Ronshine China Holdings Limited
融信中國控股有限公司

(Incorporated in the Cayman Islands with limited liability)
Stock Code : 3301

ANNUAL REPORT 2015

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CORPORATE INFORMATION

BOARD OF DIRECTORS

Executive Directors

Mr. Ou Zonghong
(Chairman and Chief Executive Officer)
Mr. Wu Jian *(Vice President)*
Mr. Lin Junling *(Vice President)*
Ms. Zeng Feiyan *(Chief Financial Officer)*

Independent Non-Executive Directors

Mr. Lo, Wing Yan William
Mr. Ren Yunan
Mr. Qu Wenzhou

AUDIT COMMITTEE

Mr. Qu Wenzhou *(Chairman)*
Mr. Lo, Wing Yan William
Mr. Ren Yunan

REMUNERATION COMMITTEE

Mr. Ren Yunan *(Chairman)*
Mr. Ou Zonghong
Mr. Qu Wenzhou

NOMINATION COMMITTEE

Mr. Ou Zonghong *(Chairman)*
Mr. Lo, Wing Yan William
Mr. Qu Wenzhou

AUDITOR

PricewaterhouseCoopers
Certified Public Accountants
22/F, Prince's Building
Central
Hong Kong

LEGAL ADVISERS

As to Hong Kong law:

Sidley Austin

As to Cayman Islands law:

Conyers Dill & Pearman

As to PRC law:

FenXun Partners

COMPLIANCE ADVISER

Guotai Junan Capital Limited

CAYMAN ISLANDS PRINCIPAL SHARE REGISTRAR AND TRANSFER OFFICE

Codan Trust Company (Cayman) Limited
Cricket Square
Hutchins Drive
P.O. Box 2681, Grand Cayman, KY1-1111
Cayman Islands

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HONG KONG SHARE REGISTRAR

Computershare Hong Kong Investor Services Limited
Shops 1712-1716, 17th Floor
Hopewell Centre
183 Queen's Road East, Wanchai
Hong Kong

REGISTERED OFFICE

Cricket Square
Hutchins Drive
P.O. Box 2681
Grand Cayman KY1-1111
Cayman Islands

PRINCIPAL PLACE OF BUSINESS AND HEAD OFFICE IN THE PRC

6th Floor, Tower T1, Hongqiao Vanke Centre
No. 988 Shen Zhang Road
Minhang District
Shanghai
The People's Republic of China

PRINCIPAL PLACE OF BUSINESS IN HONG KONG

18/F, Tesbury Centre
28 Queen's Road East
Wanchai
Hong Kong

JOINT COMPANY SECRETARIES

Ms. Zeng Feiyan
Ms. Ng Wing Shan *(FCS, FICS)*

AUTHORISED REPRESENTATIVES

Mr. Ou Zonghong
Ms. Ng Wing Shan

PRINCIPAL BANKERS

Bank of China Limited
(Pingtan Sub-branch)
Agricultural Bank of China Limited
(Hudong Sub-branch)
Industrial and Commercial Bank of China Limited
(Cangshan Sub-branch)

WEBSITE

www.rongxingroup.com

STOCK CODE

3301

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In September 2015, Rongxin (Fujian) Investment Company Limited, a wholly-owned subsidiary of the Company, was awarded "2015 Best 50 of China Real Estate Developers Brand Value" jointly by the China Real Estate Research Association, the China Real Estate Industry Association and the China Real Estate Evaluation Centre.

In September 2015, Rongxin (Fujian) Property Management Company Limited, a wholly-owned subsidiary of the Company, was awarded "2015 Best 50 of China Property Management Enterprises Brand Value" jointly by the China Real Estate Research Association, the China Real Estate Industry Association and the China Real Estate Evaluation Centre.

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In March 2016, the Company was awarded "2016 Best 50 of China Real Estate Developers" jointly by the China Real Estate Industry Association and the China Real Estate Evaluation Centre.

In March 2016, the Company was awarded "2016 Best 10 of Development of China Real Estate Developers" jointly by the China Real Estate Industry Association and the China Real Estate Evaluation Centre.

AWARDS

In August 2015, Rongxin (Fujian) Investment Company Limited, a wholly-owned subsidiary of the Company, were ranked No. 117 at "2015 China Top 500 Private Enterprises" and ranked No. 31 at "2015 China Top 100 Private Service Enterprises" by All-China Federation of Industry and Commerce.

Dear Shareholders,

On behalf of the board (the "**Board**") of directors (the "**Directors**") of Ronshine China Holdings Limited (the "**Company**" or "**Ronshine"**), I am pleased to present the first annual report of the Company and its subsidiaries (the "**Group**") for the year ended 31 December 2015.

MARKET AND BUSINESS REVIEW

During 2015, in order to cope with complex global economic environment and the increased economic downward pressure in China, the Chinese Government continued to regulate the macroeconomic conditions and introduced structural reforms, which resulted in a steady growth on national economy. In order to boost up the property market in China, the Chinese Government gradually relaxed certain property control measures based on macroeconomic performances, including the long-implemented property purchase quota, restrictions on down payment proportion for first-time and second-time buyers, and lowering the relevant tax rates. At present, except in several first-tier cities, property purchase quotas have been lifted in most domestic cities in China. Also, many local banks continued to lower their housing loan interest rates, and many local governments have introduced a series of housing subsidy polices to further stimulate purchasing demands for property.

Owing to continuous relaxations in property control measures, the property market in China significantly recovered in the second half of 2015, and both the areas and revenues for properties sold increased steadily during the year under review. The Real Estate Climate Index (also known as "**Real Estate Development Climate Index**"), which reflects real estate market climate, turned positive in June 2015, continued to increase in July and August 2015, and has remained steady since September 2015. However, recovery in the Chinese property market varies greatly between different regions, and the imbalance of development between different cities deepened. In first-tier and second-tier cities, rapid economic development and steady income growth uphold a strong demand on properly market. While in some third-tier and fourth-tier cities, the outflow of population and resources resulted in a decrease in property demand. Excessive housing inventory has become a problem for third-tier and fourth-tier cities.

Based on the Group's achievements and experiences obtained in the Western Taiwan Straits Economic Zone, Ronshine began to explore the national market and entered into the property markets in two important economic hubs, Shanghai and Hangzhou in the Yangtze River Delta, in 2013. Currently, Ronshine has successfully established its foothold in Shanghai, Hangzhou, Fuzhou, Xiamen, Zhangzhou and other places. In 2015, by virtue of the tireless efforts of the Group, the sales revenue of Ronshine amounted to approximately RMB7,415 million, ranking the 29th among all Chinese real estate enterprises in terms of sales performance in 2015 according to the CRIC Research Center — an authoritative research institution in Chinese real estate industry. The contracted sales of the Group amounted to approximately RMB11,917 million with year-on-year increase of about 33.15%. The revenue of the Group increased significantly by approximately 80.88% from approximately RMB4,099 million in the year ended 31 December 2014 to approximately RMB7,415 million in the year ended 31 December 2015. The profit attributable to owners of the Company amounted to approximately RMB1,433 million with a year-on-year increase of about 182.88%. The earnings per share (without taking into consideration of the shares issued during the initial public offering of the Company) for profit attributable to owners of the Company reached RMB1.42 with a year-on-year increase of 184%. Further, the gearing ratio of the Group decreased significantly from 15.41 times as at 31 December 2014 to 2.47 times as at 31 December 2015. All these figures demonstrated that the Group has a strong and sound financial position, which is conductive to steady business development in the future.

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Based on the excellent track records of the Group, the shares of the Company were successfully listed (the "**Listing**") on the Main Board at The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") on 13 January 2016 (the "**Listing Date**"), and the Group raised net proceeds of approximately HK$1,780 million. This marks an important move of the Group into the international capital market, and injects greater momentum and confidence into the long-term development of Ronshine in the future.

PROSPECTS

For many years, Ronshine has been focusing on core regions in the first-tier and second-tier cities in China, and dedicated to building benchmark products that meet the needs on local markets. Adhering to the Group's strategy "Based in Fujian, Nationwide Presence", the Group has made strenuous efforts to secure its leading position in Fujian Province while actively exploring domestic core city clusters represented by "Yangtze River Delta". In February 2016, Ronshine moved its headquarters to Shanghai to deepen its nationwide presence. As a financial center in China and a window for China's opening-up, Shanghai has good investment environment and a broad market, which lay a solid foundation for the future expansion of Ronshine brand.

As at 31 December 2015, Ronshine has abundant high-quality land reserves, the total floor area of which amounted to approximately 5.17 million square meters. Most of the land reserves of the Group are located in the first-tier and second-tier cities in China with high growth potential such as Shanghai, Fuzhou and Xiamen. The Group believes that, the high-quality land reserves in prime locations enables the Group to plan attractive property development projects to propel the Group's continued business development. The Group believes the development potential of its land reserves will not be easily influenced by the market fluctuations in China. In the future, relying on the Group's prestigious brand and extensive experience within the industry, Ronshine will continue to develop high-quality properties in the Western Taiwan Straits Economic Zone where the Group has established a stronghold and those selected first-tier and second-tier cities. Furthermore, Ronshine also plans to expand its business in existing markets and strategically march toward other first-tier and second-tier cities. As part of its expansion strategy, Ronshine will continue to identify and acquire more suitable land in Shanghai and Hangzhou where the Group has established strongholds so as to continue the expansion of the Group's brand recognition in those cities and further enhance economies of scale, and will prudently enter other first-tier and second-tier cities with net inflow of population where real estate supply and demand is in good balance.

By leveraging the Group's rich experience and excellent track records of property development in the Western Taiwan Straits Economic Zone, and the Group's strategic development and deployment in Shanghai, Hangzhou and other places, Ronshine is confident in grasping the good development opportunities under the support of the rigid demand of the people who purchase houses for improving housing conditions in China's real estate market, so as to promote long-term and stable business development of the Group.

Upon its Listing and to continue implementing its business expansion in the first-tier cities, Ronshine, through its subsidiaries, successfully acquired two parcels of lands situated in Hangzhou and one parcel of land situated in Shanghai. The total floor area of these three parcels of land amounted to approximately 328,500 square meters. Since the locations of these three parcels of land are considered by the Group as prime areas, Ronshine believes these parcels of land provide broad space for the Group's growth in the property market in Hangzhou and Shanghai.

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While implementing long-term development strategy, the Group is also committed to continue to the implement of its prudent financial policy and take an active approach for capital structure management. Following its successful Listing on 13 January 2016, the Company actively develops various financing channels so as to optimise its financial structure. The Group takes a cautious and sensitive approach to the capital market to seize the best financing opportunities with a view to reduce the Group's financing costs and improve its profitability. In September 2015 and November 2015, the Group applied to the Shanghai Stock Exchange and Shenzhen Stock Exchange for issuing corporate bonds in the Shanghai Stock Exchange and the Shenzhen Stock Exchange with a total principal amount up to RMB11 billion. As at the date of this annual report, the Group has successfully issued RMB6.5 billion of corporate bonds on the Shanghai Stock Exchange and the Shenzhen Stock Exchange. The Group believes the issue of corporate bonds can improve its operating cash flow by expanding and diversifying its financing channels, and intends to use part of the proceeds raised in these corporate bonds to replace the high-cost trust loans so as to optimise the Group's gearing ratio, support the Group's business development in good momentum, and improve the Group's asset turnover efficiency.

In the future, the Group will commit itself to product diversifications and continue to focus on residential property development. Moreover, the Group will continue to acquire high-quality land to expand its land reserve, thereby supporting long-term and stable business development of the Group.

ACKNOWLEDGEMENTS

On behalf of the Board, I hereby express my sincere gratitude to the shareholders and partners of the Group for their trust and long-time supports. In addition, my thanks go to the Board, the Group's management team and all employees for their great efforts and contribution in the past years. In 2016, the Group will continue to work hard, achieve better results, and bring higher returns to shareholders.

By Order of the Board
Ou Zonghong
Chairman

Hong Kong, 23 March 2016

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FINANCIAL HIGHLIGHTS

CONSOLIDATED RESULTS

	Year ended 31 December			
	2015	2014	2013	2012
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Revenue	**7,414,576**	4,099,230	2,128,898	1,291,127
Profit for the year attributable to owners of the Company	**1,432,813**	506,507	517,691	187,545

CONSOLIDATED ASSETS, LIABILITIES AND EQUITY

	As at 31 December			
	2015	2014	2013	2012
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Non-current assets	**4,059,405**	3,459,744	1,310,945	736,176
Current assets	**30,737,465**	28,075,017	17,443,584	6,837,619
Total assets	**34,796,870**	31,534,761	18,754,529	7,573,795
Non-current liabilities	**6,926,063**	10,999,600	4,985,700	710,000
Current liabilities	**22,798,075**	19,506,115	12,229,884	5,857,019
Total liabilities	**29,724,138**	30,505,715	17,215,584	6,567,019
Total equity	**5,072,732**	1,029,046	1,538,945	1,006,776
Total equity attributable to owners of the Company	**4,302,522**	1,020,877	1,525,908	1,006,776

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Projects developed by the subsidiaries of the Company

As at 31 December 2015, the subsidiaries of the Company had engaged in a total of 21 property development projects. The table below sets forth the details of these property development projects as at 31 December 2015:

	Project	Location in the PRC	Total site area (sq.m.)	Interest attributable to the Group	Type of property product	Estimated aggregate GFA (sq.m.)	Saleable GFA remaining unsold (sq.m.)	Completion time/ estimated completion time
1.	First City Rongxin Super Star City Phase I (融信•第一城一期)	Fuzhou	49,787.00	100%	Basement (including car parks)	92,665.70	860.06	October 2006
2.	First City Rongxin Super Star City Phase III (融信•第一城三期)	Fuzhou	41,802.00	100%	Basement (including car parks)	92,558.00	720.48	April 2009
3.	Rongxin Spanish (融信•西班牙)	Fuzhou	59,401.00	100%	Basement (including car parks)	109,760.90	220.62	September 2009
4.	Broad View (融信•寬域)	Fuzhou	62,495.00	100%	Basement (including car parks)	163,238.10	2,502.31	May 2010
5.	David City (融信•大衛城)	Fuzhou	191,254.70	100%	Residential	333,080.53	7,981.02	May 2013
					Commercial	8,930.21	3,326.91	
					Ancillary	23,796.02	—	
					Basement (including car parks)	64,548.26	21,509.07	
6.	Lan County (融信•瀾郡)	Fuzhou	69,618.40	100%	Residential (Resettlement housing (Note 1))	193,020.52	29,995.62	August 2014
					Ancillary	6,287.15	—	
					Basement (including car parks)	70,551.34	30,604.85	
7.	The White House Phase 1 (融信•白宮階段1)	Fuzhou	58,492.67	91% (Note 2)	Residential	112,392.68	25,218.51	December 2015
					Commercial	2,941.52	230.00	
					Ancillary	6,213.68	—	
					Basement (including car parks)	38,535.91	4,780.94	
	The White House Phase 2 (融信•白宮階段2)	Fuzhou	59,986.32	91% (Note 2)	Residential	117,620.24	38,107.71	January 2016
					Hotel	39,035.15	39,035.15	
					Ancillary	6,502.69	—	
					Basement (including car parks)	40,328.28	5,003.31	
	The White House Phase 3 (融信•白宮階段3)	Fuzhou	16,310.01	91% (Note 2)	Residential	31,365.40	12,497.33	August 2017
					Ancillary	1,734.05	—	
					Basement (including car parks)	10,754.21	1,334.22	
8.	David City Phase 1 (融信•平潭大衛城階段1)	Fuzhou	62,922.42	51% (Note 2)	Residential	181,747.22	72,959.84	April 2016
					Commercial	4,258.92	3,646.28	
					Ancillary	5,689.70	—	
					Basement (including car parks)	52,316.27	36,351.26	
	David City Phase 2 (融信•平潭大衛城階段2)	Fuzhou	48,398.06	51% (Note 2)	Residential	115,972.60	46,646.45	November 2016
					Commercial	30,688.20	26,273.76	
					Ancillary	3,637.67	—	
					Basement (including car parks)	33,448.10	23,240.97	

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	Project	Location in the PRC	Total site area (sq.m.)	Interest attributable to the Group	Type of property product	Estimated aggregate GFA (sq.m.)	Saleable GFA remaining unsold (sq.m.)	Completion time/ estimated completion time
9.	The Coast Phase 1 (融信 • 後海階段1)	Fuzhou	33,077.01	100%	Residential (Resettlement housing (Note 1))	79,929.06	1,126.62	March 2016
					Ancillary	2,425.60	—	
					Basement (including car parks)	38,199.70	4,784.00	
	The Coast Phase 2 (融信 • 後海階段2)	Fuzhou	16,881.99	100%	Residential (Resettlement housing (Note 1))	41,175.57	580.38	September 2016
					Commercial	3,000.00	2,928.00	
					Ancillary	1,249.55	—	
10.	The Twin Harbour City Phase 1 (融信 • 雙杭城階段1)	Fuzhou	17,998.16	100%	Commercial	2,751.47	2,349.76	August 2017
					Office	61,657.86	26,019.62	
					Ancillary	4,621.05	—	
					Basement (including car parks)	7,473.94	5,605.45	
	The Twin Harbour City Phase 2 (融信 • 雙杭城階段2)	Fuzhou	11,624.79	100%	Residential (Resettlement housing (Note 1))	31,686.46	31,052.73	August 2017
					Commercial	11,005.89	9,399.03	
					Ancillary	1,848.42	—	
					Basement (including car parks)	19,783.95	16,816.36	
	The Twin Harbour City Phase 3 (融信 • 雙杭城階段3)	Fuzhou	43,529.35	100%	Residential (Resettlement housing (Note 1))	29,045.92	28,465.00	October 2017
					Office	41,105.24	29,550.56	
					Ancillary	2,772.63	—	
					Basement (including car parks)	16,706.45	12,529.84	
	The Twin Harbour City Phase 4 (融信 • 雙杭城階段4)	Fuzhou	40,106.50	100%	Residential (Resettlement housing (Note 1))	71,294.53	69,155.70	October 2017
					Basement (including car parks)	21,388.36	16,041.27	
11.	The Long Island Phase 1 (融信 • 長島階段1)	Fuzhou	42,963.77	100%	Residential (Resettlement housing (Note 1))	139,935.36	132,324.12	October 2017
					Commercial (Resettlement housing (Note 1))	17,601.00	17,248.98	
					Ancillary	7,736.39	—	
					Basement (including car parks)	46,178.67	38,328.30	
	The Long Island Phase 2 (融信 • 長島階段2)	Fuzhou	43,186.11	100%	Residential (Resettlement housing (Note 1))	151,596.64	143,371.35	November 2017
					Commercial (Resettlement housing (Note 1))	6,755.00	6,340.90	
					Ancillary	8,381.09	—	
					Basement (including car parks)	48,510.92	40,264.07	
12.	Ocean City Phase 1 (融信 • 海上城階段1)	Xiamen	61,856.04	100%	Commercial	4,335.72	3,337.70	September 2015
					Office	191,748.92	3,761.48	
					Ancillary	525.54	3,761.48	
	Ocean City Phase 2 (融信 • 海上城階段2)	Xiamen	46,533.84	100%	Hotel	32,038.19	—	January 2016
					Basement (including car parks)	57,513.51	5,882.12	
	Ocean City Phase 3 (融信 • 海上城階段3)	Xiamen	42,954.31	100%	Hotel	29,573.71	—	October 2016
					Office	60,830.12	38,141.58	
					Basement (including car parks)	53,089.40	22,892.15	

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	Project	Location in the PRC	Total site area (sq.m.)	Interest attributable to the Group	Type of property product	Estimated aggregate GFA (sq.m.)	Saleable GFA remaining unsold (sq.m.)	Completion time/ estimated completion time
13.	Lan Garden Phase 1 (融信 • 瀾園階段1)	Zhangzhou	32,576.95	100%	Residential	144,589.46	722.78	June 2015
					Ancillary	1,838.90	—	
					Basement (including car parks)	34,512.80	4,660.26	
	Lan Garden Phase 2 (融信 • 瀾園階段2)	Zhangzhou	24,188.75	100%	Residential	107,505.54	722.78	December 2015
					Ancillary	9,485.10	—	
					Basement (including car parks)	24,359.20	675.62	
14.	Festival City (融信 • 觀山海)	Zhangzhou	94,190.00	100%	Residential	202,592.43	101,931.03	November 2016
					Commercial	6,790.83	6,722.92	
					Ancillary	1,410.36	—	
					Basement (including car parks)	66,595.34	62,920.40	
15.	Future City (融信 • 未來城)	Zhangzhou	41,644.64	100%	Residential (Resettlement housing (Note 1))	109,824.00	57,339.00	August 2016
					Commercial	4,957.00	1,141.00	
					Ancillary	3,777.00	—	
					Basement (including car parks)	36,866.00	31,336.10	
16.	College City Phase 1 (學院名築階段1)	Zhangzhou	22,962.58	100%	Residential	44,599.17	28,115.32	December 2017
					Ancillary	1,463.88	—	
					Basement (including car parks)	12,638.42	12,385.65	
	College City Phase 2 (學院名築階段2)	Zhangzhou	48,255.41	100%	Residential	90,549.83	88,738.83	January 2018
					Commercial	3,150.00	3,049.00	
					Ancillary	2,972.12	—	
					Basement (including car parks)	25,659.82	25,146.62	
17.	Zhangzhou Harbor B8 Lot (漳州港B8)	Zhangzhou	69,988.00	100%	Residential	97,849.34	88,693.20	December 2018
					Commercial	1,205.00	1,180.90	
					Ancillary	8,220.34	—	
					Basement (including car parks)	31,311.79	23,483.84	
18.	Imperial Villa Phase 1 (融信 • 鉑瀾階段1)	Shanghai	39,598.85	51% (Note 2)	Residential (Resettlement housing (Note 1))	39,189.15	19,680.57	July 2016
					Commercial	1,101.00	1,101.00	
					Ancillary	687.68	—	
					Basement (including car parks)	78,055.92	60,883.62	
	Imperial Villa Phase 2 (融信 • 鉑瀾階段2)	Shanghai	31,268.04	51% (Note 2)	Residential (Resettlement housing (Note 1))	31,841.18	15,990.46	July 2016
					Ancillary	558.74	—	
	Imperial Villa Phase 3 (融信 • 鉑瀾階段3)	Shanghai	30,065.42	51% (Note 2)	Residential (Resettlement housing (Note 1))	30,616.52	15,375.45	July 2016
					Ancillary	537.25	—	
	Imperial Villa Phase 4 (融信 • 鉑瀾階段4)	Shanghai	20,444.49	51% (Note 2)	Residential (Resettlement housing (Note 1))	20,819.23	10,455.30	July 2016
					Ancillary	365.33	—	

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	Project	Location in the PRC	Total site area (sq.m.)	Interest attributable to the Group	Type of property product	Estimated aggregate GFA (sq.m.)	Saleable GFA remaining unsold (sq.m.)	Completion time/ estimated completion time
19.	Blue Peacock Phase I	Hangzhou	9,831.07	51% (Note 2)	Residential	30,249.45	13,741.20	August 2016
	Phase 1				Ancillary	1,297.70	—	
	(杭州藍孔雀一期階段1)				Basement (including car parks)	33,890.35	25,417.76	
	Blue Peacock Phase I	Hangzhou	6,376.91	51% (Note 2)	Residential	19,621.26	8,913.24	August 2016
	Phase 2				Ancillary	841.75	—	
	(杭州藍孔雀一期階段2)							
	Blue Peacock Phase I	Hangzhou	12,007.02	51% (Note 2)	Residential	31,884.55	14,484.01	September 2016
	Phase 3				Commercial	5,023.89	4,923.41	
	(杭州藍孔雀一期階段3)				Ancillary	1,367.85	—	
20.	Blue Peacock Phase II	Hangzhou	14,580.91	51% (Note 3)	Residential	39,196.00	31,113.32	December 2016
	Phase 1				Ancillary	796.04	—	
	(杭州藍孔雀二期階段1)				Basement (including car parks)	57,160.00	46,445.00	
	Blue Peacock Phase II	Hangzhou	15,101.66	51% (Note 3)	Residential	40,595.86	32,224.51	December 2016
	Phase 2				Ancillary	824.47	—	
	(杭州藍孔雀二期階段2)							
	Blue Peacock Phase II	Hangzhou	26,838.43	51% (Note 3)	Residential	60,193.86	47,781.17	January 2017
	Phase 3				Commercial	11,826.60	11,671.00	
	(杭州藍孔雀二期階段3)				Ancillary	1,222.49	—	
21.	Hangzhou Mansion	Hangzhou	20,035.93	100%	Residential	56,843.12	43,810.57	September 2016
	Phase 1				(Resettlement housing (Note 1))			
	(杭州公館階段1)				Ancillary	3,176.33	—	
					Basement (including car parks)	76,421.23	57,315.92	
	Hangzhou Mansion	Hangzhou	25,538.06	100%	Residential	72,345.79	55,758.91	September 2016
	Phase 2				(Resettlement housing (Note 1))			
	(杭州公館階段2)				Ancillary	4,042.60	—	
	Total:		1,951,978.90			5,166,407.90	2,201,156.86	
	Attributable total (Note 4)**:**		1,784,305.58			4,655,653.59	1,910,831.63	

Notes:

(1) The Group cooperated or agreed to cooperate with the local governments in constructing resettlement housing units adjacent to certain developments of the Group. The construction of such resettlement housing was typically included by the relevant local governments as part of the package for the acquisition of related parcels of land for commercial development. Under such arrangement, the Group pays the relevant land premium and receive the land use rights certificates registered to the Group's name with respect to the land parcels underlying the resettlement properties during the construction phase, but are obligated to deliver the properties upon completion back to the local government. For further details of the construction of resettlement housing, please refer to the section headed "Business – Construction of Resettlement Housing" on pages 231 to 236 in the prospectus of the Company dated 31 December 2015 (the "**Prospectus**").

(2) The remaining equity interests are held by an independent third party.

(3) As weighted by the Group's beneficial interest.

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Projects developed by the joint ventures and associated company of the Group

As at 31 December 2015, the joint ventures and associated company of the Group had engaged in a total of 10 property development projects. The following table sets forth certain details of these property development projects as at 31 December 2015:

	Project	Location in the PRC	Total site area (sq.m.)	Interest attributable to the Group	Type of property product	Estimated aggregate GFA (sq.m.)	Saleable GFA remaining unsold (sq.m.)	Completion time/ estimated completion time
By the joint ventures of the Group								
1.	Beyond City (世歐彼岸城)	Fuzhou	152,995.00	40%	Residential	271,376.48	—	May 2011
					Commercial	7,822.00	788.07	
					Basement (including car parks)	23,417.43	1,247.08	
2.	Riverside City (世歐上江城)	Fuzhou	82,374.70	50%	Residential	201,115.78	142.65	April 2013
					Commercial	5,118.17	178.01	
					Basement (including car parks)	30,748.80	5,617.43	
3.	Lan Hill (世歐瀾山)	Fuzhou	48,313.00	50%	Residential	120,129.88	241.58	February 2015
					Commercial	4,091.18	2,141.98	
					Ancillary	3,716.62	—	
					Basement (including car parks)	40,820.80	5,526.00	
4.	Show Kingdom Phase 1 (世歐王莊階段1)	Fuzhou	59,129.92	50%	Residential (Resettlement housing (Note 1))	266,151.68	24,211.26	November 2014
					Commercial (Resettlement housing (Note 1))	5,078.73	338.82	
					Office	13,333.12	9,656.14	
					Ancillary	2,858.94	—	
					Basement (including car parks)	180,666.98	17,490.27	
	Show Kingdom Phase 2 (世歐王莊階段2)	Fuzhou	55,086.67	50%	Residential (Resettlement housing (Note 1))	204,220.82	24,911.87	December 2015
					Commercial (Resettlement housing (Note 1))	16,319.81	7,782.18	
					Office	44,299.15	7,678.52	
					Ancillary	38,023.10	38,023.10	
					Basement (including car parks)	174,001.84	80,694.27	
	Show Kingdom Phase 3 (世歐王莊階段3)	Fuzhou	29,029.24	50%	Residential (Resettlement housing (Note 1))	—	—	August 2015
					Commercial (Resettlement housing (Note 1))	121,889.54	6,912.02	
					Office	17,674.13	12,800.00	
					Ancillary	3,097.19	—	
	Show Kingdom Phase 4 (世歐王莊階段4)	Fuzhou	107,462.65	50%	Residential (Resettlement housing (Note 1))	516,647.38	49,935.72	June 2015
					Ancillary	5,956.13	—	
5.	West Coast (融信•陽光城西海岸)	Fuzhou	124,827.28	50%	Residential	242,292.42	153,260.92	December 2015
					Commercial	33,832.62	27,969.92	
					Office	59,170.04	19,325.13	
					Ancillary	5,312.48	—	
					Basement (including car parks)	92,748.33	52,964.79	

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	Project	Location in the PRC	Total site area (sq.m.)	Interest attributable to the Group	Type of property product	Estimated aggregate GFA (sq.m.)	Saleable GFA remaining unsold (sq.m.)	Completion time/ estimated completion time
6.	Imperial Land Phase 1 (一品江山階段1)	Zhangzhou	26,434.40	50%	Residential (Resettlement housing (Note 1))	64,317.27	48,263.63	August 2016
					Ancillary	1,575.73	—	
					Basement (including car parks)	22,488.03	17,267.60	
	Imperial Land Phase 2 (一品江山階段2)	Zhangzhou	32,033.18	50%	Residential (Resettlement housing (Note 1))	77,939.60	59,221.20	April 2017
					Ancillary	1,913.38	—	
					Basement (including car parks)	27,306.89	20,967.80	
	Imperial Land Phase 3 (一品江山階段3)	Zhangzhou	35,823.84	50%	Residential (Resettlement housing (Note 1))	87,108.97	66,188.40	April 2017
					Ancillary	2,138.49	—	
					Basement (including car parks)	30,519.47	23,434.60	
7.	French Legend Phase 1 (融信 • 法蘭西世家 一期、二期、三期階段1)	Shanghai	75,649.04	50%	Residential (Resettlement housing (Note 1))	75,261.33	23,264.86	January 2016
					Ancillary	22,940.14	—	
					Basement (including car parks)	17,208.39	16,884.78	
	French Legend Phase 2 (融信 • 法蘭西世家 一期、二期、三期階段2)	Shanghai	38,383.28	50%	Residential (Resettlement housing (Note 1))	38,770.99	11,984.93	January 2016
					Ancillary	11,817.65	—	
					Basement (including car parks)	8,864.93	8,698.22	
8.	Shanghai Xujing Project Phase 1 (徐涇鎮會展中心3地塊 一期、二期、三期、四期階段1)	Shanghai	34,917.51	50%	Commercial	37,384.47	26,360.01	December 2016
					Office	68,426.16	53,715.73	
					Ancillary	2,731.68	—	
					Basement (including car parks)	50,094.66	50,094.66	
	Shanghai Xujing Project Phase 2 (徐涇鎮會展中心3地塊 一期、二期、三期、四期階段2)	Shanghai	44,240.20	50%	Commercial	67,845.89	54,986.82	December 2017
					Office	66,215.32	28,994.29	
					Ancillary	4,552.80	—	
					Basement (including car parks)	93,032.94	93,032.94	
	Shanghai Xujing Project Phase 3 (徐涇鎮會展中心3地塊 一期、二期、三期、四期階段3)	Shanghai	60,746.91	50%	Office	183,506.52	180,069.77	March 2018
					Ancillary	4,097.52	—	
					Basement (including car parks)	95,418.40	95,418.40	
	Shanghai Xujing Project Phase 4 (徐涇鎮會展中心3地塊 一期、二期、三期、四期階段4)	Shanghai	44,388.18	50%	Commercial	33,230.64	26,932.32	August 2018
					Hotel	101,279.00	99,374.95	

	Project	Location in the PRC	Total site area (sq.m.)	Interest attributable to the Group	Type of property product	Estimated aggregate GFA (sq.m.)	Saleable GFA remaining unsold (sq.m.)	Completion time/ estimated completion time
9.	Shanghai Huacao Lot I (閔行區華漕鎮 MHPO-1402單元 41-02地塊)	Shanghai	26,360.30	50%	Commercial	21,012.24	20,592.00	March 2018
					Office	110,611.22	101,201.00	
					Ancillary	1,038.91		
					Basement (including car parks)	29,283.68		
	Total:		1,133,567.61			4,211,864.89	1,676,786.62	
	Attributable total (Note 3)**:**		548,735.58			2,075,670.85	838,189.80	
By the associated company of the Group								
1.	Zhangzhou Wanke City Phase 1 (漳州萬科城階段1)	Zhangzhou	85,695.08	20%	Residential (Resettlement housing (Note 1))	163,857.68	41,916.99	December 2016
					Commercial (Resettlement housing (Note 1))	6,261.85	4,783.28	
					Ancillary	4,158.99	—	
					Basement (including car parks)	64,307.32	52,015.74	
	Zhangzhou Wanke City Phase 2 (漳州萬科城階段2)	Zhangzhou	75,430.36	20%	Residential (Resettlement housing (Note 1))	145,307.76	37,171.67	December 2017
					Commercial (Resettlement housing (Note 1))	5,552.97	4,241.78	
					Ancillary	3,688.17	—	
					Basement (including car parks)	57,027.24	46,127.16	
	Total:		235,606.37			450,161.98	186,256.61	
	Attributable total (Note 3)**:**		47,121.27			90,032.40	37,251.32	

Notes:

(1) The Group cooperated or agreed to cooperate with the local governments in constructing resettlement housing units adjacent to certain developments of the Group. The construction of such resettlement housing was typically included by the relevant local governments as part of the package for the acquisition of related parcels of land for commercial development. Under such arrangement, the Group pays the relevant land premium and receive the land use rights certificates registered to the Group's name with respect to the land parcels underlying the resettlement properties during the construction phase, but are obligated to deliver the properties upon completion back to the local government. For further details of the construction of resettlement housing, please refer to the section headed "Business – Construction of Resettlement Housing" on pages 231 to 236 in the Prospectus.

