粵海置地控股有限公司
Guangdong Land Holdings Limited

(於百慕達註冊成立之有限公司)
(Incorporated in Bermuda with limited liability)
股份代號 Stock Code: 0124

2015
ANNUAL REPORT 年報

Contents

Corporate Information

(as at 17 March 2016)

Board of Directors

Non-Executive Directors
HUANG Xiaofeng *(Chairman)*
WU Mingchang*

Executive Directors
YE Xuquan** *(Chief Executive Officer)*
ZHAO Chunxiao
LI Wai Keung

Independent Non-Executive Directors
Alan Howard SMITH *JP*
Felix FONG Wo *BBS, JP*
Vincent Marshall LEE Kwan Ho *Officer of the Order of the Crown (Belgium)*

Audit Committee

Vincent Marshall LEE Kwan Ho *Officer of the Order of the Crown (Belgium)* *(Committee Chairman)*
Alan Howard SMITH *JP*
Felix FONG Wo *BBS, JP*

Remuneration Committee

Felix FONG Wo *BBS, JP* *(Committee Chairman)*
Alan Howard SMITH *JP*
Vincent Marshall LEE Kwan Ho *Officer of the Order of the Crown (Belgium)*

Nomination Committee

HUANG Xiaofeng *(Committee Chairman)*
Alan Howard SMITH *JP*
Felix FONG Wo *BBS, JP*
Vincent Marshall LEE Kwan Ho *Officer of the Order of the Crown (Belgium)*

Company Secretary

Vanessa WONG Kin Yan

Auditors

Ernst & Young

Website Address

http://www.gdland.com.hk

Principal Bankers

The Hongkong and Shanghai Banking Corporation Limited
China Merchants Bank
Shanghai Pudong Development Bank
Bank of China

Registered Office

Clarendon House
2 Church Street
Hamilton HM11
Bermuda

Head Office & Principal Place of Business in Hong Kong

18th Floor
Guangdong Investment Tower
148 Connaught Road Central
Hong Kong
Telephone: (852) 2165 6262
Facsimile: (852) 2815 2020

Principal Share Registrar

MUFG Fund Services (Bermuda) Limited
The Belvedere Building
69 Pitts Bay Road
Pembroke HM 08
Bermuda

Branch Share Registrar in Hong Kong

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

Share Information

Place of Listing:	Main Board of The Stock Exchange of Hong Kong Limited
Stock Code:	0124
Board Lot:	2,000 shares
Financial year end:	31st December

* *Mr. WU Mingchang has been appointed as a Non-Executive Director of the Company with effect from 17 March 2016.*

** *Mr. YE Xuquan has tendered his resignation as an Executive Director and the Chief Executive Officer of the Company with effect as of 1 May 2016.*

Highlights

	For the year ended 31 December 2015	2014	Change
Revenue, in thousand HK$	**857,937**	3,422	+24,971.2%
Profit for the year attributable to owners of the Company, in thousand HK$	**174,773**	81,773	+113.7%
Basic earnings per share attributable to ordinary equity holders of the Company, in HK cent	**10.21**	4.78	+113.6%

	As at 31 December 2015	2014	Change
Current ratio	**6.3 times**	16.7 times	-62.3%
Total assets, in million HK$	**5,841**	4,618	+26.5%
Book value per share[1], in HK$	**2.59**	2.53	+2.4%
Number of employees	**297**	182	+63.2%

Note:

1. Book value per share = Equity attributable to owners of the Company/Number of issued shares

Chairman's Statement

Results

During the year under review, the Group is engaged in property development and investment. The Group currently holds certain investment properties and the Buxin Project (a property development project) in Shenzhen, and the Ruyingju Project (a residential property project) in Panyu, Guangzhou.

In 2015, the Group's revenue amounted to HK$858 million (2014: HK$3.42 million), mainly derived from the sales income from the residential units under the Ruyingju Project, whereas the income in 2014 was entirely derived from rental income generated by our investment properties. During the year under review, the Group acquired an 80% interest in the Ruyingju Project that generated a gain on bargain purchase of HK$234 million (2014: nil). The aggregated amount of net exchange losses incurred by the Group and release of exchange reserve upon settlement of inter-company balance during the year under review were HK$166 million (2014: HK$2.91 million), mainly attributable to the depreciation of Renminbi ("RMB") against Hong Kong Dollar in the second half of 2015. Net profit attributable to the owners of the Company for the year under review was HK$175 million (2014: HK$81.77 million), representing an increase of approximately 113.7% from last year.

The Board did not recommend the payment of a final dividend for the year 31 December 2015 (2014: nil) to save funds for the future needs of business development of the Company.

Business Review

The Ruyingju Project is situated in South of Sanzhi Xiangshui Road, Dongxiang Village, Dashi Town, Panyu District, Guangzhou, the PRC. The total site area is approximately 38,771 square meters and the total aggregate gross floor area is approximately 127,597 square meters, with approximately 917 residential units and 651 car-parking spaces available for sale. The Ruyingju Project is located in the Panyu District of Guangzhou with mature transportation network and beautiful environment. The constructions of properties of the Ruyingju Project were completed in November 2015 and 382 of the residential units had been delivered to the customers during the year under review. The gross floor area of the delivered units represents 41.7% of the total saleable area of the residential units.

The Buxin Project is located at Buxin Area, Luohu District, Shenzhen, the PRC. The total site area is about 87,075 square meters. The Buxin Project is an industrial and commercial complex with jewellery as the main theme and will be constructed in two phases and is under development. The urban renewal unit planning proposal related to the Buxin Project had been approved in November 2015. The site development area is approximately 67,903 square meters and the total gross floor area is approximately 436,100 square meters, with a plot ratio of approximately 6.4 times. An additional 30,000 square meters of underground area was granted for commercial properties. Currently, the Group is designing properties of different usages and types in accordance with the approved usage of the land pieces and is negotiating with the Municipal Government of Shenzhen for the details and amount of land premium to be paid. Depending on the progress of such negotiation, the Company will inform its shareholders of further details of the development plan of the project, including the expected completion date of the development, as and when appropriate.

During the year under review, Shenzhen Plant 1 had disposed of its old brewery machinery and equipment and also considered to dispose certain properties it held gradually, including some of the staff dormitories. For the year ended 31 December 2015, the Group had an aggregated gain on disposal of property, plant and equipment as well as assets held for sale amounting to HK$36.45 million.

Outlook

As the economy of the PRC continues to have a medium to high-speed growth rate, coupled with the increasing living standard and urbanization which drives greater demands for properties, the Group believes that it continues to encourage the growth of property development and the real estates sector in the PRC.

Located in Luohu, Shenzhen, the Buxin Project has an enormous development potential, in which the Group will invest with appropriate resources in order to create and release the value of the project.

With satisfactory sales, the Ruyingju Project continues to improving its average selling price, and it is expected that the Ruyingju Project will continue to generate stable revenue and cash flow for the Group in the coming year. Most of the gain from the acquisition of the Ruyingju Project was captured in a gain on bargain purchase that was recognised in the statement of profit or loss in 2015. Since the acquisition price paid was determined with reference to the then market value (but at a discount) of the Ruyingju Project, the carrying value (and the future costs of sales) of the Ruyingju properties consists of the development costs and the fair value increases as of the completion date of acquisition. In addition to developing existing Buxin Project and Ruyingju Project, the Group will also consider and study other opportunities in property development and investment in the PRC, with the main focus in Guangdong Province and other first-tier cities in the PRC.

Last but not least, on behalf of the Board, I would like to acknowledge the contribution by the management and its staff during the previous year. Under the leadership of the Board, the Company successfully acquired the Ruyingju Project during the year under review, which increased the quality of the Group's assets and diversified its operating risks. The Group is confident in the prospect of its business development and will actively promote the development of its real estate business in order to create greater returns for its shareholders as we did in the past.

HUANG Xiaofeng
Chairman

Hong Kong, 16 March 2016

Operational Review

The Group's results for the year ended 31 December 2015 were mainly derived from its business in property development and investment.

According to the information of the National Bureau of Statistics of China, the preliminary figure of the national gross domestic product ("GDP") for 2015 has a year-on-year increase of 6.9%, and the disposable income per capita increased by 8.9% as compared to that of last year. This, coupled with the changes to the fiscal and monetary policies in the PRC, including the adjustment to the tax holiday for business tax on personal housing transfer as well as the continuous downward adjustment to the long-term benchmark lending rate by the People's Bank of China, contributable to a remarkable increase in the property prices in first-tier cities of the PRC in 2015. According to the price index of newly built residential properties in 70 large to mid-sized cities in December 2015, the residential price index of Guangzhou City had an annual increase by approximately 9.1%, and that of Shenzhen City by approximately 46.8%.

The consolidated revenue of the Group for 2015 amounted to HK$858 million (2014: HK$3.42 million). Consolidated revenue for the year under review was mainly derived from the sales income generated by the Ruyingju Project. All the investment properties, ceased to be leased in the second half of 2015. Those investment properties situated in the site of the Buxin Project will form part of the development of the Buxin Project. The rest of the investment properties is considered to be disposed of gradually. During the year under review, the Group's net profit attributable to the owners of the Company was HK$175 million (2014: HK$81.77 million), representing an increase of approximately 113.7% from the same period last year.

In 2015, the Group acquired a 100% equity interest in Triumphant Success Limited and its subsidiaries from GDH Limited, a controlling shareholder of the Company, at a consideration of approximately HK$510 million, based on the fair value of its net asset with a discount (for further details, please refer to the announcement and the circular published by the Company dated 16 March 2015 and 2 April 2015, respectively). The main asset held by Triumphant Success Limited is an 80% interest in the Ruyingju Project located in Panyu District, Guangzhou, the PRC. As the acquisition consideration was less than the fair value of the net asset acquired, a gain on bargain purchase of HK$234 million was recognised in the audited consolidated statement of profit or loss for the year ended 31 December 2015. For further details, please refer to note 23 to the financial statements. Moreover, the Group incurred transaction costs in relation to the acquisition in the amount of approximately HK$3.54 million. Apart from the aforementioned acquisition, the Company did not make any other significant investments during the year under review.

The Group recorded an aggregated amount of net exchange losses and release of exchange reserve upon settlement of inter-company balance of HK$166 million during the year under review (2014: HK$2.91 million), which is mainly attributable to the depreciation of RMB against HKD in the second half of 2015. As at 31 December 2015, almost all cash and bank balances of the Group were denominated in RMB. The RMB balance is planned to be used mainly for investing in the Buxin Project, in Shenzhen, the PRC. Therefore, from an operational perspective, the Group currently holds RMB for its future business investment in the PRC could minimise the related currency exchange risks. However, the abovementioned exchange difference is created during the currency revaluation in preparation of the Group's consolidated financial statements that use HKD as the reporting currency.

Key Financial Ratios

	Note	2015	2014	Change
Profit for the year attributable to owners of the Company, in thousand HK$		**174,773**	81,773	+113.7%
Return on equity, %	1	**4.0%**	1.9%	+110.5%
Net assets, in million HK$		**4,610**	4,338	+6.3%

Note:

1. Return on equity = net profit attributable to the owners of the Company/average equity attributable to the owners of the Company

During the year under review, a gain on bargain purchase of HK$234 million was recorded, mainly due to the Company's acquisition of an 80% interest in the Ruyingju Project located in Panyu District, Guangzhou from its controlling shareholder, resulting in the Group's net profit attributable to the owners of the Company amounting to HK$175 million, representing an increase of approximately 113.7% as compared to the same period last year. Return on equity increased by 110.5% over the same period last year. Total net asset increased by 6.3% from 31 December 2014. All the three key financial ratios recorded year-on-year increases.

The Buxin Project

The Buxin Project, in which the Group holds a 100% interest, is an industrial and commercial complex with jewellery as the main theme. In November 2015, the urban renewal unit planning proposal related to the Buxin Project was approved for a site development area of approximately 67,903 square meters and the total gross floor area is approximately 436,100 square meters, with the plot ratio of approximately 6.4 times. An additional 30,000 square meters of underground area was granted for commercial purpose. Currently, the Group is designing properties of different usages and types in accordance with the land use approval and reply, including industrial and commercial usages, research development, business apartment and other auxiliary service facilities.

The Group is negotiating with the Municipal Government of Shenzhen for the details and amount of the land premium pursuant to the approved Buxin Project urban renewal unit proposal. Meanwhile, taking into consideration of the market positioning of the Buxin Project, preparatory works such as preliminary market research and visits from potential customers are underway, we received good responses and supports from the potential customers for the Buxin Project. As various aspects of the work in the Buxin Project make progress, the Group will update its development schedule accordingly.

As at 31 December 2015, the Buxin Project incurred preliminary costs and fees for development in the amount of approximately HK$97.28 million in aggregate (2014: HK$25.15 million), representing a net increase of HK$72.13 million in 2015.

The Ruyingju Project

The Ruyingju Project, in which the Group holds an 80% interest, has 917 residential units and 651 parking spaces for sale, with certain residential units in pre-sale since the end of May 2015. For the year ended 31 December 2015, sale contracts for 534 residential units in aggregate were entered under the Ruyingju Project, with an aggregate floor area sold of approximately 55,000 square meters, representing approximately 58.5% of the total saleable area for residential units.

The properties in the Ruyingju Project were completed in November 2015 and 382 of the residential units were delivered to the customers and revenue was recognised during the year under review. The area of the delivered units was approximately 39,000 square meters, representing approximately 41.7% of the total saleable area of the residential units.

In 2015, the Group has recognised a gain on bargain purchase of HK$234 million from the acquisition of the Ruyingju Project. Most of the gain from the Ruyingju Project was captured in such a gain on bargain purchase. Since the acquisition price paid was determined with reference to the then market value (but at a discount) of the Ruyingju Project, the carrying value the Ruyingju properties consists of its development costs and the fair value increases as of the completion date of acquisition. With satisfactory sales, the Ruyingju Project continues to see an improvement in its average selling price. It is expected that most of the remaining residential units in the Ruyingju Project will be sold in 2016 and the average selling price (in RMB) will be higher than that in 2015 because of the expected increase in the general improvement in property prices and the better quality and location of the remaining residential units. The actual number of properties that could be delivered depends on the timing and process of the sales. It is expected that the majority of the residential units to be sold will be delivered to the customers in 2016.

Operating Income, Expenses and Finance Costs

During the year under review, the Group's bank interest income was HK$136 million (2014: HK$137 million), representing a decrease of 0.7% as compared with the same period last year. During the year under review, the imputed interest income from fair value changes of other receivables amounted to HK$36.65 million (2014: HK$38.24 million), representing a decrease of 4.2% as compared with the same period last year. Such income will no longer be incurred in 2016 from the other receivables currently held by the Group. An aggregated gain on disposal of property, plant and equipment and assets held for sale during the year under review was HK$36.45 million in total (2014: HK$73.38 million).

In 2015, the Group's selling and distribution expenses were HK$10.14 million (2014: nil) associated with the sale of the Ruyingju residential properties. The Group's administrative expenses in 2015 was HK$69.46 million (2014: HK$94.78 million), representing a decrease of 26.7% as compared to that in 2014. The decrease in administrative expenses was mainly attributable to the decrease in wages and related expenditures resulting from the progressive implementation of staff redundancy plan in 2014.

In respect of the completion of the transactions related to the disposal of the equity interests in nine previous subsidiaries engaged in production and sale of beer by the Group in 2013, the Group made an additional net provision of HK$18.34 million during the year under review.

During the year under review, 廣州市番禺粵海房地產有限公司 (Guangzhou Panyu Yuehai Real Estate Company Limited*), a newly acquired subsidiary of the Company holding the Ruyingyu Project, has obtained bank loans. As the interest of the bank loans of HK$7.73 million accrued from the date of the acquisition has been fully capitalised, the Group recorded no finance costs during the year. For the same period last year, the Group did not have any borrowing from banks, and, therefore recorded no finance costs.

* The English translation of the Chinese name of the company is prepared by the Company for reference only, and such translation may not be accurate and such company may not have an official English translation of this Chinese name.

Capital Expenditure

The Group's general capital expenditure paid in 2015 was approximately HK$4.31 million (2014: HK$1.05 million), representing an increase of 310.5% than that in 2014.

Financial Resources and Liquidity

As at 31 December 2015, the equity attributable to owners of the Company was HK$4.43 billion (2014: HK$4.34 billion), representing an increase of 2.1% over that in 2014. Based on the number of ordinary shares in issue as at 31 December 2015, the net asset value per share of the Company at the end of the year was HK$2.59 (2014: HK$2.53 per share), representing an increase of 2.4% over that in 2014.

As at 31 December 2015, the Group had cash and bank balances of HK$3.68 billion (2014: HK$3.83 billion), representing a decrease of 3.9% year-on-year. The aforementioned amount included restricted bank balances of HK$470 million (2014: HK$0.19 million) principally associated with an amount received from the sales but yet delivery of the Ruyingju Project. Of the Group's cash and bank balances as at 31 December 2015, 99.8% was in RMB, 0.1% was in HKD and 0.1% in USD. Net cash flows generated from operating activities for the year were HK$532 million (2014: net cash flows used in operating activities of HK$240 million).

As most of the transactions from the Group's PRC daily operations are denominated in Renminbi, currency exposure from these transactions is low. During the year under review, the Group did not perform currency hedge of the transactions. The consolidated financial statements of the Group are presented in Hong Kong dollars, and changes in exchange rate of HKD against RMB generated exchange differences upon currency revaluation. With the development of the Buxin Project of the Group located in Shenzhen, the PRC, capital injection to the Buxin Project will be made by the Group as and when appropriate. The impact of exchange difference arising on changes in exchange rate of HKD against RMB on the consolidated statement of profit or loss of the Group will be diminishing.

As at 31 December 2015, the Group did not have any outstanding bank loan. Given the Group's existing cash and bank balances, the Group will have sufficient financial resources to finance its existing continuing operations in the coming year. The Group will review its funding needs according to progress of business development from time to time so as to ensure that adequate financial resources will be available to support its business development.

None of the assets of the Group was pledged to any creditors. Except for the disclosure in note 28 to the financial statements regarding the guarantee made in relation to the mortgage of the sold property of approximately HK$536 million (2014: nil) and undertakings made in the master sales agreement relating to the disposal of brewery subsidiaries, there was no material contingent liability recorded as at the end of 2015.

Risks and Uncertainties

Given that the Group is engaged in property development and investment in Mainland China, risks and uncertainties of its business are principally associated with property market and property prices in Mainland China, and the Group's revenue in the future will be directly affected by such risks and uncertainties. Property market in Mainland China is affected by a number of factors which include economic conditions, property supply and demand, fiscal and monetary policies and taxation policies of the government. The GDP of Mainland China has maintained a year-on-year growth though the growth rate has been slowed down gradually. Currently, the property projects of the Group are all located in tier-1 cities with different categories and usage, effectively diversifying operational risks.

The Buxin Project in Shenzhen has relatively prolonged development period, and the Company may seek external fund to partially finance its development. As such, the financing channels and financing costs will be subject to the prevailing market conditions and the Group's financial position. As at 31 December 2015, the Group did not have any outstanding interest-bearing loan.

As property sector has a relatively long product development cycle, the Group's future profit and cash flow will be highly volatile.

Policy and Performance on Environmental, Social and Governance

The Group has strictly observed rules and regulations promulgated by the government, including the regulations on environmental protection, social and governance. During the year under review, the business activities of the Group in Mainland China were engaged principally in property construction and demolition. Regarding the completed construction of the Ruyingju properties during the year under review, the Group has obtained the approval of completion and acceptance from the Environmental Protection Bureau of Panyu, Guangzhou. For the demolition works of the land lots of the Buxin Project, demolition sites have strictly observed the laws and regulations of the relevant regions in Mainland China, including but not limited to environmental protection, sewage treatment and noise control. The Group has also commissioned green experts to preserve trees and other vegetation for the purpose of environmental protection. During the year ended 31 December 2015 and up to the date of this report, the Company has complied with the relevant laws and regulations in Mainland China and Hong Kong.

