Enterprise investment consultation
	Changchun New Town Automobile Industry Construct Co., Ltd. ("CCJV")*	PRC 15 November 2007 RMB220,266,700	**50.00**	80.00	**50.00**	80.00	Land development
	Shenyang Lake Malaren Country Club Co., Ltd.	PRC 6 March 2008 RMB17,703,750	**100.00**	100.00	**100.00**	100.00	Sports management

* As at 31 December 2014, CCJV was a subsidiary of the Group, whereas as at 31 December 2015, it is a joint venture of the Group (see Note 8 for details of disposal).

For the financial year ended 31 December 2015
(All amounts expressed in RMB'000 unless otherwise specified)

3. INVESTMENTS IN SUBSIDIARIES (continued)

(b) As at 31 December 2015 and 2014, the Group's direct or indirect interests in all subsidiaries are set out below: (continued)

Indirectly held by the Company (continued)

Ultimately held through	Name	Place and date of incorporation/ establishment and issued capital	Proportion of ownership interest (%) 2015	2014	Effective equity interest (%) 2015	2014	Principal activities
CNTD Holding	CDBC New Town (Beijing) Management Consulting Co., Ltd.	PRC 20 November 2014 RMB25,000,000	**100.00**	100.00	**100.00**	100.00	Real estate consultation
	CDBC New Town (Beijing) Asset Management Co., Ltd. ("CDBC New Town")	PRC 6 January 2015 RMB110,000,000	**100.00**	–	**100.00**	–	Asset management
	CDBC New Town (Changchun) Construction and Development Co., Ltd.**	PRC 2 December 2015 RMB10,000,000	**100.00**	–	**100.00**	–	Real estate development
	CDBC Nanjing Investment Development Co., Ltd. ("CDBC Nanjing")	PRC 1 August 2014 RMB90,000,000	**100.00**	–	**100.00**	–	Investment and asset development
	Nanjing Zhaoda Investment Co., Ltd.	PRC 5 November 2015	**100.00**	–	**100.00**	–	Investment
	CDBC Agricultural Investment Management Co., Ltd.***	PRC 15 December 2015 RMB22,155,700	**51.00**	–	**51.00**	–	Investment management

** The registered capital was RMB100,000,000 in total, wholly owned by the Group. As at 31 December 2015, the Group had unilaterally contributed capital of RMB10,000,000, with RMB90,000,000 not yet paid up, as the company has been only established recently.

*** The registered capital was RMB47,692,600 in total, with 51.00% owned by the Group. As at 31 December 2015, the Group had unilaterally contributed capital of RMB22,155,700, with RMB2,167,526 not yet paid up, as the company has been only established recently.

For the financial year ended 31 December 2015
(All amounts expressed in RMB'000 unless otherwise specified)

3. INVESTMENTS IN SUBSIDIARIES (continued)

(c) The advances to subsidiaries are advances to intermediate holding companies, and they are unsecured, non-interest-bearing, with no fixed repayment terms and are expected to be settled in cash. The intermediate holding companies used these advances to finance their investment holdings of equity interests in the Group's indirect subsidiaries, details of which are as follows:

	Notes	2015	2014
Amounts due from:			
CNTD Shenyang		**690,897**	690,897
CNTD Wuxi		**658,053**	658,053
CNTD Changchun	(d)	**176,320**	176,320
New Town Procurement Co., Ltd. ("Procurement")		–	3,235
Safewell Investment Limited		**1,513**	1,513
CNTD Holding		**400,000**	400,000
Less: Impairment	(d)	**(110,200)**	(176,320)
		1,816,583	1,753,698

(d) CCJV, a subsidiary of CNTD Changchun, made a full provision of RMB199 million against the outstanding receivables relating to the terminated land development in Changchun. CCJV incurred a significant loss and it was unable to repay the advances made to it by the Company. As a result, the Company, after performing an impairment assessment on the advances to CCJV, made a full impairment allowance amounting to RMB176 million in its own separate financial statements for the year ended 31 December 2011.

In November 2015, CNTD Changchun, a wholly-owned subsidiary of the Company, and Changchun Kaida Development Co., Ltd. ("Changchun Kaida"), a subsidiary of the Administrative Committee of Changchun Automotive Economic-Technology Development Zone (the "Changchun Committee"), entered into a share transfer agreement, pursuant to which CNTD Changchun agreed to sell 30% of the share capital of CCJV to Changchun Kaida for a consideration of RMB66.28 million. Due to this favourable development, the Company reversed an impairment loss amounting to RMB66.12 million in the Company's separate financial statements for the year ended 31 December 2015.

Such allowance for impairment, as reported in the Company's separate financial statements, did not affect the consolidated financial statements, as the advances to subsidiaries have been fully eliminated upon consolidation and all operating results of CCJV before the date of disposal were included in the consolidated financial statements.

(All amounts expressed in RMB'000 unless otherwise specified)

3. INVESTMENTS IN SUBSIDIARIES (continued)

(e) Material partly-owned subsidiaries

Financial information of subsidiaries that have material non-controlling interests is provided below:

Proportion of equity interest held by non-controlling interests:

Name	Country of incorporation and operation	2015	2014
SGLD	PRC	**27.37%**	27.37%
Shenyang Lixiang	PRC	**10.00%**	10.00%
CCJV	PRC	**N/A**	20.00%

The summarised financial information of these subsidiaries is provided below. This information is based on amounts before inter-company eliminations.

Summarised statement of profit or loss for 2015:

	SGLD	Shenyang Lixiang
Revenue	**135,188**	**–**
Cost of sales	**(36,579)**	**–**
Loss and total comprehensive loss for the year	**(65,680)**	**(8,521)**
Attributable to non-controlling interests	**(17,977)**	**(852)**
Dividends paid to non-controlling interests	**–**	**–**

Summarised statement of profit or loss for 2014:

	SGLD	Shenyang Lixiang	CCJV
Revenue	186,512	–	–
Cost of sales	(730,020)	–	–
(Loss)/profit and total comprehensive (loss)/income for the year	(482,823)	(8,770)	7,311
Attributable to non-controlling interests	(132,149)	(877)	1,462
Dividends paid to non-controlling interests	–	–	–

(All amounts expressed in RMB'000 unless otherwise specified)

3. INVESTMENTS IN SUBSIDIARIES (continued)

(e) Material partly-owned subsidiaries (continued)

Summarised statement of financial position as of 31 December 2015:

	SGLD	**Shenyang Lixiang**
Current assets	**2,239,581**	**925,933**
Non-current assets	**2,965,851**	**11,491**
Current liabilities	**(3,016,957)**	**(292,426)**
Non-current liabilities	**(1,157,481)**	**–**
Total equity	**1,030,994**	**644,998**
Attributable to: Non-controlling interests	**282,183**	**64,500**

Summarised statement of financial position as of 31 December 2014:

	SGLD	Shenyang Lixiang	CCJV
Current assets	2,239,344	924,320	680
Non-current assets	2,867,696	18,932	29,209
Current liabilities	(2,976,323)	(289,733)	(8,674)
Non-current liabilities	(1,034,043)	–	–
Total equity	1,096,674	653,519	21,215
Attributable to: Non-controlling interests	300,160	65,352	4,243

Summarised cash flow information for 2015:

	SGLD	**Shenyang Lixiang**
Operating	**95,800**	**(3,499)**
Investing	**9,517**	**1,081**
Financing	**(207,943)**	**–**
Net decrease in cash and cash equivalents	**(102,626)**	**(2,418)**

Summarised cash flow information for 2014:

	SGLD	Shenyang Lixiang	CCJV
Operating	615,435	4,986	(4,174)
Investing	114,414	(3,222)	3,399
Financing	(706,163)	–	–
Net increase/(decrease) in cash and cash equivalents	23,686	1,764	(775)

For the financial year ended 31 December 2015
(All amounts expressed in RMB'000 unless otherwise specified)

4. INVESTMENT IN A JOINT VENTURE

	2015	2014
Unlisted shares	**10,595**	–

Details of the joint venture are as follows:

Name	Place and date of establishment	Proportion of ownership interest attributable to the Group (%)		Effective equity interest attributable to the Group (%)		Issued and paid-in capital	Authorised share capital	Principal activity
		2015	2014	**2015**	2014			
CCJV	PRC 15 November 2007	**50%**	80%	**50%**	80%	RMB220 million	RMB220 million	Land development

In 2015, CNTD Changchun sold 30% of equity interest in CCJV to Changchun Kaida. Immediately upon completion of the transaction, the Group lost control over CCJV and CCJV became a joint venture of the Group.

Summarised financial information of the joint venture, based on its IFRS financial statements, and the reconciliation to the carrying amount of the investment in consolidated financial statements are set out below:

	2015
Current assets	**405**
Non-current assets	**29,196**
Current liabilities	**(8,412)**
Non-current liabilities	–
Equity	**21,189**
Proportion of the Group's ownership	**50%**
Carrying amount of the investment	**10,595**

Summarised statement of profit or loss of the joint venture:

	2015
Revenue	–
Cost of sales	–
Administrative expenses	**(102)**
Loss before tax	**(102)**
Income tax expense	–
Net loss for the year	**(102)**
Total comprehensive loss for the year	**(102)**
Group's share of loss for the year	**(51)**

(All amounts expressed in RMB'000 unless otherwise specified)

5. REVENUE, OTHER INCOME AND OTHER EXPENSES

Revenue

	2015	2014
Land development	**67,022**	56,813
Less: Business tax and surcharges	**–**	–
	67,022	56,813

Other income

	2015	2014
Interest income from loans and receivables	**96,940**	7,770
Interest income from bank deposits	**37,941**	28,564
Gain on financial assets designated at fair value through profit or loss	**2,925**	–
Foreign exchange gain, net	**1,483**	12,424
Reversal of bad debt provision	**1,500**	5,800
Others	**3,026**	1,843
	143,815	56,401

Other expenses

	2015	2014
Bank charges	**505**	734
Provision for doubtful debts	**2,803**	–
Others	**213**	113
	3,521	847

For the financial year ended 31 December 2015
(All amounts expressed in RMB'000 unless otherwise specified)

6. EXPENSES BY NATURE

	2015	2014
Cost of land development	**12,445**	46,397
Impairment of land development for sale	**–**	604,798
Depreciation of property, plant and equipment	**1,984**	4,696
Amortisation of prepaid land lease payments	**377**	2,810
Audit fees and non-audit fees	**6,679**	7,479
Audit fees		
– Auditor of the Company	**3,600**	4,050
– Other auditors	**355**	1,091
Non-audit fees		
– Auditor of the Company	**–**	–
– Other auditors	**2,724**	2,338
Employee benefits	**47,388**	34,513
Utility expenses	**884**	1,185
Property tax, stamp duty and land use tax	**441**	819
Advertising	**–**	8,745
Rental expense	**5,743**	4,916
Property management service expenses	**8,688**	9,012
Other expenses	**25,561**	17,085
Total cost of sales, selling and distribution costs and administrative expenses	**110,190**	742,455

7. FINANCE COSTS

	2015	2014
Interest on bank and other borrowings	**19,783**	85,923
Interest on senior guaranteed notes	**49,447**	–
Less: Interest capitalised	**–**	–
	69,230	85,923

(All amounts expressed in RMB'000 unless otherwise specified)

8. GAIN ON DISPOSAL OF SUBSIDIARIES/ASSETS AND LIABILITIES RELATING TO DISCONTINUED OPERATIONS

In November 2015, CNTD Changchun, a wholly-owned subsidiary of the Group, entered into an agreement with Changchun Kaida, a subsidiary of the Changchun Committee, for the sale of 30% equity interest in CCJV to Changchun Kaida for a consideration of RMB66.28 million. Immediately upon completion of the transaction in November 2015, the Group's equity interest in CCJV decreased from 80% to 50% and the Group lost control over CCJV thereafter. The net consideration of RMB66.27 million, after immediately deducting a withholding tax of RMB14 thousand, was fully received by 31 December 2015. CCJV does not constitute part of the Disposal Assets.