(2) Beyond City was one of the projects developed by Fuzhou Shiou Property Development Co., Ltd. and its subsidiaries (namely, Fujian Shiou Investment Development Company Limited, Fuzhou Shiou Investment Development Company Limited, Fujian Shiou Business Administration Company Limited and Fujian Shiou Property Management Company Limited), in which the Group hold a 50% equity interest. By agreement with joint venture partner, the Group hold a 40% economic interest in this project.

(3) As weighted by the Group's beneficial interest.

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SUMMARY OF OPERATING RESULTS

	2015	2014	Changes
Contracted sales			
Contracted sales amount *(RMB'000)*	**11,916,926**	8,949,735	33.15%
Floor area of contracted sales *(square meter)*	**648,913**	604,442	7.36%
Average unit price of contracted sales *(RMB/square meter)*	**18,364**	14,807	24.02%
Revenue			
Among which: property sales			
- Revenue from property delivered *(RMB'000)*	**7,326,711**	3,996,186	83.34%
- Total floor area of the property delivered *(square meter)*	**589,700**	241,304	144.38%
Gross profit *(RMB'000)*	**2,714,208**	1,140,002	138.09%
Profit for the year	**1,405,941**	501,639	180.27%
- attributable to owners of the Company *(RMB'000)*	**1,432,813**	506,507	182.88%
- attributable to non-controlling interests *(RMB'000)*	**(26,872)**	(4,868)	452.01%
Total assets *(RMB'000)*	**34,796,870**	31,534,761	10.34%
Bank deposits (including cash and cash equivalents, restricted cash and term deposits with initial terms of over three months) *(RMB'000)*	**3,838,723**	1,399,373	174.32%
Total of bank loans and other loans *(RMB'000)*	**16,372,563**	17,258,800	(5.13)%
Total equity *(RMB'000)*	**5,072,732**	1,029,046	392.95%
Total equity attributable to owners of the Company *(RMB'000)*	**4,302,522**	1,020,877	321.45%
Key financial ratios			
Gross profit margin(1)	**36.61%**	27.81%	31.64%
Profit margin(2)	**18.96%**	12.24%	54.90%
Current ratio(3)	**1.35**	1.44	(6.25)%
Interest coverage ratio(4)	**2.23**	1.55	43.87%
Gearing ratio(5)	**2.47**	15.41	(83.97)%

Notes:

(1) The calculation of gross profit margin is based on gross profit divided by revenue and multiplied by 100%.

(2) The calculation of net profit margin is based on net profit divided by revenue and multiplied by 100%.

(3) The calculation of current ratio is based on current assets divided by current liabilities.

(4) The calculation of interest coverage ratio is based on (a) profit before income tax plus interest of bank and other borrowings less finance income and divided by (b) interest of bank and other borrowings less finance income.

(5) The calculation of gearing ratio is based on total borrowings less restricted cash, cash and cash equivalents and term deposits with initial terms of over three months and divided by total equity.

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PROPERTY DEVELOPMENT

Contracted sales

For the year ended 31 December 2015, the Group achieved contracted sales of RMB11,916.93 million, representing a growth of 33.15% compared with approximately RMB8,949.74 million for the year ended 31 December 2014. This increase was mainly attributable to the increase in the gross floor area of contracted sales by about 7.36% to 648,913.09 square meters for the year of 2015 from 604,441.73 square meters for the year of 2014, and the increase in the average selling price of contracted sales by 24.02% to RMB18,364.44 for the year of 2015 from RMB14,806.61 for the year of 2014. The amount of contracted sales in Shanghai, Hangzhou, Fuzhou, Xiamen and Zhangzhou accounted for approximately 11.40%, 28.88%, 39.47%, 9.40% and 10.85% of the Group's total contracted sales amount for the year ended 31 December 2015, respectively, and the gross floor area of contracted sales of these areas accounted for approximately 7.07%, 16.78%, 43.46%, 8.37% and 24.32% of the Group's total gross floor area of contracted sales for the year ended 31 December 2015, respectively.

	Contracted sales in 2015				
	Amount *(RMB million)*	**Percentage**	**Gross floor area** *(square meter)*	**Percentage**	**Average selling price** *(RMB/ square meter)*
Shanghai	1,358.96	11.40%	45,888.94	7.07%	29,614.11
Hangzhou	3,441.66	28.88%	108,872.60	16.78%	31,611.81
Fuzhou	4,703.89	39.47%	281,990.19	43.46%	16,681.01
Xiamen	1,119.16	9.40%	54,376.35	8.37%	20,581.74
Zhangzhou	1,293.26	10.85%	157,785.01	24.32%	8,196.34
Total	**11,916.93**	**100.00%**	**648,913.09**	**100.00%**	**18,364.44**

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REVENUE

For the year ended 31 December 2015, revenue of the Group amounted to approximately RMB7,414.58 million, representing an increase of approximately RMB3,315.35 million, or approximately 80.88%, compared with the approximately RMB4,099.23 million for the year ended 31 December 2014. For the year of 2015, the gross floor area delivered increased to 589,700 square meters from 241,304 square meters for the year of 2014. The Group's revenue for the year ended 31 December 2015 was principally generated from the property sales in Fuzhou, Xiamen and Zhangzhou, which accounted for approximately 23.35%, 42.59% and 32.87% of the Group's revenue, respectively.

	Revenue in terms of sales in 2015				
	Amount *(RMB million)*	**Percentage**	**Gross floor area delivered** *(square meter)*	**Percentage**	**Average selling price** *(RMB)*
Fuzhou	1,731.45	23.35%	116,830	19.81%	14,820
Xiamen	3,158.20	42.59%	183,435	31.11%	17,217
Zhangzhou	2,437.06	32.87%	289,435	49.08%	8,420
Fuzhou and Hangzhou — Revenue from construction contract of resettlement housing[Note]	87.87	1.19%	N/A	N/A	N/A
Total	**7,414.58**	**100.00%**	**589,700**	**100.00%**	**12,573**

Note: The Group cooperated or agreed to cooperate with the local governments in constructing resettlement housing units adjacent to certain developments of the Group. The construction of such resettlement housing was typically included by the relevant local governments as part of the package for the acquisition of related parcels of land for commercial development. Under such arrangement, the Group pays the relevant land premium and receive the land use rights certificates registered to the Group's name with respect to the land parcels underlying the resettlement properties during the construction phase, but are obligated to deliver the properties upon completion back to the local government. For further details of the construction of resettlement housing, please refer to the section headed "Business — Construction of Resettlement Housing" on pages 231 to 236 in the Prospectus.

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PROJECTS COMPLETED

For the year ended 31 December 2015, the Group and its associated company and joint ventures had completed a total of six projects or phases of projects, with total gross floor area of approximately 1,416,323.20 square meters.

PROJECTS UNDER CONSTRUCTION

As at 31 December 2015, the Group and its associated company and joint ventures had a total of 20 projects or phases of projects under construction, with total planned gross floor area of approximately 3,794,040.99 square meters.

LAND RESERVE

For the year ended 31 December 2015, the Group did not acquire any new land.

As at 31 December 2015, the total gross floor area of the Group's land reserve was approximately 5.17 million square meters, among which, approximately 3.79 million square meters were under construction, and approximately 1.38 million square meters were held for future development. As at 31 December 2015, the cost per square meter of the Group's land reserve was RMB4,956.71, of which, about 79% located in the prime area in the first-tier and second-tier cities in China, the relatively high-quality and low-cost land reserve provides effective support to high profitability in the future.

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The table below sets forth the land reserve of the Group as at 31 December 2015:

Region	Name of project	Total land value (RMB10,000)	Total gross floor area of reserve (10,000 sq.m)	Average cost per sq.m (RMB/sq.m)
Shanghai	Imperial Villa (融信•鉑灣)	141,200	10.39	11,396
	Shanghai Xujing Project (徐涇鎮會展中心3地塊一期、二期、三期、四期)	472,100	40.39	8,539
	French Legend (融信•法蘭西世家)	123,700	8.74	10,803
	Shanghai Huacao Lot I (閔行區華漕鎮MHPO-1402單元41-02地塊)	40,630	8.10	6,165
	Shanghai Huacao Lot II (閔行區華漕鎮MHPO-1402單元35-01地塊)	20,220	2.41	6,018
	Shanghai Huacao Lot III (閔行區華漕鎮MHPO-1402單元36-01地塊)	16,770	0.94	6,098
	Shanghai Huacao Lot IV (閔行區華漕鎮MHPO-1402單元42-01地塊)	47,160	5.34	6,101
Hangzhou	Blue Peacock Phase 1 (融信•藍孔雀一期)	126,000	6.33	13,953
	Blue Peacock Phase 2 (融信•藍孔雀二期)	220,000	10.80	14,966
	Hangzhou Mansion (杭州公館)	338,437	22.88	25,717
Fuzhou	The Twin Harbor City (融信•雙杭城)	562,000	111.13	6,065
	The Coast (融信•後海)	92,500	16.60	7,406
	The White House (融信•白宮)	111,133	22.51	3,584
	Pingtan David City (融信•平潭大衛城)	78,200	21.82	2,341
	The Long Island (融信•長島)	130,000	80.91	2,437
	West Coast (融信•陽光城西海岸)	30,800	12.04	910
Xiamen	Ocean City (融信•海上城)	89,713	23.40	1,989
Zhangzhou	Future City (融信•未來城)	30,000	16.04	2,573
	Festival City (融信•觀山海)	31,951	27.74	1,549
	Imperial Land (一品江山)	52,000	15.82	2,206
	Zhangzhou Wanke City (漳州萬科城)	150,400	20.80	1,773
	College City (學院名築)	57,800	18.10	4,059
	Zhangzhou Harbor B8 Lot (漳州港B8)	51,800	13.86	4,868
Total		**3,614,514**	**517.10**	**4,957**

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FINANCIAL REVIEW

Revenue

For the year ended 31 December 2015, the Group's revenue increased by RMB3,315.35 million, or approximately 80.88%, to RMB7,414.58 million (2014: RMB4,099.23 million), mainly due to increase in revenue derived from increase of properties delivered during the year under review.

Details of the revenue by project are as follows:

Project name	2015		2014	
	Area **(square meter)**	**Amount** **(RMB'000)**	Area (square meter)	Amount (RMB'000)
Ocean City (融信 • 海上城)	**183,435**	**3,158,200**	N/A	N/A
Lan Garden (融信 • 瀾園)	**289,435**	**2,437,058**	N/A	N/A
White House (融信 • 白宮)	**70,892**	**886,175**	N/A	N/A
Lan County (融信 • 瀾郡)	**38,415**	**748,210**	151,532	2,870,066
David City (融信 • 大衛城)	**4,596**	**78,412**	87,650	1,113,123
First City Rongxin Super Star City (融信 • 第一城)	**2,759**	**17,263**	2,122	12,998
Rongxin Spanish (融信 • 西班牙)	**168**	**1,393**	N/A	N/A
The Coast-Resettlement housing (融信 • 後海—安置房) *(Note)*	**N/A**	**72,135**	N/A	55,642
Lan County- Resettlement housing (融信 • 瀾郡—安置房) *(Note)*	**N/A**	**N/A**	N/A	47,401
Hangzhou Mansion-Resettlement housing (杭州公館—安置房) *(Note)*	**N/A**	**15,730**	N/A	N/A
Total	**589,700**	**7,414,576**	241,304	4,099,230

Note: The Group cooperated or agreed to cooperate with the local governments in constructing resettlement housing units adjacent to certain developments of the Group. The construction of such resettlement housing was typically included by the relevant local governments as part of the package for the acquisition of related parcels of land for commercial development. Under such arrangement, the Group pays the relevant land premium and receive the land use rights certificates registered to the Group's name with respect to the land parcels underlying the resettlement properties during the construction phase, but are obligated to deliver the properties upon completion back to the local government. For further details of the construction of resettlement housing, please refer to the section headed "Business – Construction of Resettlement Housing" on pages 231 to 236 in the Prospectus.

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Cost of sales

The Group's cost of sales increased by approximately RMB1,741.14 million for the year of 2015 compared with the year of 2014. The increase was mainly due to the increase in property sold, which in turn increased the total area of property delivered and the business scale of the Group during the year ended 31 December 2015. Set forth below is a breakdown of the cost of sales of the Group:

	2015	2014	Changes
	(RMB'000)	*(RMB'000)*	*(%)*
Costs	**4,700,368**	2,959,228	58.84
- Cost of property sold	**4,616,208**	2,861,749	61.31
- Cost of construction contracts	**84,160**	97,479	(13.66)

Selling and marketing costs and administrative expenses

The Group's selling and marketing costs for the year of 2015 amounted to approximately RMB395.83 million (2014: approximately RMB288.87 million). The increase in selling and marketing costs was mainly attributable to the significant increase in the Group's contracted sales by 33.15% to RMB11,916.93 million as compared to 2014.

The Group's administrative expenses for the year of 2015 amounted to approximately RMB273.02 million (2014: approximately RMB267.01 million). The increase in administrative expenses was mainly attributable to the increase in, among others, labour costs brought about by the Group's business expansion.

Operating profit

The Group's operating profit for the year of 2015 amounted to approximately RMB2,052.68 million (2014: approximately RMB587.85 million). The significant increase of the operating profit by approximately 249.18% as compared to 2014 was mainly attributable to the Group's revenue increased significantly by approximately 80.88% to RMB7,414.58 million as compared to 2014, while the Group's cost of sales, selling and marketing costs and administrative expenses increased by approximately 52.75% to RMB5,369.22 million as compared to 2014.

Finance costs

The Group's finance costs for the year of 2015 was approximately RMB11.18 million (2014: finance income of approximately RMB5.03 million). The finance costs for the year 2015 increased as the finance costs on derecognition of amounts due from joint ventures and an associate amounted to RMB74.88 million which could not be capitalised.

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Income tax expenses

After taking into account of the relevant impact of variations in deferred income tax, the net amount of corporate income tax and net amount of land appreciation tax of the Group for the year of 2015 amounted to approximately RMB395.05 million and RMB663.05 million, respectively (2014: approximately RMB102.18 million and RMB229.79 million, respectively).

Gross profit and profit

The gross profit of the Group for the year of 2015 was approximately RMB2,714.21 million, representing an increase of approximately RMB1,574.21 million as compared to 2014. The increase in gross profit was mainly attributable to a significant increase in revenue as compared to 2014. The Group's gross profit margin for the year of 2015 was 36.61%, increased by approximately 31.64% as compared to the year of 2014.

The Group's profit for the year of 2015 was approximately RMB1,405.94 million, representing an increase of approximately RMB904.3 million as compared to 2014. The increase in profit was primarily attributable to the significant increase in the operating profit as compared to 2014. The Group's profit margin for the year of 2015 reached 18.96%, representing an increase of about 6.72% as compared to the year of 2014.

Liquidity and financial resources

As at 31 December 2015, the Group's total assets amounted to approximately RMB34,796.87 million (2014: approximately RMB31,534.76 million), of which current assets amounted to approximately RMB30,737.47 million (2014: approximately RMB28,075.02 million), total liabilities amounted to approximately RMB29,724.14 million (2014: approximately RMB30,505.72 million), including non-current liabilities of approximately RMB6,926.06 million (2014: approximately RMB10,999.6 million). Total equity amounted to approximately RMB5,072.73 million (2014: approximately RMB1,029.05 million), of which the equity capital attributable to owners of the Company amounted to approximately RMB4,302.52 million (2014: approximately RMB1,020.88 million).

As at 31 December 2015, the Group had bank deposits (including cash and cash equivalents, restricted cash and term deposits with initial terms of over three months) of approximately RMB3,838.72 million (2014: approximately RMB1,399.37 million), total borrowings of approximately RMB16,372.56 million (2014: approximately RMB17,258.80 million), total net borrowings of approximately RMB12,533.84 million (2014: approximately RMB15,859.43 million), and weighted average effective interest rate for outstanding borrowings of approximately 10.50% (including bank borrowings and trust and other borrowings and Public Corporate Bond) (31 December 2014: approximately 10.88%). As at 31 December 2015, the Group's trust and other borrowings and Public Corporate Bond were RMB14,750.56 million, representing 90.09% of the total borrowings.

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Financing activities

The Group obtained net proceeds (net of listing expenses) of approximately RMB1,502.10 million through the initial public offering in January 2016. In addition, the Group obtained net proceeds of approximately RMB1,171.46 million (net of transaction expenses) through the issuance of Public Corporate Bond in the principal amount of RMB1,200.00 million during the year of 2015.

Pledge of assets

As at 31 December 2015, all the Group's bank and other borrowings were secured by the Group's assets of approximately RMB15,038.72 million which includes completed properties held for sale, properties under development, property, plant and equipment, land use rights and restricted cash. Certain other borrowings were also secured by equity interests of certain subsidiaries.

Contingent liabilities

As at 31 December 2015, the Group has provided guarantees of approximately RMB6,412.93 million (2014: approximately RMB3,579.85 million) for the mortgage loans provided by some banks to the Group's customers. In accordance with the guarantee terms, if any customers delays to repay such mortgage loans before corresponding property right certificate is issued, the corresponding bank is entitled to withdraw the amount equivalent to the arrears from the Group's margin deposits, and claim against the Group for supplementary payment if the margin deposit is insufficient to cover the arrears.

If any of the above risks occurs, the Group is entitled to take back the ownership of relevant property; the Group's management believes that, the market value of relevant mortgaged property will not be less than the arrears that might be paid by the Group, so the risk of loss assumed by the Group for the above guarantee is low.

Current ratio

As at 31 December 2015, the current ratio of the Group was 1.35 (2014: 1.44), the decline was mainly attributable to the re-classification of some non-current loans into current liabilities as at 31 December 2015 as such loans will be matured in 2016.

Gearing ratio

As at 31 December 2015, the gearing ratio of the Group was 2.47 times (2014: 15.41 times). The improvement in its gearing ratio was mainly attributable to the Group's effort on managing its gearing level including, among others, equity contributions from controlling shareholder and strategic investors, increase of revenue for the year and the adoption of various measures to control the costs and expenses of the Group including, among others, setting up target costs for project design and development, implementing centralised procurement and stipulating detailed and prudent financial policies to manage the Group's selling and marketing costs and administrative expenses. The Company will continue to closely monitor the due dates of borrowings and manage the level of liquid capital to ensure that cash flows are sufficient for repayment of its indebtedness and meeting the cash requirements for payables in its business.

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Future plans for material investments and expected source of funding

The Group will continue to focus on its existing property development business and acquiring high-quality land parcel in the first-tier cities in China. No concrete plan for future investments is in place as at the date of this annual report.

Use of Proceeds from Initial Public Offering

On 13 January 2016, the Company issued 337,500,000 shares at an offer price of HK$5.36 per share on the Stock Exchange by global offering. On 28 January 2016, the Company further issued 2,348,000 shares pursuant to the partial exercise of the over-allotment option at an offer price of HK$5.36 per share. Upon completion of the global offering, the Company raised net proceeds of approximately HK$1,780 million. The Group did not utilise any portion of the net proceeds as at the date of this annual report. The net proceeds is currently held in bank deposits and it is intended that it will be applied in the manner consistent with the proposed allocations in the Prospectus.

FOREIGN CURRENCY RISK

The Group primarily operates its business in the PRC. The currency in which the Group denominates and settles substantially all of its transactions is Renminbi. Any depreciation of Renminbi would adversely affect the value of any dividends the Group pay to shareholders outside of the PRC. The Group currently does not engage in hedging activities designed or intended to manage foreign exchange rate risk. The Group will continue to monitor foreign exchange changes to best preserve the Group's cash value.

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EXECUTIVE DIRECTORS

Mr. Ou Zonghong, aged 47, is the founder of the Group. Mr. Ou has been a Director since 11 September 2014, the chairman of the Board since 1 December 2014 and was re-designated as the executive Director and appointed as the chief executive officer of the Company on 15 December 2014. Mr. Ou is primarily responsible for the overall development strategy and daily operation of the Group. He has more than 20 years of experience in the property development and construction industries. Mr. Ou established Putian Transport Engineering Company Limited on 1 August 1995, which engaged in construction of motorways. On 20 April 2000, Mr. Ou started his engagement with the property related business and established Putian Transport and Real Estate Development Company Limited. On 23 September 2003, Mr. Ou established Rongxin (Fujian) Investment Company Limited ("**Rongxin Group**", formerly known as Fujian Rongxin Real Estate Development Company Limited). Mr. Ou has been a director of Renmin University of China since 18 October 2011. Mr. Ou has also been the managing vice president of the Federation of Fujian Enterprise and Entrepreneur since April 2012, respectively.

Mr. Ou has also assumed various positions in the subsidiaries of the Company, including the sole director of Rongda Company Limited since 11 September 2014, the sole director of Rongtai Company Limited since 26 September 2014, a director of Rongxin Group since 23 September 2003, a director of Rongxin (Zhangzhou) Property Company Limited from 7 January 2011 to 1 February 2013 and a director of Fujian Rongshengmei Business Information Consultancy Company Limited ("**Fujian Rongshengmei**") since 28 October 2014.

Mr. Ou was awarded a member of the fourteenth and fifteenth sessions of the Excellent Entrepreneurs of Fujian in December 2011 and June 2014, respectively. He also received the Silver Award of the Ten Young Entrepreneurs of Fujian in April 2008.

Mr. Wu Jian, aged 46, has been an executive Director since 1 December 2014 and the vice president of the Group since January 2012. Mr. Wu Jian is primarily responsible for assisting the planning of corporate strategy and assisting Mr. Ou Zonghong to manage the daily operation of the Group and supervise the sales and marketing departments. He has more than 10 years of experience in property development industry. Mr. Wu Jian joined the Group in March 2004 and had assumed various positions since then, including the vice general manager of Rongxin Group from March 2004 to April 2009, the vice general manager of Fuzhou Shiou Property Development Co., Ltd. ("**Shiou Property**"), one of the joint ventures of the Group, from April 2009 to December 2010 and the general manager of Rongxin Group from December 2010 to December 2011. Before joining the Group, Mr. Wu Jian had been engaged with Fuzhou Architectural Design Institute from April 1994 to May 2004, working at various time as an engineer, the engineer-in-charge and the vice chief engineer. Mr. Wu Jian has been a senior engineer authorised by the Leading Group for Professional Title Reform of Fuzhou since January 2002. Mr. Wu Jian graduated from Shanghai Jiao Tong University in Shanghai, the PRC in July 1991 with a bachelor degree in industrial and civil architecture and from Zhejiang University in Hangzhou, Zhejiang province in March 1994 with a master degree in structural engineering.

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Mr. Wu Jian has also assumed various positions in the subsidiaries of the Company, including a director of Rongxin Group since 1 August 2007, a director of Fuzhou Investment from 7 June 2011 to 21 May 2012, a director of Rongxin (Xiamen) Property Development Company Limited from 11 January 2013 to 7 July 2014, a director of Hemei (Shanghai) Property Development Company Limited ("**Hemei Shanghai Property**") from 20 May 2013 to 13 September 2013 and a director of Fujian Rongshengmei since 28 October 2014.

Mr. Lin Junling, aged 38, has been an executive Director since 1 December 2014 and the vice president of the Group since January 2014. Mr. Lin Junling is primarily responsible for assisting the planning of corporate strategy and management of the business operations of the Group in Eastern China. Mr. Lin Junling joined the Group in September 2003. He has approximately 15 years of experience in property development industry. He has served as the executive vice general manager of Rongxin Group from September 2003 to August 2007, the general manager of Rongxin Group from August 2007 to April 2010, the chairman of Shiou Property, one of the joint ventures of the Group, from April 2010 to December 2013 and the general manager of the Eastern China companies of the Group since January 2014. Before joining the Group, Mr. Lin Junling had served as the general manager of Putian Transport and Property Development Company Limited from January 2001 to September 2003. Mr. Lin Junling obtained an associate degree in architecture finance and accounting from Fujian College of Architecture (now known as Fujian University of Technology) in Fuzhou, Fujian province in June 1999. He is currently a candidate of the master degree in business administration in Xiamen University in Xiamen, Fujian province. In December 2014, Mr. Lin Junling was awarded an Outstanding Manager of China for the Year 2014 prize.

Mr. Lin Junling has also assumed various positions in the subsidiaries of the Company, including a director of Rongxin Group from 1 August 2007 to 8 September 2011 and since 7 May 2012, a director of Xiamen Property since 21 April 2014, a director of Hangzhou Kaizhu Rongxin Property Development Company Limited since 16 May 2014, a director of Hangzhou Rongxin Kaisheng Property Development Company Limited since 14 May 2014, the sole director of Shanghai Qianheng Property Company Limited since 21 April 2014 and a director of Fujian Rongshengmei since 28 October 2014.

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Ms. Zeng Feiyan, aged 40, has been an executive Director since 27 July 2015 and the chief financial officer since she joined the Group in August 2013. She is primarily responsible for the financial affairs and company secretarial matters of the Group. Before joining the Group, Ms. Zeng Feiyan has more than 10 years of finance-related experiences in various entities. Ms. Zeng Feiyan had served as the manager of the operation and financial management center and the vice director of the supervisory committee in Hopson Development Holdings Limited (a property development company listed on the Main Board of the Stock Exchange, stock code: 754) from May 2003 to October 2007. She was the vice general manager responsible for finance and investment management of Guangdong Pearl River Investment Management Group Company Limited (a company principally engaged in the investment in energy and infrastructure projects) from October 2007 to September 2011, and the vice president and secretary of the board of directors of Cnhomeland Environmental Co., Ltd. (an environmental-protection company engaged in the provision of environmental solutions services) from September 2011 to August 2013.

Ms. Zeng Feiyan has been a certified public accountant authorised by the Institute of Certified Public Accountants of Guangdong Province since 7 January 2003. She has also been a senior economist as credentialed by the Senior Professional Titles Evaluation Committee of Dezhou Private Economic Organisations since 26 September 2013 and a Registered Tax Agents authorised by the Certified Tax Agents Association of Guangdong Province since 13 December 2011. Ms. Zeng Feiyan graduated from Changsha Communication College (now known as Changsha University of Science and Technology) in Changsha, Hunan province in June 1998 where she obtained a bachelor degree in accounting. Ms. Zeng Feiyan is currently a candidate of executive master of business administration in Guanghua School of Management of Peking University since March 2013.