In furtherance of on-going fine-tuning the policies on environmental, social and governance, the Group has established communication with stakeholders, such as employees, customers, business partners, investors and governmental authorities, by conducting surveys, group discussions and interviews, allowing the Group to identify important topics for the Group to envisage the changes in operational environment, and consequently achieving the goals of sustainable development and proper risk management.

Human Resources

The Group had 297 (2014: 182) employees as at the end of 2015. The total employee remuneration and provident fund contributions (excluding Directors' remuneration) in 2015 was HK$55.92 million (2014: HK$63.38 million). Various basic benefits were provided to the Group's staff with an incentive policy which was designed to remunerate staff by combined references to the Group's operating results as well as the performance of the individual staff member. There was no share option scheme of the Company in operation during the year. The Group offers various training to its employees. Emoluments payable to the Directors of the Company are determined by reference to their job responsibilities and prevailing market conditions.

Report of the Directors

The directors (the "Directors") of Guangdong Land Holdings Limited (the "Company") herein present their report and the audited financial statements of the Company and its subsidiaries (together the "Group") for the year ended 31 December 2015.

Principal Activities

The principal activity of the Company is investment holding. The subsidiaries of the Company are principally engaged in property development and investment.

There were no significant changes in the nature of the Group's principal activities during the year under review.

Business Review

A review of the business of the Group during the year under review and a discussion on the Group's future business development are set out in the section headed "Chairman's Statement" on pages 4 to 5 and in the section headed "Management Discussion and Analysis" on pages 6 to 9 of this report.

Principal risks and uncertainties that the Group may be facing are set out in the section headed "Management Discussion and Analysis" on page 10 of this report. The financial risk management objectives and policies of the Group are provided in note 31 to the financial statements on pages 89 to 91 of this report.

An analysis of the Group's performance during the year under review using financial key performance indicators is provided in the section headed "Management Discussion and Analysis" on page 7 of this report.

Discussion on the Group's environmental policy and compliance with the relevant laws and regulations that have a significant impact on the Company are set out in the section headed "Management Discussion and Analysis" on page 10 of this report.

The Company's key relationships with its employees, customers and suppliers and business associates that have a significant impact on the Company and on which the Company's success depends are provided in the section headed "Management Discussion and Analysis" on page 10, in the section headed "Report of the Directors" on page 25, in the section headed "Corporate Governance Report" on page 37 and in note 2.4 to the financial statements on page 59 of this report.

Financial Summary

A summary of the results and the financial position of the Group for the last five financial years, as extracted from the audited financial statements and reclassified as appropriate, is set out below:

Results

	Year ended 31 December				
	2015	2014	2013	2012	2011
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Revenue	**857,937**	3,422	—	1,549,129	1,758,087
Gain on bargain purchase	**233,862**	—	—	—	—
Profit/(loss) attributable to owners of the Company	**174,773**	81,773	3,426,966	(168,474)	34,765
Dividend	**—**	—	1,711,537	—	17,115

Financial position

	As at 31 December				
	2015	2014	2013	2012	2011
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Total assets	**5,840,539**	4,618,249	5,483,215	3,449,045	3,709,415
Total liabilities	**(1,230,732)**	(280,464)	(1,224,631)	(497,269)	(570,965)
Net assets	**4,609,807**	4,337,785	4,258,584	2,951,776	3,138,450
Non-controlling interest	**(178,451)**	—	—	—	—
Equity attributable to owners of the Company	**4,431,356**	4,337,785	4,258,584	2,951,776	3,138,450

Major Properties Held by the Group

Details of the particulars of major properties held by the Group as at 31 December 2015 are set out on page 94 of this report.

Results and Dividends

The results of the Group for the year ended 31 December 2015 and the financial position of the Group at that date are set out in the financial statements on pages 40 to 93.

No interim dividend was paid during the year under review and the Board of Directors did not recommend the payment of a final dividend for the year ended 31 December 2015.

The forthcoming annual general meeting of the Company will be held on Friday, 24 June 2016 and the Register of Members of the Company will be closed and no transfer of shares will be registered during the period from Wednesday, 22 June 2016 to Friday, 24 June 2016, both days inclusive, for determining the shareholders' entitlement to attend and vote at the annual general meeting of the Company to be held on Friday, 24 June 2016.

In order to qualify for attending and voting at the forthcoming annual general meeting of the Company to be held on Friday, 24 June 2016, unregistered holders of shares of the Company should ensure that all transfers documents accompanied by the relevant share certificates must be lodged with the Company's Branch Share Registrar in Hong Kong, Tricor Tengis Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, for registration not later than 4:30 p.m. on Tuesday, 21 June 2016.

Share Capital

Details of movements in the Company's share capital during the year under review are set out in note 21 to the financial statements.

Distributable Reserves

As at 31 December 2015, the Company's reserves available for distribution to shareholders as calculated in accordance with the Companies Act 1981 of Bermuda amounted to HK$45,291,000.

In addition, the Company's share premium of HK$1,688,606,000 may be distributed in the form of fully paid bonus shares.

Charitable Contributions

There were no charitable contributions made by the Group during the year under review (2014: Nil).

Retirement Benefits Schemes

Particulars of the Group's retirement benefit schemes are set out in note 2.4 to the financial statements.

Principal Subsidiaries

Particulars of the Company's principal subsidiaries as at 31 December 2015 are set out in note 33 to the financial statements.

Directors

The Directors of the Company during the financial year and up to the date of this report are:

Non-Executive Directors
HUANG Xiaofeng *(Chairman)*
HUANG Zhenhai *(resigned with effect from 27 January 2016)*
WU Mingchang *(appointed with effect from 17 March 2016)*
LUO Fanyu *(tendered his resignation with effect as of 17 March 2016)*

Executive Directors
YE Xuquan *(Chief Executive Officer)* *(tendered his resignation with effect as of 1 May 2016)*
ZHAO Chunxiao
LI Wai Keung

Independent Non-Executive Directors
Alan Howard SMITH *JP*
Felix FONG Wo *BBS, JP*
Vincent Marshall LEE Kwan Ho *Officer of the Order of the Crown (Belgium)*

Mr. HUANG Zhenhai resigned on 27 January 2016 as a Non-Executive Director of the Company to pursue his career development. Mr. Huang confirmed that he has no disagreement with the Board and there is no other matter relating to his resignation that needs to be brought to the attention of the shareholders of the Company.

As Mr. YE Xuquan and Mr. LUO Fanyu have reached their retirement age, Mr. YE Xuquan has tendered his resignation as an Executive Director and the Chief Executive Officer of the Company with effect as of 1 May 2016, and Mr. LUO Fanyu has tendered his resignation as a Non-Executive Director of the Company with effect as of 17 March 2016. Mr. YE Xuquan and Mr. LUO Fanyu have respectively confirmed that they have no disagreement with the Board and there is no matter relating to their resignation that needs to be brought to the attention of the shareholders of the Company.

In accordance with Bye-law 86(2) of the Company's Bye-laws (the "Bye-laws"), Mr. WU Mingchang who was appointed Director of the Company with effect from 17 March 2016 after the last general meeting of the Company, will hold office until the next general meeting and, being eligible, he has offered himself for re-election at the forthcoming annual general meeting.

In accordance with Bye-law 87, Mr. Alan Howard SMITH and Mr. Felix FONG Wo will retire by rotation and, being eligible, they have offered themselves for re-election at the forthcoming annual general meeting.

Mr. WU Mingchang, Non-Executive Director, Mr. Alan Howard SMITH and Mr. Felix FONG Wo, Independent Non-Executive Directors, being eligible, have offered themselves for re-election and, if re-elected, they will hold office from the date of re-election, to the earlier of (i) the conclusion of the annual general meeting of the Company to be held in 2019; and (ii) 30 June 2019, subject to earlier determination in accordance with the Bye-laws of the Company and/or applicable laws and regulations.

Directors' and Senior Management's Profile

Non-Executive Directors

Mr. HUANG Xiaofeng, aged 57, was appointed a Non-Executive Director of the Company in October 2008 and acted as the Chairman of the Company since November 2010. He is also the chairman of the Nomination Committee of the Company. Mr. Huang graduated from South China Normal University, the PRC and holds a Bachelor's degree in History. He also holds a Master's degree in Public Administration from Sun Yat-Sen University, the PRC. From 1987 to 1999, Mr. Huang worked for the General Office of the Communist Party of China (the "CPC") Guangdong Committee in a number of positions. Between 1999 and 2003, Mr. Huang was the deputy director general of the General Office of the CPC Guangzhou Committee and thereafter the deputy secretary general of the CPC Guangzhou Committee. Between 2003 and 2008, Mr. Huang was the deputy director general of the General Office of the Guangdong Provincial Government and then the deputy secretary general of the Guangdong Provincial Government. Mr. Huang was appointed a director and a deputy general manager of 廣東粤海控股集團有限公司 (Guangdong Holdings Limited*) ("Guangdong Holdings") in April 2008 and was subsequently appointed an executive director and a deputy general manager of GDH Limited ("GDH"). He was appointed the chairman of Guangdong Holdings and GDH in September 2010 and October 2010, respectively. Mr. Huang was the general manager of both Guangdong Holdings and GDH during the period from February 2009 to May 2012. Guangdong Holdings and GDH are the ultimate controlling shareholder and the immediate controlling shareholder of the Company, respectively. Mr. Huang was appointed a non-executive director of Guangdong Investment Limited ("GDI") in June 2008 and subsequently was appointed the chairman and re-designated as an executive director of GDI in November 2010. Mr. Huang was a non-executive director of Guangnan (Holdings) Limited ("Guangnan") during the period from October 2008 to July 2012. Both GDI and Guangnan are subsidiaries of GDH and are listed in Hong Kong.

Mr. WU Mingchang, aged 51, was appointed a Non-Executive Director of the Company with effect from 17 March 2016. He holds a Bachelor of Laws degree and a Master of Laws degree in International Law from Sun Yat-Sen University, the PRC, a Master's degree in Human Geography from Sun Yat-Sen University, the PRC and a Doctoral degree in Civil and Commercial Law from the School of Law of Wuhan University, the PRC. Mr. Wu had served as the deputy director, director and deputy department chief of Guangzhou Urban Planning Bureau, the deputy district chief of Haizhu District People's Government of Guangzhou Province, the director general of the Legislative Affairs Office and the secretary of the Party Leadership Group of the Guangzhou Municipal People's Government. Mr. Wu is currently the general counsel of Guangdong Holdings and also an executive director and the general counsel of GDH. Guangdong Holdings and GDH are the ultimate controlling shareholder and the immediate controlling shareholder of the Company, respectively.

Mr. LUO Fanyu, aged 60, was appointed a Non-Executive Director of the Company in October 2003. Mr. Luo graduated from the economics department of Sun Yat-Sen University, the PRC. He joined Guangdong Enterprises (Holdings) Limited ("GDE") in 1987 and was responsible for its legal affairs. He is currently a director of GDH, the immediate controlling shareholder of the Company. Mr. Luo was a non-executive director of Guangnan from May 2000 to December 2012. Guangnan is a subsidiary of GDH and is a listed company in Hong Kong. Prior to joining GDE, he was a judge of the People's High Court of Guangdong Province and a deputy chief judge of the Economic Court.

* The English translation of the Chinese name of the company is prepared by the Company for reference only, and such translation may not be accurate and such company may not have an official English translation of this Chinese name.

Directors' and Senior Management's Profile (continued)

Executive Directors

Mr. YE Xuquan, aged 60, was appointed an Executive Director of the Company in January 2002. Mr. Ye acted as the Chairman of the Board of the Company from January 2002 to July 2008 and has been appointed the Chief Executive Officer since July 2008. Mr. Ye graduated from the Department of Chinese Language and Literature and the Institute of Economy Research, South China Normal University, the PRC and obtained a Master's degree of Economics from South China Normal University, the PRC. Mr. Ye joined Guangdong Province Dongshen Water Supply Management Bureau (the "Dongshen Water Supply Bureau") in 1978 and has twenty-four years' experience in the management and operation of water supply business. Mr. Ye was a section chief of the Dongshen Water Supply Bureau in 1984, promoted as vice director in 1987, acted as deputy director in 1995 and acted as director from 1997 to 2000. He was the chairman of Guangnan from November 2000 to January 2002 and a director of GDI from May 2000 to February 2004, both Guangnan and GDI are subsidiaries of GDH and are listed in Hong Kong. He was also the chairman of 廣東粵港供水有限公司 (Guangdong Yue Gang Water Supply Company Limited*) from August 2000 to July 2003, a director and the deputy general manager of both Guangdong Holdings and GDH. Guangdong Holdings and GDH are the ultimate controlling shareholder and the immediate controlling shareholder of the Company, respectively.

Ms. ZHAO Chunxiao, aged 46, was appointed an Executive Director of the Company in December 2014. Ms. Zhao graduated from Liaoning Normal University, the PRC (Faculty of Chinese Studies) and the School of China Journalism and Communication (major in Domestic News) and obtained two Bachelor's degrees. From 1994 to 2002, she worked for the Guangdong Branch of Xinhua News Agency as director of the Finance Office and also director of the Featured News Division. Between 2003 and 2008, she held a number of positions in Asia Television Limited including director of Information Division of News and Public Relations Department and assistant vice president. Ms. Zhao joined GDH and Guangdong Holdings in December 2008 and January 2009, respectively. Ms. Zhao acts as a deputy general manager and the chief administration officer of Guangdong Holdings and an executive director, the chief administration officer and the company secretary of GDH. Guangdong Holdings and GDH are the ultimate controlling shareholder and the immediate controlling shareholder of the Company, respectively. She was appointed a non-executive director of GDI in August 2011. GDI is a subsidiary of GDH and a listed company in Hong Kong.

Mr. LI Wai Keung, aged 59, was appointed a Non-Executive Director of the Company in October 2011 and was then re-designated as an Executive Director of the Company in March 2012. Mr. Li graduated from the Hong Kong Polytechnic and holds a Master's degree in Business Administration from the University of East Asia. He is a fellow member of the Association of Chartered Certified Accountants and the Hong Kong Institute of Certified Public Accountants. Mr. Li had worked for Henderson Land Development Company Limited (a listed company in Hong Kong) for approximately twenty years. Mr. Li is an executive director and the chief financial officer of GDH and also the chief financial officer of Guangdong Holdings. Guangdong Holdings and GDH are the ultimate controlling shareholder and the immediate controlling shareholder of the Company, respectively. Mr. Li was appointed a non-executive director of GDI in May 2000. He acted as an executive director and the chief financial officer of GDI from July 2006 to April 2008 and was re-designated as a non-executive director of GDI in April 2008. GDI is a subsidiary of GDH and a listed company in Hong Kong. He is also a director of 永順泰麥芽（中國）有限公司 (Supertime Malting Company Limited*) ("Supertime") and GDH Finance Co., Ltd ("GDH Finance"). Supertime is a subsidiary of GDH and GDH Finance is a subsidiary of Guangdong Holdings. Mr. Li is also an independent non-executive director of Shenzhen Investment Limited, Hans Energy Company Limited and China South City Holdings Limited (the above three companies are listed companies in Hong Kong) and a director of Shenzhen City Airport (Group) Company Limited. Mr. Li is also an advisor of the Management Accounting of the Ministry of Finance, the PRC, the chairman of the Council of the Hong Kong Chinese Orchestra Limited, a director of the China Overseas Friendship Association, the vice chairman and secretary of the Financial and Accounting Affairs Steering Committee of the Hong Kong Chinese Enterprises Association and the executive vice chairman of the Hong Kong Business Accountants Association.

Directors' and Senior Management's Profile (continued)

Independent Non-Executive Directors

Mr. Alan Howard SMITH JP, aged 72, was appointed an Independent Non-Executive Director of the Company in January 1999. He is the member of the Audit Committee, the Remuneration Committee and the Nomination Committee of the Company. Mr. Smith was the vice chairman, Pacific Region, of Credit Suisse First Boston ("CSFB"), a leading global investment bank from 1997 until he retired in December 2001. Prior to joining CSFB, he was chief executive of the Jardine Fleming group from 1983 to 1994 and was chairman of the Jardine Fleming group from 1994 to 1996. Mr. Smith has over twenty-seven years of investment banking experience in Asia. He was elected a council member of The Stock Exchange of Hong Kong Limited (the "Hong Kong Stock Exchange") on two occasions. He was a member of the Economic Advisory Committee of the Government of HKSAR, and had for ten years been a member of the Hong Kong Government's Standing Committee on Company Law Reform. He was a trustee of the Hospital Authority Provident Fund Scheme from 2002 to 2014. Mr. Smith graduated with an LLB (Honours) degree from Bristol University, England in 1964, and was admitted a solicitor in England in 1967 and in Hong Kong in 1970. Mr. Smith is an independent non-executive director of Genting Hong Kong Limited and Wheelock and Company Limited, which are listed on the Hong Kong Stock Exchange. During the last three years, Mr. Smith was also an independent non-executive director of Crown International Corporation Limited from April 2004 to May 2014 (which is listed on the Hong Kong Stock Exchange) and of Noble Group Limited from March 2002 to April 2016 (which is listed on the Singapore Exchange Securities Trading Limited).

Mr. Felix FONG Wo BBS, JP, aged 65, was appointed an Independent Non-Executive Director of the Company in January 2007. He is the chairman of the Remuneration Committee, and member of the Audit Committee and the Nomination Committee of the Company. Mr. Fong was the founding partner of Arculli Fong & Ng (now renamed as King & Wood Mallesons) and is a consultant of King & Wood Mallesons. Mr. Fong received his engineering degree in Canada in 1974 and his juris doctor from Osgoode Hall Law School in Toronto in 1978. He has practised law for over thirty-four years, eight of which in Toronto. Mr. Fong is a member of the law societies of Hong Kong, Upper Canada and England, and one of the China-appointed attesting officers in Hong Kong appointed by the Ministry of Justice of China. Mr. Fong undertook a number of community and social roles, such as the former chairman of the Chinese Canadian Association of Hong Kong, the Liquor Licensing Board and the Advisory Council on Food and Environmental Hygiene. Mr. Fong is a member of Guangdong Provincial Committee of Chinese People's Political Consultative Conference (9th and 10th Sessions), a director of China Overseas Friendship Association and a director of Hong Kong Basic Law Institute Limited. Mr. Fong is a Justice of Peace and was awarded a Bronze Bauhinia Star by the Government of Hong Kong in recognition of his public service. He was also appointed a member of the Hong Kong Communications Authority in July 2013. In the area of education, Mr. Fong is a founding member and the first director of the Canadian International School of Hong Kong, and an advisor to the Faculty of Business of University of Victoria in Canada. Mr. Fong is the honorary legal counsels of a number of nonprofit organizations in Hong Kong such as Hong Kong Institute of Professional Photographers Ltd. and The Chinese Manufacturers' Association of Hong Kong. Mr. Fong is an independent non-executive director of a number of listed companies, namely China Oilfield Services Limited (whose shares are listed on the Hong Kong Stock Exchange and the Shanghai Stock Exchange), Greenland Hong Kong Holdings Limited, Evergreen International Holdings Limited, China Investment Development Limited, Sheen Tai Holdings Group Company Limited and Xinming China Holdings Limited, the shares of the above five companies are listed on the Hong Kong Stock Exchange.