In February and March 2015, with the consent of SREI, SGLD entered into an agreement to dispose of five subsidiaries to Black Eagle (Shanghai) Investment Management Co., Ltd. ("Black Eagle (Shanghai)") for RMB14,573,952. For the disposal of the assets and liabilities of the five subsidiaries, consideration attributable to SREI in relation to assets and liabilities belonging to the Disposal Assets was RMB14,573,952. The disposal consideration of RMB2,069,832,594 set out in the Disposal Master Agreement will therefore be reduced by RMB14,573,952 as a result (Note 13). The consideration was settled by net-off against the advances received for the settlement of Disposal Assets.

In July 2015, with the consent of SREI, the Company entered into an agreement to dispose of Procurement and its two subsidiaries to Black Eagle Investment Advisors Limited ("Black Eagle Advisors") for a net consideration of RMB21,591,582, after immediately deducting a withholding tax of RMB2,399,065. For the disposal of the assets and liabilities of the subsidiaries, consideration attributable to SREI in relation to assets and liabilities belonging to the Disposal Assets was RMB23,990,647. The disposal consideration of RMB2,069,832,594 set out in the Disposal Master Agreement will therefore be reduced by RMB23,990,647 as a result (Note 13). As at 31 December 2015, the net consideration amounting to RMB21,591,582 was still outstanding (Note 21).

As at the date of disposal	CCJV	Assets and liabilities relating to discontinued operations
Net assets/(liabilities) disposed of:		
Property, plant and equipment	672	24,516
Other assets	59	1,531
Inventories	–	2,645
Prepayments	–	3,134
Other receivables	58,249	287,803
Trade receivables	–	87,075
Cash and bank balances	351	6,245
Interest-bearing bank and other borrowings	–	(84,950)
Trade payables	–	(77,257)
Other payables and accruals	(38,039)	(269,461)
Advance from customers	–	(5,363)
Current income tax liability	–	(6,878)
	21,292	(30,960)
Non-controlling interests	(4,743)	1,842
Fair value of retained investments	(10,646)	–
Gain on disposal of subsidiaries/assets and liabilities relating to discontinued operations before tax	60,378	67,683
Consideration	66,281	38,565

(All amounts expressed in RMB'000 unless otherwise specified)

8. GAIN ON DISPOSAL OF SUBSIDIARIES/ASSETS AND LIABILITIES RELATING TO DISCONTINUED OPERATIONS (continued)

In December 2014, with the consent of SREI, CNTD Wuxi, a wholly-owned subsidiary of the Group, entered into an agreement to dispose of the Wuxi Project Group to Wuxi Municipal New District Economic Development Group Limited ("Wuxi Xinfa Group") for a net consideration of RMB1,133,905,524, after immediately deducting a withholding tax of RMB64,893,131. A portion of the assets under the Wuxi Project Group is part of the Disposal Assets and accordingly consent from SREI was obtained when negotiating this transaction. It was agreed in principle that gains arising from the disposal of the Wuxi Project Group will largely accrue to continuing operations. In addition, instead of transferring the assets and liabilities relating to discontinued operations to SREI as originally planned, such assets and liabilities will be transferred to Wuxi Xinfa Group.

For the disposal of the Wuxi Project Group, consideration attributable to SREI in relation to assets and liabilities belonging to the Disposal Assets was RMB600,246,164. The disposal consideration of RMB2,069,832,594 set out in the Disposal Master Agreement will therefore be reduced by RMB594,246,164 (Note 13), being the amount of the consideration attributable to the Disposal Assets (RMB600,246,164), net of the capital increase of Wuxi Xinrui Hospital (RMB6,000,000), which shall be borne by SREI.

As at the date of disposal	Wuxi Project Group (excluding Disposal Assets)	Assets and liabilities relating to discontinued operations
Net (liabilities)/assets disposed of:		
Interest in a joint venture	–	55,498
Property, plant and equipment	38,623	23,110
Completed investment properties	–	51,000
Investment properties under construction	–	106,000
Prepaid land lease payments (current)	85,349	–
Deferred tax assets	16,460	–
Land development for sale	2,373,650	93,681
Inventories	–	107
Prepayments	–	199
Other receivables	2,407	330,651
Trade receivables	–	57
Cash and bank balances	1,579	4,699
Trade payables	(1,266,681)	(17,504)
Other payables and accruals	(949,044)	(798)
Amounts due to related parties	(3,000)	–
Deferred tax liabilities	–	(2,682)
Deferred revenue arising from land development	(286,649)	–
Current income tax liability	(16,482)	(5,770)
	(3,788)	638,248
Non-controlling interests	(13,750)	(42,950)
Gain on disposal of subsidiaries/assets and liabilities relating to discontinued operations before tax	616,091	4,948
Consideration	598,553	600,246

(All amounts expressed in RMB'000 unless otherwise specified)

8. GAIN ON DISPOSAL OF SUBSIDIARIES/ASSETS AND LIABILITIES RELATING TO DISCONTINUED OPERATIONS (continued)

After immediately deducting a withholding tax of RMB64,893,131, the net consideration of RMB1,133,905,524 will be settled in cash. RMB608 million was received in January 2015. As at 31 December 2015, the remaining consideration amounting to RMB526 million was still outstanding (Note 21). In addition, the Group also has outstanding receivables from the Wuxi Project Group of approximately RMB738 million (Note 21).

An analysis of the net outflow of cash and cash equivalents in respect of the disposal of subsidiaries/assets and liabilities relating to discontinued operations is as follows:

Year ended 31 December 2015	**CCJV**	**Assets and liabilities relating to discontinued operations**
Cash received	**66,281**	–
Cash and bank balances disposed of	**(351)**	**(6,245)**
Net inflow/(outflow) of cash and cash equivalents in respect of the disposal of subsidiaries/assets and liabilities relating to discontinued operations	**65,930**	**(6,245)**

Year ended 31 December 2014	Wuxi Project Group (excluding Disposal Assets)	Assets and liabilities relating to discontinued operations
Cash received	–	–
Cash and bank balances disposed of	(1,579)	(4,699)
Net outflow of cash and cash equivalents in respect of the disposal of subsidiaries/assets and liabilities relating to discontinued operations	(1,579)	(4,699)

9. INCOME TAX

The Group is subject to income tax on an entity basis on profit arising in or derived from the tax jurisdictions in which members of the Group are domiciled and operate.

The Company is a tax-exempted company incorporated in the British Virgin Islands.

No provision for Hong Kong profits tax has been made as the Group had no assessable profits arising in Hong Kong during the year.

The principal operating subsidiaries of the Company were subject to income tax at the rate of 25% on their taxable income according to the Income Tax Law of the PRC.

Mainland China withholding tax

Pursuant to the PRC Corporate Income Tax, a 10% withholding tax is levied on dividends declared to foreign investors from the foreign investment enterprises established in Mainland China. The requirement is effective from 1 January 2008 and applies to earnings after 31 December 2007. A lower withholding tax rate may be applied if there is a tax treaty between Mainland China and the jurisdiction of the foreign investors. The Group is therefore liable for withholding taxes on dividends distributed and remitted out of PRC by those subsidiaries established in Mainland China in respect of earnings generated from 1 January 2008.

For the financial year ended 31 December 2015
(All amounts expressed in RMB'000 unless otherwise specified)

9. INCOME TAX (continued)

Mainland China withholding tax (continued)

Pursuant to the PRC Corporate Income Tax, the member of the Group, who is not a tax resident in the jurisdiction of the PRC, will suffer a 10% withholding tax on the incomes from Mainland China, such as interest income and gains from disposal of equity investments. A lower withholding tax rate may be applied if there is a tax treaty between Mainland China and the jurisdiction of the foreign investors. The Group determined that such withholding tax is an income tax in the scope of IAS 12 and has recognised such withholding taxes as a tax expense in the statement of profit or loss and other comprehensive income.

The major components of income tax are:

	2015	2014
Income tax charge/(credit):		
Current income tax	**2,015**	(149,174)
Deferred tax	**(15,042)**	40,298
Withholding tax	**7,773**	63,935
Income tax credit as reported in profit or loss	**(5,254)**	(44,941)

A reconciliation between tax charge/(credit) and the product of accounting profit/(loss) multiplied by the Group's applicable income tax rate is as follows:

Year ended 31 December 2015

	CNTD and BVI companies		**Mainland China**		**Total**	
Profit/(loss) before tax	**97,764**		**(9,541)**		**88,223**	
Tax at the statutory tax rate	**–**	**–**	**(2,385)**	**25.0%**	**(2,385)**	**-2.7%**
Non-deductible expenses for tax purposes	**–**	**–**	**253**	**-2.7%**	**253**	**0.3%**
Income not subject to tax	**–**	**–**	**(10,895)**	**114.2%**	**(10,895)**	**-12.3%**
Effect of withholding tax	**7,773**	**8.0%**	**–**	**–**	**7,773**	**8.8%**
Income tax as reported in the statement of profit or loss and other comprehensive income	**7,773**	**8.0%**	**(13,027)**	**136.5%**	**(5,254)**	**-5.9%**

Year ended 31 December 2014

	CNTD and BVI companies		Mainland China		Total	
Profit/(loss) before tax	599,060		(698,980)		(99,920)	
Tax at the statutory tax rate	–	–	(174,745)	25.0%	(174,745)	174.9%
Tax losses not recognised	–	–	27,980	-4.0%	27,980	-28.0%
Non-deductible expenses for tax purposes	–	–	160	0.0%	160	-0.2%
Previously recognised tax losses written off	–	–	37,729	-5.4%	37,729	-37.8%
Effect of withholding tax	63,935	10.7%	–	–	63,935	-64.0%
Income tax as reported in the statement of profit or loss and other comprehensive income	63,935	10.7%	(108,876)	15.6%	(44,941)	44.9%

(All amounts expressed in RMB'000 unless otherwise specified)

9. INCOME TAX (continued)

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities when the deferred tax assets and liabilities relate to income taxes, if any, levied by the same tax authority and the same taxable entity.