INDEPENDENT NON-EXECUTIVE DIRECTORS

Mr. Lo, Wing Yan William, aged 54, Justice of the Peace, has been an independent non-executive Director since 13 January 2016. He is primarily responsible for supervising and providing independent judgment to the Board. He is currently the vice chairman of Lovable International Holdings Ltd, a company engaged in manufacture and sale of toys and children products, the chairman of VS Media Ltd, a new media company, and the chairman of Strategenes Limited, a financial and strategy advisory firm in Hong Kong. Mr. Lo served as an executive director and vice president of China Unicom Limited (a company listed on the Main Board of the Stock Exchange which principally engages in the provision of cellular and fixed-line voice and related value-added services, stock code: 762) from July 2002 to March 2006, an independent non-executive director of I.T Limited (a company listed on the Main Board of the Stock Exchange which principally engages in retailing and trading fashion wears and accessories, stock code: 999) from October 2004 to May 2006, and an executive director, vice chairman, managing director and chief financial officer of I.T Limited from May 2006 to May 2009. He had also served as the vice chairman of South China Media Group from September 2011 to June 2014.

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Mr. Lo currently serves as an independent non-executive director or independent director in several listed companies, including those set out below:

Name of entity	Principal business	Place of listing and stock code	Position and period of time
Varitronix International Limited	a company principally engaged in design, manufacture and sale of liquid crystal displays and related products	listed on the Main Board of the Stock Exchange (stock code: 710)	an independent non-executive director since July 2004
SITC International Holdings Company Limited	a company principally engaged in the provision of marine transportation services	listed on the Main Board of the Stock Exchange (stock code: 1308)	an independent non-executive director since September 2010
International Housewares Retail Company Limited	a company principally engaged in the retail sales of housewares products	listed on the Main Board of the Stock Exchange (stock code: 1373)	an independent non-executive director since September 2013
Jingrui Holdings Limited	a company engaged in property development	listed on the Main Board of the Stock Exchange (stock code: 1862)	an independent non-executive director since October 2013
CSI Properties Limited	a company engaged in property development	listed on the Main Board of the Stock Exchange (stock code: 497)	an independent non-executive director since April 2014
Television Broadcasts Limited	a free-to-air TV broadcaster and a commercial Chinese program producer	listed on the Main Board of the Stock Exchange (stock code: 511)	an independent non-executive director since February 2015
Nam Tai Electronics Inc. (now known as Nam Tai Property Inc.)	a company currently and principally engaged in property development and management	listed on the New York stock exchange (stock code: NTP)	an independent director since July 2003
E2-Capital Holdings Limited (formerly known as Westminster Travel Limited)	a company principally engaged in the provision of corporate travel services	listed on the Singapore stock exchange (stock code: 5OF)	an independent non-executive director since June 2009

Mr. Lo has been appointed as Justice of the Peace by the government of the HKSAR on 1 July 1999. He was also appointed as a member of Shantou Committee of Chinese People's Political Consultative Conference in 2003. Mr. Lo graduated from University of Cambridge in the United Kingdom with a master degree in philosophy and a doctor degree in philosophy engineering in March 1986 and March 1988, respectively. He is also an academician of Downing College of University of Cambridge.

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Mr. Ren Yunan, aged 41 has been an independent non-executive Director since 13 January 2016. He is primarily responsible for supervising and providing independent judgment to the Board. Mr. Ren Yunan obtained a bachelor degree in law from Peking University in Beijing in July 1997 and a master degree in law from Harvard University in the U.S. in June 1999. Mr. Ren Yunan has been qualified to practice law in New York, the U.S. since March 2000 and also admitted to practice in Hong Kong since March 2003 and currently is not in private practice in Hong Kong.

Mr. Ren Yunan currently holds or had held directorship in several listed companies, including those set out below:

Name of entity	Principal business	Place of listing and stock code	Position and period of time
Prince Frog International Holdings Limited (now known as China Child Care Corporation Limited)	a company principally engaged in the design and provision of children care products	listed on the Main Board of the Stock Exchange (stock code: 1259)	an independent non-executive director from 18 February 2011 to 15 October 2015 and a non-executive director since 16 October 2015
Vision Fame International Holding Limited	a company principally engaged in building construction and property maintenance	listed on the Main Board of the Stock Exchange (stock code: 1315)	an independent non-executive director from May 2013 to November 2013
Labixiaoxin Snacks Group Limited	a snack food provider	listed on the Main Board of the Stock Exchange (stock code: 1262)	a non-executive director since February 2015
Tiger Media, Inc. (now known as IDI, Inc.)	a data solution and multi-platform media company	listed on the New York stock exchange (stock code: IDI)	an independent director from February 2012 to June 2015
Solar Power, Inc. (now known as SPI Energy Co., Ltd.)	a photovoltaic project developer	shares are traded on NASDAQ in the U. S. (stock code: SOPW)	an independent director since April 2015

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Mr. Qu Wenzhou, aged 44 has been an independent non-executive Director since 13 January 2016. He is primarily responsible for supervising and providing independent judgment to the Board. Mr. Qu served as a professor of Business Management of Xiamen University from August 2007 to July 2013.

Mr. Qu Wenzhou has served as an independent non-executive director or independent director in several listed companies, including those set out below:

Name of entity	Principal business	Place of listing and stock code	Position and period of time
Mingfa Group (International) Company Limited	a property development company	listed on the Main Board of the Stock Exchange (stock code: 846)	an independent non-executive director and chairman of the audit committee since 19 August 2010
Xiamen International Airport Group Co., Ltd.	a transportation company	listed on the Shanghai stock exchange (stock code: 600897)	an independent director since 9 May 2008 to 8 May 2014 and chairman of the audit committee since 20 May 2011
Hainan Zhenghe International Group Co., Ltd. (now known as Geo-Jade Petroleum Corporation)	a wholesale company	listed on the Shanghai stock exchange (stock code: 600759)	an independent director and chairman of the audit committee since 30 December 2013
Shandong Airlines Co., Ltd.	an airline company	listed on the Shenzhen stock exchange (stock code: 200152)	an independent director and convener of the audit committee since 26 June 2009
Shenzhen Laibao Hi-Tech Co., Ltd.	a developer and manufacturer of up-stream materials for small-medium flat display panel	listed on the Shenzhen stock exchange (stock code: 002106)	an independent director since 16 April 2010

Mr. Qu Wenzhou has been a member of the eleventh All-China Youth Federation since August 2010. He was awarded the Youth May 4th Medal of Fujian Province in May 2008. He has been a certified public accountant authorised by The Chinese Institute of Certified Public Accountants since November 2003 and a chartered financial analyst authorised by CFA Institute since November 2004. Mr. Qu Wenzhou graduated from Xiamen University in Xiamen, Fujian province with a bachelor degree in science in July 1995. He also obtained his master degree in economics in June 1999, master degree in business administration in October 2001 and doctor degree in economics in December 2003 from Xiamen University.

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SENIOR MANAGEMENT

The senior management of the Group include the four executive Directors as disclosed above and the following persons:

Mr. Xu Shenliang, aged 40, has been the vice president of the Group since he joined the Group in February 2013 and is primarily responsible for the design and construction of the Group's property development projects. Before joining the Group, Mr. Xu Shenliang served in various positions in different companies, including, among others, the project manager in Beijing Longfor Property Company Limited (a property development company) from July 2007 to March 2010 and the design director of Sino-Ocean Land Company Limited (a property development company) from August 2009 to March 2013. Mr. Xu Shenliang has been a senior engineer authorised by the Personnel Department of Liaoning Province since November 2009. Mr. Xu Shenliang graduated from Central Academy of Craft Art (now known as Academy of Arts and Design, Tsinghua University) in Beijing in July 1996 where he obtained a bachelor degree in environmental art and design.

Mr. Ruan Youzhi, aged 40, has been the assistant to the chairman of the Group since he joined the Group in June 2008 and is primarily responsible for the real estate investment business of the Group. Before joining the Group, Mr. Ruan Youzhi had been a teacher in Fengjiang High School of Xianyou from August 1997 to August 2001 and a journalist of Haixia Metropolis Daily from March 2003 to June 2009. Mr. Ruan Youzhi obtained his bachelor degree in Chinese language and literature in July 2005 from Fujian Normal University in Fuzhou, Fujian province.

JOINT COMPANY SECRETARIES

Ms. Zeng Feiyan and Ms. Ng Wing Shan are the joint company secretaries of the Company. For Ms. Zeng's background, please refer to her biographical details disclosed above.

Ms. Ng Wing Shan, one of the joint company secretaries of the Company. Ms. Ng is currently an assistant vice president of SW Corporate Services Group Limited. Ms. Ng is a fellow member of The Hong Kong Institute of Chartered Secretaries and a fellow member of The Institute of Chartered Secretaries and Administrators in the United Kingdom.

Save as otherwise disclosed, there is no information relating to the Directors which is required to be disclosed pursuant to Rules 13.51(2) and 13.51B(1) of the Rules Governing the Listing of Securities on the Stock Exchange (the "**Listing Rules**").

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The Directors are pleased in presenting this annual report together with the audited consolidated financial statements of the Group for the year ended 31 December 2015.

CORPORATE INFORMATION AND GLOBAL OFFERING

The Company was incorporated in the Cayman Islands on 11 September 2014 as an exempted company with limited liability under the Companies Laws of the Cayman Islands (the "**Companies Law**"). The shares of the Company (the "**Shares**") were listed on the Stock Exchange on 13 January 2016.

PRINCIPAL ACTIVITIES

The Company is an investment holding company and together with its subsidiaries, joint ventures and associated company is a property developer in the People's Republic of China (the "**PRC**") primarily engaged in the development of mid- to high-end residential properties and commercial properties in cities in the Western Taiwan Straits Economic Zone and selected first- and second-tier cities in the PRC. The Western Taiwan Straits Economic Zone is an area centering on the coastal areas of Fujian province known for entrepreneurship and economic growth.

Details of the principal activities of the principal subsidiaries of the Group are set out in note 34 to the consolidated financial statements of the Group in this annual report. There were no significant changes in the nature of the Group's principal activities from the Listing Date and up to the date of this annual report. As at the date of this annual report, the Board has no intention to significantly change the principal business of the Group.

RESULTS

The results of the Group for the year ended 31 December 2015 are set out in the consolidated statement of comprehensive income of the Group in this annual report. The Group's business review and future business development are provided in the section headed "Chairman's Statement" in this annual report. An analysis of the Group's performance using financial key performance indicators is provided in the section headed "Management Discussion and Analysis" in this annual report.

A summary of the results and of the assets, liabilities and equities of the Group for the years ended 31 December 2012, 2013, 2014 and 2015 is set out on page 10 in this annual report.

LAND RESERVE AND LAND ACQUISITION

For the year ended 31 December 2015, the Group did not acquire any new land.

As at 31 December 2015, the total gross floor area of the Group's land reserve was approximately 5.17 million square meters, among which, approximately 3.79 million square meters were under construction, and approximately 1.38 million square meters were held for future development. As at 31 December 2015, the cost per square meter of the Group's land reserve was RMB4,956.71, of which, about 79% located in the prime area in the first-tier and second-tier cities in China, the relatively high-quality and low-cost land reserve provides effective support to high profitability in the future.

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Following the Listing Date and up to the date of this annual report, the Company acquired two parcels of lands situated in Hangzhou and one parcel of land situated in Shanghai, the total gross floor area of these three land parcels of land amounted to approximately 328,500 square meters.

The Company believes that an expanded land reserve in the main target regions of the Group is an essential key for the Group's future success in property development.

MATERIAL ACQUISITION AND DISPOSAL

On 21 March 2016, Rongxin (Fujian) Investment Company Limited, a wholly-owned subsidiary of the Company, acquired 50% equity interest in Fujian Ronghui Real Estate Company Limited ("**Fujian Ronghui**") from an independent third party at a consideration of RMB840 million. Fujian Ronghui has become a non-wholly owned subsidiary of the Company after this acquisition. For further details, please refer to the announcement of the Company dated 21 March 2016.

Save as disclosed above, since the Listing Date and up to the date of this annual report, the Group did not have any material acquisition or disposal of subsidiaries and associated companies.

PROPERTY, PLANT AND EQUIPMENT

Details of the movements in property, plant and equipment of the Group during the year ended 31 December 2015 are set out in note 13 to the consolidated financial statements of the Group in this annual report.

BORROWINGS

Details of the borrowings of the Group during the year ended 31 December 2015 are set out in note 28 to the consolidated financial statements of the Group in this annual report.

RESERVES

Details of movements in the reserves of the Group during the year ended 31 December 2015 are set out in the consolidated statement of changes in equity in this annual report. As at 31 December 2015, the distributable reserve of the Company amounted to approximately RMB1,010.4 million.

DIVIDEND

The Board does not recommend the payment of a final dividend for the year ended 31 December 2015.

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CLOSURE OF REGISTER OF MEMBERS

For the purpose of determining the shareholders' eligibility to attend and vote at the annual general meeting of the Company to be held on 27 May 2016 (the "**AGM**"), the register of members of the Company will be closed from 23 May 2016 to 27 May 2016 (both days inclusive), during which period no transfer of Shares will be registered. In order to qualify for attending and voting at the AGM, all transfer of shares documents accompanied by the relevant share certificates must be lodged with the Company's Hong Kong share registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, no later than 4:30 pm on 20 May 2016.

MAJOR CUSTOMERS AND SUPPLIERS

Major Customers

The Group primarily target customers from middle to upper-middle income households who are looking to either purchase their first homes or upgrade their living environment. The Group also derived revenue from certain local governments in Fuzhou Province for the Group's services under construction contracts. For the year ended 31 December 2015, the five largest customers of the Group accounted for 1.6% of the revenue of the Group, and the single largest customer of the Group accounted for 1.0% of the revenue of the Group during the same period.

All of the five largest customers of the Group (except local governments as counter-parties to the Group's construction contracts) for the year ended 31 December 2015 are individual purchasers of the Group's properties, and all of them are independent third parties. To the best of the knowledge of the Directors, none of the Directors, their respective close associates or any shareholder who owns more than 5% of the number of issued Shares of the Company had any interest in any of the five largest customers of the Group during the year ended 31 December 2015.

Major Suppliers

For the year ended 31 December 2015, the five largest suppliers of the Group, primarily comprising construction companies which are the Group's contractors and each an independent third party, accounted for 47.9% of the total purchases of the Group, and the single largest supplier of the Group accounted for 29.6% of the Group's total costs of sales during the same period.

To the best of the knowledge of the Directors, none of the Directors, their respective close associates or any shareholder who owns more than 5% of the issued share capital of the Company had any interest in any of the five largest suppliers of the Group during the year ended 31 December 2015.

RELATIONSHIP WITH STAKEHOLDERS

The Group recognises that the employees, customers and suppliers are keys to corporate sustainability and are keen on developing long-term relationships with stakeholders.

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The Company places significant emphasis on human capital and strives to foster an environment in which the employee can develop their full potential and to assist their personal and professional growth. The Company provides a fair and safe workplace, promoting diversity to our staff, providing competitive remuneration and benefits and career development opportunities based on their merits and performance.

The Group also puts on-going efforts to provide adequate trainings and development resources to the employees so that they can keep abreast of the latest development of the market and the industry and, at the same time, improve their performance and self-fulfillment in their positions.

The Company understands that it is important to maintain good relationship with customers. The Group has established procedures in place for handling customers' complaints and customer satisfaction surveys in order to ensure customers' complaints are dealt with in a prompt and timely manner.

The Group is also dedicated to develop good relationship with suppliers as long-term business partners to ensure stable supplies of materials and timely delivery of power plants under construction. The Group reinforces business partnerships with suppliers and contractors by recurring communication in proactive and effective manner so as to ensure quality and delivery.

BOND ISSUANCES

Issuance of Public Corporate Bonds on the Shanghai Stock Exchange

Rongxin (Fujian) Investment Company Limited (the "**Bonds Issuer**"), a wholly-owned subsidiary of the Company, obtained a pre-approval from the Shanghai Stock Exchange and an approval from the China Securities Regulatory Commission on 29 October 2015 and 27 November 2015, respectively, for the public issuance of corporate bonds to be listed and traded on the Shanghai Stock Exchange in an aggregate principal amount of up to RMB2.5 billion (the "**Public Corporate Bonds**") to qualified investors by tranches.

On 24 December 2015, the Bonds Issuer issued the first tranche of the Public Corporate Bonds in an aggregate principal amount of RMB1.2 billion with a 5-year term at a coupon rate of 6.4% per annum.

On 19 January 2016, the Bonds Issuer issued the second tranche of the Public Corporate Bonds in an aggregate principal amount of RMB1.3 billion with a 5-year term at a coupon rate of 6.2% per annum. At the end of third year, the Bonds Issuer has an option to adjust the coupon rate, and investors can exercise retractable option.

For further details in respect of the issue of the Public Corporate Bonds, please refer to the section headed "Summary and Highlights – Recent Developments – Developments in our Business" in the Prospectus and the announcements of the Company dated 15 January 2016, 17 January 2016 and 19 January 2016.

Issuance of Private Corporate Bonds on the Shenzhen Stock Exchange

The Bond Issuer obtained a letter of no objection from the Shenzhen Stock Exchange for the private placement of private corporate bonds to be listed and traded on the Shenzhen Stock Exchange in an aggregate principal amount of up to RMB3.5 billion (the "**Shenzhen Private Corporate Bonds**"). The Shenzhen Private Corporate Bonds could not be offered to the general public.

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On 26 January 2016, the Bonds Issuer issued the first tranche of the Shenzhen Private Corporate Bonds in an aggregate principal amount of RMB3.1 billion with an initial 2-year term at a coupon rate of 7.89% per annum. At the end of the second year, the investors have a right to extend the maturity date of the bonds for another two years.

On 18 February 2016, the Bonds Issuer issued the second tranche of the Shenzhen Private Corporate Bonds in an aggregate principal amount of RMB0.4 billion with an initial 2-year term at a coupon rate of 7.6% per annum. At the end of the second year, the investors have a right to extend the maturity date of the bonds for another two years.

For further details in respect of the issue of the Shenzhen Private Corporate Bonds, please refer to the section headed "Summary and Highlights – Recent Developments – Developments in our Business" on pages 18 and 19 in the Prospectus and the announcements of the Company dated 25 January 2016, 26 January 2016, 17 February 2016 and 18 February 2016.

Issuance of Private Corporate Bonds on the Shanghai Stock Exchange

The Bond Issuer obtained a letter of no objection from the Shanghai Stock Exchange for the private placement of private corporate bonds to be listed and traded on the Shanghai Stock Exchange in an aggregate principal amount of up to RMB5.0 billion (the "**Shanghai Private Corporate Bonds**"). The Shanghai Private Corporate Bonds could not be offered to the general public.

On 21 March 2016, the Bonds Issuer issued the first tranche of the Shanghai Private Corporate Bonds in an aggregate principal amount of RMB500 million with a 3-year term at a coupon rate of 7.5% per annum. At the end of the second year, the Bond Issuer has a right to adjust the interest rate of the outstanding bonds, and the bond subscriber has a right to sell all or any part of the outstanding bonds to the Bond Issuer at the nominal value.

For further details in respect of the issue of the Shanghai Private Corporate Bonds, please refer to the section headed "Summary and Highlights – Recent Developments – Developments in our Business" on pages 18 and 19 in the Prospectus and the announcements of the Company dated 18 March 2016 and 21 March 2016.

SHARE CAPITAL

Details of the movements in the share capital of the Company are set out in note 24 to the consolidated financial statements of the Group in this annual report.

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DIRECTORS AND DIRECTORS' SERVICE CONTRACTS

The Directors during the year ended 31 December 2015 and up to the date of this annual report are:

Executive Directors

Mr. Ou Zonghong *(Chairman and Chief Executive Officer)*
Mr. Wu Jian *(Vice President)*
Mr. Lin Junling *(Vice President)*
Ms. Zeng Feiyan *(Chief Financial Officer) (appointed on 27 July 2015)*
Mr. Gao Chuanjian *(resigned on 27 July 2015)*

Independent Non-Executive Directors

Mr. Lo, Wing Yan William *(appointed on 13 January 2016)*
Mr. Ren Yunan *(appointed on 13 January 2016)*
Mr. Qu Wenzhou *(appointed on 13 January 2016)*

Mr. Gao Chuanjian resigned as a Director on 27 July 2015 to pursue his personnel endeavours and other personal developments.

The biographical details of the Directors and the senior management of the Company are set out in the section headed "Directors and Senior Management" in this annual report.

In accordance with article 84(1) of the articles of association of the Company, one-third of the Directors for the time being (or, if their number is not a multiple of three, the number nearest to but not less than one-third) shall retire from office by rotation and be eligible for re-election and re-appointment at every annual general meeting, provided that every Director shall be subject to retirement by rotation at the annual general meeting at least once every three years. Further, article 83(3) of the articles of association of the Company provides that any Director appointed by the Board to fill a casual vacancy shall hold office until the first general meeting after his/her appointment and shall be eligible for re-election at that meeting and any Director appointed by the Board as an addition to the Existing Board shall hold office only until the next following annual general meeting of the Company and shall than be eligible for re-election.

Accordingly, Mr. Ou Zonghong, Mr. Wu Jian and Mr. Liu Junling shall retire by rotation and, being eligible and willingly, have offered themselves for re-election as Directors at the AGM. Further, Ms. Zeng Feiyan, Mr. Lo, Wing Yan William, Mr. Ren Yunan and Mr. Qu Wenzhou shall retire office at the AGM and, being eligible and willingly, have offered themselves for re-election as Directors at the AGM.

Directors' Service Contracts

Each of the executive Directors has entered into a service contract with the Company for a term of three years commencing from the Listing Date, and may be terminated pursuant to the respective terms of the service contracts.

Each of the independent non-executive Directors has entered into an appointment letter with the Company for a term of three years commencing from the Listing Date, and may be terminated pursuant to the respective terms of the appointment letters.

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None of the Directors has entered into any service contract with the Company which is not determinable by the Company within one year without payment of compensation (other than statutory compensation).

CONFIRMATION OF INDEPENDENCE OF INDEPENDENT NON-EXECUTIVE DIRECTORS

The Company has received a confirmation of independence from each of the independent non-executive Directors pursuant to Rule 3.13 of the Listing Rules. The Board has assessed their independence and concluded that all the independent non-executive Directors are considered to be independent pursuant to the Listing Rules.

DIRECTORS' EMOLUMENTS AND FIVE HIGHEST PAID INDIVIDUALS

Details of the remuneration of the Directors and those of the five highest paid individuals of the Group for the year ended 31 December 2015 are set out in note 8 to the consolidated financial statements of the Group in this annual report.

None of the Directors waived his/her emoluments nor has agreed to waive his/her emoluments for the year ended 31 December 2015.

DIRECTORS' INTERESTS IN COMPETING BUSINESS

Mr. Ou Zonghong, the chairman and an executive Director of the Company, through his interests in a family trust, Ou Family Trust, is interested in 74.87% of the issued share capital in the Company as at the date of this annual report. Apart from holding interests in the Group as a result of the Ou Family Trust, Mr. Ou Zonghong also owns equity interest in certain other companies which are engaging in the businesses of hotel operation and property management details of which are set out below.

(i) Hotel Operation

Hemei (Zhangzhou) Hotel Investment Company Limited is a member of the Fujian Dingcheng Investment Company Limited, which owns and operates Zhangzhou Rongxin Crowne Plaza Holiday Hotel ("**Zhangzhou Rongxin Hotel**"). Zhangzhou Rongxin Hotel is a high-end hotel in Zhangzhou, Fujian province and was opened in August 2014. For further details, please refer to the section headed "Relationship with Controlling Shareholders – No Competition and Clear Delineation of Business" on pages 260 to 263 in the Prospectus.

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(ii) Property Management

Rongxin (Fujian) Property Management Company Limited ("**Rongxin Fujian Property Management**") is owned as to 52% by Mr. Ou Zonghong. Rongxin Fujian Property Management is engaging in the provision of property management services and it has been providing property management services to certain of the Group's property projects during the year ended 31 December 2015 and will continue to do so afterward. For further details, please refer to the section headed "Relationship with Controlling Shareholders – No Competition and Clear Delineation of Business" on pages 260 to 263 in the Prospectus and the paragraph headed "Continuing Connected Transactions – 1. Management Services Agreement" in this section.

Save as disclosed above, as at the date of this annual report, none of the controlling shareholders of the Group or the Directors was engaged or had interest in any business, apart from the business of the Group, which competes or is likely to compete, directly or indirectly, with the Group's business, which would require disclosure under Rule 8.10 of the Listing Rules.

COMPLIANCE WITH NON-COMPETITION UNDERTAKINGS

Deed of Non-Competition

The Company's controlling shareholders, namely, Mr. Ou Zonghong, Mr. Ou Guofei, Honesty Global Holdings Limited and Dingxin Company Limited (together, the "**Covenantors**") entered into a deed of non-competition on 22 December 2015 (the "**Deed of Non-Competition**") in favour of the Company, pursuant to which each of the Covenantors has, among other things, irrevocably and unconditionally undertaken, jointly and severally, with the Company that, save for the businesses carried on by them as already disclosed in the Prospectus, the Covenantors shall not, and shall procure that their close associates (other than members of the Group) shall not, directly or indirectly, carry on, engage in, invest in, participate in, attempt to participate in, render any services to, provide any financial support to or otherwise be involved in or interested in, whether alone or jointly with another person and whether directly or indirectly or on behalf of or to assist or act in concert with any other person, any business or investment activities in the PRC and Hong Kong which is the same as, similar to or in competition with the business carried on or contemplated to be carried on by any member of the Group from time to time ("**Restricted Business**").

The Deed of Non-Competition shall expire on the earlier of (i) the date when the Covenantors and, as the case may be, any of their close associates, cease to hold, or otherwise be interested in, beneficially in aggregate whether directly or indirectly, 30% or more (or such other percentage of shareholding as stipulated in the Listing Rules to constitute a controlling shareholder) of the issued share capital of the Company; or (ii) the date on which the Shares cease to be listed on the Stock Exchange (except for temporary suspension of trading of the Shares).

For details of the Deed of Non-Completion, please refer to the section headed "Relationship with Controlling Shareholders – Non-Competition Undertakings" on pages 263 to 266 in the Prospectus.

Annual review

The Covenantors have confirmed that they did not refer, or to procure the referral of, any investment or commercial opportunities relating to the Restricted Business to the Group from the Listing Date and up to the date of this annual report.

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The Company has received a written confirmation from each of the Covenantors in respect of the compliance by them and their close associates with the terms of the Deed of Non-Competition.

The independent non-executive Directors have reviewed the Deed of Non-Competition and assessed whether the Covenantors and their close associates have complied with the terms of the Deed of Non-Competition, and were satisfied that each of the Covenantors has complied with his/its undertakings under the Deed of Non-Competition during the period from the Listing Date and up to the date of this annual report.

CONTINUING CONNECTED TRANSACTIONS

Following the Listing of the Company on 13 January 2016, the transactions between the Group and certain connected persons of the Group have become continuing connected transactions pursuant to Chapter 14A of the Listing Rules. Set forth below are the details of the continuing connected transactions of the Group since the Listing Date and up till the date of this annual report, which were exempted from the requirements of independent shareholders' approval, but subject to the reporting and annual review requirements under Chapter 14A of the Listing Rules:

1. Management Services Agreement

The Company as service recipient entered into a framework management services agreement (the "**Management Services Agreement**") with Rongxing Fujian Property Management as service provider on 22 December 2015, pursuant to which Rongxin Fujian Property Management agreed to provide the Group with management and related services to the display units, sales offices and community clubhouses of the Group's property projects, including but not limited to cleaning, gardening, maintenance of public order and security services to the aforesaid venues.

As Rongxin Fujian Property Management is owned as to 52% by Mr. Ou Zonghong, one of the controlling shareholders and executive Directors of the Company, Rongxin Fujian Property Management is an associate of Mr. Ou Zonghong and is therefore a connected person of the Company pursuant to Chapter 14A of the Listing Rules.

The management fees payable by the Group to Rongxin Fujian Property Management shall be based on the fee quotes to be submitted by Rongxin Fujian Property Management under the relevant tender bids, taking into account a wide range of factors such as nature, age and infrastructure features of the relevant property projects, geographic location and neighborhood profile. The amounts of management fees paid by the Group to Rongxin Fujian Property Management under the Management Services Agreement during the year ended 31 December 2015 amounted to approximately RMB38.9 million.

The annual cap amounts of management fees payable by the Group to Rongxin Fujian Property Management for each of the years ending 31 December 2016 and 2017 are RMB30.5 million and RMB12.0 million, respectively, which were determined with reference to the total gross floor area, geographical locations, facilities and human resources allocation of the relevant display units, sales offices and community clubhouses and on the assumption that the costs incurred by manpower will increase steadily.

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As one or more of the applicable percentage ratios (other than the profits ratio) of the proposed annual caps in respect of the management and related services under the Management Services Agreement exceed 0.1% but are all less than 5% on an annual basis, the management and related services under the Management Services Agreement and the proposed annual caps for each of the years ending 31 December 2016 and 2017 are subject to the reporting, annual review and announcement requirements but are exempt from the independent Shareholders' approval requirement pursuant to Chapter 14A of the Listing Rules.

2. Financial Assistance Arising from Five Subsisting Type (iii) Financing Arrangements

The Group had five subsisting type (iii) financing arrangements as at the date of this annual report. Type (iii) financing arrangement refers to a financing arrangement which involves a transfer of equity interest and a pledge of the remaining equity interest held by the Group in its project companies to the relevant non-bank financial institutions (the "**Type (iii) Financing Companies**") as collateral to secure the repayment obligations of the relevant project companies. As the Type (iii) Financing Companies acquired 10% or more equity interest in the relevant project companies of the Group, they are regarded as the Company's connected persons pursuant to Chapter 14A of the Listing Rules. Accordingly, any transaction entered into between the Group and the Type (iii) Financing Companies constitutes a connected transaction for the Group and will be subject to the applicable reporting requirements pursuant to Chapter 14A of the Listing Rules.

Set forth below are the details of the type (iii) financing arrangements entered into by the Group during the year ended 31 December 2015:

(1) Shanghai Goldstate Brilliance Asset Management Co., Ltd. ("**Shanghai Goldstate**")

As a result of the type (iii) financing arrangement of Rongxin (Xiamen) Property Development Company Limited ("**Xiamen Property**", a subsidiary of the Company) entered into with Shanghai Goldstate, Shanghai Goldstate provided a trust loan of RMB800 million to Xiamen Property on 7 July 2014 (the "**Xiamen Property Trust Loan**"). To secure the performance and payment obligations of Xiamen Property in respect of the Xiamen Property Trust Loan, the Group has also provided a number of securities to Shanghai Goldstate, including:

(i) a pledge of 51% of the equity interest in Xiamen Property provided by Rongxin (Fujian) Investment Company Limited ("**Rongxin Group**");

(ii) a joint and several liability guarantee provided by Rongxin Group; and

(iii) a mortgage over a piece of land located in Xiamen, Fujian province provided by Xiamen Property.