Directors' and Senior Management's Profile (continued)

Independent Non-Executive Directors (continued)

Mr. Vincent Marshall LEE Kwan Ho Officer of the Order of the Crown (Belgium), aged 60, was appointed an Independent Non-Executive Director of the Company in March 2009. He is the chairman of the Audit Committee, and member of the Remuneration Committee and the Nomination Committee of the Company. Mr. Lee is the chairman of Tung Tai Group of Companies. He has been serving as an independent non-executive director of Hong Kong Exchanges and Clearing Limited since 2000 and was appointed a non-executive director of LT Commercial Real Estate Limited in March 2013. The shares of the above two companies are listed on the Hong Kong Stock Exchange. Mr. Lee has over thirty years of experience in the securities and futures industry and has extensive experience in banking, corporate finance and investment. He worked for Coopers and Lybrand, Los Angeles & Boston from 1978 to 1981; HSBC group, Hong Kong & Vancouver from 1981 to 1990. He undertook a number of public service and community activities. In May 2015, he was also appointed as the chairman of Hong Kong Guangxi CPPCC Members Friendship Association Limited. Mr. Lee is at present the chairman of the Sir Murray MacLehose Trust Fund Investment Advisory Committee and vice-chairman of Standing Committee of the Hong Kong Association for the Promotion of Peaceful Reunification of China. He has been a member of Investment Advisory Board of Correctional Services Children's Education Trust since 2006 and a non-official member of Financial Services Development Council since 2013. He was also a part-time member of Central Policy Unit of the Government of the HKSAR from 2007 to 2008, a member of Academic and Accreditation Advisory Committee of Securities and Futures Commission from 2002 to 2006 and a member of Securities and Futures Appeals Tribunal from 2003 to 2009. He has been a founding member of Canadian International School of Hong Kong Limited since 1990 and acted as its chairman from 2006 to 2008 and chairman of the Institute of Securities Dealers Limited from 2005 to February 2009. He graduated Magna Cum Laude in Accounting and International Finance from the University of Southern California, USA and received a Master of Economics from the London School of Economics and Political Science at the University of London, UK. He is a certified public accountant in State of California, USA and fellow member of Hong Kong Institute of Certified Public Accountants.

Senior Management

The senior management of the Group comprises the three Executive Directors above, namely, Mr. YE Xuquan, Ms. ZHAO Chunxiao and Mr. LI Wai Keung, and the Chief Financial Officer of the Company, Mr. ZHOU Tao.

Mr. ZHOU Tao, aged 45, joined the Company in April 2010 and was appointed as the Chief Financial Officer of the Company in September 2010. Mr. Zhou graduated from the faculty of accountancy of Zhongnan University of Economics and Law, and holds a Master's degree in Management. He is an accountant, auditor and economist, and a member of The Chinese Institute of Certified Public Accountants. Mr. Zhou worked in the Personnel and Appraisal Department and Finance Department of GDH from 2001 to 2005. GDH is the immediate controlling shareholder of the Company. He was a director and the chief financial officer of Guangdong (Int'l) Hotel Management Holdings Limited (which is a subsidiary of GDI) from March 2005 to February 2008, a director and the chief financial officer of the production bases of Guangdong Tannery Limited ("GDT") in Xuzhou and also a deputy chief financial officer of GDT from March 2008 to March 2010. GDI and GDT are subsidiaries of GDH and are listed in Hong Kong. He possesses extensive experience in financial management, internal audit as well as management.

Directors' Service Contracts

None of the Directors proposed for re-election at the forthcoming annual general meeting has a service contract with the Company which is not determinable by the Company within one year without payment of compensation, other than statutory compensation.

Directors' Material Interests in Transactions, Arrangements or Contracts

Save as disclosed in the section headed "Related Party Transactions and Continuing Connected Transactions" on pages 86 to 87 of this report, no transactions, arrangements or contracts of significance in relation to the Group's business to which the Company, the Company's subsidiaries, fellow subsidiaries or its parent companies was a party and in which a Director or his/her connected entity had a material interest, whether directly or indirectly, subsisted at the end of or at any time during the year under review.

Permitted Indemnity Provision

Indemnity provision within the meaning of permitted indemnity provision under the Hong Kong Companies Ordinance for the benefit of the Directors of the Company is currently in force and was in force throughout the year ended 31 December 2015. In addition, the Company has taken out and kept in force appropriate directors' and officers' liability insurance coverage for the Directors and officers of the Company.

Directors' Interests in Competing Business

During the year ended 31 December 2015, so far as is known to the Board, the interests of Directors or their respective associates in the businesses which might compete or were likely to compete, either directly or indirectly, with the businesses of the Group, namely, property development and investment (the "Competing Business") as required to be disclosed pursuant to the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange (the "Listing Rules") were as follows:

Name of Director	Name of entity *(Note 1)*	Nature of interest *(Note 1)*
HUANG Xiaofeng	廣東粵海控股集團有限公司 (Guangdong Holdings Limited*)	chairman
	GDH Limited	chairman
	Guangdong Investment Limited	chairman and executive director
HUANG Zhenhai *(Note 2)*	廣東粵海控股集團有限公司 (Guangdong Holdings Limited*)	director and general manager
	GDH Limited	executive director and general manager
	Guangdong Investment Limited	non-executive director
ZHAO Chunxiao	GDH Limited	executive director
	Guangdong Investment Limited	non-executive director
LI Wai Keung	GDH Limited	executive director
	Guangdong Investment Limited	non-executive director
LUO Fanyu *(Note 3)*	GDH Limited	director

* The English translation of the Chinese name of the company is prepared by the Company for reference only, and such translation may not be accurate and such company may not have an official English translation of this Chinese name.

Directors' Interests in Competing Business (continued)

Notes:

1 The aforementioned entities are engaged in, among others, property development or investment. The interests of each of the aforementioned Directors in the businesses of the aforementioned entities may also arise through their respective directorships in its holding companies, subsidiaries, associated companies or other form of investment vehicles of such entities.

2 Mr. HUANG Zhenhai resigned as a Non-Executive Director of the Company with effect from 27 January 2016.

3 Mr. LUO Fanyu has tendered his resignation as a Non-Executive Director of the Company with effect as of 17 March 2016.

Save as disclosed above, as at 31 December 2015, none of the Directors had any interest in the Completing Business.

Management Contracts

No contract concerning the management and administration of the whole or any substantial part of the business of the Company was entered into or existed during the year.

Directors' Interests and Short Positions in Securities

As at 31 December 2015, the interests and short positions of the Directors and chief executive of the Company in the shares, underlying shares and debentures of the Company and its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance (the "SFO")) which were required to be (i) notified to the Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which the Directors and chief executive were taken or deemed to have under such provisions of the SFO); (ii) recorded in the register kept by the Company pursuant to Section 352 of the SFO; or (iii) notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers (the "Model Code") as set out in Appendix 10 of the Listing Rules, were as follows:

I. Shares

(i) The Company

Name of Director	Capacity/ Nature of interest	Number of shares held	Long/Short position	Approximate percentage of interests held *(Note)*
HUANG Xiaofeng	Personal	3,880,000	Long position	0.227%
ZHAO Chunxiao	Personal	2,894,000	Long position	0.169%
LUO Fanyu	Personal	86,444	Long position	0.005%
Alan Howard SMITH	Personal	317,273	Long position	0.019%

Note: The approximate percentage of interests held was calculated on the basis of 1,711,536,850 shares of the Company in issue as at 31 December 2015.

Directors' Interests and Short Positions in Securities (continued)

I. Shares (continued)

(ii) Guangdong Investment Limited

Name of Director	Capacity/ Nature of interest	Number of shares held	Long/Short position	Approximate percentage of interests held (Note)
HUANG Xiaofeng	Personal	1,857,200	Long position	0.030%
LI Wai Keung	Personal	897,200	Long position	0.014%

Note: The approximate percentage of interests held was calculated on the basis of 6,255,048,341 ordinary shares of Guangdong Investment Limited in issue as at 31 December 2015.

(iii) Guangdong Tannery Limited

Name of Director	Capacity/ Nature of interest	Number of shares held	Long/Short position	Approximate percentage of interests held (Note)
LUO Fanyu	Personal	70,000	Long position	0.013%

Note: The approximate percentage of interests held was calculated on the basis of 538,019,000 ordinary shares of Guangdong Tannery Limited in issue as at 31 December 2015.

II. Share Options

(i) The Company

There was no share option scheme of the Company in operation during the year under review.

(ii) Guangdong Investment Limited

Name of Director	Date of grant of share options (dd.mm.yyyy)	Number of share options: At date of grant	At 1 January 2015	Granted during the year	Exercised during the year	Cancelled/ Lapsed during the year	At 31 December 2015	Total consideration paid for share options granted HK$	Exercise price of share options* HK$ (per share)	Price of ordinary share at date immediately before date of grant** HK$ (per share)	Price of ordinary share at date immediately before the exercise date** HK$ (per share)	Long/ Short position
HUANG Xiaofeng	22.01.2013	2,693,000	2,693,000	–	(1,077,200)	–	1,615,800	–	6.20	6.30	10.52	Long position
HUANG Zhenhai	22.01.2013	2,315,000	2,315,000	–	(926,000)	–	1,389,000	–	6.20	6.30	10.52	Long position
ZHAO Chunxiao	22.01.2013	2,268,000	2,268,000	–	(907,200)	–	1,360,800	–	6.20	6.30	10.52	Long position
LI Wai Keung	22.01.2013	2,243,000	2,243,000	–	(897,200)	–	1,345,800	–	6.20	6.30	10.52	Long position

Directors' Interests and Short Positions in Securities (continued)

II. Share Options (continued)

(ii) Guangdong Investment Limited (continued)

Notes to the above share options granted pursuant to the share option scheme adopted by Guangdong Investment Limited on 24 October 2008:

(a) The option period of all the share options is five years and six months from the date of grant.

(b) Any share option is only exercisable during the option period after it has become vested.

(c) The normal vesting scale of the share options is as follows:

Date	**Percentage Vesting**
The date two years after the date of grant	40%
The date three years after the date of grant	30%
The date four years after the date of grant	10%
The date five years after the date of grant	20%

(d) The vesting of the share options is further subject to the achievement of such performance targets as determined by the board of directors of Guangdong Investment Limited upon grant and stated in the offer of grant.

(e) The leaver vesting scale of the share options that would apply in the event of the grantee ceasing to be an eligible person under certain special circumstances (less the percentage which has already vested under the normal vesting scale or lapsed) is as follows:

Date on which event occurs	**Percentage Vesting**
Before the date which is four months after the date of grant	0%
On or after the date which is four months after but before the date which is one year after the date of grant	10%
On or after the date which is one year after but before the date which is two years after the date of grant	25%
On or after the date which is two years after but before the date which is three years after the date of grant	40%
On or after the date which is three years after but before the date which is four years after the date of grant	70%
On or after the date which is four years after the date of grant	80% The remaining 20% also vests upon passing the overall performance appraisal for those four years

* The exercise price of the share options is subject to adjustment in the case of rights or bonus issues, or other similar changes in the share capital of Guangdong Investment Limited.

** The price of the ordinary shares of Guangdong Investment Limited disclosed as "at date immediately before date of grant" of the share options is the closing price on the Hong Kong Stock Exchange on the business day prior to which the options were granted.

The price of ordinary share of Guangdong Investment Limited disclosed as "at date immediately before the exercise date" of the share options is the weighted average of the Hong Kong Stock Exchange closing prices immediately before the dates on which the share options were exercised by each of the directors or all other participants as an aggregate whole.

Directors' Interests and Short Positions in Securities (continued)

Save as disclosed above, as at 31 December 2015, to the knowledge of the Company, 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: (i) notified to the Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which the Directors and chief executive were taken or deemed to have under such provisions of the SFO); (ii) recorded in the register kept by the Company pursuant to Section 352 of the SFO; or (iii) notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code.

Arrangement to Acquire Shares or Debentures

Save as disclosed in the section headed "Directors' Interests and Short Position in Securities" of this report, at no time during the year was the Company or the Company's subsidiary or holding company or a subsidiary of the Company's holding company a party to any arrangements to enable Directors of the Company to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

Substantial Shareholders' Interests

As at 31 December 2015, so far as is known to any Director or chief executive of the Company, the following persons (other than a Director or chief executive of the Company) had, or were taken or deemed to have interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company and the Hong Kong Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register kept by the Company pursuant to Section 336 of the SFO:

Name of Shareholder	Number of securities held	Type of securities	Long/Short position	Approximate percentage of interests held *(Note 1)*
廣東粵海控股集團有限公司 (Guangdong Holdings Limited*) *(Note 2)*	1,263,494,221	Shares	Long position	73.82%
GDH Limited ("GDH") *(Note 2)*	1,263,494,221	Shares	Long position	73.82%

Notes:

1. The approximate percentage of interests held was calculated on the basis of 1,711,536,850 shares of the Company in issue as at 31 December 2015.

2. The attributable interest which 廣東粵海控股集團有限公司 (Guangdong Holdings Limited*) has in the Company is held through its wholly-owned subsidiary, namely GDH.

Save as disclosed above, as at 31 December 2015, so far as is known to any Director or chief executive of the Company, no other person (other than a Director or chief executive of the Company) had, or was taken or deemed to have interests or short positions in the shares or underlying shares of the Company which would fall to be disclosed to the Company and the Hong Kong Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or which were recorded in the register kept by the Company pursuant to Section 336 of the SFO.

* The English translation of the Chinese name of the company is prepared by the Company for reference only, and such translation may not be accurate and such company may not have an official English translation of this Chinese name.

Connected Transactions

Details of the Group's connected transactions, including only the continuing connected transactions during the year, are disclosed in note 29 to the financial statements.

Related Party Transactions

Details of the significant related party transactions are provided under note 29 to the financial statements. Details of the transactions described in note 29(a) to the financial statements constitute continuing connected transactions under the Listing Rules. In respect of these transactions, the Company has complied with the disclosure requirements in accordance with Chapter 14A of the Listing Rules.

Apart from the abovementioned continuing connected transactions, none of the related party transactions as disclosed in note 29 to the financial statements is subject to the reporting, announcement and independent shareholders' approval requirements of the Listing Rules.

Purchase, Sale and Redemption of Listed Securities

Neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of its listed securities during the year under review.

Equity-Linked Agreements

During the year ended 31 December 2015, the Company had not entered into any equity-linked agreements.

Significant Contracts with Controlling Shareholder or its Subsidiaries

Save as disclosed in note 29 to the financial statements, the Company and the controlling shareholders of the Company or its subsidiaries had not entered into any contract of significance during the year under review.

Pre-Emptive Rights

There are no provisions for pre-emptive rights under the Bye-laws and there are no restrictions against such rights under the laws of Bermuda, being the jurisdiction in which the Company is incorporated.

Public Float

As at the date of this report, the Company has maintained the prescribed public float under the Listing Rules, based on the information that is publicly available to the Company and within the knowledge of the Directors.

Major Customers and Suppliers

Sales to the Group's five largest customers accounted for less than 30% of the Group's total sales for the year under review.

Purchases from the Group's five largest suppliers accounted for approximately 64.6% of the Group's total purchases for the year and purchases from the Group's largest supplier included therein accounted for approximately 25.5% of the total purchases for the year under review.

None of the Directors, their respective associates or any shareholders (which, to the best knowledge of the Directors, own more than 5% of the issued share of the Company) had any interest in the Group's five largest customers or suppliers.

For the interest of every customer, the Group provided trainings to its sales staff members on a regular basis. The Group also provides its customers adequate information about its products and responds to any issue and question raised by customers or potential customers regarding the products offered with an aim to further build up customer confidence in the products of the Company.

The property business of the Group involves suppliers and constructors for design and construction of properties. Tender procedure for selecting appropriate suppliers of major projects of the Group is conducted under general principle of "openness, fairness and impartiality". In addition, the Group has observed and emphasised industrial safety and has established effective communication channel with its major suppliers to ensure construction processes are in compliance with relevant local laws and regulations.

Auditors

The consolidated financial statements now presented have been audited by Ernst & Young, Certified Public Accountants, who will retire and being eligible, offer themselves for re-appointment. A resolution will be proposed at the forthcoming annual general meeting for the re-appointment of Ernst & Young as auditors of the Company.

By Order of the Board
HUANG Xiaofeng
Chairman

Hong Kong, 16 March 2016

Corporate Governance Code

The Group recognises the importance of achieving the highest standard of corporate governance consistent with the needs and requirements of its businesses and the best interest of all of its stakeholders and is fully committed to doing so. It is also with these objectives in mind that the Group has applied the principles of the Code Provisions of the Corporate Governance Code (the "CG Code"), contained in Appendix 14 to the Listing Rules.

In the opinion of the Directors of the Company, the Company had complied with the applicable code provisions in the CG Code for the year ended 31 December 2015 and, where appropriate, the applicable recommended best practices of the CG Code, save and except for Code Provision A.6.7 as a Non-Executive Director was unable to attend the special general meeting of the Company held on 24 April 2015, and an Executive Director and a Non-Executive Director were unable to attend the annual general meeting of the Company held on 19 June 2015 as they had other engagements.

Directors' Securities Transactions

The Company has adopted the Model Code as set out in Appendix 10 to the Listing Rules as its own code of conduct for dealing in securities of the Company by the Directors and also implemented internal policy to govern the dealing in securities by the employees of the Group. Having made specific enquiry to all the Directors of the Company, all the Directors confirmed that they had complied with the required standards of dealings as set out in the Model Code during the year under review.

Board of Directors

The board of directors (the "Board") is responsible for the leadership and control of the Company and oversees the Group's businesses, strategic decisions and performances. The management is entrusted by the Board with the authority and responsibility for the day-to-day management of the Group. Major corporate matters that are specifically delegated by the Board to the management include the preparation of interim and annual reports and announcements for Board approval before publishing, execution of business strategies and initiatives adopted by the Board, implementation of adequate systems of internal controls and risk management procedures, and compliance with relevant statutory and regulatory requirements and rules and regulations. It is the responsibility of the Board to determine the appropriate corporate governance practices applicable to the Company's circumstances and to ensure processes and procedures are in place to achieve the Company's corporate governance objectives.

As of the date of this report, the Board comprises two Non-Executive Directors, being Mr. HUANG Xiaofeng (Chairman of the Board) and Mr. LUO Fanyu, three Executive Directors, being Mr. YE Xuquan, Ms. ZHAO Chunxiao and Mr. LI Wai Keung and three Independent Non-Executive Directors, being Mr. Alan Howard SMITH, Mr. Felix FONG Wo and Mr. Vincent Marshall LEE Kwan Ho.

During the financial year ended 31 March 2015, there was no change in the composition of the Board. Changes to the composition of the Board subsequent to the financial year ended 31 December 2015 are as follows:

- Mr. HUANG Zhenhai resigned as a Non-Executive Director of the Company with effect from 27 January 2016.
- Mr. LUO Fanyu has tendered his resignation as a Non-Executive Director of the Company with effect as of 17 March 2016.
- Mr. WU Mingchang has been appointed as a Non-Executive Director of the Company with effect from 17 March 2016.
- Mr. YE Xuquan has tendered his resignation as an Executive Director and the Chief Executive Officer of the Company with effect as of 1 May 2016.

Board of Directors (continued)

Subsequent to the above changes, the Board will comprise two non-executive directors, namely Mr. HUANG Xiaofeng (Chairman of the Board) and Mr. WU Mingchang; two executive directors, namely Ms. ZHAO Chunxiao and Mr. LI Wai Keung; and three independent non-executive directors, namely Mr. Alan Howard SMITH, Mr. Felix FONG Wo and Mr. Vincent Marshall LEE Kwan Ho.

The Board meets regularly to discuss the overall strategy as well as the operation and financial performance of the Company, and to review and approve the Company's annual and interim results. During the year under review, four Board meetings were held and attendance of each Director at the Board meetings is set out in the section headed "Board and Committees Meetings" of this report.

Regular Board meetings for each year are scheduled in advance to facilitate maximum attendance of Directors. At least fourteen days' notice of a Board meeting is normally given to all Directors who are provided with an opportunity to include matters for discussion in the agenda. The Company Secretary assists the Chairman in preparing the agenda for meetings to comply with all applicable rules and regulations. The agenda and the accompanying Board papers are normally sent to Directors at least three days before the intended date of a Board meeting. Draft minutes of each Board meeting are circulated to Directors for their comment before being tabled at the next Board meeting for approval. All minutes are kept by the Company Secretary and are open for inspection at any reasonable time on reasonable notice by any Director.

According to the current Board practice, if a Director has a conflict of interest in a matter to be considered by the Board, which the Board has determined to be material, the matter will be dealt with by the Board at a duly convened Board meeting. The Bye-laws also stipulate that save for the exceptions as provided therein, a Director shall abstain from voting and not be counted in the quorum at meetings for approving any contract or arrangement in which such Director or any of his/her associates has a material interest. Every Director is entitled to have access to the Board papers and related materials as well as to the advice and services of the Company Secretary.

Corporate Governance Functions

It is the responsibility of the Board to determine the appropriate corporate governance practices applicable to the Company's circumstances and to ensure processes and procedures are in place to achieve the Company's corporate governance objectives.