Deferred income tax relates to the following:

	Consolidated statement of financial position		Consolidated statement of profit or loss and other comprehensive income	
	2015	2014	**2015**	2014
Deferred tax assets/(liabilities)				
Net difference between net carrying amount of land development for sale and their tax base	**32,608**	33,000	**(392)**	1,127
Accrued expenses	**4,426**	3,600	**826**	779
Losses available for offsetting against future taxable income	**14,608**	–	**14,608**	(37,731)
Provision for impairment of receivables	**4,549**	4,549	**–**	404
Effect of withholding tax at 10% on the distributable profits of the Group's subsidiaries in Mainland China	**(21,151)**	(21,151)	**–**	–
Others	**–**	–	**–**	(4,877)
Net deferred tax assets	**35,040**	19,998		
Deferred income tax credit/(charge)			**15,042**	(40,298)

Deferred tax movements:

	2015	2014
As of 1 January	**19,998**	100,430
Tax income/(expense) recognised in profit or loss	**15,042**	(40,298)
Disposal of subsidiaries	**–**	(13,778)
Discontinued operations	**–**	(299)
Transferred to held for sale	**–**	(26,057)
As at 31 December	**35,040**	19,998
Deferred tax assets	**56,191**	41,149
Deferred tax liabilities	**(21,151)**	(21,151)

10. DIVIDENDS

No final dividend to the shareholders has been proposed by the Company in respect of the year ended 31 December 2015 (2014: nil).

11. PROFIT/(LOSS) ATTRIBUTABLE TO OWNERS OF THE COMPANY

The consolidated profit/(loss) attributable to owners of the parent for the years ended 31 December 2015 and 2014 includes a profit of RMB100,227 thousand and a loss of RMB4,149 thousand, respectively, which have been dealt with in the financial statements of the Company.

For the financial year ended 31 December 2015
(All amounts expressed in RMB'000 unless otherwise specified)

12. EARNINGS/(LOSS) PER SHARE

The calculations of the basic earnings/(loss) per share amounts are based on the profit/(loss) attributable to ordinary equity holders of the parent for the years ended 31 December 2015 and 2014.

The following reflects the earnings/(loss) and share data used in the basic and diluted earnings/(loss) per share calculations:

	2015	2014
Profit/(loss) attributable to ordinary equity holders of the parent:		
Continuing operations	**106,501**	54,622
Discontinued operations	**(41,360)**	(116,026)
Profit/(loss) attributable to ordinary equity holders of the parent for basic and diluted earnings/(loss) per share	**65,141**	(61,404)
Weighted average number of ordinary shares used to calculate the basic and diluted earnings/(loss) per share	**9,846,119,747**	8,571,409,793
Basic and diluted earnings/(loss) per share (RMB)	**0.0066**	(0.0072)
Basic and diluted earnings per share from continuing operations (RMB)	**0.0108**	0.0063
Basic and diluted loss per share from discontinued operations (RMB)	**(0.0042)**	(0.0135)

There have been no other transactions involving ordinary shares or potential ordinary shares between the reporting date and the date of approval and authorisation of these financial statements.

13. DISCONTINUED OPERATIONS

As an appendix to the Subscription Agreement (Note 1), there was a Disposal Master Agreement between the Company and SREI, pursuant to which the Company has conditionally agreed to sell and SREI has conditionally agreed to purchase, within 24 months upon completion of the Subscription, specified assets and liabilities not relating to the Group's main principal business of planning and development of new town projects in Mainland China, the Disposal Assets, for a total consideration of RMB2,069,832,594 in the form of cash payment in instalments subject to the terms and conditions contained therein (the "Disposal"). The parties to the Disposal Master Agreement may however, after discussion, agree to dispose of a Disposal Asset to a third party other than SREI and its subsidiaries. The Disposal was conditional on completion of the Subscription which was completed in the first quarter of 2014. According to the Disposal Master Agreement, the Company's entitled cash consideration in relation to disposing of such assets has been fixed and shall not be affected by the subsequent profit or loss associated with such assets.

To date, as disclosed in Note 8, transfers of the following assets and liabilities relating to the Disposal Assets had been completed:

	Consideration
Wuxi Project Group to Wuxi Xinfa Group	594,246
Five subsidiaries to Black Eagle (Shanghai)	14,574
Procurement and its two subsidiaries to Black Eagle Advisors	23,991

As at 31 December 2015, the Disposal Assets are classified as assets held for sale in the financial statements and deemed discontinued operations of the Group and the unsettled disposal consideration of the Disposal Master Agreement amounted to RMB1,437 million (2014: RMB1,475 million).

On 9 June 2015, SRE announced that the Changzhou City People's Procuratorate of the People's Republic of China has required Mr. Shi Jian to stay under custody at a designated residence (the "Measures"). As Mr. Shi Jian is also the controlling shareholder and Chairman of the board of directors of SREI, who is responsible for the acquisition of the Disposal Assets, the process of the Disposal Master Agreement was delayed and the overall progress for the transfer of the Disposal Assets to SREI is affected.

(All amounts expressed in RMB'000 unless otherwise specified)

13. DISCONTINUED OPERATIONS (continued)

In addition, due to the delay in transition and settlement procedures of the disposal of Wuxi Project Group by various external factors, completion of the disposal has to be postponed and the relevant payment date is therefore temporarily delayed, after a payment of RMB608 million was made in January 2015. Management of the Group is of the view that consideration and receivables will be settled in due course, based on ongoing communications with Wuxi Xinfa Group and an assessment of the situation.

Although the overall progress for the disposal of discontinued operations to SREI or parties designated by it has taken longer than originally expected, progresses were made during the year. The management of the Group is actively negotiating with SREI and looking for new buyers, and various arrangements are under negotiation, with the consent of SREI. Management assessed and estimated that the transfer of the Disposal Assets will be completed within the next 12 months. To date, an advance of RMB553,549 thousand had been received from Black Eagle (Shanghai) in advance. In addition, 14.91% of the equity shares in the Company held by SREI had been pledged to CDBIH to enforce the performance of the contract for the purchase of the Disposal Assets if necessary.

The financial results of discontinued operations for the following years are set out below:

	Notes	2015	2014
Revenue	13.a	**151,483**	386,598
Cost of sales		**(85,547)**	(261,205)
Gross profit		**65,936**	125,393
Other income		**1,100**	1,662
Selling and distribution costs		**(17,740)**	(82,385)
Administrative expenses		**(69,791)**	(90,584)
Other expenses		**(25,254)**	(2,054)
Fair value gain on completed investment properties		**–**	8,674
Operating loss from discontinued operations		**(45,749)**	(39,294)
Finance costs	13.b	**(75,888)**	(105,070)
Share of loss from a joint venture		**–**	(158)
Loss before tax from discontinued operations		**(121,637)**	(144,522)
Income tax		**(3,722)**	(9,669)
Loss for the year from discontinued operations		**(125,359)**	(154,191)
Gain after tax on partial disposal of assets and liabilities relating to discontinued operations	8	**67,683**	3,990
Total loss for the year from the discontinued operations		**(57,676)**	(150,201)

a. The revenue of discontinued operations are as follows:

	2015	2014
Property development	**48,600**	234,649
Hotel operations	**28,113**	49,980
Golf operations	**33,604**	95,589
Investment property leasing	**17,130**	15,337
Hospital operations	**36,326**	18,592
Others	**335**	2,125
Less: Business tax and surcharges	**(12,625)**	(29,674)
Total	**151,483**	386,598

For the financial year ended 31 December 2015
(All amounts expressed in RMB'000 unless otherwise specified)

13. DISCONTINUED OPERATIONS (continued)

b. The finance costs of discontinued operations are as follows:

	2015	2014
Interest on bank and other borrowings wholly repayable within five years	**83,051**	108,739
Less: Interest capitalised	**(7,163)**	(3,669)
	75,888	105,070

The major classes of assets and liabilities classified as held for sale as at 31 December 2015 and 2014 are as follows:

	Notes	2015	2014
Assets			
Investment in an associate		**200**	200
Property, plant and equipment		**1,609,322**	1,623,721
Completed investment properties	13.c	**698,000**	698,000
Prepaid land lease payments – long-term		**146,851**	146,851
Non-current trade receivables		**–**	110
Deferred tax assets		**27,358**	30,722
Other assets		**40,714**	43,442
Properties under development for sale	13.d	**1,589,023**	1,539,563
Prepaid land lease payments – short-term		**443,638**	469,059
Inventories		**1,998**	5,116
Prepayments		**9,322**	35,240
Other receivables		**199,184**	210,896
Trade receivables		**2,059**	6,866
Prepaid income taxes		**25,158**	13,608
Cash and bank balances		**10,689**	80,843
Assets classified as held for sale		**4,803,516**	4,904,237
Liabilities			
Non-current interest-bearing bank and other borrowings	13.f	**688,619**	947,690
Deferred revenue arising from sale of golf club memberships	13.e	**453,296**	470,107
Deferred tax liabilities		**4,665**	4,665
Interest-bearing bank and other borrowings	13.f	**488,471**	573,480
Trade payables		**412,734**	463,182
Other payables and accruals		**1,037,212**	756,151
Advances from customers		**281,223**	249,864
Current income tax liabilities		**–**	6,882
Liabilities directly associated with assets classified as held for sale		**3,366,220**	3,472,021
Net assets directly associated with Disposal Assets		**1,437,296**	1,432,216

(All amounts expressed in RMB'000 unless otherwise specified)

13. DISCONTINUED OPERATIONS (continued)

The major classes of assets and liabilities classified as held for sale as at 31 December 2015 and 2014 are as follows: (continued)

c. As at 31 December 2015 and 2014, the completed investment properties are as follows:

Description and location	Existing use	2015	2014
Scandinavia Street, Shanghai, PRC	Retail street	**488,000**	488,000
Shopping mall, Shanghai, PRC	Supermarket	**210,000**	210,000
		698,000	698,000

The movements of the completed investment properties are as follows:

Completed investment properties	2015	2014
At the beginning of the year	**698,000**	689,326
Add: Gain from increase in fair value	–	8,674
At the end of the year	**698,000**	698,000

The fair values were valued by DTZ Debenham Tie Leung Limited ("DTZ"), an independent professionally qualified valuer.

d. As at 31 December 2015 and 2014, the properties under development for sale are as follows:

	2015	2014
At cost:		
In Shanghai City, PRC	**1,285,263**	1,279,260
In Chengdu City, PRC	**303,760**	261,918
	1,589,023	1,541,178
Provision for the excess of cost over net realisable value:	–	(1,615)
	1,589,023	1,539,563

e. The deferred revenue arising from sale of golf club memberships is deferred and recognised on the straight-line basis over the expected period when the related benefits would be provided. For the years ended 31 December 2015 and 2014, RMB16,811 thousand and RMB16,101 thousand respectively of the deferred revenue arising from sale of golf club memberships were released to the statement of profit or loss and other comprehensive income of discontinued operation.

For the financial year ended 31 December 2015
(All amounts expressed in RMB'000 unless otherwise specified)

13. DISCONTINUED OPERATIONS (continued)

The major classes of assets and liabilities classified as held for sale as at 31 December 2015 and 2014 are as follows: (continued)

f. As at 31 December 2015 and 2014, the interest-bearing bank and other borrowings are as follows:

	2015	2014
Bank and other borrowings – secured	**797,090**	1,121,170
Bank and other loans – guaranteed	**380,000**	400,000
Bank and other borrowings – unsecured and unguaranteed	**–**	–
	1,177,090	1,521,170

The interest-bearing bank and other borrowings are repayable as follows:

	2015	2014
Within 6 months	**351,694**	448,940
6 months to 9 months	**29,770**	24,770
9 months to 12 months	**107,007**	99,770
1 year to 2 years	**321,789**	303,780
2 years to 5 years	**172,660**	400,660
Over 5 years	**194,170**	243,250
	1,177,090	1,521,170

The Group's interest-bearing bank borrowings of discontinued operations in RMB bore interest at rates ranging from 5.5% to 10.0% per annum for the year ended 31 December 2015 (2014: from 5.5% to 10.0% per annum).