Due to the type (iii) financing arrangement in respect of Xiamen Property Trust Loan, Shanghai Goldstate holds 49% equity interest in Xiamen Property and therefore is a connected person of the Group pursuant to Chapter 14A of the Listing Rules.

As at 31 December 2015, the outstanding balance of Xiamen Property Trust Loan was RMB560 million.

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(2) Shenzhen Pingan Dahua Huitong Wealth Management Co., Ltd. ("**Pingan Wealth Management**")

As a result of the type (iii) financing arrangement of Fuzhou Rongxin Shuanghang Investment Development Company Limited ("**Fuzhou Shuanghang**", a subsidiary of the Company) entered into with Pingan Wealth Management, Pingan Wealth Management provided a trust loan of RMB6,430 million to Fuzhou Shuanghang on 22 October 2014 (the "**Fuzhou Shuanghang Trust Loan**"). To secure the performance and payment obligations of Fuzhou Shuanghang in respect of the Fuzhou Shuanghang Trust Loan, the Group has also provided a number of securities to Pingan Wealth Management, including:

(i) a pledge of 30% of the equity interests in Fuzhou Shuanghang provided by Rongxin Group;

(ii) a joint and several liability guarantee provided by Rongxin Group; and

(iii) a mortgage over two pieces of land located in Fuzhou, Fujian province provided by Fuzhou Shuanghang.

Due to the type (iii) financing arrangement in respect of the Fuzhou Shuanghang Trust Loan, Pingan Wealth Management holds 70% equity interest in Fuzhou Shuanghang and therefore is a connected person of the Group pursuant to Chapter 14A of the Listing Rules.

As at 31 December 2015, the Fuzhou Shuanghang Trust Loan was fully settled and the securities provided to Pingan Wealth Management were fully discharged.

(3) Tianhong Innovative Asset Management Co., Ltd. ("**Tianhong Asset Management**")

As a result of the type (iii) financing arrangement of Hangzhou Kaizhu Rongxin Property Development Co., Ltd. ("**Hangzhou Kaizhu**", a subsidiary of the Company) entered into with Tianhong Asset Management, Tianhong Asset Management provided a trust loan of RMB2,000 million to Hangzhou Kaizhu on 2 April 2015 (the "**Kaizhu-Tianhong Trust Loan**"). To secure the performance and payment obligations of Hangzhou Kaizhu in respect of the Kaizhu-Tianhong Trust Loan, the Group has also provided a number of securities to Tianhong Asset Management, including:

(i) a pledge of 10% of the equity interest in Hangzhou Kaizhu provided by Hemei Shanghai Property;

(ii) a joint and several liability guarantee provided by Rongxin Group; and

(iii) a mortgage over a piece of land located in Hangzhou, Zhejiang province provided by Hangzhou Kaizhu.

Due to the type (iii) financing arrangement in respect of the Kaizhu-Tianhong Trust Loan, Tianhong Asset Management holds 90% equity interest in Hangzhou Kaizhu and therefore is a connected person of the Group pursuant to Chapter 14A of the Listing Rules.

As at 31 December 2015, the outstanding balance of Kaizhu - Tianhang Trust Loan was RMB1,789 million.

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(4) Tianhong Asset Management

As a result of the type (iii) financing arrangement of Changle Rongxi Investment Co., Ltd. ("**Changle Rongxi Investment**", a subsidiary of the Company) entered into with Tianhong Asset Management, Tianhong Asset Management provided a trust loan of RMB350 million to Changle Rongxin Investment on 15 October 2015 (the "**Changle-Tianhong Trust Loan**"). To secure the performance and payment obligations of Changle Rongxin Investment in respect of the Changle-Tianhong Trust Loan, the Group has also provided a number of securities to Tianhong Asset Management, including:

(i) a pledge of 30% of the equity interest in Changle Rongxin Investment provided by Rongxin Group;

(ii) a joint and several liability guarantee provided by Rongxin Group; and

(iii) a mortgage over a piece of land located in Changle, Fujian province provided by Changle Rongxin Investment.

Due to the type (iii) financing arrangement in respect of the Changle-Tianhong Trust Loan, Tianhong Asset Management holds 70% equity interest in Changle Rongxin Investment and therefore is a connected person of the Group pursuant to Chapter 14A of the Listing Rules.

As at 31 December 2015, the Changle - Tianhong Trust Loan was fully settled and the securities provided to Tianhong Asset Management were fully discharged.

(5) Oriental Chuangfu No.2 (Shenzhen) Investment Enterprise (Limited Partnership) ("**Oriental Chuangfu**")

As a result of the type (iii) financing arrangement of Rongxin (Fuzhou) Property Co., Ltd. ("**Fuzhou Property**", a subsidiary of the Company) entered into with Oriental Chuangfu, Oriental Chuangfu provided a trust loan of an aggregate amount of RMB800 million to Fuzhou Property on 27 February 2015 (the "**Oriental Chuangfu Trust Loan**"). To secure the performance and payment obligations of Fuzhou Property in respect of the Oriental Chuangfu Trust Loan, the Group has also provided a number of securities to Oriental Chuangfu, including:

(i) a pledge of 51% of the equity interest in Fuzhou Property provided by Rongxin Group;

(ii) a pledge of 9% of the equity interest in Fuzhou Property provided by Shifeng (Fujian) Investment Co., Ltd. ("**Shifeng Investment**");

(iii) a joint and several liability guarantee provided by Rongxin Group; and

(iv) a mortgage over two pieces of land located in Fuzhou, Fujian province provided by Fuzhou Property.

Due to the type (iii) financing arrangement in respect of the Oriental Chuangfu Trust Loan, Oriental Chuangfu holds 40% equity interest in Fuzhou Property and therefore is a connected person of the Group pursuant to Chapter 14A of the Listing Rules.

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As at 31 December 2015, the Oriental Chuangfu Trust Loan was fully settled and the securities provided to Oriental Chuangfu were fully discharged.

Despite that the trust loans as described above were granted by the relevant Type (iii) Financing Companies on one-off basis, the repayment obligations of the Group, save for Fuzhou Shuanghang Trust Loan Changle-Tianhong Trust Loan and Oriental Chuangfu Trust Loan, remained subsisting as at the date of this annual report. As such, the five subsisting type (iii) financing arrangements constitute continuing connected transactions for the Group and securities granted by the Group to the Company's connected persons in respect of the financial assistance to the Group by its connected persons and subject to the reporting, annual review and announcement requirements but exempt from the circular, independent financial advice and shareholders' requirements.

Annual review

Pursuant to Rule 14A.55 of the Listing Rules, the independent non-executive Directors have reviewed the continuing connected transactions and have confirmed that the transactions have been entered into (i) in the ordinary and usual course of business of the Group; (ii) on normal commercial terms; and (iii) according to the agreement governing them on terms that are fair and reasonable and in the interests of the Company's shareholders as a whole.

PricewaterhouseCoopers, the Company's independent auditor, was 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 Hong Kong Institute of Certified Public Accountants. The auditor has issued his unqualified letter containing his findings and conclusions in respect of the aforesaid continuing connected transactions in accordance with paragraph 14A.56 of the Listing Rules.

A copy of the independent auditor's letter has been provided by the auditor to the Company, and has been submitted to the Stock Exchange.

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DIRECTORS' AND CONTROLLING SHAREHOLDERS' INTERESTS IN TRANSACTION, ARRANGEMENT OR CONTRACTS

Other than those transactions disclosed in note 33 to the consolidated financial statements of the Group in this annual report and in the paragraphs headed "Directors' Interests in Competing Business" and "Continuing Connected Transactions" in this section, no Director or controlling shareholder of the Company has any material interest, either directly or indirectly, in any transaction, arrangement or contract of significance to the Group's business to which the Company, any of its subsidiaries, fellow subsidiaries or its parent companies were a party subsisted at the end of the year or at any time during the year ended 31 December 2015.

PRINCIPAL RISKS AND UNCERTAINTIES FACING THE GROUP

Principal risks and uncertainties facing the Group includes, among others, that (1) the Group is and will continue to be dependent on the performance of its PRC property sector; (2) the Group may not be able to identify suitable land or acquire land use rights for future development at commercially reasonable costs; (3) the Group conducts a large part of its operations in, and derived significant part of its revenue from, Fujian province and may not successfully expand geographically; (4) the Group has substantial indebtedness and may incur additional indebtedness in the future, and may not be able to generate sufficient cash to satisfy its outstanding and future debt obligations and to fund its capital expenditures; (5) the results of operations of the Group may fluctuate due to factors such as the schedule of the Group's property development and the timing of property sales; (6) the Group may not be able to complete its projects according to schedule; (7) the Group has significant cash outflow from operations and may not be able to timely obtain sufficient financing to fund the Group's land acquisitions or property developments; and (8) the Group is subject to certain restrictive covenants in and risks associated with bank borrowings and trust and other borrowings which may limit or otherwise materially and adversely affect the Group's business, results of operations and financial condition.

For further details of the principal risks and uncertainties facing the Group, please refer to the section headed "Risk Factors" on pages 35 to 70 in the Prospectus.

COMPLIANCE WITH LAWS AND REGULATIONS

Compliance procedures are in place to ensure adherence to applicable laws, rules and regulations which have a significant impact to the Group. As at the date of this annual report, except as disclosed in the Prospectus, the Group complied with, in all material respects, all the relevant and applicable PRC laws and regulations governing the business of property development and management and the Group has obtained all licenses, permits and certificates for the purpose of operating its business.

As at the date of this annual report, the Company's joint ventures and associated company were not involved in and the Board is not aware of any non-compliance incidents that might adversely affect the value of the Company's interests in them.

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RELATED PARTY TRANSACTIONS

A summary of the related party transactions entered into by the Group during the year ended 31 December 2015 is contained in note 33 to the consolidated financial statements of the Group in this annual report. The transactions summarised in note 33 to the consolidated financial statements of the Group fall under the definition of "connected transactions" under the Listing Rules. The Company has complied with the disclosure requirements set out in Chapter 14A of the Listing Rules.

SHARE OPTION SCHEME

The Company approved and adopted a share option scheme (the "**Share Option Scheme**") on 28 December 2015. The Share Option Scheme is subject to the requirements under Chapter 17 of the Listing Rules.

From the date of adoption of the Share Option Scheme and up to the date of this annual report, no option has been granted or agreed to be granted under the Share Option Scheme. Set forth below are the details of the Share Option Scheme:

(1) Purpose

The purpose of the Share Option Scheme is to enable the Group to grant options to selected participants as incentives or rewards for their contribution to the Group. The Directors believe the Share Option Scheme will enable the Group to reward its employees, the Directors and other selected participants for their contributions to the Group. It is expected that grantees of an option will make an effort to contribute to the development of the Group so as to bring about an increased market price of the Shares in order to capitalise on the benefits of the options granted.

(2) Participants

The Directors may, at their absolute discretion, invite any person belonging to any of the following classes of participants, who the Board considers, in its sole discretion, have contributed or will contribute to the Group, to take up options to subscribe for Shares (collectively the "**Eligible Participants**"):

(i) any directors (including executive Directors, non-executive Directors and independent non-executive Directors) and employees of any member of the Group; and

(ii) any advisors, consultants, distributors, contractors, customers, suppliers, agents, business partners, joint venture business partners, service providers of any member of the Group.

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(3) The maximum number of Shares available for issue

The total number of Shares which may be issued upon exercise of all options to be granted under the Share Option Scheme shall not in aggregate exceed 10% of the aggregate of the Shares in issue on the day on which trading of the Shares commences on the Stock Exchange, and such 10% limit represents 135,000,000 Shares. 135,000,000 Shares represents approximately 9.98% of the total Shares in issue as at the date of this annual report.

(4) The maximum entitlement of each participant

The total number of Shares issued and to be issued upon exercise of the options granted and to be granted under the Share Option Scheme and any other share option scheme of the Group (including both exercised and outstanding options) to each participant in any 12-month period shall not exceed 1% of the issued share capital of the Company for the time being.

(5) Time of acceptance and exercise of option

An option may be accepted by a participant to whom the offer is made within 5 business days from the date on which the letter containing the offer is delivered to that participant. An option may be exercised in accordance with the terms of the Share Option Scheme at any time during a period to be determined and notified by the Directors to each grantee, which period may commence on a day after the date upon which the offer for the grant of options is made but shall end in any event not later than 10 years from the date of grant of the option subject to the provisions for early termination under the Share Option Scheme. Unless otherwise determined by the Directors and stated in the offer of the grant of options to a grantee, there is no minimum period required under the Share Option Scheme for the holding of an option before it can be exercised.

(6) Subscription price for Shares and consideration for the option

The subscription price per Share under the Share Option Scheme will be a price determined by the Directors, but shall not be less than the highest of (i) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the date of the offer of grant, which must be a business day; (ii) the average closing price of the Shares as stated in the Stock Exchange's daily quotations sheets for the five business days immediately preceding the date of the offer of grant (provided that in the event that any option is proposed to be granted within a period of less than five business days after the trading of the Shares first commences on the Stock Exchange, the new issue price of the Shares for the Global Offering shall be used as the closing price for any business day falling within the period before listing of the Shares on the Stock Exchange); and (iii) the nominal value of a Share on the date of grant.

A nominal consideration of HK$1 is payable upon acceptance of the grant of an option.

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(7) The remaining life of the Share Option Scheme

The Share Option Scheme will remain in force for a period of 10 years commencing on the date on which the Share Option Scheme is adopted, i.e. 28 December 2015.

For further details of the Share Option Scheme, please refer to the section headed "Statutory and General Information – Other information – Share Option Scheme" on pages V-19 to V-29 in Appendix V to the Prospectus.

MANAGEMENT CONTRACTS

No contracts concerning the management and administration of the whole or any substantial part of the business of the Company were entered into or subsisted during the year ended 31 December 2015.

ARRANGEMENTS TO PURCHASE SHARES OR DEBENTURES

At no time during the year ended 31 December 2015 were there any rights to acquire benefits by means of the acquisition of Shares in or debentures of the Company granted to any Director or their respective spouse or children under 18 years of age, nor were there any such rights exercised by them. Also, there was no arrangement to which the Company, its holding company, or any of its subsidiaries or fellow subsidiaries is a party that would enable the Directors to acquire such rights in any other body corporate.

PURCHASE, SALE OR REDEMPTION OF SHARES OF THE COMPANY

From the Listing Date and up to the date of this annual report, neither the Company nor any of its subsidiaries had purchased, sold or redeemed any of the Shares of the Company.

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DIRECTORS' AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ITS ASSOCIATED CORPORATIONS

As at the date of this annual report, the interests and short positions of the Directors and the chief executives of the Company in the Shares, underlying Shares and debentures of the Company or its associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance, Chapter 571 of the laws of Hong Kong (the "**SFO**")) which were required to be entered in the register kept by the Company pursuant to section 352 of the SFO, or which were otherwise required, to be notified to the Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as contained in Appendix 10 to the Listing Rules (the "**Model Code**"), are set out below:

INTERESTS IN SHARES OF THE COMPANY

Name of Director	Nature of Interest/Capacity	Number of Shares or underlying Shares[1]	Approximate percentage of shareholding
Mr. Ou Zonghong [1]	Beneficiary of a trust	1,012,500,000 (L)	74.87%

Notes:

(1) The letter "L" denotes the entity's long position in the relevant Shares.

(2) Mr. Ou Zonghong is a beneficiary of the Ou Family Trust which is a discretionary trust established by Mr. Ou Guofei as the settlor with Mr. Ou Zonghong being the protector. TMF (Cayman) Ltd., the trustee of Ou Family Trust, through a wholly-owned BVI company, namely Honesty Global Holdings Limited, which in turn wholly-owned another BVI company, namely Dingxin Company Limited, held 1,012,500,000 Shares as at the date of this annual report.

Save as disclosed above, as at the date of this annual report, none of the Directors and chief executives of the Company had any interests or short positions in the Shares, underlying Shares and debentures of the Company or its associated corporations, recorded in the register required to be kept under section 352 of the SFO or required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

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SUBSTANTIAL SHAREHOLDERS' INTERESTS AND SHORT POSITIONS IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY

So far as is known to the Company, as at the date of this annual report, as recorded in the register required to be kept by the Company under section 336 of the SFO, the following persons, other than a Director or chief executive of the Company, had an interest of 5% or more in the Shares or underlying Shares of the Company:

Name of Shareholder	Nature of Interest/Capacity	Number of Shares or underlying Shares[1]	Approximate percentage of shareholding
Dingxin Company Limited[2]	Beneficial owner	1,012,500,000 (L)	74.87%
Honesty Global Holdings Limited[2]	Interest in controlled corporation	1,012,500,000 (L)	74.87%
TMF (Cayman) Ltd. [2]	Trustee of a trust	1,012,500,000 (L)	74.87%
Mr. Ou Guofei[2] [3]	Settlor of a trust	1,012,500,000 (L)	74.87%
Ms. Xu Lixiang[4]	Beneficiary of a trust/Interest of spouse	1,012,500,000 (L)	74.87%

Notes:

(1) The letter "L" denotes the entity's long position in the relevant Shares.

(2) Dingxin Company Limited is a BVI company wholly owned by Honesty Global Holdings Limited, another BVI company, wholly-owned by TMF (Cayman) Ltd., the trustee of the Ou Family Trust which is a discretionary trust established by Mr. Ou Guofei (as the settlor) with Mr. Ou Zonghong being the protector. Accordingly, each of Honesty Global Holdings Limited, TMF (Cayman) Ltd. and Mr. Ou Guofei is deemed to be interested in the Shares held by Dingxin Company Limited.

(3) Mr. Ou Guofei is the son of Mr. Ou Zonghong.

(4) Ms. Xu Lixiang is the spouse of Mr. Ou Zonghong and is therefore deemed under the SFO to be interested in the Shares held by Mr. Ou Zonghong.

Save as disclosed above, as at the date of this annual report, the Company had not been notified of any persons (other than a Director or chief executive of the Company) who had an interest or short position in the Shares or underlying Shares of the Company that were recorded in the register required to be kept under section 336 of the SFO.

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PRE-EMPTIVE RIGHTS

There are no provisions for pre-emptive rights under the articles of association of the Company, or the law of Cayman Islands being the jurisdiction in which the Company was incorporated under which would oblige the Company to offer new Shares on a pro-rata basis to existing Shareholders.

CORPORATE GOVERNANCE

Principal corporate governance practices adopted by the Company are set out in the section headed "Corporate Governance Report" in this annual report.

EMPLOYEE AND REMUNERATION POLICY

As at 31 December 2015, the Group employed a total of 920 full-time employees. For the year ended 31 December 2015, the staff cost of the Group amounted to approximately RMB237.08 million.

The remuneration policy of the Group is to provide remuneration packages including salary, bonus and various allowances, so as to attract and retain top quality staff. In general, the Group determines employee salaries based on each employee's qualification, position and seniority. The Group has designed a periodical review system to assess the performance of its employees, which forms the basis of the determination on salary raise, bonus and promotion. As required by PRC regulations, the Group makes contributions to mandatory social security funds for the benefit of the Group's PRC employees that provide for pension insurance, medical insurance, unemployment insurance, personal injury insurance, maternity insurance and housing funds.

Furthermore, the Group has implemented systematic, specialty-focused vocational training programs for its employees at different levels on regular basis to meet different requirements and emphasise individual initiative and responsibility. The Group believes that these initiatives have contributed to increased employee productivity.

The Group's employees do not negotiate their terms of employment through any labor union or by way of collective bargaining agreements. From the Listing Date and up to the date of this annual report, no labor dispute had occurred which materially and adversely affected or was likely to have a material and adverse effect on the operations of the Group.

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ENVIRONMENTAL, SOCIAL AND GOVERNANCE

Environmental Protection

The Group is subject to a number of environmental-related laws and regulations in the PRC including the PRC Environmental Protection Law, the PRC Prevention and Control of Noise Pollution Law, the PRC Environmental Impact Assessment Law and the Administrative Regulations on Environmental Protection for Development Projects. Pursuant to these laws and regulations, the Group has engaged independent third-party environmental consultants to conduct environmental impact assessments at all of the construction projects of the Group, and such environmental impact assessments were submitted to relevant governmental authorities for approval before commencement of development. Upon completion of construction works, the Group is required to be examined by a third party designated by the relevant governmental authorities and are subject to governmental authorities' acceptance. Only property development projects which have passed such examination and acceptance can be delivered.

Under the typical construction contracts of the Group, the Group requires its contractors to strictly comply with relevant environmental-related laws and regulations. The Group inspects the construction sites regularly and require its contractors to immediately rectify any default or non-compliance identified.

During the year ended 31 December 2015, the Group incurred RMB8.1 million as cost for compliance with applicable environmental rules and regulations. The Directors expect that the Group will continue to incur compliance costs with respect to applicable environmental rules and regulations at a similar level. As at the date of this annual report, the Group did not encounter any material issues in passing inspections conducted by the relevant environmental authorities upon completion of the property development projects of the Group. During the year ended 31 December 2015 and up to the date of this annual report, no material fines or penalties were imposed on the Group for non-compliance of PRC environmental laws and regulations. As at the date of this annual report, the Group had obtained all required approvals in relation to the environmental impact reports, where applicable, for the projects of the Group under development.

Social Responsibility

The Group has entered into employment contracts with its employees in accordance with the applicable PRC laws and regulations.

The Group maintains social welfare insurance for its full-time employees in the PRC, including pension insurance, medical insurance, personal injury insurance, unemployment insurance and maternity insurance, in accordance with the relevant PRC laws and regulations.

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Health and Work safety

The employee's administrative measures adopted by the Group contain policies and procedures regarding work safety and occupational health issues. The Group provides its employees with annual medical checks and safety training, and the construction sites of the Group are equipped with safety equipments including gloves, boots and hats.

The chairman's office of the Group is responsible for recording and handling work accidents as well as maintaining health and work safety compliance records.

During the year ended 31 December 2015 and up to the date of this annual report, the Group did not encounter any material safety accident, there were no material claims for personal or property damages and no material compensation was paid to employees in respect of claims for personal or property damages related to safety accident.

INDEMNITY AND INSURANCE PROVISIONS

The articles of association of the Company provides that every Director shall be indemnified out of the assets of the Company against any liability, action, proceeding, claim, demand, costs, damages or expenses as a result of any act or failure to act in carrying out his/her functions. The Company has arranged appropriate directors and officers liability insurance in respect of legal action against Directors.

EQUITY-LINKED AGREEMENTS

Save for the Share Option Scheme as set out in this annual report, no equity-linked agreements were entered into by the Group, or subsisted during the year ended 31 December 2015.

SUBSEQUENT EVENTS

Capitalisation issue

On the Listing Date, the Company issued 1,012,499,000 ordinary shares at par value of HK$0.00001 each to holders of shares on the register of members of the Company at the close of business on the business day immediately preceding the Listing Date by way of capitalisation of an amount of HK$10,125 standing to the credit of the share premium account of the Company.

Initial global offering

On the Listing Date, the Company issued a total of 337,500,000 ordinary shares of HK$0.00001 each at a price of HK$5.36 per share as a result of the initial global offering. On 28 January 2016, 2,348,000 shares were issued according to the over-allotment option described in the Prospectus, at a price of HK$5.36 per share. Number of total issued shares of the Company increased to 1,352,348,000 shares upon completion of the capitalisation issue, initial global offering and exercise of over-allotment option.

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Bond issuances

Rongxin Group, a wholly-owned subsidiary of the Company, issued the second tranche of the Public Corporate Bonds on 19 January 2016, two tranches of the Shenzhen Private Corporate Bonds on 26 January 2016 and 18 February 2016, and one tranche of the Shanghai Private Corporate Bonds on 21 March 2016. For further details, please refer to the paragraph headed "Bond Issuances" on pages 38 and 39 in this section.

Acquisition of 50% equity interests in Fujian Ronghui Real Estate Company Limited

On 21 March 2016, Rongxin Group, an indirect wholly-owned subsidiary of the Company, entered into an equity transfer agreement with Fuzhou Zhuochuang Investment Company Limited (福州卓創投資有限公司) ("**Fuzhou Zhuochuang**"), an independent third party, pursuant to which Rongxin Group has agreed to acquire, and Fuzhou Zhuochuang has agreed to dispose of, 50% equity interests in Fujian Ronghui Real Estate Company Limited (福建融滙置業有限公司) ("**Fujian Ronghui**") at a total consideration of RMB840,000,000 (equivalent to approximately HK$999,642,985). Fujian Ronghui is a company principally engaged in property development in the PRC with most of its land reserve located in Fuzhou city. Upon completion of this acquisition, Rongxin Group will hold 50% equity interests in Fujian Ronghui with the remaining 50% equity interests in Fujian Ronghui to be held by two independent third parties, namely Ronghui (Fujian) Group Company Limited (融滙(福建)集團有限公司) and Chongqing Ronghui Investment Company Limited (重慶融滙投資有限公司). As it is expected that Rongxin Group will gain control over the board of directors of Fujian Ronghui, the financial results of Fujian Ronghui are expected to be consolidated to the financial results of the Group.

Deemed disposal

On 30 March 2016, the shareholders of Fuzhou Property, a non-wholly owned subsidiary of the Company, resolved to increase the registered capital of Fuzhou Property from RMB166,666,700 to RMB189,583,300 whereby Fuzhou Wuyuan Ecological Agriculture Development Company Limited (福州悟源生態農業開發有限公司) ("Fuzhou Wuyuan"), an independent third party, agreed to contribute RMB510,000,000 in cash on or before 31 March 2016 for subscribing the additional RMB22,916,600 registered capital of Fuzhou Property. An amount of RMB487,083,400 will be credited in the capital reserve of Fuzhou Property as a result of this subscription. Following this subscription, the equity interests of Rongxin Group in Fuzhou Property will be diluted from 91% to 80%, and the equity interests of Fuzhou Wuyuan in Fuzhou Property will be increased from 9% to 20%, which gives rise to the deemed disposal pursuant to Rule 14.29 of the Listing Rules. Upon completion of this subscription, Fuzhou Property will continue to be consolidated as a non-wholly owned subsidiary of the Company, and the results of operations and financial position of Fuzhou Property will continue to be recorded in the Group's consolidated financial statements.

Details of significant events affecting the Group after 31 December 2015 are set out in note 36 to the consolidated financial statements.

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SUFFICIENCY OF PUBLIC FLOAT

Rule 8.08 of the Listing Rules requires there to be an open market in the securities for which listing is sought and a sufficient public float of an issuer's listed securities to be maintained. This normally means that at least 25% of the issuer's total issued share capital must at all times be held by the public.

Based on the information that is publicly available to the Company and to the knowledge of the Directors as at the latest practicable date prior to the issue of this annual report, the Company has maintained a sufficient public float as required under the Listing Rules.

CHARITABLE DONATIONS

During the year ended 31 December 2015, the Group made charitable and other donations in a total amount of RMB12.7 million.

AUDITOR

The consolidated financial statements for the year ended 31 December 2015 have been audited by PricewaterhouseCoopers. A resolution for the re-appointment of PricewaterhouseCoopers as the Company's auditor is to be proposed at the AGM.

PROFESSIONAL TAX ADVICE RECOMMENDED

If the Shareholders are unsure about the taxation implications of purchasing, holding, disposing of, dealing in, or the exercise of any rights in relation to the Shares, they are advised to consult an expert.

For and on behalf of the Board
Ronshine China Holdings Limited
Ou Zonghong
Chairman

Hong Kong, 23 March 2016

The Group is committed to achieving high standards of corporate governance to safeguard the interests of the Shareholders and to enhance corporate value and accountability. The Board is pleased to present the Corporate Governance Report of the Company for the year ended 31 December 2015.

COMPLIANCE WITH THE MODEL CODE FOR SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted the Model Code as the guidelines for the Directors' dealings in the securities of the Company. Following specific enquiries to each of the Directors, the Directors have confirmed their compliance with the required standards set out in the Model Code during the period from the Listing Date and up to the date of this annual report.

CORPORATE GOVERNANCE

The Company has adopted the corporate governance code (the "**Corporate Governance Code**") contained in Appendix 14 to the Listing Rules as its own code on corporate governance and, to the best knowledge of the Directors, the Company had complied with all applicable Code Provisions under the Corporate Governance Code during the period from the Listing Date and up to the date of this annual report, save and except for deviation from Code Provision A.2.1 of the Corporate Governance Code disclosed in the paragraph headed "The Board - 3. Chairman and Chief Executive Officer" in this section below.

CHANGES OF INFORMATION OF DIRECTORS

No information relating to the Directors need be disclosed in accordance with Rules 13.51(2) and 13.51(B) (1) of the Listing Rules subsequent to the publication of the Prospectus.

INDUCTION AND CONTINUOUS PROFESSIONAL DEVELOPMENT

Each newly appointed Director is provided with the necessary induction and information to ensure that he/she has a proper understanding of the Company's operations and businesses as well as his/her responsibilities under relevant statutes, by-laws, laws, rules and regulations. The Company will continue to arrange regular seminars to provide Directors with updates on the latest developments and changes in the Listing Rules and other relevant legal and regulatory requirements from time to time. The Directors are also provided with regular updates on the Company's performance, position and prospects to enable the Board as a whole and each Director to discharge their duties.

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During the year ended 31 December 2015 and up to the date of this annual report, each of the Directors has attended training in connection with their responsibilities as a director of the Company, and the attendance of each Director is set out in the table below:

Name of Director	
Executive Directors	
Mr. Ou Zonghong	√
Mr. Wu Jian	√
Mr. Lin Junling	√
Ms. Zeng Feiyan	√
Independent Non-Executive Directors	
Mr. Lo, Wing Yan William	√
Mr. Ren Yunan	√
Mr. Qu Wenzhou	√

THE BOARD

1. Responsibilities

The Board assumes the responsibility of leadership and control of the Company, and supervises and approves significant decisions regarding financial performance, strategic development objectives and operations of the Company. The Board delegates to the management authority and responsibility for the Company's daily operations and businesses management according to the Board's instructions. The Board has established various committees and has delegated to the audit committee (the "**Audit Committee**"), the remuneration committee (the "**Remuneration Committee**"), and the nomination committee (the "**Nomination Committee**") of the Board (collectively, the "**Board Committees**") various duties. All the Board Committees perform their distinct roles in accordance with their respective terms of reference.