The duties of the Board performing corporate governance functions under CG Code include:

1. to develop and review the Company's policies and practices on corporate governance;
2. to review and monitor the training and continuous professional development of Directors and senior management of the Company;
3. to review and monitor the Company's policies and practices on compliance with legal and regulatory requirements;
4. to develop, review and monitor the code of conduct and compliance manual (if any) applicable to employees and Directors of the Company; and
5. to review the Company's compliance with the CG Code and disclosure in the Corporate Governance report.

Corporate Governance Functions (continued)

During the year under review, the Board considered, among other matters, the following corporate governance issues:

(i) revised the terms of reference and proceedings of the Board;

(ii) adopted the revised terms of reference of the Audit Committee;

(iii) reviewed the training and continuous professional development of Directors and senior management of the Company;

(iv) monitored the policy for the employees to raise concerns about possible improprieties; and

(v) reviewed the effectiveness of the internal controls and risk management systems of the Company through the Internal Audit Department and the Audit Committee.

Chairman and Chief Executive Officer

The Chairman of the Board is Mr. HUANG Xiaofeng and the Chief Executive Officer is Mr. YE Xuquan. Their roles are clearly defined and segregated to ensure independence, proper checks and balances. Mr. Huang as the Chairman of the Board, with his strategic vision and with a non-executive perspective, provides leadership to the Board, and gives direction in the development of the Company, which is of added benefit to the check and balance mechanism of the Company. Mr. Ye as the Chief Executive Officer focuses on the day-to-day management of the Group's business, and leads the management team of the Group.

Mr. YE Xuquan has tendered his resignation as an Executive Director and the Chief Executive Officer of the Company with effect as of 1 May 2016. The Company is in the process of identifying a suitable candidate to assume the role as Chief Executive Officer and further announcement in this regard will be made as and when appropriate. Subsequent to the above change, the Board will comprise two Executive Directors, two Non-Executive Directors and three Independent Non-Executive Directors. Accordingly, the Directors believe that the above change of Directors will have no impact on the management or operation of the Group.

Non-Executive Directors

All Directors, including Non-Executive Directors, appointed to fill a causal vacancy or as an addition to the existing Board, shall hold office only until the first general meeting after their appointment and shall then be eligible for re-election.

Moreover, each Non-Executive Director (including Independent Non-Executive Directors) of the Company is appointed for a term of not more than approximately three years expiring on the earlier of either (i) the conclusion of the annual general meeting of the Company in the year of the third anniversary of the appointment or re-election of that Director; or (ii) the expiration of the period within which the annual general meeting of the Company is required to be held in the year of the third anniversary of the appointment or re-election of that Director and in any event, subject to earlier determination in accordance with the Bye-laws and/or applicable laws and regulations.

During the year under review, the Non-Executive Directors (including Independent Non-Executive Directors) provided the Company with a wide range of expertise and a balance of skills and brought independent judgment on issues of strategic direction, development, performance and risk management through their contribution at Board meetings and committee meetings.

Independence of Independent Non-Executive Directors

During the year under review and up to the date of this report, the Company has complied with the requirements under Rules 3.10(1), 3.10(2) and 3.10A of the Listing Rules. The Company has received confirmation of independence from the three Independent Non-Executive Directors, namely Mr. Alan Howard SMITH, Mr. Felix FONG Wo and Mr. Vincent Marshall LEE Kwan Ho in accordance with Rule 3.13 of the Listing Rules. The Nomination Committee has assessed the independence of all Independent Non-Executive Directors and has concluded that all of them are independent within the definition of the Listing Rules and made recommendation to the Board for the re-election be proposed for Shareholder's approval at the forthcoming annual general meeting.

Mr. Alan Howard SMITH and Mr. Felix FONG Wo will stand for re-election at the forthcoming annual general meeting of the Company. While they have served the Board for more than nine years; they have clearly demonstrated their willingness to exercise independent judgment and to provide objective challenges and opinions to the management. There is no evidence that length of tenure is having an adverse impact on their independence.

Further, up to the date of this report, the Board is not aware of the occurrence of any events, which would cause it to believe that their independence of any of each of the Independent Non-Executive Directors has been impaired. The Company therefore considers that all of the Independent Non-Executive Directors remain independent.

Relationship amongst Directors

The Board members do not have any financial, business, family or other material/relevant relationships with each other. Such balanced Board composition also ensures that strong independence exists across the Board. The biographies of the Directors as at the date of this report as set out in pages 15 to 18 to this report, demonstrate a diversity of skills, expertise, experience and qualifications.

Directors' Continuous Professional Development

The Company encourages the Directors to enroll in a wide range of professional development courses and seminars relating to the Listing Rules, Hong Kong Ordinances and corporate governance practices so that they can continuously develop and refresh their relevant knowledge and skills. Some Directors attended seminars and conferences organized by government authorities, professional bodies and industrial organizations in relation to corporate governance, updates on laws, rules and regulations, accounting, financial, management or other professional skills. The Company has organized a training seminar relating to Environmental, Social and Governance Reporting in October 2015 and provided the Directors with reading materials in order to keep their updated of the changes in rules and regulations and to ensure that their contribution to the Board remains informed and relevant.

Directors' Continuous Professional Development (continued)

As of the date of this report, according to the records kept by the Company, the Directors attended the following trainings during the year under review:

Name of Director	Attending Directors' training organized by the Company and/or other professional organizations	Reading materials
Non-Executive Directors		
HUANG Xiaofeng	✓	✓
HUANG Zhenhai *(Note 1)*	✓	✓
LUO Fanyu *(Note 2)*	✓	✓
Executive Directors		
YE Xuquan *(Note 3)*	✓	✓
ZHAO Chunxiao	✓	✓
LI Wai Keung	✓	✓
Independent Non-Executive Directors		
Alan Howard SMITH	✓	✓
Felix FONG Wo	✓	✓
Vincent Marshall LEE Kwan Ho	✓	✓

Notes:

1. Mr. HUANG Zhenhai resigned as a Non-Executive Director of the Company with effect from 27 January 2016.
2. Mr. LUO Fanyu has tendered his resignation as a Non-Executive Director of the Company with effect as of 17 March 2016.
3. Mr. YE Xuquan has tendered his resignation as an Executive Director and Chief Executive Officer of the Company with effect as of 1 May 2016.

Board Diversity Policy

The Board has adopted a board diversity policy (the "Board Diversity Policy") on 27 August 2013 which sets out the approach to achieve diversity on the Board.

The Company recognizes and embraces the benefits of having a diverse Board and sees increasing diversity at Board level as an essential element in supporting the attainment of the Company's strategic objectives and sustainable development.

The Company seeks to achieve Board diversity through the consideration of a number of factors, including but not limited to gender, age, cultural and educational background, length of service, professional experience, skills and knowledge. The Company will also take into consideration its own business model and specific needs from time to time. All Board appointments are based on meritocracy and candidates are considered against objective criteria, having due regard to the benefits of diversity on the Board.

The Nomination Committee has set the measurable objectives based on several focused areas: gender, age, cultural and educational background, length of service, professional experience, skills and knowledge for the implementation of Board diversity of the Company. The Nomination Committee reviews the Board Diversity Policy, as appropriate, to ensure its continued effectiveness from time to time.

Board Diversity Policy (continued)

As at the date of this report, the Board comprises eight Directors, amongst them, three are Independent Non-Executive Directors, thereby promoting critical review and control of the management process. The Board is also characterized by significant diversity, whether considered in terms of professional experience, skills and knowledge.

Having reviewed the implementation of the Board Diversity Policy and the structure, size and composition of the Board, the Nomination Committee and the Board considered that the requirements of the Board Diversity Policy had been met.

Board Committees

The Board has established the Audit Committee, the Remuneration Committee and the Nomination Committee. Terms of Reference of those committees detailing their respective authorities and responsibilities are available on the Company's website.

Remuneration Committee

The Company established the Remuneration Committee in June 2005. The Remuneration Committee has been delegated responsibility from the Board to determine the remuneration packages of individual Executive Directors and senior management. Details of the authority and duties of the Remuneration Committee are available on the Company's website.

The Remuneration Committee comprises three Independent Non-Executive Directors, being Mr. Felix FONG Wo, Mr. Alan Howard SMITH and Mr. Vincent Marshall LEE Kwan Ho. Mr. Felix FONG Wo is the chairman of the Remuneration Committee.

The Remuneration Committee shall meet at least once a year in accordance with its terms of reference. One Remuneration Committee meeting was held in 2015 and the attendance of each member is set out in the section headed "Board and Committees Meetings" of this report. In addition to the Committee meeting, the Remuneration Committee also dealt with matters by way of circulation during the year under review.

In 2015, the Remuneration Committee reviewed and approved the remuneration package and performance bonus for the Executive Director and the senior management of the Company.

Details of the amount of Directors' emoluments for the year 2015 are set out in note 8 to the financial statements.

Nomination Committee

The Company established the Nomination Committee in March 2012. The Nomination Committee is responsible for, amongst other things, reviewing the structure, size and composition of the Board, identifying individuals suitably qualified to become Board members, assessing the independence of its Independent Non-Executive Directors in accordance with the criteria prescribed under the Listing Rules and the CG Code, considering the re-appointment of the Directors and succession planning for Directors, reviewing the Board Diversity Policy and implementing the relevant measurable objectives and making recommendations to the Board in respect of the aforesaid matters. Details of the authority and duties of the Nomination Committee are available on the Company's website.

The Nomination Committee comprises Chairman of the Board and Non-Executive Director, Mr. HUANG Xiaofeng, and three Independent Non-Executive Directors, being Mr. Alan Howard SMITH, Mr. Felix FONG Wo and Mr. Vincent Marshall LEE Kwan Ho. Mr. HUANG Xiaofeng is the chairman of the Nomination Committee.

Nomination Committee (continued)

The Nomination Committee shall meet at least once a year in accordance with its terms of reference. One Nomination Committee meeting was held in 2015 and the attendance of each member is set out in the section headed "Board and Committees Meetings" of this report.

In 2015, the Nomination Committee performed the works as summarized below:

(i) assessed the independence of the Independent Non-Executive Directors;

(ii) considered the re-appointment of the retiring Directors of the Company; and

(iii) reviewed the implementation of the Board Diversity Policy and the structure, size and composition of the Board.

Audit Committee

The Audit Committee of the Company was established in September 1998. The Audit Committee oversees matters concerning the external auditors including making recommendations to the Board regarding the appointment of the external auditors, reviewing the scope of their audit and work and approving their fees. The Audit Committee further ensures that the management has put in place an effective systems of the risk management and internal control and maintains an overview of the Group's risk management system and financial controls. It reviews the adequacy of resources, qualifications and experience of staff of the Company's accounting and financial reporting function and their training programmes and budget. In addition, it reviews the internal audit schedules of the Group, considers the Group's internal audit reports and monitors the effectiveness of the internal audit function. Details of the authority and duties of the Audit Committee are available on the Company's website.

The Audit Committee comprises three Independent Non-Executive Directors, being Mr. Vincent Marshall LEE Kwan Ho, Mr. Alan Howard SMITH and Mr. Felix FONG Wo. Mr. Vincent Marshall LEE Kwan Ho is the chairman of the Audit Committee.

The Company has complied with Rule 3.21 of the Listing Rules, which requires that at least one of the members of the Audit Committee (which must comprise a minimum of three members with Non-Executive Director only and must be chaired by an Independent Non-Executive Director) is an Independent Non-Executive Director who possesses appropriate professional qualifications or accounting or related financial management expertise.

The Audit Committee shall meet at least twice a year in accordance with its terms of reference. Two Audit Committee meetings were held in 2015 and the attendance of each member is set out in the section headed "Board and Committees Meetings" of this report. In addition to the Committee meeting, the Audit Committee also dealt with matters by way of circulation during the year under review. In addition to its two meetings as aforesaid, the Audit Committee also had two private meetings with the external auditors without the presence of the management to discuss any area of concern.

Audit Committee (continued)

In 2015, the Audit Committee performed the works as summarized below:

(i) reviewed the annual caps of continuing connected transactions of the Company;

(ii) reviewed and recommended 2014 final results, auditors' findings and draft final results announcement for the Board's approval;

(iii) reviewed and considered various accounting issues and new accounting standards and their financial impacts;

(iv) reviewed the internal audit plan of 2015;

(v) reviewed and recommended 2015 interim results, auditors' findings and draft interim results announcement for the Board's approval;

(vi) reviewed and recommended the internal audit reports for the Board's approval;

(vii) considered and approved the audit fee for 2014 and 2015, respectively; and

(viii) reviewed and recommended the revised terms of reference of the Audit Committee for the Board's approval.

Board and Committees Meetings

The individual attendance records of each Director at the meetings of the Board, Remuneration Committee, Nomination Committee, Audit Committee and general meetings of the Company during the year ended 31 December 2015 are set out below:

Name of Director	Board Meeting	Remuneration Committee Meeting	Nomination Committee Meeting	Audit Committee Meeting	Annual General Meeting	Special General Meeting
Non-Executive Directors						
HUANG Xiaofeng	4/4	N/A	1/1	N/A	1/1	1/1
HUANG Zhenhai *(Note 1)*	1/4	N/A	N/A	N/A	1/1	0/1
LUO Fanyu *(Note 2)*	3/4	N/A	N/A	N/A	0/1	1/1
Executive Directors						
YE Xuquan *(Note 3)*	4/4	N/A	N/A	N/A	0/1	1/1
ZHAO Chunxiao	4/4	N/A	N/A	N/A	1/1	1/1
LI Wai Keung	4/4	N/A	N/A	N/A	1/1	1/1
Independent Non-Executive Directors						
Alan Howard SMITH	4/4	1/1	1/1	2/2	1/1	1/1
Felix FONG Wo	4/4	1/1	1/1	2/2	1/1	1/1
Vincent Marshall LEE Kwan Ho	4/4	1/1	1/1	2/2	1/1	1/1

Notes:

1. Mr. HUANG Zhenhai resigned as a Non-Executive Director of the Company with effect from 27 January 2016.

2. Mr. LUO Fanyu has tendered his resignation as a Non-Executive Director of the Company with effect as of 17 March 2016.

3. Mr. YE Xuquan has tendered his resignation as an Executive Director and Chief Executive Officer of the Company with effect as of 1 May 2016.

Auditors' Remuneration

During the year under review, the remuneration paid/payable to the Company's auditors, Ernst & Young, is set out as follows:

Services rendered	Fee paid/payable *HK$'000*
Audit of annual financial statements	1,790
Review of Interim Results	595
Taxation compliance and consultancy services	369
Agreed-upon procedures in respect of continuing connected transactions	9
	2,763

Accountability and Audit

The Board is responsible for overseeing the preparation of financial statements for the year ended 31 December 2015, which give a true and fair view of the state of affairs of the Group and of the results and cash flows for that financial year. In preparing the financial statements for the year ended 31 December 2015, the Board has selected appropriate accounting policies, applied them consistently in accordance with the Hong Kong Financial Reporting Standards and Hong Kong Accounting Standards which are pertinent to its operations and relevant to the financial statements, made judgements and estimates that are prudent and reasonable, and ensured the preparation of the financial statements on the going concern basis.

The Group endeavours to present a balanced, clear and comprehensible assessment of the Group's performance, position and prospects. The annual and interim results of the Company are announced in a timely manner within the limit of three months and two months respectively after the end of the relevant periods in accordance with the Listing Rules.

The Directors have acknowledged their responsibility for preparing all information and representations contained in the financial statements of the Company for the year ended 31 December 2015.

Risk Management and Internal Control

The Board is responsible for the Group's systems of risk management and internal controls and their effectiveness. Such a system is designed to prudently manage the Group's risks within an acceptable risk profile. The Board has delegated to management the implementation of such systems of risk management and internal controls as well as the review of relevant financial, operational and compliance controls and risk management procedures.

The management under the supervision of the Board has established an on-going process for identifying, evaluating and managing the significant risks faced by the Group and this process includes updating the systems of risk management and internal controls when there are changes to business environment or regulatory guidelines.

The management assists the Board with the implementation of all relevant policies and procedures on risk and control by identifying and assessing the risk faced and designing, operating and monitoring suitable internal controls to mitigate and control these risks. The key processes that have been established in reviewing the adequacy and integrity of the systems of risk management and internal controls include the following:

Risk Management and Internal Control (continued)

A defined management structure is maintained with specified limits of authority and control responsibilities, which is designed to (a) safeguard assets from inappropriate use; (b) maintain proper accounts; (c) ensure compliance with regulations; and (d) identify, manage and mitigate key risks to the Group.

In addition to the duties of the Audit Committee as mentioned above, the Audit Committee, inter alia, reviews the financial controls, risk management and internal control systems of the Group and any significant internal control issues identified by the internal audit department, external auditors and management. It also conducts review of the internal audit functions with particular emphasis on the scope and quality of the internal audits and independence of the internal audit department. During its annual review, the Audit Committee also considers the adequacy of resources, qualifications and experience of staff of the Group's accounting and financial reporting function, and their training programmes and budgets.

The internal audit department monitors compliance with policies and procedures and the effectiveness of the risk management and internal control systems and highlights significant findings in respect of any non-compliance. It plays an important role in the Group's internal control framework, and provides objective assurance to the Board that a sound internal control systems are maintained and operated in compliance with the established processes and standards by performing periodic checking. The internal audit department issues reports to the Board and relevant management covering various operational and financial processes of the Group and provides summary reports to the Audit Committee together with the status of implementation of their recommendation in each Audit Committee meeting.

In addition, the Company is considering to engage an independent consultant to conduct an assessment of the systems of internal control and risk management of the Group as and when necessary.

The Board is satisfied that the internal control system in place covering all material controls including financial, operational and compliance controls and risk management functions for the year under review and up to the date of issuance of this report and accounts is reasonably effective and adequate.

Company Secretary

Ms. Vanessa WONG Kin Yan has been the Company Secretary of the Company since September 2006. She is a full time employee of the Company and has day-to-day knowledge of the Company. Ms. Wong reports to the Chairman and the Chief Executive Officer of the Company and is responsible for advising the Board on corporate governance matters. For the year under review, Ms. Wong undertook over fifteen hours of relevant professional training to update her skills and knowledge.

Shareholders' Rights

The following procedures are subject to the Bye-laws, the Companies Act 1981 of Bermuda and applicable legislation and regulation.

Procedures for shareholders to convene a special general meeting

Registered shareholders holding at the date of deposit of the requisition not less than one-tenth of the paid up capital of the Company carrying the right of voting at general meetings of the Company shall at all times have the right, by written requisition sent to the registered office of the Company at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda for the attention of the Board or the Company Secretary, to require a special general meeting to be called by the Board for the transaction of any business specified in such requisition; and such special general meeting shall be held within two months after the deposit of such requisition. To ensure that the requisition is received by the Company at the earliest opportunity, a copy of the signed requisition should also be deposited at the head office of the Company in Hong Kong at 18th Floor, Guangdong Investment Tower, 148 Connaught Road Central, Hong Kong marked for the attention of the Board or the Company Secretary.

The written requisition must state the purpose of the general meeting, signed by the registered shareholders concerned and may consist of several documents in like form, each signed by one or more of those shareholders. The written requisition will be verified with the Company's share registrars and upon their confirmation that the requisition is proper and in order, the Company Secretary will ask the Board to convene a special general meeting by serving sufficient notice in accordance with the statutory and regulatory requirements to all the registered shareholders. On the contrary, if the written requisition is invalid, the shareholders concerned will be advised of this outcome and accordingly, a special general meeting will not be convened as requested.

If within twenty one days from the date of deposit of the requisition the Board fails to proceed to convene a special general meeting, the requisitionists, or any of them representing more than one half of the total voting rights of all of them, may themselves convene a special general meeting, but any meeting so convened shall not be held after the expiration of three months from the said date.

Procedures for shareholder to put forward proposals at general meetings

The Company holds an annual general meeting every year, and may hold a general meeting known as a special general meeting whenever necessary.