Bank borrowings – secured

As at 31 December 2015, bank borrowings of RMB772,090 thousand (2014: RMB1,006,170 thousand) were pledged by the Group's certain properties, which were classified as assets held for sale, including property, plant and equipment, completed investment properties, properties under development for sale as well as prepaid land lease payments, whose net carrying amounts at 31 December 2015 were RMB108,491thousand (2014: RMB422,367 million), RMB605,365 thousand (2014: RMB605,365 thousand), RMB1,180,288 thousand (2014: RMB1,167,353 thousand) and RMB454,062 thousand (2014: RMB526,653 thousand), respectively. Among which, a loan of RMB79,570 thousand (2014: RMB88,650 thousand) was also guaranteed by Mr. Shi Jian besides collateral, and loans of RMB407,100 thousand (2014: RMB589,600 thousand) was also guaranteed by SRE besides collateral. Another loan of RMB285,420 thousand (2014: RMB327,920 thousand) was also guaranteed by several companies and individuals, who are SGLD, Shanghai Lake Malaren Commercial Management Co., Ltd., SRE, Shanghai Shuo Cheng Real Estate Ltd., Shanghai Lake Malaren Real Estate Development Co., Ltd., Mr. Shi Jian and Ms. Si Xiaodong as well as Wuxi Yong Qing Real Estate Co., Ltd., besides collateral.

As at 31 December 2015, bank borrowings of RMB25,000 thousand (2014: RMB30,000 thousand) were pledged by real estate of Shanghai Anderson Fuxing Land Co., Ltd.

(All amounts expressed in RMB'000 unless otherwise specified)

13. DISCONTINUED OPERATIONS (continued)

The major classes of assets and liabilities classified as held for sale as at 31 December 2015 and 2014 are as follows: (continued)

Bank and other borrowings – guaranteed

As at 31 December 2015, a long-term loan of RMB380,000 thousand (2014: RMB400,000 thousand) was guaranteed by several companies and individuals, who are SGLD, SRE, Shanghai Shuo Cheng Real Estate Ltd., Shanghai Lake Malaren Real Estate Development Co., Ltd., Mr. Shi Jian and Ms. Si Xiaodong as well as Wuxi Yong Qing Real Estate Co., Ltd..

The net cash flows related to the Disposal Assets are as follows:

	2015	2014
Operating	**307,985**	360,508
Investing	**(44,335)**	60,699
Financing	**(333,804)**	(424,919)
Net cash outflow	**(70,154)**	(3,712)

Loss per share (RMB):	**Notes**	**2015**	2014
Basic and diluted loss for the year from discontinued operations	12	**(0.0042)**	(0.0135)

14. LOANS AND RECEIVABLES

		2015	2014
CDB Yuhua	a)	**490,000**	490,000
Danyang Public Private Partnership ("PPP")	b)	**200,000**	–
Danyang Xinmeng River	c)	**200,000**	–
Other loans		**370,488**	–
		1,260,488	490,000
Amounts due in next 12 months classified as current assets		**570,488**	–
Amounts classified as non-current assets		**690,000**	490,000

a) On 3 November 2014, the Group entered into the Cooperation Framework Agreement with the People's Government of Nanjing Yuhuatai District (the "Yuhuatai District Government") and CDB Capital, the controlling shareholder of the Group to participate in the primary land development of the Two Bridges area, which has a total site area of 21.4 sq.km (the Two Bridges Project). Pursuant to the Agreement, the Yuhuatai District Government has agreed to contractually appoint Nanjing CDB Yuhua Urban Re-development Company Limited ("CDB Yuhua") as the sole authorised primary land developer of the Two Bridges Project. Then after, the Group contributed capital of RMB490 million to CDB Yuhua. The Yuhuatai District Government has agreed that Yuhuatai District State-Owned Assets Operations ("Yuhuatai SOAO") shall guarantee 12.8% after-tax fixed return on the Group's capital contribution to CDB Yuhua. The Group will not share the operating profits, nor bear the operating loss of CBD Yuhua.

Upon expiry of the term of the cooperation agreement in five years, the Yuhuatai District Government is obliged to repurchase the shares held by the Group at a determinable price, which is the principal of RMB490,000,000 plus interest receivable. As such, the investment is classified as loans and receivables.

For the financial year ended 31 December 2015
(All amounts expressed in RMB'000 unless otherwise specified)

14. LOANS AND RECEIVABLES (continued)

b) In July 2015, the Group entered into a PPP Cooperative Investment Agreement with Danyang Investment Group Co., Ltd. ("Danyang Investment") and Danyang Municipal Development Co., Ltd., to engage in the development and operation of the Danyang Municipal Flood-discharge Canel Regulation and Suzhou South Canal (Danyang Segment) Regulation Project. Pursuant to the Agreement, CNTD Holding and CDBC New Town, subsidiaries of the Group, as private sector investors shall fund in aggregate RMB200 million in the form of capital to Danyang Tiansheng New Town Development Investment Company Limited ("Danyang Tiansheng" or the "Project Company") which constitute 36.6% of share capital to Danyang Tiansheng. The Group will be entitled to a fixed investment return of 13% per annum, payable quarterly, during the development period, which shall be paid by Danyang Investment. Upon expiry of the PPP arrangement in 2 years, Danyang Investment is obliged to repurchase the Group's share of Danyang Tiansheng at a consideration equal to the actual invested capital. As such, the investment is classified as loans and receivables.

c) In December 2015, the Group entered into the Cooperative Investment Agreement with Danyang Investment and Danyang Chengtai Construction Development Co., Ltd. ("Danyang Chengtai") to engage in the investment and development of Danyang Xinmeng River's Extension and Expansion Project. Pursuant to the Agreement, CNTD Holding and CDBC New Town, subsidiaries of the Group, as private sector investors shall contribute in aggregate RMB200 million in the form of capital to Danyang Tiansheng Water Conservancy Development Company Limited ("Tiansheng Water Conservancy" or the "Project Company") to fund the development of the project. This constitutes 33.3% of the share capital of Tiansheng Water Conservancy. The Group will be entitled to a fixed investment return of 12% per annum, payable quarterly, during the investment period, which shall be paid by Danyang Chengtai. Upon expiry of the arrangement in 1 year, Danyang Chengtai is obliged to repurchase the Group's share of Tiansheng Water Conservancy at a consideration based on the actual invested capital plus interest receivable. As such, the investment is classified as loans and receivables.

15. AVAILABLE-FOR-SALE FINANCIAL ASSETS

In July 2015, CDBC Nanjing, a subsidiary of the Group, entered into an agreement to purchase a 13.89% equity interest in Jiangsu Hong-tu Software Venture Capital Investment Ltd., at RMB37.5 million. The company will participate in the development of land parcel A5 of Yuhuatai District Software Valley in Nanjing. As of 31 December 2015, RMB32 million was paid up by CDBC Nanjing.

16. FINANCIAL ASSETS DESIGNATED AT FAIR VALUE THROUGH PROFIT OR LOSS

In June 2015, CDBC New Town, a wholly-owned subsidiary of the Group, entered into a limited partnership agreement in relation to an investment partnership, CDB (Beijing) – BOCOMM New-Type Urbanization Development Fund (the "Urbanization Fund") with a fund size of RMB10 billion.

As a junior-tranche limited partner, CDBC New Town is committed to contributing 1.5% capital ratio to the partnership, which amounted to RMB150 million, and will share residual value. As at 31 December 2015, CDBC New Town had invested RMB65.949 million to the partnership which had in turn invested in various debt and equity investments. The management of the Group has designated such investments at fair value through profit or loss.

For the financial year ended 31 December 2015
(All amounts expressed in RMB'000 unless otherwise specified)

17. PROPERTY, PLANT AND EQUIPMENT

	Hotel properties	Golf operational assets	Other buildings	Furniture, fixtures and equipment	Motor vehicles	Construction in progress	Total
Original cost							
At 1 January 2014	753,690	756,580	540,724	96,508	47,689	96,995	2,292,186
Additions	–	3,132	101,596	7,989	2,326	98	115,141
Transfers to held for sale	(729,690)	(759,712)	(566,714)	(88,328)	(27,993)	(71,345)	(2,243,782)
Disposals of subsidiaries	(24,000)	–	(18,413)	(413)	(2,807)	(25,517)	(71,150)
Disposals	–	–	(2,571)	(7,566)	(4,634)	–	(14,771)
At 31 December 2014	–	–	54,622	8,190	14,581	231	77,624
Additions	–	–	68	935	202	–	1,205
Disposals of subsidiaries	–	–	–	(142)	(1,583)	(231)	(1,956)
Disposals	–	–	–	(1,012)	(68)	–	(1,080)
At 31 December 2015	–	–	54,690	7,971	13,132	–	75,793
Accumulated depreciation							
At 1 January 2014	234,311	147,440	26,945	52,139	37,811	–	498,646
Provided during the year	6,053	5,380	6,520	2,512	2,059	–	22,524
Transfers to held for sale	(239,344)	(152,820)	(6,157)	(39,621)	(20,546)	–	(458,488)
Disposals of subsidiaries	(1,020)	–	(5,514)	(384)	(2,499)	–	(9,417)
Disposals	–	–	(5,857)	(7,025)	(4,109)	–	(16,991)
At 31 December 2014	–	–	15,937	7,621	12,716	–	36,274
Provided during the year	–	–	988	376	620	–	1,984
Disposals of subsidiaries	–	–	–	(123)	(1,160)	–	(1,283)
Disposals	–	–	–	(913)	(61)	–	(974)
At 31 December 2015	–	–	16,925	6,961	12,115	–	36,001
Impairment							
At 1 January 2014	145,583	–	–	–	–	15,990	161,573
Transfers to held for sale	(145,583)	–	–	–	–	(15,990)	(161,573)
At 31 December 2014	–	–	–	–	–	–	–
Recognised during the year	–	–	–	–	–	–	–
At 31 December 2015	–	–	–	–	–	–	–
Net carrying amount							
At 1 January 2014	373,796	609,140	513,779	44,369	9,878	81,005	1,631,967
At 31 December 2014	–	–	38,685	569	1,865	231	41,350
At 31 December 2015	–	–	37,765	1,010	1,017	–	39,792

For the financial year ended 31 December 2015
(All amounts expressed in RMB'000 unless otherwise specified)

18. PREPAID LAND LEASE PAYMENTS

The Group's prepaid land lease payments represent prepaid operating lease payments and their movements are analysed below:

	2015	2014
In Mainland China, held on:		
– Leases of between 10 and 50 years	**11,657**	12,034
– Leases of over 50 years	–	–
	11,657	12,034

	2015	2014
At beginning of year	**12,034**	886,898
Additions	–	3,474
Disposals with the sale of completed properties	–	(76,488)
Disposal of subsidiaries	–	(172,734)
Amortisation charged to profit or loss	**(377)**	(3,826)
Amortisation capitalised as properties under development for sale	–	(9,380)
Transfer to held for sale	–	(615,910)
At the end of the year	**11,657**	12,034

As at 31 December 2015 and 2014, none of the above prepaid land lease payments were held for development into properties for sale, which should be classified as current assets.