All Directors shall at all times ensure that they carry out duties in good faith, in compliance with applicable laws and regulations, and in the interests of the Company and the Shareholders.

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2. Board Composition

Executive Directors	Mr. Ou Zonghong *(Chairman and Chief Executive Officer)* Mr. Wu Jian *(Vice President)* Mr. Lin Junling *(Vice President)* Ms. Zeng Feiyan *(Chief Financial Officer)*
Independent Non-Executive Directors	Mr. Lo, Wing Yan William Mr. Ren Yunan Mr. Qu Wenzhou

There is no material financial, business, family or other relationship between any members of the Board. The biographies of the Directors are set out under the section headed "Directors and Senior Management" in this annual report. All the Directors, including the independent non-executive Directors, bring a wide spectrum of valuable business experience, knowledge and professionalism to the Board for its efficient and effective functioning. The independent non-executive Directors are invited to serve on the Audit Committee, the Remuneration Committee and the Nomination Committee.

From the Listing Date and up to the date of this annual report, the Board at all times met the requirements under Rules 3.10(1) and 3.10(2) of the Listing Rules by the appointment of at least three independent non-executive Directors with at least one independent non-executive Director possessing appropriate professional qualifications or accounting or related financial management expertise.

The Company also complied with Rule 3.10A of the Listing Rules, which relates to the appointment of independent non-executive Directors representing at least one-third of the Board. The Company has received a confirmation of independence from each of the independent non-executive Directors pursuant to Rule 3.13 of the Listing Rules. The Board has assessed their independence and concluded that all the independent non-executive Directors are considered to be independent pursuant to the Listing Rules.

Each of the independent non-executive Directors has entered into an appointment letter with the Company for a term of three years.

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3. Chairman and Chief Executive Officer

The roles of the chairman and the chief executive officer of the Company have not been separated as required by Code Provision A.2.1 of the Corporate Governance Code. The roles of the chairman and chief executive officer of the Company are both performed by Mr. Ou Zonghong, an executive Director. The Board believes that vesting the roles of both chairman and chief executive officer in the same individual enables the Company to achieve higher responsiveness, efficiency and effectiveness when formulating business strategies and executing business plans. Furthermore, in view of Mr. Ou Zonghong's extensive industrial experience and significant role in the historical development of the Group, the Board believes that it is beneficial to the business prospects of the Group that Mr. Ou Zonghong continues to act as the chairman and chief executive officer of the Group following the Listing Date, and that the balance of power and authority is sufficiently maintained by the operation of the Board, comprising the executive Directors and independent non-executive Directors.

4. Board Meetings

Code Provision A.1.1 of the Corporate Governance Code prescribes that at least four regular Board meetings should be held in each year at approximately quarterly intervals with active participation of majority of directors, either in person or through electronic means of communication.

The Company has adopted the practice of holding Board meetings regularly. Notice of not less than 14 days is given of all regular Board meetings to provide all Directors with the opportunity to attend and include matters in the agenda. For other committee meetings, 14 days notice is given. The agenda and accompanying board papers are dispatched to the Directors or committee members at least three days before meetings to ensure that they have sufficient time to review these documents and be adequately prepared. When Directors or committee members are unable to attend a meeting, they are advised of the matters to be discussed and given an opportunity to make their views known to the chairman prior to the meeting.

Minutes of the Board meetings and committee meetings are recorded in detail and include the matters considered by the Board and the committees and the decisions reached, including any concerns raised by the Directors. Draft minutes of each Board meeting and committee meeting are sent to the Directors within a reasonable time after the date on which the meeting is held so that they have an opportunity to request amendments.

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The Company did not convene any general meeting from the Listing Date and up to the date of this annual report. From the Listing Date and up to the date of this annual report, one Board meeting was held and the attendance of the individual Directors at this meeting is set out in the table below:

Name of Director	Attended/ Eligible to attend
Executive Directors	
Mr. Ou Zonghong	1/1
Mr. Wu Jian	1/1
Mr. Lin Junling	1/1
Ms. Zeng Feiyan	1/1
Independent Non-Executive Directors	
Mr. Lo, Wing Yan William	1/1
Mr. Ren Yunan	1/1
Mr. Qu Wenzhou	1/1

BOARD COMMITTEES

The Company has established the Audit Committee, the Remuneration Committee and the Nomination Committee. Each of the Board Committees has specific written terms of reference which deal clearly with their authority and duties. The chairmen of the Board Committees will report their findings and recommendations to the Board after each meeting.

1. Audit Committee

The Board has established the Audit Committee with written terms of reference in compliance with the Corporate Governance Code. The terms of reference of the Audit Committee has been uploaded to the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.rongxingroup.com).

The primary duties of the Audit Committee are to review and supervise the financial reporting process, risk management and internal control system of the Group, oversee the audit process, provide advice and comments to the Board and perform other duties and responsibilities as may be assigned by the Board. The Audit Committee consists of three members, namely Mr. Qu Wenzhou, Mr. Lo, Wing Yan William and Mr. Ren Yunan, each of them is an independent non-executive Director. The chairman of the Audit Committee is Mr. Qu Wenzhou who possesses appropriate professional qualifications.

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Since the Listing Date and up to the date of this annual report, one meeting of the Audit Committee was held and the attendance record of the Audit Committee members is set out in the table below:

Name of committee member	**Attended/ Eligible to attend**
Mr. Qu Wenzhou *(Chairman)*	1/1
Mr. Lo, Wing Yan William	1/1
Mr. Ren Yunan	1/1

At the above meeting, members of the Audit Committee have reviewed the annual results of the Group for the year ended 31 December 2015 and significant issues on the financial reporting and compliance procedures, internal control and risk management systems and connected transactions, and have discussed with the auditor of the Company about the tasks they performed.

The Audit Committee has reviewed the remuneration of the auditor for the year ended 31 December 2015 and has recommended the Board to re-appoint PricewaterhouseCoopers as the auditor of the Company for the year ending 31 December 2016, subject to approval by the Shareholders at the AGM.

The works performed by the Audit Committee since the Listing Date and up to the date of this annual report included, among others, the following:

- reviewed the annual consolidated financial statements of the Group;
- reviewed the cash flow projections and monitored the Group's overall financial condition;
- reviewed the appropriateness and effectiveness of the risk management and internal control systems of the Group and made recommendations to the Board on the improvement of the risk management and internal control systems of the Group;
- reviewed the appropriateness and effectiveness of the internal audit function of the Group and made recommendations to the Board on the improvement of the internal audit function of the Group;
- reviewed the adoption of the relevant accounting principles generally accepted and made recommendations to the Board on the adoption of accounting policies; and
- met with external auditors in the absence of executive Directors and senior management to discuss matters in relation to the audit.

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2. Remuneration Committee

The Board has established the Remuneration Committee with written terms of reference in compliance with the Corporate Governance Code. The terms of reference of the Remuneration Committee has been uploaded to the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.rongxingroup.com).

The primary duties of the Remuneration Committee are to establish, review and make recommendations to the Board on the Group's policy and structure concerning remuneration of the Directors and senior management and on the establishment of a formal and transparent procedure for developing policies concerning such remuneration, to make recommendation to the Board on the terms of the specific remuneration package of each executive Director and senior management and review and approve performance-based remuneration by reference to corporate goals and objectives resolved by the Directors from time to time. The Remuneration Committee consists of three members, namely Mr. Ou Zonghong, an executive Director, Mr. Ren Yunan and Mr. Qu Wenzhou, independent non-executive Directors. The chairman of the remuneration committee is Mr. Ren Yunan.

Since the Listing Date and up to the date of this annual report, one meeting of the Remuneration Committee was held and the attendance record of the Remuneration Committee members is set out in the table below:

Name of committee member	Attended/ Eligible to attend
Mr. Ren Yunan *(Chairman)*	1/1
Mr. Ou Zonghong	1/1
Mr. Qu Wenzhou	1/1

The works performed by the Remuneration Committee since the Listing Date and up to the date of this annual report included, among others, reviewing and making recommendation to the Board of the remuneration of the Directors and the senior management of the Group for the year ending 31 December 2016.

Details of the remuneration of the Directors and those of the five highest paid individuals of the Group for the year ended 31 December 2015 are set out in note 8 to the consolidated financial statements of the Group in this annual report.

The remuneration of the senior management (excluding the Directors) by band for the year ended 31 December 2015 is set out below:

Remuneration bands	Number of person(s)
Below HK$1,000,000	1
HK$1,500,000 - HK$2,000,000	1

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3. Nomination Committee

The Board has established the Nomination Committee with written terms of reference in compliance with the Corporate Governance Code. The terms of reference of the Nomination Committee has been uploaded to the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.rongxingroup.com).

The primary duties of the Nomination Committee are to review the structure, size and composition of the Board on a regular basis and make recommendations to the Board regarding any proposed changes, identify, select or make recommendations to the Board on the selection of individuals nominated for directorship, assess the independence of the independent non-executive Directors and make recommendations to the Board on relevant matters relating to the appointment, reappointment and removal of the Directors and succession planning for the Directors. The Nomination Committee consists of three members, namely Mr. Ou Zonghong, an executive Director, Mr. Lo, Wing Yan William and Mr. Qu Wenzhou, independent non-executive Directors. The chairman of the nomination committee is Mr. Ou Zonghong.

Since the Listing Date and up to the date of this annual report, one meeting of the Nomination Committee was held and the attendance record of the Nomination Committee members is set out in the table below:

Name of committee member	Attended/ Eligible to attend
Mr. Ou Zonghong *(Chairman)*	1/1
Mr. Lo, Wing Yan William	1/1
Mr. Qu Wenzhou	1/1

The works performed by the Nomination Committee since the Listing Date and up to the date of this annual report included, among others, the following:

- reviewed the structure, size and composition of the Board;
- assessed the independence of the independent non-executive Directors; and
- made recommendations to the Board on the re-appointment of Directors.

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The Nomination Committee has reviewed and recommended to the Board the board diversity policy (the "**Board Diversity Policy**") and the Board adopted such policy to assess the composition of the Board. The Nomination Committee would take into account various aspects set out in the Board Diversity Policy, including but not limited to gender, age, cultural and educational background, professional qualifications, skills, knowledge and industry and regional experience. The Nomination Committee would discuss and agree on measurable objectives for achieving diversity on the Board, where necessary, and recommend them to the Board for adoption. In identifying and selecting suitable candidates for directorships, the Nomination Committee would consider the candidate's character, qualifications, experience, independence and other relevant criteria necessary to complement the corporate strategy and achieve Board diversity before making recommendation to the Board.

4. Corporate Governance Functions

The Board is responsible for performing the functions set out in the code provision D.3.1 of the CG Code.

Since the Listing Date and up to the date of this annual report, the Board met once to review the Company's corporate governance policies and practices, training and continuous professional development of the Directors and the senior management of the Group, the Company's policies and practices on compliance with legal and regulatory requirements, the compliance of the Model Code, and the Company's compliance with the Corporate Governance Code and disclosure in this Corporate Governance Report.

AUDITOR'S REMUNERATION

For the year ended 31 December 2015, the total remuneration paid or payable to the Company's auditor, PricewaterhouseCoopers, for audit and audit related services amounted to RMB3.38 million.

In addition, PricewaterhouseCoopers was appointed by the Company as the reporting accountant for its initial public offering of shares, in relation to which total fees paid or payable to PricewaterhouseCoopers during the years ended 31 December 2015 was RMB4.26 million. RMB3.20 million of the fee was recorded as administrative expenses for the years ended 31 December 2015 and RMB1.06 million was accounted for as a deduction in equity upon the Listing of the Company.

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ACCOUNTABILITY AND AUDIT

The Directors acknowledge their responsibilities for preparing all information and representations contained in the consolidated financial statements of the Group 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 flow for the relevant period. The Directors consider that the consolidated financial statements of the Group for the year ended 31 December 2015 have been prepared in conformity with all applicable accounting standards and requirements and reflect amounts that are based on the best estimates and reasonable, informed and prudent judgment of the Board and the management. The Directors are not aware of any material uncertainties relating to events or conditions which may cast significant doubt upon the Company's ability to continue as a going concern. Accordingly, the Directors have prepared the financial statements of the Company on a going concern basis. The statements of the auditor of the Group about its reporting responsibility on the consolidated financial statements of the Group is set out in the section headed "Independent Auditor's Report" in this annual report.

RISK MANAGEMENT AND INTERNAL CONTROL

The Board is responsible for the risk management and internal control systems of the Group and for reviewing their effectiveness.

The Company continues to adopt best practices and industry standards for risk management and internal control. The Group's risk management and internal control systems include a well-established organisational structure with clearly defined lines of responsibility and authority. Such system is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

Day-to-day departmental operations are entrusted to individual departments, which are accountable for their own conduct and performance and are required to operate their own department's business within the scope of the delegated authority and to implement and strictly adhere to the strategies and policies set by the Company from time to time. Each department is also required to keep the Board informed of material developments in the department's business and of the implementation of the policies and strategies set by the Board on a regular basis.

Systems and procedures are also in place in the Group to identify, control and report on the major types of risks the Group encounters. Each department is responsible for the assessment of individual types of risk arising under their areas of responsibility. Relevant risks indentified are reported to the Board for oversight and monitoring. The Group's risk management systems are monitored and reviewed regularly by the Board.

The Audit Committee and the Board have reviewed an internal control report prepared by an independent external internal control consultant. The report covers the financial, operational, compliance and risk management aspects of the Group's internal control and risk management systems. The Board is satisfied that the internal control and risk management systems are effective and adequate. In addition, the Board has reviewed and is satisfied with the adequacy of resources, the qualifications and experience of the staff of the Company's accounting, internal audit and financial reporting functions, and their training programmes and budget.

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INFORMATION DISCLOSURE

The Company discloses information in compliance with the Listing Rules and other applicable laws, and publishes periodic reports and announcements to the public in accordance with relevant laws and regulations. In particular, the Group has put in place a robust framework for the disclosure of inside information in compliance with the SFO. The framework sets out the procedures and internal controls for the handling and dissemination of inside information in a timely manner so as to allow all the stakeholders to apprehend the latest position of the Group. The framework and its effectiveness are subject to review by the Board on a regular basis.

INTERNAL AUDIT

The Group has an internal audit function. The primary role of the internal audit function is to help the Board and the senior management of the Group to protect the assets, reputation and sustainability of the Group. The internal audit function provides independent and objective assurance as to whether the design and operational effectiveness of the Group's framework of risk management, control and governance processes, as designed and represented by the Company's management, is adequate. The internal audit function of the Group is independent of the risk management and internal control systems of the Group.

Results of audit work together with an assessment of the overall risk management and control framework are reported to the Audit Committee as appropriate. The internal audit function also reviews the Company's management's action plans in relation to audit findings and verifies the adequacy and effectiveness of the mitigating controls before formally closing the issue.

COMMUNICATION WITH SHAREHOLDERS

The Company is committed to pursue active dialogue with shareholders as well as to provide timely disclosure of information concerning the Company's material developments to its shareholders, investors and other stakeholders. Annual general meeting of the Company serves as an effective forum for communication between the Shareholders and the Board. Notice of annual general meeting together with the meeting materials will be despatched to all Shareholders not less than 21 clear days and not less than 20 clear business days before the annual general meeting. As one of the measures to safeguard the Shareholders' interests and rights, separate resolutions will be proposed at general meetings on each substantial issue, including the election of individual Directors, for Shareholders' consideration and voting. In addition, the Company regards annual general meeting as an important event, and all Directors, the chairmen of all Board Committees, senior management and external auditor will attend the annual general meeting of the Company to address Shareholders' inquiries. If the chairmen of the Board or each Board Committee fail to attend the meeting, then other members of each Board Committee will be invited to attend the annual general meeting and answer Shareholders' inquiries thereat. All resolutions proposed at general meetings will be voted by poll. The voting results will be posted on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.rongxingroup.com) on the same day of the relevant general meetings.

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To promote effective communication, the Company maintains a website (www.rongxingroup.com), where the latest information and updates on its business operation and development, corporate governance practice, contact information of investor relations and other information are published for the public's access.

PROCEDURES FOR SHAREHOLDERS TO CONVENE AN EXTRAORDINARY GENERAL MEETING

In accordance with article 58 of the articles of association of the Company, any one or more 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 the general meetings of the Company shall at all times have the rights, by written requisition to the Board or the company secretary of the Company, to require an extraordinary general meeting to be called by the Board for the transaction of any business specified in such requisition; and such meeting shall be held within two months after the deposit of such requisition. If within 21 days of such deposit the Board fails to process to convene such meeting, the requisitionist(s) himself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the Board shall be reimbursed to the requisitionist(s) by the Company.

PROCEDURES FOR PUTTING FORWARD PROPOSALS AT GENERAL MEETINGS

There are no provisions allowing Shareholders to propose new resolutions at the general meetings under the articles of association of the Company and the Cayman Islands Companies Law (2012 Revision). However, Shareholders who wish to propose resolutions may follow article 58 of the articles of association of the Company for requisitioning an extraordinary general meeting and including a resolution at such meeting. The requirements and procedures of article 58 are set out above.

PROCEDURES FOR DIRECTING SHAREHOLDERS' ENQUIRIES TO THE BOARD

Shareholders may at any time send their enquiries and concerns to the Board in writing through the investor relations which contact details are as follows:

Porda Havas International Finance Communications Group
Address: Units 2009-2018, 20th Floor, Shui On Centre, 6-8 Harbour Road, Wanchai, Hong Kong
Tel: (852) 3150-6788
Fax: (852) 3150-6728
Email: ronshine@pordahavas.com

JOINT COMPANY SECRETARIES

Ms. Zeng Feiyan and Ms. Ng Wing Shan are the joint company secretaries of the Company.

Ms. Zeng Feiyan is the executive Director and the chief financial officer of the Group. For further details of Ms. Zeng's background, please refer to her biographical details disclosed in the section headed "Directors and Senior Management" in this annual report.

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Ms. Ng Wing Shan is an assistant vice president of SW Corporate Services Group Limited. For further details of Ms. Ng's background, please refer to her biographical details disclosed in the section headed "Directors and Senior Management" in this annual report. The primary corporate contact person of the Company with Ms. Ng is Ms. Zeng.

In compliance with Rule 3.29 of the Listing Rules, Ms. Zeng and Ms. Ng each has undertaken no less than 15 hours of relevant professional training during the year ended 31 December 2015.

CONSTITUTIONAL DOCUMENTS

There was no change in the Company's constitutional documents since the Listing Date and up to the date of this annual report.

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To the shareholders of Ronshine China Holdings Limited
(incorporated in the Cayman Islands with limited liability)

We have audited the consolidated financial statements of Ronshine China Holdings Limited (the "Company") and its subsidiaries set out on pages 74 to 157, which comprise the consolidated balance sheet as at 31 December 2015, and the consolidated income statement, 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.

AUDITOR'S RESPONSIBILITY

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

We conducted our audit in accordance with 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 auditor's judgment, 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 auditor considers 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

PricewaterhouseCoopers, 22/F Prince's Building, Central, Hong Kong
T: +852 2289 8888, F: +852 2810 9888, www.pwchk.com

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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.

PricewaterhouseCoopers
Certified Public Accountants

Hong Kong, 23 March 2016

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CONSOLIDATED INCOME STATEMENT

	Note	Year ended 31 December 2015 RMB'000	2014 RMB'000
Revenue	6	**7,414,576**	4,099,230
Cost of sales	7	**(4,700,368)**	(2,959,228)
Gross profit		**2,714,208**	1,140,002
Selling and marketing costs	7	**(395,833)**	(288,873)
Administrative expenses	7	**(273,020)**	(267,006)
Other income		**7,320**	3,729
Operating profit		**2,052,675**	587,852
Finance (costs)/income - net	9	**(11,176)**	5,025
Share of profits of investments accounted for using the equity method, net	16	**422,539**	240,724
Profit before income tax		**2,464,038**	833,601
Income tax expenses	10	**(1,058,097)**	(331,962)
Profit for the year		**1,405,941**	501,639
Profit for the year attributable to:			
Owners of the Company		**1,432,813**	506,507
Non-controlling interests		**(26,872)**	(4,868)
		1,405,941	501,639
Earnings per share for profit attributable to owners of the Company			
– Basic and diluted (expressed in RMB per share)	11	**1.42**	0.50

The notes on pages 81 to 157 are an integral part of these consolidated financial statements.

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CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Year ended 31 December	
	2015	2014
	RMB'000	***RMB'000***
Profit for the year	**1,405,941**	501,639
Other comprehensive income	**—**	—
Total comprehensive income for the year	**1,405,941**	501,639
Total comprehensive income for the year attributable to:		
Owners of the Company	**1,432,813**	506,507
Non-controlling interests	**(26,872)**	(4,868)
	1,405,941	501,639

The notes on pages 81 to 157 are an integral part of these consolidated financial statements.

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CONSOLIDATED BALANCE SHEET

	Note	As at 31 December 2015 RMB'000	2014 RMB'000
ASSETS			
Non-current assets			
Property, plant and equipment	13	**840,824**	463,864
Land use rights	14	**483,787**	498,590
Intangible assets		**2,774**	3,368
Investments accounted for using the equity method	16	**2,534,738**	2,355,819
Other receivables	19	**—**	2,691
Available-for-sale financial assets	23	**46,000**	1,000
Deferred tax assets	15	**151,282**	134,412
		4,059,405	3,459,744
Current assets			
Properties under development	18	**23,338,429**	14,907,113
Completed properties held for sale	18	**1,301,888**	866,423
Trade and other receivables and prepayments	19	**1,868,565**	7,664,116
Amounts due from related parties		**—**	2,713,147
Amounts due from customers for contract works	20	**143,361**	114,627
Prepaid taxation		**205,499**	390,218
Available-for-sale financial assets	23	**41,000**	20,000
Term deposits with initial terms of over three months	22	**1,021,799**	—
Restricted cash	21	**74,458**	741,736
Cash and cash equivalents	22	**2,742,466**	657,637
		30,737,465	28,075,017
Total assets		**34,796,870**	31,534,761
EQUITY			
Capital and reserves attributable to the owners of the Company			
Share capital	24	**—**	—
Share premium	24	**989,745**	—
Other reserves	25, 26	**3,312,777**	1,020,877
		4,302,522	1,020,877
Non-controlling interests	27, 34(d)	**770,210**	8,169
Total equity		**5,072,732**	1,029,046

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	Note	As at 31 December 2015 RMB'000	2014 RMB'000
LIABILITIES			
Non-current liabilities			
Borrowings	28	**6,926,063**	10,999,600
Current liabilities			
Trade and other payables	29	**2,273,632**	1,277,317
Amounts due to related parties	33	**265,007**	3,207,622
Dividend payable	12	**—**	338,000
Pre-sale proceeds received from customers		**10,083,124**	8,099,997
Current income tax liabilities		**729,812**	323,979
Borrowings	28	**9,446,500**	6,259,200
		22,798,075	19,506,115
Total liabilities		**29,724,138**	30,505,715
Total equity and liabilities		**34,796,870**	31,534,761

The notes on pages 81 to 157 are an integral part of these consolidated financial statements.

The financial statements on pages 74 to 157 were approved by the Board of Directors of the Company (the "Board") on 23 March 2016 and were signed on its behalf.

Ou Zonghong **Zeng Feiyan**

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	Attributable to owners of the Company							
	Share capital RMB'000 (Note 24)	Share premium RMB'000 (Note 24)	Capital reserves RMB'000 (Note 25)	Statutory reserves RMB'000 (Note 26)	Retained earnings RMB'000	Total RMB'000	Non-controlling interests RMB'000 (Note 27 and 33 (d))	Total equity RMB'000
Balance at 1 January 2014	—	—	837,741	—	688,167	1,525,908	13,037	1,538,945
Comprehensive income								
– Profit/(loss) for the year	—	—	—	—	506,507	506,507	(4,868)	501,639
– Other comprehensive income	—	—	—	—	—	—	—	—
Total comprehensive income	—	—	—	—	506,507	506,507	(4,868)	501,639
Transfer to statutory reserves	—	—	—	163,493	(163,493)	—	—	—
Capital injection from the then shareholders of the Group	—	—	100,000	—	—	100,000	—	100,000
Dividends declared to the then shareholders of the Group	—	—	—	—	(338,000)	(338,000)	—	(338,000)
Deemed distributions to the then shareholders of the Group	—	—	(773,538)	—	—	(773,538)	—	(773,538)
Balance at 31 December 2014	—	—	164,203	163,493	693,181	1,020,877	8,169	1,029,046
Balance at 1 January 2015	**—**	**—**	**164,203**	**163,493**	**693,181**	**1,020,877**	**8,169**	**1,029,046**
Comprehensive income								
– Profit for the year	**—**	**—**	**—**	**—**	**1,432,813**	**1,432,813**	**(26,872)**	**1,405,941**
– Other comprehensive income	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**
Total comprehensive income	**—**	**—**	**—**	**—**	**1,432,813**	**1,432,813**	**(26,872)**	**1,405,941**
Capital injection from the then shareholder of the Company	**—**	**989,745**	**—**	**—**	**—**	**989,745**	**—**	**989,745**
Transfer to statutory reserves	**—**	**—**	**—**	**173,735**	**(173,735)**	**—**	**—**	**—**
Capital injection from non-controlling interests (note 27)	**—**	**—**	**859,087**	**—**	**—**	**859,087**	**788,913**	**1,648,000**
Balance at 31 December 2015	**—**	**989,745**	**1,023,290**	**337,228**	**1,952,259**	**4,302,522**	**770,210**	**5,072,732**

The notes on pages 81 to 157 are an integral part of these consolidated financial statements.

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	Note	Year ended 31 December 2015 RMB'000	2014 RMB'000
Cash flows from operating activities			
Cash generated from/(used in) operations	30	**4,091,512**	(5,885,569)
PRC corporate income tax paid		**(84,340)**	(146,188)
PRC land appreciation tax paid		**(400,075)**	(311,790)
Net cash generated from/(used in) operating activities		**3,607,097**	(6,343,547)
Cash flows from investing activities			
Payments for purchase of property and equipment		**(380,867)**	(290,802)
Payments for purchase of intangible assets		**(441)**	(2,800)
Proceeds from disposal of property and equipment		**2,055**	1,589
Capital injections to joint ventures		**(243,500)**	(1,407,500)
Capital injection to an associate		**—**	(98,000)
Payments for acquisition of available-for-sale financial assets		**(86,000)**	(21,000)
Proceeds from disposal of available-for-sale financial assets		**20,000**	9,000
Cash advances to related parties	33(d) (iii)	**—**	(717,579)
Repayments from related parties	33(d) (iii)	**841,241**	1,484,999
Net proceeds from disposal of amounts due from joint ventures and an associate	33(d) (iii)	**1,797,030**	—
Interest received		**11,037**	5,025
(Increase)/decrease in term deposits with initial terms of over three months		**(969,941)**	5,500
Net cash generated from/(used in) investing activities		**990,614**	(1,031,568)

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		Year ended 31 December	
		2015	2014
	Note	***RMB'000***	*RMB'000*
Cash flows from financing activities			
Proceeds from borrowings		**14,302,163**	14,075,042
Repayments of borrowings		**(15,188,400)**	(5,288,282)
Cash advances from related parties	33(d) (iii)	**460**	811,150
Repayments to related parties	33(d) (iii)	**(2,474,461)**	(255,352)
Capital injection from the then shareholders of the Group	24, 25	**989,745**	100,000
Capital injection from non-controlling interests	27	**1,648,000**	—
Dividends paid to the then shareholders of the Group	12	**(338,000)**	—
Interest paid		**(2,026,346)**	(1,506,099)
Restricted cash pledged for borrowings		**(7,579)**	(599,802)
Restricted cash released		**580,731**	5
Net cash (used in)/generated from financing activities		**(2,513,687)**	7,336,662
Net increase/(decrease) in cash and cash equivalents		**2,084,024**	(38,453)
Cash and cash equivalents at beginning of the year		**657,637**	696,090
Exchange gains on cash and cash equivalents		**805**	—
Cash and cash equivalents at end of the year		**2,742,466**	657,637

The notes on pages 81 to 157 are an integral part of these consolidated financial statements.

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1 GENERAL INFORMATION

Ronshine China Holdings Limited (the "Company") was incorporated in the Cayman Islands on 11 September 2014 as an exempted company with limited liability under the Companies Law of the Cayman Islands. The address of its registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-111, Cayman Islands. The Company's principal activity is investment holding. The Company and its subsidiaries (together the "Group") are principally engaged in property development business in the People's Republic of China (the "PRC").

In preparing for the listing of the Company's shares on the Main Board of The Stock Exchange Hong Kong Limited (the "Stock Exchange"), a reorganisation (the "Reorganisation") was undertaken pursuant to which the Company became the holding company of the group companies comprising the Group. Details of the Reorganisation are set out in the prospectus of the Company dated 31 December 2015.

The Company's shares were listed on the Stock Exchange on 13 January 2016.

These consolidated financial statements are presented in Renminbi ("RMB"), unless otherwise stated. These consolidated financial statements have been approved for issue by the Board on 23 March 2016.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

These consolidated financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") issued by Hong Kong Institute of Certified Public Accountants (the "HKICPA") which has been prepared under the historical cost convention, as modified by the revaluation of available-for-sale financial assets and investment properties, which are carried at fair value.

The preparation of financial statements in conformity with HKFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 4.

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2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.1 Basis of preparation *(continued)*

(a) Effect of adopting amendments to standards

The following amendments to standards are mandatory for the Group's financial year beginning on 1 January 2015. The adoption of these amended standards does not have any significant impact to the results and financial position of the Group.