Registered shareholder(s) of the Company holding (i) not less than one-twentieth of the total voting rights of all shareholders having the right to vote at the general meeting; or (ii) not less than one hundred shareholders, can submit a written request stating the resolution intended to be moved at the next annual general meeting; or a statement of not more than one thousand words with respect to the matter referred to in any proposed resolution or the business to be dealt with at a particular general meeting.

The written request/statements must be signed by the shareholder(s) concern and deposited at the Company's registered office at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda for the attention of the Company Secretary, not less than six weeks before the annual general meeting in the case of a requisition requiring notice of a resolution and not less than one week before the general meeting in the case of any other requisition. To ensure that the requisition is received by the Company at the earliest opportunity, a copy of the signed requisition should also be deposited at the head office of the Company in Hong Kong at 18th Floor, Guangdong Investment Tower, 148 Connaught Road Central, Hong Kong marked for the attention of the Board or the Company Secretary.

Shareholders' Rights (continued)

Procedures for shareholder to put forward proposals at general meetings *(continued)*

If the written request is in order, the Company Secretary will ask the Board (i) to include the resolution in the agenda for the annual general meeting; or (ii) to circulate the statement for the general meeting, provided that the shareholder(s) concerned have deposited a sum of money reasonably determined by the Board sufficient to meet the Company's expenses in serving the notice of the resolution and/or circulating the statement submitted by the shareholder(s) concerned in accordance with the statutory requirements to all the registered shareholders. On the contrary, if the requisition is invalid or the shareholder(s) concerned have failed to deposit sufficient money to meet the Company's expenses for the said purposes, the shareholder(s) concerned will be advised of this outcome and accordingly, the proposed resolution will not be included in the agenda for the annual general meeting; or the statement will not be circulated for the general meeting.

Shareholders' Enquiries

Shareholders should direct their enquiries about their shareholdings to the Company's Hong Kong branch share registrar and transfer office, Tricor Tengis Limited, via its online holding enquiry service at www.tricoris.com, or send email to is-enquiries@hk.tricorglobal.com or call its hotline at (852) 2980 1333, or go in person to its public counter at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong.

Shareholders may also send written enquiries to the Company, for the attention of the Chief Financial Officer or the Company Secretary by mail to 18th Floor, Guangdong Investment Tower, 148 Connaught Road Central, Hong Kong or by fax to (852) 2815 2020.

In addition, the Company is committed to maximizing the use of its website as a channel to provide updated information in a timely manner and to strengthen the communications with both the public and the shareholders. The Company has formulated the "Shareholders Communication Policy" which enables shareholders to exercise their rights in an informed manner.

Investor Relations

During the year under review, there were no significant changes in the Company's Memorandum and Bye-laws. An up-to-date consolidated version of the Company's Memorandum and Bye-laws is available on the Company's website.

Relationships with Stakeholders

The Company recognizes that our employees, customers and suppliers and business associates are key stakeholders to the Company's success. We strive to achieve corporate sustainability through engaging our employees, providing quality services to our customers, collaborating with business partners (including suppliers and contractors) to deliver quality sustainable products and services and supporting our community.

By Order of the Board
HUANG Xiaofeng
Chairman

Hong Kong, 16 March 2016

EY 安永

To the shareholders of Guangdong Land Holdings Limited
(Incorporated in Bermuda with limited liability)

We have audited the consolidated financial statements of Guangdong Land Holdings Limited (the "Company") and its subsidiaries set out on pages 40 to 93 which comprise the consolidated balance sheet as at 31 December 2015, and the consolidated statement of profit or loss, the consolidated statement of 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 Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants 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, in accordance with section 90 of the Bermuda Companies Act 1981, 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 Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants. 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 of their financial performance and cash flows for the year then ended in accordance with Hong Kong 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

22/F CITIC Tower
1 Tim Mei Avenue
Central
Hong Kong

16 March 2016

Consolidated Statement of Profit or Loss

Year ended 31 December 2015

	Notes	2015 HK$'000	2014 HK$'000
REVENUE	5	**857,937**	3,422
Cost of sales		**(858,054)**	—
Gross profit/(loss)		**(117)**	3,422
Other income and gains, net	5	**258,350**	251,294
Gain on bargain purchase	23	**233,862**	—
Selling and distribution expenses		**(10,141)**	—
Administrative expenses		**(69,461)**	(94,779)
Other operating expenses		**(236,131)**	(69,039)
Finance costs	6	**—**	—
PROFIT BEFORE TAX	7	**176,362**	90,898
Income tax expense	10	**(4,112)**	(9,125)
PROFIT FOR THE YEAR		**172,250**	81,773
Attributable to:			
Owners of the Company		**174,773**	81,773
Non-controlling interest		**(2,523)**	—
		172,250	81,773
EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY	11		
Basic		**HK10.21 cents**	HK4.78 cents
Diluted		**N/A**	N/A

Consolidated Statement of Comprehensive Income

Year ended 31 December 2015

	2015 HK$'000	2014 HK$'000
PROFIT FOR THE YEAR	**172,250**	81,773
OTHER COMPREHENSIVE LOSS		
Other comprehensive loss to be reclassified to profit or loss in subsequent periods:		
Exchange differences on translation of foreign operations	**(38,045)**	(2,572)
Release of exchange reserve upon settlement of intercompany balances	**(48,048)**	—
OTHER COMPREHENSIVE LOSS FOR THE YEAR, NET OF TAX	**(86,093)**	(2,572)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**86,157**	79,201
Attributable to:		
Owners of the Company	**93,571**	79,201
Non-controlling interest	**(7,414)**	—
	86,157	79,201

Consolidated Balance Sheet

31 December 2015

	Notes	2015 HK$'000	2014 HK$'000
NON-CURRENT ASSETS			
Property, plant and equipment	12	**9,328**	7,446
Investment properties	13	**27,930**	29,559
Deferred tax assets	20	**22,165**	—
Total non-current assets		**59,423**	37,005
CURRENT ASSETS			
Completed properties held for sale		**1,290,357**	—
Properties under development	14	**97,279**	25,152
Prepayments, deposits and other receivables	15	**713,571**	695,726
Restricted bank balances	16	**470,176**	191
Cash and cash equivalents	16	**3,209,733**	3,831,580
		5,781,116	4,552,649
Assets held for sale	17	**—**	28,595
Total current assets		**5,781,116**	4,581,244
CURRENT LIABILITIES			
Trade payables	18	**(74,547)**	—
Other payables, accruals and provisions	19	**(339,820)**	(265,444)
Receipt in advance		**(311,373)**	—
Tax payable		**(186,725)**	(9,160)
Total current liabilities		**(912,465)**	(274,604)
NET CURRENT ASSETS		**4,868,651**	4,306,640
TOTAL ASSETS LESS CURRENT LIABILITIES		**4,928,074**	4,343,645
NON-CURRENT LIABILITIES			
Deferred tax liabilities	20	**(318,267)**	(5,860)
Net assets		**4,609,807**	4,337,785
EQUITY			
Equity attributable to owners of the Company			
Issued capital	21	**171,154**	171,154
Reserves	22	**4,260,202**	4,166,631
		4,431,356	4,337,785
Non-controlling interest		**178,451**	—
Total equity		**4,609,807**	4,337,785

YE Xuquan
Director

LI Wai Keung
Director

Consolidated Statement of Changes in Equity

Year ended 31 December 2015

	Attributable to owners of the Company										
	Issued capital *HK$'000*	Share premium account* *HK$'000*	Capital reserve* *HK$'000*	Property revaluation reserve* *HK$'000*	Enterprise development funds* *HK$'000*	Reserve funds* *HK$'000*	Exchange fluctuation reserve* *HK$'000*	Retained profits* *HK$'000*	Total *HK$'000*	Non-controlling interest *HK$'000*	Total equity *HK$'000*
At 1 January 2014	171,154	1,688,606	13,824	6,984	216	48,298	237,123	2,092,379	4,258,584	—	4,258,584
Profit for the year	—	—	—	—	—	—	—	81,773	81,773	—	81,773
Other comprehensive loss for the year:											
Exchange differences on translation of foreign operations	—	—	—	—	—	—	(2,572)	—	(2,572)	—	(2,572)
Total comprehensive income/(loss) for the year	—	—	—	—	—	—	(2,572)	81,773	79,201	—	79,201
At 31 December 2014	171,154	1,688,606*	13,824*	6,984*	216*	48,298*	234,551*	2,174,152*	4,337,785	—	4,337,785

	Attributable to owners of the Company										
	Issued capital ***HK$'000***	**Share premium account*** ***HK$'000***	**Capital reserve*** ***HK$'000***	**Property revaluation reserve*** ***HK$'000***	**Enterprise development funds*** ***HK$'000***	**Reserve funds*** ***HK$'000***	**Exchange fluctuation reserve*** ***HK$'000***	**Retained profits*** ***HK$'000***	**Total** ***HK$'000***	**Non-controlling interest** ***HK$'000***	**Total equity** ***HK$'000***
At 1 January 2015	**171,154**	**1,688,606**	**13,824**	**6,984**	**216**	**48,298**	**234,551**	**2,174,152**	**4,337,785**	**—**	**4,337,785**
Profit/(loss) for the year	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**174,773**	**174,773**	**(2,523)**	**172,250**
Other comprehensive loss for the year:											
Exchange differences on translation of foreign operations	**—**	**—**	**—**	**—**	**—**	**—**	**(33,154)**	**—**	**(33,154)**	**(4,891)**	**(38,045)**
Release of exchange reserve upon settlement of intercompany balances	**—**	**—**	**—**	**—**	**—**	**—**	**(48,048)**	**—**	**(48,048)**	**—**	**(48,048)**
Total comprehensive income/(loss) for the year	**—**	**—**	**—**	**—**	**—**	**—**	**(81,202)**	**174,773**	**93,571**	**(7,414)**	**86,157**
Acquisition of a subsidiary *(note 23)*	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**185,865**	**185,865**
At 31 December 2015	**171,154**	**1,688,606***	**13,824***	**6,984***	**216***	**48,298***	**153,349***	**2,348,925***	**4,431,356**	**178,451**	**4,609,807**

* These reserve accounts comprise the consolidated reserves of HK$4,260,202,000 (2014: HK$4,166,631,000) in the consolidated balance sheet.

Consolidated Statement of Cash Flows

Year ended 31 December 2015

	Notes	2015 HK$'000	2014 HK$'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		**176,362**	90,898
Adjustments for:			
Interest income		**(172,630)**	(174,862)
Gain on disposal of property, plant and equipment	5	**(17,234)**	—
Gain on disposal of assets held for sale	5	**(19,218)**	(73,384)
Gain on bargain purchase		**(233,862)**	—
Release of exchange reserve upon settlement of intercompany balances	5	**(48,048)**	—
Impairment of other receivables under assets held for sale	7	**740**	—
Impairment of property, plant and equipment under assets held for sale	7	**—**	5,800
Adjustments on other receivables	7	**—**	32,583
Changes in fair value of investment properties	5	**(87)**	—
Depreciation	12	**1,048**	770
		(312,929)	(118,195)
Decrease in properties held for sale		**822,559**	—
Increase in properties under development		**(272,285)**	(5,387)
Decrease/(increase) in prepayments, deposits and other receivables		**43,152**	(3,272)
Decrease in trade payables		**(31,565)**	—
Decrease in other payables and accruals		**(113,682)**	(224,616)
Increase in receipts in advance		**311,373**	—
Cash generated from/(used in) operations		**446,623**	(351,470)
Interest received		**135,975**	111,757
Interest paid		**(7,728)**	—
PRC tax paid		**(42,858)**	—
Net cash flows generated from/(used in) operating activities		**532,012**	(239,713)

	Notes	2015 HK$'000	2014 HK$'000
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from disposal of property, plant and equipment		**18,322**	—
Purchases of items of property, plant and equipment	12	**(4,307)**	(1,050)
Proceeds from disposal of assets held for sale		**47,813**	209,531
Acquisition of a subsidiary	23	**(503,997)**	—
Decrease/(increase) in restricted bank balances		**(469,985)**	695,000
Consideration received for the disposal of the previous brewery subsidiaries		**—**	842,279
Decrease in deposit received		**—**	(80,829)
Decrease/(increase) in time deposits with original maturity over three months when acquired		**2,171,145**	(2,171,145)
Net cash flows from/(used in) investing activities		**1,258,991**	(506,214)
CASH FLOWS FROM FINANCING ACTIVITIES			
New bank loans		**181,849**	—
Repayment of bank loans		**(405,967)**	—
Net cash flows used in financing activities		**(224,118)**	—
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		**1,566,885**	(745,927)
Cash and cash equivalents at beginning of year		**1,660,435**	2,409,213
Effect of foreign exchange rate changes, net		**(17,587)**	(2,851)
CASH AND CASH EQUIVALENTS AT END OF YEAR		**3,209,733**	1,660,435
ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS	16		
Cash and bank balances		**213,893**	322,365
Non-pledged time deposits with original maturity of less than three months when acquired		**2,995,840**	1,338,070
Non-pledged time deposits with original maturity over three months when acquired		**—**	2,171,145
Cash and cash equivalents as stated in the consolidated balance sheet		**3,209,733**	3,831,580
Less: Non-pledged time deposits with original maturity over three months when acquired		**—**	(2,171,145)
Cash and cash equivalents as stated in the consolidated statement of cash flows		**3,209,733**	1,660,435

1. Corporate and Group Information

Guangdong Land Holdings Limited is a limited liability company incorporated in Bermuda. The principal place of business of the Company is located at 18th Floor, Guangdong Investment Tower, 148 Connaught Road Central, Hong Kong. GDH Limited ("GDH") is the immediate holding company of the Company. In the opinion of the directors, the ultimate holding company of the Company is 廣東粵海控股集團有限公司 (Guangdong Holdings Limited), a company established in the People's Republic of China (the "PRC").

During the year, the Group was involved in property development and investment.

Particulars of the Company's principal subsidiaries are disclosed in note 33.

2.1 Basis of Preparation

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

Basis of consolidation

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

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

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

(b) rights arising from other contractual arrangements; and

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

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. Adjustments are made to bring into line any dissimilar accounting policies that may exist. 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.

2.1 Basis of Preparation (continued)

Basis of consolidation (continued)

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

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

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

2.2 Changes in Accounting Policies and Disclosures

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

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

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

The *Annual Improvements to HKFRSs 2010–2012 Cycle* issued in January 2014 sets out amendments to a number of HKFRSs. Details of the amendments to HKFRS 8 that are effective for the current year are as follows:

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

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

2.3 Issued but not yet Effective Hong Kong Financial Reporting Standards

The Group has not applied the following new and revised HKFRSs, that have been issued but are not yet effective, in these financial statements.

HKFRS 9	*Financial Instruments*[2]
Amendments to HKFRS 10 and HKAS 28 (2011)	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[4]
Amendments to HKFRS 10, HKFRS 12 and HKAS 28 (2011)	*Investment Entities: Applying the Consolidation Exception*[1]
Amendments to HKFRS 11	*Accounting for Acquisitions of Interests in Joint Operations*[1]
HKFRS 14	*Regulatory Deferral Accounts*[3]
HKFRS 15	*Revenue from Contracts with Customers*[2]
Amendments to HKAS 1	*Disclosure Initiative*[1]
Amendments to HKAS 16 and HKAS 38	*Clarification of Acceptable Methods of Depreciation and Amortisation*[1]
Amendments to HKAS 16 and HKAS 41	*Agriculture: Bearer Plants*[1]
Amendments to HKAS 27 (2011)	*Equity Method in Separate Financial Statements*[1]
Annual Improvements 2012–2014 Cycle	Amendments to a number of HKFRSs[1]

1 Effective for annual periods beginning on or after 1 January 2016
2 Effective for annual periods beginning on or after 1 January 2018
3 Effective for an entity that first adopts HKFRSs for its annual financial statements beginning on or after 1 January 2016 and therefore is not applicable to the Group
4 No mandatory effective date yet determined but is available for adoption

Further information about those HKFRSs that are expected to be applicable to the Group is as follows:

In September 2014, the HKICPA issued the final version of HKFRS 9, bringing together all phases of the financial instruments project to replace HKAS 39 and all previous versions of HKFRS 9. The standard introduces new requirements for classification and measurement, impairment and hedge accounting. The Group expects to adopt HKFRS 9 from 1 January 2018. The Group is currently assessing the impact of the standard upon adoption and expects that the adoption of HKFRS 9 will have an impact on the classification and measurement of the Group's financial assets.

The amendments to HKFRS 10 and HKAS 28 (2011) address an inconsistency between the requirements in HKFRS 10 and in HKAS 28 (2011) in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require a full recognition of a gain or loss when the sale or contribution of assets between an investor and its associate or joint venture constitutes a business. For a transaction involving assets that do not constitute a business, a gain or loss resulting from the transaction is recognised in the investor's profit or loss only to the extent of the unrelated investor's interest in that associate or joint venture. The amendments are to be applied prospectively. The previous mandatory effective date of the amendments to HKFRS 10 and HKAS 28 (2011) was removed by the HKICPA and a mandatory effective date will be determined subsequently.

The amendments to HKFRS 10, HKFRS 12 and HKAS 28 (2011) introduce minor clarifications to the requirements for accounting for investment entities. The amendments also provide relief in particular circumstances, which will reduce the costs of applying the standards. The Group expects to adopt the amendments from 1 January 2016.

2.3 Issued but not yet Effective Hong Kong Financial Reporting Standards (continued)

The amendments to HKFRS 11 require that an acquirer of an interest in a joint operation in which the activity of the joint operation constitutes a business must apply the relevant principles for business combinations in HKFRS 3. 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 HKFRS 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. The amendments are not expected to have any impact on the financial position or performance of the Group upon adoption on 1 January 2016.

HKFRS 15 establishes a new five-step model to account for revenue arising from contracts with customers. Under HKFRS 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 HKFRS 15 provide a more structured approach for measuring and recognising revenue. The standard also introduces extensive qualitative and quantitative disclosure requirements, including disaggregation of total revenue, information about performance obligations, changes in contract asset and liability account balances between periods and key judgements and estimates. The standard will supersede all current revenue recognition requirements under HKFRSs. In September 2015, the HKICPA issued an amendment to HKFRS 15 regarding a one-year deferral of the mandatory effective date of HKFRS 15 to 1 January 2018. The Group expects to adopt HKFRS 15 on 1 January 2018 and is currently assessing the impact of HKFRS 15 upon adoption.

Amendments to HKAS 1 include narrow-focus improvements in respect of the presentation and disclosure in financial statements. The amendments clarify:

(i) the materiality requirements in HKAS 1;

(ii) that specific line items in the statement of profit or loss and the balance sheet may be disaggregated;

(iii) that entities have flexibility as to the order in which they present the notes to financial statements; and

(iv) that the share of other comprehensive income of associates and joint ventures accounted for using the equity method must be presented in aggregate as a single line item, and classified between those items that will or will not be subsequently reclassified to profit or loss.

Amendments to HKAS 16 and HKAS 38 clarify the principle in HKAS 16 and HKAS 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 the 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 to be applied prospectively. The amendments are not expected to have any impact on the financial position or performance of the Group upon adoption on 1 January 2016 as the Group has not used a revenue-based method for the calculation of depreciation of its non-current assets.

2.4 Summary of Significant Accounting Policies

Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The consideration transferred is measured at the acquisition date fair value which is the sum of the acquisition date fair values of assets transferred by the Group, liabilities assumed by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of net assets in the event of liquidation either at fair value or at the proportionate share of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at fair value. Acquisition-related costs are expensed as incurred.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts of the acquiree.

If the business combination is achieved in stages, the previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss.

Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability is measured at fair value with changes in fair value recognised in profit or loss. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred, the amount recognised for non-controlling interests and any fair value of the Group's previously held equity interests in the acquiree over the identifiable net assets acquired and liabilities assumed. If the sum of this consideration and other items is lower than the fair value of the net assets acquired, the difference is, after reassessment, recognised in profit or loss as a gain on bargain purchase.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. The Group performs its annual impairment test of goodwill as at 31 December. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

Impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit (group of cash-generating units) is less than the carrying amount, an impairment loss is recognised. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Where goodwill has been allocated to a cash-generating unit (or group of cash-generating units) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on the disposal. Goodwill disposed of in these circumstances is measured based on the relative value of the operation disposed of and the portion of the cash-generating unit retained.