19. LAND DEVELOPMENT FOR SALE

	2015	2014
At lower of cost and net realisable value:		
Mainland China	**1,546,483**	1,549,079

Land development for sale represents the cost of land development within the districts of the new town development projects. Though the Group does not have ownership title or land use rights to such land, the Group is given the right to carry out construction and preparation works in respect of land infrastructure and ancillary public facilities in those new town development projects. When the land plots are sold by the local governments, the Group is entitled to receive from the local authorities a proportion of the proceeds from land sales (including related public utility fees, if any).

Land development for sale is expected to be realised in the normal operating cycle, which is longer than twelve months.

As mentioned in the accounting policy for revenue recognition on land development for sale in Note 2.4, revenue is recognised depending on the timing of sales of related parcel of land by the authorities, which is uncertain and out of the control of the Group. Upon the sales of related land plots by the authorities, the amounts of land development for sale were recognised and recorded as cost of sales.

(All amounts expressed in RMB'000 unless otherwise specified)

19. LAND DEVELOPMENT FOR SALE (continued)

Impairment charge to state land development for sale at net realisable value

At Luodian New Town, the total area of 6.8 sq. km of prepared land can be divided into Western and Eastern portions of 3.4 sq. km and 3.4 sq. km respectively. To date, all land parcels in the Western portion had been sold while none of the land in the Eastern portion is sold. In 2014, the Directors performed an assessment of the land development for sale at Luodian and determined that additional costs need to be incurred beyond what had been originally committed, to improve the infrastructure for the area to promote the overall attractiveness of the Eastern land parcel. Although further costs incurred to improve the overall attractiveness of the location may result in higher selling prices for the prepared land, this has not been taken into consideration on grounds of prudence when assessing impairment. As a result, RMB605 million of impairment charge was recognised for land development for sale at SGLD to state it at net realisable value for the year ended 31 December 2014. As at 31 December 2015, the Directors reassessed the recoverable amount of the land in the Eastern portion and found it was close to the carrying amount. As a result, the Group neither further provided nor reversed the impairment.

20. PREPAYMENTS

	2015	2014
Prepayments	**1,675**	8,539

The prepayments as at 31 December 2015 mainly included a prepayment of RMB1,126 thousand for rental and property management expenses for the headquarters.

The prepayments as at 31 December 2014 mainly included a prepayment of RMB8,536 thousand for renovation and rental prepayments for the headquarters.

21. OTHER RECEIVABLES

	Notes	**2015**	2014
Other receivables			
Net disposal consideration	8	**547,467**	1,133,906
Due from Wuxi Project Group	8	**738,027**	738,027
Interests receivable from loans and receivables		**75,293**	7,770
Due from Changchun Committee	(a)	**–**	182,569
Others		**73,136**	44,932
		1,433,923	2,107,204
Less: Impairment	(a)	**(18,196)**	(200,765)
Other receivables, net		**1,415,727**	1,906,439

For the financial year ended 31 December 2015
(All amounts expressed in RMB'000 unless otherwise specified)

21. OTHER RECEIVABLES (continued)

An aged analysis of the other receivables is as follows:

	2015		
	Other receivables	**Less: allowance for impairment**	**Other receivables, net**
Within 6 months	**87,695**	**–**	**87,695**
6 months to 1 year	**21,600**	**–**	**21,600**
1 year to 2 years	**1,306,432**	**–**	**1,306,432**
2 years to 3 years	**–**	**–**	**–**
Over 3 years	**18,196**	**(18,196)**	**–**
	1,433,923	**(18,196)**	**1,415,727**

	2014		
	Other receivables	Less: allowance for impairment	Other receivables, net
Within 6 months	1,904,097	–	1,904,097
6 months to 1 year	2	–	2
1 year to 2 years	90	–	90
2 years to 3 years	–	–	–
Over 3 years	203,015	(200,765)	2,250
	2,107,204	(200,765)	1,906,439

The Group does not hold any collateral or other credit enhancements over these balances.

(a) As at 31 December 2014, the balance represents the development cost and related compensation which should be repaid by the Changchun Committee. The Group has made a full provision against the outstanding balance due to the delay in payments by the Changchun Committee. In 2015, with the disposal of CCJV, the outstanding balance together with the provision was derecognised in the Group's statement of financial position.

(All amounts expressed in RMB'000 unless otherwise specified)

22. TRADE RECEIVABLES

	2015	2014
Receivables from land development for sale	**59,218**	62,218
Others	**–**	1,635
	59,218	63,853
Less: Impairment	**–**	–
Trade receivables, net	**59,218**	63,853

An aged analysis of the trade receivables is as follows:

		2015	
	Trade receivables	**Less: allowance for impairment**	**Trade receivables, net**
Within 6 months	**–**	**–**	**–**
6 months to 1 year	**–**	**–**	**–**
1 year to 2 years	**27,000**	**–**	**27,000**
2 years to 3 years	**–**	**–**	**–**
Over 3 years	**32,218**	**–**	**32,218**
	59,218	**–**	**59,218**

		2014	
	Trade receivables	Less: allowance for impairment	Trade receivables, net
Within 6 months	31,635	–	31,635
6 months to 1 year	–	–	–
1 year to 2 years	–	–	–
2 years to 3 years	–	–	–
Over 3 years	32,218	–	32,218
	63,853	–	63,853

The above balances are unsecured and interest-free.

For the financial year ended 31 December 2015
(All amounts expressed in RMB'000 unless otherwise specified)

23. CASH AND BANK BALANCES

	2015	2014
Cash on hand	**152**	534
Cash at banks	**1,373,007**	875,760
Cash and cash equivalents	**1,373,159**	876,294
Restricted bank deposits	**206,186**	–
Cash at banks and on hand transferred to discontinued operations	**(10,689)**	(80,843)
	1,568,656	795,451

Cash at banks earns interest at floating rates based on daily bank deposit rates.

There were RMB206,186 thousand of restricted bank deposits as at 31 December 2015 (2014: nil), which was pledged for bank borrowings.

The carrying amounts of the cash and deposits which are denominated in the following currencies are set out below:

RMB equivalent of the following currencies:	2015	2014
SG$	**258**	168
RMB	**1,566,972**	788,130
HK$	**1,354**	7,052
US$	**72**	101
	1,568,656	795,451

RMB is not freely convertible into other currencies, however, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

For the financial year ended 31 December 2015
(All amounts expressed in RMB'000 unless otherwise specified)

24. SHARE CAPITAL

Group and Company

	2015		2014	
	Number of shares (thousand)	**Amount***	Number of shares (thousand)	Amount*
Ordinary shares authorised	**20,000,000**		20,000,000	
Ordinary shares issued and fully paid:				
Share capital at the beginning of the year	**9,846,120**	**4,110,841**	4,498,199	2,980,809
Placing of new shares	**–**	**–**	5,347,921	1,130,032
Share capital at the end of the year	**9,846,120**	**4,110,841**	9,846,120	4,110,841

* There is no par value for the shares of the Company. In 2007, there was a share split whereby one existing share was split into 75,000 shares.

The holders of ordinary shares are entitled to receive dividends as and when they are declared by the Board of Directors and approved by the shareholders. Each ordinary share carries one vote per share without restrictions.

25. OTHER RESERVES

Group

	Imputed equity contribution upon reorganisation	Capital contribution received upon the repurchase of convertible bonds	Others	Total
At 1 January 2014, 31 December 2014 and 2015	224,032	163,433	191,805	579,270

Company

	Imputed equity contribution upon reorganisation	Capital contribution received upon the repurchase of convertible bonds	Others	Total
At 1 January 2014, 31 December 2014 and 2015	1,557,445	163,433	191,805	1,912,683

There were no movements in other reserves during the years ended 31 December 2015 and 2014.

(All amounts expressed in RMB'000 unless otherwise specified)

25. OTHER RESERVES (continued)

Nature and purpose of other reserves

Imputed equity contribution upon reorganisation

The Company applied the pooling of interest method to account for the business combination under common control that occurred on 20 December 2006. This therefore represents the difference between the Company's share of net assets of the Group and the sum of share capital and retained earnings that should be recorded as a result of applying the pooling of interest method.

Capital contribution received upon the repurchase of convertible bonds

This represents the capital contribution from SREI in connection with the Company's repurchase of convertible bonds.

Other

This represents the fair value change of the equity component of certain convertible bonds issued by the Company upon their repurchase.

26. SENIOR GUARANTEED NOTES

In May 2015, Finance I, a wholly-owned subsidiary of the Company completed senior guaranteed notes issuance of RMB1.3 billion with a maturity date of 6 May 2018. The net proceeds (after deducting underwriting commissions and certain other expenses) amounted to RMB1.29 billion, intended for general corporate purposes. The senior guaranteed notes bore interest at 5.5% per annum. The senior guaranteed notes were guaranteed by the Company with credit enhancement measures, such as the keepwell deed, liquidity support and deed of equity interest purchase undertaking from CDB Capital.

The movements of the carrying amounts of senior guaranteed notes during the year ended 31 December 2015 were as follows:

	2015
At the beginning of year	–
Net proceeds of senior guaranteed notes issued	**1,288,057**
Accrued Interest expenses	**49,447**
Interest payment	**(36,044)**
At the end of year	**1,301,460**
Categorised as current liabilities (Note 29)	**10,970**
Categorised as non-current liabilities	**1,290,490**

(All amounts expressed in RMB'000 unless otherwise specified)

27. INTEREST-BEARING BANK AND OTHER BORROWINGS

Details of interest-bearing bank and other borrowings which were all denominated in RMB are as follows:

	2015	2014
Bank and other borrowings – secured	**200,000**	246,000
Bank and other borrowings – guaranteed	**324,030**	–
Other borrowings – unsecured and unguaranteed	**150,000**	650,000
	674,030	896,000

The interest-bearing bank and other borrowings are repayable as follows:

	2015	2014
Within 6 months	**150,000**	679,000
6 months to 9 months	**200,000**	100,000
9 months to 12 months	**15,000**	117,000
1 year to 2 years	**50,000**	–
2 years to 5 years	**259,030**	–
Over 5 years	**–**	–
	674,030	896,000

The Group's interest-bearing bank borrowings in RMB bore interest at floating rates ranging from 2.42% to 5.09% per annum for the year ended 31 December 2015 (2014: 5.9% per annum).

As at 31 December 2015, the Group had fully repaid a borrowing from a related party of RMB500 million (see Note 31) which bore interest at a fixed rate of 10% per annum.

Bank borrowings – secured

As at 31 December 2015, bank borrowings of RMB200 million (2014: nil) were secured by pledge of the Group's bank deposits, whose net carrying amounts at 31 December 2015 were RMB206,186 thousand. Bank borrowings of RMB246 million had been fully repaid in 2015, which were pledged by the Group's certain properties which were classified as assets held for sale, including property, plant and equipment and prepaid land lease payments, whose net carrying amounts at 31 December 2014 were RMB313,876 thousand and RMB64,444 thousand, respectively.

Bank and other borrowings – guaranteed

As at 31 December 2015, bank borrowings of RMB324,030 thousand were guaranteed by a related party, CDB Capital (2014: nil).

Other borrowings – unsecured and unguaranteed

As at 31 December 2015, the Group's unsecured other borrowing of RMB150 million is an interest-free loan from Shanghai Luodian Old Town Real Estate Limited (2014: RMB150 million).