HKAS 19 (Amendment)	Defined benefit plans
HKFRSs (Amendments)	Annual improvements 2010 - 2012 cycle and 2011 - 2013 cycle

(b) New standards and amendments to standards that have been issued but are not effective

The following new standards and amendments to standards have been issued but are not effective for the financial year beginning on 1 January 2015 and have not been early adopted by the Group:

HKFRS 11 (Amendment)	Accounting for acquisitions of interests in joint operation [1]
HKAS 16 and HKAS 38 (Amendments)	Clarification of acceptable methods of depreciation and amortisation [1]
HKFRS 10 and HKAS 28 (Amendments)	Sale or contribution of assets between an investor and its associate or joint venture [1]
HKFRS 10, HKFRS 12 and HKAS 28 (Amendments)	Investment entities: applying the consolidation exception [1]
HKAS 27 (Amendment)	Equity method in separate financial statements [1]
Annual improvements 2014	Annual improvements 2012 - 2014 cycle [1]
HKAS 1 (Amendment)	Disclosure initiative [1]
HKFRS 14	Regulatory deferral accounts [1]
HKAS 16 and HKAS 41 (Amendments)	Agriculture: bearer plants [1]
HKFRS 15	Revenue from contracts with customers [2]
HKFRS 9	Financial instruments [2]

1 Effective for annual periods beginning on or after 1 January 2016.

2 Effective for annual periods beginning on or after 1 January 2018.

The above new standards and amendments to standards will be adopted in the years listed and the Group is in the process of assessing the impact on future accounting periods.

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2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.1 Basis of preparation *(continued)*

(c) New Hong Kong Companies Ordinance (Cap. 622)

The requirements of Part 9 "Accounts and Audit" of the new Hong Kong Companies Ordinance (Cap. 622) came into operation during the financial year, as a result, there are changes to presentation and disclosures of certain information in the consolidated financial statements.

2.2 Subsidiaries

2.2.1 Consolidation

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

(a) Business combinations

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group recognises any non- controlling interest in the acquiree on an acquisition-by-acquisition basis. Non-controlling interests in the acquiree that are present ownership interest and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation are measured at either fair value or the present ownership interest's proportionate share of the recognised amounts of acquiree's identifiable net assets. All other components of non-controlling interests are measured at their acquisition date fair value, unless another measurement basis is required by HKFRSs.

Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date; any gains or losses arising from such re-measurement are recognised in profit or loss.

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2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.2 Subsidiaries *(continued)*

2.2.1 Consolidation *(continued)*

(a) Business combinations (continued)

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with HKAS 39 either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the consolidated income statement.

Intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated. When necessary, amounts reported by subsidiaries have been adjusted to conform with the Group's accounting policies.

(b) Changes in ownership interests in subsidiaries without change of control

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions — that is, as transactions with the owners of the subsidiary in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

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2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.2 Subsidiaries *(continued)*

2.2.1 Consolidation *(continued)*

(c) Disposal of subsidiaries

When the Group ceases to have control, any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

2.3 Associates

An associate is an entity over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting. Under the equity method, the investment is initially recognised at cost, and the carrying amount is increased or decreased to recognise the investor's share of the profit or loss of the investee after the date of acquisition. The Group's investment in associates includes goodwill identified on acquisition.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income is reclassified to profit or loss where appropriate.

The Group's share of post-acquisition profit or loss is recognised in the income statement, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income with a corresponding adjustment to the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

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2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.3 Associates *(continued)*

The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount adjacent to 'Share of profits of investments accounted for using the equity method, net' in the consolidated income statement.

Profits and losses resulting from upstream and downstream transactions between the Group and its associate are recognised in the Group's consolidated financial statements only to the extent of unrelated investor's interests in the associates. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

Gain or losses on dilution of equity interest in associates are recognised in the consolidated income statement.

2.4 Joint arrangements

Investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations of each investor. The Group has assessed the nature of its joint arrangements and determined them to be joint ventures. Joint ventures are accounted for using the equity method.

Under the equity method of accounting, interests in joint ventures are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses and movements in other comprehensive income. When the Group's share of losses in a joint venture equals or exceeds its interests in the joint ventures (which includes any long-term interests that, in substance, form part of the Group's net investment in the joint ventures), the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the joint ventures.

Unrealised gains on transactions between the Group and its joint ventures are eliminated to the extent of the Group's interest in the joint ventures. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

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2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.5 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Executive Directors of the Company.

2.6 Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). This consolidated financial statements are presented in RMB, which is the Company's functional and the Group's presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuations when items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the consolidated income statement.

2.7 Property, plant and equipment

Property, plant and equipment are stated at historical cost less depreciation and any impairment loss. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to the consolidated income statement during the year in which they are incurred. Depreciation on property and equipment is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives, as follows:

Buildings	20 years
Office equipment	3 - 5 years
Motor vehicles	4 years

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2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.7 Property, plant and equipment *(continued)*

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount.

Assets under construction are stated at cost. Costs include construction and acquisition costs. No provision for depreciation is made on assets under construction until such time as the relevant assets are completed and ready for intended use. When the assets concerned are brought into use, the costs are transferred to property and equipment and depreciated in accordance with the policy as stated above.

The carrying amount of an asset under construction is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

2.8 Intangible assets

Computer software

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful lives (4 to 10 years).

2.9 Investment property

Investment property, principally comprising leasehold land and buildings, is held for long-term rental yields or for capital appreciation or both, and that is not occupied by the Group. It also includes properties that are being constructed or developed for future use as investment properties. Land held under operating leases are accounted for as investment properties when the rest of the definition of an investment property is met. In such cases, the operating leases concerned are accounted for as if they were finance leases. Investment property is initially measured at cost, including related transaction costs and where applicable borrowing costs. After initial recognition, investment properties are carried at fair value, representing open market value determined at each reporting date by external valuers. Fair value is based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. If the information is not available, the Group uses alternative valuation methods such as recent prices on less active markets or discounted cash flow projections. Changes in fair values are recorded in the consolidated income statement as part of a valuation gain or loss. During the year ended 31 December 2015, the investment properties of the Group are held by a joint venture.

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2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.10 Impairment of non-financial assets

Assets that have an indefinite useful life are not subject to depreciation and amortisation and are tested annually for impairment. Assets that are subject to depreciation and amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows ("cash-generating unit"). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

2.11 Properties under development and completed properties held for sale

Properties under development and completed properties held for sale are stated at the lower of cost and net realisable value. Development cost of property comprises mainly cost of land use rights, construction costs, borrowing costs, and professional fees incurred during the development period. Upon completion, the properties are transferred to completed properties held for sale.

Net realisable value takes into account the price ultimately expected to be realised, less applicable variable selling expenses and anticipated cost to completion.

Properties under development are classified as current assets unless the construction period of the relevant property development project is expected to complete beyond normal operating cycle.

2.12 Financial assets

2.12.1 Classification

The Group classifies its financial assets in the following categories: loans and receivables and available-for-sale financial assets. This classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

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2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.12 Financial assets *(continued)*

2.12.1 Classification *(continued)*

(a) *Loans and receivables*

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for the amounts that are settled or expected to be settled more than 12 months after the end of the reporting period. These are classified as non-current assets.

The Group's loans and receivables comprise "trade and other receivables", "amounts due from related parties", "amounts due from customers for contract works", "restricted cash", "cash and cash equivalents" and "term deposits with initial terms of over three months" in the consolidated balance sheet.

(b) *Available-for-sale financial assets*

Available-for-sale financial assets are non-derivatives that are either so designated or not classified as financial assets at fair value through profit or loss, loans and receivables or held- to-maturity investments. They are included in non-current assets unless the investment matures or management intends to dispose of it within 12 months from the end of the reporting period.

2.12.2 Recognition and measurement

Regular purchases and sales of financial assets are recognised on the trade-date — the date on which the Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership. Available-for-sale financial assets are subsequently carried at fair value. Loans and receivables are subsequently carried at amortised cost using the effective interest method.

Changes in the fair value of monetary and non-monetary securities classified as available for sale are recognised in other comprehensive income.

When securities classified as available for sale are sold or impaired, the accumulated fair value adjustments recognised in equity are included in the consolidated income statement.

Interest on available-for-sale securities calculated using the effective interest method is recognised in the consolidated income statement. Dividends on available-for-sale equity instruments are recognised in the consolidated income statement when the Group's right to receive payments is established.

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2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.13 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the consolidated balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

2.14 Impairment of financial assets

(a) Assets carried at amortised cost

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a "loss event") and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Evidence of impairment may include indications that the debtors or a group of debtors are experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation, and where observable data indicates that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

For loans and receivables category, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in the profit or loss. As a practical expedient, the Group may measure impairment on the basis of fair value of an instrument using an observable market price.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in the consolidated income statement.

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2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.14 Impairment of financial assets *(continued)*

(b) Assets classified as available for sale

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. For debt securities, the Group uses the criteria referred to in (a) above. In the case of equity investments classified as available for sale, a significant or prolonged decline in the fair value of the security below its cost is also evidence that the assets are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss – is removed from equity and recognised in profit or loss. Impairment losses recognised in the consolidated income statement on equity instruments are not reversed through the consolidated income statement. If, in a subsequent period, the fair value of a debt instrument classified as available for sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed through the consolidated income statement.

2.15 Construction contracts

When the outcome of a construction contract can be estimated reliably and it is probable that the contract will be profitable, contract revenue is recognised over the period of the contract by reference to the stage of completion. Contract costs are recognised as expenses by reference to the stage of completion of the contract activity at the end of the reporting period. When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised only to the extent of contract costs incurred that are likely to be recoverable.

Variations in contract work, claims and incentive payments are included in contract revenue to the extent that may have been agreed with the customer and are capable of being reliably measured.

The Group uses the "percentage-of-completion" method to determine the appropriate amount to recognise in a given period. The stage of completion is measured by reference to the contract costs incurred up to the end of the reporting period as a percentage of total estimated costs for each contract. Costs incurred in the period in connection with future activity on a contract are excluded from contract costs in determining the stage of completion.

On the consolidated balance sheet, the Group reports the net contract position for each contract as either an asset or a liability. A contract represents an asset where costs incurred plus recognised profits (less recognised losses) exceed progress billings; a contract represents a liability where the opposite is the case.

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2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.16 Leasing

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

Operating lease payments are recognised as an expense on a straight-line basis over the term of the relevant lease. Benefits received and receivable as an incentive to enter into an operating lease are recognised as a reduction of rental expense over the lease term on a straight-line basis.

2.17 Land use rights

All land in the PRC is state-owned or collectively-owned and no individual ownership right exists. Land use rights are acquired by the Group for development of properties. Land use rights held for development for sale are inventories and measured at lower of cost and net realisable value, of which those within normal operating cycle are classified as current assets and included in properties under development or completed properties held for sale, while those out of the normal operating cycle are classified as non-current assets. Land use rights to be developed for hotel properties and self-use buildings, are non-current assets, which are stated at cost and subsequently amortised in the consolidated income statement on a straight-line basis over the operating lease periods.

2.18 Trade and other receivables and amounts due from related parties

Trade receivables are amounts due from customers for properties sold in the ordinary course of business. If collection of trade and other receivables and amounts due from related parties is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade and other receivables and amounts due from related parties are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

2.19 Cash and cash equivalents, restricted cash and term deposits with initial terms of over three months

In the consolidated statement of cash flow, cash and cash equivalents includes cash on hand and deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less. Bank deposits which are restricted to use are included in "restricted cash" of the consolidated balance sheet. Bank deposits with initial terms of over three months are included in "term deposits with initial terms of over three months" in the consolidated balance sheet. Restricted cash and term deposits with initial terms of over three months are excluded from cash and cash equivalents.

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2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.20 Share capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

2.21 Trade and other payables and amounts due to related parties

Trade payables are obligations to pay for construction costs or services that have been acquired in the ordinary course of business from suppliers. Trade and other payables and amounts due to related parties are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade and other payables and amounts due to related parties are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2.22 Borrowings and borrowing costs

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the consolidated income statement over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, like properties under development, assets under construction and investment properties under construction, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

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

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2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.23 Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case the tax is also recognised in other comprehensive income or directly in equity, respectively.

(a) Current income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Group's entities operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

(b) Deferred income tax

Inside basis differences

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using the tax rates that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

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2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.23 Current and deferred income tax *(continued)*

(b) Deferred income tax *(continued)*

Outside basis differences

Deferred income tax liabilities are provided on taxable temporary differences arising from investments in subsidiaries, associate and joint ventures, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Generally the Group is unable to control the reversal of the temporary difference for its associate, only where there is an agreement in place that gives the Group the ability to control the reversal of the temporary difference not recognised.

Deferred income tax assets are recognised on deductible temporary differences arising from investments in subsidiaries, associates and joint ventures only to the extent that it is probable the temporary difference will reverse in the future and there is sufficient taxable profit available against which the temporary difference can be utilised.

(c) Offsetting

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

2.24 Employee benefits

(a) Pension obligations

The group companies incorporated in the PRC contribute based on certain percentage of the salaries of the employees to a defined contribution retirement benefit plan organised by relevant government authorities in the PRC on a monthly basis. The government authorities undertake to assume the retirement benefit obligations payable to all existing and future retired employees under these plans and the Group has no further obligation for post-retirement benefits beyond the contributions made.

Contributions to these defined contribution plans are expensed as incurred.

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2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.24 Employee benefits *(continued)*

(b) Housing benefits

PRC employees of the Group are entitled to participate in government-sponsored housing funds. The Group contributes to these funds based on certain percentages of the salaries of these employees on a monthly basis. The Group's liability in respect of these funds is limited to the contribution payable in each period. Contributions to the housing funds are expensed as incurred.

2.25 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

2.26 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable, and represents amounts receivable for the sales of properties and services provided, stated net of discounts returns and after eliminating sales within the Group.

The Group recognises revenue when the amount of revenue can be reliably measured; when it is probable that future economic benefits will flow to the entity; and when specific criteria have been met for each of the Group's activities, as described below. The Group bases its estimates on historical results, taking into consideration the type of customer, type of transaction and the specifics of each arrangement.

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2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

2.26 Revenue recognition *(continued)*

(a) Sales of properties

Revenue from sales of properties is recognised when the risks and rewards of properties are transferred to the purchasers, which is when the construction of relevant properties has been completed, notification of delivery of properties have been issued to the buyers and collectability of related receivables pursuant to the sale agreements is reasonably assured. Deposits and instalments received on properties sold prior to the date of revenue recognition are included in the consolidated balance sheet as "pre-sale proceeds received from customers" under current liabilities.

(b) Construction contracts

When the outcome of a construction contract can be estimated reliably and it is probable that the contract will be profitable, contract revenue is recognised over the period of the contract by reference to the stage of completion (Note 2.15).

(c) Interest income

Interest income is recognised using the effective interest method.

2.27 Financial guarantee liabilities

Financial guarantee contracts in the scope of HKAS39 "Financial Instrument: Recognition and Measurement" are accounted for as financial liabilities. A financial guarantee contract is recognised initially at its fair value plus transaction costs that are directly attributable to the acquisition or issue of the financial guarantee contract. Subsequent to initial recognition, the Group measures the financial guarantee contracts at the higher of the present value of the best estimate of the expenditure required to settle the present obligation and the amount initially recognised less cumulative amortisation.

2.28 Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Group's and the Company's financial statements in the period in which the dividends are approved by the Company's shareholders. Dividend distribution to the then shareholders of the group companies during the period before the Reorganisation was completed is recognised as a liability in the Group's financial statements in the period in which the dividends are approved by the directors of the respective group companies.

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3 FINANCIAL RISK MANAGEMENT

3.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (include foreign exchange risk and interest rate risk), credit risk, and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

3.1.1 Market risk

(a) Foreign exchange risk

The Group's operates in the PRC with most transactions being settled in RMB, which is the functional currency of the group companies, except for certain transactions which are settled in foreign currencies. The Group currently does not have a foreign currency hedging policy, and manages its foreign currency risk by closely monitor the movement of the foreign currency rates.

The carrying amount of the Group's foreign currency denominated monetary assets and liabilities at 31 December 2015 are as follows:

	As at 31 December 2015 *RMB'000*
Monetary assets denominated in:	
– United State Dollars ("USD")	**709,723**
– Hong Kong Dollars ("HKD")	**40**
	709,763
Monetary liabilities denominated in:	
– HKD	**11,559**

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3 FINANCIAL RISK MANAGEMENT *(continued)*

3.1 Financial risk factors *(continued)*

3.1.1 Market risk *(continued)*

(a) Foreign exchange risk (continued)

The following table shows the sensitivity analysis of a 5% change in RMB against the relevant foreign currencies. The sensitivity analysis includes only foreign currency denominated monetary items and adjusts their translation at the year-end for a 5% change in foreign currency rates. If there is a 5% appreciation/depreciation in RMB against the relevant currencies, the effect on the profit for the year is as follows (31 December 2014: nil):

	Year ended 31 December 2015 Increase/ (decrease) *RMB'000*
5% appreciation in RMB against:	
– USD	**(35,486)**
– HKD	**576**
5% depreciation in RMB against:	
– USD	**35,486**
– HKD	**(576)**

The Group did not have material monetary assets or liabilities denominated in foreign currency as at 31 December 2014.

(b) Interest rate risk

The Group's interest rate risk arises from long-term borrowings. Borrowings obtained at variable rates expose the Group to cash flow interest rate risk which is partially offset by cash held at variable rates. Borrowings obtained at fixed rates expose the Group to fair value interest rate risk. The Group closely monitors the trend of interest rate and its impact on the Group's interest rate risk exposure. The Group currently has not used any interest rate swap arrangements but will consider hedging interest rate risk should the need arise.

As at 31 December 2015, if interest rates on borrowings at floating rates had been 100 basis points higher or lower with all other variables held constant, interest charges for the year ended 31 December 2015 would increase/decrease RMB16,220,000 (31 December 2014: RMB19,741,000), which would have been capitalised in qualified assets.

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3 FINANCIAL RISK MANAGEMENT *(continued)*

3.1 Financial risk factors *(continued)*

3.1.2 Credit risk

The Group has no concentrations on credit risk. Cash transactions are limited to high credit quality institutions. The Group's maximum exposure to credit risk in relation to financial assets is the carrying amounts of cash and cash equivalents (excluding cash on hand), term deposits with initial terms of over three months, restricted cash, trade and other receivable, amounts due from customers for contract works and available-for-sale financial assets shown in the consolidated balance sheet.

As at 31 December 2015, substantially all the Group's bank deposits are deposited with major financial institutions incorporated in the PRC, which management believes are of high credit quality without significant credit risk. The Group's bank deposits as at 31 December 2015 are as follows:

	As at 31 December	
	2015	2014
	RMB'000	*RMB'000*
Big four commercial banks of the PRC (i)	**532,744**	320,261
Other listed banks incorporated in the PRC	**239,941**	906,196
Other non-listed banks incorporated in the PRC	**2,366,898**	172,860
Other non-listed banks incorporated in Macau	**699,102**	—
	3,838,685	1,399,317

Note:

(i) Big four commercial banks include Industrial and Commercial Bank of China, China Construction Bank, Agricultural Bank of China and Bank of China.

For the trade receivables arising from sales of properties, the Group managed the credit risk by fully receiving cash or properly arranging the purchasers' mortgage loans financing procedures before delivery of properties unless strong credit records of the customers could be established. The Group closely monitors the collection of progress payments from customers in accordance with payment schedule agreed with customers. The Group has policies in place to ensure that sales are made to purchasers with an appropriate financial strength and appropriate percentage of down payments.

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3 FINANCIAL RISK MANAGEMENT *(continued)*

3.1 Financial risk factors *(continued)*

3.1.2 Credit risk *(continued)*

Meanwhile, the Group has the right to cancel the contracts once repayment from the customers is in default; it also has monitoring procedures to ensure that follow-up actions are taken to recover overdue balances. In addition, the Group regularly reviews the recoverable amount of each individual trade receivable to ensure that adequate impairment provisions are made for irrecoverable amounts. The Group has no significant concentrations of credit risk, with exposure spread over a number of counterparties and customers.

The Group has arranged bank financing for certain purchasers of the Group's property units and provided guarantees to secure obligations of such purchasers for repayments. Detailed disclosure of such guarantees is made in Note 31. If a purchaser defaults on the payment of its mortgage loan during the guarantee period, the bank holding the guarantee may demand the Group to repay the outstanding principal of the loan and any interest accrued thereon. Under such circumstances, the Group is able to forfeit the customer's deposit and resell the property to recover any amounts paid by the Group to the bank. In this regard, the directors of the Company consider that the Group's credit risk is significantly reduced.

For other receivables, the Group assessed the credit quality of the counter parties by taking into account their financial position, credit history and other factors. Management also regularly reviews the recoverability of these receivables and follow up the disputes or amounts overdue, if any. The directors are of the opinion that the risk of default by counter parties is low.

3.1.3 Liquidity risk

Management of the Group aims to maintain sufficient cash and cash equivalents or have available funding through proceeds from pre-sale of properties and an adequate amount of available financing including short-term and long-term borrowings and obtaining additional funding from shareholders. Due to the dynamic nature of the underlying businesses, the Group maintains flexibility in funding by maintaining adequate amount of cash and cash equivalents and through having available sources of financing.

The Group finances its property development projects primarily through funding obtained from financial institutions and the proceeds from pre-sale of properties. To cope with the rapid expansion of the Group's businesses, the Group raised significant amounts of borrowings during the two years ended 31 December 2013 and 2014. As at 31 December 2014, the Group's total borrowings stood at RMB17,259 million and its gearing ratio stood at 15.41 (Note 3.2). During the year ended 31 December 2015 and the period up to the date of these consolidated financial statements, in order to properly manage the Group's liquidity risk and capital structure, the Group has conducted the following major financing activities:

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3 FINANCIAL RISK MANAGEMENT *(continued)*

3.1 Financial risk factors *(continued)*

3.1.3 Liquidity risk *(continued)*

(a) Dingxin Company Limited ("Dingxin"), an entity ultimately controlled by Mr. Ou Zonghong ("Mr.Ou" or "Controlling Shareholder") and being the parent company of the Group has injected cash of US$161 million (equivalent to RMB990 million) to the Company to replenish the equity of the Company;

(b) the Group has disposed of 49% equity interests in three projects of the Group to obtain capital injections from non-controlling interests totalling RMB1,648 million;

(c) the Company has completed the initial public offering and raised net proceeds of RMB1,502 million;

(d) the Group has issued corporate bonds in the PRC to raised gross funds totalling RMB6,500 million with tenures of 2 to 5 years to replace the existing short-term borrowings or other borrowings at higher interest rates.

The Group also recorded an operating cash inflow of RMB3,607 million for the year ended 31 December 2015. With the aforementioned recent developments, the directors of the Company considered the Group's liquidity risk has been significantly reduced and capital structure has been significantly improved. The directors of the Company has reviewed the working capital forecast of the Group for the 12 months from 31 December 2015 and are of the opinion that the Group will have sufficient working capital to meet its financial obligations as and when they fall due within the next 12 months from the date of the consolidated balance sheet.

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3 FINANCIAL RISK MANAGEMENT *(continued)*

3.1 Financial risk factors *(continued)*

3.1.3 Liquidity risk *(continued)*

The table below sets out the Group's financial liabilities by relevant maturity grouping at each balance sheet date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Less than 1 year *RMB'000*	Between 1 and 2 years *RMB'000*	Between 2 and 5 years *RMB'000*	Total *RMB'000*
As at 31 December 2015				
Borrowings (Note)	**10,656,631**	**5,349,804**	**2,592,223**	**18,598,658**
Trade and other payables, excluding accrual for staff costs and allowances, other taxes payable	**2,177,971**	**—**	**—**	**2,177,971**
Amounts due to related parties	**265,007**	**—**	**—**	**265,007**
Financial guarantee	**9,444,335**	**—**	**—**	**9,444,335**

	Less than 1 year *RMB'000*	Between 1 and 2 years *RMB'000*	Between 2 and 5 years *RMB'000*	Total *RMB'000*
As at 31 December 2014				
Borrowings (Note)	7,955,924	8,185,288	4,180,489	20,321,701
Trade and other payables, excluding accrual for staff costs and allowances, other taxes payable	1,216,759	—	—	1,216,759
Amounts due to related parties	3,207,622	—	—	3,207,622
Dividend payable	338,000	—	—	338,000
Financial guarantee	5,672,551	—	—	5,672,551

Note: Interest on borrowings is calculated on borrowings held as at 31 December 2015 and 2014, respectively. Floating-rate interest is estimated using the interest rate as at 31 December 2015 and 2014, respectively.

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3 FINANCIAL RISK MANAGEMENT *(continued)*

3.2 Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for the owner and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to the owner, issue new shares or sell assets to reduce debt.

The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net borrowings divided by total capital. Net borrowings are calculated as total borrowings (including current and non-current borrowings as shown in the consolidated balance sheet) less total of cash and cash equivalents, restricted cash and term deposits with initial terms of over three months.

	As at 31 December	
	2015	2014
	RMB'000	*RMB'000*
Total borrowings (Note 28)	**16,372,563**	17,258,800
Less: Cash and cash equivalents (Note 22)	**(2,742,466)**	(657,637)
Term deposits with initial terms of over three months (Note 22)	**(1,021,799)**	—
Restricted cash (Note 21)	**(74,458)**	(741,736)
Net borrowings	**12,533,840**	15,859,427
Total equity	**5,072,732**	1,029,046
Gearing ratio	**2.47**	15.41

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3 FINANCIAL RISK MANAGEMENT *(continued)*

3.3 Fair value estimation

Certain of the assets of the Group are carried at fair value or where fair value was disclosed can be categorised by level of inputs to valuation techniques used to measure fair value. The inputs are categorised into three levels within a fair value hierarchy as follows:

– Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1);

– Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as price) or indirectly (that is, derived from prices) (level 2); and

– Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3).

The available-for-sale financial assets are measured at fair value, which is grouped into level 3 fair value measurements, subsequent to initial recognition. Techniques, such as discounted cash flow analysis, are used to determine fair value for the available-for-sale financial assets. There were no changes in level 3 instruments during the year ended 31 December 2015 (2014: same).

The Group's financial assets include cash and cash equivalents, restricted cash, trade and other receivables, amounts due from customers for contract works, available-for-sale financial assets and term deposits with initial terms of over three months. The Group's financial liabilities include trade and other payables, amounts due to related parties and borrowings. The fair value for financial assets and liabilities with maturities of less than one year are assumed to approximate their carrying amounts due to their short term maturities.

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4 CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

Estimates and judgments used in preparing the consolidated financial statements are evaluated and based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that may have a significant effect on the carrying amounts of assets and liabilities within the next financial year are discussed below.

(a) Provisions for properties under development and completed properties held for sale

The Group assesses the carrying amounts of properties under development and completed properties held for sale according to their net realisable value based on the realisability of these properties. Net realisable value for properties under development is determined by reference to management's estimates of the selling price based on prevailing market conditions, less applicable variable selling expenses and the anticipated costs to completion (including land costs). Net realisable value for completed properties held for sale is determined by reference to management's estimates of the selling price based on prevailing market conditions, less applicable variable selling expenses. Based on management's best estimates, there is no material impairment for properties under development and completed properties held for sale at 31 December 2015 (31 December 2014: same).

(b) Corporate income tax and deferred taxation

The Group is subject to corporate income tax in the PRC. Significant judgment is required in determining the provision for corporate income tax. There are many transactions and calculations for which the ultimate determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such difference will impact the income tax and deferred tax provision in the year in which such determination is made.

Deferred income tax assets relating to certain temporary differences and tax losses are recognised when management considers to be probable that future taxable profit will be available against which the temporary differences or tax losses can be utilised. The outcome of their actual utilisation may be different.

(c) PRC land appreciation tax

The Group is subject to PRC land appreciation tax ("LAT") in the PRC. The Group has not finalised its LAT calculations and payments with local tax authorities in the PRC. Accordingly, significant judgment is required in determining the amount of the land appreciation and the related LAT. The Group recognised the LAT based on management's best estimates according to the interpretation of the tax rules. The final tax outcome could be different from the amounts that were initially recorded, and these differences will impact the taxation and tax provisions in the years in which such tax have been finalised with local tax authorities.

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5 SEGMENT INFORMATION

The Executive Directors have been identified as the chief operating decision maker. Management has determined the operating segments based on the reports reviewed by the Executive Directors, which are used to allocate resources and assess performance.

The Group is principally engaged in the property development in the PRC. Management reviews the operating results of the business as one segment to make decisions about resources to be allocated. Therefore, the Executive Directors regard that there is only one segment which is used to make strategic decisions. Revenue and profit after income tax are the measures reported to the Executive Directors for the purpose of resources allocation and performance assessment.

The major operating entities of the Group are domiciled in the PRC. All of the Group's revenue are derived in the PRC for the year ended 31 December 2015 (2014: same).

As at 31 December 2015, all of non-current assets of the Group were located in the PRC (31 December 2014: same).

There was no revenue derived from a single external customer accounting for 10% or more of the Group's revenue for the year ended 31 December 2015 (2014: same).

6 REVENUE

Revenue of the Group for the year ended 31 December 2015 is as follow:

	Year ended 31 December	
	2015	2014
	RMB'000	*RMB'000*
Revenue from sales of properties	**7,326,711**	3,996,186
Revenue from construction contracts (note 20)	**87,865**	103,044
	7,414,576	4,099,230

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7 EXPENSES BY NATURE

	Year ended 31 December	
	2015	2014
	RMB'000	*RMB'000*
Cost of properties sold (excluding staff costs)	**4,125,159**	2,623,794
Cost of construction contract (excluding staff costs)	**79,468**	86,287
Staff costs (including directors' emoluments) (Note 8)	**237,076**	152,568
Business taxes and other taxes	**435,386**	273,314
Marketing and advertising costs	**246,821**	207,428
Office lease payments	**24,527**	19,837
Property management fees	**43,354**	27,590
Office and travelling expenses	**22,291**	21,843
Entertainment expenses	**12,101**	15,268
Depreciation (Note 13)	**14,097**	12,756
Listing expenses	**16,334**	14,420
Donations	**12,714**	4,818
Auditors' remuneration	**4,494**	852
Amortisation of intangible assets	**1,035**	952
Other expenses	**94,364**	53,380
Total cost of sales, selling and marketing costs and administrative expenses	**5,369,221**	3,515,107

8 STAFF COSTS - INCLUDING DIRECTORS' EMOLUMENTS

	Year ended 31 December	
	2015	2014
	RMB'000	*RMB'000*
Wages, salaries and bonuses and other benefits	**226,435**	141,194
Pension costs - statutory pension	**10,641**	11,374
	237,076	152,568

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8 STAFF COSTS - INCLUDING DIRECTORS' EMOLUMENTS *(continued)*

(a) Directors' emoluments

The directors' emoluments paid/payable by the companies now comprising the Group as follows:

	Year ended 31 December	
	2015	2014
	RMB'000	*RMB'000*
Salaries and other benefits	**6,000**	5,933
Pension costs	**145**	116
	6,145	6,049

The emoluments received by individual directors are presented as below:

(i) For the year ended 31 December 2015

Name of Directors	Fees	Salaries and other benefits	Contributions to retirement scheme	Total
	RMB'000	***RMB'000***	***RMB'000***	***RMB'000***
Mr. Ou	**—**	**1,345**	**32**	**1,377**
Mr. Wu Jian	**—**	**1,449**	**32**	**1,481**
Mr. Lin Junling	**—**	**1,403**	**32**	**1,435**
Mr. Gao Chuanjian (note (iii))	**—**	**837**	**17**	**854**
Ms. Zeng Feiyan (note (iv))	**—**	**966**	**32**	**998**
	—	**6,000**	**145**	**6,145**

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8 STAFF COSTS - INCLUDING DIRECTORS' EMOLUMENTS *(continued)*

(a) Directors' emoluments *(continued)*

(ii) For the year ended 31 December 2014

Name of Directors	Fees	Salaries and other benefits	Contribution to retirement scheme	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Mr. Ou	—	1,398	29	1,427
Mr. Wu Jian	—	1,488	29	1,517
Mr. Lin Junling	—	1,410	29	1,439
Mr. Gao Chuanjian (note (iii))	—	1,637	29	1,666
	—	5,933	116	6,049

During the year ended 31 December 2015, none of the directors of the Company waived his emoluments nor has agreed to waive his emoluments (2014: none).