2.4 Summary of Significant Accounting Policies (continued)

Fair value measurement

The Group measures its investment properties at fair value at the end of each reporting period. 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 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 – based on quoted prices (unadjusted) in active markets for identical assets or liabilities
Level 2 – based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly
Level 3 – based on 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 reassessing 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.

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than properties held for sale, deferred tax assets, investment properties and financial assets), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, 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 impairment loss is charged to the statement of profit or loss in the period in which it arises, unless the asset is carried at a revalued amount, in which case the impairment loss is accounted for in accordance with the relevant accounting policy for that revalued asset.

2.4 Summary of Significant Accounting Policies (continued)

Impairment of non-financial assets (continued)

An assessment is made at the end of each reporting period as to whether there is an 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 goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of an 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 the statement of profit or loss in the period in which it arises, unless the asset is carried at a revalued amount, in which case the reversal of the impairment loss is accounted for in accordance with the relevant accounting policy for that revalued asset.

Related parties

A party is considered to be related to the Group if:

(a) the party is a person or a close member of that person's family and that person

- (i) has control or joint control over the Group;
- (ii) has significant influence over the Group; or
- (iii) is a member of the key management personnel of the Group or of a parent of the Group;

or

(b) the party is an entity where any of the following conditions applies:

- (i) the entity and the Group are members of the same group;
- (ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);
- (iii) the entity and the Group are joint ventures of the same third party;
- (iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
- (v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;
- (vi) the entity is controlled or jointly controlled by a person identified in (a);
- (vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and
- (viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

2.4 Summary of Significant Accounting Policies (continued)

Properties under development

Properties under development are stated at the lower of cost and net realisable value. Cost of properties under development comprises cost of land, development expenditure, capitalised borrowing costs and other direct costs attributable to the development. Net realisable value is based on estimated selling prices less estimated cost to be incurred to completion and disposal.

Completed properties held for sale

Properties held for sale are stated at the lower of cost and net realisable value. Cost is determined by apportionment of total development cost, including capitalised borrowing cost, attributable to the unsold units. Net realisable value is determined on the basis of anticipated sales proceeds estimated by management based on the prevailing market conditions less all estimated costs to completion and selling expenses, on an individual property basis.

Property, plant and equipment and depreciation

Property, plant and equipment, other than construction in progress, 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.

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance and overhaul costs, is normally charged to the statement of profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

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 over its estimated useful life. The principal annual rates used for this purpose are as follows:

Buildings	3% – 6%
Plant, machinery and equipment	18% – 20%
Furniture and fixtures	18% – 20%
Motor vehicles	18% – 20%

Where 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 if appropriate, at least at each financial year end.

An item of property, plant and equipment including any significant part initially recognised 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 the statement of profit or loss in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

2.4 Summary of Significant Accounting Policies (continued)

Investment properties

Investment properties are interests in land and buildings (including leasehold interest under an operating lease for a property which otherwise meets the definition of an investment property) held to earn rental income and/or for capital appreciation, rather than for use in the production or supply of goods or services or for administrative purposes; or for sale in the ordinary course of business. Such properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the end of the reporting period.

Gains or losses arising from changes in the fair values of investment properties are included in the statement of profit or loss in the year in which they arise.

Any gains or losses on the retirement or disposal of an investment property are recognised in the statement of profit or loss in the year of the retirement or disposal.

Non-current assets as held for sale

Non-current assets are classified as held for sale if their carrying amounts will be recovered principally through a sales transaction rather than through continuing use. For this to be the case, the asset must be available for immediate sale in its present condition subject only to terms that are usual and customary for the sale of such assets and its sale must be highly probable.

Non-current assets classified as held for sale are measured at the lower of their carrying amounts and fair values less costs to sell. Property, plant and equipment classified as held for sale are not depreciated.

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 non-current assets, and rentals receivable under the operating leases are credited to the statement of profit or loss on the straight-line basis over the lease terms. Where the Group is the lessee, rentals payable under the operating leases are charged to the statement of profit or loss on the straight-line basis over the lease terms.

Prepaid land lease payments under operating leases are initially stated at cost and subsequently recognised on the straight-line basis over the lease terms.

Investments and other financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as financial assets at fair value through profit or loss, loans and receivables and available-for-sale financial investments, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. When financial assets are recognised initially, they are measured at fair value plus transaction costs that are attributable to the acquisition of the financial assets, except in the case of financial assets recorded at fair value through profit or loss.

All regular way purchases and sales of financial assets are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

2.4 Summary of Significant Accounting Policies (continued)

Investments and other financial assets (continued)

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

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 assets are subsequently measured at amortised cost using the effective interest rate method less any allowance for impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and includes fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in other income and gains in the statement of profit or loss. The loss arising from impairment is recognised in the statement of profit or loss in other operating expenses for receivables.

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 balance sheet) when:

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

When 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 risk and rewards of ownership of the asset. 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.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment of financial assets

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired. An impairment exists if one or more events that occurred after the initial recognition of the asset have 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.

2.4 Summary of Significant Accounting Policies (continued)

Impairment of financial assets (continued)

Financial assets carried at amortised cost

For financial assets carried at amortised cost, the Group first assesses whether 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.

The amount of any impairment loss identified is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate (i.e., the effective interest rate computed at initial recognition).

The carrying amount of the asset is reduced through the use of an allowance account and the loss is recognised in the statement of profit or loss. Interest income continues to be accrued on the reduced carrying amount using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. Loans and receivables together with any associated allowance are written off when there is no realistic prospect of future recovery.

If, in a subsequent period, 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 to other operating expenses in the statement of profit or loss.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables and certain accruals.

Subsequent measurement

The subsequent measurement of loans and borrowings is as follows:

Loans and borrowings

After initial recognition, interest-bearing loans and borrowings 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. Gains and losses are recognised in the statement of profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

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 effective interest rate. The effective interest rate amortisation is included in finance costs in the statement or profit or loss.

2.4 Summary of Significant Accounting Policies (continued)

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 the statement of profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Cash and cash equivalents

For the purpose of the consolidated statement 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, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

For the purpose of the consolidated balance sheet, cash and cash equivalents comprise cash on hand and at banks, including term deposits, and assets similar in nature to cash, which are not restricted as 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.

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 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 at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

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

- when the deferred tax liability arises from the initial recognition of goodwill or 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, 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 any 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, the carryforward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred tax assets 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, associates and joint ventures, 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 assets 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 assets 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 to the same taxable entity and the same taxation authority.

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:

(a) income from the sale of properties, when the significant risks and rewards of ownership have been transferred to the buyer, provided that the Group maintains neither managerial involvement to the degree usually associated with ownership, nor effective control over the properties sold;

(b) rental income, on a time proportion basis over the lease terms; and

(c) interest income, on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset.

Employee benefits

Retirement benefit schemes

The Company and certain of its subsidiaries operate a defined contribution Mandatory Provident Fund retirement benefit scheme (the "MPF Scheme") under the Mandatory Provident Fund Schemes Ordinance, for those employees who are eligible to participate in the MPF Scheme. Contributions are made based on a percentage of the employees' salaries and are charged to the statement of profit or loss as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group's employer contributions vest fully with the employees when contributed into the MPF Scheme, except for the Group's employer voluntary contributions, which are refunded to the Group when the employee leaves employment prior to the contributions vesting fully, in accordance with the rules of the MPF Scheme.

Employees of the Group's certain subsidiaries which operate in Mainland China are required to participate in a local pension scheme (the "LPS") operated by the local municipal government. These subsidiaries are required to contribute 21% to 23% of their payroll costs to the LPS. The contributions under the LPS are charged to the statement of profit or loss as they become payable in accordance with the rules of the LPS.

Termination benefits

Termination benefits are recognised at the earlier of when the Group can no longer withdraw the offer of those benefits and when the Group recognises restructuring costs involving the payment of termination benefits.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, i.e., assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the costs 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. All other borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that the Group incurs in connection with the borrowing of funds.

2.4 Summary of Significant Accounting Policies (continued)

Dividends

Final dividends are recognised as a liability when they are approved by the shareholders in a general meeting. In prior years, final dividends proposed by the directors were classified as a separate allocation of retained profits within the equity section of the balance sheet, until they have been approved by the shareholders in a general meeting. Following the implementation of the Hong Kong Companies Ordinance (Cap. 622), proposed final dividends are disclosed in the notes to the financial statements.

Interim dividends are simultaneously proposed and declared, because the Company's memorandum and bye-laws grant the directors the authority to declare interim dividends. Consequently, interim dividends are recognised immediately as a liability when they are proposed and declared.

Foreign currencies

These financial statements are presented in Hong Kong dollars, which is the Company's functional 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. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rates of exchange ruling at the end of the reporting period. Differences arising on settlement or translation of monetary items are recognised in the statement of 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 measured. The gain or loss arising on retranslation of a non-monetary item measured at fair value is treated in line with the recognition of the 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).

The functional currencies of subsidiaries not operating in Hong Kong are currencies other than the Hong Kong dollar. As at the end of the reporting period, the assets and liabilities of these entities are translated into Hong Kong dollars at the exchange rates prevailing at the end of the reporting period and their statements of profit or loss are translated into Hong Kong dollars at the weighted average exchange rates for the year. The resulting exchange differences are recognised in other comprehensive income and accumulated in the exchange fluctuation reserve. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in the statement of profit or loss.

Any goodwill arising on the acquisition of a foreign operation and any fair value adjustments to the carrying amounts of assets and liabilities arising on acquisition are treated as assets and liabilities of the foreign operation and translated at the closing rate.

For the purpose of the consolidated statement of cash flows, the cash flows of subsidiaries not operating in Hong Kong are translated into Hong Kong dollars at the exchange rates ruling at the dates of the cash flows. Frequently recurring cash flows of subsidiaries not operating in Hong Kong which arise throughout the year are translated into Hong Kong dollars at the weighted average exchange rates for the year.

3. Significant Accounting Judgements and Estimates

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the financial statements:

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.

Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes. If these portions could be sold separately (or leased out separately under a finance lease), the Group accounts for the portions separately. If the portions could not be sold separately, the property is an investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes.

Judgement is made on an individual property basis to determine whether ancillary services are so significant that a property does not qualify as an investment property.

Estimation uncertainty

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

Estimation of fair value of investment properties

In the absence of current prices in an active market for similar properties, the Group considers information from a variety of sources, including:

(a) current prices in an active market for properties of a different nature, condition or location, adjusted to reflect those differences;

(b) recent prices of similar properties on less active markets, with adjustments to reflect any changes in economic conditions since the date of the transactions that occurred at those prices; and

(c) discounted cash flow projections based on reliable estimates of future cash flows, supported by the terms of any existing lease and other contracts and (when possible) by external evidence such as current market rents for similar properties in the same location and condition, and using discount rates that reflect current market assessments of the uncertainty in the amount and timing of the cash flows.

Further details, including the key assumptions used for fair value measurement, are given in note 13 to the financial statements.

3. Significant Accounting Judgements and Estimates (continued)

Estimation uncertainty (continued)

Land appreciation tax

Under the Provisional Regulations on land appreciation tax ("LAT") implemented, all gains arising from the transfer of real estate properties in Mainland China are subject to LAT at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds from sales of properties less deductible expenditures including amortisation of land use rights, borrowing costs and all property development expenditures.

The subsidiaries of the Group that recorded sales of property assets in Mainland China are subject to LAT, which has been included in income tax. However, the implementation of LAT varies amongst various Mainland China cities and the Group has not finalised certain of its LAT returns with various tax authorities. Accordingly, significant judgement is required in determining the amount of land appreciation and its related taxes. The ultimate tax determination is uncertain during the ordinary course of business. The Group recognises these liabilities based on management's best estimates. When the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact income tax and provisions for LAT in the period in which such determination is made.

Estimation of net realisable values of completed properties held for sale and properties under development

The Group considers information from a variety of sources, including recent prices of similar properties in the same location and condition, with adjustments to reflect any changes in economic conditions since the dates of transactions that occurred at those prices.

Estimation of total budgeted costs and costs to completion for properties under development

Total budgeted costs for properties under development comprise (i) prepaid land lease payments; (ii) building costs; and (iii) any other direct costs attributable to the development of the properties. In estimating the total budgeted costs for properties under development, management made reference to information such as (i) current offers from contractors and suppliers; (ii) recent offers agreed with contractors and suppliers; and (iii) professional estimation on construction and material costs.

Impairment allowances on loans and receivables

The Group regularly reviews its receivables to assess impairment. In determining whether an impairment loss should be recorded in the statement of profit or loss, the Group considers whether there is any observable data indicating that there is a measurable decrease in the estimated future cash flows from its receivables. This evidence may include observable data indicating that there has been an adverse change in the payment status of debtors, or national or local economic conditions that correlate with defaults on assets. Management uses estimates based on historical loss experience for assets with credit risk characteristics and objective evidence of impairment similar to the receivables when scheduling its future cash flows. The methodology and assumptions used for estimating both the amount and timing of future cash flows are reviewed regularly to reduce any differences between loss estimates and actual loss experience. To the extent that the net present value of estimated cash flows differs from previous calculation, the provision estimated would be changed.

4. Operating Segment Information

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

(a) the property development and investment segment consists of property development and property investment; and

(b) the other segment consists of corporate and other income and expense items.

4. Operating Segment Information (continued)

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

Segment assets exclude deferred tax assets as these assets are managed on a group basis.

Segment liabilities exclude deferred tax liabilities as these liabilities are managed on a group basis.

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

Year ended 31 December 2015	Property development and investment	Other	Total
	HK$'000	*HK$'000*	*HK$'000*
Segment revenue			
Sales to external customers	857,937	—	857,937
Segment results	178,463	(174,731)	3,732
Reconciliation:			
Interest income			172,630
Profit before tax			176,362
As at 31 December 2015			
Segment assets	2,151,462	3,666,912	5,818,374
Reconciliation:			
Unallocated assets			22,165
Total assets			5,840,539
Segment liabilities	(802,610)	(109,855)	(912,465)
Reconciliation:			
Unallocated liabilities			(318,267)
Total liabilities			(1,230,732)
Year ended 31 December 2015			
Other segment information			
Gain on bargain purchase	(233,862)	—	(233,862)
Fair value gains on investment properties	(87)	—	(87)
Depreciation	703	345	1,048
Impairment of other receivables under assets held for sale	—	740	740
Release of exchange reserve upon settlement of intercompany balances	—	(48,048)	(48,048)
Capital expenditure*	4,297	10	4,307

4. Operating Segment Information (continued)

Year ended 31 December 2014	Property development and investment HK$'000	Other HK$'000	Total HK$'000
Segment revenue			
Sales to external customers	3,422	—	3,422
Segment results	(55,631)	(28,333)	(83,964)
Reconciliation:			
Interest income			174,862
Profit before tax			90,898
As at 31 December 2014			
Segment assets	303,238	4,315,011	4,618,249
Reconciliation:			
Unallocated assets			—
Total assets			4,618,249
Segment liabilities	24,450	250,154	274,604
Reconciliation:			
Unallocated liabilities			5,860
Total liabilities			280,464
Year ended 31 December 2014			
Other segment information			
Depreciation	625	145	770
Impairment of property, plant and equipment under assets held for sale	—	5,800	5,800
Capital expenditure*	114	936	1,050

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

5. Revenue, Other Income and Gains, Net

Revenue represents sales of completed properties held for sale and rental income received during the year.

An analysis of revenue and other income and gains is as follows:

	2015 HK$'000	2014 HK$'000
Revenue		
Sale of properties	**857,520**	—
Rental income	**417**	3,422
	857,937	3,422
Other income		
Gain on sale of scrap materials	**1,102**	1,359
Bank interest income	**135,975**	136,621
Imputed interest income	**36,655**	38,241
Others	**31**	4,603
	173,763	180,824
Gains/(loss), net		
Fair value gains on investment properties	**87**	—
Gain on disposal of property, plant and equipment	**17,234**	—
Gain on disposal of assets held for sale	**19,218**	73,384
Release of exchange reserve upon settlement of intercompany balance	**48,048**	—
Foreign exchange differences, net	**—**	(2,914)
	84,587	70,470
	258,350	251,294

6. Finance Costs

An analysis of finance costs is as follows:

	2015 HK$'000	2014 HK$'000
Interest on bank loans	**7,728**	—
Less: amount capitalised in properties under development	**(7,728)**	—
	—	—

7. Profit Before Tax

The Group's profit before tax is arrived at after charging:

	2015 HK$'000	2014 HK$'000
Cost of properties sold	**858,054**	—
Depreciation	**1,048**	770
Minimum lease payments under operating leases	**2,727**	3,008
Auditors' remuneration	**2,385**	2,210
Foreign exchange differences, net	**213,715**	2,914
Employee benefit expense (excluding directors' remuneration):		
Wages and salaries	**47,680**	55,010
Pension scheme contributions	**8,235**	8,370
Less: Forfeited contributions	**—**	(1)
Pension scheme contributions*	**8,235**	8,369
	55,915	63,379
Less: Amounts capitalised in properties under development	**(20,297)**	(1,419)
	35,618	61,960
Impairment of other receivables under assets held for sale#	**740**	—
Impairment of property, plant and equipment under assets held for sale#	**—**	5,800
Adjustments on other receivables# *(note 15)*	**—**	32,583
Provisions for the disposal transaction of previous brewery subsidiaries# *(note 19)*	**18,340**	24,547

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

\# Included in "other operating expenses" on the face of the consolidated statement of profit or loss.

8. Directors' Remuneration

Directors' remuneration for the year, disclosed pursuant to the Rules Governing the Listing of Securities on the Stock Exchange (the "Listing Rules"), section 383(1)(a), (b), (c) and (f) of the Hong Kong Companies Ordinance and Part 2 of the Companies (Disclosure of Information about Benefits of Directors) Regulation, is as follows:

	2015	2014
	HK$'000	*HK$'000*
Fees:		
Independent Non-Executive Directors	**1,640**	1,640
Non-Executive Directors	**—**	—
Executive Directors	**—**	—
	1,640	1,640
Other emoluments:		
Salaries, allowances and benefits in kind	**2,000**	2,000
Bonus	**1,389**	1,390
Pension scheme contributions	**400**	400
	3,789	3,790
	5,429	5,430

(a) Independent Non-Executive Directors

The fees paid/payable to Independent Non-Executive Directors during the year were as follows:

	2015	2014
	HK$'000	*HK$'000*
Fees		
Alan Howard SMITH	**520**	520
FONG Wo, Felix	**560**	560
Vincent Marshall LEE Kwan Ho	**560**	560
	1,640	1,640

There were no other emoluments payable to the Independent Non-Executive Directors during the year (2014: Nil).

8. Directors' Remuneration (continued)

(b) Executive Directors and Non-Executive Directors

	Fees HK$'000	Salaries, allowances and benefits in kind HK$'000	Performance-related bonuses HK$'000	Pension scheme contributions HK$'000	Total remuneration HK$'000
2015					
Executive Directors:					
YE Xuquan *(Chief Executive Officer)*	—	2,000	1,389	400	3,789
ZHAO Chunxiao	—	—	—	—	—
LI Wai Keung	—	—	—	—	—
	—	2,000	1,389	400	3,789
Non-Executive Directors:					
HUANG Xiaofeng *(Chairman)*	—	—	—	—	—
HUANG Zhenhai	—	—	—	—	—
LUO Fanyu	—	—	—	—	—
	—	—	—	—	—
	—	2,000	1,389	400	3,789

8. Directors' Remuneration (continued)

(b) Executive Directors and Non-Executive Directors (continued)

	Fees	Salaries, allowances and benefits in kind	Performance-related bonuses	Pension scheme contributions	Total remuneration
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
2014					
Executive Directors:					
YE Xuquan *(Chief Executive Officer)*	—	2,000	1,390	400	3,790
ZHAO Chunxiao *(note a)*	—	—	—	—	—
LI Wai Keung	—	—	—	—	—
LIANG Jiang *(note b)*	—	—	—	—	—
	—	2,000	1,390	400	3,790
Non-Executive Directors:					
HUANG Xiaofeng *(Chairman)*	—	—	—	—	—
HUANG Zhenhai	—	—	—	—	—
LUO Fanyu	—	—	—	—	—
	—	—	—	—	—
	—	2,000	1,390	400	3,790

Notes:

(a) ZHAO Chunxiao was appointed an Executive Director of the Company effective from 18 December 2014.