As at 31 December 2015, the Group had undrawn credit facilities of RMB110 million (2014: nil).

For the financial year ended 31 December 2015
(All amounts expressed in RMB'000 unless otherwise specified)

28. DEFERRED REVENUE

	Note	2015	2014
Deferred revenue arising from:			
Land development for sale	(i)	**352,794**	383,716
		352,794	383,716

Note:

(i) The deferred revenue arising from land development for sale represents the portion of amounts received or receivable from the land authorities as a result of the sales of parcels of land developed by the Group that are not yet recognised as revenue, because the developments of the ancillary public facilities of land sold are still in progress. The amounts received or receivable are non-refundable unless the Group fails to complete the development work. The deferred revenue is classified as a current liability as the remaining development work is expected to be provided within the normal operating cycle.

29. TRADE PAYABLES, OTHER PAYABLES AND ACCRUALS

	2015	2014
Trade payables	**149,942**	161,534
Payroll and welfare	**13,478**	5,356
Accrued coupon interest of senior guaranteed notes	**10,970**	–
Other taxes payable:		
Business tax payable	**13,685**	12,715
Property tax payable	**32**	–
Other miscellaneous tax	**1,215**	61
Estimated payables to constructors for the Changchun project	**–**	8,618
Receipts in excess of the Group's estimated share of land sales proceeds	**26,477**	26,477
Payable for transaction cost of the Disposal	**7,119**	12,106
Payable for expense incurred in application for National AAAA Tourist Attraction (Luodian New Town)	**3,200**	3,200
Amounts due to related parties (Note 31(a))	**36,908**	–
Balances due to subsidiaries disposed of	**101,410**	–
Others	**56,470**	48,350
	420,906	278,417

Terms and conditions of the above liabilities:

- Trade payables are non-interest-bearing and are normally settled within one year, among which trade payables of approximately RMB57 million (2014: approximately RMB61 million) are contracted with no specified due date.
- Payroll and welfare are normally settled within the next month.
- Other payables and other tax payables are non-interest-bearing and are normally settled when they are due or within one year.

For the financial year ended 31 December 2015
(All amounts expressed in RMB'000 unless otherwise specified)

29. TRADE PAYABLES, OTHER PAYABLES AND ACCRUALS (continued)

An aged analysis of the Group's trade payables as at the reporting dates is as follows:

	2015	2014
Within 1 year	577	20,089
1 to 2 years	12,554	26,784
Over 2 years	136,811	114,661
	149,942	161,534

30. EMPLOYEE BENEFITS AND DIRECTORS' REMUNERATION

Employee benefits (including directors)

	2015	2014
Included in administrative expenses:		
Wages and salaries	26,605	25,266
Social welfare other than pensions	5,136	1,127
Pension – defined contribution plan	3,088	2,041
Staff welfare and bonuses	12,559	6,079
	47,388	34,513

Directors' remuneration

Details of the directors' remuneration are as follows:

	2015	2014
Fees	1,184	1,217
Other emoluments:		
Salaries, allowances and benefits in kind	3,359	8,874
Equity-settled share option expense	–	–
Pension scheme contributions	–	91
	4,543	10,182

For the financial year ended 31 December 2015
(All amounts expressed in RMB'000 unless otherwise specified)

30. EMPLOYEE BENEFITS AND DIRECTORS' REMUNERATION (continued)

Directors' remuneration (continued)

The names of the directors and their remuneration for the year are set out below:

Year ended 31 December 2015	Fees	Salaries, allowances and benefits in kind	Pension scheme contributions	Total
Shi Jian*	–	571	–	571
Li Yao Min	–	595	–	595
Liu Heqiang	–	919	–	919
Yang Meiyu	–	560	–	560
Ren Xiaowei	–	714	–	714
Henry Tan Song Kok	376	–	–	376
Kong Siu Chee	331	–	–	331
Zhang Hao	210	–	–	210
E Hock Yap	267	–	–	267
	1,184	3,359	–	4,543

* Removed as director in year 2015.

Year ended 31 December 2014	Fees	Salaries, allowances and benefits in kind	Pension scheme contributions	Total
Shi Jian	–	1,585	–	1,585
Li Yao Min	–	1,387	–	1,387
Gu Biya*	–	2,291	–	2,291
Mao Yiping*	–	1,485	63	1,548
Liu Heqiang	–	449	–	449
Shi Janson Bing*	–	547	28	575
Yang Meiyu	–	169	–	169
Qian Yifeng*	–	607	–	607
Ren Xiaowei	–	306	–	306
Yue Wai Leung Stan*	–	48	–	48
Henry Tan Song Kok	399	–	–	399
Kong Siu Chee	351	–	–	351
Zhang Hao	206	–	–	206
E Hock Yap	261	–	–	261
	1,217	8,874	91	10,182

* Resigned as director in year 2014.

The directors have not waived any remuneration as listed above.

(All amounts expressed in RMB'000 unless otherwise specified)

30. EMPLOYEE BENEFITS AND DIRECTORS' REMUNERATION (continued)

Five highest paid employees

The five highest paid employees of the Group during the year included one (2014: four) director, details of whose remuneration are set out above. Details of the remuneration of the remaining four (2014: one) non-director, highest paid employees for the year are as follows:

	2015	2014
Salaries, allowances and benefits in kind	**4,927**	794
Pension scheme contributions	**131**	–
	5,058	794

The number of non-director, highest paid employees whose remuneration fell within the following band is as follows:

	2015	2014
HK$1,000,001 – HK$1,500,000	**2**	1
HK$1,500,001 – HK$2,000,000	**1**	–
HK$2,000,001 – HK$2,500,000	**1**	–
	4	1

31. RELATED PARTY DISCLOSURES

For the purposes of these financial statements, parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the party are subject to common control. Related parties may be individuals or other entities.

In considering each possible related party relationship, attention is directed to the substance of the relationship, and not merely the legal form.

As mentioned in Note 1, in the opinion of the Directors, since the completion of the share subscription of CDBIH, the Company's ultimate holding company is CDB Capital, which holds 54.32% of the issued share capital of the Company. Then SREI became the second largest shareholder of the Company with the ability to exert significant influence.

On 11 September 2015, SREI purchased 100% equity share of Black Eagle Asset Management Limited, the controlling shareholder of Black Eagle (Shanghai) and Black Eagle Advisors. Therefore, Black Eagle (Shanghai) and Black Eagle Advisors as members of SREI group, were related parties of the Group, since 11 September 2015.

(a) Amounts due to related parties

	2015	2014
Other payables		
CCJV	**31,590**	–
Black Eagle (Shanghai)	**5,000**	–
CDBIH	**105**	–
CDB Capital	**213**	–
	36,908	–
Advances		
Black Eagle (Shanghai)	**538,975**	–
	575,883	–

For the financial year ended 31 December 2015
(All amounts expressed in RMB'000 unless otherwise specified)

31. RELATED PARTY DISCLOSURES (continued)

(b) Amounts due from related parties

	2015	2014
Loans and receivables		
Black Eagle (Shanghai)	**72,043**	–
Other receivable		
Black Eagle Advisors	**21,592**	–
	93,635	–

(c) In addition to the transactions detailed in Note 30 above, the Group had the following material transactions with related parties during the years ended 31 December 2015 and 2014:

	Notes	2015	2014
Loan obtained from and repaid to CDB Siyuan (Beijing) Investment Fund Limited ("CDB Siyuan")	(i)	**(500,000)**	500,000
Interest paid to CDB Siyuan	(i)	**28,611**	–
Financial guarantee from CDB Capital	(ii)	**324,030**	–
Consideration for the transfer of 30% equity interest in CCJV to Changchun Kaida	8	**66,281**	–
Loans to Black Eagle (Shanghai)	(iii)	**70,488**	–
Interests from Black Eagle (Shanghai)	(iii)	**1,555**	–

Notes:

(i) During the year ended 31 December 2014, Shanghai Jiatong, a subsidiary of the Group, obtained an half-year loan from CDB Siyuan, which is a fund managed by a subsidiary of CDB Capital. Interest for the loan was charged at 10% per annum and the loan had been fully repaid in 2015, with interest of RMB28,611 thousand paid.

(ii) During the year ended 31 December 2015, SGLD obtained bank borrowings of RMB324,030 thousand, which were guaranteed by CDB Capital.

(iii) On 3 August 2015, the Company announced that CDB Capital had provided an unconditional guarantee to support a new loan facility of RMB180 million granted by Industrial and Commercial Bank of China Limited, Shanghai Baoshan Sub-Brunch to SGLD (the "SGLD Loan"), a subsidiary of the Company. Proceeds from the SGLD Loan will be applied by SGLD for various purposes on the Disposal Assets that are held by SGLD and are yet to be transferred to SREI, including re-financing certain third party loans owed by the Disposal Assets.

On the same day, CDBIH had entered into a charge over shares with SREI. Pursuant to which, SREI had agreed to charge all the shares of the Company held by it, together with all property rights in such shares, in favour of CDBIH to secure the liabilities including the SGLD Loan. Soon afterwards, before Black Eagle (Shanghai) became a related party of the Group, SGLD and Black Eagle (Shanghai) had entered into a loan agreement, which was used for Disposal Assets. As a results, SGLD was forced to extend loans amounting to RMB70,488 thousand to Black Eagle (Shanghai), since it became a related party, with an interest income of RMB1,555 thousand recognised.

(d) Compensation of key management personnel of the Group:

	2015	2014
Short term employee benefits	**10,753**	12,563
Post-employment benefits	**131**	127
	10,884	12,690

Further details of directors' remuneration are included in Note 30.

(All amounts expressed in RMB'000 unless otherwise specified)

32. COMMITMENTS AND CONTINGENCIES

At the end of each reporting period, the Group mainly had capital commitments and commitments in respect of property development for sale and various investments as follows:

	2015	2014
Commitments in respect of land development for sale:		
Contracted, but not provided for	**155,651**	163,377
Authorised, but not contracted for	**4,652,118**	4,891,152
Property, plant and equipment and leasehold land:		
Contracted, but not provided for	**–**	40
Authorised, but not contracted for	**–**	–
Commitments in respect of various investments		
Contracted, but not provided for	**672,563**	–
Authorised, but not contracted for	**–**	–
Total	**5,480,332**	5,054,569

The Group had significant commitments in respect of land development for sale as it had entered into two township development projects in Shanghai and Shenyang and these commitments are quantified based on contracts, feasibility studies and detailed plans for the respective projects. As a result, the Group prepares cash flow budgets for major project companies annually and updates the cash flow budgets regularly.

At 31 December 2015, the Group had commitments in respect of various investments of RMB672,563 thousand (2014: nil).

The Group provided guarantees in respect of the mortgage facilities granted by certain banks to the certain purchasers of the Group's properties, which were classified as held for sale as of 31 December 2015. Pursuant to the terms of the guarantee arrangements, in case of default on mortgage payments by the purchasers, the Group is responsible for repaying the outstanding mortgage loans together with any accrued interest and penalty owed by the defaulted purchasers to the banks. The Group's guarantee periods commence from the dates of grant of the relevant mortgage loans and end when the purchasers pledge related property certificates as securities to the banks for the mortgage loans granted by the banks. The Group entered into guarantee contracts of principal amounts totalling approximately RMB294 million (2014: 259 million).