(iii) Mr. Gao Chuanjian was appointed as a director in December 2014. He has resigned the director position in July 2015.

(iv) Ms. Zeng Feiyan was appointed as a director in July 2015.

(b) Five highest paid individuals

For the year ended 31 December 2015, the five individuals whose emoluments were the highest in the Group included four (2014: three) directors, whose emoluments are reflected in the analysis presented above. The emoluments payable to the remaining one (2014: two) individuals during the year are as follows:

	Year ended 31 December	
	2015	2014
	RMB'000	*RMB'000*
Wages and salaries	**1,465**	3,030
Pension costs	**32**	58
	1,497	3,088

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8 STAFF COSTS - INCLUDING DIRECTORS' EMOLUMENTS *(continued)*

(b) Five highest paid individuals *(continued)*

The emoluments payable to the remaining one (2014: two) individuals fell within the following bands:

	Year ended 31 December	
	2015	2014
Annual emolument band		
HKD1,500,000 – HKD2,000,000	**1**	2

During the year ended 31 December 2015, no emolument was paid by the Group to any of the above directors or the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office (2014: none).

(c) Pensions scheme - defined contribution plans

Employees in the Group's PRC subsidiaries are required to participate in a defined contribution retirement scheme administrated and operated by the local municipal government. The Group's PRC subsidiaries contribute funds which are calculated on certain percentage of the employee salary to the scheme to fund the retirement benefits of the employees.

9 FINANCE (COSTS)/INCOME – NET

	Year ended 31 December	
	2015	2014
	RMB'000	*RMB'000*
Finance costs		
– Bank and other borrowings	**2,066,887**	1,511,122
– Finance costs on disposal of amounts due from joint ventures and an associate (Note 33(d) (iii))	**(74,876)**	—
– Less: capitalised interest	**(2,066,887)**	(1,511,122)
	(74,876)	—
Finance income		
– Interest income from bank deposits	**11,037**	5,025
– Net foreign exchange gains	**52,663**	—
Finance (costs)/income - net	**(11,176)**	5,025

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10 INCOME TAX EXPENSES

	Year ended 31 December	
	2015	2014
	RMB'000	*RMB'000*
Current income tax:		
Hong Kong profits tax	**—**	—
PRC corporate income tax	**411,919**	164,298
LAT	**663,048**	229,785
	1,074,967	394,083
Deferred income tax (Note 15)	**(16,870)**	(62,121)
	1,058,097	331,962

The tax on the Group's profit before tax differs from the theoretical amount that would arise using the weighted average tax rate applicable to profit/loss of the consolidated entities as follows:

	Year ended 31 December	
	2015	2014
	RMB'000	*RMB'000*
Profit before income tax	**2,464,038**	833,601
Less: share of profits of joint ventures and an associate reported net of tax	**(422,539)**	(240,724)
	2,041,499	592,877
Tax calculated at applicable corporate income tax rates	**501,597**	148,219
Effect of expenses not deductible for income tax purpose	**59,214**	11,404
LAT deductible for income tax purpose	**(165,762)**	(57,446)
PRC corporate income tax	**395,049**	102,177
LAT	**663,048**	229,785
	1,058,097	331,962

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10 INCOME TAX EXPENSE *(continued)*

Hong Kong profits tax

The applicable Hong Kong profit tax rate is 16.5% for the year ended 31 December 2015 (2014: 16. 5%).

PRC corporate income tax

The income tax provision of the Group in respect of operations in mainland China has been calculated at the applicable tax rate on the estimated assessable profits for the years ended 31 December 2014 and 2015, based on the existing legislation, interpretations and practices in respect thereof.

The corporate income tax rate applicable to the group entities located in mainland China is 25% according to the Corporate Income Tax Law of the PRC (the "CIT Law") effective on 1 January 2008.

LAT

Pursuant to the requirements of the Provisional Regulations of the PRC on LAT effective on 1 January 1994, and the Detailed Implementation Rules on the Provisional Regulations of the PRC on LAT effective on 27 January 1995, all income from the sale or transfer of state-owned land use rights, buildings and their attached facilities in the PRC is subject to LAT at progressive rates ranging from 30% to 60% of the appreciation value, with an exemption provided for sales of ordinary residential properties if their appreciation values do not exceed 20% of the sum of the total deductible items.

The Group has made provision of LAT for sales of properties according to the aforementioned progressive rates.

Overseas income tax

The Company was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law of the Cayman Islands and, is exempted from Cayman Islands income tax. The Company's direct subsidiary in the British Virgin Islands (the "BVI") was incorporated under the Business Companies Act of the British Virgin Islands and is exempted from British Virgin Islands income tax.

PRC dividend withholding income tax

Pursuant to the Detailed Implementation Regulations for implementation of the Corporate Income Tax Law issued on 6 December 2007, dividends distributed from the profits generated by the PRC companies after 1 January 2008 to their foreign investors shall be subject to this withholding income tax of 10%, a lower 5% withholding income tax rate may be applied when the immediate holding companies of the PRC subsidiaries are incorporated in Hong Kong and fulfil the requirements to the tax treaty arrangements between the PRC and Hong Kong. The Group has not accrued any withholding income tax for these undistributed earnings of its PRC subsidiaries as the Group does not have a plan to distribute these earnings from its PRC subsidiaries.

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11 EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the profit attributable to owners of the Company by the weighted average number of ordinary shares in issue during the years ended 31 December 2014 and 2015. In determining the weighted average number of ordinary shares in issue, 100 shares issued during the Reorganisation and 1,012,499,000 shares issued by way of capitalisation (Note 36(a)) were deemed to have been issued since 1 January 2014.

	Year ended 31 December	
	2015	2014
Profit attributable to owners of the Company (RMB'000)	**1,432,813**	506,507
Weighted average number of shares in issue	**1,012,499,175**	1,012,499,100
Basic earnings per share (RMB per share)	**1.42**	0.50

The Company did not have any potential ordinary shares outstanding for the year ended 31 December 2015 (2014: same). Diluted earnings per share is equal to basic earnings per share.

12 DIVIDEND

	Year ended 31 December	
	2015	2014
	RMB'000	*RMB'000*
Dividends declared by a group company to its then shareholders	**—**	338,000

Dividend of RMB338,000,000 has been declared by a group company to its then shareholders on 5 December 2014 and was subsequently settled in the year ended 31 December 2015.

The directors do not recommend the payment of any dividend for the year ended 31 December 2015.

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13 PROPERTY, PLANT AND EQUIPMENT

	Buildings and leasehold improvements RMB'000	Office equipment RMB'000	Motor vehicles RMB'000	Assets under construction RMB'000	Total RMB'000
Year ended 31 December 2014					
Opening net book amount	9,047	3,841	17,562	80,800	111,250
Additions	4,330	14,111	3,443	344,399	366,283
Disposals	—	(584)	(329)	—	(913)
Depreciation	(3,421)	(3,006)	(6,329)	—	(12,756)
Closing net book amount	9,956	14,362	14,347	425,199	463,864
At 31 December 2014					
Cost	18,624	21,757	31,045	425,199	496,625
Accumulated depreciation	(8,668)	(7,395)	(16,698)	—	(32,761)
Net book amount	9,956	14,362	14,347	425,199	463,864
Year ended 31 December 2015					
Opening net book amount	**9,956**	**14,362**	**14,347**	**425,199**	**463,864**
Additions	**—**	**1,879**	**2,024**	**388,571**	**392,474**
Disposals	**—**	**(5)**	**(1,412)**	**—**	**(1,417)**
Depreciation	**(3,708)**	**(4,389)**	**(6,000)**	**—**	**(14,097)**
Closing net book amount	**6,248**	**11,847**	**8,959**	**813,770**	**840,824**
At 31 December 2015					
Cost	**18,624**	**23,536**	**29,548**	**813,770**	**885,478**
Accumulated depreciation	**(12,376)**	**(11,689)**	**(20,589)**	**—**	**(44,654)**
Net book amount	**6,248**	**11,847**	**8,959**	**813,770**	**840,824**

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13 PROPERTY, PLANT AND EQUIPMENT *(continued)*

Depreciation of the property, plant and equipment has been charged to consolidated income statement as follows:

	Year ended 31 December	
	2015	2014
	RMB'000	*RMB'000*
Cost of sales	**407**	250
Selling and marketing costs	**1,355**	1,120
Administrative expenses	**12,335**	11,386
	14,097	12,756

As at 31 December 2015, all buildings were located in the PRC (31 December 2014: same).

Borrowing costs of RMB97,463,000 have been capitalised in assets under construction for the year ended 31 December 2015 (2014: RMB87,649,000). The capitalisation rate of the borrowings of the year ended 31 December 2015 was 10.50% (2014: 10.88%).

Certain property, plant and equipment of the Group with carrying amounts of RMB434,910,000 as at 31 December 2015 (31 December 2014: nil) has been pledged for the borrowings of the Group (Note 28).

14 LAND USE RIGHTS

	RMB'000
Year ended 31 December 2014	
Opening net book amount	513,393
Amortisation	(14,803)
Closing net book amount	498,590
Year ended 31 December 2015	
Opening net book amount	**498,590**
Amortisation	**(14,803)**
Closing net book amount	**483,787**

Amounts represent the land use rights of hotels under construction. The relevant land use rights are held on leases of 40 years and the land is located in the PRC.

Land use rights with a total carrying amount of RMB483,787,000 as at 31 December 2015 were pledged as collateral for the Group's borrowings (31 December 2014: RMB498,590,000) (Note 28).

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15 DEFERRED TAX ASSETS

The analysis of deferred tax assets is as follows:

	Year ended 31 December	
	2015	2014
	RMB'000	*RMB'000*
Deferred tax assets		
– Deferred tax assets to be recovered within 12 months	**48,732**	—
– Deferred tax assets to be recovered after 12 months	**102,550**	134,412
	151,282	134,412

The movements in deferred tax assets as follows:

	Tax losses	Deductible temporary differences of expenses and cost of sales	Total
	RMB'000	*RMB'000*	*RMB'000*
At 1 January 2014	62,970	9,321	72,291
Credit/(debit) to the consolidated income statement (Note 10)	71,442	(9,321)	62,121
At 31 December 2014	134,412	—	134,412
At 1 January 2014	134,412	—	134,412
Credit to the consolidated income statement (Note 10)	16,870	—	16,870
At 31 December 2015	151,282	—	151,282

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16 INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

(a) Investments accounted for using the equity method

(i) The amounts recognised in the consolidated balance sheet are as follows:

	As at 31 December	
	2015	2014
	RMB'000	*RMB'000*
Joint ventures	**2,440,419**	2,258,165
An associate	**94,319**	97,654
	2,534,738	2,355,819

(ii) The amounts recognised in the consolidated income statement are as follows:

	As at 31 December	
	2015	2014
	RMB'000	*RMB'000*
Joint ventures	**425,874**	243,038
An associate	**(3,335)**	(2,314)
	422,539	240,724

(iii) The movement of investments in joint ventures are as follows:

	Year ended 31 December	
	2015	2014
	RMB'000	*RMB'000*
Opening balances	**2,258,165**	607,627
Capital injections	**243,500**	1,407,500
Profit distribution from joint ventures	**(487,120)**	-
Share of profits	**425,874**	243,038
	2,440,419	2,258,165

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16 INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD *(continued)*

(b) Set out below are the joint ventures and an associate of the Group as at 31 December 2015. The place of incorporation or registration is also their principal place of business.

Name of entity		Place of business/ place of incorporation and business	% of ownership interest	Measurement method	Principal activities
Joint ventures					
福州世歐房地產開發有限公司	Fuzhou Shiou Property Development Co., Ltd. (note (i))	PRC	50%	Equity	Property development
福州利博順泰房地產開發有限公司	Fuzhou Liboshuntai Property Development Co., Ltd.	PRC	50%	Equity	Property development
海融（漳州）房地產有限公司	Hairong (Zhangzhou) Property Co., Ltd.	PRC	50%	Equity	Property development
上海愷泰房地產開發有限公司	Shanghai Kaitai Property Development Co., Ltd.	PRC	50%	Equity	Property development
上海愷岱房地產開發有限公司	Shanghai Kaidai Property Development Co., Ltd.	PRC	50%	Equity	Property development
上海愷譽房地產開發有限公司	Shanghai Kaiyu Property Development Co., Ltd.	PRC	50%	Equity	Property development
上海愷日房地產開發有限公司	Shanghai Kairi Property Development Co., Ltd.	PRC	50%	Equity	Property development
上海愷暢房地產開發有限公司	Shanghai Kaichang Property Development Co., Ltd.	PRC	50%	Equity	Property development
上海愷崇房地產開發有限公司	Shanghai Kaichong Property Development Co., Ltd. (note (ii))	PRC	25%	Equity	Property development
Associate					
漳州市萬科濱江置業有限公司	Zhangzhou City Wankebinjiang Property Co., Ltd.	PRC	20%	Equity	Property development

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16 INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD *(continued)*

(b) *(continued)*

(i) The Group and a company controlled by a close family member of Mr. Ou holds 50% and 50% equity interest in Fuzhou Shiou Property Development Co., Ltd. ("Fuzhou Shiou"), respectively. Fuzhou Shiou and its subsidiaries (collectively refer to "Shiou Group") are principally engaged in development of certain residential and commercial property projects in Fuzhou City. According to a separate agreement entered into between the Group and the joint venture partner, the equity interest in one property development project of Shiou Group is held by the Group and the joint venture partner at 40% and 60%, respectively.

(ii) The Group and another two joint venture partners which are independent third parties to the Group hold equity interest in Shanghai Kaichong Property Development Co., Ltd. at 25%, 25% and 50%, respectively.

(c) Summarised financial information for joint ventures

(i) Set out below is the summarised consolidated financial information for Shiou Group, which is material to the Group.

Summarised consolidated balance sheet

	As at 31 December	
	2015	2014
	RMB'000	*RMB'000*
ASSETS		
Non-current assets		
Investment properties	**3,317,000**	3,175,000
Deferred tax assets	**8,268**	66,739
Other non-current assets	**1,747**	2,389
	3,327,015	3,244,128

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16 INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD *(continued)*

(c) Summarised financial information for joint ventures *(continued)*

(i) Set out below is the summarised consolidated financial information for Shiou Group, which is material to the Group. *(continued)*

Summarised consolidated balance sheet *(continued)*

	As at 31 December	
	2015	2014
	RMB'000	*RMB'000*
Current		
Properties under development	**—**	8,161,682
Completed properties held for sale	**2,575,553**	187,899
Amounts due from shareholders	**577,697**	2,979,903
Amounts due from customers for contract works	**193,551**	575,131
Trade and other receivables	**688,751**	77,582
Prepayments	**28,216**	361,096
Prepaid income tax	**5,322**	379,907
Restricted cash	**9,985**	140,833
Cash and cash equivalents	**46,935**	196,378
	4,126,010	13,060,411
Total assets	**7,453,025**	16,304,539
LIABILITIES		
Non-current liabilities		
Borrowings	**—**	1,544,700
Deferred tax liabilities	**292,830**	247,436
	292,830	1,792,136
Current liabilities		
Borrowings	**3,085,500**	2,402,020
Advances received from pre-sales of properties	**277,322**	8,585,407
Trade and other payables	**1,593,822**	1,744,862
Current income tax liabilities	**695,638**	23,483
	5,652,282	12,755,772
Total liabilities	**5,945,112**	14,547,908
Net assets	**1,507,913**	1,756,631

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16 INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD *(continued)*

(c) Summarised financial information for joint ventures *(continued)*

(i) Set out below is the summarised consolidated financial information for Shiou Group, which is material to the Group. *(continued)*

Summarised consolidated income statement and statement of comprehensive income

	Year ended 31 December	
	2015	2014
	RMB'000	*RMB'000*
Revenue	**10,303,615**	2,393,615
Cost of sales	**(8,246,932)**	(2,001,791)
Selling and marketing costs	**(86,291)**	(108,544)
Administrative expenses	**(76,547)**	(63,591)
Interest income	**548**	1,531
Fair value gain of investment properties	**71,258**	504,992
Other income, net	**3,181**	5,169
Profit before income tax	**1,968,832**	731,381
Income tax expenses	**(1,150,995)**	(217,161)
Profit for the year from continuing operations	**817,837**	514,220
Other comprehensive income	**—**	—
Total comprehensive income for the year	**817,837**	514,220
The joint venture's commitments	**—**	910,136
The joint venture's financial guarantee contracts	**3,631,079**	3,839,952

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16 INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD *(continued)*

(c) Summarised financial information for joint ventures *(continued)*

(ii) Set out below is the reconciliation of the summarised consolidated financial information presented to the carrying amount of the Group's interest in Shiou Group.

	Year ended 31 December	
	2015	2014
	RMB'000	*RMB'000*
Opening net assets	**1,756,631**	1,242,411
Profit for the year	**817,837**	514,220
Profit distribution to shareholders	**(1,066,555)**	—
Other comprehensive income	**—**	—
Closing net assets	**1,507,913**	1,756,631
Interest in joint ventures	**752,467**	847,328
Carrying value	**752,467**	847,328

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16 INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD *(continued)*

(c) Summarised financial information for joint ventures *(continued)*

(iii) Set out below is the summarised financial information for Shanghai Kaitai Property Development Co., Ltd. ("Shanghai Kaitai"), which is material to the Group.

Summarised balance sheet

	As at 31 December	
	2015	2014
	RMB'000	*RMB'000*
ASSETS		
Non-current assets		
Deferred tax assets	**4,143**	684
Other non-current assets	**49**	63
	4,192	747
Current		
Properties under development	**6,082,054**	5,062,162
Trade and other receivables	**36,750**	5,020
Prepaid income taxes	**21,266**	—
Cash and cash equivalents	**609,651**	33,178
	6,749,721	5,100,360
Total assets	**6,753,913**	5,101,107
LIABILITIES		
Non-current liabilities		
Borrowings	**593,820**	—
Current liabilities		
Advances received from pre-sales of properties	**1,057,158**	—
Amounts due to shareholders	**1,425,536**	2,818,682
Trade and other payables	**1,679,830**	274,476
	4,162,524	3,093,158
Total liabilities	**4,756,344**	3,093,158
Net assets	**1,997,569**	2,007,949

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16 INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD *(continued)*

(c) Summarised financial information for joint ventures *(continued)*

(iii) Set out below is the summarised financial information for Shanghai Kaitai Property Development Co., Ltd. ("Shanghai Kaitai"), which is material to the Group. *(continued)*

Summarised income statement and statement of comprehensive income

	Year ended 31 December	
	2015	2014
	RMB'000	*RMB'000*
Revenue	**—**	—
Cost of sales	**—**	—
Selling and marketing costs	**(11,407)**	(12)
Administrative expenses	**(3,088)**	(2,511)
Interest income	**656**	289
Loss before income tax	**(13,839)**	(2,234)
Income tax credit	**3,459**	559
Loss for the year from continuing operations	**(10,380)**	(1,675)
Other comprehensive income	**—**	—
Total comprehensive loss for the year	**(10,380)**	(1,675)
The joint venture's commitments	**1,840,726**	2,463,579
The joint venture's financial guarantee contracts	**95,079**	—

No dividend has been paid or declared by the joint venture since its establishment.

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16 INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD *(continued)*

(c) Summarised financial information for joint ventures *(continued)*

(iv) Set out below is the reconciliation of the summarised financial information presented to the carrying amount of the Group's interest in Shanghai Kaitai.

	Year ended 31 December	
	2015	2014
	RMB'000	*RMB'000*
Opening net assets	**2,007,949**	9,624
Capital injections	**—**	2,000,000
Loss for the year	**(10,380)**	(1,675)
Closing net assets	**1,997,569**	2,007,949
Interest in joint ventures	**998,785**	1,003,975
Carrying value	**998,785**	1,003,975

(v) The Group's interests in joint ventures, other than Shiou Group and Shanghai Kaitai, which are individually immaterial to the Group, as at 31 December 2015 is RMB689,167,000 (31 December 2014: RMB406,862,000). Set out below is the summarised financial information of the Group's interests in these individually immaterial joint ventures in aggregate.

	Year ended 31 December	
	2015	2014
	RMB'000	*RMB'000*
The Group's share of these joint ventures':		
– profit/(loss) for the year from continuing operations	**38,804**	(13,183)
– other comprehensive income	**—**	—
– total comprehensive income/(loss) for the year	**38,804**	(13,183)

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16 INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD *(continued)*

(c) Summarised financial information for joint ventures *(continued)*

(vi) The Group's interests in an associate, Zhangzhou City Wankebinjiang Property Co., Ltd., which is immaterial to the Group, as at 31 December 2015 is RMB94,319,000 (31 December 2014: RMB97,654,000). Set out below is the summarised financial information in respect of the Group's interests in the associate.

	Year ended 31 December	
	2015	2014
	RMB'000	*RMB'000*
The Group's share of the associate's:		
– loss for the year from continuing operations	**(3,335)**	(2,314)
– other comprehensive income	**—**	—
– total comprehensive loss for the year	**(3,335)**	(2,314)

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17 FINANCIAL INSTRUMENTS BY CATEGORY

	As at 31 December	
	2015	2014
	RMB'000	*RMB'000*
Financial assets:		
Loans and receivables		
– Trade and other receivables	**433,163**	261,267
– Amounts due from related parties	**—**	2,713,147
– Amounts due from customers for contract works	**143,361**	114,627
– Restricted cash	**74,458**	741,736
– Cash and cash equivalents	**2,742,466**	657,637
– Term deposits with initial terms of over three months	**1,021,799**	—
– Available-for-sale financial assets	**87,000**	21,000
	4,502,247	4,509,414
Financial liabilities:		
Liabilities at amortised cost		
– Trade and other payables, excluding accrual for staff costs and allowances and other taxes payable	**2,177,971**	1,216,759
– Amounts due to related parties	**265,007**	3,207,622
– Dividend payable	**—**	338,000
– Borrowings	**16,372,563**	17,258,800
	18,815,541	22,021,181

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18 PROPERTIES UNDER DEVELOPMENT AND COMPLETED PROPERTIES HELD FOR SALE

	As at 31 December	
	2015	2014
	RMB'000	*RMB'000*
Properties under development comprise:		
– Construction costs	**3,868,688**	3,553,185
– Capitalised interests	**3,082,275**	1,773,126
– Land use rights	**16,387,466**	9,580,802
	23,338,429	14,907,113
Completed properties held for sale comprise:		
– Construction costs	**878,999**	417,901
– Capitalised interests	**200,704**	106,132
– Land use rights	**222,185**	342,390
	1,301,888	866,423

Properties under development and completed properties held for sale of the Group are all located in the PRC and expected to be completed and available for sale within one operating cycle. The relevant land use rights are on leases of 40 to 70 years.

The capitalisation rate of the borrowings was 10.50% for the year ended 31 December 2015 (2014: 10.88%).

The Group's pledged properties held for sale and properties under development are set out as follows:

	As at 31 December	
	2015	2014
	RMB'000	*RMB'000*
Carrying amounts of properties held for sale and properties under development:		
– Pledged as collateral for the Group's borrowings	**14,045,568**	7,476,887

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19 TRADE AND OTHER RECEIVABLES AND PREPAYMENTS

	As at 31 December	
	2015	2014
	RMB'000	*RMB'000*
Trade receivables (Note (a))	**26,804**	4,164
Other receivables		
– Bidding deposits for acquisition of land use rights	**181,880**	—
– Deposits for construction contracts (Note (b))	**98,482**	148,482
– Receivables from a local government (Note (c))	**66,627**	66,627
– Others	**59,370**	41,994
	406,359	257,103
Prepayments		
– Prepaid business taxes and other taxes	**345,472**	334,821
– Prepayments for acquisition of land use rights	**1,061,285**	6,978,866
– Others	**28,645**	91,853
	1,435,402	7,405,540
	1,868,565	7,666,807
Less: other receivables included in non-current assets	**—**	(2,691)
	1,868,565	7,664,116

19 TRADE AND OTHER RECEIVABLES AND PREPAYMENTS *(continued)*

(a) Aging analysis of the trade receivables based on invoice date is as follows:

	As at 31 December	
	2015	2014
	RMB'000	*RMB'000*
Within 90 days	**23,708**	—
Over 90 days and within 365 days	**—**	2,339
Over 365 days	**3,096**	1,825
	26,804	4,164

Proceeds receivable in respect of sale of properties are settled in accordance with the terms stipulated in the sale and purchase agreements. Generally, purchasers of properties are required to settle the balance within 90 days as specified in the sales and purchase agreements.

As at 31 December 2015, trade receivables of RMB3,096,000 were past due but not impaired (31 December 2014: RMB4,164,000). These relate to a number of independent customers for whom there are no significant financial difficulty. Management is of the view that the overdue amounts can be recovered as the Group is entitled to take over legal title and possession of underlying properties for re-sales.

(b) The amounts represented deposits for construction contacts of resettlement housing (Note 20).

(c) The amounts represented the consideration paid to a local government in Fujian Province in relation to cooperation in development of a property project. The project was subsequently terminated and the consideration should be returned by the local government. Up to the date of these consolidated financial statements, the Group has received an amount of RMB30,000,000 from the local government.

(d) As at 31 December 2015, the Group's trade and other receivables were all denominated in RMB (31 December 2014: same).

(e) As at 31 December 2015, the Group's maximum exposure to credit risk was the carrying value of each class of receivables mentioned above (31 December 2014: same). No material trade and other receivables were impaired as at 31 December 2015 (31 December 2014: same).

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20 AMOUNTS DUE FROM CUSTOMERS FOR CONTRACT WORKS

	As at 31 December	
	2015	2014
	RMB'000	*RMB'000*
Contracts in progress at the end of the year:		
Contract costs incurred plus recognised profits	**272,601**	184,736
Less: progress billings	**(129,240)**	(70,109)
	143,361	114,627

According to the agreements of acquisition of land use rights entered into with certain local governments, as part of the consideration to obtain the land use rights, certain subsidiaries of the Group were required to construct houses for the respective governments.

Contract revenue of RMB87,865,000, which represented the construction services having been provided, have been recognised as revenue during the year ended 31 December 2015 (2014: RMB103,044,000).

21 RESTRICTED CASH

	As at 31 December	
	2015	2014
	RMB'000	*RMB'000*
Denominated in RMB	**74,458**	741,736

The Group placed certain cash deposits with designated banks as security for borrowings as of 31 December 2015 (31 December 2014: as security for borrowings and issuance of commercial bills).

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22 CASH AND CASH EQUIVALENTS AND TERM DEPOSITS WITH INITIAL TERMS OF OVER THREE MONTHS

	As at 31 December	
	2015	2014
	RMB'000	*RMB'000*
Cash and cash equivalents denominated in: (note a)		
– RMB	**2,731,751**	657,637
– USD	**10,675**	—
– HKD	**40**	—
	2,742,466	657,637
Term deposits with initial terms of over three months denominated in: (note (a) and (b))		
– RMB	**322,751**	—
– USD	**699,048**	—
	1,021,799	—

(a) The conversion of RMB denominated balances into foreign currencies and the remittance of such foreign currencies out of the PRC are subject to relevant rules and regulations of foreign exchange control promulgated by the PRC government.

(b) The weighted average effective interest rate of the Group's term deposits with initial terms of over three months as at 31 December 2015 is 1.42% per annum. The carrying amounts of the Group's term deposits approximate their fair value due to the short term maturities.

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23 AVAILABLE-FOR-SALE FINANCIAL ASSETS

	Year ended 31 December	
	2015	2014
	RMB'000	*RMB'000*
At 1 January	**21,000**	9,000
Additions	**86,000**	21,000
Disposals	**(20,000)**	(9,000)
At 31 December	**87,000**	21,000
Less: non-current portion	**(46,000)**	(1,000)
Current portion	**41,000**	20,000

The Group's available-for-sale financial assets mainly represents the Group's investments in certain wealth management products, which can be redeemed upon request by the Group:

	31 December	
	2015	2014
	RMB'000	*RMB'000*
Wealth management products issued by:		
– big four commercial banks of the PRC	**40,000**	20,000
– trust company	**46,000**	—
– asset management company	**1,000**	1,000
	87,000	21,000

The available-for-sale financial assets are denominated in RMB as at 31 December 2015 (31 December 2014: same).

The maximum exposure to credit risk at 31 December 2014 and 2015 is the carrying value of the investments classified as available for sale. None of these financial assets is either past due or impaired.

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24 SHARE CAPITAL AND SHARE PREMIUM

	Number of ordinary shares	Nominal value of ordinary shares *HKD*	Equivalent nominal value of ordinary shares *RMB'000*	Share premium *RMB'000*	Total *RMB'000*
At 11 September 2014 (date of incorporation) and 31 December 2014	100	0.001	—	—	—
Capital injection from the then shareholder of the Company (Note (a))	900	0.009	—	989,745	989,745
At 31 December 2015	1,000	0.01	—	989,745	989,745

The authorised share capital of the Company as at 11 September 2014 (date of incorporation), 31 December 2014 and 2015 was HK$380,000 divided into 38,000,000,000 shares.