(b) LIANG Jiang resigned as an Executive Director of the Company effective from 16 July 2014.

There was no arrangement under which a director waived or agreed to waive any remuneration during the year (2014: Nil).

9. Five Highest Paid Employees

The five highest paid employees during the year included one (2014: one) director, details of whose remuneration are set out in note 8 above. The details of the remuneration for the year of the remaining four (2014: four) non-director, highest paid employees are as follows:

	2015	2014
	HK$'000	*HK$'000*
Salaries, allowances and benefits in kind	**3,332**	3,345
Performance-related bonuses	**1,485**	1,072
Pension scheme contributions	**327**	120
	5,144	4,537

The number of non-director highest paid employees whose remuneration fell within the following bands is as follows:

	Number of employees	
	2015	2014
Nil to HK$1,000,000	**—**	1
HK$1,000,001 to HK$1,500,000	**4**	3
	4	4

10. Income Tax

No provision for Hong Kong profits tax has been made as the Group had no assessable profits arising in Hong Kong during the year (2014: Nil). Taxes on profits assessable elsewhere have been calculated at the rates of tax prevailing in the local jurisdictions in which the Group operates.

LAT was provided in accordance with the requirements set forth in the relevant PRC laws and regulations. LAT has been provided at ranges of progressive rates of the appreciation values, with certain allowable deductions.

	2015	2014
	HK$'000	*HK$'000*
Current – Hong Kong	**—**	—
Current – Elsewhere	**109,668**	—
LAT in Mainland China	**119,113**	9,125
Deferred *(note 20)*	**(224,669)**	—
Total tax charge for the year	**4,112**	9,125

A reconciliation of the tax expense applicable to profit before tax at the statutory rates for the locations in which the Company and its subsidiaries are domiciled to the tax charge at the effective tax rate is as follows:

	2015		2014	
	HK$'000	***%***	*HK$'000*	*%*
Profit before tax	**176,362**		90,898	
Tax at the statutory tax rates	**13,391**	**7.6**	14,998	16.5
Income not subject to tax	**(84,339)**	**(47.8)**	(28,371)	(31.2)
Expenses not deductible for tax	**60,326**	**34.2**	5,376	5.9
Utilisation of previously unrecognised tax losses	**(447)**	**(0.3)**	—	—
Tax losses not recognised	**2,912**	**1.7**	7,997	8.8
LAT	**119,113**	**67.5**	9,125	10.0
Release of deferred LAT liability	**(106,844)**	**(60.6)**	—	—
Tax charge at the Group's effective rate	**4,112**	**2.3**	9,125	10.0

11. Earnings Per Share Attributable to Ordinary Equity Holders of the Company

The calculation of the basic earnings per share amount is based on the profit for the year attributable to ordinary equity holders of the Company and the number of ordinary shares of 1,711,536,850 (2014: 1,711,536,850) in issue during the year.

The Group had no potentially dilutive ordinary shares in issue during the years ended 31 December 2015 and 2014.

12. Property, Plant and Equipment

	Notes	Buildings HK$'000	Plant, machinery and equipment HK$'000	Furniture and fixtures HK$'000	Motor vehicles HK$'000	Total HK$'000
31 December 2015						
At 31 December 2014 and at 1 January 2015:						
Cost		**38,444**	**2,837**	**996**	**669**	**42,946**
Accumulated depreciation		**(32,702)**	**(2,087)**	**(145)**	**(566)**	**(35,500)**
Net carrying amount		**5,742**	**750**	**851**	**103**	**7,446**
At 31 December 2014 and at 1 January 2015, net of accumulated depreciation		**5,742**	**750**	**851**	**103**	**7,446**
Additions		**—**	**3,009**	**10**	**1,288**	**4,307**
Disposals		**(1,088)**	**—**	**—**	**—**	**(1,088)**
Acquisition of a subsidiary	*23*	**—**	**276**	**—**	**—**	**276**
Depreciation	*7*	**(322)**	**(378)**	**(200)**	**(148)**	**(1,048)**
Exchange realignment		**(343)**	**(169)**	**—**	**(53)**	**(565)**
At 31 December 2015, net of accumulated depreciation		**3,989**	**3,488**	**661**	**1,190**	**9,328**
At 31 December 2015:						
Cost		**34,034**	**5,830**	**1,006**	**1,865**	**42,735**
Accumulated depreciation		**(30,045)**	**(2,342)**	**(345)**	**(675)**	**(33,407)**
Net carrying amount		**3,989**	**3,488**	**661**	**1,190**	**9,328**
31 December 2014						
At 1 January 2014:						
Cost		38,538	2,731	60	671	42,000
Accumulated depreciation		(32,434)	(1,896)	(2)	(463)	(34,795)
Net carrying amount		6,104	835	58	208	7,205
At 1 January 2014, net of accumulated depreciation		6,104	835	58	208	7,205
Additions		—	114	936	—	1,050
Depreciation	*7*	(327)	(196)	(143)	(104)	(770)
Exchange realignment		(35)	(3)	—	(1)	(39)
At 31 December 2014, net of accumulated depreciation		5,742	750	851	103	7,446
At 31 December 2014:						
Cost		38,444	2,837	996	669	42,946
Accumulated depreciation		(32,702)	(2,087)	(145)	(566)	(35,500)
Net carrying amount		5,742	750	851	103	7,446

13. Investment Properties

	2015	2014
	HK$'000	*HK$'000*
Carrying amount at 1 January	**29,559**	29,673
Fair value gains on investment properties	**87**	—
Exchange realignment	**(1,716)**	(114)
Carrying amount at 31 December	**27,930**	29,559

The Group's investment properties as at 31 December 2015 consisted of one industrial, one warehouse and one residential/non-residential properties in Mainland China. The directors of the Company have determined that the investment properties consist of three classes of assets, i.e., industrial, warehouse and residential/non-residential, based on the nature, characteristics and risks of each property. The Group's investment properties were revalued at 31 December 2015 by Vigers Appraisal and Consulting Limited., independent professionally qualified valuers, at RMB23,400,000 (HK$27,390,000). Each year, the Group's senior management and the chief financial officer decide to appoint which external valuers to be responsible for the external valuations of the Group's properties. Selection criteria includes market knowledge, reputation, independence and whether professional standards are maintained. The Group's finance manager and the chief financial officer have discussions with the valuers on the valuation assumptions and valuation results twice a year for the purpose of interim and annual financial reporting.

The investment properties are leased to third parties under operating leases, further summary details of which are included in note 26 to the financial statements.

Fair value hierarchy

The following table illustrates the fair value measurement hierarchy of the Group's investment properties:

	Fair value measurement as at 31 December 2015 using			
	Quoted prices in active markets (Level 1)	**Significant observable inputs (Level 2)**	**Significant unobservable inputs (Level 3)**	**Total**
	HK$'000	***HK$'000***	***HK$'000***	***HK$'000***
Recurring fair value measurement for:				
Industrial property	—	—	**2,220**	**2,220**
Warehouse property	—	—	**14,753**	**14,753**
Residential/non-residential property	—	—	**10,957**	**10,957**
	—	—	**27,930**	**27,930**

13. Investment Properties (continued)

Fair value hierarchy (continued)

	Fair value measurement as at 31 December 2014 using			
	Quoted prices in active markets (Level 1) *HK$'000*	Significant observable inputs (Level 2) *HK$'000*	Significant unobservable inputs (Level 3) *HK$'000*	Total *HK$'000*
Recurring fair value measurement for:				
Industrial property	—	—	2,662	2,662
Warehouse property	—	—	15,389	15,389
Residential/non-residential property	—	—	11,508	11,508
	—	—	29,559	29,559

During the year, there were no transfers of fair value measurement between Level 1 and Level 2 and no transfers into or out of Level 3 (2014: Nil).

Reconciliation of fair value measurements categorised within Level 3 of the fair value hierarchy:

	Industrial property *HK$'000*	**Warehouse property** *HK$'000*	**Residential/ Non-residential property** *HK$'000*
Carrying amount at 1 January 2014	2,671	15,441	11,561
Exchange realignment	(9)	(52)	(53)
Carrying amount at 31 December 2014 and 1 January 2015	2,662	15,389	11,508
Net gain/(loss) from a fair value adjustment recognised in other income and gains in profit or loss	(286)	263	110
Exchange realignment	(156)	(899)	(661)
Carrying amount at 31 December 2015	2,220	14,753	10,957

13. Investment Properties (continued)

Fair value hierarchy (continued)

Below is a summary of the valuation techniques used and the key inputs to the valuation of investment properties:

	Year	Valuation techniques	Significant unobservable inputs	Range or weighted average
Industrial property	**2015**	**Market approach**	**Accommodation value (per sq. m.)**	**HK$656.5**
	2014	Income approach	Estimated rental value (per sq.m. and per month)	HK$5.6
			Capitalisation rate	Term: 7% Reversion: 8%
Warehouse and residential/ non-residential properties	**2015**	**Market approach**	**Accommodation value (per sq. m.)**	**HK$423.7 to HK$479.8**
		Depreciated replacement cost method	**Estimated cost of construction (per sq. m.)**	**HK$2,363.3 to HK$2,803.8**
	2014	Income approach	Estimated rental value (per sq.m. and per month)	HK$9.5 to HK$9.7
			Capitalisation rate	Term: 8% Reversion: 9%

In estimating the fair value of the investment properties, the highest and best use of the properties is their current uses.

In 2015, the industrial property was assessed by adopting the market approach, reference has been made to the standard land price in Shenzhen City. In 2014, the industrial property was assessed by adopting the income approach on the basis of capitalisation of the market rental of the property. Due to the fact that rental comparables of industrial land in the locality is not available, transactions of industrial land in the locality is adjusted for the difference from the subject property and decapitalised to obtain the market rent.

In 2015, the warehouse and residential/non-residential properties were assessed by adopting a combination of the market and depreciated replacement cost approaches in assessing the land portions of the properties and the buildings and structures standing on the land. The sum of the two results represents the market value of the properties as a whole. In the valuation of the land portions, reference has been made to the standard land price in Shenzhen City. As the nature of the buildings and structures cannot be valued on the basis of market value; they have therefore been valued on the basis of their depreciated replacement cost. The depreciated replacement cost approach considers the cost to reproduce or replace in new condition the property appraised in accordance with current construction costs for similar property in the locality, with allowance for accrued depreciation as evidenced by observed condition or obsolescence, whether arising from physical, functional or economic causes. The depreciated replacement cost approach generally furnishes the most reliable indication of value for properties in the absence of a known market based on comparable sales.

13. Investment Properties (continued)

Fair value hierarchy (continued)

In 2014, the warehouse and residential/non-residential properties were assessed by adopting the income approach on the basis of capitalisation of the net income derived by making allowance for reversionary income potential of the subject properties. Due to the fact that the nature of the buildings and structures, rental income of similar buildings and structures is not available, for reversionary income potential of the subject property, the valuers have adopted a combination of the market and depreciated replacement cost approaches in assessing the land portions of the properties and the buildings and structures standing on the land. The sum of the two results represents the market value of the properties as a whole. In the valuation of the land portions, reference has been made to the standard land price in Shenzhen City and the sales evidence as available in the locality. As the nature of the buildings and structures cannot be valued on the basis of market value; they have therefore been valued on the basis of their depreciated replacement cost. The depreciated replacement cost approach considers the cost to reproduce or replace in new condition the property appraised in accordance with current construction costs for similar property in the locality, with allowance for accrued depreciation as evidenced by observed condition or obsolescence, whether arising from physical, functional or economic causes. The depreciated replacement cost approach generally furnishes the most reliable indication of value for properties in the absence of a known market based on comparable sales. The approach is subject to adequate potential profitability of the business or of the whole entity.

14. Properties under Development

	2015	2014
	HK$'000	*HK$'000*
At 1 January	**25,152**	19,812
Additions	**275,461**	5,387
Acquisition of a subsidiary *(note 23)*	**1,949,721**	—
Transfer to completed properties held for sale	**(2,148,411)**	—
Exchange realignment	**(4,644)**	(47)
At 31 December	**97,279**	25,152

Additions to properties under development included interest expense of HK$7,728,000 (2014: Nil) that was incurred and capitalised during the year.

At the end of the reporting period, properties under development of HK$97,279,000 (2014: HK$25,152,000) were not scheduled for completion within twelve months.

15. Prepayments, Deposits and Other Receivables

Included in the Group's balance at 31 December 2015 was HK$642,662,000 (2014: HK$645,186,000), being the outstanding consideration receivable from the disposal of previous brewery subsidiaries. The amount is due at various intervals with the final amount of approximately RMB538.4 million due 24 months after the Overall Completion Date, as defined in the master sales agreement. Based on past experience, the directors of the Company are of the opinion that no provision for impairment is necessary in respect of the balance as there has not been a significant change in credit quality and the balance is still considered fully recoverable.

During the prior year, as a result of changes in circumstances, the Group had come to an agreement with China Resources Snow Breweries Limited ("CRSB") to adjust the settlement amount of the consideration down by HK$32,583,000. The adjustments were based on the additional liabilities that the disposed subsidiaries assumed and reduction of liabilities that the Group took up. The adjustments to other receivable of HK$32,583,000 was charged to profit of loss in the prior year (note 7).

In addition to certain adjustments to the considerations stipulated in the master sales agreement, the Group had undertaken to bear any losses arising from the disposed subsidiaries for additional obligations on, but not limited to, taxes, government levy, staff welfare and uncollectible trade receivables that occurred prior to the date of disposal.

16. Cash and Bank Balances

	Note	**2015** ***HK$'000***	2014 *HK$'000*
Cash and bank balances		**684,069**	322,365
Time and structured deposits with original maturity of less than three months when acquired		**2,995,840**	1,338,261
Time and structured deposits with original maturity over three months when acquired		**—**	2,171,145
		3,679,909	3,831,771
Less: Restricted bank balances	*(i)*	**(470,176)**	(191)
Cash and cash equivalents		**3,209,733**	3,831,580

Notes:

(i) Balance at 31 December 2015 represented pre-sale proceeds from the Group's completed properties held for sale placed at designated bank accounts under supervision pursuant to relevant regulations in the PRC amounting to approximately HK$469,995,000 (2014: Nil) and a cash deposit made by China Resources Snow Breweries Co., Ltd. to a designated bank account for specific use in relation to the disposal of the entire equity capital of nine previous brewery subsidiaries amounting to HK$181,000 (2014: HK$191,000).

16. Cash and Bank Balances (continued)

At the end of the reporting period, cash and bank balances of the Group denominated in Renminbi ("RMB") amounted to HK$3,674,884,000 (2014: HK$3,750,951,000). The 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.

Cash and cash equivalents earn interest at floating rates based on daily bank deposit rates. Short term time and structured deposits are made for varying periods of between seven days and six months depending on the immediate cash requirements of the Group, and earn interest at the respective deposit rates. Bank balances and time and structured deposits are deposited with creditworthy banks with no recent history of default.

Structured deposits held at the end of the reporting period were HK$2,231,650,000 (2014: HK$916,221,000). The principal amounts of the structured deposits are guaranteed. The Group uses the structured deposits primarily to enhance its return on fixed deposits.

17. Assets Held for Sale

	2015	2014
	HK$'000	*HK$'000*
Property, plant and equipment	**—**	27,833
Prepayments, deposits and other receivables	**—**	762
Assets classified as held for sale	**—**	28,595

18. Trade Payables

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

	2015	2014
	HK$'000	*HK$'000*
Within 1 month	**53**	—
1 to 2 months	**—**	—
2 to 3 months	**88**	—
Over 3 months	**74,406**	—
	74,547	—

The trade payables are non-interest bearing.

19. Other Payables, Accruals and Provisions

Included in the Group's balance at 31 December 2015 was an amount due to the immediate holding company of HK$289,000 (2014: Nil) and amounts due to fellow subsidiaries of HK$55,000 (2014: Nil).

Amounts directly related to liabilities associated with the disposal of the brewery subsidiaries of HK$91,193,000 (2014: HK$210,673,000), are as follows:

	2015	2014
	HK$'000	*HK$'000*
Other payables and accruals	**956**	135,880
Tax payable including capital gain tax	**49,092**	50,246
Provisions#	**41,145**	24,547
	91,193	210,673

\# According to the master sales agreement relating to the disposal of brewery subsidiaries in 2013, the Group had undertaken to bear any losses arising from the disposed brewery subsidiaries for additional obligations on, but not limited to, taxes, government levy, staff welfare and uncollectible trade receivables that occurred prior to the date of disposal. At 31 December 2015, provisions of HK$41,145,000 were recorded in relation to such undertaking. Movements in the current year are as follows:

	HK$'000
At 1 January 2015	24,547
Additional provisions	18,340
Exchange realignment	(1,742)
At 31 December 2015	41,145

Financial liabilities included in other payables and accruals at the end of the reporting period are non-interest bearing and are either due within one year or have no fixed terms of repayment.

20. Deferred Tax

Movements in deferred tax assets and liabilities during the year are as follows:

Deferred tax liabilities

	Revaluation of properties HK$'000	Fair value adjustments arising from acquisition of subsidiaries HK$'000	Total HK$'000
At 1 January 2014, 31 December 2014 and 1 January 2015	(5,860)	—	(5,860)
Acquisition of a subsidiary *(note 23)*	—	(513,677)	(513,677)
Deferred tax credited to the statement of profit or loss during the year	—	201,270	201,270
At 31 December 2015	(5,860)	(312,407)	(318,267)

Deferred tax assets

	Provision for LAT HK$'000
At 1 January 2014, 31 December 2014 and 1 January 2015	—
Deferred tax credited to the statement of profit or loss during the year	23,399
Exchange differences	(1,234)
At 31 December 2015	22,165

The Company and subsidiaries operated in Hong Kong have tax losses arising in Hong Kong of HK$196,604,000 (2014: HK$174,048,000) that are available indefinitely for offsetting against their future taxable profits. Deferred tax assets have not been recognised in respect of these losses as the directors considered it not probable that sufficient taxable profits will be available against which the unused tax losses can be utilised.

As at 31 December 2015, the Group's subsidiaries had tax losses arising in Mainland China of HK$409,798,000 (2014: HK$330,634,000) that are available for a maximum of five years from the year in which the tax loss arises for offsetting against future taxable profits of the companies in which the losses arose. Deferred tax assets have not been recognised in respect of these losses as it is not considered probable that taxable profits will be available against which the tax losses can be utilised.

20. Deferred Tax (continued)

Pursuant to the PRC Corporate Income Tax Law, 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. For the Group, the applicable rate is 5%. The Group is therefore liable for withholding taxes on dividends distributed by those subsidiaries established in Mainland China in respect of earnings generated from 1 January 2008.

At 31 December 2015, no deferred tax has been recognised for withholding taxes that would be payable on the unremitted earnings that are subject to withholding taxes of a Group subsidiary established in Mainland China. In the opinion of the directors, it is not probable that the subsidiary will distribute such earnings in the foreseeable future. The aggregate amount of temporary differences associated with investments in subsidiaries in Mainland China for which deferred tax liabilities have not been recognised totalled approximately HK$8,619,000 at 31 December 2015. At 31 December 2014, there was no unremitted earnings of the Group's subsidiary established in Mainland China.

There are no income tax consequences attaching to the payment of dividends by the Company to its shareholders.

21. Share Capital

Shares

	2015	2014
	HK$'000	*HK$'000*
Authorised:		
5,000,000,000 (2014: 2,000,000,000) ordinary shares of HK$0.10 each	**500,000**	200,000
Issued and fully paid:		
1,711,536,850 (2014: 1,711,536,850) ordinary shares of HK$0.10 each	**171,154**	171,154

Pursuant to an ordinary resolution passed on 19 June 2015, the authorised share capital of the Company was increased from HK$200,000,000 to HK$500,000,000 by the creation of 3,000,000,000 additional shares of HK$0.10 each, ranking pari passu in all respects with the existing shares of the Company.