The Group did not incur any material losses during the period in respect of the guarantees provided for mortgage facilities granted to purchasers of the Group's properties, which were classified as held for sale as of 31 December 2015. The Directors consider that the probability of default of purchasers is remote and even in case of default on payments, the net realisable value of the related properties is expected to be sufficient to cover the repayment of the outstanding mortgage loans together with any accrued interest and penalty, because the mortgage principals were normally below 70% of sales price of the properties at date of sales agreement, and therefore no provision has been made in connection with the guarantees.

(All amounts expressed in RMB'000 unless otherwise specified)

33. OPERATING SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on its products and services and has the following operating segments. The Group's operational assets and operations are located in Mainland China.

- Land development segment, which provides land infrastructure development and construction of ancillary public facilities;
- Others segment, which includes investment and provision of other services.

Management monitors the operating results of the Group's business units separately for the purpose of making decisions about resources allocation and performance assessment. Segment performance is evaluated based on operating profit and loss and is measured consistently with operating profit or loss in the consolidated financial statements. However, group financing (including finance costs) and income taxes are managed on a group basis and are not allocated to the operating segments.

Intersegment sales and transfers are transacted with reference to the selling prices used for sales made to third parties at the prevailing market prices.

Land development revenue from the Group's share of proceeds from land sales (including related public utility fees, if any) by local authorities accounted for 100% in Shanghai (2014: 100% in Shanghai) of the revenue in the year ended 31 December 2015.

An analysis by operating segment is as follows:

	Year ended 31 December 2015			
	Land development	Others	Adjustments and eliminations	Total
Segment results				
External sales	67,022	–	–	67,022
Inter-segment sales	–	–	–	–
Total segment sales	67,022	–	–	67,022
Results				
Depreciation	(1,704)	(280)	–	(1,984)
Amortisation	(377)	(126)	–	(503)
Share of loss of a joint venture	–	(51)	–	(51)
Gain on financial assets designated at fair value through profit or loss	–	2,925	–	2,925
Segment profit/(loss)	30,621	126,832	(69,230)[1]	88,223
Segment assets	1,742,087	4,283,822	4,859,707[2]	10,885,616
Segment liabilities	1,211,011	101,664	5,688,519[3]	7,001,194
Other disclosures				
Capital expenditure[4]	371	834	7,838	9,043

For the financial year ended 31 December 2015
(All amounts expressed in RMB'000 unless otherwise specified)

33. OPERATING SEGMENT INFORMATION (Continued)

An analysis by operating segment is as follows: (continued)

1 Profit for each operating segment of continuing operations does not include finance costs of RMB69,230 thousand.

2 Assets in segments do not include deferred tax assets of RMB56,191 thousand, and assets related to held for sale assets of RMB4,803,516 thousand as these assets are managed on a group basis.

3 Liabilities in segments do not include current income tax liabilities of RMB336,628 thousand, senior guaranteed notes of RMB1,290,490 thousand, interest-bearing bank and other borrowings of RMB674,030 thousand, and deferred tax liabilities of RMB21,151 thousand and liabilities related to held for sale assets of RMB3,366,220 thousand as these liabilities are managed on a group basis.

4 Capital expenditure of continuing operations consists of additions of property, plant and equipment of RMB1,205 thousand. Capital expenditure of discontinued operations consists of additions of property, plant and equipment of RMB7,838 thousand, which are not allocated as such capital expenditure are managed on a group basis.

	Year ended 31 December 2014			
	Land development	Others	Adjustments and eliminations	Total
Segment results				
External sales	56,813	–	–	56,813
Inter-segment sales	–	–	–	–
Total segment sales	56,813	–	–	56,813
Results				
Depreciation	(4,609)	(87)	–	(4,696)
Amortisation	(2,810)	–	–	(2,810)
Segment profit/(loss)	(621,916)	607,919	(85,923)[1]	(99,920)
Segment assets	1,727,251	3,139,494	4,945,386[2]	9,812,131
Segment liabilities	1,183,412	32,270	4,749,013[3]	5,964,695
Other disclosures				
Capital expenditure[4]	703	324	117,588	118,615

1 Profit for each operating segment of continuing operations does not include finance costs of RMB85,923 thousand.

2 Assets in segments do not include deferred tax assets of RMB41,149 thousand and assets related to held for sale assets of RMB4,904,237 thousand as these assets are managed on a group basis.

3 Liabilities in segments do not include current income tax liabilities of RMB359,841 thousand, interest-bearing bank and other borrowings of RMB896,000 thousand, and deferred tax liabilities of RMB21,151 thousand and liabilities related to held for sale assets of RMB3,472,021 thousand as these liabilities are managed on a group basis.

4 Capital expenditure of continuing operations consists of additions of property, plant and equipment of RMB1,027 thousand. Capital expenditure of discontinued operations consists of additions of property, plant and equipment of RMB114,114 thousand and prepaid land lease payments of RMB3,474 thousand, which are not allocated as such capital expenditure are managed on a group basis.

For the financial year ended 31 December 2015
(All amounts expressed in RMB'000 unless otherwise specified)

34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise senior guaranteed notes, bank and other borrowings and trade and other payables. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various financial assets such as loans and receivables, available-for-sale financial assets, financial assets designated at fair value through profit or loss, trade and other receivables, cash and short-term deposits, which arose directly from its operations. The main risks faced by the Group are interest rate risk, foreign currency risk, credit risk and liquidity risk. The Group does not hold or issue derivative financial instruments either for hedging or for trading purposes. The Board of Directors reviews and agrees policies for managing each of the risks which are summarised below:

Interest rate risk

The Group's exposure to the risk of changes in interest rates relates primarily to its interest-bearing bank and other borrowings. The Group does not use derivative financial instruments to manage its interest rate risk. The interest rates and terms of repayments of the borrowings are disclosed in Note 27.

The following table demonstrates the sensitivity to reasonably possible changes in interest rate, with all other variables held constant, of the Group's profit before tax (mainly the impact on floating rate borrowings). The Group's equity is not affected, other than the consequential effect on the accumulated losses of the changes in the profit before tax as disclosed below.

	2015	2014
Increase/(decrease) in interest rates (basis points)	**100/(100)**	100/(100)
(Decrease)/increase in profit before tax	**(3,300)/3,300**	(2,460)/2,460

Foreign currency risk to the rules and regulations of the foreign exchange control promulgated by the PRC government

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Group's exposure to the risk of changes in foreign exchange rates relates primarily to its cash and bank balances (see Note 23). The Group's exposure to foreign currency changes is not material.

Credit risk

Credit risk arises from cash and bank balances, loans and receivables, trade receivables and other receivables, the balances of which represent the maximum credit risk exposure of the Group. As at 31 December 2015 and 2014, a large portion of the net receivables was from the revenue derived from land development for sale, and there was a significant other receivable as mentioned in Note 21, which constitutes a concentration of credit risk.

Further quantitative data in respect of the Group's exposure to credit risk arising from loans and receivables, trade and other receivables are disclosed in Notes 14, 22 and 21.

(All amounts expressed in RMB'000 unless otherwise specified)

34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Liquidity risk

The Group's policy is to maintain sufficient cash and cash equivalents to have available funding through the use of bank loans, debentures and other borrowings to meet its commitments over the foreseeable future in accordance with its strategic plan.

The table below summarises the maturity profile of the Group's financial liabilities based on contractual undiscounted payments.

31 December 2015	**On demand**	**Less than 3 months**	**3 to 12 months**	**1 to 5 years**	**Over 5 years**	**Contractual due date not specified**	**Total**
Interest-bearing loans and other borrowings	**150,000**	**5,287**	**247,671**	**351,817**	**–**	**–**	**754,775**
Senior guaranteed notes	**–**	**–**	**71,500**	**1,407,250**	**–**	**–**	**1,478,750**
Trade payables	**92,645**	**–**	**–**	**–**	**–**	**57,297**	**149,942**
Other liabilities	**243,003**	**–**	**–**	**–**	**–**	**–**	**243,003**
	485,648	**5,287**	**319,171**	**1,759,067**	**–**	**57,297**	**2,626,470**

31 December 2014	On demand	Less than 3 months	3 to 12 months	1 to 5 years	Over 5 years	Contractual due date not specified	Total
Interest-bearing loans and other borrowings	–	503,951	396,794	–	–	–	900,745
Trade payables	100,698	–	–	–	–	60,836	161,534
Other liabilities	103,135	–	–	–	–	–	103,135
	203,833	503,951	396,794	–	–	60,836	1,165,414

For the financial year ended 31 December 2015
(All amounts expressed in RMB'000 unless otherwise specified)

34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (continued)

Capital management

The primary objective of the Group's capital management is to maintain healthy capital ratios in order to support its business and maximise the shareholders' value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, issue bonds, convertible bonds or new shares.

As the Group is engaged in land and property development, it needs a substantial amount of funds. The Group manages capital by closely monitoring its gearing ratio (which is defined by management as net debt divided by capital plus net debt).

Net debt includes senior guaranteed notes, interest-bearing bank and other borrowings and excludes cash and bank balances. Equity includes equity attributable to owners of the parent and non-controlling interests. The gearing ratios are calculated as follows:

	2015	2014
Interest-bearing bank and other borrowings	**674,030**	896,000
Senior guaranteed notes	**1,290,490**	–
Less: Cash and bank balances	**(1,568,656)**	(795,451)
Net debt	**395,864**	100,549
Capital:		
Total equity	**3,884,422**	3,847,436
Capital and net debt	**4,280,286**	3,947,985
Gearing ratio	**9.25%**	2.55%

Collateral held

The Group did not hold any collateral as at 31 December 2015 and 2014.

(All amounts expressed in RMB'000 unless otherwise specified)

35. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at the end of the reporting period are as follows:

Financial assets	**2015**	2014
Available-for-sale financial assets	**32,000**	–
Loans and receivables		
– Other receivables	**1,415,727**	1,906,439
– Trade receivables	**59,218**	63,853
– Cash and bank balances	**1,568,656**	795,451
– Loans and receivables	**1,260,488**	490,000
Financial assets designated at fair value through profit or loss	**68,874**	–
	4,404,963	3,255,743

Financial liabilities		
Financial liabilities at amortised cost		
– Interest-bearing bank and other borrowings	**674,030**	896,000
– Senior guaranteed notes	**1,290,490**	–
– Trade payables	**149,942**	161,534
– Others	**256,032**	104,107
	2,370,494	1,161,641

36. FAIR VALUE AND FAIR VALUE HIERARCHY

Fair values of financial assets and liabilities

Fair value estimates are made at a specific point in time based on relevant market information and information about the various financial instruments. When an active market exists, such as an authorised securities exchange, the market value is the best reflection of the fair value of financial instrument. For financial instruments where there is no active market or when current market prices are not available, their fair values are determined using valuation techniques (Note 2.4).

The Group's financial assets mainly include loans and receivables, cash and bank balances and receivables. The Group's financial liabilities mainly include senior guaranteed notes, interest-bearing bank and other borrowings, and payables. The fair values of the Group's and the Company's financial instruments are not materially different from their carrying amounts.

For the financial year ended 31 December 2015
(All amounts expressed in RMB'000 unless otherwise specified)

36. FAIR VALUE AND FAIR VALUE HIERARCHY (Continued)

Fair value hierarchy

The Group uses the following hierarchy for determining and disclosing the fair values:

Level 1: fair values measured based on quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2: fair values measured based on valuation techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly

Level 3: fair values measured based on valuation techniques for which any inputs which have a significant effect on the recorded fair value are not based on observable market data (unobservable inputs)

The following table shows the fair value measurement hierarchy of the Group's assets.