Upon the incorporation of the Company, one ordinary share of HKD0.00001 was allotted and issued to the sole subscriber and then was transferred to Dingxin. On same date, the Company further allotted and issued 99 ordinary shares to Dingxin. The Company was then wholly-owned by Dingxin.

(a) During the year ended 31 December 2015, the Company allotted and issued 900 shares to Dingxin at a consideration of US$161,300,000 (equivalent to RMB989,745,000).

25 CAPITAL RESERVES

Capital reserves mainly represented accumulated capital contribution from the then shareholders of the group companies.

26 STATUTORY RESERVES

In accordance with relevant rules and regulations in the PRC, when declaring dividend, the Group's PRC subsidiaries are required to appropriate not less than 10% of their profit after taxation calculated under PRC accounting rules and regulations to the statutory reserve fund, until the accumulated total of the fund reaches 50% of the registered capital of the respective companies. The statutory reserve fund can only be used, upon approval by the relevant authority, to offset losses brought forward from prior years or to increase the paid up capital of respective companies.

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27 NON-CONTROLLING INTERESTS

Pursuant to investment agreements entered into between the Group and Fujian Oushi Construction Development Co., Ltd ("Fujian Oushi Construction"), Fujian Oushi Construction agreed to contribute cash of RMB612,000,000, RMB601,000,000 and RMB435,000,000 to three real estate projects of the Group in exchange of 49% equity interests of these three projects.

28 BORROWINGS

	As at 31 December	
	2015	2014
	RMB'000	*RMB'000*
Borrowings included in non-current liabilities:		
Bank borrowings - secured	**1,622,000**	1,945,000
Other borrowings - secured (Note a)	**10,779,100**	14,933,700
Public Corporate Bond - unsecured (Note c)	**1,171,463**	—
Less: current portion of non-current borrowings	**(6,646,500)**	(5,879,100)
	6,926,063	10,999,600
Borrowings included in current liabilities:		
Bank borrowings - secured	**—**	29,100
Other borrowings - secured (Note a)	**2,800,000**	351,000
Current portion of non-current borrowings	**6,646,500**	5,879,100
	9,446,500	6,259,200
Total borrowings	**16,372,563**	17,258,800

All of the Group's borrowings are denominated in RMB.

(a) Certain group companies in the PRC have entered into fund arrangements with trust companies, security companies and assets management companies, respectively, pursuant to which these financial institutions raised funds and injected them, directly or through entrusted banks, to the group companies. Certain equity interests of the group companies were held by the financial institutions as collateral of which the Group is obligated to redeem at predetermined prices (Note 34(c)). The funds bear fixed interest rates and have fixed repayment terms.

(b) As at 31 December 2015, all the Group's bank and other borrowings were secured by the Group's assets which includes properties held for sale, properties under development, property, plant and equipment, land use rights, equity interests of certain subsidiaries and restricted cash (31 December 2014: same). In addition to pledge of the Group's assets, Mr. Ou has provided personal guarantee for the bank and other borrowings of RMB7,912,000,000 as at 31 December 2015 (31 December 2014: RMB11,253,300,000), which has been subsequently released.

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28 BORROWINGS *(continued)*

(c) In October and November 2015, Rongxin (Fujian) Investment Group Co., Ltd. ("Rongxin Fujian"), a group company incorporated in PRC, obtained the pre-approval from Shanghai Stock Exchange and approval from China Securities Regulatory Commission, respectively, to issue corporate bonds to public investors ("Public Corporate Bonds") in tranches with 24 months after the approvals. Rongxin Fujian issued the first tranche of the Public Corporate Bonds in December 2015 at nominal amount of RMB1.2 billion, with a tenure of 5 years, Rongxin Fujian has the option to increase the coupon rate by not more than 1% and the bonds holders can exercise the retractable option at the end of the third year from the issuance date. The effective interest rate of the Public Corporate Bonds is 6.41% per annum.

(d) The exposure of borrowings to interest-rate changes and the contractual repricing dates or maturity dates whichever is earlier is as follows:

	As at 31 December	
	2015	2014
	RMB'000	*RMB'000*
6 months or less	**5,343,000**	1,759,100
6 - 12 months	**4,395,100**	5,529,100
1 - 5 years	**6,634,463**	9,970,600
Total	**16,372,563**	17,258,800

(e) The maturity of the borrowings is as follows:

	As at 31 December	
	2015	2014
	RMB'000	*RMB'000*
Within 1 year	**9,446,500**	6,259,200
1 - 2 years	**4,654,600**	7,052,100
2 - 5 years	**2,271,463**	3,947,500
Total	**16,372,563**	17,258,800

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28 BORROWINGS *(continued)*

(f) The weighted average effective interest rates are as follows:

	As at 31 December	
	2015	2014
Bank borrowings	**6.89%**	7.48%
Public Corporate Bond	**6.41%**	—
Other borrowings	**11.28%**	11.31%
Weighted average effective interest rates	**10.50%**	10.88%

(g) The carrying amounts of the borrowings approximate their fair values as at 31 December 2015 as either the impact of discounting is not significant or the borrowings carry floating rates of interests (31 December 2014: same).

29 TRADE AND OTHER PAYABLES

	As at 31 December	
	2015	2014
	RMB'000	*RMB'000*
Trade payables (Note a)	**1,640,102**	776,592
Bills payable	**—**	112,000
Other taxes payable	**17,537**	3,943
Accrued payroll	**78,124**	56,615
Interests payable	**61,988**	87,632
Deposits received for sales of properties	**252,607**	117,369
Deposits from contractors and suppliers	**125,282**	78,658
Others	**97,992**	44,508
	2,273,632	1,277,317

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29 TRADE AND OTHER PAYABLES *(continued)*

(a) The ageing analysis of the trade payables is as follows:

	As at 31 December	
	2015	2014
	RMB'000	*RMB'000*
Within 90 days	**546,914**	352,101
Over 90 days and within 365 days	**490,341**	156,574
Over 365 days	**602,847**	267,917
	1,640,102	776,592

Except for other payables of RMB11,599,000 denominated in HKD, the Group's remaining trade and other payables as at 31 December 2015 were denominated in RMB (31 December 2014: all trade and other payables were denominated in RMB).

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30 CASH GENERATED FROM/(USED IN) OPERATIONS

Reconciliation of profit for the year to net cash generated from/(used in) operations.

	Year ended 31 December	
	2015	2014
	RMB'000	*RMB'000*
Profit before income tax	**2,464,038**	833,601
Adjustments for:		
– Depreciation of property, plant and equipment (note 13)	**14,097**	12,756
– Interest income	**(11,037)**	(5,025)
– Net foreign exchange gains	**(52,663)**	—
– Finance costs on disposal of amounts due from joint ventures and an associate	**74,876**	—
– Amortisation of intangible assets	**1,035**	952
– Gains from disposal of property, plant and equipment	**(638)**	(676)
– Share of profits of investments accounted for using the equity method, net	**(422,539)**	(240,724)
Changes in working capital:		
– Properties under development and completed properties held for sale	**(6,045,188)**	(8,045,542)
– Trade and other receivables	**(200,630)**	321,086
– Prepayments	**5,903,953**	(128,169)
– Pre-sale proceeds received from customers	**1,983,127**	1,298,055
– Trade and other payables	**288,955**	195,551
– Restricted cash	**94,126**	(127,434)
Cash generated from/(used in) operations	**4,091,512**	(5,885,569)

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31 FINANCIAL GUARANTEE

	As at 31 December	
	2015	2014
	RMB'000	*RMB'000*
Guarantee in respect of mortgage facilities for certain purchasers (note a)	**6,412,925**	3,579,851
Guarantee provided for the borrowings of the joint ventures and related party (note b and note 33(d) (ii))	**3,031,410**	2,092,700
	9,444,335	5,672,551

(a) The Group has arranged bank financing for certain purchasers of the Group's property units and provided guarantees to secure obligations of such purchasers for repayments. Such guarantees terminate upon the earlier of (i) issuance of the real estate ownership certificates which will generally be available within an average period of two to three years upon the completion of guarantee registration; or (ii) the satisfaction of mortgaged loan by the purchasers of properties.

Pursuant to the terms of the guarantees, upon default in mortgage payments by these purchasers, the Group is responsible to repay the outstanding mortgage principals together with accrued interest and penalty owed by the defaulted purchasers to the banks and the Group is entitled to take over the legal title and possession of the related properties. The Group's guarantee period starts from the dates of grant of the mortgages. The directors consider that the likelihood of default in payments by purchasers is minimal and therefore the financial guarantee measured at fair value is immaterial.

(b) Amounts represented the maximum exposure of the guarantees provided by the Group.

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32 COMMITMENTS

(a) Commitments for property development expenditures as at 31 December 2015 as follows:

	As at 31 December	
	2015	2014
	RMB'000	*RMB'000*
Contracted but not provided for		
– Property development activities	**4,038,906**	4,534,954
– Land use rights	**3,310,000**	4,734,311
	7,348,906	9,269,265

(b) Operating leases commitments – the Group as lessee

The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

	As at 31 December	
	2015	2014
	RMB'000	*RMB'000*
– Not later than one year	**17,948**	17,291
– Later than one year and not later than three years	**9,457**	11,998
	27,405	29,289

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33 RELATED PARTY TRANSACTIONS

(a) Major related parties that had transactions during the year with the Group are as follows:

Related parties	Relationship with the Group
Rongxin (Fujian) Property Management Co., Ltd. 融信(福建)物業管理有限公司	A company controlled by the Controlling Shareholder
Fujian Dingcheng Investment Co., Ltd. ("Dingcheng") 福建鼎誠投資有限公司	A company controlled by the Controlling Shareholder
Hemei (Zhangzhou) Hotel Investment Co., Ltd. 和美(漳州)酒店投資有限公司	A company controlled by the Controlling Shareholder
Mr. Ou	Controlling Shareholder and director of the Company
Ms. Xu Lixiang (許麗香)	Family member of Mr. Ou

The English names of the PRC companies referred to above in this note represent management's best efforts in translating the Chinese names of those companies as no English names have been registered or available.

(b) Key management compensation

Compensation for key management other than those for directors as disclosed in note 8(a) is set out below.

	Year ended 31 December	
	2015	2014
	RMB'000	*RMB'000*
Key management compensation		
– Salaries and other employee benefits	**2,059**	3,182
– Pension costs	**64**	87
	2,123	3,269

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33 RELATED PARTY TRANSACTIONS *(continued)*

(c) Balances with related parties

	As at 31 December	
	2015	2014
	RMB'000	*RMB'000*
Amounts due to other related parties:		
– Mr. Ou	**237,500**	627,057
– Rongxin (Fujian) Property Management Co., Ltd.	**27,047**	8,541
– Dingxin	**460**	—
– Dingcheng	**—**	888,251
Amounts due to joint ventures:		
– Shiou Group	**—**	1,448,773
– Fuzhou Liboshuntai Property Development Co., Ltd.	**—**	235,000
	265,007	3,207,622

Amounts due to Mr. Ou and Dingxin mainly represent cash advances which are unsecured, interest-free, repayable on demand and denominated in RMB (31 December 2014: same). Amounts due to Mr. Ou and Dingxin as at 31 December 2015 were subsequently settled.

Amounts due to Rongxin (Fujian) Property Management Co., Ltd. represent mainly the payables of property management fees which are unsecured, interest free, and to be settled according to agreed terms and are denominated in RMB.

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33 RELATED PARTY TRANSACTIONS *(continued)*

(d) Transactions with related parties

During the year ended 31 December 2015, the Group had the following significant transactions with related parties.

The directors of the Company are of the opinion that the following related party transactions were conducted on normal commercial terms and in the ordinary course of business.

(i) Property management services provided by a related party

	Year ended 31 December	
	2015	2014
	RMB'000	*RMB'000*
– Rongxin (Fujian) Property Management Co., Ltd.	**38,941**	24,745

(ii) Guarantee for borrowings of related parties

	As at 31 December	
	2015	2014
	RMB'000	*RMB'000*
Guarantee to joint ventures:		
– Shiou Group	**2,689,500**	1,544,700
– Fuzhou Liboshuntai Property Development Co., Ltd.	**45,000**	140,000
– Shanghai Kaitai Property Development Co., Ltd.	**296,910**	—
Guarantee to other related party:		
– Hemei (Zhangzhou) Hotel Investment Co., Ltd.	**—**	408,000
	3,031,410	2,092,700

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33 RELATED PARTY TRANSACTIONS *(continued)*

(d) Transactions with related parties *(continued)*

(iii) Movements of cash advances

	Year ended 31 December	
	2015	2014
	RMB'000	*RMB'000*
Cash advances to related parties		
Opening balances	**2,713,147**	3,324,359
Non-cash transaction		
– Transfer from prepayment for investment in a joint venture when the joint venture was incorporated	**—**	156,208
Advances to		
– Shanghai Kairi Property Development Co., Ltd.	**—**	59,442
– Shanghai Kaichang Property Development Co., Ltd.	**—**	239,769
– Shanghai Kaiyu Property Development Co., Ltd.	**—**	207,407
– Shanghai Kaichong Property Development Co., Ltd.	**—**	83,984
– Hairong (Zhangzhou) Property Development Co., Ltd.	**—**	115,896
– Zhangzhou City Wankebinjiang Property Co., Ltd.	**—**	11,081
	—	717,579
Repayments from		
– Fuzhou Liboshuntai Property Development Co., Ltd.	**—**	(120,000)
– Shanghai Kaidai Property Development Co., Ltd.	**(267,589)**	(1,008,500)
– Shanghai Kaitai Property Development Co., Ltd.	**—**	(356,499)
– Shanghai Kairi Property Development Co., Ltd.	**(36,474)**	—
– Shanghai Kaiyu Property Development Co., Ltd	**(207,407)**	—
– Hairong (Zhangzhou) Property Development Co., Ltd.	**(155,282)**	—
– Zhangzhou City Wankebinjiang Property Co., Ltd.	**(174,481)**	—
– Shanghai Kaichang property development Co., Ltd.	**(8)**	—
	(841,241)	(1,484,999)

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33 RELATED PARTY TRANSACTIONS *(continued)*

(d) Transactions with related parties *(continued)*

(iii) Movements of cash advances *(continued)*

	Year ended 31 December	
	2015	2014
	RMB'000	*RMB'000*
Disposal of amounts due from joint ventures and an associate (Note (iii-1))		
– Shanghai Kai Tai Property Development Co., Ltd	**(1,390,787)**	—
– Shanghai Kaichang Property Development Co., Ltd.	**(239,761)**	—
– Hairong (Zhangzhou) Property Co., Ltd.	**(116,822)**	—
– Shanghai Kaichong Property Development Co., Ltd.	**(83,984)**	—
– Zhangzhou City Wankebinjiang Property Co., Ltd.	**(17,584)**	—
– Shanghai Kairi Property Development Co., Ltd.	**(22,968)**	—
	(1,871,906)	—
	—	2,713,147

(iii-1) In December 2015, the Group entered into an agreement with an independent financial institution, pursuant to which the Group transferred its rights over the amounts due from these joint ventures and an associate of RMB1,871,906,000 in aggregate to the financial institution at consideration of RMB1,797,030,000. The difference of RMB74,876,000 was recognised as finance costs in the consolidated income statement for the year ended 31 December 2015.

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33 RELATED PARTY TRANSACTIONS *(continued)*

(d) Transactions with related parties *(continued)*

(iii) Movements of cash advances *(continued)*

	Year ended 31 December	
	2015	2014
	RMB'000	*RMB'000*
Cash advances from related parties		
Opening balances	**3,199,081**	1,869,745
Non-cash transaction		
– Offset the dividend receivable from Shiou Group with the amounts due to Shiou Group	**(487,120)**	—
Payables to		
– Dingcheng during the Reorganisation	**—**	441,316
– Mr. Ou during the Reorganisation	**—**	332,222
	—	773,538
Advances from		
– Mr. Ou	**—**	257,650
– Shiou Group	**—**	318,500
– Fuzhou Liboshuntai Property Development Co., Ltd.	**—**	235,000
– Dingxin	**460**	—
	460	811,150
Repayments to		
– Shiou Group	**(961,653)**	—
– Fuzhou Liboshuntai Property Development Co., Ltd.	**(235,000)**	—
– Mr. Ou	**(389,557)**	—
– Dingcheng	**(888,251)**	(255,352)
	(2,474,461)	(255,352)
	237,960	3,199,081

The cash advances with related parties are denominated and settled in RMB.

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34 PARTICULARS OF PRINCIPAL SUBSIDIARIES

(a) The following is a list of the principal subsidiaries at 31 December 2015:

Name of companies		Type of legal status	Place of operation/ establishment	Principal activities	Authorised/registered/ paid up capital and debt securities	Proportion of ownership interest held by the Group at 31 December		Proportion of ownership interest held by non-controlling interests at 31 December	
						2015	2014	**2015**	2014
Directly held by the Company									
融達有限公司	Rongda Company Limited	Limited liability company	BVI	Investment	Authorised and paid up capital of US$100	**100%**	100%	**–**	–
Indirectly held by the Company									
融泰有限公司	Rongtai Company Limited	Limited liability company	Hong Kong	Investment	Paid up capital of HKD100	**100%**	100%	**–**	–
福建融晟美商務資訊諮詢有限公司	Fujian Rongshengmei Business Information Consultation Co., Ltd	Limited liability company	PRC	Business Information Consultation	Registered capital of RMB 100,000,000 and paid up capital of nil	**100%**	100%	**–**	–
福州晟業投資有限公司	Fuzhou Shengye Co., Ltd	Limited liability company	PRC	Investment	Registered and paid up capital of RMB100,000,000	**100%**	100%	**–**	–
福州羿恒投資有限公司	Fuzhou Yiheng Co., Ltd	Limited liability company	PRC	Investment	Registered and paid up capital of RMB100,000,000	**100%**	100%	**–**	–
融信(福建)投資集團有限公司	Rongxin Fujian	Limited liability company	PRC	Property Development	Registered and paid up capital of RMB3,000,000,000; Public Corporate Bond of RMB 1,171,463,000(Note 28 (c))	**100%**	100%	**–**	–
融信(福州)投資發展有限公司	Rongxin (Fuzhou) Investment Development Co., Ltd	Limited liability company	PRC	Property Development	Registered and paid up capital of RMB100,000,000	**100%**	100%	**–**	–
融信(漳州)房地 產有限公司	Rongxin (Zhangzhou) Property Co., Ltd	Limited liability company	PRC	Property Development	Registered and paid up capital of RMB260,000,000	**100%**	100%	**–**	–
融信(福州)置業有限公司	Rongxin (Fuzhou) Property Co., Ltd	Limited liability company	PRC	Property Development	Registered and paid up capital of RMB166,666,700	**91%**	91%	**9%**	9%
融信(廈門)房地產開發有限公司	Rongxin (Xiamen) Property Development Co., Ltd	Limited liability company	PRC	Property Development	Registered and paid up capital of RMB200,000,000	**100%**	100%	**–**	–
融信(平潭)投資發展有限公司	Rongxin (Pingtan) Investment Development Co., Ltd	Limited liability company	PRC	Property Development	Registered and paid up capital of RMB196,078,431	**51%**	100%	**49%**	–
和美(上海)房地產開發有限公司	Hemei (Shanghai) Property Development Co., Ltd	Limited liability company	PRC	Property Development	Registered and paid up capital of RMB19,607,843	**51%**	100%	**49%**	–
福建藍湖房地產開發有限公司	Fujian Lanhu Property Development Co., Ltd	Limited liability company	PRC	Property Development	Registered and paid up capital of RMB110,000,000	**100%**	100%	**–**	–
杭州愷築融信房地產開發有限公司	Hangzhou Kai zhu Rongxin Property Development Co., Ltd	Limited liability company	PRC	Property Development	Registered and paid up capital of RMB510,000,000	**51%**	100%	**49%**	–
福州融信雙杭投資發展有限公司	Fuzhou Rongxin Shuanghang Investment Development Co., Ltd	Limited liability company	PRC	Property Development	Registered and paid up capital of RMB100,000,000	**100%**	100%	**–**	–

34 PARTICULARS OF PRINCIPAL SUBSIDIARIES *(continued)*

(a) The following is a list of the principal subsidiaries at 31 December 2015: *(continued)*

Name of companies		Type of legal status	Place of operation/ establishment	Principal activities	Authorised/registered/ paid up capital and debt securities	Proportion of ownership interest held by the Group at 31 December 2015	2014	Proportion of ownership interest held by non-controlling interests at 31 December 2015	2014
Indirectly held by the Company *(continued)*									
融信(福建)置業有限公司	Rongxin (Fujian) Property Co., Ltd	Limited liability company	PRC	Property Development	Registered and paid up capital of RMB100,000,000	**100%**	100%	**–**	–
杭州融信愷昇房地產開發有限公司	Hangzhou Rongxin Kaisheng Property Development Co.,Ltd	Limited liability company	PRC	Property Development	Registered and paid up capital of RMB1,000,000,000	**100%**	100%	**–**	–
和美(漳州)房地產有限公司	Hemei (Zhangzhou) Property Co., Ltd	Limited liability company	PRC	Property Development	Registered and paid up capital of RMB50,000,000	**100%**	100%	**–**	–
長樂融信投資有限公司	Changle Rongxin Investment Co., Ltd	Limited liability company	PRC	Property Development	Registered and paid up capital of RMB500,000,000	**100%**	100%	**–**	–

The English names of PRC companies referred to above in this note represent management's best efforts in translating the Chinese names of those companies as no English names have been registered or available.

(b) Certain equity interests in the subsidiaries of the Company were pledged for financing arrangements of the Group as at 31 December 2015.

	As at 31 December 2015	2014
Percentage of equity interests in:		
– Rongxin (Fujian) investment Group Co., Ltd.	**14%**	49%
– Rongxin (Pingtan) Investment Development Co., Ltd.	**100%**	100%
– Rongxin (Xiamen) Property Development Co., Ltd.	**51%**	51%
– Hangzhou Kai Zhu Rongxin Property Development Co., Ltd.	**10%**	51%
– Hemei (Shanghai) Property Development Co., Ltd.	**100%**	100%
– Hemei (Zhangzhou) Property Co., Ltd.	**51%**	51%
– Fujian Lanhu Property Development Co., Ltd.	**51%**	51%
– Rongxin (Fujian) Property Co., Ltd.	**66%**	66%
– Hangzhou Rongxin Kaisheng Property Development Co.,Ltd.	**100%**	60%
– Changle Rongxin Investment Co., Ltd.	**100%**	30%
– Fujian Taikun Trading Co., Ltd.	**100%**	100%
– Rongxin (Zhangzhou) Property Co.,Ltd.	**100%**	—
– Fuzhou Rongxin Shuanghang Investment Development Co., Ltd.	**—**	30%
– Rongxin (Fuzhou) Property Co., Ltd.	**—**	60%

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34 PARTICULARS OF PRINCIPAL SUBSIDIARIES *(continued)*

(c) Equity interests of certain subsidiaries of the Group as set out below were legally held by the financial institutions as the collateral for the funds injected to the Group of which the Group is obligated to redeem at predetermined prices within certain periods.

	As at 31 December	
	2015	2014
Percentage of equity interests in:		
– Rongxin (Xiamen) Property Development Co., Ltd.	**49%**	49%
– Hangzhou Kaizhu Rongxin Property Development Co., Ltd.	**90%**	49%
– Hemei (Zhangzhou) Property Co., Ltd.	**49%**	49%
– Fujian Lanhu Property Development Co., Ltd.	**49%**	49%
– Fujian Ouke Investment Co., Ltd.	**100%**	100%
– Fuzhou Rongxin Shuanghang Investment Development Co., Ltd.	**—**	70%
– Rongxin (Fuzhou) Property Co., Ltd.	**—**	40%
– Hangzhou Rongxin Kaisheng Property Development Co., Ltd.	**—**	40%

(d) Summarised financial information on subsidiaries with material non-controlling interests

Set out below are the summarised financial information for each subsidiary that has non-controlling interests that is material to the Group.

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34 PARTICULARS OF PRINCIPAL SUBSIDIARIES *(continued)*

(d) Summarised financial information on subsidiaries with material non-controlling interests *(continued)*

Set out below are the summarised financial information for each subsidiary that has non- controlling interests that are material to the Group. *(continued)*

(i) Rongxin (Pingtan) Investment Development Co., Ltd.

Summarised balance sheet

	As at 31 December	
	2015	2014
	RMB'000	*RMB'000*
Current		
Assets	**3,123,529**	1,770,053
Liabilities	**(1,971,322)**	(1,700,534)
Total net current assets	**1,152,207**	69,519
Non-current		
Assets	**14,980**	7,720
Liabilities	**(500,000)**	—
Total net non-current (liabilities)/assets	**(485,020)**	7,720
Net assets	**667,187**	77,239
Proportionate share of the net assets attributable to non-controlling interests	**326,922**	N/A

Summarised income statement and statement of comprehensive income

	Year ended 31 December	
	2015	2014
	RMB'000	*RMB'000*
Loss before income tax	**(29,320)**	(22,085)
Income tax credit	**7,268**	5,444
Loss for the year	**(22,052)**	(16,641)
Total comprehensive loss for the year	**(22,052)**	(16,641)
Total loss and comprehensive loss for the year allocated to non- controlling interests	**(6,597)**	N/A

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34 PARTICULARS OF PRINCIPAL SUBSIDIARIES *(continued)*

(d) Summarised financial information on subsidiaries with material non-controlling interests *(continued)*

Set out below are the summarised financial information for each subsidiary that has non- controlling interests that are material to the Group. *(continued)*

(i) Rongxin (Pingtan) Investment Development Co., Ltd. *(continued)*

Summarised statement of cash flows

	Year ended 31 December	
	2015	2014
	RMB'000	*RMB'000*
Net cash generated from operating activities	**637,830**	113,459
Net cash (used in)/generated from investing activities	**(806,018)**	693,270
Net cash generated from/(used in) financing activities	**155,225**	(929,638)
Net decrease in cash and cash equivalents	**(12,963)**	(122,909)
Cash and cash equivalents at beginning of the year	**28,373**	151,282
Cash and cash equivalents at end of the year	**15,410**	28,373

(ii) Hemei (Shanghai) Property Development Co., Ltd

Summarised consolidated balance sheet

	As at 31 December	
	2015	2014
	RMB'000	*RMB'000*
Current		
Assets	**9,897,964**	6,220,226
Liabilities	**(6,495,452)**	(2,737,428)
Total net current assets	**3,402,512**	3,482,798
Non-current		
Assets	**62,324**	38,633
Liabilities	**(2,589,000)**	(3,600,000)
Total net non-current liabilities	**(2,526,676)**	(3,561,367)
Net assets/(deficits)	**875,836**	(78,569)
Proportionate share of the net assets attributable to non-controlling interests	**429,160**	N/A

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34 PARTICULARS OF PRINCIPAL SUBSIDIARIES *(continued)*

(d) Summarised financial information on subsidiaries with material non-controlling interests *(continued)*

Set out below are the summarised financial information for each subsidiary that has non- controlling interests that are material to the Group. *(continued)*

(ii) Hemei (Shanghai) Property Development Co., Ltd *(continued)*

Summarised consolidated income statement and consolidated statement of comprehensive income

	Year ended 31 December	
	2015	2014
	RMB'000	*RMB'000*
Loss before income tax	**(108,520)**	(109,011)
Income tax credit	**26,925**	27,033
Loss for the year	**(81,595)**	(81,978)
Total comprehensive loss for the year	**(81,595)**	(81,978)
Total loss and comprehensive loss for the year allocated to non- controlling interests	**(26,235)**	N/A

Summarised consolidated statement of cash flows

	Year ended 31 December	
	2015	2014
	RMB'000	*RMB'000*
Net cash generated from/(used in) operating activities	**1,378,479**	(2,102,307)
Net cash used in investing activities	**(329,870)**	(73,010)
Net cash generated from financing activities	**933,221**	2,420,610
Net increase in cash and cash equivalents	**1,981,830**	245,293
Cash and cash equivalents at beginning of the year	**254,276**	8,983
Cash and cash equivalents at end of the year	**2,236,106**	254,276

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35 BALANCE SHEET AND RESERVE MOVEMENT OF THE COMPANY

Balance sheet of the Company

	Note	As at 31 December 2015 RMB'000	2014 RMB'000
ASSETS			
Non-current assets			
Investment in a subsidiary		**1**	1
Current assets			
Prepayments		**9,564**	4,950
Term deposits with initial terms of over three months		**1,021,799**	—
Cash and cash equivalents		**10,717**	—
		1,042,080	4,950
Total assets		**1,042,081**	4,951
EQUITY			
Equity attributable to owners of the Company			
Share capital		**—**	—
Share premium		**989,745**	—
Retained earnings/(accumulated losses)	(a)	**20,692**	(14,420)
		1,010,437	(14,420)
LIABILITIES			
Current liabilities			
Other payables		**15,379**	10,257
Amounts due to a related party		**460**	—
Amounts due to a subsidiary		**15,805**	9,114
		31,644	19,371
Total liabilities		**31,644**	19,371
Total equity and liabilities		**1,042,081**	4,951

The balance sheet of the Company was approved by the Board on 23 March 2016 and was signed on its behalf.

Ou Zonghong   Zeng Feiyan

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35 BALANCE SHEET AND RESERVE MOVEMENT OF THE COMPANY *(continued)*

Note (a) Reserve movement of the Company

	(Accumulated losses)/ retained earnings *RMB'000*
At 11 September 2014 (date of incorporation)	—
Loss for the period	(14,420)
At 31 December 2014	(14,420)
Profit for the year	35,112
At 31 December 2015	20,692

36 SUBSEQUENT EVENTS

(a) Capitalisation issue

On 13 January 2016 (the "Listing Date"), the Company issued 1,012,499,000 ordinary shares at par value of HK$0.00001 each to holders of shares on the register of members of the Company at the close of business on the business day immediately preceding the Listing Date by way of capitalisation of an amount of HK$10,125 standing to the credit of the share premium account of the Company.

(b) Initial global offering

On the Listing Date, the Company issued a total of 337,500,000 ordinary shares of HK$0.00001 each at a price of HK$5.36 per share as a result of the completion of the initial global offering.

On 28 January 2016, 2,348,000 shares were issued according to the over-allotment option described in the Prospectus of the Company dated 31 December 2015 at a price of HK$5.36 per share.

Number of total issued shares of the Company was increased to 1,352,348,000 shares upon completion of the capitalisation issue, the initial global offering and exercise of over-allotment option.

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