22. Reserves

The amounts of the Group's reserves and the movements therein for the current and prior years are presented in the consolidated statement of changes in equity of the financial statements.

Pursuant to the relevant PRC laws and regulations, a portion of the profits of the Group's subsidiaries which are registered in the PRC has been transferred to the enterprise development funds and the reserve funds which are restricted as to use and are not available for distribution. When the balances of these reserves reach 50% of each company's share capital, any further appropriation is optional. The amounts transferred from the retained profits are determined by the board of directors of these subsidiaries.

On 23 April 1998, a special resolution was passed in a special general meeting of the Company for a reduction of its share premium account in the amount of HK$140,234,000. This amount was credited to the Group's capital reserve account against which goodwill arising on the acquisitions of subsidiaries was eliminated.

23. Business Combination

On 27 April 2015, the Group acquired a 100% interest in Triumphant Success Limited and its subsidiaries (the "Triumphant Success Group") from GDH, the immediate holding company of the Company. The acquisition was in line with the Group's core business of property development and investment in the PRC. The acquisition was a related party transaction and constituted a connected transaction as defined in Chapter 14A of the Listing Rules.

The purchase consideration for the acquisition, in form of cash, was RMB403,091,000 (equivalent to approximately HK$509,674,000) which was fully settled during the year.

The Group has elected to measure non-controlling interest in the Triumphant Success Group at the non-controlling interest's proportionate share of the Triumphant Success Group's identifiable net assets.

23. Business Combination (continued)

The fair values of the identifiable assets and liabilities of the Triumphant Success Group as at the date of acquisition were as follows:

	Fair values recognised on acquisition *HK$'000*
Property, plant and equipment	276
Properties under development	1,949,721
Prepayments, deposits and other receivables	31,587
Cash and bank balances	5,677
Trade payables	(112,696)
Other payables and accruals	(5,623)
Amount due to the ultimate holding company	(59,597)
Amounts due to fellow subsidiaries	(138,081)
Interest-bearing bank borrowings	(228,186)
Deferred tax liabilities	(513,677)
Shareholder's loan	(189,851)
Total identifiable net assets at fair value	739,550
Non-controlling interest	(185,865)
	553,685
Gain on bargain purchase recognised in the consolidated statement of profit or loss	(233,862)
Assignment of a shareholder's loan	189,851
Satisfied by cash	509,674

As at the date of acquisition, the fair values of the other receivables were also their gross contractual amounts of HK$11,150,000. No other receivables were expected to be uncollectible.

The Group incurred transaction costs of HK$3,542,000 for this acquisition. These costs have been expensed and are included in other operating expenses in the consolidated statement of profit or loss.

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

	HK$'000
Cash consideration	(509,674)
Cash and bank balances acquired	5,677
Net outflow of cash and cash equivalents included in cash flows from investing activities	(503,997)
Transaction costs of the acquisition included in cash flows from operating activities	(3,542)
	(507,539)

Since the acquisition, the Triumphant Success Group contributed HK$857,520,000 to the Group's revenue and incurred a loss of HK$12,615,000 which was included in the Group's results for the year ended 31 December 2015.

Had the combination taken place at the beginning of the year, the revenue of the Group and the profit of the Group for the year would have been HK$857,520,000 and HK$169,394,000, respectively.

24. Partly-owned Subsidiary with Material Non-Controlling Interest

Details of the Group's subsidiary that has material non-controlling interest are set out below:

	2015	2014
Percentage of equity interest held by non-controlling interest:		
廣州市番禺粵海房地產有限公司("Guangzhou Panyu Yuehai Real Estate Company Limited")	**20%**	—

	2015 *HK$'000*	2014 *HK$'000*
Loss for the year allocated to non-controlling interest:		
Guangzhou Panyu Yuehai Real Estate Company Limited	**2,523**	—
Dividends paid to non-controlling interest of Guangzhou Panyu Yuehai Real Estate Company Limited	**—**	—
Accumulated balance of non-controlling interest at the reporting dates:		
Guangzhou Panyu Yuehai Real Estate Company Limited	**178,451**	—

The following tables illustrate the summarised financial information of the above subsidiary. The amounts disclosed are before any intercompany eliminations:

	2015 *HK$'000*	2014 *HK$'000*
Guangzhou Panyu Yuehai Real Estate Company Limited		
Revenue	**857,521**	—
Total expenses	**(870,136)**	—
Loss for the year	**(12,615)**	—
Total comprehensive loss for the year	**(37,070)**	—
Current assets	**1,894,363**	—
Non-current assets	**34,175**	—
Current liabilities	**(723,873)**	—
Non-current liabilities	**(312,410)**	—
Net cash flows from operating activities	**799,749**	—
Net cash flows used in investing activities	**(490,612)**	—
Net cash flows used in financing activities	**(224,118)**	—
Net increase in cash and cash equivalents	**85,019**	—

25. Notes to the Consolidated Statement of Cash Flows

In connection with the disposal of previous brewery subsidiaries, a cash deposit was made by CRSB to a designed bank account which is jointly operated by the Company and CRSB for specific use, in particular, for settlement of the disposal consideration. During the year ended 31 December 2014, HK$695,191,000 was released, of which HK$614,362,000 was applied as partial settlement for the disposal of previous brewery subsidiaries and HK$80,829,000 was refunded to CRSB.

26. Operating Lease Arrangements

(a) As lessor

The Group leases its investment properties (note 13) under operating lease arrangements. The terms of the leases generally also require the tenants to pay security deposits and provide periodic rent adjustments according to the then prevailing market conditions.

At the end of the reporting period, the Group had total future minimum lease receivables under non-cancellable operating leases with its tenants falling due as follows:

	2015 ***HK$'000***	2014 *HK$'000*
Within one year	**—**	239

(b) As lessee

The Group leases certain of its office properties under operating lease arrangements. Leases for properties are negotiated for terms ranging from one to three years (2014: one to three years).

At the end of the reporting period, the Group had total future minimum lease payments under non-cancellable operating leases, in respect of land and buildings, falling due as follows:

	2015 ***HK$'000***	2014 *HK$'000*
Within one year	**2,724**	2,726
In the second to fifth years, inclusive	**—**	2,725
	2,724	5,451

27. Commitments

In addition to the operating lease commitments detailed in note 26(b) to the financial statements, the Group had the following commitments at the end of the reporting period:

	2015 ***HK$'000***	2014 *HK$'000*
Contracted, but not provided for:		
Property development expenditure	**153,189**	6,098

28. Contingent Liabilities

Other than as disclosed elsewhere in the financial statements, as at 31 December 2015, the Group provided guarantees to certain banks in respect of mortgage granted by banks relating to the mortgage loans arranged for purchasers of the Group's properties. Pursuant to the terms of the guarantees, upon default in mortgage payments by these purchasers, the Group is responsible for repaying the outstanding mortgage principals together with the accrued interest and penalty owed by the defaulting purchasers to the banks and the Group is entitled but not limited to take over the legal titles and possession of the related properties. The Group's guarantee period starts from the dates of grant of the relevant mortgage loans and ends upon issuance of the real estate ownership certificates. As at 31 December 2015, the Group's outstanding guarantees amounted to HK$535,596,000 (2014: Nil) for these guarantees.

29. Related Party Transactions and Continuing Connected Transactions

Related party transactions

(a) In addition to the transactions and balances detailed elsewhere in these financial statements, the Group had the following related party transactions during the year:

Rental expenses

	2015	2014
	HK$'000	*HK$'000*
Rental expenses paid to a fellow subsidiary	**2,722**	2,888

The rental was based on normal commercial terms agreed between the respective parties.

At the end of the reporting period, the Group had total future minimum lease commitment to its fellow subsidiary of HK$2,722,000 (2014: HK$5,451,000) for a lease arrangement ending on 30 November 2016.

(b) Compensation of key management personnel of the Group:

	2015	2014
	HK$'000	*HK$'000*
Short term employee benefits	**4,622**	4,546
Post-employment benefits	**400**	400
Total compensation paid to key management personnel	**5,022**	4,946

Further details of the directors' emoluments are included in note 8 to the financial statements.

(c) Outstanding balance with related parties

The Group had an outstanding balance due to its immediate holding company of HK$289,000 (2014: Nil) and outstanding balances due to fellow subsidiaries of HK$55,000 (2014: Nil) as at the end of the reporting period. These balances are unsecured, interest-free and have no fixed terms of repayment.

The related party transactions in respect of items disclosed in note 29(a) also constituted continuing connected transactions as defined in Chapter 14A of the Listing Rules.

29. Related Party Transactions and Continuing Connected Transactions (continued)

Continuing connected transactions

During the year, the Group had the following continuing connected transactions that are disclosed below as required by the disclosure requirements of Chapter 14A of the Listing Rules.

Leasing of the Company's office premises

On 29 November 2013, the Company entered into a tenancy agreement with Guangdong Power (International) Limited, a non-wholly owned subsidiary of Guangdong Investment Limited, a fellow subsidiary of the Company, which became effective for the period from 1 December 2013 to 30 November 2016 in relation to the leasing of the whole floor of 18th Floor of the Guangdong Investment Tower as the Company's office premises as its head office and principal place of business in Hong Kong at a monthly rent of HK$247,000 (the "Tenancy Agreement").

The Board of the Company, including the independent non-executive directors, have reviewed the continuing connected transactions set out above and have confirmed that these continuing connected transactions were entered into (i) in the ordinary and usual course of business of the Group; (ii) on normal commercial terms or on terms no less favourable to the Group than terms available to or from independent third parties; and (iii) in accordance with the Tenancy Agreement governing them on terms that are fair and reasonable and in the interests of the shareholders of the Company as a whole.

Ernst & Young, the Company's auditors, were engaged to report on the Group's continuing connected transactions in accordance with Hong Kong Standard on Assurance Engagements 3000 *Assurance Engagements Other Than Audits or Reviews of Historical Financial Information* and with reference to Practice Note 740 *Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules* issued by the HKICPA. Ernst & Young have issued their unqualified letter containing their findings and conclusions in respect of the continuing connected transactions disclosed above by the Group in accordance with Rule 14A.56 of the Listing Rules. A copy of the auditors' letter has been provided by the Company to the Stock Exchange.

30. 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 Loans and receivables *HK$'000*	2014 Loans and receivables *HK$'000*
Financial assets included in prepayments, deposits and other receivables	**673,490**	695,726
Restricted bank balances	**470,176**	191
Cash and cash equivalents	**3,209,733**	3,831,580
	4,353,399	4,527,497

Financial liabilities

	2015 Financial liabilities at amortised cost *HK$'000*	2014 Financial liabilities at amortised cost *HK$'000*
Trade payables	**74,547**	—
Financial liabilities included in other payables and accruals	**228,931**	190,651
	303,478	190,651

31. Financial Risk Management Objectives and Policies

The Group's principal financial instruments comprise cash and short term deposits. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial assets and liabilities such as other receivables and other payables and accruals, which arise directly from its operations.

It is, and has been, throughout the year under review, the Group's policy that no trading in financial instruments shall be undertaken.

The main risks arising from the Group's financial instruments are foreign currency risk, credit risk and liquidity risk. The board of directors reviews and agrees policies for managing each of these risks and they are summarised below.

(i) Foreign currency risk

The Group has transactional currency exposures. These exposures arise from revenue or expenses by operating units in currencies other than the units' functional currencies. The Group's monetary assets, financing and transactions are principally denominated in RMB and HK$. The Group is exposed to the foreign exchange risk arising from changes in the exchange rate of HK$ against RMB. At present, the Group does not intend to seek to hedge its exposure to foreign exchange fluctuations. However, the Group will constantly review the economic situation and its foreign exchange risk profile, and will consider appropriate hedging measures in future as may be necessary.

The following table demonstrates the sensitivity at the end of the reporting period to a reasonably possible change in the RMB exchange rate, with all other variables held constant, of the Group's profit before tax and equity (due to changes in the fair value of monetary assets and liabilities).

	Increase/ (decrease) in RMB rate	**Increase/ (decrease) in profit before tax**	**Increase/ (decrease) in equity**
	%	*HK$'000*	*HK$'000*
2015			
If HK$ weakens against RMB	**3**	**105,082**	**105,082**
If HK$ strengthens against RMB	**(3)**	**(105,082)**	**(105,082)**
2014			
If HK$ weakens against RMB	3	119,545	119,545
If HK$ strengthens against RMB	(3)	(119,545)	(119,545)

(ii) Credit risk

Receivable balances are monitored on an ongoing basis and the Group's exposure to bad debts is not significant. The credit risk of the Group's other financial assets, which comprise cash and cash equivalents, and other receivables, arises from default of the counterparty, with the maximum exposure equal to the carrying amounts of these instruments. At 31 December 2015, an amount of HK$642,662,000 (2014: HK$645,186,000) in connection with the disposal of nine previous brewery subsidiaries was due from CRSB.

31. Financial Risk Management Objectives and Policies (continued)

(iii) Liquidity risk

The Group monitors its risk to a shortage of funds using a recurring liquidity planning tool. This tool considers the maturity of both its financial instruments and financial assets (e.g., other receivables) and projected cash flows from operations.

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of the bank facilities.

Management of the Group has carried out a detailed review of the cash flow forecast of the Group for the next twelve months from the end of the reporting period. Based on this forecast, accompanied by the bank facilities available, the directors of the Company have determined that adequate liquidity exists to finance the working capital and capital expenditure requirements of the Group during the forecast period. In preparing the cash flow forecast, the directors of the Company have considered historical cash requirements of the Group as well as other key factors, including the availability of loans financing which may impact the operations of the Group prior to the end of the next twelve months after the end of the reporting period. The directors of the Company are of the opinion that the assumptions and sensitivities which are included in the cash flow forecast are reasonable. However, as with all assumptions in regard to future events, these are subject to inherent limitations and uncertainties and some or all of these assumptions may not be realised.

The maturity profile of the Group's financial liabilities as at the end of the reporting period, based on the contractual undiscounted payments, was as follows:

	2015		
	On demand *HK$'000*	**Less than 3 months** *HK$'000*	**Total** *HK$'000*
Trade payables	**—**	**74,547**	**74,547**
Other payables and accruals	**956**	**227,975**	**228,931**
	956	**302,522**	**303,478**

	2014		
	On demand *HK$'000*	Less than 3 months *HK$'000*	Total *HK$'000*
Other payables and accruals	132,164	58,487	190,651

31. Financial Risk Management Objectives and Policies (continued)

(iv) Capital management

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business and maximise 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, return capital to shareholders or issue new shares. The Group is not subject to any externally imposed capital requirements. No changes were made in the objectives, policies or processes for managing capital during the years ended 31 December 2015 and 2014.

The Group monitors capital using a gearing ratio, which is total debt divided by equity plus total debt. The Group's policy is to maintain the ratio at less than 100%. Total debt includes interest-bearing bank borrowings. Equity represents equity attributable to equity holders of the Company. The gearing ratios as at the end of the reporting periods were as follows:

	2015	2014
	HK$'000	*HK$'000*
Total debt	**—**	—
Equity attributable to equity holders of the Company	**4,431,356**	4,337,785
Equity and total debt	**4,431,356**	4,337,785
Gearing ratio	**0%**	0%

32. Balance Sheet of the Company

Information about the balance sheet of the Company at the end of the reporting period is as follows:

	2015 HK$'000	2014 HK$'000
NON-CURRENT ASSETS		
Property, plant and equipment	**661**	851
Investments in subsidiaries	**967,687**	669,664
Total non-current assets	**968,348**	670,515
CURRENT ASSETS		
Due from subsidiaries	**3,998,252**	4,638,232
Prepayments, deposits and other receivables	**89,561**	90,235
Restricted bank balances	**181**	191
Cash and cash equivalents	**5,073**	17,140
Total current assets	**4,093,067**	4,745,798
CURRENT LIABILITIES		
Due to subsidiaries	**(2,957,879)**	(3,122,517)
Other payables, accruals and provisions	**(58,251)**	(40,705)
Total current liabilities	**(3,016,130)**	(3,163,222)
NET CURRENT ASSETS	**1,076,937**	1,582,576
Net assets	**2,045,285**	2,253,091
EQUITY		
Issued capital	**171,154**	171,154
Reserves *(note)*	**1,874,131**	2,081,937
Total equity	**2,045,285**	2,253,091

Note:

A summary of the Company's reserves is as follows:

	Share premium account HK$'000	Capital reserve* HK$'000	Retained profits HK$'000	Total HK$'000
At 1 January 2014	1,688,606	140,234	430,435	2,259,275
Total comprehensive loss	—	—	(177,338)	(177,338)
At 31 December 2014 and 1 January 2015	1,688,606	140,234	253,097	2,081,937
Total comprehensive loss	—	—	(207,806)	(207,806)
At 31 December 2015	1,688,606	140,234	45,291	1,874,131

* On 23 April 1998, a special resolution was passed in a special general meeting of the Company for a reduction of its share premium account in the amount of HK$140,234,000.

33. Information about Principal Subsidiaries

Particulars of the principal subsidiaries are as follows:

Name of company	Place of incorporation/ registration and business	Issued/ registered share capital	Percentage of equity attributable to the Company Direct	Indirect	Principal activities
廣州市番禺粵海房地產有限公司*	PRC/Mainland China	RMB187,300,000	—	80	Property development and investment
粵海置地（深圳）有限公司#*	PRC/Mainland China	RMB4,000,000,000	—	100	Property development and investment
Shenzhen Kingway Brewery Co., Ltd.#*	PRC/Mainland China	US$50,000,000	—	100	Property development and investment
Bonus Point Enterprises Limited	Hong Kong	HK$1	—	100	Investment holding
Brilliant Well Enterprises Limited	Hong Kong	HK$1	—	100	Investment holding
City Century Limited	Hong Kong	HK$1	—	100	Investment holding
Ease Court Investment Limited	Hong Kong	HK$102	—	100	Investment holding
Harbour Bright Enterprises Limited	Hong Kong	HK$102	—	100	Investment holding
Jade Shine Limited	Hong Kong	HK$1	—	100	Investment holding
Morefit limited*	British Virgin Islands	US$1	—	100	Investment holding
Silver Coin Limited	Hong Kong	HK$1	—	100	Investment holding

The subsidiaries were registered as wholly-foreign-owned enterprises under PRC law.

* Not audited by Ernst & Young, Hong Kong or another member firm of the Ernst & Young global network

The above table lists the subsidiaries of the Company which, in the opinion of the directors, principally affected the results for the year or formed a substantial portion of the net assets of the Group. To give details of other subsidiaries would, in the opinion of the directors, result in particulars of excessive length.

34. Comparative Amounts

Comparative information in respect of the Group's operating segment has been re-presented to conform with the current year's presentation and disclosures.

35. Approval of the Financial Statements

The financial statements were approved and authorised for issue by the board of directors on 16 March 2016.

Major Properties Held by the Group

31 December 2015

Investment Properties

Location	Use	Tenure	Attributable interest of the Group
A parcel of land located at south of Tai Bai Road, Luohu District, Shenzhen City, Guangdong, PRC	Commercial	Vacant	100%
Shao Ma Ling, Buji Town, Longgang District, Shenzhen City, Guangdong, PRC	Warehouse	Vacant	100%
No. 5 Da Feng Industrial Area, Shiyan Town, Baoan District, Shenzhen City, Guangdong, PRC	Residential/ non-residential	Vacant	100%

Properties under Development

Location	Use	Site area *(sq.m.)*	Gross floor area *(sq.m.)*	Attributable interest of the Group
No. 1, Dongchang Road, Luohu District, Shenzhen, Guangdong, PRC	Commercial and industrial	87,075	—	100%

Completed Properties Held for Sale

Location	Use	Site area *(sq.m.)*	Gross floor area *(sq.m.)*	Attributable interest of the Group
Ruyingju, South of Sanzhi Xiangshui Road, Dongxiang Village, Dashi Town, Panyu District, Guangzhou Guangdong, PRC	Residential	38,771	127,597	80%

粵海置地控股有限公司
Guangdong Land Holdings Limited