Quantitative disclosures of assets measured at fair value as at 31 December 2015:

		Fair value measurement using			
	Date of valuation	Total	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Assets measured at fair value:					
Investment properties (Note 13.c):					
Scandinavia Street, Shanghai	31 December 2015	488,000	–	–	488,000
Shopping mall, Shanghai	31 December 2015	210,000	–	–	210,000
Available-for-sale financial assets (Note 15)	31 December 2015	32,000	–	32,000	–
Financial assets designated at fair value through profit or loss (Note 16)	31 December 2015	68,874	–	–	68,874

As at 31 December 2015, the investment properties listed above had been classified as assets held for sale.

There have been no transfers between Level 1 and Level 2 during the year ended 31 December 2015.

The Group did not have any financial liability measured at fair value as at 31 December 2015.

For the financial year ended 31 December 2015
(All amounts expressed in RMB'000 unless otherwise specified)

37. STATEMENT OF FINANCIAL POSITION OF THE COMPANY

Information about the statement of financial position of the Company at the end of the reporting period is as follows:

	2015	2014
Assets		
Non-current assets		
Investments in subsidiaries	**3,054,144**	2,991,259
Property, plant and equipment	**127**	93
Total non-current assets	**3,054,271**	2,991,352
Current assets		
Amounts due from subsidiaries	**160,043**	371,286
Other receivables	**179,078**	128,204
Trade receivables	–	1,635
Cash and bank balances	**741,121**	543,542
Total current assets	**1,080,242**	1,044,667
Total assets	**4,134,513**	4,036,019
Equity and liabilities		
Equity		
Equity holders of the parent:		
Share capital	**4,110,841**	4,110,841
Other reserves	**1,912,683**	1,912,683
Accumulated losses	**(1,906,811)**	(2,007,038)
Total equity	**4,116,713**	4,016,486
Current liabilities		
Other payables and accruals	**17,800**	19,533
Total current liabilities	**17,800**	19,533
Total liabilities	**17,800**	19,533
Total equity and liabilities	**4,134,513**	4,036,019
Net current assets	**1,062,442**	1,025,134
Total assets less current liabilities	**4,116,713**	4,016,486

Fan Haibin
Non-executive Chairman

Liu Heqiang
Chief Executive Officer

(All amounts expressed in RMB'000 unless otherwise specified)

37. STATEMENT OF FINANCIAL POSITION OF THE COMPANY (continued)

Note:
A summary of the Company's reserve is as follows:

	Other reserves	Accumulated losses	Total reserves
As at 1 January 2014	1,912,683	(2,002,889)	(90,206)
Total comprehensive loss	–	(4,149)	(4,149)
As at 31 December 2014 and 1 January 2015	1,912,683	(2,007,038)	(94,355)
Total comprehensive income	–	100,227	100,227
As at 31 December 2015	1,912,683	(1,906,811)	5,872

There were no movements in other reserves during the years ended 31 December 2015 and 2014. See Note 25 for the nature and purpose of the Company's other reserves.

38. EVENTS AFTER THE REPORTING PERIOD

On 2 March 2016, CDBC New Town and Sheng Qi Investment Fund Management Company Limited ("Sheng Qi IFM") entered into a limited partnership agreement in relation to (i) the establishment of an investment partnership, CDB New Town New-type Urbanization Development Fund (tentative name), comprising a total capital amount of RMB5 billion (the "Investment Partnership"), and (ii) the governance of the relationship between the investors of the Investment Partnership.

The general partner ("General Partner") of the Investment Partnership is Sheng Qi IFM, a newly established wholly-owned subsidiary of the Group with a registered capital of RMB1,000,000, and is engaged in the principal activity of operating and managing funds focusing on urbanization-related investments. The other three limited partners are differentiated in accordance with the priority of their rights to distributions from the Investment Partnership, which includes CIB Wealth Management Co., Ltd. (the senior-tranche limited partner), CDB Jingcheng (Beijing) Investment Fund Company Limited. (the intermediate-tranche limited partner) and CDBC New Town (the junior-tranche limited partner).

The investment focus will be primarily on projects located in national economic zones, namely, the "Beijing-Tianjin-Hebei Zone", the Yangtze River Delta, the Pearl River Delta, leading economic zones centred around provincial capital cities, and cities and counties with top rankings of GDP and fiscal position by the National Statistics Bureau and/or similar authorities.

39. APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements were approved and authorised for issue by the Board of Directors on 11 March 2016.

ANALYSIS OF SHAREHOLDINGS

As at 4 March 2016
(All amounts expressed in RMB'000 unless otherwise specified)

ISSUED AND FULLY PAID-UP CAPITAL

Issued and Fully Paid-up Capital	:	RMB4,110,841,000
Total number of Issued shares excluding treasury shares	:	9,846,119,747
Total number of treasury shares	:	0
Class of shares	:	Ordinary shares of no par value
Voting rights	:	One vote per share

DISTRIBUTION OF SHAREHOLDERS BY SIZE OF SHAREHOLDINGS AS AT 4 MARCH 2016

SIZE OF SHAREHOLDINGS	NO. OF SHAREHOLDERS	%	NO. OF SHARES	%
1 – 99	180	2.67	2,151	–
100 – 1,000	893	13.23	873,074	0.01
1,001 – 10,000	2,466	36.54	12,102,989	0.12
10,001 – 1,000,000	3,125	46.30	313,179,502	3.18
1,000,001 AND ABOVE	85	1.25	9,519,962,031	96.69
	6,749	100.00	9,846,119,747	100.00

TWENTY LARGEST SHAREHOLDERS AS AT 4 MARCH 2016

	SHAREHOLDER'S NAME	NO. OF SHARES	%
1	CHINA DEVELOPMENT BANK INTERNATIONAL HOLDINGS LIMITED	5,347,921,071	54.32%
2	HKSCC NOMINEES LIMITED	3,650,165,595	37.07%
3	RAFFLES NOMINEES (PTE) LTD	73,627,504	0.75%
4	UNITED OVERSEAS BANK NOMINEES PTE LTD	52,549,000	0.53%
5	CIMB SECURITIES (SINGAPORE) PTE LTD	29,785,540	0.30%
6	UOB KAY HIAN PTE LTD	26,696,050	0.27%
7	LIM & TAN SECURITIES PTE LTD	22,514,100	0.23%
8	DBS NOMINEES PTE LTD	21,368,303	0.22%
9	DBS VICKERS SECURITIES (SINGAPORE) PTE LTD	20,570,000	0.21%
10	LIM KIM HONG	18,550,000	0.19%
11	PHILLIP SECURITIES PTE LTD	17,950,200	0.18%
12	MAYBANK KIM ENG SECURITIES PTE LTD	16,800,600	0.17%
13	CITIBANK NOMINEES SINGAPORE PTE LTD	13,129,300	0.13%
14	OCBC SECURITIES PRIVATE LTD	12,897,500	0.13%
15	YAP KHEK HENG	9,500,000	0.10%
16	SHIE YONG FAH	8,218,000	0.08%
17	RHB SECURITIES SINGAPORE PTE LTD	7,899,000	0.08%
18	LIU YI	6,700,000	0.07%
19	HSBC (SINGAPORE) NOMINEES PTE LTD	5,976,800	0.06%
20	SOON SING	5,707,800	0.06%
	TOTAL:	9,368,526,363	94.15%

As at 4 March 2016
(All amounts expressed in RMB'000 unless otherwise specified)

SUBSTANTIAL SHAREHOLDERS

Substantial Shareholders of the Company (as recorded in the Register of Substantial Shareholders) as at 4 March 2016.

	Direct Interest		Deemed Interest pursuant to the SFA		Deemed Interest pursuant to the SFO	
	No. of Shares	Approx. %[1]	No. of Shares	Approx. %[1]	No. of Shares	Approx. %[1]
CDBIH[2][3]	5,347,921,071	54.32	–	–	1,468,356,862	14.91
CDBC[2][3]	–	–	5,347,921,071	54.32	6,816,277,933	69.23
CDB[2][3]	–	–	5,347,921,071	54.32	6,816,277,933	69.23
SRE Investment[4]	1,468,356,862	14.91	–	–	5,347,921,071	54.32
Shi Jian[5][6]	6,104,938	0.062	1,468,357,952	14.91	6,816,279,023	69.23

Notes:

(1) The percentage interests are calculated based on the total number of Shares in issue as at the Latest Practicable Date, being 9,846,119,747 Shares.

(2) CDBIH is a wholly-owned subsidiary of CDBC, in turn, is wholly-owned by CDB. Both CDB and CDBC are therefore deemed under Part XV of the SFO to be interested in the 6,816,277,933 Shares in which CDBIH is interested.

(3) As both SRE Investment and CDBIH are subject to a three-year lock-up with respect to the Shares held by them respectively pursuant to the Subscription Agreement, CDBIH is deemed under sections 317 and 318 of the SFO to be interested in the 1,468,356,862 Shares held by SRE Investment.

(4) As both SRE Investment and CDBIH are subject to a three-year lock-up with respect to the Shares held by them respectively pursuant to the Subscription Agreement, SRE Investment is deemed under sections 317 and 318 of the SFO to be interested in the 5,347,921,071 Shares held by CDBIH.

(5) Pursuant to Section 4 of the SFA, Mr. Shi Jian is deemed interested in a total of 1,468,357,952 Shares for the following reasons: (i) Mr. Shi Jian is deemed interested in 1,468,356,862 Shares held by SRE Investment by virtue of the fact that he and his spouse, Ms. Si Xiaodong together beneficially own 66% of the issued share capital of SRE Investment as a controlling shareholder; (ii) Mr. Shi Jian is deemed interested in 1,090 Shares held by Ms. Si Xiao Dong by virtue of the fact that she is his spouse.

(6) Pursuant to Part XV of the SFO, Mr. Shi Jian is deemed interested in a total of 6,816,279,023 Shares for the following reasons: (i) Mr. Shi Jian is deemed interested in 1,468,356,862 Shares held by SRE Investment by virtue of the fact that he and his spouse, Ms. Si Xiaodong together beneficially own 66% of the issued share capital of SRE Investment as a controlling shareholder; (ii) as both SRE Investment and CDBIH are subject to a three-year lock-up with respect to the Shares held by them respectively pursuant to the Subscription Agreement, SRE Investment is deemed under sections 317 and 318 of the SFO to be interested in the 5,347,921,071 Shares held by CDBIH under the SFO, and Mr. Shi Jian is accordingly also deemed interested in such Shares which SRE Investment is deemed interested; and (iii) Mr. Shi Jian is deemed interested in 1,090 Shares held by Ms. Si Xiaodong by virtue of the fact that she is his spouse.

FREE FLOAT

As at 4 March 2016, approximately 30.62% of the total number of issued shares of the Company was held in the hands of the public (on the basis of information available to the Company). The Company has no outstanding treasury shares, preference shares or convertible equity securities in issue.

Accordingly, the Company has complied with Rule 723 of the Listing Manual of the Singapore Exchange Securities Trading Limited and Rule 8.08 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

NEW TOWN

China New Town Development Company Limited
中國新城鎮發展有限公司